PANORO MINERALS LTD.

Management's Discussion and Analysis

For the Year Ended December 31, 2015

April 29,

2016

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Item 1.1: Background & Date

Panoro Minerals Ltd. ("Panoro" or the "Company") 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.

The Management's Discussion and Analysis ("MD&A") is a narrative explanation, through the eyes of management, of how Panoro performed and the significant factors that effected the Company during the year ended December 31, 2015 ("fiscal 2015"), and up until the date of this MD&A. The MD&A complements and supplements the consolidated financial statements of the Company for fiscal 2015, but does not form part of the financial statements. Consequently, the following discussion and analysis should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2015. See the going concern discussion in the liquidity section of this document, Item 1.6.

This MD&A is prepared and dated April 29, 2016.

CAUTION REGARDING FORWARD LOOKING STATEMENTS: Information and statements contained in this MD&A that are not historical facts are "forward-looking information" within the meaning of applicable Canadian securities legislation and involve risks and uncertainties. Examples of forward-looking information and statements contained in MD&A include information and statements with respect to:

- acceleration of payments by Silver Wheaton to match third party financing by Panoro targeted for exploration at the Cotabambas Project
- payment by Silver Wheaton of US$140 million in installments
- Panoro weathering the current depressed equity and commodity markets, minimizing dilution to existing shareholders and making targeted investments into exploration at the Cotabambas Project
- mineral resource estimates and assumptions
- the PEA, including, but not limited to, base case parameters and assumptions, forecasts of net present value, internal rate of return and payback;
- copper concentrate grade from the Cotabambas Project;

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. In some instances, material assumptions and factors are presented or discussed in this news release in connection with the statements or disclosure containing the forward-looking information and statements. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to, assumptions concerning: metal prices and by-product credits; cut-off grades; short and long term power prices; processing recovery rates; mine plans and production scheduling; process and infrastructure design and implementation; accuracy of the estimation of operating and capital costs; applicable tax and royalty rates; open-pit design; accuracy of mineral reserve and resource estimates and reserve and resource modeling; reliability of sampling and assay data; representativeness of mineralization; accuracy of metallurgical test work; and amenability of upgrading and blending mineralization.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation:

- risks relating to metal price fluctuations;
- risks relating to estimates of mineral resources, production, capital and operating costs, decommissioning or reclamation expenses, proving to be inaccurate;
- the inherent operational risks associated with mining and mineral exploration, development, mine construction and operating activities, many of which are beyond Panoro's control;
- risks relating to Panoro's ability to enforce Panoro's legal rights under permits or licenses or risk that Panoro's will become subject to litigation or arbitration that has an adverse outcome;
- risks relating to Panoro's projects being in Perú, including political, economic and regulatory instability;
- risks relating to the uncertainty of applications to obtain, extend or renew licenses and permits;
- risks relating to potential challenges to Panoro's right to explore and/or develop its projects;
- risks relating to mineral resource estimates being based on interpretations and assumptions which may result in less mineral production under actual circumstances;
- risks relating to Panoro's operations being subject to environmental and remediation requirements, which may increase the cost of doing business and restrict Panoro's operations;
- risks relating to being adversely affected by environmental, safety and regulatory risks, including increased regulatory burdens or delays and changes of law;
- risks relating to inadequate insurance or inability to obtain insurance;
- risks relating to the fact that Panoro's properties are not yet in commercial production;
- risks relating to fluctuations in foreign currency exchange rates, interest rates and tax rates; and
- risks relating to Panoro's ability to raise funding to continue its exploration, development and mining activities.

This list is not exhaustive of the factors that may affect the forward-looking information and statements contained in this news release. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information. The forward-looking information contained in this news release is based on beliefs, expectations and opinions as of the date of this news release. For the reasons set forth above, readers are cautioned not to place undue reliance on forward-looking information. Panoro does not undertake to update any forward-looking information and statements included herein, except in accordance with applicable securities laws.

Cautionary Note to US Investors

Information and disclosure concerning mineral properties in this MD&A has been prepared in accordance with Canadian disclosure standards under applicable Canadian securities laws, which are not comparable in all respects to United States disclosure standards. The terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" (and similar expressions) used in this MD&A are Canadian mining terms as defined in accordance with National Instrument 43-101 ("NI 43-101") under guidelines set out in the standards set by the Canadian Institute of Mining, Metallurgy and Petroleum.

While the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are recognized and required by Canadian regulations, they are not defined terms under the standards of the U.S. Securities and Exchange Commission ("SEC"). As such, certain information contained or incorporated by reference in this MD&A concerning descriptions of mineralization and resources under Canadian standards is not comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. An "Inferred Mineral Resource" has a great amount of uncertainty as to its existence and as to its economic and legal feasibility. It cannot be assumed that all or any part of an "Inferred Mineral Resource" will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. Investors are cautioned not to assume that all or any part of Measured, Indicated or Inferred Mineral Resources will ever be converted into Mineral Reserves. Investors are also cautioned not to assume that all or any part of an "Inferred Mineral Resource" exists, or is economically or legally mineable.

All dollar amounts set forth in the tables and financial section of this MD&A are expressed in Canadian dollars and referred to as "$" and recorded under IFRS unless otherwise specifically indicated. There are also references in this MD&A to Perúvian Nuevos Soles ("S/.") and United States dollars ("US"). As at December 31, 2015, the closing rate for one Canadian dollar in S/. was C$1.00 = S/. 2.4655, and the closing rate for one Canadian dollar in USD was C$1.00 = US$0.7225 as reported by the Bank of Canada.

Qualified Person

The technical information in this MD&A has been reviewed and approved by Mr. Luis Vela, a Qualified Person as defined by NI 43-101. Mr. Vela is responsible for the preparation and/or verification of the technical disclosure in this document unless otherwise noted.

Additional Sources of Information

For a complete understanding of the Company's business environment, risks and uncertainties and the effect of accounting estimates on its results of operations and financial condition, this MD&A should be read together with the Company's Audited Financial Statements, the 2015 Annual Information Form, 2015 Management Information Circular, Material Change Reports, press releases, and the Company's technical reports, each of which are available on the SEDAR website at www.sedar.com or on the Company's website www.panoro.com.

Item 1. 2: Overall Performance

Panoro holds a portfolio of twelve (2015 – 14) mineral properties in Perú of which two, the Cotabambas and Antilla projects, are at an advanced stage of exploration.

The Company is planning to reduce carrying costs on certain mineral projects by not renewing the mineral concessions for certain non-core concessions. The Company has until the end of June 2016 to determine which, if any, of the concessions will not be renewed. As the Company may forego its rights to explore these concessions, certain capitalized exploration and evaluation costs have been written off. For the year ended December 31, 2015, an impairment loss of $2,266,865 was recognized in the statement of comprehensive loss (2014 – nil).

Readers are directed to the Annual Information Form dated April 29, 2016, for a detailed discussion and history on all the Company's projects.

Developments on in the Company in fiscal 2015 and to the date of this MD&A are summarized below:

Outlook

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 Company is entitled to receive US$14.0 million spread over up to 9 years as an early deposit with payments to be used to fund expenses related to the Cotabambas Project. The financing includes provisions to accelerate these payments, whereby Silver Wheaton will pay an additional payment in an amount equal to the amount of funds raised in any offering of equity securities for the purpose of exploration of the Cotabambas Project during the period January 27, 2016to March 21, 2018, up to a maximum of US$3.5 million for all such offerings. The acceleration could result in total early deposit payments of up to US$7.0 million being made to the Company in the first two years of the agreement. The balance of the US$140.0 million is payable in instalments during construction of the Cotabambas Project.

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

An additional US$1.0 million expected by the end of May 2016.

The Cotabambas Early Deposit Agreement provides for the basic working capital requirements for the Company; however, additional financing will be required to advance work on the Company's other projects.

The principal focus of activity, pending financing, will remain the Cotabambas Project. The Company filed a NI 43-101 Technical Report on Preliminary Economic Assessment on the Cotabambas Project dated April 9, 2015, (the "April PEA") and an updated Technical Report on Preliminary Economic Assessment on the Cotabambas Project dated September 22, 2015 (the "September PEA"). The September PEA identified a number of areas to enhance and expand the project plan and economics in the April PEA. The priority areas targeted for future investment include;

- drilling and metallurgical testing to delineate and test oxide mineralization to the north side of the current proposed pit limits with the potential to incorporate a heap leach and SX/EW circuit to the project plan;
- metallurgical testing of the sulphide and high gold oxide mineralization zones to assess the potential for increased recoveries; and
- drilling to test and delineate the mineralization mapped and sampled at the nearby Maria Jose target.

The Cotabambas Early Deposit Agreement includes a provision for Silver Wheaton to match any investment into the Cotabambas project by accelerating their payments by up to US$3.5 million over the first two years of the agreement. This matching provision will minimize the amount of additional financing required to complete the planned works at the Cotabambas Project.

The completion of a PEA on the Antilla Project ("Antilla PEA") is planned for later in 2016. The Antilla PEA will include recommendations on future work to potentially enhance and advance the Antilla project. These will be reviewed once received and used to develop a financing and technical plan forward for the Antilla Project.

The recoverability of amounts shown for exploration and evaluation assets and property and equipment is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary mining and environmental permits, and future profitable production or proceeds from the disposition of the exploration and evaluation assets.

The Company will continue to seek additional financing through the sale of mineral property interests, debt financing, equity financing, and optioning of its other mineral property interests. However, it is not certain that such financing will be available. The Company may be adversely impacted by a lack of normal available financing, obtaining mining licenses, and continued uncertainty in the exchange and commodity markets.

Mineral Property Expenditures

The following table provides a breakdown of exploration expenditures incurred on the Company's mineral exploration and evaluation assets during the year ended December 31, 2015:

Exploration expenditures incurred in 2015:

	Antilla	Cotabambas	Other	Total
Amortization	-	34,535	125	34,660
Camp	21,113	449,502	54,320	524,935
Community relations	2,349	870,621	60,499	933,469
Environmental	-	291,598	20,556	312,154
Geology	114,264	105,988	10,911	231,163
Geophysical	-	276,393	120,462	396,855
Legal	18,124	14,643	1,079	33,846
Preliminary economic assessment	16,250	120,793	-	137,042
Recording fees and taxes	95,264	62,443	456,239	613,946
Recovery of taxes paid	(18,849)	(230,999)	-	(249,848)
Salaries and wages	31,110	1,186,830	162,583	1,380,523
Sampling	-	22,204	17,114	39,318
Topography and surveys	-	72,069	248,380	320,448
Travel	3,358	60,106	30,346	93,809
Incurred during the year	282,982	3,336,724	1,182,612	4,802,319
Capitalized exploration expenditures at December 31, 2014	8,131,874	33,083,243	8,797,358	50,012,475
	8,414,856	36,419,967	9,979,970	54,814,794
Write-down of exploration costs	-	-	(1,734,453)	(1,734,453)
Capitalized exploration expenditures at December 31, 2015	8,414,856	36,419,967	8,245,517	53,080,341
Total exploration and evaluation assets at December 31, 2015	**$15,290,217**	**$38,008,278**	**$11,630,834**	**$64,929,329**

Cotabambas Project

In fiscal 2015, the Company's primary focus was on completion of the April PEA which was filed on SEDAR on May 25, 2015, and the September PEA which was filed on SEDAR on November 6, 2015. The NI 43-101 PEAs may also be found on the Company's website: www.panoro.com.

The results from the September PEA of the Cotabambas Project demonstrated a base case, after tax NPV of US$683.9M, an IRR of 16.7% and a payback of 3.6 years. The September PEA included mining of 483M tonnes of mill feed from two open pits, feeding an 80,000 tonne per day mill, and concentrating plant producing a single copper concentrate grading 27% Cu, 11 g/t Au and 134 g/t Ag with no penalty attracting deleterious elements.

The Company is evaluating other potential improvements to project economics identified in the September PEA, including; increased mill feed through exploration of nearby targets, addition of a SX/EW circuit; improved metallurgical recoveries and others.

Consultants will be contracted to assist in the evaluations above and the work as the scope of work and financing is completed by the Company.

Field work in completed in fiscal 2015 included geological mapping, geophysics and geochemical sampling. In anticipation of continuing work, the Company has been negotiating a community agreement with the Cochapata community. Furthermore, In December 2015 the Company announced that the Perúvian Ministry of Energy and Mines had approved of the Environmental Impact Assessment (semi detailed) for a new and expanded drilling permit.

At the Jean Louis prospect in the Cotabambas Project, a mapping, sampling and geophysics program was conducted. The program included:

- 47.3 km of induced polarization ("IP") survey
- 49.7 km of magnetic survey
- 49.7 km of self-potential ("SP") survey
- 350 rock chip samples on a 100 m by 100 m grid and
- Geological mapping.

The area covered by this program was approximately 1,105 hectares over a section of the property showing copper porphyry and skarn mineralization. The program identified a mineralized target of 2.5 km by 1 km oriented in a north-south direction to the south of the current resource.

At the Chaupec prospect in the Cotabambas Project, the program included:

- 71.6 km of IP survey
- 63.7 km of magnetic survey
- 45.1 km of SP survey
- 739 rock chip samples on a 100 m by 100 m grid and
- Geological mapping.

The area covered by this program was approximately 738 hectares over a section of the property showing skarn mineralization. The program identified three copper-gold-silver anomalies aligned along a 3 km by 1 km trend oriented in a north-east to south-west direction to the west of the existing resource.

The results of these programs are currently being analysed and interpreted, but with a reduction in staff levels, all work has been deferred.

In fiscal 2015, the Company also incurred costs related to the camp, made the annual Vigencia (concession) payments and continued with environmental monitoring. One of the requirements of receiving drilling permits from the Perúvian government is continual ongoing monitoring of the environment for air quality, noise, flora and fauna, along with water testing.

In fiscal 2015, the Company expended $3,567,723 on exploration and evaluation costs on the Cotabambas Project, before recovery of value-added taxes of $230,999 directly relating to the exploration expenditures. Direct salaries for project employees are capitalized to the project. At the Cotabambas project, $1,186,830 in employee wages were included in exploration costs capitalized during the year. Also included in the exploration and evaluation costs was $870,621 in community relations' costs. These costs include labour costs as part of the agreement, and in 2015, a playing field was built for the community of Ccalla.

Antilla Project

Work at the Antilla project focused on advancing the Antilla PEA, expected to be completed later in 2016. Consultants have been contracted to review the proposed mine plan and waste and tailings storage alternatives. This work will be incorporated into the Antilla PEA currently in progress. In fiscal 2015, the Company expended $301,831 on the Antilla Project, before recovery of $18,849 in value-added taxes. During 2015, work on the Antilla PEA was delayed as the Company focussed resources on the completion of the April PEA and the September PEA on the Cotabambas Project.

Early Stage Exploration Projects

The following table provides a breakdown of exploration costs incurred at some of the Company's earlier-stage exploration projects, the Anyo, Promesa, Kusiorcco and Humamantata projects, during the year ended December 31, 2015:

	Anyo	Promesa	Kusiorcco	Humanantata	Total
Topography and surveys	$248,380	$ -	$ -	$ -	$248,380
Geophysics	120,462	-	-	-	120,462
Geology	10,911	-	-	-	10,911
Sampling	17,114	-	-	-	17,114
Environmental	1,201	19,355	-	-	20,556
Community relations	60,035	98	-	-	60,133
Camp	42,803	11,197	273	47	54,320
Salary and wages	86,886	74,591	-	1,106	162,583
Travel	17,166	9,889	-	119	27,174
Legal	-	141	215	215	572
Concession fees	81,842	88,231	46,929	40,352	257,354
Amortization	-	-	125	-	125
	$686,798	$203,502	$47,543	$ 41,839	$979,682

Anyo Project

In 2015, work was completed on the Anyo Project focussed on Cu-Au-Mo porphyry type mineralization and included:

- 58.9 km of IP survey
- 52.5 km of magnetic survey
- 46.9 km of SP survey
- Geological and structural mapping, and
- 633 rock chip samples on a 100 m by 100 m grid.

The area covered by the program was approximately 700 hectares over a section of the property showing copper porphyry and skarn mineralization. The program identified three copper-gold-molybdenum anomalies aligned along a 3.5 km by 2 km trend oriented in a north-east to south-west direction.

Panoro recently acquired core from two drill holes completed in July 1996 by Minera Cominco del Perú in the north part of the Anyo property. They were drilled vertically and named OS-01 and OS-02 with lengths of 232.1 m and 206.3 m, respectively. The following table summarizes assays results:

Drill hole	From (m)	To (m)	Metres	Cu (%)	Au (g/t)	Mo (%)	Host Rock	Zone
OS-01	0.00	52.87	52.87	0.15	0.01	0.006	Sandstone	Secondary Enrichment
	80.79	132.23	51.44	0.34	0.03	0.017	Sandstone	Primary
Including	126.23	132.23	6	1.49	0.12	0.029	Granodiorite	Primary
	180.23	227.18	46.95	0.29	0.02	0.014	Granodiorite	Primary
OS-02	27	127	100	0.16	0.01	0.002	Granodiorite	Primary
	145	159	14	0.11	0.01	0.001	Granodiorite	Primary

Drill hole OS-01 included supergene enrichment-type copper mineralization in the sediments and primary copper mineralization in igneous rocks, including veins with high grade copper values. Drill hole OS-02 intersected primary sulphide mineralization with lower but consistent copper grades. The lengthy mineralized intercepts in these historical drill holes are attractive at this early stage in the program, suggesting the presence of a significant mineralizing system.

Promesa Project

The Promesa project includes a porphyry-style Cu-Au-Mo mineralization. In 2012, the Company completed geophysical surveys including 75km of IP, 76 km of magnetics and 76km of SP and 787 rock chip samples, the results of which helped to define four new exploration targets exhibiting moderate to pervasive quartz stockwork and veinlets in adjacent sedimentary rocks. Three of these will each be the focus of further geochemical sampling and a planned 3,000-metre drill program. A drilling permit ("DIA") has been approved by the Perúvian authorities and the Company is currently negotiating a community agreement in order to start drilling once funds are allocated.

Kusiorcco Project

At the Kusiorcco Project, where a significant Cu-Au-Mo porphyry-skarn system has been identified in previous work, the Company completed 1:20,000 geological to mapping and collected 208 chip rock chip samples over a portion of the property. The north part of the property was mapped at a scale of 1:5,000 and a number of rock chip samples were collected. This work served to outline two new phyllic and/or potassically altered porphyry occurrences and two skarn-type mineralized occurrences.

Humamantata Project

The Humamantata Project includes typical Cu-Mo porphyry style mineralization and potentially associated Ag-Pb-Zn bearing hydrothermal breccias. Work in 2015 has included:

- Geologic mapping
- Rock chip sampling with 274 samples, and
- Stream sediment sampling with 29 samples.

Work was carried out over a 2,800-hectare area and identified six copper-gold-molybdenum-silver-lead-zinc anomalies aligned along an 8-km by 1.7-km trend, oriented in a north-south direction. Additional and more detailed sampling will be carried out over specific targets prior to planning a geophysical program.

Item 1.3: Selected Annual Information

	2015	2014	2013
Interest income	$ 42,142	$ 90,797	$ 168,315
Administrative expenditures	2,219,275	2,577,079	2,538,748
Share-based expenses	--	520,869	--
Foreign exchange loss	173,104	117,039	92,559
Write-down of mineral property interests	2,266,865	--	--
Impairment	--	62,000	798,666
Net loss	4,617,102	3,186,190	3,261,658
Comprehensive loss	4,625,102	3,154,190	3,295,658
Loss per share, basic and diluted	0.02	0.02	0.02
Total assets	68,016,874	73,338,520	69,321,325

Item 1.4: Results of Operations

The functional and reporting currency of the Company and its subsidiaries in fiscal 2015 is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation of available-for-sale investments which are recognized in other comprehensive income.

The Canadian Dollar has decreased significantly with respect to both the United States Dollar and the Perúvian Nuevo Sole in the past year. The exchange rate from Canadian Dollars to the US$ was 1.1610 on December 31, 2014, compared to 1.3840 at December 31, 2015, a decrease of $0.223, resulting in an increase in expenditures paid in US$, as the Company's funds were primarily kept in Canadian dollar investments. The Perúvian Nuevo Sole has increased in value from C$0.3840 to C$0.4056 during the same period, also resulting in an increase in costs denominated in Perúvian Nuevo Soles.

Financial Results for the Year Ended December 31, 2015 ("fiscal 2015"), Compared to the Year Ended December 31, 2014 ("fiscal 2014")

	2015	2014	Increase (decrease)
Expenses			
Salaries and fees	$ 1,190,074	$ 1,262,660	$ (72,586)
Directors' fees	76,317	88,375	(12,058)
Share-based expense	-	520,869	(520,869)
Audit and tax	109,553	106,821	2,732
Consulting and recruitment	30,793	55,529	(24,736)
Legal expenses.	74,239	89,389	(15,150)
Communications	94,022	130,391	(36,369)
Regulatory and transfer agent fees	74,829	109,385	(34,556)
Amortization	16,614	19,320	(2,706)
Professional dues and training	22,739	26,816	(4,077)
Travel	75,218	157,029	(81,811)
Shareholder relations	89,030	205,873	(116,843)
Rent	243,747	176,717	67,030
Insurance	50,352	58,718	(8,366)
Office	71,748	90,056	(18,308)
	2,219,275	3,097,948	(878,673)
Interest income	(42,142)	(90,797)	(48,655)
Foreign exchange loss	173,104	117,039	56,065
Loss on marketable securities	--	62,000	--
Write-down of mineral property interests	2,266,865	--	2,266,865
Loss for the year	$ 4,617,102	$ 3,186,190	$ 1,430,912
Loss per share, basic and fully diluted	$0.02	$0.02	$0.02

The Company's loss in fiscal 2015 was $4,617,102 ($0.02 per common share) compared to $3,186,190 ($0.02 per common share) in fiscal 2014. The Company's accounting policy is to capitalize all exploration and evaluation expenditures on the properties and the loss for the period is a reflection of administration expenses along with other items.

The Company's loss of $4,617,102 in fiscal 2015 includes $2,266,865 related to the write-down of exploration and evaluation assets as discussed in Item 1.2 of this MD&A. Total administrative cash expenses decreased by $357,807 in fiscal 2015, from $2,577,079 to $2,219,275, by reducing costs in the second half of fiscal 2015. Stock-based compensation of $520,869 was recorded in fiscal 2014, with no comparative stock-based compensation in fiscal 2015.

The Company is a publicly-traded company, subject to the reporting requirements of a TSX V listed company. The costs of a reporting company include transfer agent fees, listing and other regulatory fees, and increased audit and legal costs. Administration costs of the head office and certain administrative costs related to the subsidiaries are also expended.

Salaries and benefits decreased (due to both a reduction in head count and a reduction of executive salaries) by $72,856. The decrease includes severance payments and accrued vacation pay for almost the entire administrative staff in Perú, which was paid throughout the year and in December 2015. The staff remaining in Perú are all currently working on an as-needs-basis or part-time. Directors' fees were also reduced effective August 1, 2015. The Company currently has a total of eight full and part-time employees and seven consultants working on an as-needs-basis. Not including security staff, a total of 59 people are no longer employed by the Company that had been employees during fiscal 2015.

Audit and tax fees increased from $106,821 in fiscal 2014 to $109,553 in fiscal 2015, and includes a statutory audit of Panoro Apurimac, SA, in Perú, in addition to the audit of the Company's annual consolidated financial statements.

Communications has decreased by $36,369 in fiscal 2015 and investor relations have also decreased by $116,843. Travel, which increases when investor relations' is active, also decreased by $81,811 in fiscal 2015.

These decreases have been slightly offset by an increase in rent from $176,717 in fiscal 2014 to $243,717, an increase of $67,030. In fiscal 2015 the Company leased additional office space in Lima due to an increase in the number of employees working on the PEA, but has since been able to cancel one of the leases, thereby reducing rental costs for 2016.

Travel and investor relations costs have decreased from $157,029 and $205,873 in fiscal 2014 to $75,218 and $89,030 in fiscal 2015. The two cost categories reflect reduced marketing and shareholder communications' activity in fiscal 2015.

Interest revenue has decreased from $90,797 in fiscal 2014 to $42,142 in fiscal 2015, due to declining cash balances held by the Company.

The Company may let certain mineral concession blocks lapse from its non-core projects, and as such, a total write-down of acquisition costs and deferred exploration costs of $2,266,685 relating to these concession blocks has been recorded in fiscal 2015.

Item 1.4(i) - Actual Use of Proceeds from March 2013 and July 2014 Financings

The Company has utilized all the funds from the March 2013 and July 2014 financings. Uses of the proceeds included the following:

Drilling – The Company drilled 756 metres on two drill holes at Ccochapata in the first two months of 2014, bringing the total metres drilled to 18,528 metres of the 22,203 budgeted metres for the drilling program. The drilling program was suspended in February 2014.

Environmental – Environmental monitoring costs are ongoing. The initial scope of environmental activities was not as complex as initially anticipated due to a reduced drill program. Additional exploration targets were identified and an expanded environmental baseline assessment and submission of a new Semi-Detailed Environmental Impact Assessment for Cotabambas was completed. An environmental Impact Statement was also prepared and submitted for the Promesa Project.

Community relations – Expenditures on the Antilla community projects have been accrued and the final expenditures were completed in fiscal 2015. A new agreement for the Cotabambas was signed in early 2015 and commitments completed by the end of fiscal 2015. Agreements may be required if additional exploration work is able to be carried out, subject to financing, in fiscal 2016. The Company has a community relations' manager on the Cotabambas Project, and certain expenditures are ongoing without any community agreement in place.

PEA and Related Studies – The April PEA for Cotabambas was initially filed in May 2015 and the updated September PEA was filed in November 2015. The Cotabambas PEAs included further metallurgical, mine planning and infrastructure studies than initially planned. This is not atypical for a project at the exploration stage as the results from any particular metallurgical or engineering study could necessitate further investigation or follow-up studies into one or more related areas.

The engineering on Antilla PEA is nearing completion, pending changes to some areas, but as of the date of this MD&A, it is not known when the PEA will be finalized.

Item 1.5: Summary of Quarterly Results

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

	Dec 2015	Sept 2015	June 2015	Mar 2015	Dec 2014	Sept 2014	June 2014	Mar 2014
Revenue	-	-	-	-	-	-	-	-
General and administrative	395	479	731	615	676	636	590	676
Share-based expense	-	-	-	-	-	68	-	452
Interest income	-	(3)	(12)	(22)	(30)	(27)	(11)	(23)
Foreign exchange gain (loss)	13	35	-	125	(22)	39	56	44
Impairment of marketable securities	-	-	-	-	62	-	-	-
Write-down of mineral property interests	2,267	-	-	-	-	-	-	-
Loss for the period	2,670	510	719	718	686	716	635	1,149
Loss per share	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Exploration expenditures incurred	514	1,217	1,793	1,278	1,313	1,473	1,734	1,773

(All amounts in the notes and tables of the financial section are recorded under IFRS and are presented in 000's of Canadian Dollars) (All loss per share information is rounded to the nearest penny)

Item 1.6: Liquidity

Liquidity risk is the risk that the Company will not be able to operate in the normal course of business for the next 12 months. The Company is considered to be in the exploration and development stage and is currently exploring mineral properties in Perú. The Company has no history of revenues from operating activities and will have negative cash flow from operations in future periods until commercial production is achieved from its advanced exploration stage projects.

The consolidated financial statements as at December 31, 2015, and for the year ended December 31, 2015, were prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. Several material uncertainties discussed below may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has no operating revenue and incurred a loss of $4,617,102 for the year ended December 31, 2015 (2014 - $3,186,190). As at December 31, 2015, the Company has an accumulated deficit of $29,483,696, cash and cash equivalents of $212,647 and a working capital deficiency of $1,082,526.

Based on its financial position at December 31, 2015, the available funds are not adequate to meet requirements for the estimated administration and operations, including exploration and development on its exploration and evaluation assets.

The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or achieve operating profitability and generate positive cash flows. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or generate positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, exploration, and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

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 Company is entitled to receive US$14.0 million spread over up to 9 years as an early deposit with payments to be used to fund expenses related to the Cotabambas Project. The financing includes provisions to accelerate these payments, whereby Silver Wheaton will pay an additional payment in an amount equal to the amount of funds raised in any offering of equity securities for the purpose of exploration of the Cotabambas Project during the period January 27, 2016to March 21, 2018, up to a maximum of US$3.5 million for all such offerings. The acceleration could result in total early deposit payments of up to US$7.0 million being made to the Company in the first two years of the agreement. The balance of the US$140.0 million is payable in instalments during construction of the Cotabambas Project.

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

The recoverability of amounts shown for exploration and evaluation assets and property and equipment is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary mining and environmental permits, and future profitable production or proceeds from the disposition of the exploration and evaluation assets.

The Company will continue to seek additional financing through the sale of mineral property interests, debt financing, equity financing, and optioning its other mineral property interests. However, it is not certain that such financing will be available. The Company may be adversely impacted by a lack of normal available financing, obtaining mining licenses, and continued uncertainty in the exchange and commodity markets.

If the Company is unable to obtain adequate financing for additional exploration, the Company may be required to continue to curtail operations, exploration, and development activities.

At December 31, 2015, the Company did not have sufficient capital to settle its obligations for the next 12 months. In response to the capital shortfall the Company adopted cost cutting measures in order to preserve capital. These measures included reducing the employee head count, including utilizing part-time staff, and asking certain employees to continue on as contractors, reducing administration expenditures, and reducing exploration activity.

Wherever possible, third party service agreements have been renegotiated on more favourable terms and any existing contractual obligations with the communities are being deferred. The reduced staff levels discussed elsewhere in this MD&A has a corresponding impact on expenditures such as camp service meals, fuel, travel, communications, and insurance. Along with the reduction in staffing levels, the officers and directors of the Company have taken a significant reduction in salary and fees, or have changed to contractor status and will work only on an as required basis.

The change in cash and accounts payable is as follows:

	December 2015	December 2014	Change
Cash	$212,647	$7,838,816	$(7,626,169)
Short-term investment	-	57,500	(57,500)
Accounts payable	(1,384,373)	(2,080,917)	696,544
Net	$(1,171,726)	$5,815,399	$(6,987,125)

The change in cash and cash equivalents is due to cash used in operations of $2,058,287 (2014: $2,574,401), primarily used for administration expenses, cash invested into exploration and evaluation of projects of $5,178,886 (2014: $7,246,316), a reduction of accounts payable of $696,544 (2014: increase of $589,087) and a recovery of the value-added taxes in Perú of $249,848 (2014: $1,133,745).

In fiscal 2014, $64,000 was received on the exercise of stock options. There were no financing activities in the same period in fiscal 2015.

Item 1.7: Commitments and Capital Resources

In the normal course of business, the Company enters into contracts that result in commitments for future payments. The following table summarizes the remaining contractual maturities of the Company's operating and capital commitments. The Company has the following commitments:

	2016	2017	2018	2019	2020	Total
Office lease (Vancouver)	$ 67,788	$ 58,666	$ 60,248	$ 63,413	$ 64,995	$ 315,109
Office leases (Perú)	$ 114,594	$ 68,002	$ -	$ -	$ -	$ 182,596
Warehouses	$ 32,553	$ 22,884	$ 1,622	$ -	$ -	$ 57,060
Accounts payable and accrued liabilities	$1,384,373	$ -	$ -	$ -	$ -	$ -

Vigencias (or recording fees) of US$3 per hectare are not commitments, but rather the annual payments required to maintain mineral concessions in good standing with the Perúvian government. The actual payment made in 2015 for the 2014 year was US$631,759 (2014 - US$647,258 relating to the 2013 year). The ultimate amount to be paid is based on a formula relating to exploration costs incurred, offset against the basic fee and penalty. After the 6th year, an annual penalty must be paid per hectare, starting at US$6 per hectare, until after 12 years, the additional fee increases to US$20 per hectare. The penalties are reduced, based on exploration activity on the concessions, and the reduction is determined each year by the Perúvian government. The Company estimates the annual costs to be approximately US$478,636 for the 2015 year and is payable by June of fiscal 2016. This balance is lower than the payment made in fiscal 2015, after the reduction in the concessions held by the Company. The Company has an office lease in Lima and three warehouses in Cusco, and an office lease in Vancouver, Canada.

There are no commitments or obligations on community agreements at the date of this MD&A. The community agreements have various social commitments which are only for the term of each agreement. The social commitments include infrastructure, vehicles, and community storage, along with teachers and computers for schools and scholarships for students. Pursuant to the community agreements, the Company also hires local workers to perform various construction, exploration and remediation work. In 2016, a playing field was constructed in the Community of Cotabambas. In total, $1,098,271 was paid for community projects and local workers under community agreements and for additional costs and workers not included in a community agreement.

Item 1.8: Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Item 1.9: Transactions with Related Parties

During the year ended December 31, 2015, there were no transactions with directors and officers and/or companies controlled by directors or officers in common with the Company.

Item 1.10: Fourth Quarter

Financial Results for the Three Months Ended December 31, 2015 ("Q4 2015"), Compared to the Three Months Ended December 31, 2014 ("Q4 2014")

The Company's loss in Q4 2015 was $2,669,551 ($0.01 per common share) compared to $685,925 ($0.00 per common share) in Q4 2014.

	Q4 2015	Q4 2014	Increase (decrease)
Expenses			
Salaries and fees	$ 218,553	$ 315,196	$ (96,643)
Directors' fees	16,217	23,000	(6,783)
Audit and tax	29,550	27,888	1,662
Consulting and recruitment	6,627	20,126	(13,499)
Legal expenses	13,614	29,682	(16,068)
Communications	17,207	29,805	(12,598)
Regulatory and transfer agent fees	15,207	33,378	(18,171)
Amortization	3,849	4,830	(981)
Professional dues and training	2,413	12,942	(10,529)
Travel	(546)	39,879	(40,425)
Shareholder relations	(2.423)	51,389	(53,812)
Rent	51,578	58,240	(6,662)
Insurance	9,865	16,009	(6,144)
Office	13,173	13,467	(294)
	394,884	675,831	(280,947)
Interest income	(5,215)	(30,181)	(24,966)
Foreign exchange loss	13,017	(21,725)	34,742
Loss on marketable securities	-	62,000	(62,000)
Write-down of mineral property interests	2,266,865	-	2,266,865
Loss for the period	$ 2,669,551	$ 685,925	$ 1,983,626

Administrative expenses decreased by $280,947 in Q4 2015, as compared to $675,831 in Q4 2014. The largest decreases were in salaries and fees, a decrease of $96,643, due to staff reductions being carried out throughout Q4 2015. Travel and shareholder relations decreased by $40,425 and $53,812, respectively, between Q4 2015 and Q4 2015. Fewer investor trips and travel for marketing resulted in the decrease. Other cost decreases between the two fiscal quarters relate directly to fewer employees, thereby resulting in a decrease in all related costs, such as communications, professional dues and training and consulting and recruitment costs.

The Company may let certain mineral concessions lapse from its non-core projects, and as such a total write-down of acquisition costs and deferred exploration costs of $2,266,685 relating to these concession has been recorded in Q4 2015.

Interest income decreased from $30,181 in Q4 2014 to $5,215 in Q4 2015, due to decreasing cash balances.

Item 1.11: Proposed Transactions

There are no proposed transactions requiring disclosure under this section that have not already been discussed elsewhere in this MD&A.

Item 1.12 Critical Accounting Estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of estimates and assumptions in the preparation of the Company's audited consolidated financial statements relate to the review of asset carrying values and determination of impairment charges relating to non-current assets, valuation of share-based expense, recoverability of deferred tax assets, and provision for closure and reclamation, among others. Actual results could differ from those estimates.

Functional and reporting currency - The functional and reporting currency of the Company and all of its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation of available-for-sale investments which are recognized in other comprehensive income.

In concluding that the Canadian dollar is the functional currency of the parent, and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant, the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Going concern - In concluding the Company is a going concern, management considers funds on hand at year end, planned expenditures and strategic objectives in its determination. Due to the nature of its business, management increases or decreases administrative and exploration expenditures based on available working capital. Focus is on the concessions in Perú and keeping them in good standing by making the annual payments due by the end of June in each year. Presentation of the consolidated financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In concluding the Company is a going concern, management considered funds on hand at year end, the budgeted expenditures and strategic objectives in their determination. Management has prepared a cash flow forecast incorporating planned exploration expenditures and administrative expenses for the year ending December 31, 2016, and has concluded that cash on hand at December 31, 2015, is not sufficient to fund operations through the 2015 fiscal year. Please refer to Item 1.6, Liquidity, for a discussion of the Silver Wheaton Cotabambas Early Deposit Agreement which will provide enough working capital for fiscal 2016 with a reduced operating budget, and provides for the payment of the Vigencias in June 2016 for all of the Company's concessions.

Site restoration provision - The Company recognizes an estimate of the liability associated with a site restoration provision and rehabilitation of areas which have been altered due to exploration activities. Drill sites are remediated and restored on an ongoing basis.

Determination of cash-generating units ("CGU") – The Company defines a CGU as each separate property which is the smallest identifiable group of assets that may generate cash inflows that are independent of other assets or group of assets. In management's judgement each of the Company's properties are cash-generating units based on the evaluation of the smallest discrete group of assets that may generate cash flows.

Impairment of mineral properties – All capitalized acquisition costs and exploration and evaluation expenditures are monitored for indications of impairment when facts and circumstances suggest that the carrying amount of a CGU may exceed its recoverable amount. Where a potential impairment is indicated, assessments are performed for each area of interest. Judgement is required of management to determine if impairment is necessary.

Recognition of deferred income tax assets - the decision to recognize a deferred tax asset is based on management's judgement of whether it is considered probable that future taxable profits will be available against which unused tax losses, tax credits or deductible temporary differences can be utilized.

Estimating the value of stock options - The Company uses the Black-Scholes Option Pricing model to estimate the fair value of share-based awards granted. Option pricing models require the input of highly subjective assumptions. The expected life of the options considered such factors as the average length of time similar option grants in the past have remained outstanding prior to exercise, expiry or cancellation and the vesting period of options granted. Volatility was estimated based on average daily volatility based on historical share price observations over the expected term of the option grant. Changes in the subjective input assumptions can materially affect the estimated fair value of the options.

Item 1.13: Changes in Accounting Policies Including Initial Adoption

In preparing the consolidated financial statements as at and for the year ended December 31, 2015, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2014.

Changes in International Financial Reporting Standards (IFRS)

As of January 1, 2015, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards.

- IFRS 2 (Amendment) Share-based Payment
- IFRS 3 (Amendment) Business Combinations
- IFRS 8 (Amendment) Operating Segments
- IFRS 13 (Amendment) Fair Value Measurement
- IAS 16 (Amendment) Property, Plant and Equipment
- IAS 19 (Amendment) Employee Benefits
- IAS 24 (Amendment) Related Party Disclosures
- IAS 38 (Amendment) Intangible Assets
- IAS 40 (Amendment) Investment Property
- IAS 37 (Amendment) Levies

There were no new standards effective January 1, 2015, that had a material effect on the Company's audited consolidated financial statements.

IFRS standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2015, and were not applied in preparing the Company's consolidated financial statements. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that may affect the Company's consolidated financial statements in the future.

IFRS 9, *Financial Instruments ("IFRS 9")*

The final version of IFRS 9 was issued by the IASB on July 24, 2014, and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses.

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018, with early adoption permitted, and must be applied retrospectively with some exemptions permitted. The Company does not expect the adoption of IFRS 9 to have a material effect on its consolidated financial statements.

IFRS 15*, Revenue from Contracts with Customers ("IFRS 15")*

On May 28, 2014, the IASB issued IFRS 15. The new standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programs*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have also been introduced, which may affect the amount and/or timing of revenue recognized.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. Given the Company has no current sources of revenue, the adoption of this standard is not expected to have a material effect on the consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1")

On December 18, 2014, the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements

IFRS 16, Leases ("IFRS 16")

On January 13, 2016, the IASB published a new standard, IFRS 16, *Leases*, eliminating the current dual accounting model for lessees, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded patter of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is evaluating the impact of adopting this standard on its consolidated financial statements.

Item 1.14: Financial Instruments and Other Instruments

The carrying amounts of cash and cash equivalents, short-term investments, marketable securities, accounts and advances receivable, and accounts payable approximate their fair values due to their short-term nature.

Item 1.15.a: Other MD&A Requirements

Additional information relating to the Company including its Annual Information Form and annual consolidated financial statements and MD&A for the year ended December 31, 2015, are available on SEDAR at www.sedar.com.

Item 1.15.b Contingent receivable

Contingent receivable

In 2007, the Company entered into a Purchase and Sale Agreement ("Mindoro Agreement") with Mindoro Resources Ltd. and its subsidiaries (collectively, "Mindoro"). Further to the Mindoro Agreement, Mindoro was required to make four cash installment payments to the Company, two of which, totaling $2,000.000 in cash and shares, were received in fiscal 2007. 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:

a) $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

b) $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.

As of the date of this MD&A no payment has been received. The Mindoro Agreement is still in effect, and the Company has not issued written notice to Mindoro regarding the breach of the Mindoro Agreement.

Item 1.15.c: Disclosure of Outstanding Share Data

Stock options to purchase common shares have been granted to directors, officers and employees at exercise prices determined by reference to the market value or by the board of directors on the date of the grant. Historically, the board has determined the exercise price of the stock options as the greater of a) current market value of the shares and b) recent financing prices.

The following summarizes information about stock options outstanding and exercisable at the date of this MD&A:

Year of Expiry	Number of Options	Weighted Average Exercise Price
2016	3,650,000	0.50
2017	5,150,000	0.85
2019	3,550,000	0.36
	12,350,000	$0.60

Each option is exercisable for one common share of the Company. The weighted average life of exercisable options outstanding is 1.5 years as of the date of this MD&A.

The number of shares available for options to be granted under the Company's stock option plan is 10% of the Company's Capital Stock as approved at the 2011 Annual General Meeting ("AGM") as amended, at the Annual General Meeting held on June 23, 2015. Options granted under the plan vest immediately or over a period of time at the discretion of the board of directors. Pursuant to the terms of the Company's stock option plan, any options that expire during a trading blackout will be extended until ten (10) business days after the trading blackout is lifted.

As of the date of this MD&A, there were no outstanding warrants.

At the date of this MD&A, there were 220,640,818 common shares outstanding, as well as 220,640,818 common shares fully diluted (as outstanding options are not in-the-money and therefore should not be included in the diluted figure).