

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Panoro Minerals Ltd. (the "Company") during the period ended March 31, 2010 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited consolidated financial statements of the Company and the notes thereto for the period ended March 31, 2010. Consequently, the following discussion and analysis should be read in conjunction with the unaudited consolidated financial statements for the period ended March 31, 2010, as well as the audited consolidated financial statements for the previous year ended December 31, 2009 the notes thereto and the prior MD&A filed at the time of and coinciding with the consolidated financial statements for the year ended December 31, 2009.

The information in the MD&A may contain forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Overview

Panoro is a Canadian public company engaged in the acquisition, exploration, and development of natural resource properties in Peru. The Company's common shares trade on the TSX Venture Exchange ("PML"), the Frankfurt Exchange ("PZM") and on the Junior Board of the Bolsa de Valores de Lima (Lima Stock Exchange).

Highlights first quarter and up to May 7, 2010

- Mr. Richard Mundie joined the Board of Directors;
- Completed Joint Venture Agreement with Chancadora Centauro SAC for the development of Antilla Copper Molybdenum Project;
- Signed two year agreement with indigenous community at Antilla Project to permit advancement of exploration.

As of the date of this MD&A, the Company has mineral interests in Peru as follows:

Panoro Apurimac Properties

On June 7, 2007, Panoro completed the transaction to purchase all of the issued and outstanding shares of Cordillera del las Minas S.A. ("CDLM"), a Peruvian corporation, from CVRD International S.A. and El Tesoro (SPV Bermuda) Limited, a wholly-owned subsidiary of Antofagasta PLC. The Company purchased CDLM for cash of \$US 13,000,000 and 6,000,000 common shares of Panoro Minerals Ltd. On April 7, 2008 the Company changed the name of CDLM to Panoro Apurimac S.A.

Panoro Apurimac owns 100% of 13 properties located in the Andahuaylas – Yauri Belt of Peru south of Cuzco where a number of recently discovered significant porphyry copper and copper-gold deposits are at various stages of advanced exploration or pre-development. The 13 projects are Antilla, Cotabambas, Kusiorcco, Chochasayhuas, Alicia, Promesa, Pistoro Norte, Sancapampa, Humamantata, Pataypampa, Anyo, Morosayhuas, and Checca.

The Antilla project

The Antilla project (7,400 hectares) is at an advanced exploration stage. Mineralization consists of a zone of secondary enrichment of porphyry style copper mineralization and alteration characterized by sulphides (chalcocite, chalcopyrite and pyrite) associated with quartz stock-works, veinlets and disseminations. The Antilla project is located approximately 25 kilometres southeast of Grupo Mexico's Las Chancas project which has reported resources of 200 million tonnes with a grade of 1% copper.

A resource estimate for Antilla was prepared by AMEC Engineering-Peru. Based on the results of a total of 67 drillholes, including the 48 drillholes from the Company's exploration program completed in December 2008, AMEC reported a global inferred mineral resource estimate of 154.4 million tonnes at an average grade of 0.47% copper and 0.009% molybdenum contained within the East Block. This resource includes a higher grade zone of 70.4 million tonnes at an average grade of 0.56% copper and 0.011% molybdenum.

The mineral deposit is a tabular blanket of supergene sulphide mineralization dominated by chalcocite and molybdenite but also includes some of the underlying primary chalcopyrite mineralization. It is hosted by a package of quartzites and quartz arenites of the Soraya Formation and has alteration and mineralization characteristics which may be associated with as yet undiscovered, underlying hypogene intrusive-hosted porphyry-style copper mineralization.

In order to define the Mineral Resource, a reasonable assessment of extraction costs and pit design was made. The following economic parameters were used:

- Long Term Metal Prices of \$US 2.00/lb Copper and \$US 10.00/lb Molybdenum
- Mining Costs of \$US 1.10/t
- Total Operating Costs \$US 10.00/t
- Metallurgical Recoveries of 90% Copper and 40% Molybdenum
- Final Pit Slopes of 45 degrees

A potential starter pit within the conceptual life of mine pit contains 15 million tonnes at a grade of 0.72% copper and 0.017% molybdenum at a strip ratio of 0.9 and provides an opportunity to improve the economics of a future operation. At a nominal 20,000 tonne per day open pit operation the East Block of the Antilla Project would have a 21 year mine life at an overall strip ratio of 2.5.

The technical report identified potential to increase the resource at the Antilla Project in three areas; the possible extension of the supergene sulphide mineralization in the East Block to the north and northwest; in the West Block, located 2.5 km from the East Block, where there may be supergene sulphide mineralization similar to that in the East Block; and thirdly, in the potential for underlying and hypogene porphyry copper mineralization in both the East and West Blocks.

On April 8, 2010, the Company entered into a joint venture agreement with Chancadora Centauro SAC (Centauro) for the development of the Antilla Copper Molybdenum project in Peru. Under the terms of the agreement, Centauro committed to making cash payments of \$US 8 million and spending \$US 17 million over a 30 month period. Payments are scheduled as follows.

- \$US 1 million on signing, pursuant to the terms outlined below (received)
- \$US 4 million 90 days after signing a community agreement with Antilla - July 17, 2010
- \$US 3 million by March 17, 2012
- \$US 17 million will be invested towards the completion of bankable feasibility studies on the project and will include Panoro's share of such costs

Centauro receives the following,

- A right to match any offer by a third party on Panoro's 100% owned Cotabambas project and a \$US 1,000,000 credit towards any such offer accepted by Centauro, provided they maintain an interest in Antilla.
- Equipment at the Antilla project including trucks, tents and a generator with a net book value of \$62,320

Initially 100% of the Antilla property will be transferred to Centauro and Panoro will retain a 2% Net Smelter Royalty, however, under the terms of the agreement, Panoro has the sole option to convert the NSR into a 30% ownership of the Antilla project. In the event that Centauro sells the Antilla project before Panoro has exercised their option, the NSR increases to 6% and Panoro receives an additional \$US 1 million. Management intends to convert the NSR to a 30% holding once the \$US 17 million investment and feasibility studies are complete.

In the event that Centauro chooses not to continue with the investment, the property will be returned to Panoro.

The \$US 17 million investment will be directed towards infill, step-out and exploration drilling as well as engineering and environmental studies in order to complete a bankable feasibility study for the 70 million tonne high grade zone of the project.

The design and planning of the exploration program was initiated immediately after the signing of the JV agreement. The site access and exploration equipment was mobilized to site during the first week of May 2010 with site activities scheduled to commence by mid-May 2010. The first phase of infill drilling is scheduled for completion by end of July 2010.

On April 21, 2010 the Company announced the signing of an agreement with the indigenous community at the Antilla Project, to permit the Company's planned exploration activities. The community agreement expires in two years time.

The Cotabambas project

Cotabambas (9,900 hectares) is an advanced exploration project encompassing a cluster of copper gold porphyry systems. A total of 11,770 metres of diamond drilling in 33 holes have been carried out on the project to date. SRK Consulting estimated an Inferred Mineral Resource of 114 million tonnes at a grade of 0.68% copper and 0.38 grams of gold per tonne, using a cut-off grade of 0.3% copper. This is equal to 1.71 billion pounds of copper and 1.39 million ounces of gold. The potential to upgrade and to expand this resource is considered to be excellent. The Cotabambas project is located about 38 kilometres due

north of Xstrata's Las Bambas project which has reported resources of 860 million tonnes at a grade of 0.93% copper.

The activity on site has been focused on advancing the community relations dialogue and completing the semi-detailed Environmental Impact Assessment (EIASd) required by the Ministry of Energy and Mines (MEM) for the exploration permit. Klohn Crippen Consultants completed soil sampling, terrestrial and aquatic biology sampling to support the EIASd.

The community engagement program continues with the communities in the project area. A resident community relations specialist was hired to direct and coordinate the community engagement activities on site, under the direction of the Company's management team. To date, agreements have been signed with two of the three communities in the vicinity of the project.

The Kusiorcco project

The Kusiorcco project is located close to Norsemont's Constancia project (Indicated resources of 256 million tonnes at 0.50% copper, Inferred resources 156 million tonnes at 0.33% copper) and the historical Katanga Mine. It consists of a strong, one kilometre by two kilometre Induced Polarization and Resistivity anomaly overlying a 300 metre by 500 metre alteration zone characterized by an intensive stock-work of quartz veins with the weathered out voids filled by limonite and goethite (both iron oxides) after sulphides. Management believes this to be a leached outcrop of part of an altered porphyry system. The leached outcrop also suggests the possibility of a secondarily enriched zone at depth. The potential of this system to host a significant copper deposit is further supported by the presence of a number of copper skarn occurrences located at the periphery of the Kusiorcco intrusive stock which are currently being mined by locals on a small scale.

The Company's Environmental Impact Statement (EIS) for the proposed drilling program at the Kusiorcco Projects was approved in December of 2009. A proposal was submitted to the community of Uchucarcco in November of 2009 for the completion of a community agreement. The terms of this proposal are currently being negotiated with the community and a local group of artisanal miners.

Cochasayhuas Project

The company was successful in negotiating the terms of agreements with the community of Progreso and the agreement was signed on October 3, 2009. A parallel agreement involving the local artisanal miners has still to be finalized.

A site reconnaissance and inspection was carried out by the company. The presence and extent of artisanal mining was mapped and samples of mineralized zones were collected for assaying. Samples from mineralized outcrops confirmed grades of up to 4.7 g/t of gold in the Cochasayhuas vein and 2.2 g/t gold in the San Lucas vein, where artisanal mining is currently concentrated.

Alicia Project

On September 25, 2009 the Company entered into an agreement with Strait Gold Corporation whereby Strait Gold may earn up to 100% in the Company's early stage Alicia copper-gold property in Southern Peru, subject to a 2% net smelter return royalty.

In order to earn 55% of the Alicia project, Strait Gold will have to perform the following

- Issue 100,000 shares of Strait Gold to Panoro on signing; – completed
- Obtain an agreement with the local community before March 25, 2011 (obtained February 10, 2010);
- Spend at least US \$150,000 on the Alicia property within the first year after obtaining the agreement;
- Issue 200,000 common shares of Strait Gold one year after obtaining the community agreement;
- Spend at least US \$500,000 within the second year after obtaining the agreement; and
- Issue 300,000 common shares of Strait Gold two years after obtaining the community agreement.

In order to earn the remaining 45% of the Alicia project, Strait gold will need to spend an additional US \$600,000 in the third year after obtaining the community agreement and issue an additional 400,000 Strait Gold common shares. The net smelter royalty can be reduced from 2% to 1% in return for a payment of US \$2.3 million which is payable within six months of obtaining 100% ownership.

The El Rosal Project

The Company has a 100% interest in 12 mineral concessions totaling 8,200 hectares located in the Province of Chiclayo, Department of Lambayeque, Peru. The project has been explored by several drilling campaigns, the latest of which was in 2008. In that campaign, both porphyry copper and replacement-style silver-zinc mineralization were identified in the La Ramada area. The Company is currently evaluating options for advancing this property, including joint venture and/or option opportunities.

Selected Annual Information

	2009	2008	2007
Interest Income	\$ 2,907	\$ 154,944	\$ 182,841
Net loss	852,832	2,599,766	1,086,915
Loss per share, basic and diluted	0.01	0.03	0.02
Total assets	32,672,777	33,224,012	33,815,308

Results of Operations

Quarter ended March 31, 2010 compared with quarter ended March 31, 2009

The net loss for the period ended March 31, 2010 was \$198,174 or \$0.00 per share compared with a loss of \$365,124 or \$0.00 during the prior period. The decrease in loss was primarily due to lower stock based compensation expense, and foreign exchange and future income tax gains, offset by a loss on the disposition of marketable securities.

Expenses

General and administrative expenses decreased to \$255,409 for the quarter ending March 31, 2010 compared with \$378,437 in the same quarter of the prior year. Stock based compensation decreased to \$8,324 from \$131,861 in the same quarter of the prior year. The decrease was due to shorter vesting periods on grants in 2009 resulting in no expenses in 2010. Investor relations services increased due to the services of Ascenta Capital partners and additional trade show participation as compared to the first

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quarter of 2009. Salaries and fees were lower by \$21,000 due to staff reductions in the Vancouver and Lima offices.

Lower interest rates and cash balances reduced the opportunities to earn interest income during the quarter. The gain on foreign exchange of \$76,818 is a result of \$64,230 in unrealized gains on the changing translation of future income tax liabilities. The \$42,937 in future income tax recovery is due to a gain on the intercompany debt between Panoro Minerals Ltd. and its subsidiaries. Marketable securities were also sold in the quarter for a loss of \$62,522.

Exploration Costs

Mineral property expenditures were \$167,957 for the quarter ending March 31, 2010 as compared with \$347,344 in the quarter ending March 31, 2009. In the prior year expenditures were on, geological consulting and contracting \$100,013, camp, materials and exploration support \$38,011, and \$36,228 in geophysical and other consulting. In the first quarter of the current year most of the work was still focused on Antilla which included project management fees of \$31,884 an increase in future income tax liabilities of \$16,47, and legal fees of \$15,296 contributing to total expenditures of \$118,100. Community relations work also continued at Cotabambas and other properties. At Cotabambas, community relations expenses were \$6,381 in the quarter, with camp costs of \$6,579 and project management fees of \$9,742.

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

	31-Mar-10	31-Dec-09	30-Sep-09	30-Jun-09	31-Mar-09	31-Dec-08	30-Sep-08	30-Jun-08
Mineral Property Expenditures	167,957	786,105	\$ 242,105	\$ 369,671	\$ 347,344	\$ 1,148,183	\$ 1,585,475	\$ 1,346,674
General and administrative	255,409	186,347	196,275	365,748	378,437	441,671	392,511	605,571
Interest and foreign exchange	(76,818)	6,218	23,728	(8,505)	(13,313)	(37,488)	(8,695)	(23,906)
Net Loss	198,174	304,567	(84,444)	267,585	365,124	1,290,172	392,511	581,665
Loss per share	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.01

Liquidity and Capital Resources

The Company closed a non-brokered private placement on December 30, 2009. The net proceeds from the private placement were \$553,794 on issuance of 3,114,000 units at \$0.20 per unit. \$100,000 of the placement was received after year end. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable for \$0.30 for 18 months. A cash commission of 8% was paid to the agents in addition to 249,120 agents warrants to purchase units under the same terms as the financing. All of the warrants expiring June 30, 2011 carry a forced conversion feature whereby if the stock price trades over \$0.45 for ten consecutive days, the Company can give notice to warrant holders that the warrants must be exercised within 30 days.

At March 31, 2010 the Company has cash and cash equivalents of \$248,967 and negative working capital of \$156,284. The majority of current liabilities relate to mineral concession fees that are due June 2010. The agreement with Centauro provided the Company with sufficient working capital to cover general and administrative expenses and concession fees for the year. A payment of \$4 million is expected on July 17, 2010 which will be used to fund additional exploration programs.

Outlook

The completion of the agreement for the Antilla Copper Molybdenum Project marks a significant milestone for the company. It secures cash for the company to invest into its other projects and secures the funding required to complete feasibility studies at Antilla and begin development.

The partner, Chancadora Centauro SAC, has experience in designing, financing, building and operating mines in Peru. Their significant in-house capabilities and resources, will prove to be valuable in reducing capital and operating costs in eventual mine development as well as for the exploration program required to complete feasibility studies.

The Company will use the cash proceeds from the agreement to advance exploration at other projects with a focus on the Cotabambas Copper/Gold Project and the Kusiorcco Copper Project. A geophysical survey at Cotabambas is scheduled to start in August 2010. At Kusiorcco, a first phase exploration program scheduled to start in September 2010 will consist of four drillholes of approximately 400 metres each.

The improved market conditions, strong copper price, and signing of the Antilla agreement with the securing of \$US 8 million cash over 23 months, have significantly improved the Company's ability to advance its projects and, to raise other funds if and when required.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the Company will transition from current Canadian GAAP reporting and commence reporting under IFRS no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS from Canadian GAAP may materially affect the Company's reported financial position and results of operations and will affect the Company's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also affect business activities such as foreign currency activities and compensation arrangements including stock based compensation.

The Company's conversion plan consists of four primary stages including planning, assessment, design and implementation with periodic meetings with the Audit Committee to report progress and findings. The planning stage has been completed and included identifying and mobilizing the necessary internal

resources to execute the plan, conducting a high level analysis of the difference between Canadian GAAP and IFRS that may be significant to the Company's reported financial position and results of operations.

The assessment stage is currently in progress and external advisors may be utilized to review the Company's findings once it is complete. Mineral properties and future income taxes are areas where the adoption of IFRS may have a material effect on the Company's financial reporting, processes and controls. Also as part of the assessment stage, the Company is assessing the available elections on adoption of IFRS to determine the effect of each election on the Company. The assessment is expected to be completed in the second quarter of 2010. The Company will then commence the design stage which includes completing an assessment of the IFRS estimates of the quantified effects of the anticipated changes to the financial reporting on the Company's IFRS opening balance sheet and identify business processes and resources that may require modification as a result of these changes. The Company believes the plan is sufficiently advanced and adequate resources are in place to ensure an efficient and effective transition to IFRS reporting.

Related Party Transactions

During the period ending March 31, 2010, the Company paid \$84,416 (2009 - \$23,161) to companies controlled by the Officers of the Company in return for management and project management fees. The increase over 2009 is due to some officers being compensated through management companies in 2010 rather than by salary as in 2009.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness and operation of the Company's disclosure controls and procedures as at March 31, 2010 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of March 31, 2010, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for accurate disclosure to be made on a timely basis.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Changes in Internal Controls over Financial Reporting

There have been no changes to internal controls during the period.

Summary of Outstanding Share Data

A summary of the status of the Company's stock options as at May 7, 2010 and changes during the period then ended is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2009	5,950,000	\$ 0.37
Granted	3,400,000	0.29
Expired	(800,000)	0.25
Exercised	(50,000)	0.16
Outstanding at May 7, 2010	8,500,000	\$ 0.35

On April 11, 2010 the Company granted 3,150,000 stock purchase options to directors, officers, and management. The option grants have an exercise price of \$0.30, vest immediately, and expire on April 12, 2010.

As at May 7, 2010, 8,362,500 options were fully vested and expire as follows:

Options Outstanding at May 7, 2010			Options Exercisable
Year of Expiry	Number of Options	Weighted Average Exercise Price	Number of Shares
2010	875,000	\$0.25	875,000
2011	825,000	0.33	825,000
2012	1,800,000	0.56	1,612,500
2013	850,000	0.46	850,000
2014	1,000,000	0.16	1,050,000
2015	3,150,000	0.30	3,150,000
	8,500,000	\$0.35	8,362,500

The following warrants were outstanding at May 7, 2010

Expiry date	Exercise Price	Outstanding at December 31, 2009	Issued	Exercised	Expired	Outstanding at March 31, 2010
30-Jun-11 Warrants	0.30	3,114,000	-	-	-	3,114,000
30-Jun-11 Agents Warrants ⁽¹⁾	\$ 0.20	249,120	-	-	-	249,120
Total		3,363,120	-	-	-	3,363,120

⁽¹⁾ Each \$0.20 agents warrant can be exercised for one common share and one new share purchase warrant, each share purchase warrant can be exercised for \$0.30 in return for one common share.

All of the warrants expiring June 30, 2011 carry a forced conversion feature where by if the stock price trades over \$0.45 for ten consecutive days, the Company can give notice to warrant holders that the warrants must be exercised within 30 days.

At May 7, 2010 there were 87,803,390 common shares outstanding.

Commitments

The Company has the following commitments relating to the lease of its offices in Canada and Peru.

	2010	2011	2012	2013	2014
Office leases	\$ 34,995	\$ 17,714	\$ 770	\$ 770	\$ -

Risk Factors

The following are the material risk factors which the Issuer has identified in respect of any investment in its securities

Reserves

The Issuer's properties are in the exploration stage and are without a known body of commercial ore. Development of any of the Issuer's properties will only follow upon obtaining satisfactory exploration results. There is no certainty that the expenditures made by the Issuer in exploring its mineral properties will result in discoveries of commercial quantities of ore. Most exploration projects do not result in the discovery of a commercially mineable deposit of ore.

Exploration

The business of exploration for minerals involves a high degree of risk and few properties become producing mines. Unprofitable efforts result not only from the failure to discover mineral deposits, but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. There is no assurance that the Issuer's future exploration and development activities will result in any discoveries of commercial bodies of ore. The marketability of minerals acquired or discovered by the Issuer may be affected by numerous factors which are beyond the control of the Issuer and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Issuer's not receiving an adequate return on invested capital.

Market Forces

There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for the sale of same. Factors beyond the control of the Issuer may affect the marketability of any mineral occurrences discovered. The price of gold has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the control of the Issuer, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the United States dollar relative to the Canadian dollar and other currencies), interest rates and global or regional consumption patterns (such as the development of gold coin programs), speculative activities and increased production due to improved mining and production methods.

Insufficient Capital

The Issuer does not have sufficient funds to complete all of its exploration and development programs. Therefore, additional funds will be required. The only sources of future funds for its exploration and development programs is the sale of equity capital or by entering into an option and joint venture agreement with another party. There is no assurance that the Issuer will be successful in obtaining further financing. A failure to obtain further financing could result in the loss or substantial dilution of the Issuer's interests in its properties.

Environmental Regulation

Existing and possible future environmental legislation, regulations and actions could give rise to additional expense, capital expenditures, restrictions and delays in the activities of the Issuer, the extent of which cannot be predicted. Regulatory requirements and environmental standards are subject to constant evaluation and may be significantly increased, which could materially affect the business of the Issuer or its ability to develop its properties. Before production can commence on any of its mineral properties, the Issuer must obtain regulatory and environmental approvals. There is no assurance that such approvals will be obtained on a timely basis. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude entirely the economic development of the Property.

No History of Earnings

The Issuer has no history of earnings. The Issuer has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Issuer is through the sale of its equity shares or by way of loans. While the Issuer may generate additional working capital through the operation, development, sale or possible syndication of its prospects, there is no assurance that any such funds will be generated.

Mining Operations

Mining operations generally involve a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The business of gold mining is subject to a variety of risks such as fires, power outages, labour disruptions, industrial accidents, flooding, explosions, cave-ins, land slides, and other environmental hazards, technical failures, the inability to obtain suitable or adequate machinery, equipment or labour, are some of the risks involved in the operations of mines and the conduct of exploration programs. Such occurrences, against which the Issuer cannot, or may elect not to insure, may delay production, increase production costs or result in liability. The payment of such liabilities may have a material adverse effect on the Issuer's financial position. The economics of developing mineral properties are affected by such factors as the cost of operations, variations in the grade and metallurgy of the ore mined, fluctuations in mineral markets, costs of processing and equipment, transportation costs, government regulations including regulations relating to

royalties, allowable production, importing and exporting of mineral product, and environmental protection rules and regulations.

Competition

The resource industry is intensely competitive in all of its phases, and the Issuer competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Issuer's ability to acquire suitable producing properties or prospects for exploration in the future.

Mineral Tenure

In those jurisdictions where the Issuer has property interests, the Issuer makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, prior unregistered agreements or transfers, and title may be affected by undetected defects or native land claims. For unsurveyed mineral claims, the boundaries of such mining claims may be in doubt. The ownership and validity of mining claims are often uncertain and may be contested. The Issuer is not aware of any challenges to the location or area of its mineral claims. There is, however, no guarantee that title to the Issuer's properties will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers.

Key Personnel

The success of the Issuer and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key personnel. The loss of their services to the Issuer may have a material adverse effect on the Issuer.

Dilution

There are a number of outstanding securities and agreements pursuant to which common shares of the Issuer may be issued in the future. If these common shares are issued, this will result in further dilution to the Issuer's shareholders. An investor's equity interest in the Issuer may also be diluted by future equity financings of the Issuer.

Conflicts of Interest

Certain of the directors of the Issuer are or may become directors and/or officers of other companies engaged in mineral exploration and development, as well as mineral property acquisition. Accordingly, mineral property acquisition and/or exploration opportunities or prospects of which they become aware will not necessarily be made available to the Issuer. The directors intend to allocate these opportunities or prospects from time to time among the various companies in which they are involved, on the basis of prudent business judgment, the relative financial ability, the need of each company in which they are directors and/or officers to participate. In the event of any conflict of interest, the directors will act in accordance with the common law and the provisions of the Company Act (British Columbia).

Additional Sources of Information

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com or on the Company's website www.panoro.com