ON THE ROAD TO DEVELOPMENT

Annual Information Form

For the Year Ended December 31, 2015

April 28, 2016

Contents

Item 1: Preliminary Notes

1.1 AIF and Incorporation of Financial Statements and Reports

Information has been incorporated by reference in this Annual Information Form ("AIF") for Panoro Minerals Ltd. ("Panoro" or the "Company") from documents filed with the various securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at Suite 1610 – 700 West Pender Street, Vancouver, British Columbia V6C 1G8 (phone: (604) 684-4246), and are also available electronically at www.sedar.com.

The following documents, filed by the Company with the various securities commissions or similar regulatory authorities in the provinces of British Columbia, Alberta and Ontario, are specifically incorporated by reference into, and form an integral part of this AIF are:

(i) the audited financial statements for the Company for the period ending December 31, 2015, together with the auditor's report thereon;
(ii) the Management's Discussion & Analysis for the year ended December 31, 2015;
(iii) a National Instrument 43-101 ("NI 43-101") Technical Report on Preliminary Economic Assessment on the Cotabambas Project, with an effective date of April 9, 2015 ("April PEA"); prepared by Amec Foster Wheeler ("AMEC") and Tetra Tech WEI Inc. ("Tetra Tech"), with others,
(iv) a NI 43-101 Technical Report on Updated Preliminary Economic Assessment on the Cotabambas Project, with an effective date of September 22, 2015 ("September PEA"), prepared by AMEC and Moose Mountain Technical Services ("Moose Mountain") and the Company;
(v) a report prepared by Tetra Tech titled "Technical Report and Resource Estimate of the Cotabambas Copper-Gold Project, Perú, dated October 29, 2013; and amended July 7, 2014 ("Cotabambas Resource Estimate"); and
(vi) and a report titled "Technical Report and Resource Estimate of the Antilla Copper-Molybdenum Project, Perú, dated December 16, 2013, and amended July 7, 2014 ("Antilla Resource Estimate).

All financial information in this Annual Information Form is prepared in accordance with International Financial Reporting Standards ("IFRS") and reported in Canadian Dollars.

1.2 Forward Looking Statements

This Annual Information Form contains "forward-looking information" which may include, but is not limited to, statements with respect to future financial or operating performance of the Company, its subsidiaries and their respective projects, the future price of minerals, the estimation of mineral resources, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, timing and prospects of obtaining required permits, requirements for additional capital, currency exchange rates, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage and regulatory matters. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations of such words and phrases), or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur” or “be achieved”.

In making the forward-looking statements in this Annual Information Form, the Company has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that there are no adverse changes in relevant laws or regulations; that the supply and demand for, deliveries of, and the level and volatility of prices of metals and minerals develop as expected; that the Company receives any regulatory and governmental approvals for its projects on a timely basis; that the Company is able to obtain financing on reasonable terms; that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis; that engineering and exploration timetables and capital costs for the Company’s exploration plans are not incorrectly estimated or affected by unforeseen circumstances and that any environmental and other proceedings or disputes are satisfactorily resolved.

However, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, those factors discussed or referred to in the section entitled “Risk Factors” in this Annual Information Form. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained or incorporated by reference herein are made as of the date of this Annual Information Form or the date of the document incorporated by reference herein based on the opinions and estimates of management at that time. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except as required by applicable securities laws.

1.3 Date of Information

All information in this AIF is as of December 31, 2015, with information updated until April 29, 2016, unless otherwise indicated.

1.4 Currency and Exchange Rates

The Canadian dollar is the reporting currency and currency of measurement of the Company. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Item 2: Corporate Structure

2.1 Name and Incorporation

Panoro was incorporated pursuant to the laws of British Columbia on September 28, 1994, under the name "Anaconda Minerals Corporation", by Memorandum and Articles filed with the Registrar of Companies for British Columbia. On February 28, 1997, the Company changed its name to "Panoro Resources Ltd." The Company was amalgamated in British Columbia on June 6, 2003, under the Company Act of British Columbia (the predecessor of the BCA) and changed its name to "Panoro Minerals Ltd."

The head office of Panoro is located at Suite 1610, 700 West Pender Street, Vancouver, British Columbia V6C 1G8. The registered and records offices of Panoro are located at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

The common shares of the Company are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "PML", the Frankfurt Exchange ("PZM") and on the Junior Board of the Bolsa de Valores de Lima ("PML" - Lima Stock Exchange). The Company is an "exchange issuer" as that term is defined in the Securities Act (British Columbia). The Company is a "reporting issuer" as defined under applicable securities legislation in British Columbia, Alberta and Ontario.

2.2 Intercorporate Relationships

The Company is incorporated under the laws of the Province of British Columbia and at April 29, 2016, has ten wholly owned direct and indirect subsidiaries:

Panoro Trading (Caymans) Ltd., incorporated pursuant to the laws of Cayman Islands on February 18, 2016;

Minera Panoro (Perú) S.A.C., incorporated pursuant to the laws of Perú on June 9, 1998;

Panoro (Cayman) Ltd., incorporated pursuant to the laws of Cayman Islands on March 2, 1998, Minera Panoro (Perú) S.A.C. is the wholly owned subsidiary of Panoro (Cayman) Ltd.;

Panoro Pacific Minerals, Inc., incorporated pursuant to the laws of the Philippines on April 18, 2006;

Panoro Apurimac S.A. (formerly Cordillera de las Minas SA), incorporated on August 15, 2002, under the laws of Perú. Panoro Apurimac S.A.'s head and registered office is located at Av. Pardo and Aliaga 699, Suite 803, 8th Floor, San Isidro, Lima 27, Perú;

Cordillera Copper Ltd., incorporated pursuant to the laws of the Bahamas on November 27, 2006.

0995683 B.C. Ltd., incorporated under the British Columbia Business Corporations Act on March

5, 2014.

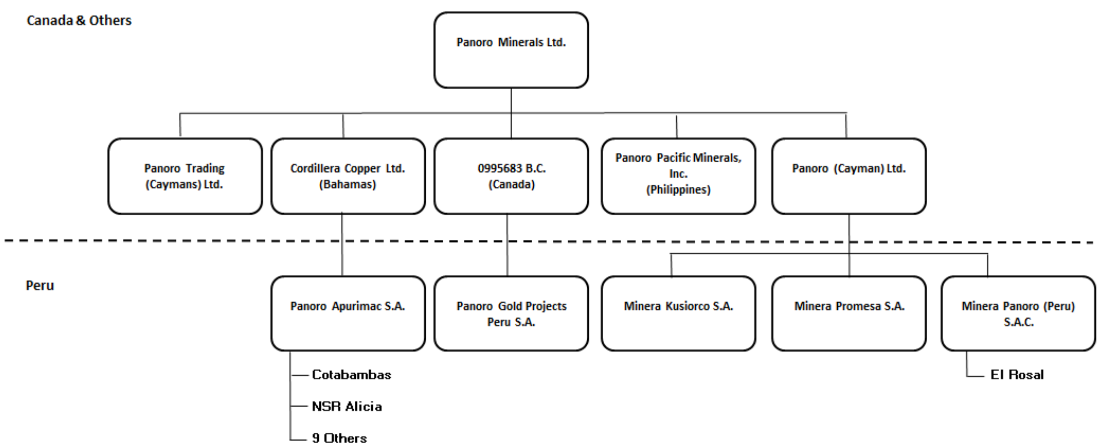
Minera Kusiorco S.A., incorporated on March 20, 2014, under the laws of Perú.

Minera Promesa S.A., incorporated on March 20, 2014, under the laws of Perú; and

Panoro Gold Projects Perú S.A. incorporated on March 20, 2014, under the laws of Perú.

The following chart sets forth the Company's corporate structure, including all of its subsidiaries, as at the date of this AIF:

Corporate Structure at April 29, 2016



a) Panoro Apurimac S.A. - Panoro Minerals Ltd. holds 139,445,388 shares of the 170,777,287 outstanding shares while Cordillera Copper Ltd. holds the remaining 31,331,899 outstanding shares.

b) Panoro Gold Projects Perú S.A. - 0995683 BC Ltd. holds 999 of the 1,000 outstanding shares while Panoro Minerals Ltd. holds the remaining 1 outstanding share.

c) Minera Promesa S.A. - Panoro (Cayman) Ltd. holds 999 of the 1,000 outstanding shares while Panoro Minerals Ltd holds the remaining 1 outstanding share.

d) Minera Kusiorco S.A. - Panoro (Cayman) Ltd. holds 999 of the 1,000 outstanding shares while Panoro Minerals Ltd holds the remaining 1 outstanding share.

e) Panoro (Cayman) Ltd. – Panoro Minerals Ltd. holds 10,000 of the 10,000 outstanding shares.

f) Minera Panoro (Perú) S.A.C. - Christian Pilon, Senior VP in South America and Director of the Company, holds one (1) of the 10,000 shares outstanding, while Panoro (Cayman)

Ltd. holds the remaining 9,999 outstanding shares.

g) Panoro Pacific Minerals Inc. - Five of the 10,242,628 outstanding shares are held by individual shareholders while the remaining 10,242,623 outstanding shares are held by Panoro Minerals Ltd.

h) Panoro Trading (Caymans) Ltd. - Avalon Ltd. holds one common share, in trust, issued February 18, 2016.

i) Cordillera Copper Ltd. – Panoro Minerals Ltd. holds the two common shares issued.

j) 0995683 B.C. Ltd. – Panoro Minerals Ltd. hold the one common share issued.

The Company's executive head office is located in Vancouver, Canada, while its Perú operations are run from Panoro's Lima office. The Company also has exploration camps at the Cotabambas and Antilla projects and warehouses for drill core storage located in Cusco, Perú. With the exception of short-term operational requirements for its Perú operations, funds are maintained and controlled in Vancouver, in both Canadian ("CA") and United States Dollars ("US"). In addition to its staff located in Vancouver and Perú, the Company engages consultants when necessary, to provide geological, metallurgical and other corporate consulting services.

On December 16, 2013, the Board of Directors approved a plan to restructure the Company by incorporating four new companies all within Panoro's control. The objective of the restructuring was to transfer early stage projects to separate corporate entities in order to proceed with exploration and evaluation activities. Under the plan, one new holding company would be incorporated in Canada and three exploration companies would be incorporated in Perú. Pursuant to the restructuring plan, the Company incorporated a numbered holding company in Canada, "0995683 B.C. Ltd.", as a wholly owned subsidiary. The Company also incorporated three wholly owned subsidiary mining companies in Perú: Panoro Gold Projects Perú S.A., Minera Promesa S.A., and Minera Kusiorco S.A.

The plan is under review, and as of the date of this AIF, has not been completed, and will likely be subject to revision, as the Company has determined that it will not make the concession payments due for the 2015 year on the concessions known as the Pataypampa Project and the Pistoro Norte Project and these were two of the projects that would form part of the restructuring.

All subsidiaries incorporated are 100% wholly owned by the Company and their accounts are completely consolidated in the Company's annual financial statements for the years ended December 31, 2015 and 2014.

Item 3: General Development of the Business

3.1 Information Regarding Perú

<u>Overview</u>
Perú is a democratic republic in South America, bordered by Ecuador, Colombia, Brazil, Bolivia, Chile, and the Pacific Ocean. It is the third-largest country in South America. The land mass encompasses arid coastal plains, tropical forests and mountainous terrain. Perú is the fifth most populous country in Latin America (after Brazil, Colombia, Argentina and Venezuela). The population of over 30 million is multiethnic, but the main spoken language is Spanish. Perúvian territory once belonged to the Incan Empire and even older civilizations that became part of the Spanish Empire in the 16th century. Perú achieved independence in 1821, but its post-colonial era was marked by political and economic instability under both democratic and dictatorial governments.

In the 20th century, political debate was highly polarized between left-wing and right-wing ideologies, resulting in policies that shifted between socialism and capitalism. State intervention in the economy was frequent, along with controls on prices, exchange rates, and local and foreign investment, and trade.

Current Central Government Perú is a multi-party democratic republic governed by an elected president and congress. Perú is divided into 25 regions, also referred as "departments", subdivided into provinces which are made up of districts. Perú's constitution, approved by a national referendum in 1993, increased the president's powers and reduced Congress to 130 members from 240 under the previous 1979 constitution. The president is elected for a five-year term and can only seek re-election after standing down at least one full term. In the June 5, 2011, runoff, Ollanta Humala of the Gana Perú alliance defeated opponent Keiko Fujimori of Fuerza 2011, by a 51.3% to a 48.7% margin. This was Humala's second run at the presidency. Since taking office, President Humala formally created a new Ministry of Development and Social Inclusion beginning in January 2012. Since taking office, President Humala has accepted the resignation of five Prime Ministers for various reasons. The Perúvian Constitution requires that, following the Prime Minister's resignation, all Ministers submit their resignations and this has resulted in President Humala recently replacing several ministers including appointing Rosa Maria Ortiz as Minister of Energy and Mines on February 17, 2015.

In April 2016, a first round in the election was held, and a runoff vote will be held on June 5, 2016, between Keiko Fujimori and Pedro Kuczynzki, both free-market candidates. A majority vote of over 50 per cent of the votes is needed in the first ballot in elections in Perú.

<u>Economy</u>
Perú's economy has shown strong growth over the past several years, triggered by market-oriented economic reforms, privatizations during the 1990s and measures taken to promote trade and attract investment. Economic expansion in recent years has been driven by construction, mining, private investments, exports, and domestic consumption. Perú's economy is well managed, and better tax

collection and growth have been increasing revenues, with expenditures keeping pace. Perú's economic growth slowed in 2014 to 2.4%, which was well below the 5.8% growth seen in 2013 and marked the slowest growth since 2009, and increased to 3.2% in 2015. In 2016, despite a slowdown in the economy on a global level, lower prices of commodities, and a context of political change in Perú, the Perúvian economy is one of the most solid in South American and is friendly towards investment. Latin Focus Consensus Forecast panelists expect the economy to grow 3.3% in 2016. Falling investment and subdued private consumption dragged on growth, although a large fall in exports was the main factor behind the deceleration. Weak global demand and low prices for commodity exports exerted significant pressure on the external sector last year, although a modest recovery in the mining industry is expected in 2016. Perú had a trade deficit of US$2.9 billion in 2015 compared to US$1.3 billion in 2014, partly due to lower metals prices and the price of natural gas, and an increase in import volumes has also affected the trade balance negatively.

Gross Domestic Product (“GDP”)
Perú has one of the strongest GDP growth rates and compared to its South American neighbors, Perú has one of the fastest growing economies in Latin America. GDP grew at a rate of 3.26% in 2015 (2.4% in 2014; 5.8% in 2013; and 6.0% in 2012).

Inflation
The annual inflation rate in Perú for 2015 was recorded at 3.6%. The annual inflation rate was 3.3% in 2014; 2.64% in 2012 due to declining food and energy prices and 4.7% in 2011, due principally to higher food prices during the last half of 2011. Perú is expected to have one of the lowest inflation rates in Latin America in 2016, and is expected to remain within the Perúvian Central Bank’s target inflation range of 1% to 3%.

Monetary
Perú’s official monetary unit is the Nuevo Sol ("S/."). It currently is not subject to any exchange restrictions and has been freely floating since March 27, 1991. The official exchange rates for closing in Perú as of December 31, 2015, was S/.3.407 to the US dollar for purchases, and for sales was S/.3.410 soles to the US dollar.

Fiscal and Trade
The improvement of Perú’s government debt burden is attributable to positive trends in public finances strengthened by high commodity prices in addition to a cautious fiscal administration. Debt in 2013 was 19.2% of GDP, reduced from 44.3% of GDP in 2004. Perú recorded a Government Budget surplus equal to 0.10% of the country's GDP in 2014 compared with a 0.9% percent surplus in 2013 and a 2.1% deficit in 2012.

The services sector is the main contributor to Perú’s GDP, with nearly 60% stemming from this sector. In Perú, ores and minerals exports make up over 50% of total exports, food accounts for 21% and mineral fuels account for 12%. Perú’s major exports are fish products, minerals (gold, silver, copper, zinc, and lead), agricultural products (coffee, asparagus), petroleum products, and textiles. Perú’s main export partners are the United States, European Union, Canada and China. Perú signed free trade agreements with both the United States (ratified in December 2007 by US Congress) and Canada (signed in January, 2008). Exports have grown at 6.3% annually since

2000. In the same period imports have expanded at an average 8.5% annually, thus outpacing the strong performance in exports in nominal terms.

Mining and Mineral Exploration

Perú is the world's third-largest producer of silver, tin, zinc and copper, and was the world's third largest copper producer in 2015, behind Chile and China. Mineral exports have consistently accounted for the most significant portion of Perú's export revenue, comprising approximately 50%. The mining industry in Perú contributes resources to the country by means of the payment of taxes and mining royalties to the Central Government. Additionally, it transfers resources to the regions where it operates through the mining fee, royalties and other validity rights. During 2015, the mining sector contributed more than S/. 947 million to the Central Government and more than S/. 2,994 million to the Regional Governments. Types of taxes in the mining industry include:

Corporate Income Tax

Mining titleholders must comply with their corporate tax obligations, just like any other entity doing business in the country. Perú taxes mining companies with the same taxes applicable to other economic activities. The Perúvian government passed a major tax reform law on December 31, 2014. The law will decrease the corporate income tax rate from 30% to 26% over a four year-period as follows:

Tax Year	Rate
2015-2016	28%
2017-2018	27%
From 2019	26%

The Perúvian mining tax system was revised during 2011 and two new mining taxes came into effect. The two laws applicable to the Company may be summarized as:

Special Mining Tax ("SMT") - The SMT is applied on operating mining income based on a sliding scale with progressive marginal rates ranging from 2.0% to 8.40%. The tax liability would be determined and payable on a quarterly basis. This tax is calculated based on the operating profit based on the income from the sale of mineral resources.

Mining Royalty Based on Operating Income ("MR") - The MR is applied on a company's operating income, rather than sales, and is payable quarterly (the previous royalty was payable monthly). The amount payable is determined on a sliding scale with marginal rates ranging from 1% to 12% applied to operating margin. As a company's operating margin increases the marginal rate of the royalty increases. If a company has a zero or negative operating margin, a minimum royalty of 1% of revenue is payable. The basis of the royalty (operating income) and the effective royalty rate would be calculated by following the same rules used to determine the tax liability under the SMT.

Mining companies are obliged to pay a workers participation of 8% on the net profits of the company. The amount paid is allowed as a deduction for corporate tax purposes.

Laws and Regulations

Mining in Perú is primarily regulated by national laws and regulations enacted by the Perúvian Congress and the executive branch of government. The principal legal framework on mining is set forth in the 1992 General Mining Law and its amendments. The mining sector is regulated by its Law and Regulations on Organization and Functions, pursuant to which the Ministry of Energy of Mines ("MEM") was created. It is the principal government entity that, together with its various offices, departments and agencies, is responsible for the mining sector in Perú. The MEM is a member of the executive branch of government, and is responsible for putting in place specific policies and rules governing the matters in its jurisdiction, namely energy, hydrocarbon and mining activities.

The MEM is not the only authority enacting mining-related regulation; there are in fact several government bodies with authority over specific matters that are relevant to the mining industry, as follows:

Environmental and tax:

- the Environmental Evaluation and Supervisory Authority (OEFA);
- the Ministry of the Environment (MINAM);
- the Agency for the Supervision of Investments in Energy and Mining (OSINERGMIN);
- the Ministry of Agriculture (MINAG);
- the National Service of Protected Areas (SERNANP);
- the General Directorate of Coastguards (DICAPI);
- the National Institute for the Development of Andean, Amazonian and Afro-Perúvian (INDEPA); and
- the National Authority of Water (ANA), and the local governments.
- the National Tax Authority (SUNAT); and
- the Ministry of Finance (MEF).

Administrative:

- the Mining and Metallurgical Geological Institute (INGEMMET);
- the Ministry of Transport and Communications (MTC);
- Ministry of Culture (MC);
- National Port Authority (APN);
- DICAPI; General Directorate of Arms, Ammunition and Explosives (DICSCAMEC); and
- the Public Registry (SUNARP).

Labour:

- the Ministry of Labour (MINTRA).
- Safety and Security:
- Organismo Supervisor de la Inversion en Energy and Mines (OSINERGMIN);
- APN;
- MINTRA;
- the National Institute of Civil Defence (INDECI); and
- the General Directorate of Environmental Health (DIGESA).

The MEM is also responsible for decentralizing and transferring some of its responsibilities to the local governments. Local governments may put in place rules regarding mining to be applicable in their respective jurisdiction, so long as such rules and local laws do not conflict with MEM rules or other laws and regulations.

It is illegal in Perú for a public official or employee to accept any type of outside remuneration for the performance of his or her official duties. Perú has ratified both the UN Convention against Corruption and the Organization of American States Inter-American Convention Against Corruption. Perú is not a member of the Organization of Economic Cooperation and Development ("OECD"). It has not signed the OECD Convention on Combatting Bribery, although it has participated as an observer in the Working Group. The Contraloría General is the responsible government agency for combatting corruption.

Investment in Perú for Foreign Company Involvement in Mining Projects

Foreign investors in Perú have the same rights and obligations as Perúvian investors. There are generally no restrictions on the involvement of foreign investors in any business activities, including mining. However, the Perúvian Constitution provides that no foreign person may directly or indirectly acquire or otherwise possess, among other things, land or mining properties within 50 kilometers of Perú's national borders without obtaining express, prior governmental authorization in the form of a Supreme Decree.

Stability Agreements - In addition, Perú offers legal stability agreements that can be entered into by private investors with the Perúvian government for 10 or 15-year terms to protect their investments and enjoy a number of benefits. Mining investors with stability agreements will benefit from tax stability (including income, export, labour and certain tax exemptions), free disposition of currency generated by exports, non-discrimination with respect to the exchange rate, accelerated depreciation for certain assets and the option of maintaining accounting in a foreign currency. Also, mining concession title-holders that have projects in the exploration stage may apply to have the right of early recovery of sales tax paid during the exploration phase. The Company applied for and has recovered sales tax paid during the exploration (pre-development) stage on its mineral projects.

Perú has entered into treaties and agreements with various countries, some of which relate directly to mining, and others which relate to foreign investment, dispute resolution, double taxation and inter-country relations, all of which are relevant for mining in Perú. Generally, these do not change the role of the local government authorities in mining transactions, nor do they require any direct relationship between the investor and the government.

Specifically, Perú has entered into free trade agreements with the Pacific Alliance, European Union, Japan, Costa Rica, Panama, Mexico, South Korea, European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland), China, Canada, Chile, Singapore, the United States of America, MERCOSUR (Argentina, Brazil, Paraguay, Uruguay), and Thailand. It has entered into BITs for the reciprocal protection and promotion of foreign investment with Australia, the UK, Ecuador, Argentina, Bolivia and Colombia, among others, thereby establishing a solid legal framework that provides for the protection of investment and guarantees national treatment for foreign investors from those countries. The bilateral conventions Perú has entered into with Canada, Chile and Brazil, as well as with the Andean Community prevent double taxation. Perú is also a signatory to certain environmental treaties relevant to mining, and the convention and agreements it has entered into with Ecuador facilitate cross-border mining projects in their common border areas.

Perú is also a member of the World Trade Organization, the Multilateral Investment Guarantee Agency, the Andean Community and the UN Convention on the Recognition and Enforcement of Foreign Judgments, all of which have relevance with respect to foreign investment in mining in Perú, and Perú is committed to the arbitration of investment disputes under the World Bank's International Centre for the Settlement of Investment Disputes.

<u>Mining Concessions</u>
INGEMMET grants title to mining concessions through an administrative process that verifies land has not been previously claimed. It is open to all companies. There are no contract negotiations, but companies can sign voluntary investment contracts in exchange for tax breaks.

There are four types of concession titles:

- mining concessions, which are granted in order to allow exploration and exploitation activities of metallic or non-metallic minerals (type of concessions held by the Company);
- processing concessions, which allow the title-holder to process and purify the minerals;
- general labor concessions, which allow the title-holder to provide ancillary services to mining concession title-holders; and
- mining transport concessions.

In applying for concessions, the applicant is required to provide public notice, by publishing information in local newspapers, indicating the concession being requested and the area in which it is located. In order to maintain title to mining concessions, title-holders have to pay certain annual mining fees and extract minerals or reach certain investment requirements within a certain period of time.

Mining concession title-holders are required to pay certain mining annual fees in order to maintain their concessions. The first payment is made when the concession is formally requested, and subsequent payments are due annually thereafter. The mining annual fees are US$3 per hectare under the general mining regime and US$1 per hectare if the titleholder is classified as a small mining producer. Payment of fees can be made one year in arrears, but if the title-holder fails to make the payment for two consecutive years, the respective concession will expire.

There is also an obligation on title-holders to reach an Annual Minimum Production ("AMP") per hectare prior to the end of the 10th year of ownership, calculated from one year after the date on which the concession was granted. If the title-holder fails to comply with the AMP requirement, an annual penalty must be paid per hectare, starting at the 6th year there is an additional fee of

US$6 per hectare, until after 12 years, the additional fee increases to US$20 per hectare. If AMP is not reached by the 15th year from 2008, the respective concessions will expire under the current law in 2028, with increases in the annual penalties based on minimum production after the 15th year, and are calculated on the basis of estimated Tax Reference Units (UIT) and increase each year.

OSINERGMIN regulates the mining industry. Companies pay the government taxes, royalties and fees at rates fixed by legislation. The Superintendencia Nacional de Administracion Tributaria (SUNAT), the national Tax agency, collects mining royalties and taxes, and places them in the treasury; INGEMNET collects fees.

3.2 Historical Information

Financings

2013

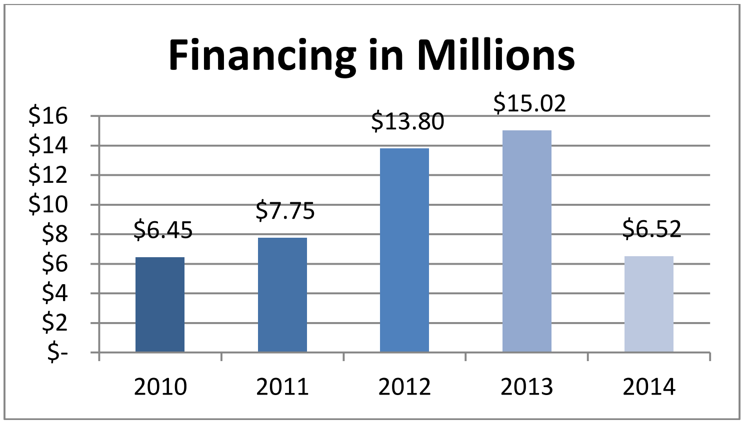
On March 14, 2013, the Company closed a bought deal public equity financing. A total of 27,300,000 common shares of the Company were issued and sold at a price of $0.55 per common share for gross proceeds of $15,015,000. The underwriters received a cash commission equal to 6% ($909,900) of the gross proceeds of the offering and an aggregate of 1,638,000 agents warrants. Each agent's warrant allows the underwriters to purchase one common share of the Company at $0.55 for a period of 36 months following the closing of the offering. The Company incurred other costs associated with the financing totaling $364,994.

2014

On July 14, 2014, the Company closed a short-form prospectus equity financing of 13,800,000 common shares of the Company issued at a price of $0.42 per common share for gross proceeds of $5,796,000. The underwriters received a cash commission equal to 6% ($347,760) of the gross proceeds of the offering. Total share issue costs were $613,841. Concurrent with the short form prospectus financing, the Company closed a private placement with Hudbay Minerals Inc. on July 16, 2014. A total of 1,734,897 common shares of the Company were issued at a price of $0.42 per common share for total proceeds of $728,657. The total share issue costs related to Hudbay's private placement were $4,994.

2015

There were no financings completed by the Company in fiscal 2015.



Acquisitions and Disposals

Acquisition of Cordillera de las Minas S.A., Perú (now Panoro Apurimac, S.A.)

On June 7, 2007, the Company completed the acquisition of 100% of the issued and outstanding shares of Cordillera de Las Minas S.A. ("CDLM"), a Perúvian corporation, from CVRD International S.A. and El Tesoro (SPV Bermuda) Limited, a wholly-owned subsidiary of Antofagasta PLC. On April 7, 2008, the name of CDLM was changed to Panoro Apurimac S.A. ("PA").

Purchase Price	
6,000,000 common shares of Panoro	$ 2,655,000
Cash	13,407,024
	16,062,024
Fair value of net assets acquired	
Cash	5,804
Accounts receivable	245
Prepaid expenses	2,603
Mineral interests	16,638,190
Equipment	4,349
Taxes payable	(2,631)
Accounts payable and accrued liabilities	(586,536)
	$16,062,024

In August 2007, the Company acquired two additional, 300-hectare concessions located internally to its Antilla interest for $170,436.

Alicia Project

On September 25, 2009, the Company entered into an agreement with Strait Gold Corporation ("Strait") whereby Strait could earn up to 100% in the Company's early stage Alicia copper-gold property in Southern Perú, subject to a 2% net smelter returns royalty ("NSR"), and on March 1, 2013, Strait earned its interest, and the Alicia Project was fully transferred to Strait, subject to the

Company retaining a 2% NSR.

The 400,000 common shares of Strait were recorded as a recovery of the acquisition costs to the Alicia property for the amount of the fair market value of the shares on the day they were received for $26,000.

On December 8, 2011, Teck Perú SA entered into an agreement with Strait whereby they could earn-in 75% of the Alicia project by spending up to $30 million on exploration or delivering a pre-feasibility study. Drill results for ten drill holes on the Alicia project were released on January 21, 2014. On February 13, 2014, Teck Perú SA notified Strait they did not intend to exercise its option to earn an interest in the Alicia project. Based on these events, the Company impaired all capitalized expenditures for the Alicia project and an impairment charge of $798,666 was recorded in the year ended December 31, 2013 ("fiscal 2013").

In 2015, Strait and Montan Capital Corp. completed a plan of arrangement and commenced trading as Montan Mining Corp. Pursuant to the transaction, Strait completed a consolidation of one new for ten old common shares. As a result, the Company now holds 100,000 common shares of Montan Mining Corp. The Company's investment is classified as "available for sale". The original cost of these shares was $72,000 and the book value and the fair market value at December 31, 2015, was $2,000 (2014: - $10,000).

Mindoro

In 2004 the Company entered into an agreement with Mindoro Resources Ltd. ("Mindoro") to earn a 40% interest in six mineral properties located in Surigao Province, Mindanao, Republic of the Philippines. The Company would earn its interest by incurring $2,000,000 in exploration costs. The Company earned their 40% interest in the formed Surigao Joint Venture on October 20, 2006 at which point the Company had invested a total of $2,396,003 in cash and shares.

At the beginning of 2007 the Company decided that it would focus its exploration projects exclusively on Perú, and entered into negotiations with Mindoro to sell its 40% interest in the Surigao Joint Venture to Mindoro. A Purchase and Sale Agreement was signed on March 14, 2007.

Pursuant to the Purchase and Sale Agreement, April 16, 2007, Mindoro paid the Company $750,000 cash and issued 500,000 Mindoro common shares valued at $0.75 per share. Mindoro made a second payment of $500,000 cash and issued an additional 500,000 Mindoro common shares on April 8, 2008.

At the time of disposition, the likelihood of the nickel laterite prospect going into production was unknown, and the final two payments were not recorded as a receivable. The nickel laterite prospect has commenced production, but the ability of Mindoro to make the payments is uncertain and is not probable at this time; and therefore, the Company will record any proceeds from Mindoro in operations when received. In accordance with the Mindoro Agreement, the two payments are to be made as follows:

- $500,000 on the fifteenth business day following the loading on board a ship or other conveyance for transport to a purchaser of an aggregate one million wet metric tonnes of nickel laterite, which became due on August 28, 2015, and was not paid by Mindoro to the Company; and
- $500,000 on the first anniversary of the loading on board a ship or other conveyance for transport to a purchaser or treatment facility of an aggregate one million wet metric tons of nickel laterite, or August 28, 2016.

Item 4: Description of the Business

The Company is in the business of acquiring resource properties in Perú, exploring those properties for commercially viable mineral reserves of copper and gold and other minerals and developing these properties. These properties are held through the Company's various Perúvian subsidiaries. As at April 29, 2016, the Company and its subsidiaries has a total of 7 (December 31, 2014:54) employees and consultants. There are seven former employees in Perú now receiving fees for consulting services.

Panoro's principal focus is on exploring and developing its advanced Cotabambas project where the Company has completed two PEAs, the April PEA and the September PEA. The Company is currently in the process of completing a PEA on the Antilla project. Other properties held by the Company in Perú include Kusiorcco, El Rosal, Cochasayhuas, Checca, Promesa, Sancapampa, Humamantata, Anyo, and Morosayhuas. The Company has a 4% interest in the Huaquirca joint venture between Minera IRL and Alturas Minerals Corp which includes the Chapi-chapi and Utupara projects in Perú. The Company also holds a 2% NSR royalty on the Alicia Project owned by Montan Mining Corp.

In 2015, the Company determined that it may not renew the concessions forming the Pataypampa and Pistoro Norte projects, and is planning to review certain non-core blocks of concessions forming part of the El Rosal, Checca, and Humamantata projects. The remaining concessions in these projects will be retained.

Current information concerning the Company's Cotabambas Project is contained in the NI 43-101 reports listed at the beginning of this AIF.

This AIF incorporates the results of the Company's activities on the Cotabambas property up to April 29, 2016. A summary of the technical reports for the Cotabambas project are contained in section 4.2 of this AIF.

Current information concerning the Company's Antilla Project is contained in section 4.1 of this AIF.

Detailed background information concerning the Company's other properties is summarized in a March 9, 2007, report prepared by SRK Consulting (Canada) Inc. ("SRK") and entitled "Independent Technical Report on the Mineral Exploration Property of Cordillera de las Minas S.A. – Andahuaylas-Yauri Belt, Cuzco Region Perú" (the "SRK Report").

All of the Company's technical reports can be found at www.sedar.com and on the Company's website at www.panoro.com.

4.1 Cotabambas Copper/Gold Project

4.1.1 Exploration History

The Cotabambas Project is an exploration-stage property that has been explored intermittently over the last 15 years. The property is located immediately west of the town of Cotabambas, in the District of Cotabambas, Province of Abancay, Department of Apurimac, approximately 135 km west of the City of Cusco in the Perúvian Andes. The Company acquired the Cotabambas Project in 2007 with 9,923 meters of historical drilling by previous owners. The Company resumed exploration at the Cotabambas Project in late 2010 with an initial mapping, sampling, geophysical survey and 5,500-meter drill program. Later the drill program was increased to 56,813 meters of drilling by Panoro. In total, between late 2010 and early 2014, the Company completed more than 60,000 meters of drilling.

4.1.2 Resource Statements

The results of Panoro's drilling, together with the historical drilling by previous owners, were used to complete updated resource estimates, in compliance with NI 43-101, as stages of the drilling campaigns were completed. The initial resource estimate commissioned by Panoro was completed in 2007 as part of the due diligence for the acquisition of the project. In 2012, Panoro commissioned an update to the resource statement to include drilling data completed to that point. The Cotabambas Resource Estimate was used in the April PEA and the September PEA completed and filed in 2015.

The Cotabambas Resource Estimate includes an inferred resource of 603.5 million tonnes at 0.31% Cu, 0.18 g/t Au, 2.33 g/t Ag and 0.0019% Mo at a cut-off of 0.20 % CuEq; and indicated resource of 117.1 million tonnes at 0.42% Cu, 0.23 g/t Au, 2.74 g/t Ag and 0.0013% Mo at a cut-off of 0.20% CuEq. The Cotabambas Resource Estimate recommended additional infill and exploration drilling together with geotechnical investigations, database management work to lead into a resource model update and as a result, the April PEA and September PEA were completed and filed in 2015.

4.1.3 Preliminary Economic Assessments

The highlights of the April PEA included:

- Pre-tax NPV(7.5%) is US$ 981.7 million, IRR is 17.3% and payback is estimated at 3.6 years
- After-tax NPV(7.5%) is US$ 627.5 million, IRR is 14.4% and payback is estimated at 4.0 years
- Conventional open pit mining and flotation processing at a design throughput of 80,000

tonnes per day with a mine life of 19 years

- Average annual payable copper of 143.4 million pounds
- Average annual payable gold of 88.0 thousand ounces
- Average annual payable silver of 967.2 thousand ounces
- Average direct cash costs (C1) (1) of US$1.26 per pound of copper, net of by-product credits
- Initial project capital costs of US$ 1.38 billion, including contingencies
- Good potential for discovery of additional mineralization that may support resource estimation.

(1) C1 net direct cash costs as defined by Brook Hunt – a Wood Mackenzie Co represents the cash cost incurred at each processing stage, from mining through to recoverable metal delivered to market, less net by-product credits (if any).
(2) C2 production cost is the sum of C1 costs and depreciation, depletion and amortization.

The April PEA results were based on assumed long term metal prices of $US 3.25/lb for copper, $US 1,300/oz for gold and $US 20.50/oz for silver. The April PEA included recommendations for a number of areas to be investigated to further enhance and expand the project's technical and economic parameters. The recommendations included:

- Optimization of the mine plan;
- Addition of copper oxide leach and SX/EW circuit;
- Improve metallurgical recoveries;
- Reduce grinding;
- Addition of gravity circuit;
- Optimize tailings thickening;
- Use of south pit for waste storage; and
- Addition of a Molybdenum circuit.

After the completion of the April PEA, the Company completed an internal review of the recommendations and commissioned independent consultants to investigate the highest priority potential modification to the project, an improved mining plan to increase head grades to the mill in the early part of the mine life.

Moose Mountain revised the mine plan included in the April PEA and AMEC integrated this mine plan into the updated September PEA. Due to the changes in the commodity markets from the time the April PEA was initially completed, the commodity prices in the September PEA were revised to include $US 3.00/lb for copper, $US 1,250/oz for gold and $US 18.50 for silver.

The results of the September PEA were announced via press release on September 22, 2015, and the September PEA was filed on SEDAR on November 6, 2015.

The highlights of the September PEA included:

- After tax economic metrics of:
    - NPV(7.5%) of $US 683.9 million, increased from $US 379.4 million;
    - IRR of 16.7%, increased from 11.8%; and
    - Payback of 3.6 years, decreased from 4.8 years

- Pretax economic metrics of:
  - NPV(7.5%) of $US 1,052.6 million, increased from $US 647.9 million;
  - IRR of 20.4%, increased from 14.2%; and
  - Payback of 3.2 years, decreased from 4.4 years

- Decreased average direct cash costs (C1) to $US1.22 per pound of copper, decreased from $US1.26, net of by-product credits

- Increased average annual payable metal of:
  - Copper - 155.1 million pounds, increased from 143.3 million pounds;
  - Gold - 95.1 thousand ounces, increased from 88.0 thousand ounces; and
  - Silver - 1,018.4 million ounces, increased from 967.2 thousand ounces.

- As a comparison only with the now superseded prices used in the April PEA: copper at $3.25/lb, gold at $1,300/oz and silver at $20.50/oz, after tax economic metrics of:

  - NPV(7.5%) of $US 961.6 million, increased from $US 627.5 million;
  - IRR of 19.9%, increased from 14.4%; and
  - Payback of 3.1 years, decreased from 4.0 years

Project Economics

The table below summarizes updated base case economic metrics for the project as well as their sensitivity to the prices of copper and gold:

Table: Sensitivity of Pre-Tax Project NPV (Million $US) & IRR (%)

Cu Price (US$/lb)	**Gold Price ($US/oz)**				
	1,100	**1,200**	**1,250**	**1,300**	**1,400**
2.75	612.4 / 15.5	692.9 / 16.4	733.1 / 16.9	773.3 / 17.3	853.1 / 18.2
3.00	933.1 / 19.1	1,012.7 / 19.9	**1,052.6 / 20.4**	1,092.3 / 20.8	1,171.5 / 21.6
3.25	1,251.1 / 22.4	1,330.1 / 23.3	1,369.6/ 23.7	1,408.9 / 24.1	1,487.5 / 24.9

Note: base case at Cu=$US 3.00, Au=$US 1,250, Ag=US$18.50 in bold

Table: Sensitivity of After-Tax Project NPV (Million $US) & IRR (%)

Cu Price (US$/lb)	Gold Price ($US/oz)				
	1,100	**1,200**	**1,250**	**1,300**	**1,400**
2.75	351.7 / 12.6	412.9 / 13.4	443.4 / 13.8	473.8 / 14.2	534.3 / 14.9
3.00	594.5 / 15.6	654.1 / 16.4	**683.9 / 16.7**	713.7 / 17.1	773.0 / 17.8
3.25	832.8 / 18.4	891.6 / 19.1	921.0 / 19.5	950.3 / 19.8	1,008.8 / 20.5

Note: base case at Cu=$US 3.00, Au=$US 1,250, Ag=US$18.50 in bold

For comparative purposes only, the following table summarizes changes to after tax project economic metrics with the former and now superseded base case commodity prices from the April PEA, namely, copper at $3.25/lb, gold at $1,300/oz and silver at $20.50/oz.

Table: Changes to Economics at Constant Commodity Prices

After Tax Economics	April PEA	September PEA	Change
NPV (Million $US)	627.5	961.1	+333.6
IRR (%)	14.4	19.9	+5.5
Payback (years)	4.0	3.1	-0.9

<u>September PEA Improvements</u>
The improved project economics have been achieved principally with mine planning improvements and optimization of cut-off grade strategy. There has been no change to the resource classification from the April PEA nor has there been a change to the proposed processing throughput of 80,000 tonnes per day. The more significant improvements are listed below:

Optimized Mine Plan

- Speedier ramp up of process plant to design capacity
- Processing of higher grade mineralization early in mine life;
- Stockpiling of low grade mineralization for processing near end of mine life; and
- Elimination of low margin mineralization from processing plan, resulting in;
    - Higher head grades in early part of mine life;
    - Higher average life of mine grades;
    - Reduced mineral processing tonnes; and
    - Reduced mine life.

The September PEA mine plan has 10% less mill feed tonnes at 7% higher copper grade, 6% higher gold grade and 4% higher silver grade than the April PEA. There are 10% more waste tonnes in the September PEA than in the April PEA.

Modified Wasterock Storage Plan

- Replacement of crusher, conveyor, tunnel and stacker for wasterock transport with truck haulage along surface roads resulting in reduced risk of operations disruptions from downtime of crusher, conveyor and stacker.

Tailings Management

- Tailings dam construction reduced near end of mine life with reduction in mineral resources included in mine plan, resulting in;
    - Reduced sustaining capital for tailings dam construction.

Capital Costs

The initial capital costs have increased from US$1.38 billion to US$1.53 billion principally due to the increased mine fleet size to accommodate the haulage of the low grade mineralization to the stockpile. The impacts on the financial metrics from this increase are offset by the:

- Reduced capital cost due to the elimination of the crusher/tunnel/conveyor/stacker arrangement for waste rock;
- Reduction in sustaining capital costs for the mine and tailings management; and most significantly,
- Increased revenues earlier in the mine plan which has significantly improved payback.

Cotabambas Resource Estimate

The September PEA was completed based on the Cotabambas Resource Estimate prepared by Tetra Tech. The estimate utilized all drill and assay results available to June 20, 2013, including 56,813 meters of drilling by Panoro and 9,923 meters of drilling from legacy campaigns. The mineral resource estimate includes hypogene and supergene sulphides and oxide copper and gold mineralization from the Ccalla and to a lesser extent the Azulccacca zones.

Table: Mineral Resources, Tetra Tech, October 2013

Resources Category	Zone	Cut-Off Grade % CuEq	Million Tonnes	Cu (%)	Au (g/t)	Ag (g/t)	Mo (%)	Cu (Blb)	Au (Moz)	Ag (Moz)	Mo (Mlb)
Indicated	Hypogene Sulphide	0.2	84.2	0.37	0.21	2.73	0.0018	0.69	0.58	7.39	3.43
	Supergene Sulphide	0.2	8.9	0.73	0.31	3.07	-	0.14	0.09	0.88	0.01
	Oxide Copper-Gold	0.2	23.8	0.49	0.24	2.63	-	0.26	0.18	2.01	0.01
	Oxide Gold	Na	0.2	-	0.66	3.74	-	-	0	0.02	-
	Total		117.1	0.42	0.23	2.74	0.0013	1.09	0.86	10.3	3.45
Inferred	Hypogene Sulphide	0.2	521	0.29	0.18	2.41	0.0021	3.36	2.94	40.35	24.22
	Supergene Sulphide	0.2	7.4	0.73	0.18	1.93	0.0007	0.12	0.04	0.46	0.11

Resources Category	Zone	Cut-Off Grade % CuEq	Million Tonnes	Cu (%)	Au (g/t)	Ag (g/t)	Mo (%)	Cu (Blb)	Au (Moz)	Ag (Moz)	Mo (Mlb)
	Oxide Copper-Gold	0.2	75.8	0.41	0.15	1.82	0.0003	0.68	0.37	4.44	0.5
	Oxide Gold	Na	1.2	-	0.61	3.27	-	-	0.02	0.12	-
	Total	0.2	605.3	0.31	0.17	2.33	0.0019	4.16	3.38	45.37	24.83

*Mineral Resources have an effective date of June 20, 2013, and were estimated by Qualified Person Robert Morrison, P.Geo. (APGO, 1839). The estimate is based on 56,813 meters of drilling by Panoro and 9,923 meters of drilling from legacy campaigns. Copper equivalent (CuEq) is calculated using the equation: CuEq = Cu + 0.4422 Au + 0.0065*Ag, based on the differentials of long range metal prices net of selling costs and metallurgical recoveries for gold and copper and silver. Mineralization would be mined from open pit and treated using conventional flotation and hydrometallurgical flow sheets. Rounding in accordance with reporting guidelines may result in summation differences. CuEq cut-offs were used to report almost all of the resource. These cut-offs are a function of metal price and recoveries. In the in situ resource, estimated gold, silver and molybdenum are then converted to US dollars and combined. The combined funds are re-converted to copper and added to the in situ copper values. The following metal prices are used: copper - $US3.20/lb; gold - $US1,350/troy oz; silver - $US23.00/troy oz; molybdenum - $US12.50/lb. The following metal recoveries were applied to the in situ resource: molybdenum - 40%; gold - 64%; silver - 63%. As the resource is reported as in situ, no recovery is applied to copper.*

Subsequent to the publication of the Cotabambas Resource Estimate, a reclassification of oxide material for leach amenability, according to an AMEC study, was undertaken by Tetra Tech. Inside the Oxide Copper-Gold Zone, sub-zones of Mixed, Oxides Copper and Oxide Copper-Gold were identified using information from sequential copper assay results and the results were announced in April 2015. The model was regularized and extra fields were calculated to report the resources with new categories for this specific zone, to guide future mining studies such as the current September PEA. This recoding of the oxide zone did not constitute a material change to the published Cotabambas Resource Estimate.

The subset of the Cotabambas Resource Estimate contained within the Azulccaca and Ccalla open pits that are included in the September PEA mine plan is shown in the table below.

Table: Subset of Mineral Resources Contained in the September PEA Mine Plan

Classification	In-situ Tonnes (Million)	NSR ($US/tonne)	In-situ (undiluted) grades		
			Cu (%)	Au (g/t)	Ag (g/t)
Indicated	127.3	21.1	0.37	0.21	2.58
Inferred	355.8	17.8	0.30	0.17	2.30

1 The September PEA mine plan is preliminary in nature as it includes Inferred Mineral Resources which are considered too speculative to have the economic considerations applied that would enable classification as Mineral Reserves. There is no certainty that any of the resources will be upgraded to Reserves. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

*2 The cut-off grade used to calculate the in-pit resources is NSR>=6. NSR is calculated using the following formula NSR = [Cu (%) * Cu Recovery (%) * 22.046 * 2.48] + [Au (g/t) * Au Recovery (%) * 36] + [Ag (g/t) * Au Recovery (%) * 0.5]*

Total waste in the September PEA mine plan is 604.2 million tonnes for an average LOM strip ratio of 1.25. The September PEA mine plan uses a variable cut-off grade strategy to increase the mill feed grade in the earlier parts of the schedule by stockpiling marginal economic material. The stockpiled material is processed towards the end of the mine life. The mine plan supports a mine life of 17 years.

Projected production of payable metals and operating costs are summarized in the tables below.

Table: Summary of Annual Average and Life of Mine Payable Metals

Metal	April PEA		September PEA		Changes	
	Annual Average	Life of Mine	Annual Average	Life of Mine	Annual Average	Life of Mine
Copper (Mlbs)	143.4	2,725	155.1	2,638	+11.7	- 87
Gold (koz)	88.0	1,671	95.1	1,618	+7.1	- 53
Silver (koz)	967.2	18,377	1,018.4	17,314	+51.2	- 1,063

Table: Cotabambas Operating Costs ($US per tonne milled)

	April PEA	September PEA	Changes
Mining Cost	3.33	3.59	+ 0.26
Processing Cost	4.47	4.38	- 0.09
G&A Costs	0.41	0.41	-
Total Operating Cost	8.22	8.38	+ 0.16

C1 and C2 cash costs (as defined by Brook Hunt) per pound of payable copper are listed in the table below.

Table: Cotabambas Average Cash Costs ($US) per lb Payable Copper

	April PEA	September PEA	Changes
C1 - Direct Cash Cost	1.26	1.22	- 0.04
C2 - Production Cost	2.02	1.92	- 0.10

Mining and Processing

The September PEA contemplates an 80,000-tonne per day plant throughput rate with mill feed coming from two open pits, Ccalla and Azulccaca. Mining will be by conventional truck and shovel removal of mill feed to the processing plant that will be located 0.5 km to the north side of the Ccalla pit limits. Waste rock will be placed in a storage area in Guaclle creek adjacent to the north side of the Ccalla pit. The waste will hauled via surface and in-pit haul. Low-grade mineralization will be stockpiled near the waste rock area for processing towards the end of mine life.

The material will feed one primary gyratory crusher and then fed to a SAG Mill and two ball mills, with classification by hydro cyclones. The flotation circuit will consist of a rougher flotation stage, regrinding, a primary cleaning stage followed by a cleaner-scavenger stage and two stages of re-cleaning using conventional flotation cells.

The flotation tailings will be thickened to 62% solids and pumped to the Tailing Storage Facility by positive displacement pumps. The final flotation concentrate will contain copper, gold and silver, free of deleterious elements. After thickening and filtering, the concentrate will be transported by truck to the Matarani seaport in Arequipa, along existing road networks.

The treatment of oxide copper subzone is not included in either the April PEA or the September PEA. Metallurgical testing to date has shown that copper recoveries from this material in the flotation circuit are low and insufficient tonnes have been outlined to date to warrant a separate heap leach and SX/EW circuit. However, as mentioned previously, there is some potential to expand the extent of known existing oxide copper mineralization with more drilling, and the addition of such a circuit remains a future opportunity.

Metallurgical studies have estimated recoveries from the mill feed material as shown in the table below.

Table - Summary of Metallurgical Recoveries Estimated in the April PEA and September PEA

Ore Type	Subzone	Cu Recovery (%)	Au Recovery (%)	Ag Recovery (%)	Mo Recovery (%)
Hypogene Sulphide		87.5	62.0	60.4	-
Supergene Sulphide		87.5	62.0	60.4	-
Oxide Copper-Gold	Oxides Copper	-	-	-	-
	Mixed	60.0	55.0	-	
	Oxide High-Gold	-	65.0	-	-
Oxide Gold		-	-	-	-

Metallurgical test work in 2014 was carried out at Certimin Laboratories in Lima, Perú in a program designed and supervised by AMEC personnel. Constant metallurgical recoveries were estimated over the life of mine. The current mine plan includes mining of higher grade zones in the early life of mine where higher recoveries may be demonstrated with further test work. No recovery of molybdenum has been included in the current estimate. Metallurgical test work in 2014 demonstrated the potential for molybdenum recovery, however it was not included in the mine plans. The inclusion of molybdenum recovery will be investigated in subsequent studies.

Opportunities for Project Growth and Enhanced Economics

- Copper-Gold Oxide mineralization that will be stockpiled for potential future processing
- Good potential to expand the resource base at the Ccalla and Azulccaca deposits with additional drilling
- The potential for a gravity circuit and on-site production of doré will be investigated with additional metallurgical testing
- Potential to increase recoveries with additional metallurgical testing and to improve discrimination between metallurgical types within the deposit
- Higher grades of molybdenum have been intersected below and lateral to the current PEA pit limits and with continued exploration success, there is potential to add molybdenum as a third byproduct to the operation
- As detailed in a June 23, 2014, news release, eight other mineralized prospects have been identified in the general vicinity of the known deposits and represent excellent upside potential to add to the known Mineral Resources with additional drilling.

Both the April PEA and September PEA were prepared by AMEC in accordance with the definitions in NI 43-101. All dollar amounts are US currency. A PEA is considered preliminary in nature. It includes Inferred Mineral Resources that are considered too speculative to have the economic considerations applied that would enable classification as Mineral Reserves. There is no certainty that the conclusions within the PEAs will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Tetra Tech completed the mineral resource estimate for the Cotabambas project utilizing all drill and assay results available to June 20, 2013, including 56,813 meters of drilling by Panoro and 9,923 meters of drilling from legacy campaigns. The mineral resource estimate includes hypogene and supergene sulphides and oxide copper and gold mineralization from the Ccalla and to a lesser extent the Azulccacca zones.

The Company believes that the results of the April PEA and September PEA demonstrate that the Cotabambas Project studies should continue into the prefeasibility and feasibility stages with the view to advancing the project towards a development decision. There are a number of enhancements and potential expansions to the project that may be investigated as standalone scoping studies prior to a pre-feasibility study or as a part of the pre-feasibility study The principal technical areas of mining, processing, infrastructure and concentrate transport and marketing all demonstrate very achievable solutions for the construction of the next key copper project in one of the most active copper development regions of the world. The economics of the project look strong with a number of potential enhancements still to be achieved.

The exploration potential at the Ccalla and Azulccaca deposits looks compelling with another eight targets still to be evaluated. Prior to October 2012, the Cotabambas project contained a small, inferred resource with less than 10,000 m of total drilling exploration completed. Since then and through a very tough period in the exploration business, the project resource has grown significantly with investment into past drilling campaigns and now the PEAs have demonstrated the potential positive economics for the project. The PEAs provide a positive snapshot of the current technical and economic metrics of the project and identifies potential for growth and optimization.

At the Cotabambas Project, exploration work has been carried out in five main campaigns:

1. Antofagasta 1995-2000: Anaconda Perú S.A., a Perúvian subsidiary of Antofagasta Minerals PLC ("Antofagasta"), carried out regional prospecting, geochemistry, geophysics and diamond drilling on the property. Drilling intersected copper-gold mineralization at the Azulccacca, Ccalla and Huaclle areas and totaled 8,538 meters in 24 diamond drill holes.

2. CDLM 2003-2006: Antofagasta and Companhia do Rio Vale Doce (CVRD) formed a joint venture company called Cordillera de las Minas ("CDLM") to explore Cotabambas and other properties in the district. Additional mapping, geochemistry, geophysics was carried out to define additional drill targets on the property. Ten diamond drill holes totaling 3,252 meters were drilled to test anomalies in the Ccalla, Cayrayoc and Huaclle areas.

3. Panoro 2007-2010: In mid-2010, an agreement was reached allowing Panoro to begin surface mapping and geochemical sampling over the Azulccacca, Ccalla and Huaclle areas. A short drill program was executed to confirm results of drilling by previous operators, drilling two drill holes at Azulccacca for a total of 427.49 meters.

4. Panoro 2011-2012: Following the conclusion of the 2010-2011 drill program, Panoro began the application for a Category II exploration permit allowing them to drill up to 200 drill holes on the property. A drill program was initiated in mid-2011 and is scheduled to conclude by the end of June 2013. By July 10, 2012, Panoro had drilled 42 diamond drill holes totaling 26,698.35 m. From July 11, 2012, to December 31, 2012, Panoro drilled 40 diamond drill holes totaling additional 17,822.60 meters. In this period, Panoro also carried out further mapping, geophysics prospecting, and geochemical sampling in parallel with the diamond drill program.

5. Panoro 2013: following the Category II exploration permit, the drilling was continued from January 1, 2012, to early 2014, completing 35 diamond drill holes totaling 17,494.65 meters. The surface mapping and geophysics survey were extended over the property.

In summary, from November 1, 2010, to early 2014, Panoro drilled more than 70,000 meters distributed over more than 140 drill holes. The surface mapping and geochemistry identified new targets next to the current mineral resources and in other areas inside the property.

Exploration Potential

The Cotabambas Project has a number of areas with significant exploration potential:
Ccalla – Azulccacca Deposit Area

The Ccalla zone, which has been the focus of drilling to date and hosts the current mineral resources at Cotabambas, is located in the northeast part of the property where late-phase porphyry mineralization is hosted by earlier diorites and andesite of the middle Eocene to early Oligocene Andahuaylas-Yauri batholith.

The stated Mineral Resources at 0.2% CuEq cut-off are a pit-constrained subset of the mineralization block model. Substantial copper and molybdenum mineralization, including higher grades, extends well below this conceptual pit shell and there is potential to include some or most of it in the project resource with deeper drilling.

The Ccalla and Azulccaca deposits form a 2.1 km northeast-southwest trend. Surface mapping and sampling have shown that this trend extends an additional 3 km to the northeast through the newly outlined Cochapata and Maria Jose mineralized porphyry centres. About 2 km to the west, two additional mineralized porphyries named Huaclle and Buenavista form another northeast-southwest trend, parallel to the Calla and Azulccacca trend with the Cochapata porphyry located in the middle of both trends. Detailed surface mapping and systematic rock chip sampling in this 5-km by 3-km area, including 2,365 samples to date, have defined new mineralized exploration targets for follow up surveys and drilling.

Cochapata Zone

The area between the Maria Jose, Ccalla, Buenavista and Huaclle zones is known as Cochapata. It is conspicuous for its red soils and colluvium. In some places, quartz monzonite porphyry with pervasive weathering, advanced argillization, limonite and relicts of hydrothermal quartz veins with breccia texture is found in outcrop, suggesting the possibility of a leached cap over porphyry-style mineralization. Geophysical surveys show a strong magnetic anomaly overlapping a low chargeability zone bordered by a high chargeability halo, similar to the signature at the Ccalla deposit. It is quite possible that the Maria Jose, Cochapata, Ccalla, Azulccacca, Huaclle and Buenavista zones are all part of a single, continuously mineralized system.

The Cochapata zone has not yet been drilled.

Maria Jose Zone

The Maria Jose zone is situated along the same mineralized trend as the Ccalla and Azulccaca deposits. It includes two separate prospects consisting of both oxide and primary copper mineralization associated with quartz monzonite porphyry intruding monzodiorite and andesite. Mineralization is characterized by differing proportions of chrysocolla, cuprite, goethite, hematite, and minor chalcocite and chalcopyrite associated with quartz stockwork veinlets. The mineralized porphyries exhibit potassic and phyllic alteration while the host rocks show differing levels of propylitic alteration, sometimes overprinted by a pyrite-chalcopyrite-quartz stockwork.

Within the Maria Jose area, the MJ-1 prospect is defined by 25 rock chip samples with greater than 500 ppm Cu over an area of 300m by 900m. A higher grade "core" area of 130m x 500m in size is defined by 17 samples that assayed from 0.11% Cu to 0.39% Cu, 0.01 to 0.05 Au g/t, and 0.3 to 3.1 g/t Ag.

The MJ-2 prospect is defined by 70 rock chip samples with greater than 500ppm Cu over an area of 250m by 1,100m. A 200m x 350m higher grade "core" area within this anomaly is defined by 25 samples containing 0.20% Cu to 0.44 %Cu, 0.01g/t Au to 0.07g/t Au and 0.2g/t Ag to 3.0 g/t Ag. A second and smaller "core" within the larger prospect area is defined by 8 samples grading from 0.52% Cu to 1.56% Cu, 0.03g/t Au to 0.47g/t Au and 1.5g/t Ag to 7.9g/t Ag.

Several trenches were excavated where outcrop was available. All showed mineralization and alteration. The best two are situated more or less end to end and exhibit an average of 1.02% Cu, 0.21 g/t Au, 4.75 g/t Ag and 4.24 ppm Mo over approximately 58 meters. The MJ-1 and MJ-2 anomalies are open to the east and west and represent attractive targets for both drilling of exposed mineralization and geophysics to test for extensions under cover to both sides.

The area between the Maria Jose and Ccalla zones is known as Cochapata. Most of this area is covered by soils and colluvium, but in some places, quartz monzonite porphyry with pervasive advanced argillization, limonite and relicts of hydrothermal quartz veins with breccia texture is found in outcrop, suggesting the possibility of a leached cap over porphyry style mineralization. This in turn suggests that the Maria Jose and Ccalla zones may be connected.

<u>Huaccle-Buenavista Trend</u>
A second mineralized trend is situated immediately northwest of the Maria Jose-Ccalla-Azulccacca trend and includes the Buenavista and Huaclle zones. It is characterized by both oxide and primary copper mineralization associated with potassically altered quartz monzonite porphyry intruding propylitically altered diorite. Mineralization is similar to that in the Ccalla area but may be somewhat more eroded and phyllic alteration is less common. In some places, roof pendants of limestone show prograde and retrograde skarn alteration with iron and copper mineralization.

Six holes have been drilled in the Huaclle area, two of which include numerous intervals of oxide and supergene-enriched copper mineralization ranging from six meters grading 1.32% Cu to 12 meters grading 0.76% Cu. The results of surface chip sampling in the Buena Vista area were more anomalous than those at Huaclle but this zone has not yet been drilled.

<u>Property-Scale Exploration Potential</u>

Elsewhere on the property, similar late-phase porphyries intrude clastic and carbonate strata of the Jurassic Yura Group and Cretaceous Ferrobamba Formation and are associated with recently discovered porphyry- and skarn-type mineralization at the Jean Louis, Ccarayoc and Chuyllullo showings. At the Cullusayhua target, sampling of hydrothermal breccia hosted by iron oxide stained quartzite returned anomalous gold and silver values. Other skarn mineralization is being mapped and sampled in the Chaupec and Añarqui areas.

Geological mapping and chip sampling on the property have continued to outline a number of porphyry-style copper-gold mineralized zones outside of the main Ccalla resource. The presence of multiple intrusions and zones of porphyry and skarn mineralization with anomalous copper, gold, silver, molybdenum and other elements suggests the possibility of a cluster of porphyry centres similar to the situation at Las Bambas and other significant porphyry camps.

Structural and geological mapping suggest that these new zones are aligned in two main northeasterly trends. Other than the main Ccalla and nearby Azulccacca zones, most of these targets have not been drilled as yet and all represent prime targets for continued exploration with the potential to significantly increase the property resource base.

4.2 Antilla Copper/Molybdenum Project

Property Description and Location

The Antilla Project is located near the small town of the same name in the District of Sabaino, Province of Antabamba, Department of Apurimac, Perú. The centre point of the exploration concession lies at UTM coordinates 8,414,000N, 718,500E between elevations 3300 and 4100 metres above sea level. The Company holds a total of 12 concessions with an area of 7400 hectares.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The area is at present most easily accessible from Cuzco via the 366 km Cuzco-Abancay-Antilla road. In the future, access from either Lima or Cuzco will be improved with construction of a 6-8 km link to the southwest to the road between Antabamba and the paved highway between Lima and Cuzco. The total road distance between the Antilla project and the Lima-Cuzco highway will then be approximately 33 km. The nearest harbour is at Marcona and the nearest smelter is at Ilo.

Physiographically, the area is characterized by steep terrain with deeply incised valleys on the eastern slope of the Western Cordillera of the Andes. Drainage flows to the Atlantic Ocean via the Chalhuanca and the Antabamba rivers. The climate is mild and moderately rainy, characterized by long winters between June and November and abundant summer rains from December to March.

History

In 1999, Southern Perú Copper S.A. (“SPCC”) carried out exploration work, including drilling on an optioned property immediately to the east of what was later to become the Antilla project. Anaconda evaluated the same adjoining property in 2000. In 2002, CDLM investigated geochemical anomalies to the west of the SPCC property and subsequently staked the first 2800 hectares comprising the Antilla project.

In 2003 and 2004, CDLM completed 1:5000 scale geological mapping on the central part of the property consisting of the so-called East and West Blocks and carried out reconnaissance mapping on the remainder of the property and on adjacent third party claims. Systematic rock and soil geochemical sampling was carried out on a 100-m by 50-m line grid approximately over a part of the West Block during which time 734 rock samples and 1,727 soil samples were taken. In addition, 214.2 line km of magnetic survey and 43.6 km of IP survey were completed. Towards the end of this exploration campaign, CLDM drilled 19 holes totaling 4,012 meters.

On April 8, 2010, the Company entered into a joint venture agreement ("JV") with Chancadora Centauro SAC ("Centauro") for the development of the Antilla copper molybdenum project in Perú. 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. A payment of US$1 million on signing was received by the Company from Centauro.

Centauro received the following from the Company:

- A right to match any offer by a third party on Panoro's 100% owned Cotabambas project and a US$1,000,000 (CAD$1,064,600) credit towards any such offer accepted by Centauro, provided they maintain an interest in Antilla.

- Equipment at the Antilla project including trucks, tents, computers, and a generator.

On July 17, 2010, the scheduled second cash payment from Centauro due under the Antilla agreement was not received. The Company subsequently provided Centauro with the required notifications relating to the lack of receipt of payment and the fact that this constituted a breach of the agreement.

On September 23, 2012, the Court of Arbitration of the Lima Chamber of Commerce issued a final ruling, which stated the Joint Venture between Centauro and Panoro had been legally terminated. Therefore the Antilla concession is owned 100% by Panoro. The Court of Arbitration did not award damages to either party in this dispute.

In January 2013, the Company regained access to the Antilla property, drill core and equipment. Equipment provided to the JV and valued at $82,663 was entered as a receivable in the financial statements but was not found to be in useable condition upon gaining access to Antilla. As a result, the Company wrote off the equipment receivable to exploration and evaluation assets.

On December 16, 2013, Panoro announced the results of an updated resource estimate prepared by TetraTech's which included the exploration data from the 2010 drill program.

Highlights

- Base Case Indicated resource of 188.5 million tonnes at 0.40% Cu and 0.009% Mo at a cut-off of 0.20% CuEq;
- Base Case Inferred resource of 145.9 million tonnes at 0.28% Cu and 0.009% Mo at a cut-off of 0.20% CuEq;

The resource estimate reflected a 38% increase in contained copper and a 53% increase in contained molybdenum.

The waste to ore ratio of the conceptual pit shell used to constrain the mineral resource is reduced to 1:1 from 2.5:1 in the 2012 resource estimate. There is potential to increase resource tonnage in several directions and below the current pit shell through additional drilling on the basis of strong copper-molybdenum mineralization and new exploration targets identified on the Antilla property.

Mineral Resource Estimate

Tetra Tech completed the mineral resource estimate for the Antilla project utilizing all drill and assay results available to June 11, 2013. The Antilla Resource Estimate was completed based on the results of 9,130 meters of drilling by the Company (49 drill holes) and 5,162 meters of drilling (39 drill holes from drilling by others). It includes supergene and hypogene sulphides from the East block deposit contained within a single conceptual pit shell. The conceptual pit shell has been modelled to include that portion of the mineral resource block model having a reasonable prospect for economic extraction based on the new knowledge of the deposit. The mineral resource estimate in the Indicated Category is summarized in Tables 1 and 2 below.

Table 1: Sensitivity of Indicated Mineral Resource to Cut-off Grade

Cut-Off Grade % CuEq	Million Tonnes	Cu (%)	Mo (%)	Contained Cu (Blb)	Contained Mo (Mlb)
0.20	188.5	0.40	0.009	1.7	36
0.30	138.4	0.46	0.009	1.4	27
0.40	84.1	0.54	0.010	1.0	19
0.50	51.6	0.62	0.010	0.7	11
0.60	27.8	0.69	0.011	0.4	6.7
0.70	12.9	0.78	0.012	0.2	3.4

Note: Base case at 0.20% CuEq in bold. Mineral Resources have an effective date of September 27, 2013, and were estimated by Qualified Person Paul Daigle, P.Geo. (APGO, 1592). The estimate is based on 9,130 meters of drilling by Panoro and 5,162 meters of drilling from other campaigns. Mineral Resources are reported above a 0.20% CuEq cut-off grade and are constrained by a conceptual pit shell. Mineral Resources are reported using long-term copper price of US$3.25/lb and a molybdenum price of US$9.00/lb. Input parameters used for pit optimization are mining cost of US$1.90 /t mined, total operating cost of US$10.00/t including general and administrative costs, and metallurgical recoveries of 90% for copper and 80% for molybdenum. Mineralization would be mined from an open pit with final pit slopes of 45° and treated using conventional flotation and hydrometallurgical flow sheets. Rounding in accordance with reporting guidelines may result in summation differences.

Table 2: Mineral Resource in Indicated Category Classified by Mineralization Type

Zone	Cut-Off Grade % CuEq	Million Tonnes	Cu (%)	Mo (%)	Contained Cu (Blb)	Contained Mo (Mlb)
Hypogene Sulphide	0.20	42.6	0.30	0.010	0.28	9.4
Supergene Sulphide	0.20	132.6	0.45	0.008	1.3	23.4
Leach Capping	0.20	8.7	0.28	0.010	0.054	1.92
Overburden	0.20	4.5	0.27	0.010	0.027	0.99
Total		188.5	0.40	0.009	1.66	35.71

The Antilla Resource Estimate in the Inferred Category is summarized in Tables 3 and 4 below.

Table 3: Sensitivity of Inferred Mineral Resource to Cut-off Grade

Cut-Off Grade	Million	Cu	Mo	Contained Cu	Contained Mo
% CuEq	Tonnes	(%)	(%)	(Blb)	(Mlb)
0.20	145.9	0.28	0.009	0.9	28
0.30	49.4	0.38	0.009	0.4	10
0.40	16.8	0.49	0.010	0.18	3.3
0.50	7.3	0.57	0.010	0.09	1.4
0.60	3.0	0.64	0.009	0.04	0.59
0.70	0.45	0.71	0.009	0.007	0.09

Note: Base case at 0.20% CuEq in bold. Mineral Resources have an effective date of September 27, 2013, and were estimated by Qualified Person Paul Daigle, P.Geo. (APGO, 1592). The estimate is based on 9,130 meters of drilling by Panoro and 5,162 meters of drilling from other campaigns. Mineral Resources are reported above a 0.20% CuEq cut-off grade and are constrained by a conceptual pit shell. Mineral Resources are reported using long-term copper price of US$3.25/lb and a molybdenum price of US$9.00/lb. Input parameters used for pit optimization are mining cost of US$1.90 /t mined, total operating cost of US$10.00/t including general and administrative costs, and metallurgical recoveries of 90% for copper and 80% for molybdenum. Mineralization would be mined from an open pit with final pit slopes of 45° and treated using conventional flotation and hydrometallurgical flow sheets. Rounding in accordance with reporting guidelines may result in summation differences.

Table 4: Mineral Resource in Inferred Category Classified by Mineralization Type

Zone	Cut-Off Grade	Million	Cu	Mo	Contained Cu	Contained Mo
	% CuEq	**Tonnes**	**(%)**	**(%)**	**(Blb)**	**(Mlb)**
Hypogene Sulphide	0.20	87.9	0.26	0.008	0.50	15.5
Supergene Sulphide	0.20	49.3	0.33	0.009	0.36	9.8
Leached Capping	0.20	8.5	0.22	0.011	0.04	2.1
Overburden	0.20	0.26	0.24	0.010	0.001	0.05
Total		145.9	0.28	0.009	0.90	27.45

These mineral resource estimates include Inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is also no certainty that these Inferred mineral resources will be converted to the Measured and Indicated mineral resource categories through additional drilling.

A conceptual starter pit containing 15 million tonnes at a grade of 0.72% copper and 0.017% molybdenum at a cut-off of 0.25% Cu with a stripping ratio of 0.9 was defined in AMEC's 2009 resource estimate (June 19, 2009, Panoro news release). This higher grade mineralization and much of the rest of the Inferred resource defined by AMEC has been upgraded to Indicated status in the current study. Conceptual pit shell modelling within the Indicated resource by Tetra Tech has shown that a significant proportion of the higher grade mineralization could be amenable to early scheduling in a starter pit. However, the updated definition of a starter and/or higher grade pit is being deferred to a PEA for the project which is currently in process.

The mineral resource consists of a sub-horizontal blanket of supergene sulphide mineralization dominated by chalcocite and molybdenite underlain by a second blanket of primary chalcopyrite and molybdenite mineralization. Both mineralized zones are parallel to the surface, but are either overlain by a leached capping and/or covered by colluvium containing some mixed sulphide and oxide copper and molybdenum mineralization.

Mineralized horizons are hosted by stratified quartzites and quartz arenites of the Soraya Formation. The character of hypogene alteration and mineralization suggest that it may represent the distal portion of a nearby intrusive-hosted porphyry-style copper deposit.

Parameters and Assumptions Used in the Mineral Resource Estimate

The conceptual pit shell constraining that portion of the mineral resource block model having a reasonable prospect for economic extraction based on the current knowledge of the deposit has been constructed according to technical and economic parameters in Table 5.

Table 5: Parameters Used in the Construction of the Mineral Resource Conceptual Pit Shell

Parameters	Mineral Resources Pit Shell	Units
Copper Price	3.25	US$/lb
Molybdenum Price	9.00	US$/lb
Copper Selling Costs (SCu)	0.16	US$/lb
Molybdenum Selling Costs (SAu)	0.45	US$/lb
Copper Price net of Selling Costs (PCu)	3.04	US$/lb
Molybdenum Price net of Selling Costs (PAu)	8.55	US$/oz
Processing Throughput	30,000	t/day
Processing Throughput	10,500,000	t/year
Mining Recovery Rate	97	%
Mining Dilution Rate	3	%
Mining Cost	1.90	US$/tonne mined
Mill Cost	7.25	US$/tonne Milled
Additional Cost for mineral resources	0.15	US$/tonne Milled
Ore Handling Cost	0.50	US$/tonne Milled
Environmental Cost	1.00	US$/tonne Milled
General and Administrative Cost	1.10	US$/tonne Milled
Total Operating Cost	10.00	US$/tonne Milled
Overall Pit Slope Angle	45	Degree

Exploration Potential

Current mineral resources at Antilla are located in the eastern part of the property where copper and molybdenum mineralization are associated with quartz-monzonite porphyries of the middle Eocene to early Oligocene Andahuaylas-Yauri batholith which have intruded quartzites and arenites of the Cretaceous Soraya formation. In the western part of the property, similar late phase porphyries intrude arenites, shales and limestones of the Jurassic Piste formation. The potential to increase the resource at the Antilla project includes a number of possibilities, as follows:

Local-Scale - Drilling to date indicates that supergene mineralization extends both north and south of the current resource as well as, in places, to depth. Additional drilling could add to the resource in these areas.

District-Scale - Systematic geochemical sampling and geological mapping suggest that the current limits of the mineral resource are located in the center of an east-west structural trend some 2.5 km wide and 5 km long. The trend is characterized by significant anomalous copper, molybdenum and gold, and includes outcropping quartz monzonite porphyry exhibiting copper mineralization and potassic alteration as well as an apparent leached cap zone developed in the arenites of the Soraya formation. The zones including geochemistry anomalies located around the current resources are named: Chabuca, North block, the Intermedium block, West block I and West block II.

The extensive copper anomaly in Chabuca has an area of 1.3 km by 1.5 km, located to the east of the current resource and the Intermedium block is located next to the west side of the conceptual pit over an area of 1.0 km by 2.0 km. In both zones, anomalous copper and molybdenum are associated with outcropping copper-mineralized and potassically altered quartz monzonite porphyry that remains unexplored. The North block is located over the hill from the pit and the copper and molybdenum anomalies are hosted by the same arenite package containing the supergene copper mineralization comprising the known mineral resource. The West block I and West block II are located from 2 km to 4 km to the west of the current resource and copper, molybdenum and gold anomalies have been defined outside of the areas already drilled. Detailed mapping and geophysics will be needed to refine targets for drilling.

Property-Scale - In the western extreme of the property, a new exploration target named Piste was recently discovered. It consists of outcropping porphyry and skarn-type mineralization hosted by limestones, arenites and shales. A program of rock chip sampling and detailed geological mapping is in progress.

A second extensive copper anomaly occurs in the 1.3 km by 1.5 km Chabuca zone located to the east of the current resource. Here, anomalous copper and molybdenum are associated with outcropping copper-mineralized and potassically altered quartz monzonite porphyry. The possibility of underlying hypogene porphyry copper mineralization in both the East and West Blocks largely remains to be tested. Additional systematic geochemical sampling is currently in progress in the north and western parts of the property.

Panoro is continuing its exploration at the Antilla project with geological mapping and geochemical sampling, while a PEA is underway by SRK Canada. The preparation of the PEA on the Antilla Project will incorporate an updated resource estimate prepared by TetraTech. The resource estimate has not been finalized in report form, but will form part of the PEA being prepared by SRK Canada. The moderate scale of the resource at the Antilla Project together with strong infrastructure in the area may result in a moderate capital cost development plan for the project. The PEA is due for completion later in the first half of 2016.

4.3 Kusiorcco Copper Project

The Kusiorcco project is located near HudBay Minerals' Constancia project (Indicated resources of 256 million tonnes at 0.50% copper; Inferred resources of 156 million tonnes at 0.33% copper) and the historical Katanga Mine formerly operated by Mitsui Mining and Smelting. It consists of strong, coincident 1-km by 2-km induced polarization and resistivity anomalies overlying a 300m by 500m alteration zone characterized by an intensive stockwork of quartz veins with the weathered out voids filled by 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 supergene enriched zone at depth. The potential of this system to host a significant porphyry copper deposit is further supported by the presence of a number of copper skarn occurrences located at the periphery of the Kusiorcco intrusive stockwork which are currently being exploited on a small scale by local artisanal miners.

The Company's Environmental Impact Statement ("EIS") for the proposed drilling program at the Kusiorcco Project was approved in December of 2009. The process of obtaining an agreement with the indigenous community of Uchuccarco, which will be required to commence with any exploration program, is expected to take some time to complete.

4.4 El Rosal Project

The Company has a 100% interest in the El Rosal property consisting of twelve mineral concessions totaling 8,200 hectares located in the Province of Chiclayo, Department of Lambayeque, Perú. The project has been explored in 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. Details of the geology and exploration on the property through 2006 may be found in a 2006 technical report entitled "2006 Summary Report on the El Rosal Property", which is available on the Company's website.

The Company is currently evaluating options for advancing this property, including joint venture and/or option opportunities.

4.5 Cochasayhuas Project

The 1,836-hectare (formerly 5,836 hectares, as four non-core concessions will be left to lapse) Cochasayhuas property is located about 20 kilometers west of Xstrata Copper's Las Bambas project. It includes the historic San Fernando mine which was in continuous operation from 1912 to 1952 and is reported to have produced 401,000 ounces of gold and 480,000 ounces of silver (SRK, 2007). Although more than one vein system is known on the property, historical production was derived from only one shoot within the so-called Cochasayhuas vein.

Various brief reconnaissance sampling and mapping exercises have been carried out by the

Company and have returned values of up to 4.7 g/t of gold in the Cochasayhuas vein and up to 2.2 g/t gold in the San Lucas vein where artisanal mining is currently concentrated. Mineralization is interpreted as consisting of an early mesothermal phase of quartz veining with associated base metals on which a second episode of epithermal activity has been superimposed.

In 2013, the Company drilled 1,688m in 10 shallow holes with an average length of 169 meters, targeting the San Fernando Vein that outcrops at surface for 5km. The more significant mineralized intersections are listed in the table below:

Hole	From	To	Length	Au g/t	Ag Ounces/t	%Cu	%Pb	%Zn	Type
2	70.73	70.95	0.22	0.83	40.0	9.00	7.31	13.98	Primary
6	67.10	68.50	1.40	1.50	2.5				Primary
4	60.10	61.10	1.00	0.58	4.5				Primary
4	63.20	63.40	0.20	0.88	4.3	1.50			Primary
7	178.10	178.70	0.60	0.24	1.0	0.48	1.51	1.57	Primary

Mineralization generally consists of massive quartz, cut by veinlets of chalcopyrite, pyrite, galena and sphalerite to various degrees. Further exploration is planned on the property. A technical report will be prepared once exploration has concluded.

4.6 Alicia Project

Strait Gold Corporation fulfilled the terms of its option agreement to earn a 100% interest in the Alicia property from the Company in early 2013. The Company has retained a 2% NSR.

4.7 Promesa Project

The Promesa property comprises of three concessions covering 3,000 kms located at an elevation between 3,800m to 4,400m above sea level. It is approximately 360 kms by road from Cusco on paved highway along the Lima-Nazca highway where it turns off to the property for a further 7.2 km of rugged road. The topography in the area is generally gentle with deep valleys.

A summary of the geology taken from the SRK 2007 report describes it as follows:

"At Promesa, a composite, north-oriented, hornblende and quartz-eye bearing porphyry stock of granodiorite composition intrudes a dominantly clastic sequence of quartz-arenite and pelite of the Early Cretaceous Soraya Formation. Hydrothermal alteration is dominated by biotite and K-feldspar bearing potassic assemblages that affect the intrusive units and certain pelitic horizons of the country rock, whereas quartz-sericitic alteration is locally present in transgressive veins of D-type and more commonly occupies a peripheral position in quartz-arenite country rock. Copper mineralization accompanies moderate to weak quartz-stockworks with chalcopyrite primarily hosted by the composite porphyry stock near its contact with the host sedimentary sequence. Minor supergene chalcocite is present at the redox front in quartz-sericite altered country rock."

The work that has been done on the property consisted of geological mapping, 908 grid soil samples and 706 of rock samples. Ground geophysical surveys consisted of 95.3 line-km of magnetometer and 8.2 line-km of Induced polarization surveys that were done on May 2003. The following year, four drill holes totaling 1,540m were drilled on the property. The table below lists the more significant mineralized intercepts:

Drillhole No.	From (m)	To (m)	Intercept (m)	%Cu	g/t Au
PRO-01	242	250	8	0.39	0.09
	368	384	16	0.49	0.14
PRO-02	12	28	16	0.54	0.03
	314	376	62	43	0.09
PRO-03	236	244	8	0.40	0.07
	250	252	2	2.15	0.42
PRO-04	164	188	24	0.52	0.12
	234	238	4	0.50	0.22

The presence of mineralized intervals grading above 0.4%Cu and up to 0.42g/t Au indicates that the property has the potential to host a porphyry copper-gold deposit in addition to possibly hosting supergene copper mineralization as shown by the presence of incipient chalcocite enrichment in PRO-02.

In 2012 and 2013 Panoro completed geological mapping and geophysical surveys (IP & magnetics) over 40% of the property. Results are being evaluated and a systematic geochemical survey and exploration drilling are being considered for follow up.

4.8 Other Projects

The Company's other properties, including Checca, Pistoro Norte, Sancapampa, Humamantata, Pataypampa, Anyo, and Morosayhuas have not received any significant work since the date of the 2007 SRK report and the reader is directed to that report for a more detailed description of each. During the year ended December 31, 2015, the Company determined that it will let the concessions forming the Pistoro Norte and Pataypampa projects be allowed to lapse. El Rosal has not received any significant exploration activity in several years.

In addition to the Pistoro Norte and Pataypampa projects, additional non-core concessions forming part of the projects that have not had any significant exploration work in recent years may not be renewed. As the Company may forego its rights to portions of these projects, certain capitalized exploration and evaluation costs related to the non-core concessions were written off in fiscal 2015 in the amount of $2,266,865.

Item 5: Risk Factors

The risk factors for the Company are the same risk factors that all exploration stage companies operating globally have in common. This AIF lists the major risks and uncertainties that may have a material adverse effect on the Company's securities. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also impair the Company's business operations. If the Company is unable to prevent events that have a negative effect from occurring, then its business, results of operations and financial condition and the market price of its securities could be materially and adversely affected. These risk factors should be carefully considered by investors when evaluating an investment in the Company.

5.1 Risks Inherent to the Exploration Industry

The business of exploration for minerals involves a high degree of risk which even a combination of experience, hard work, knowledge and careful evaluation may not be able to overcome. Few properties are developed into 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 Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. The marketability of minerals discovered by the Company may be affected by numerous factors which are beyond the control of the Company 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 Company not receiving an adequate return on invested capital.

5.2 Financing Risks

The Company has no history of revenues from its operating activities and currently does not have sufficient funds on hand to carry out the completion of all proposed activities. With limited resources and no source of operating cash flow the Company will require additional funding, whether through the issuance of securities or debt, in order to remain a going concern, satisfy contractual obligations, and to continue the development of the Company's properties even if the Company's exploration program is successful.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and evaluation of its projects, the delay or indefinite postponement of construction, development or production on any or all such mineral property interests, or even loss of mineral property interests, the failure to meet contractual obligations as they become due, and impair its ability to remain a going concern or bankruptcy.

The Company and its wholly-owned subsidiary entered into a definitive Early Deposit Precious Metals Purchase Agreement (the "Cotabambas Early Deposit Agreement") signed on March 21, 2016, with Silver Wheaton (Caymans) Ltd. ("Silver Wheaton"), in respect of the Cotabambas project located in Perú.

The principal terms of the Cotabambas Early Deposit Agreement are such that Silver Wheaton will pay the Company upfront cash payments totalling US$140 million for 25% of the payable gold production and 100% of the payable silver production from the Company's Cotabambas Project in Perú. In addition, Silver Wheaton will make production payments to the Company of the lesser of the market price and US$450 per payable ounce of gold and US$5.90 per payable ounce of silver delivered to Silver Wheaton over the life of the Company's Cotabambas Project. On April 18, 2016, the Company received the first payment of US$1.0 million, pursuant to the terms of the agreement.

The US$14.0 million in payments will be sufficient for the Company's minimum working capital for the foreseeable future.

5.3 Exploration and Mining Risks

Title to mineral Properties - In those jurisdictions where the Company has mineral property interests, the Company undertakes searches of mining records and obtains title opinions from reputable counsel 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. The ownership and validity of mining claims are often uncertain and may be contested. The Company is not aware of any challenges to the location or area of its mineral claims. There is, however, no guarantee that title to the Company's properties will not be challenged or impugned in the future as the properties may be subject to prior unregistered agreements or transfers.

There is also an obligation on title-holders to reach an Annual Minimum Production ("AMP") per hectare prior to the end of the 10th year of ownership, calculated from one year after the date on which the concession was granted. If the title-holder fails to comply with the AMP requirement, an annual penalty must be paid per hectare, starting at the 6th year there is an additional fee of US$6 per hectare, until after 12 years, the additional fee increases to US$20 per hectare. If AMP is not reached by the 15th year from 2008, the respective concessions will expire under the current law in 2028, with increases in the annual penalties based on minimum production after the 15th year, and are calculated on the basis of estimated Tax Reference Units (UIT) and increase each year.

Mineral Resource Estimates - The Company's properties are in the exploration stage and are without a known body of commercial ore. The mineral resources contained in this AIF are estimated quantities of measured, indicated and inferred mineral resources. There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of, among other things, the quantity and quality of available data, the assumptions made and judgments used in engineering and geological interpretation. Mineral resource and mineral reserve estimates are also uncertain because they are based on limited sampling and not the entire ore body.

5.4 Permitting Risks

In general, 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 Company, 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 Company or its ability to develop its properties. Before exploration can commence on any of its mineral properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals will be obtained, or if they are obtained, if they will be granted on a timely basis. The cost of compliance with changes in governmental regulations has the potential to delay exploration, reduce the profitability of operations or preclude entirely the economic development of a property.

As exploration permits are subject to the discretion of government authorities, there can be no assurance that the Company will be successful in maintaining such permits for the Cotabambas Project, or the Antilla Project, which are the Company's most advanced stage properties. There can be no assurance that all permits which the Company may require for future exploration activities or any construction of mining facilities or conduct of mining operations will be obtainable on reasonable terms or at all, or that the terms of such permits or applicable laws and regulations will not have an adverse effect on any exploration or mining project which the Company might undertake.

Surface Rights - Obtaining title to mining concessions does not ensure permission to use surface lands. Permits for surface land use must be obtained from the individual landowners via agreements entered into between the concession title-holder and the landowner before the Company can commence the exploration and evaluation work in order to advance the projects. In the event that the owner is a peasant community, such communities are recognized by the Perúvian government as legal entities, so the agreement must be approved by a minimum vote of the assembly of the members of the community, as further provided in specific legislation on the matter.

The Company will require additional community agreements with local communities in order to secure the surface rights to its projects. Although past community agreements have been successfully negotiated and completed to the satisfaction of all parties, there is no assurance that a community agreement can be negotiated by the Company, or that the terms of an agreement will be favorable to the Company. There is also no assurance any community will honor their side of the agreement before expiry without demanding additional concessions. The timing for negotiating and completing such agreements is unpredictable. The process of obtaining such agreements may also be affected by the two-year election cycle for the councils of the local communities. While the Company believes it can successfully negotiate agreements in the future, failure to obtain a community agreement could delay or postpone indefinitely exploration and evaluation activities.

Environmental Matters - All of the Company's exploration, development and any production activities will be subject to regulation under one or more environmental laws and regulations, which can make operations expensive or prohibit them altogether. Many of the regulations require the Company to obtain permits for its activities.

The Company may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production.

All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for the Company and its officers, directors and employees. There is no assurance that future changes in environmental regulations, if any, will not adversely affect the Company's business, conditions or operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at this time.

5.5 Risks Associated with Trading on a Stock Exchange

Volatility of Share Price and Trading Volume - The market price of the Company's securities has experienced wide fluctuation which may not necessarily be related to the operating performance, underlying asset values or prospects of the Company. Factors such as announcements of mineral discoveries or discouraging exploration results, changes in financial results, and other factors could have a significant effect on share price. The market price of a publicly traded stock, especially a resource issuer like Panoro, is affected by many variables in addition to those directly related to exploration or development successes or failures. Such factors include the general condition of markets for resource stocks, the general strength of the economy, the availability and attractiveness of alternative investments, and the breadth of the public markets for the stock. The effect of these and other factors on the market price of the Company's common shares suggests continued volatility. Therefore, investors could suffer significant losses if the Company's shares are depressed or relatively low trading volumes could reduce the liquidity of an equity investment. There can be no assurance that even though the Company reaches project milestones in development of its projects and publicly releases good news will result in an increase in the price of its securities.

Concentration of Shareholdings – Concentrations of shares held with a small number of investors could impact the ability of the Company to perform corporate actions. As the shares are widely held, a shareholder with a significant amount of shares could be able to influence the outcome of matters submitted to the Panoro shareholders for approval, which could include the election and removal of directors, amendments to Panoro's incorporation documents and business combinations. Panoro's interests and those of a shareholder may at times conflict, and these conflicts might be resolved against Panoro's interests.

Sales of a large number of the common shares on the open markets, or the potential for such sales, could decrease the trading price of the common shares. If any significant shareholder decides to liquidate all or a significant portion of its position, it could adversely affect the price of the common shares.

5.6 Global Financial Conditions

Global Markets – 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 Company may affect the marketability of any mineral occurrences discovered. The price of commodities has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the USD relative to the CAD), interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

Metal Prices - Changes in the market price of copper, gold and other metals, which are volatile and have fluctuated widely, affect the operations of the Company. The long-term viability of the Company depends, in large part, upon the market price of metals, primarily copper, but potentially gold and other metals and minerals. The market price of copper is volatile and is affected by numerous factors beyond the control of the Company. The effect of these factors cannot be accurately predicted.

5.7 Risks of Operating in Perú

Potential Political, Social and Economic Instability in Perú - The Company’s mineral property assets are all located in Perú, South America. Although the Company believes that the current conditions in Perú are stable and conducive to conducting business, the Company’s current and future mineral exploration and mining activities could be impacted by adverse political, social or economic developments. The adverse developments may include widespread civil unrest and rebellion, the imposition of unfavorable government regulations on foreign investment, production and extraction, prices, exports, income taxes, expropriation of property, environmental compliance and worker safety. Additional regulations may apply to Panoro and may adversely affect its ability to operate and its results of operations.

Social conflicts in Perú have significantly increased over the past several years. Local opponents to mining activities have occasionally become violent. Labour in Perú is customarily unionized and labour union activities can be severely disruptive. Roadblocks by community members, the unemployed and labour unions are not uncommon. Where good relationships exist with local communities and employees, there is no certainty that such relationships will continue. The risk of social, labor and civil unrest may adversely affect Panoro.

Bureaucracy and Corruption – Inefficient government bureaucracy is a problematic factor for doing business in Perú which can lead to delays in obtaining materials and government permits. Commercial regulations can be sometimes inconsistent, and the lack of transparency may increase start-up and overall operational costs. The difficulties that companies experience when trying to deal with Perú's extensive bureaucracy has led some companies to make use of facilitation payments or to contract local agents whom they hope can expedite business transactions. The government procurement processes and the judicial sectors are susceptible to corruption.

<u>Extractive Sector Transparency Measures Act ("ESTMA") in Canada</u>
ESTMA was enacted on December 16, 2014, and brought into force on June 1, 2015. The Act delivers on Canada's international commitments to contribute to global efforts to increase transparency and deter corruption in the extractive sector by requiring extractive entities active in Canada to publicly disclose, on an annual basis, specific payments made to all governments in Canada and abroad. Extractive businesses subject to the Act must report annually on certain payments to all levels of government in Canada and abroad for financial years beginning after June 1, 2015. Payments reportable under the Act must be made in relation to the commercial development of oil, gas or minerals and total at least $100,000 in one of seven payment categories:

- Taxes (other than consumption & personal income);
- Royalties;
- Fees (including rental fees, entry fees and regulatory charges as well as fees or other consideration for licences, permits or concessions);
- Bonuses (including signature, discovery and production bonuses);
- Dividends (other than dividends paid as ordinary shareholders);
- Production entitlements; and
- Infrastructure improvement payments.

5.8 Other

Foreign currency risk - The Company maintains its financial statements in Canadian dollars. Financings are in CAD and exploration expenditures are typically in USD and Perúvian Nuevo Sol. As a result, the Company is subject to foreign exchange risks relating to the relative value of the CAD as compared to the USD and the Perúvian Nuevo Sol. An increase in the USD would result in an increase in the real value of the Company's exploration expenditures and adversely impact the Company's financial performance as it did in fiscal 2015, with the increase in the USD as compared to the CAD. The exchange rate has varied substantially over time. Fluctuations in exchange rates may give rise to foreign currency exposure, either favorable or unfavorable, which will impact financial results. The Company does not engage in currency hedging to offset any risk of exchange rate fluctuation

Qualified Personnel - Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company explores and develops its Cotabambas Project and other properties, the need for skilled labour will increase. The number of persons skilled in the exploration and development of mining properties is limited and competition for this workforce is intense. The development of the Cotabambas Project and other initiatives of the Company may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel as and when required. The success of the Company and its ability to continue to carry on operations is dependent upon its ability to attract and retain the services of certain key personnel. The loss of their services to the Company may have a material adverse effect on the Company. The Company will be dependent on the continued services of its senior management team, and its ability to retain other key personnel. The loss of such key personnel could have a material adverse effect on the Company. There can be no assurance that any of the Company's employees will remain with the Company or that, in the future, the employees will not organize competitive businesses or accept employment with companies competitive with the Company.

Insurance - Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development. The Company may become subject to liability for pollution or hazards against which it cannot insure. The payment of such liabilities could result in an increase in operating expenses which could, in turn, have a material adverse effect on the Company's financial position and its results of operations. Although the Company maintains liability insurance in an amount that the Company considers adequate, the nature of these risks is such that the liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant liabilities and costs that could materially increase operating expenses.

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

Conflicts of Interest - There are potential conflicts of interest to which all of the directors, officers, insiders and promoters of the Company may be subject in connection with the operations of the Company. All of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Company. Accordingly, situations may arise where all of the directors, officers, insiders and promoters will be in direct competition with the Company. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors of the Company, any director in a conflict situation will be required to disclose his or her interest and abstain from voting in connection with the matter giving rise to the conflict. In determining whether or not the Company will participate in any project or opportunity, its directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the relevant time. The Company has a process to identify and declare any conflicts. Conflicts, if any, will be subject to the procedures and remedies as provided under the Business Corporations Act of British Columbia.

Item 6: Dividend Record and policy

The Company has not paid dividends since incorporation and it has no plans to pay dividends in the immediate future. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time. All of the common shares of the Company are entitled to an equal share in any dividends declared and paid. To the knowledge of the Company, there are no restrictions that would prevent the Company from paying dividends.

Item 7: Description of Share Capital

7.1 General Description of Share Capital

The authorized share capital of the Company consists of unlimited common shares without par value. The Company has only one kind and class of shares and there are no unusual rights or restrictions attached to that class. As of April 29, 2016, the Company had a total of 220,640,818 common shares issued and outstanding. All of the issued common shares of the Company are fully paid and not subject to any future call or assessment.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Company has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the board of directors.

All of the common shares of the Company rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and the entitlement to dividends. The holders of the common shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each common share carries with it the right to one vote.

Item 8: Market for Securities

8.1 Trading Price and Volume

The Company is a reporting issuer in British Columbia, Alberta and Ontario, and its common shares are listed on the TSX Venture Exchange (“PML”), the Frankfurt Exchange (“PZM”) and on the Junior Board of the Bolsa de Valores de Lima (“PML”). Trading on the TSX Venture exchange is in Canadian Dollars; on the Frankfurt Exchange in Euros; and on the Bolsa de Valores in United States Dollars. The price ranges and volume traded of the Company’s common shares for the three exchanges on a monthly basis for the recently fiscal years are:

PANORO MINERALS LTD. – Trading volume in 2013									
	TSX-V			Lima			Frankfurt		
	Hi	Low	Vol.	Hi	Low	Vol.	Hi	Low	Vol.
January	C$0.71	C$0.59	5,996,000	US$0.65	US$0.63	6,065,121	€0.51	€0.44	10,700
February	0.64	0.47	3,126,600	0.57	0.55	3,224,655	0.47	0.34	38,700
March	0.49	0.41	3,916,900	0.46	0.44	3,112,881	0.38	0.31	28,000
April	0.45	0.29	1,287,400	0.38	0.35	1,958,366	0.34	0.22	357,200
May	0.34	0.26	1,385,500	0.28	0.27	2,061,683	0.23	0.19	50,600
June	0.29	0.24	567,300	0.26	0.25	2,117,864	0.20	0.17	66,500
July	0.35	0.23	1,222,500	0.27	0.26	2,279,796	0.25	0.16	27,300
August	0.38	0.28	1,758,300	0.31	0.29	2,722,171	0.25	0.19	18,800
September	0.46	0.35	1,794,700	0.39	0.38	2,354,364	0.32	0.24	14,600
October	0.47	0.34	418,400	0.39	0.38	2,130,195	0.29	0.23	17,500
November	0.42	0.29	355,000	0.35	0.33	1,257,021	0.28	0.21	60,000
December	0.40	0.29	263,700	0.33	0.32	1,178,489	0.24	0.19	32,300
Total Volume for 2013			22,092,300			30,462,606			722,200

PANORO MINERALS LTD. – Trading volume in 2014									
	TSX-V			Lima			Frankfurt		
	Hi	Low	Vol.	Hi	Low	Vol.	Hi	Low	Vol.
January	C$0.39	C$0.30	415,900	US$0.31	US$0.30	1,675,676	€0.26	€0.20	2,700
February	0.32	0.27	479,800	0.28	0.27	1,503,219	0.22	0.19	17,000
March	0.34	0.25	10,752,075	0.27	0.26	1,718,955	0.21	0.17	41,000
April	0.32	0.28	635,480	0.28	0.27	946,878	0.22	0.19	27,300
May	0.40	0.28	551,406	0.30	0.29	1,788,863	0.25	0.17	30,500
June	0.60	0.32	1,828,597	0.36	0.35	2,460,713	0.38	0.22	39,730
July	0.46	0.40	3,523,010	0.41	0.40	2,321,844	0.30	0.27	30,000
August	0.48	0.41	4,879,003	0.42	0.41	3,846,181	0.32	0.27	40,550
September	0.47	0.33	5,557,611	0.40	0.39	1,392,934	0.33	0.28	20,150
October	0.41	0.25	2,074,020	0.30	0.29	2,136,725	0.25	0.22	25,000
November	0.30	0.23	808,069	0.23	0.22	1,127,355	0.17	0.17	66,841
December	0.30	0.15	1,679,336	0.20	0.19	1,801,947	0.16	0.15	33,500
Total Volume for 2014			33,184,307			22,721,290			374,271

PANORO MINERALS LTD. – Trading volume in 2015									
	TSX-V			**Lima**			**Frankfurt**		
	Hi	Low	Vol.	Hi	Low	Vol.	Hi	Low	Vol.
January	C$0.30	C$0.18	823,840	US$0.20	US$0.20	701,766	€0.20	€0.13	23,000
February	0.21	0.17	18,548,318	0.16	0.16	556,435	0.15	0.11	53,700
March	0.22	0.17	1,821,920	0.15	0.15	1,558,138	0.15	0.11	45,800
April	0.25	0.14	6,540,760	0.15	0.15	1,816,414	0.16	0.10	35,500
May	0.17	0.14	602,070	0.14	0.14	627,233	0.13	0.09	45,000
June	0.17	0.14	743,956	0.12	0.12	844,381	0.12	0.10	10,500
July	0.15	0.12	4,196,876	0.11	0.11	169,920	0.11	0.07	48,500
August	0.14	0.10	1,991,113	0.08	0.08	666,813	0.08	0.06	0
September	0.14	0.11	2,161,030	0.10	0.09	1,790,209	0.08	0.06	3,200
October	0.13	0.11	1,314,874	0.10	0.10	651,025	0.07	0.06	20,000
November	0.14	0.09	1,519,294	0.10	0.09	4,628,539	0.12	0.06	22,500
December	0.13	0.11	547,990	0.10	0.10	35,078	0.08	0.06	2,000
Total Volume for 2015			40,812,041			14,045,951			309,700

Item 9: Directors and Officers

9.1 Name and Occupation

The following is a list of the current directors and officers of the Company, their municipalities of residence, their current positions with the Company, and their principal occupations during the past five years.

Name, Municipality of Residence	Principal Occupation for the Past Five Years	Position with the Corporation	Director or Officer Since
William J. Boden(1) Vancouver, B.C.	Chartered Professional Accountant, Chartered Accountant; Businessman	Director, Chairman of the Board and Interim Chief Financial Officer	Director, June 1998 Chairman, February 2010 Interim CFO since November 2015
Richard A. Mundie(1) Vancouver, B.C.	Corporate Director, Chartered Professional Accountant, Chartered Accountant; Director of Taseko Mining	Director and Chairman of the Audit Committee	Director, March 2010
Christiaan F. Staargaard(1) Vancouver, B.C.	Professional Geoscientist; President and CEO, InZinc Mining since 2002.	Director	Director, February 2005
Lorne A. Torhjelm White Rock, B.C.	President of L.C.T. Management Corp. President and CEO of Cardiff Energy Corp. to August 2015	Director	Director, April 2002
Luquman A. Shaheen Surrey, B.C.	Professional Engineer. President and Chief Executive Officer of the Company since April 16, 2008.	President, Chief Executive Officer, Director	President, CEO and Director since April 2008
Christian G. Pilon Lima, Perú	Consulting Geophysicist, President of Geoinstruments SAC since 2005, President and General Manager of Boxiplast SAC since 2007, President of Procaltest SAC since 2009, President of Grupo Bernacelli SAC and Geoinstruments International SAC since 2010, and Partner in Estudio Pilon	Senior Vice President, South America and Director	Director, June 1998

Name, Municipality of Residence	Principal Occupation for the Past Five Years	Position with the Corporation	Director or Officer Since
	Galvez SAC since 2012.		
Anthony Laub(1) San Isidro, Lima, Perú.	Partner in Laub & Quijandría	Director	Director, July 2014

(1) Member of the Company's Audit Committee.

The directors of the Company are elected by the shareholders at each annual general meeting and typically hold office until the next annual general meeting at which time they may be re-elected or replaced. The articles of the Company permit the directors to appoint directors to fill any casual vacancies that may occur on the board. The articles also permit the directors to add additional directors to the board between successive annual general meetings so long as the number appointed does not exceed more than one-third of the number of directors appointed at the last annual general meeting. Individuals appointed as directors to fill casual vacancies on the board or added as additional directors hold office like any other director until the next annual general meeting at which time they may be re-elected or replaced.

9.2 Shareholdings of Directors and Officers

To the best of the Company's knowledge, as at the date of this AIF, directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control over 12,025,512 common shares (not including common shares issuable upon the exercise of stock options) of the Company, representing 5.9% of the outstanding common shares.

9.3 Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the Company's knowledge no director, officer, Insider or promoter of the Company or a shareholder anticipated to hold a sufficient number of securities of the Company to affect materially the control of the Company is, or within 10 years before the date of this AIF, has been a director, officer, insider or promoter of any other person or company that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the Company's knowledge, no proposed director, officer, insider, or promoter of the Company nor a shareholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such person has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the Company's knowledge no director or proposed director, officer, insider, or promoter or a shareholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such person has, within the ten years prior to the date of the AIF, as applicable become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

9.4 Audit Committee Information

Multilateral Instrument 52-110 ("MI 52-110") requires the Company to disclose annually in its Annual Information Form certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

The Audit Committee is responsible for Company's financial reporting process and the quality of it financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Company's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Company's external auditors. The Audit Committee also assists the board of directors in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee maintains effective working relationships with the board of directors, management, and the external auditors and monitors the independence of those auditors. The Audit committee is also responsible for reviewing the Company's financial strategies, its financing plans and its use of the equity and debt markets.

The full text of the charter of the Company's Audit Committee is attached hereto as Schedule "A".

Composition of the Audit Committee

The Audit Committee of Panoro is comprised of the following members of the board of directors of the Company:

Richard A. Mundie, CPA, CA

Mr. Mundie is a Chartered Professional Accountant, Chartered Accountant, with over 45 years of experience. He has held senior positions in the mining sector, both in British Columbia and overseas and has more than 35 years of mining industry experience. He is currently on the Board of Directors of Taseko Mines Limited, owners of the Gibraltar copper-molybdenum mine in south-central British Columbia.

William J. Boden, CPA, CA

Mr. Boden is a Chartered Professional Accountant, Chartered Accountant and has over 35 years' experience as a manager of risk capital investments. He was founder and President of CW Funds group of companies until 2008. Within that group, Mr. Boden structured and raised investment capital totaling $130 million, primarily from overseas investors. During the past decade, he was a founder and director of private companies: First Coal Corporation (serving as President, 2005 to 2007 and Chairman, 2007 to 2009), Landex Petroleum Ltd., and Highrock Energy Ltd. All three were profitably sold for proceeds aggregating $650 million. He was a senior officer with the Ventures West Management group from 1979 to 2005, and prior to that, Mr. Boden was a Manager with Coopers & Lybrand, an international accounting firm. He was also Secretary-Treasurer of Whitehorse Copper Mines Ltd. and Treasurer of Bethlehem Copper Corp., both producing mining companies listed on the Toronto Stock Exchange.

Christiaan F. Staargaard, P. Geo

Mr. Staargaard is President and CEO of InZinc Mining Ltd., a TSX-V listed company, a position he has held since 2002. Earlier in his career, he worked in mineral exploration as a project geologist for Kennecott Copper, Kidd Creek Mines Ltd., Homestake Mineral Development Company and Silver Hart Mines Ltd. From 1988 until 2002, he was an independent consulting geologist, mainly to junior mining companies and investment dealers. In all, he has over 40 years of experience in the evaluation of mineral exploration projects in a wide variety of geological environments throughout Canada, the United States, Central and South America as well as China, the Southwest Pacific, Africa, Eastern Europe, Ukraine and Madagascar. In addition to his technical experience, Mr. Staargaard has served as a Director and/or senior officer of publically traded companies for over 20 years. He holds a B.Sc. in Geology from The Pennsylvania State University and a M.Sc. in Geochemistry from Queen's University.

Anthony Laub Benavides, LL.M.

Mr. Laub is a partner in Laub & Quijandría, a Perúvian firm providing legal, regulatory, advisory, and economic and financial consulting services to the energy and mining industries. He holds a law degree from Perú and a LL.M. in Energy Law and Policy from the University of Dundee, United Kingdom. From 1997 to 2005, Mr. Laub held various positions in the Ministry of Energy and Mines, including Director General of Legal Counsel and Secretary General of the Ministry.

All of the members of the audit committee are “financially literate” as defined in MI 52-110.

Messer's Mundie, Staargaard and Laub are considered to be independent for the full year ending December 31, 2015.

Audit Fees

The following table provides detail in respect of audit, audit related, tax and other fees paid by the Company to the external auditors for professional services:

	Audit Fees	**Audit-Related Fees**	**Tax Fees**	**All Other Fees**
Year ended December 31, 2013	$ 114,500	$ 14,000	$ 3,000	$ Nil
Year ended December 31, 2014	$ 120,250	$ Nil	$ Nil	$ Nil
Year ended December 31, 2015	$ 81,600	$ Nil	$ Nil	$ Nil

Audit related fees includes fees billed for assurance and related services that are reasonable related to the performance of the audit or review of the Company's financial statements that are not included under the heading "Audit Fees".

Item 10: Transfer Agents and Registrars

The registrar and transfer agent of the common shares of the Company is Computershare Company, 3rd floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Item 11: Interests of Experts

The auditors of the Company are KPMG LLP, Chartered Accountants, 777 Dunsmuir Street, Vancouver, BC, V7Y 1K3. The Auditors' Report for the Company's annual audited financial statements for the year ended December 31, 2015, issued by KPMG LLP, Chartered Accountants was filed under National Instrument 51-102.

Stewart Twigg, P.Eng., William Colquhoun, Pr Eng, FSAIMM, and Vikram Khera, P.Eng., of Amec Foster Wheeler, and Jesse Aarsen, P.Eng., of Moose Mountain Technical Services are each "qualified persons" as defined by NI 43-101, and have prepared the NI 43-101 Technical Report on Updated Preliminary Economic Assessment on the Cotabambas Report dated September 22, 2015. To the knowledge of the Company, none of Messrs. Twigg, Colquhoun, Khera, and Aarsen are shareholders of Panoro.

Stewart Twigg, P.Eng., Sergio Munoz, CMC., William Colquhoun, Pr Eng., FSAIMM, Vikram Khera, P.Eng., and Stella Searston, RM SME of Amec Foster Wheeler; Dr. Robert Morrison, P.Geo., formerly with Tetra Tech , Joe Hirst, EurGeol, C.Geol, and Paul Daigle, P.Geo., of Tetra Tech are each qualified persons as defined by NI 43-101, and have prepared the NI 43-101 Technical Report on Preliminary Economic Assessment on the Cotabambas Report dated April 9, 2015. To the knowledge of the Company, none of Messrs. Twigg, Munoz, Colquhoun, Khera, Hirst, and Daigle, Dr. Morrison and Ms Searston are shareholders of Panoro.

Paul Daigle, P.Geo.and Jianhui (John) Huang, PhD, P.Eng. of Tetra Tech WEI Inc. are each "qualified persons" as defined by NI 43-101, and have prepared the 2013 Antilla Report. To the knowledge of the Company, neither of Messrs. Daigle and Huang are shareholders of Panoro.

Luis Vela, VP Exploration, is a "Qualified Person" as defined in NI 43-101. Mr Vela is responsible for the preparation of technical information in the Company's news releases and other disclosure documents since October 2012. As at the date of the AIF, Mr. Vela holds 950,000 options to purchase common shares of the Company.

Item 12: Additional Information

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors. Additional information is also provided in the Company's comparative financial statements for its most recently completed financial year and MD&A for its most recently completed financial year.

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on the Company's website www.panoro.com.

SCHEDULE "A" - AUDIT COMMITTEE CHARTER
PANORO MINERALS LTD.

The purpose of the Audit Committee of the Board of Directors (the "Board") of Panoro Minerals Ltd (the "Company") is to assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Company, and such other duties as directed by the Board. The Audit Committee's role includes a particular focus on the qualitative aspects of the financial reporting to shareholders, on the Company's processes to manage business and financial risk, and on compliance with significant applicable legal, ethical, and regulatory requirements.

1. Members of the Audit Committee

The number of members of the Committee will be at least three, none of whom are officers or employees of the Company or any of its affiliates or subsidiaries and all of whom are, in the view of the Board, free of any relationship that would interfere with the exercise of independent judgement. Qualification for committee membership shall, in addition, comply with applicable securities regulatory requirements including:

Each member of the audit committee must be financially literate, that is having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
At least one member must have accounting or related financial management expertise to analyze and interpret a full set of financial statements, including the related notes.

2. Communication and Reporting

The Audit Committee is expected to maintain free and open communications with the external auditors and the Companies management. This communication shall include meetings, at least annually, with the external auditors. The Committee shall meet at least quarterly with management to discuss the accounts, records and financial position of the Company. The Audit Committee chairperson shall report on Audit Committee activities to the Board.

3. Authority

The Audit Committee has the authority to investigate any matter brought to its attention, with full power to retain outside counsel or other advisors and experts for this purpose and shall be empowered to set and approve the compensation for any such advisors employed in this way. In performing its functions and duties the members of the Committee may inspect all the books and records of the Company.

4. Responsibilities

The Audit Committee shall:

- recommend annually to the Board the independent auditors to be appointed by the shareholders of the Company and the compensation of the independent auditors;

- review with the independent auditors the annual audit plan including, but not limited to, the scope of the work to be carried out by the independent auditors, any significant problems that the auditors are able to foresee, the impact on the financial statements and the Company of any new or proposed changes in accounting principles;

- review the annual financial statements, including notes, with the independent auditors and recommend them to the Board for approval prior to release to the public or filing with securities regulatory authorities;

- review all Management Discussion and Analysis and earnings press releases before the Company publicly discloses this information;

- report immediately to the Board any instances of fraud or misappropriation of assets that come to the attention of the Committee;

- receive from the independent auditors a formal written statement delineating all relationships between the auditors and the Company, consistent with applicable accounting standards, and actively engage in a dialogue with the auditors with respect to any disclosed relationships or services that may have an impact on their objectivity and independence;

- take, or recommend that the full Board take, appropriate action to oversee the independence of the auditors;

- as to management of the Company generally: (i) ensure that an adequate internal control structure and procedures for financial reporting are established and maintained; (ii) periodically assess the effectiveness of such structures and procedures, as well as secure appropriate reports or attestations from the independent auditors in respect thereof; and (iii) review budgets and periodically assess actual spending compared with budgeted amounts;

- be directly responsible for overseeing the work of the independent auditors, including the resolution of disagreements between management and the independent auditors regarding financial reporting;

- pre-approve all non-audit services to be provided to the Company or its subsidiaries by the independent auditors;

- establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

- undertake and perform such other duties as may be required of the Committee by applicable law or regulation.

- The Committee is responsible for the duties set forth in this charter but is not responsible for the preparation of the financial statements. Management has the responsibility for preparing the financial statements. Management is also responsible for establishing, documenting, maintaining, and reviewing systems of internal control and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

Dated: April 22, 2008