PANORO MINERALS LTD.

Management's Discussion and Analysis

For the Year Ended December 31, 2021

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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 Business Corporations Act) and changed its name to Panoro Minerals Ltd.

The head office of Panoro is located at Suite 480, 505 Burrard Street, Vancouver, British Columbia V7X 1M3. The registered and records offices of Panoro are located at Suite 1200, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6.

The common shares of the Company are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "PML", the Junior Board of the Bolsa de Valores de Lima ("PML" - Lima Stock Exchange) and ("PZM" on the Frankfurt Exchange), and on March 2, 2021, was listed on the OTCQB in the United States under the symbol "POROF." 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 the provinces of British Columbia, Alberta, and Ontario.

Currency

All dollar amounts set forth in the tables and financial sections of this MD&A are expressed in Canadian dollars and referred to as "$" and financial information is prepared and recorded under IFRS unless otherwise specifically indicated. There are also references in this MD&A to Perúvian Nuevo Soles ("S/.") and United States dollars ("US"). On December 31, 2021, the closing rate for one Canadian dollar in S/. was C$1.00 = S/. 3.1486, and the closing rate for one Canadian dollar in USD was C$1.00 = US$0.7888 as reported by the Bank of Canada.

CAUTION REGARDING FORWARD LOOKING STATEMENTS: Information and statements contained in this Annual Management Discussion and Analysis ("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 this MD&A include information and statements with respect to:

- Acceleration of payments by Wheaton Precious Metals International Ltd. ("Wheaton Metals") to match third party financing by Panoro targeted for exploration at the Cotabambas Project
- Payment by Wheaton Metals 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 on the Cotabambas Project, including, but not limited to, base-case parameters and assumptions, forecasts of net present value, internal rate of return and payback
- Copper concentrate grades 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 MD&A 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 and are included in the Company's documents filed on SEDAR and available on the Company's website. Items referred to in this MD&A may include forward-looking statements related to:

- 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,
- risks relating to Panoro's ability to raise funding to continue its exploration, development, and mining activities; and
- Risks related to Covid-19 and the impact on the world's economy.

Qualified Person

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

Readers are directed to the Company's 2021 Annual Information Form available on SEDAR.com and the Company's website for a detailed discussion and history on all the Company's projects.

The Management's Discussion and Analysis ("MD&A") is a narrative explanation, through the eyes of management, of how Panoro performed in the year ended December 31, 2021 ("fiscal 2021"), and up until the date of this MD&A. The MD&A complements and supplements the audited consolidated financial statements of the Company but does not form part of the audited consolidated financial statements. The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Company for fiscal 2021.

This MD&A filing was made on SEDAR on May 2, 2022, and was approved by the Board of Directors on May 2, 2022.

Item 1. 2: Summary of Performance and Outlook

Overview

The Company has completed a number of transactions in 2021 and Q1 2022 to position itself to advance the Cotabambas Project without the need to issue any of the Company's stock. On December 3, 2021, the Company completed the sale of 75% of the Antilla Project for $10.0 million in cash and $2.8 million receivable due by October 2022. An additional 15% of the Company's ownership of the Antilla Project may be sold for $7.0 million. The agreement also includes a further contingent payment of up to $50.0 million. The Company also retains a 2% net smelter returns ("NSR") royalty. The proceeds from the transaction are estimated to be sufficient to complete the feasibility study for the Cotabambas Project.

In addition to the funding from the sale of the Antilla Project, the Company received $1.0 million in late 2021 in return for sharing certain of the Company's regional exploration database with certain other mining companies focusing on the south of Peru for copper exploration. Further, in the first quarter of 2022, Hudbay Minerals Ltd., also made early payment of the outstanding US$1.5 million milestone payments for the previous sale of the Kusiorcco Project.

In 2021 and March 2022, Panoro received three scheduled payments from Wheaton Precious Metals from the previously completed Precious Metals Purchase Agreement. The principal use of these proceeds and any future proceeds from the agreements will be to advance the Cotabambas Project to first a prefeasibility study, which would be followed by a feasibility study and permitting.

During 2021 the Company terminated the option agreement with JOGMEC for the Humamantata Project and terminated the sale of the Cochasayhaus project to Mintania. JOGMEC had advanced the Company a total of US$2.4 million for exploration at the project. Panoro retains a 100% interest in the Humamantata Project. JOGMEC and Panoro completed an extensive mapping and geochemical and geophysical survey of the project together with advancing of the permitting required to commence an exploration drill program. Mintania had advanced Panoro US$0.45 million, the first tranche of the acquisition price of the Cochasayhuas Project, which was not repayable upon termination of the sale agreement.

Panoro Minerals has commenced the prefeasibility related works for the Cotabambas Project. The Company is currently reviewing proposals from consultants for engineering and permitting works for the many components of the project. The drilling contract to commence the prefeasibility study drill program has been signed, and the contractor has mobilized to site with drilling to commence shortly.

The political environment in Peru has remained turbulent since the elections in 2021. A number of changes to the cabinet together with two impeachment attempts of the President have made it difficult for the government to advance a focused and disciplined agenda. The lack of such agenda by the government, together with high commodity prices, has turned the attention of local and regional entities towards the mining sector in Peru, seeking increased benefits from the development of mining projects. Although this social/political environment has prevailed regularly in Peru for more than three decades, investor confidence has been eroded for Peru.

Highlights

- In April 2022, the Company has commenced infill drilling at the Cotabambas Project in preparation for the commencement of a pre-feasibility study.

- On December 3, 2021, the Company sold 75% of its shares of Antilla Copper, S.A., the Company that holds the Antilla Project, for $12.8 million. The Company received $10.0 million in December with a payment of $2.8 million to be received at the earlier of the purchaser going public on a stock exchange or October 2022, ten months from the closing of the transaction.

- Receipt of the two semi-annual payments of US$750,000 for a total of $1,895,100 (2020 - $2,062,275), from Wheaton Metals, pursuant to the PMPA. Subsequent to December 31, 2021, the Company received the fourteenth payment under the Early Deposit (US$750,000), bringing the total received to US$12.25 million. An additional US$1.75 million is payable by Wheaton Metals to the Company in semi-annual payments to fiscal 2023, if the Company continues to meet the terms of the PMPA.

- A milestone payment of US$0.5 million ($664,650) from a subsidiary of Hudbay pursuant to the first milestone in the agreement on the disposition of the Kusiorcco Property was received in fiscal 2019. The payment was received on the execution of agreements with local communities and surface title holders necessary for Hudbay to carry out a drill program on the property. Three further milestone payments of US$500,000 each, for a total of US$1.5 million, were to be received from Hudbay after the completion of the first, fifth and tenth drill holes on the Kusiorcco Property, which have not yet been drilled. In January 2022, the Company received the payment from Hudbay for the three milestone payments, one year earlier than the deadline, although no holes have been drilled.

- Continued mapping and geophysics on the Humamantata Property, under an earn-in agreement (the "JOGMEC Earn-in Agreement") with JOGMEC, where JOGMEC had committed to fund a US$3.0 million in exploration expenditures to be completed by the end of the third anniversary for a 49% interest in the Humamantata Property. The Company received a cumulative $3,195,193 to the end of the work program in 2021 with JOGMEC, before JOGMEC returned the project to the Company. The return of the project before JOGMEC earned its initial interest enables the Company to enter into a transaction with another party at a future date. Exploration on the Humamantata project has been placed on temporary hold as the Company is currently advancing exploration at its Cotabambas project. Panoro is pursuing several initiatives related to the Humamantata Project to identify strategic financing arrangements for advancement of the project.

- The Company has completed agreements with various copper mining companies focused on exploring the Andahualas-Yauri copper belt in southern Peru. These agreements include the sharing of some of Panoro's regional exploration data in this prolific copper belt. The agreements together result in payments to the Company of a total of US$850,000 (CAD $1,019,926) with proceeds received prior to end of December 2021.

In summary, payments received in fiscal 2021 and 2020 included $977,893 (2020 - $1,669,343) pursuant to the JOGMEC Earn-in Agreement on the Humamantata Project; $1,895,100 (US $1,500,000) 2020 - $2,062,075 (US$1,500,000) from Wheaton Metals pursuant to the PMPA; a payment of $10,000,000 in relation to the sale of a 75% interest in Antilla Copper, S.A.); and in fiscal 2021, the Company received $1,019,926 (2020 – Nil) for the licensing of its airborne geophysical data to third parties.

Panoro holds a portfolio of several mineral properties in the south of Perú, of which the Cotabambas project is at a more advanced stage of exploration and has been the focus of the Company's exploration plan in recent years.

The Company has progressed in the completion of strategic partnerships with key mineral industry corporations to advance its portfolio of projects through difficult current financial and commodity markets.

Panoro has completed a Precious Metals Purchase Agreement ("PMPA") with Wheaton Precious Metals International Ltd. ("Wheaton Metals") related to the Cotabambas Project, which provides funding for ongoing operational and corporate costs, and semi-annual payments are received from Wheaton Metals.

In fiscal 2018 the Company completed the sale of the Kusiorcco Project to Hudbay Minerals Ltd. ("Hudbay") whereby the Company is due certain milestone and future royalty payments which will be directed towards exploration investments into its projects. Subsequent to December 31, 2021, the Company received an early payment of the remaining three milestone payments totalling US$1.5 million, from Hudbay with respect to the sale of Kusiorcco.

Until September 2021, the Company was exploring the Humamantata Project with its former partner, JOGMEC, pursuant to a joint venture agreement. Exploration on the Humamantata project has been placed on temporary hold as the Company is currently advancing exploration at its Cotabambas project. Panoro is pursuing several initiatives related to the Humamantata Project to identify strategic financing arrangements for advancement of the project.

On June 10, 2020, the Company entered into an agreement for the sale of the Cochasayhuas Gold Project to Mintania S.A.C. ("Mintania") of Perú for a total of US$2.45 million, to be paid in instalments plus a 5% Net Smelter Returns royalty ("NSR") for 15 years from the commencement of commercial production. The Company received the first payment from Mintania pursuant to the agreement in fiscal 2020, but Mintania was unable to make the payments due in fiscal 2021, and as a result, Mintania notified the Company in late 2021 that they were terminating the agreement for sale. The property has been returned to the Company, and the Company has written the Cochasayhuas project down to a nominal carrying value of $1 for a loss of $2,423,943, which was the balance of the agreement receivable, and discounted interest income.

Update COVID-19

Following the onset of the COVID-19 pandemic, the Company has been following all protocols mandated by the government of Peru. Until the end of March 2022, Panoro staff in Lima were working full time from their homes, as the office lease in Lima expired early in the pandemic. The Company leased new office space in Lima, Peru, effective April 1, 2022, and Peruvian office employees are working at the office premises three days per week, and at home for two days. All the office employees in Lima have been vaccinated.

As noted above, the Company follows COVID-19 protocols at its exploration sites. The Company's safety protocols were developed with the assistance of outside consultants for the return to work by its employees and contractors.

During 2021 the Company followed the restrictions announced by the government of Peru. Initially, on January 26, 2021, the Peruvian government announced heightened restrictions to help mitigate the spread of COVID-19. Under these new measures, all provinces of Peru are categorized High, Very High, or Extreme, with corresponding levels of restrictions, including daily curfews and restrictions on domestic travel. On February 19, 2021, the Peruvian government extended the COVID-19 health emergency for another 180 days, from March 7, 2021, to September 2, 2021. The area in the province of Chumbivilcas where the Humamantata Project is located is in a rural area, and exploration continued until the end of September 2021.

As of April 2022, the Company has commenced a drill program at its Cotabambas Project, with the focus on infill drilling in preparation for the completion of a pre-feasibility study, and the Company is following all COVID-19 protocols.

Commodity Markets

The Company's 2022 operational and financial performance going forward can be influenced by several factors. At the macro-level, the general performance of the Chinese, North American and global economies will influence the commodity and financial markets. Throughout 2021 copper prices continued to rise as supplies diminished and demand has remained steady. This has continued into 2022.

The Chinese market is a significant source of global demand for commodities, including copper and zinc. Chinese demand has been a major driver in global commodities markets for several years. A slowing in China's economic growth could result in lower prices and demand for copper. Prices are also affected by the overall supply of the metals we plan to produce, which can be affected by the start-up of major new mines, production disruptions and closures of existing mines. Future price declines could affect our ability to develop our projects and, if such price declines were significant, there could be a material and adverse effect on any cash flow and our ability to finance our projects. In addition to adversely affecting our mineral resource estimates and the financial condition of the Company, declining metals prices can impact future operations by requiring an assessment or reassessment of the feasibility of a particular project. We may also curtail or suspend some or all our exploration and development activities.

Market prices of metals can be affected by numerous factors beyond our control, including the overall state of the economy and expectations for economic growth (including as a result of the COVID-19 pandemic), general levels of supply and demand for a broad range of industrial products, substitution of new or different products in critical applications for existing products, levels of industrial production, expectations with respect to the rate of inflation, foreign exchange rates and investment demand for commodities, interest rates and speculative activities, and the current hostilities between Russia and Ukraine.

Such external economic factors are in turn influenced by changes in international investment patterns, the monetary system, and political developments. The Chinese market is a significant source of global demand for commodities including copper and has been for several years. A slowing in China's economic growth could result in lower prices, which can affect the share price and future development of the Company's mineral properties. Gold and copper prices have had some fluctuation, but the current metals prices are currently well above the metals' prices used in the preparation of the Company's Preliminary Economic Assessment on its most advanced property, the Cotabambas Project.

Copper prices rallied in the second half of 2020 and global demand recovery remains at high levels – but may be optimistic in the long run. China accounts for 50% of global demand, and its construction activity is still slowly returning to normal levels after the COVID-19 pandemic. The manufacturing, consumer goods and automotive sectors have been slower to recover, and China's copper demand is partly dependent on exports as 15% of China's copper consumption is re-exported

Over the longer term there are several macro-economic trends which are expected to increase the demand for copper. There is a drive towards greater renewable energy (wind, hydro, solar) and carbon neutrality in the world's economy and this is expected to result in stronger demand for copper, because the structural changes necessary to deliver on these goals are very copper intensive. On a positive note, the adoption of carbon taxes and associated trade tariffs are projected to dramatically increase the production cost of aluminum and its selling price relative to copper. Copper has a much smaller carbon footprint per pound of production. As all metal producers are increasingly forced to pay a price for their carbon emissions, the resulting decline in the copper/aluminum price ratio could make copper relatively more competitive in many applications, which should drive substitution from aluminum to copper and increase copper demand.

Approximate prices of metals on April 28, 2022, with comparatives at April 29, 2021: Gold $1,969/oz (Gold $1,772/oz) an increase from 2021 of $197/oz; Silver $23.15/oz ($26.10/oz); Copper $4.43/lb ($4.53), Molybdenum $21.92/lb ($11.93/lb). These are the minerals that could possibly be mined at the Cotabambas project, although the molybdenum could be considered in the future, and was not considered in the current PEA, as it would require a separate circuit.

The forecasted shortage of copper supply is expected to be modest from 2022 to 2024. However, a significant structural shortage of copper is forecast from 2025. This shortage of copper supply is expected to drive acquisition interest by copper producers for advance stage copper assets. Early signs of the expectation have been noted with:

- Sale of GT Gold (Copper/Gold/Silver Asset) to Newmont Mining;
- Strategic Investment by Rio Tinto into Western Coper and Gold's Casino Project;
- Sale of Josemaria Resources to Lundin Mining;
- Strategic Investment by BHP into Filo Mining;
- And others.

The Cotabambas Project is expected to attract similar interest as the Company advances its prefeasibility and feasibility work plans.

Interest rates are starting to climb with Canada and other countries increasing the rates in April 2022. Countries around the world have accumulated massive debts even during good times and further stimulus from deficit spending seems far less effective than in the past.

Throughout the past two years we have the turmoil resulting from the COVID-19 pandemic crisis, which has reached its two-year anniversary, with various new variants becoming active during the two years. Currently cases have abated somewhat, but it is not possible to say that occurrences of additional variants will not appear. The challenge will be our ability to operate safely despite COVID-19 related challenges, the availability, global supply, and effectiveness of COVID-19 vaccines.

Nevertheless, the demand and need for metals will continue to grow. The reserves of known deposits are being depleted and the need for replacement with new deposits will grow. There are fewer advanced projects in the pipeline, and management anticipates that their value will come to be recognized by both investors and the jurisdictions where they occur as supply diminishes.

Both the scarcity of funding for new discoveries and the difficulty in developing new resources are likely to limit the supply of metals to a growing and developing global population. In the long term, metal prices will be constructive for both exploration and development activities.

Strong future demand for copper will necessitate the development of new mines from the world's existing inventory of undeveloped deposits which could have an inherently higher cost than those mines currently in production. Newer mines, depending on their location and size could have lower grades, higher strip ratios and higher development costs than mines that have been operating for the past ten to thirty years. In the longer term there could be a prolonged period of higher copper prices.

Because of difficult financial conditions around the world, mining exploration has suffered, and much resource development (including Panoro's) has been held up for various reasons, including regional opposition by road closures in areas close to full-scale mining operations in the past two years, which includes the Humamantata project. This delayed the commencement of the permitting process for exploration of the Humamantata Project due to restricted road access in the area.

The Company has funding in place to weather any current headwinds being encountered from the COVID-19 pandemic. Panoro's base corporate expenses and operations are funded through its financing arrangement with Wheaton Metals. Milestone payments received from Hudbay will be directed towards exploration at the Cotabambas Project, and the Company has been able to license regional airborne geophysical data to interested parties.

Cotabambas Project

In fiscal 2015, the Company completed and updated a PEA for the Cotabambas Project. The initial PEA was filed on SEDAR on May 25, 2015, (the "Initial PEA") and the updated PEA was filed on SEDAR on November 6, 2015 (the "Updated PEA"). The National Instrument 43-101 ("NI 43-101") PEAs can also be found on the Company's website: www.panoro.com.

The results from the Updated 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 Updated PEA included mining of 483M tonnes of mill feed from two open pits, feeding an 80,000 tonne per day mill, and a concentrating plant producing a single concentrate grading 27% Cu, 11 g/t Au and 134 g/t Ag with no penalty attracting deleterious elements.

PEA Recommendations

In 2016, the Company evaluated potential improvements to project economics identified in the updated PEA, including:

- Step out drilling to delineate additional oxide mineralization at the Ccalla Deposit together with a metallurgical test program on the oxides in order to assess the potential to add a heap leach and SX/EW component to the project plan,
- Metallurgical testing on the hypogene and supergene sulphides, as well as the mixed mineralization zones to assess the potential for increasing estimated recoveries; and
- Geophysical surveys and exploration drilling at the Maria Jose target located to the north of the Ccalla Deposit to test for and further delineate high-grade mineralization discovered through the Company's previous mapping, trenching and geochemical sampling work.

As a result of the PEA recommendations in the updated PEA the Company drilled six holes at the Maria Jose 1 and 2 targets and the Petra target in 2018, and the first phase of the geophysical surveys and exploration drilling at the Maria Jose target to the north of the Ccalla deposit and drilling was conducted in 2017. At the end of 2018, the Company completed 6,633m of exploration and step-out drilling targeting areas of oxide, sulphide and skarn mineralization.

In April 2022, the Company has commenced a drilling program to complete infill drill holes recommended in the updated PEA, required for completion of a Pre-Feasibility Study ("PFS") on the project. The total drill program, including some step-out drill holes in new areas, is to be carried out over the next several months.

Humamantata Project

The Humamantata Project ("Humamantata") is located in the Chumbivilcas province in Southern Perú, in the same region as the projects in the Company's portfolio, including the Company's remaining 25% interest in the Antilla project and the Cotabambas project noted above. The Humamantata project is located approximately 10 km to the southwest of the Constancia Copper Mine owned by Hudbay, which includes the Kusiorcco concessions previously sold by the Company to Hudbay. The northern, eastern and western limits of the Humamantata Project concessions are bordered by Hudbay's concessions in the northeast and in the southeast by BHP Billiton.

Exploration work at the Humamantata Project noted four initial exploration targets exposing attractive features of Cu, Au, Ag mineralization. During the exploration program the Company identified a new copper porphyry with anomalous grades of copper, gold and silver. Two areas with features of porphyry copper mineralization, Targets 1, 2 and 4, are located approximately 4 kilometers (km) apart. Geophysical surveys were completed over approximately 1200 hectares of the 3600 hectares of mineral concessions. A total of 53 km of Induced Polarization ("IP") surveys and 55 km of Magnetometric ("Mag") Surveys were completed on the north side of the property with a line spacing of approximately 200 meters ("m") with an IP of 100 m pole-dipole spacing. The geophysical survey results, in conjunction with the detailed mapping, structural geology, lithology, alteration and surface geochemistry, have helped identify the potential extension, both laterally and at depth, of porphyry, skarn and hydrothermal breccia mineralization which outcrop at surface

On a regional scale, the porphyry style mineralization in Humamantata is hosted in the same structural control in an East-West direction containing the same copper porphyries occurring to the east in the Hudbay concessions (Constancia pit, Pampacancha project, and their four brownfield targets), and to the west in the BHP Billiton and Rio Tinto Concessions.

Cochasayhuas Gold Project

The Cochasayhuas Project is a past producing underground mine in operation until the 1950s with a total life of mine production of 401,000 ounces of gold and 480,000 ounces of silver (SRK, 2007).

During the year ended December 31, 2020, the Company entered into an agreement for sale of the Cochasayhuas Gold Project to Mintania S.A.C. of Perú for a total of US$2.45 million to be paid in instalments, plus a 5% Net Smelter Return royalty (NSR) for 15 years from the commencement of commercial production. The Company received the first payment of US$450,000 in 2020, but the payments due in fiscal 2021 were not received, and the agreement for sale was terminated late in the fourth quarter of 2021. The property was returned to the Company by Mintania S.A.C., resulting in a write-off of $2,423,943, including the agreement receivable and accruals related to discounted interest on the agreement receivable recorded on the original sale of the project.

Antilla Project

The Antilla project is a copper-molybdenum porphyry deposit, located 140 km south west of the city of Cusco, in the Apurimac region in Southern Peru. On May 2, 2016, a Preliminary Economic Assessment of the Antilla Project ("Antilla PEA") and a Technical Report was filed on SEDAR on June 16, 2016. This report is also available on the Company's website.

On May 14, 2018, the Company announced the results of an independent Preliminary Economic Assessment ("2018 PEA"). A summary of the PEA follows. The 2018 PEA Technical Report was completed and filed on June 26, 2018, and may be found on the Company's website and on www.sedar.com.

On December 3, 2021, the Company sold 75% of the shares of Antilla Copper, S.A., the Company that holds the Antilla Project, for $12.8 million, resulting in a loss on the carried book value of $662,092. The Company received $10.0 million in December 2021, with a payment of $2.8 million to be received at the earlier of the purchaser going public on a stock exchange or October 2022, ten months from the closing of the transaction.

Kusiorcco Project

The Kusiorcco Project was sold to a subsidiary of Hudbay in late 2017. Under the terms of the agreement with Hudbay, the Company received US$3.0 million initially; and a first milestone payment of US$500,000 ($664,650) was received in January 2019 on the execution of agreements with the local communities and surface titleholders. An additional three milestone payments from Hudbay were to be received as follows: US$500,000 on completion of Hudbay's first drill hole; US$500,000 on completion of Hudbay's fifth drill hole; and US$500,000 on completion of Hudbay's tenth drill hole on the project. Hudbay has not completed the drill holes, but in early 2022, the Company received an early payment of US$1.5 million for the milestone payments, a year before the final deadline of five years from the completion of the agreement. The Company also retains a 2.0% net smelter returns royalty ("NSR") from mineral production on the project. Hudbay has the option to buy back one-half of the 2% NSR (reducing the NSR to 1%) for US$2.0 million within five years of the acquisition, and for US$5.0 million thereafter. Hudbay is the operator of the project and responsible for all costs.

Other Projects

During the year ended December 31, 2021, the Company wrote off its interest in several of its non-core projects for a total of $4,112,117. In fiscal 2020, one non-core project was written off in at a total of $488,556.

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, 2021:

	Antilla	Cotabambas	Other	Total
Exploration expenditures incurred in 2021:				
Amortization	$ -	$ 151	$ -	$ 151
Assays and sampling	-	-	516	516
Camp and site	3,390	105,856	362,771	472,017
Community relations	20,100	111,317	131,918	263,335
Environmental	-	493	14,696	15,189
Geology	-	15,266	200,454	215,720
Geophysics	-	-	19,627	19,627
Legal	6,059	1,361	17,219	24,639
Recording and concession fees	241,340	358,730	(32,088)	567,982
Transportation	3,408	5,505	21,645	30,558
Recovery of value-added tax	-	(70,493)	-	(70,493)
Incurred during the year	274,297	528,186	736,758	1,539,241

In fiscal 2021, the Company did not conduct any drilling on any of its projects, but carried out mapping, community relations, and geophysical work totalling $736,758 on the Humamantata project ,costs which are included in the Other column in the table above and includes $209,422 for the vigencia payment, all of which was funded by its joint venture partner, JOGMEC, to the end of September 2021. The Company has made the annual vigencia payments on all its current projects and continues 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. The accrued vigencia payments at December 31, 2021, are to be paid by June 30, 2022.

In fiscal 2021, the Company expended $598,679 (2020 - $742,392) on exploration and evaluation costs on the Cotabambas Project, before recovery of value-added taxes of $70,493 (2020 - $7,540). Direct salaries for project employees as noted below are capitalized to the project. At the Cotabambas project, $153,296 (2020 - $216,689) in salaries and benefits were included in exploration costs capitalized during the year in the categories of camp and site costs, community costs and geology.

Regional Exploration

The Company has completed agreements with various copper mining companies focused on exploring the Andahualas-Yauri copper belt in southern Peru. These agreements include the sharing of some of Panoro's regional exploration data in this prolific copper belt. The agreements together result in payments to the Company of a total of $1,019,926 (US$850,000) with proceeds received prior to end of December 2021.

Item 1.3: Selected Annual Information

	2021	2020	2019
Income statement items			
Interest income	$(77,390)	$(83,466)	$(9,593)
Airborne license fee income	(1,019,926)		
Administrative and other expenditures	2,423,954	1,368,215	2,088,121
Share-based expenses	-	35,000	208,222
Interest expense	11,769	4,386	15,101
Foreign exchange loss	194,619	238,015	6,516
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(47,400)	(370,075)	(495,750)
Loss (gain) on Cochasayhuas agreement	2,423,943	(1,398,084)	-
Loss on sale of subsidiary	662,092	-	
Write-off of mineral property interests	4,112,117	488,556	4,033,509
Deferred income tax expense (recovery)	(430,553)	851,648	-
Loss for the year	8,229,915	1,083,125	5,181,476
Comprehensive loss	8,230,315	1,082,492	5,182,843
Loss per share, basic and diluted	0.03	0.00	0.02
Cash flow items			
Proceeds from sale of mineral property interest	-	(611,595)	(664,650)
Proceeds from sale of subsidiary	(10,000,000)	-	-
Statement of financial position			
Non-current liabilities	3,193,990	3,398,048	2,615,565
Total assets	71,152,073	77,890,578	76,532,461

Item 1.4: Results of Operations

The functional and reporting currency of the Company and its subsidiaries in fiscal 2021 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. 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 value of the Canadian Dollar as compared to the United States dollar change from $1.2732 on December 31, 2020, to $1.2677, on December 31, 2021, an increase of $0.0055. The Perúvian Nuevo Sole has changed in value from C$0.3516 at December 31, 2020 to C$0.3176 at December 31, 2021.

Financial Results for the Year Ended December 31, 2021 ("fiscal 2021"), Compared to the Year Ended December 31, 2020 ("fiscal 2020")

	2021	2020	Increase (decrease)
Expenses			
Amortization	$ 39,812	$ 65,992	$ (26,180)
Administration expenses	302,935	243,677	59,258
Audit and tax	111,658	107,303	4,355
Consulting fees	356,447	37,163	319,284
Corporate development, conferences, travel and shareholder relations	180,110	108,083	72,027
Directors' fees	50,122	75,113	(24,991)
Legal	342,744	78,668	264,076
Salaries and benefits	1,040,126	652,216	387,910
	2,423,954	1,368,215	1,055,739
Interest expense	11,769	4,386	7,383
Interest income	(77,390)	(83,466)	6,076
Gain on disposal of property and equipment	-	(16,070)	16,070
Airborne license fee income	(1,019,926)	-	(1,019,926)
Other income	(23,310)	-	(23,310)
Write-off of mineral property interest	4,112,117	488,556	3,623,561
Loss (gain) on Cochasayhuas agreement	2,423,943	(1,398,084)	3,822,027
Loss on disposition of subsidiary	662,092	-	662,092
Foreign exchange loss	194,619	238,015	(43,396)
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(47,400)	(370,075)	322,675
Loss before income taxes	8,660,468	231,477	8,428,991
Deferred income tax expense (recovery)	(430,553)	851,648	(1,282,201)
Loss for the year	$ 8,229,915	$ 1,083,125	$ 7,146,790
Loss per share, basic and fully diluted	$0.03	$0.00	$0.03
Weighted average number of common shares outstanding	264,357,671	263,993,835	

The Company's loss in fiscal 2021 was $8,229,915 ($0.03 per common share) compared to $1,083,125 ($0.00 per common share) in fiscal 2020. The Company's accounting policy is to capitalize all exploration and evaluation expenditures on the properties and the loss for the period reflects administration expenses offset by gains or losses on dispositions of, and/or impairments to mineral property interests, foreign exchange, change in fair value of liabilities and other items.

The Company's loss of $8,229,915 in fiscal 2021 was recorded after a write-off of the remaining properties held other than Cotabambas and Humamantata totalling $4,112,117, compared to a write-down of a mineral property interest of $488,556 in fiscal 2020.

In fiscal 2021, the Company sold 75% of the subsidiary company that held the Antilla property, for sale proceeds received of $10,000,000 and a receivable of $2,800,000, for total proceeds of $12,800,000, resulting in a loss of $662,092 based on the carrying cost of the property.

The consolidated financial statements also reflect the cancellation of the sale and related agreement receivable from the 2020 fiscal year on the Cochasayhuas property resulting in a loss of $2,423,943 The acquirors of the property were unable to raise the funds to make any of the payments due in fiscal 2021. Pursuant to this, the property was returned to the Company, and the receivable was written off as uncollectible.

Total comparative administrative and other cash expenses (not including share-based expense and amortization) increased from $1,227,411 in fiscal 2020 to $2,384,142 in fiscal 2021; an increase of $1,156,731. Non-cash administrative expenses include amortization of $65,992 in fiscal 2020, compared to an amortization of $39,812 in fiscal 2021 and share-based expenses of $35,000 in 2020.

Administrative salaries and benefits increased from $652,216 in fiscal 2020 to $1,040,126 in fiscal 2021, due to temporary reductions in salaries for some employees in fiscal 2020. Full salaries were paid for all employees in fiscal 2021, of which a significant portion was paid in the fourth quarter as 60% of most employee salaries were deferred until the sale of Antilla was completed. At the date of this MD&A, the Company has 21 employees on payroll and fourteen contractors providing exploration-related and administrative services to the Company.

Directors' fees in fiscal 2021 totalled $50,122, and in fiscal 2020, directors' fees totalled $75,113. The Company had one less director in fiscal 2021, and reduced directors' fees in both fiscal years to enable the Company to continue operations throughout the period of the COVID-19 pandemic and the related impacts on the Company's operations. At December 31, 2021, the Company has seven directors, compared to fiscal 2020, when the Company had eight directors. Directors' fees also include fees paid to a director of a subsidiary of the Company.

Consulting fees incurred in fiscal 2021 totalled $356,447 compared to $37,163 in fiscal 2020. Consulting fees incurred in fiscal 2021 were largely related to fees paid in relation to the semi-annual payments received from Wheaton Metals.

Legal fees have increased by $264,076, from $78,668 in fiscal 2020 to $342,744 in fiscal 2021. Fiscal 2021 costs included fees related to the agreements prepared for the Antilla sale, the JOGMEC joint venture termination, and other legal fees during the year. These fees include legal costs incurred related to the semi-annual payments received from Wheaton Metals, and regular ongoing annual legal costs.

An increase in corporate development, marketing, and shareholder communications' activity in Europe, Perú and North America from $108,083 in fiscal 2020 to $180,110 in fiscal 2021. No conferences were attended in fiscal 2021, but more corporate development and shareholder relations was undertaken using online virtual meetings and conferences resulting in an increase in costs.

The Wheaton Metals PMPA is recorded at fair value at the end of each reporting period. The Wheaton Metals PMPA increases by the payments received annually of US$1.5 million. The agreement is denominated in US dollars, and the Company's reporting currency is the Canadian dollar. This results in a change in fair value each reporting period, as the liabilities are converted to Canadian dollars each period. In fiscal 2021, the change in fair value resulted in an increase of the liability resulting in the amount of $47,400 when the exchange rate used for reporting was 1.2678. In fiscal 2020, the Company recorded a change in fair value for the year of $370,075, as the US dollar liability decreased as the exchange rate had changed to 1.2732, resulting in a lower reporting liability at the end of the period.

The Company received an airborne survey database at the time it acquired a former subsidiary of the company, Cordillera Copper Ltd. The Company is currently licensing this database to mining companies on a non-exclusive perpetual basis, and in fiscal 2021 earned revenue of $1,019,926.

During fiscal 2021, the Company determined it would be no longer explore certain mineral property interests and wrote off $4,112,117 in associated capitalized exploration and evaluation assets, as compared to $488,556 during fiscal 2020.

As noted previously in this MD&A, during fiscal 2020 the Company sold its Cochasayhuas project to Mintania S.A.C for US$2.45 million, of which US$2.0 million was to be paid in instalments. The Company recognized a gain on sale in 2020 of $1,398,084. As a result of the Mintania S.A.C. failing to make its required payments in fiscal 2021, the property was returned to the Company, and the receivable of $2,423,943 was written-off during the year.

As a result of the sale of Antilla discussed previously in this MD&A, the Company has deconsolidated the net assets of Antilla Copper, S.A. and has recorded the retained interest as an equity investment, initially recorded at its fair value, determined based on the transaction value. This resulted in a loss of $662,092 during fiscal 2021.

During fiscal 2020 the Company recorded a deferred income tax expense, principally as a result of the agreement receivable related to the sale of the Cochasayhuas project. In 2021 there is a deferred income tax recovery relating primarily to the impact of the write-off of the Cochasayhuas agreement receivable.

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. In fiscal 2021, the Company received proceeds on its sale of the Antilla project, funds from WPM on the PMPA, and funding from JOGMEC until the termination of the agreement on Humamantata.

in 000's	Dec 2021	Sept 2021	June 2021	March 2021	Dec 2020	Sept 2020	June 2020	March 2020
Other income	(1,043)	-	-	-	-	-	-	(16)
General and administrative	953	695	383	393	382	274	311	401
Interest income	39	(39)	(38)	(39)	(83)	-	-	-
Foreign exchange (gain) loss	125	8	61	1	(487)	(231)	(693)	1,280
Fair value change	(21)	330	(195)	(161)	(607)	(265)	(517)	1,019
Loss (gain) on write-off of agreement receivable	2,424	-	-	-	311	-	(1,709)	-
Loss on disposition of subsidiary	662	-	-	-	-	-	-	-
Write-off of mineral property interests	3	5	4,104	-	-	489	-	-
Deferred income tax expense (recovery)	(431)	-	-	-	852	-	-	-
Loss (income) for the period	2,722	999	4,315	194	976	532	(2,091)	1,666
Loss (income) per share	0.01	0.00	0.02	0.00	0.00	0.00	(0.01)	0.01
Exploration expenditures incurred	301	419	132	687	819	465	666	817

(All amounts in the tables of the financial section are derived from the consolidated financial statements and are presented in 000's of Canadian Dollars, except per share amounts. All loss per share information is rounded to the nearest penny)

Loss (income) per quarter fluctuates from period to period primarily as a result of timing of any i) gains or losses resulting from the sale of mineral property interests, ii) impairments and write-offs associated with mineral properties, iii) the timing and the issuance and vesting of stock options, which impacts share-based compensation expense, and iv) foreign exchange gains or losses, including the fair value change associated with Early Deposit Precious Metals Agreement financial liability which is driven by fluctuations in the US dollar exchange rate as compared to the Canadian dollar.

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 twelve months. The Company is 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, 2021, and for the year ended December 31, 2021, 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.

For the year ended December 31, 2021, the Company had no operating revenue and incurred a loss of $8,660,468 ((2020 – $231,477), before a provision for recovery of income taxes of $430,553 (2020 – income tax expense of $841,648). As at December 31, 2021, the Company has an accumulated deficit of $51,586,351 - (2020 - $43,356,436), and a working capital surplus of $144,338 (2020 – working capital deficiency of $9,499,481), with the inclusion of the current portion of the Wheaton Metals Agreement, which is $12,044,100 (December 31, 2020 - $10,185,600). Excluding the Wheaton Metals Agreement balance, the adjusted working capital balance would be $12,188,438 (December 31, 2020 – working capital of $686,119), which is not a measure in accordance with International Financial Reporting Standards, and is provided for information purposes only, as the Company does not anticipate Wheaton Metals terminating the PMPA.

Although the Company expects to have sufficient financial resources to cover its existing obligations and operating costs and undertake its currently planned programs for the next year, the Company will require further funding to fund exploration and evaluation activities, and ultimately develop its properties. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. These conditions create a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The Company and its wholly owned subsidiary signed a definitive PMPA signed on March 21, 2016, with Wheaton Metals, in respect of the Cotabambas project located in Perú.

The principal terms of the PMPA are such that Wheaton Metals will pay the Company upfront cash payments totalling US$140.0 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, Wheaton Metals 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 Wheaton Metals over the life of the Company's Cotabambas Project.

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 WPM 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, 2016, to March

21, 2018, up to a maximum of US$3.5 million, of which US$2.0 million was received, for all such offerings. The Company received the initial US$2.0 million, pursuant to the PMPA, and an additional US$2.0 million as a matching of funds raised by the Company on an offering of securities. To date, the Company has received US$12.25 million pursuant to the PMPA, including the initial US$2.0 million. A payment of US$750,000 was received subsequent to the year ended December 31, 2021 and is included in the balance received to date.

The annual total of US$1.5 million in payments should be sufficient for the Company's minimum working capital for the foreseeable future.

The remaining US$126.0 million is payable in instalments during construction of the Cotabambas Project.

Risks relating to the PMPA include the ability of the Company to maintain the working capital requirements in the PMPA. WPM will have the option to terminate the PMPA either 90 days following delivery of a Feasibility Study or at any time upon giving the Company three months' notice, other than the first two payments totaling US$2.0 million. WPM can elect to receive a portion of the early deposit either as cash or shares upon termination, with the Company having rights to defer cash payments under certain conditions for up to two years. If WPM elects to terminate the PMPA, repayment with interest at 8% per annum, will be required, within two years of notice of termination. This includes a repayment of one-third of the net proceeds of any form of financing.

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. The Company is in the business of exploring and developing mineral property interests, and as such, must continually seek sources of financing to further develop and explore its mineral exploration and evaluation assets and to support general and administrative expenses.

The Company will continue to seek additional financing through the sale of mineral property interests, debt financing, and 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, inability to maintain exploration and 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.

Based on its financial position on December 31, 2021, and funds anticipated to be received in 2022, the available funds are adequate to meet requirements for the estimated operations, exploration and development expenditures planned for the next eighteen-month period.

The change in working capital is as follows:

	December 2021	December 2020	Change
Cash and cash equivalents	$ 10,503,243	$ 752,453	$ 9,750,790
Marketable securities	533	933	(400)
Accounts and advances receivable	2,921,882	93,927	2,827,955
Agreement receivable, short-term	-	1,273,200	(1,273,200)
Prepaid expenses	33,370	22,161	11,209
Accounts payable	(1,229,194)	(1,438,605)	209,411
Current portion of lease liabilities	(41,396)	(17,950)	(23,446)
Precious Metals Purchase Agreement	(12,044,100)	(10,185,600)	(1,858,500)
Net	144,338	$ (9,499,481)	$ (9,643,819)

The change in cash and cash equivalents is due to cash used in operations of $1,283,265 (2020 - $1,108,480), primarily used for administration expenses, partially offset by the receipt of $1,019,926 from airborne license fees, cash invested into exploration and evaluation of projects of $1,646,255 (2020: $2,797,996), a recovery of the value-added taxes in Perú of $70,493 (2020: $7,540), funding from JOGMEC of $977,893 (2020 - $1,669,343), funds received of $ 1,895,100 (2020- $2,062,275) pursuant to the PMPA with Wheaton Metals and funds received in relation to the sale of the Antilla Project in 2021 of $10,000,000.

On December 28, 2017, the Company disposed of its Kusiorcco project to Hudbay, and at that time received $3,776,400 (US$3.0 million) pursuant to the agreement. In January 2019, the Company received the first milestone payment of $664,650 (US$500,000) from Hudbay pursuant to clauses in the Kusiorcco agreement, whereby Hudbay was to pay four milestones of US$500,000, the first being completion of signed agreements with local communities and surface titleholders for access to carry out a drill program on the Kusiorcco project. The next three milestone payments of US$500,000 were received in January 2022, prior to any of the three holes to be drilled pursuant to the agreement.

During fiscal 2021, the Company received $1,895,100 (US$1.5 million) (2020 - $2,062,275; US$1.5 million) in early deposits pursuant to the PMPA with Wheaton Metals., has received US$750,000 to date in 2022, and anticipates receiving the second semi-annual payment of US$750,000 in September 2022.

Pursuant to the agreement for sale of the Cochasayhuas Gold Project to Mintania, none of the payments due to be received in 2021 pursuant to the agreement were received, and as a result, the property was returned to the Company and the receivable from Mintania written-off.

Item 1.7: Commitments and Capital Resources

The Company has the following commitments and payments due under the leases payable:

	2022	2023	2024	2025	2026	Total
Office lease (Vancouver)	$ 103,568	$ 105,467	$ 107,366	$ 109,264	$ 111,163	$ 536,828
Office lease (Peru)	$ 32,164	$ 39,562	$ 6,626	$ -	$ -	$ 78,352
Accrued Vigencias	$ 494,894	$ -	$ -	$ -	$ -	$ 494,894
Accounts payable	$ 682,672	$ -	$ -	$ -	$ -	$ 682,672
Accrued liabilities	$ 51,628	$ -	$ -	$ -	$ -	$ 51,628

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 2021 for the 2020 year was $647,057 (2020 - $1,032,952 relating to the 2019 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 $494,894 for the 2021 year and is payable by June of 2022. Commencing in 2019, and in the following years, Vigencia payments will increase by an annual inflation adjustment to be determined by the government on an annual basis. The Vigencias are accrued monthly and are included in accounts payable and accrued liabilities.

The Company entered into a new office lease in Lima for a period of three years effective April 1, 2022. The Company also has short-term warehouse leases in Lima and Cusco, and an office lease in Vancouver, Canada. The Company entered into a six-year lease for new office space in Vancouver, effective August 1, 2021. The leases for the warehouses are renewed annually.

Community agreements have various social commitments which are only for the term of each agreement. The social commitments may 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 total, $111,317 (2020 - $207,250) was incurred in fiscal 2021 for employees' wages, community projects and local workers under community agreements at Cotabambas.

Item 1.8: Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Item 1.9: Transactions with Related Parties

Employment contracts have been entered into with each of the President and Chief Executive Officer ("CEO"), the Vice-President Exploration ("VP-Ex"), the Senior Vice-President, South America ("VP-SA") and the Vice-President, Operations ("VP-Op") and the Chief Financial Officer ("CFO"). On December 31, 2021, included in accounts payable and accrued liabilities, there was $15,708 in directors' fees payable, and $11,711 in expenses payable to two officers for expenses incurred on behalf of the Company. At December 31, 2020, there was $23,333 in wages payable pursuant to an amended employment contract whereby a portion of salary was paid in common shares in fiscal 2021.

Key management personnel compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management includes the Company's directors and members of the senior management group, consisting of ten individuals in 2021 (eleven individuals in 2020).

Details of key management personnel compensation is as follows:

	2021	2020
Salary, fees, and benefits	$ 1,072,328	$ 1,128,160

Item 1.10: Fourth Quarter

Financial Results for the Three Months Ended December 31, 2021 ("Q4 2021"), Compared to the Three Months Ended December 31, 2020 ("Q4 2020")

The Company's loss in Q4 2021 was $2,411,972 ($0.00 per common share) compared to loss of $124,060 ($0.00 per common share) in Q4 2020.

	Q4 2021	Q4 2020	Increase (decrease)
Expenses			
Amortization	14,022	5,214	8,808
Administration expenses	74,060	93,923	(19,863)
Audit and tax	33,115	16,700	16,415
Consulting fees	(41)	-	(41)
Corporate development, conference, travel and shareholder relations	88,163	52,755	35,408
Directors' fees	1,956	17,333	(15,377)
Legal	140,293	20,678	119,615
Salaries and benefits	623,245	175,292	447,953
	974,813	381,895	592,918
Interest expense	6,800	553	6,247
Interest income	39,816	(83,131)	122,947
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(22,350)	(607,000)	584,650
Airborne license fee income	(1,019,926)	-	(1,019,926)
Other income	(23,310)	-	(23,310)
Loss on write-off of agreement receivable	2,423,943	-	2,423,943
Loss (gain) on disposition of mineral property interests	2,865	311,335	(308,470)
Loss on disposition of subsidiary	662,092	-	662,092
Foreign exchange (gain) loss	107,306	120,408	(13,102)
Loss before income taxes	3,152,049	124,060	3,027,989
Deferred tax expense	(430,553)	851,648	(1,282,201)
Loss for the period	$ 2,721,496	$975,708	$1,745,788

Expenses increased by $592,918 in Q4 2021, as compared to expenses incurred in Q4 2020. The largest increases were in salaries and benefits and legal. Administration salaries and benefits increased from $175,292 in fiscal Q4 2020 to $633,635 in fiscal 2021, due to reductions incurred in fiscal 2020 for most employees. Full salaries were paid for all employees in December 2021. Salaried were not accrued during the last half of fiscal 2021, as the sale of Antilla did not conclude until December 2021.

Legal fees have increased by $119,615, from $20,678 in Q4 2020 to $140,293 in Q4 2021. Legal costs included fees related to the agreements prepared for the Antilla sale and other transactions during the Q4 2021.

The fair value adjustment to the WMPA liability was only $22,350 in Q4 2021 due to the relative stability of the US dollar exchange rate during the quarter, as compared to a gain of $607,000 in Q4 2020 due to the strengthening of the Canadian dollar in the preceding period.

The Company received an airborne survey database at the time it acquired a former subsidiary of the company, Cordillera Copper Ltd. The Company is currently licensing this database to mining companies on a non-exclusive perpetual basis, and in Q4 2021 earned revenue of $1,019,926.

As discussed in Section 1.4 of this MD&A, during Q4 2021 the Company recorded a loss from the write-off of the Cochasayhuas agreement receivable of $2,423,943 and a loss on the disposition of its 75% interest in Antilla of $662,092. During Q4 2020 the Company recorded a deferred income tax expense, principally as a result of the agreement receivable related to the sale of the Cochasayhuas project. In 2021 there is a deferred income tax recovery relating primarily to the impact of the write-off of the Cochasayhuas agreement receivable.

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. In preparing the consolidated financial statements as at and for the year ended December 31, 2021, 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, 2020.

Significant areas requiring the use of estimates and assumptions relate to the review of asset carrying values and determination of impairment charges relating to non-current assets, and if an indicator of impairment is identified and valuation of share-based expense. Actual results could differ from those estimates. Actual results could differ from those estimates.

Item 1.13: Changes in Accounting Policies Including Initial Adoption

There were no new IFRS standards issued effective January 1, 2021, that had a material impact on the financial statements of the Company. The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but that is not yet effective, nor has it identified any such standard or interpretation that is expected to have a material impact on the Company's 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, accounts payable and accrued liabilities, and liabilities under the PMPA with Wheaton Metals approximate their fair values due to their short-term nature. The fair value of the Company's agreement receivable is estimated to approximate the carrying value given the discount rate applied.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and certain market risks including foreign currency and interest rate risk.

Credit risk

The Company manages its credit risk through its counterparty ratings and credit limits. The Company is mainly exposed to credit risk on its bank accounts and accounts and advances receivable. Bank accounts and short-term investments are primarily with Canadian Schedule 1 banks and Banco de Credito in Perú. The Company has accounts and advances receivable primarily related to IGV receivable from the Perúvian government. The Company's receivable related to its sale of its Antilla project will be secured by the return of equity in the event of default. The total of cash and cash equivalents, agreement receivable and accounts and advances receivable of $13,425,125 (2020 - $3,184,254) represent the maximum credit exposure. The Company has not identified any significant increase in credit risk with respect to its financial assets at December 31, 2021. The Company has not identified any allowances for credit losses at December 31, 2021 or 2020. During the year ended December 31, 2021 ,the Company wrote-off its agreement receivable relating to the sale of the Cochasayhuas project as previously discussed in this MD&A.

Liquidity risk

The Company manages its liquidity risk by ensuring that there is sufficient liquidity in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash and cash equivalents are primarily invested in bank accounts, bankers' acceptances, or Guaranteed Investment Certificates ("GIC"), which are available on demand.

Contractual commitments that the Company is obligated to pay in future years are disclosed in item 1.7. Accounts payable and accrued liabilities require payment within one year.

Foreign currency risk

The Company maintains its financial statements in Canadian dollars. The Company is exposed to foreign currency fluctuations to the extent mineral interests, exploration expenditures and operating expenses incurred by the Company are not denominated in Canadian dollars.

The Company does not use derivatives or other instruments to manage the foreign currency risk. The Company's operations in Perú make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company's operating results, and cash flows are affected to varying degrees by changes in the Canadian dollar exchange rate vis-a-vis the Perúvian Nuevo Sol ("PEN" or "S/.") and the US Dollar ("US$").

The Company purchases foreign currencies as the need arises in order to fund its exploration activities. Corporate expenditures are primarily incurred in Canadian and US dollars.

As at December 31, 2021 and 2020, the Company's significant exposures to foreign currency risk, based on the statement of financial position carrying values, were to the Perúvian Nuevo Sol and the US Dollar, as follows:

	December 31, 2021 PEN	December 31, 2021 US$	December 31, 2020 PEN	December 31, 2020 US$
Cash	S/. 98,864	US$8,222,089	S/. 43,754	US$562,634
Accounts and advances receivable	259,369	-	221,318	1,832,908
Accounts payable and accrued liabilities	(1,660,275)	(131,359)	(2,832,461)	(275,406)
Precious Metals Purchase Agreement	-	(11,500,000)	-	(10,000,000)
Leases	-	-	-	-
Net exposure	S/.(1,302,042)	US$(3,409,270)	S/.(2,567,389)	US$(7,879,864)
Canadian dollars	$(413,529)	$(4,322,273)	$(902,694)	$(10,032,643)

The following sensitivity analysis assumes all other variables remain constant and are based on the above net exposures. A 10% appreciation or depreciation of the Perúvian Nuevo Sol vis-a-vis the Canadian Dollar would result in a $41,353 (2020 - $90,269) increase or decrease, respectively, in net loss and shareholders' equity. A 10% appreciation or depreciation of the US Dollar vis-a-vis the Canadian Dollar would result in a $432,227 (2020 - $1,003,264) increase or decrease, respectively, in net loss and shareholders' equity.

Item 1.15.a: Other MD&A Requirements

Additional information relating to the Company including its annual consolidated financial statements for the year ended December 31, 2021, are available on SEDAR at www.sedar.com.

Item 1.15.b: Disclosure of Outstanding Share Data

Stock options to purchase common shares are 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
2022	600,000	$0.20
2023	6,650,000	$0.34
2024	4,000,000	$0.15
	11,250,000	$0.24

Each option is exercisable for one common share of the Company. The weighted average life of exercisable options outstanding is 1.4 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 and outstanding at the date of approval, which was June 24, 2021, the date of the most recent Annual General Meeting. 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 share purchase warrants outstanding.

At the date of this MD&A, there were 264,375,058 common shares outstanding, or 275,625,058 common shares on a fully diluted basis, assuming all outstanding options are trading at a price equal to or higher than the strike price of the options, which range from $0.15 to $0.34.

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.

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 Annual Information Form for the year ended December 31, 2021, 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.