
PANORO MINERALS LTD.

Management's Discussion and Analysis

As at and for the three and nine month periods
Ended September 30, 2022 and 2021

November 25, 2022

Background & Date

The Management’s Discussion and Analysis – Quarterly Highlights (“MD&A”) should be read in conjunction with the condensed consolidated interim financial statements of Panoro Minerals Ltd. (“Panoro” or the “Company”) for the three and nine months ended September 30, 2022 (“Q3 2022”) and September 30, 2021 (“Q2 2021”), and the Company’s audited financial statements as at and for the year ended December 31, 2021 (“Fiscal 2021”), as filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) website. This report has been dated and approved by the Board of Directors as at November 25, 2022.

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), (“POROF” on the OTCQB in the United States) and (“PZM” on the Frankfurt Exchange).

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 for the years ended December 31, 2021 and 2020, the 2021 Management Information Circular, Material Change Reports, press releases, and the Company’s technical reports, all of which are available on the SEDAR website at www.sedar.com or on the Company’s website www.panoro.com.

Currency

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 financial information is prepared and recorded under IFRS unless otherwise specifically indicated. There are also references in this MD&A to Peruvian Nuevo Soles (“S/.”) and United States dollars (“US”).

CAUTION REGARDING FORWARD LOOKING STATEMENTS:

Information and statements contained in this Management Discussion and Analysis Quarterly Update (“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 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;
- Mineral resource estimates and assumptions;
- The PEAs on the Cotabambas and Antilla Projects, including, but not limited to, base-case parameters and assumptions, forecasts of net present value, internal rate of return and payback; and
- Copper concentrate grades from the Antilla and Cotabambas Projects.

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 all of 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; and
- risks relating to Panoro's ability to raise funding to continue its exploration, development and mining activities.

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.

Description of Business

Panoro is a uniquely positioned Peru-focused copper development company. The Company is advancing its flagship Cotabambas Copper-Gold-Silver Project (the “Cotabambas Project”) located in the strategically important area of southern Peru.

The Company's objective is to complete a Prefeasibility study in 2023 with work programs that commenced in the first quarter of 2022.

Cotabambas Project

A Preliminary Economic Assessment (“PEA”) at the Cotabambas Project was completed in 2016. Subsequent exploration and stepout drilling from 2017 to 2019 identified potential for both oxide and sulphide resource growth.

At the Cotabambas Project, the Company is focused on advancing the project’s prefeasibility study (“PFS”). The PFS requires an upgrade of the Inferred Resources to Indicated category and the infill drill program to achieve this target commenced in April of 2022. In addition to an upgrade in the resource classification, the Company will focus on:

- Delineating resource growth potential;
- Delineating continuity of the higher grade zones both within the current North and South Pit limits and along strike and between the two pits;
- Optimizing metallurgical recoveries from both the sulphide and oxide resources;
- Reducing wasterock production;
- Incorporating steeper pit wall slopes; and
- Optimizing the proposed tailings and wasterock storage facilities.

These objectives are expected to further enhance the project economics as part of the prefeasibility studies planned for 2022 and 2023.

In the first quarter of 2022 Panoro commenced work to support the prefeasibility study for the Cotabambas Project. The work began with step-out and infill drilling programs which also included technical and environmental studies. The work programs will continue to the end of 2022 with additional drilling contemplated in 2023. Additionally in 2022, technical studies including an update to geologic modelling, geo-metallurgical modelling, metallurgical testing, geotechnical and hydrogeological studies have begun. The Company intends to complete an updated resource study as a part of the planned prefeasibility study.

In addition to the pre-feasibility drilling program Panoro is scoping the engineering, environmental and social studies to support the pre-feasibility work program. Metallurgical, tailings trade off, and open pit geotechnical studies planned for completion in 2022 in support of the pre-feasibility study planned for completion in 2023.

Metallurgical testing will focus on three key objectives:

1. Improve flotation recoveries from the transition material in the PEA mine plan. Low recoveries in the PEA were a result of a lack of sampling and testing,
2. Optimize flotation recoveries with additional testing, and
3. Evaluate and design alternatives to treat the copper oxides to recover both copper and precious metals.

2022 Drilling Program

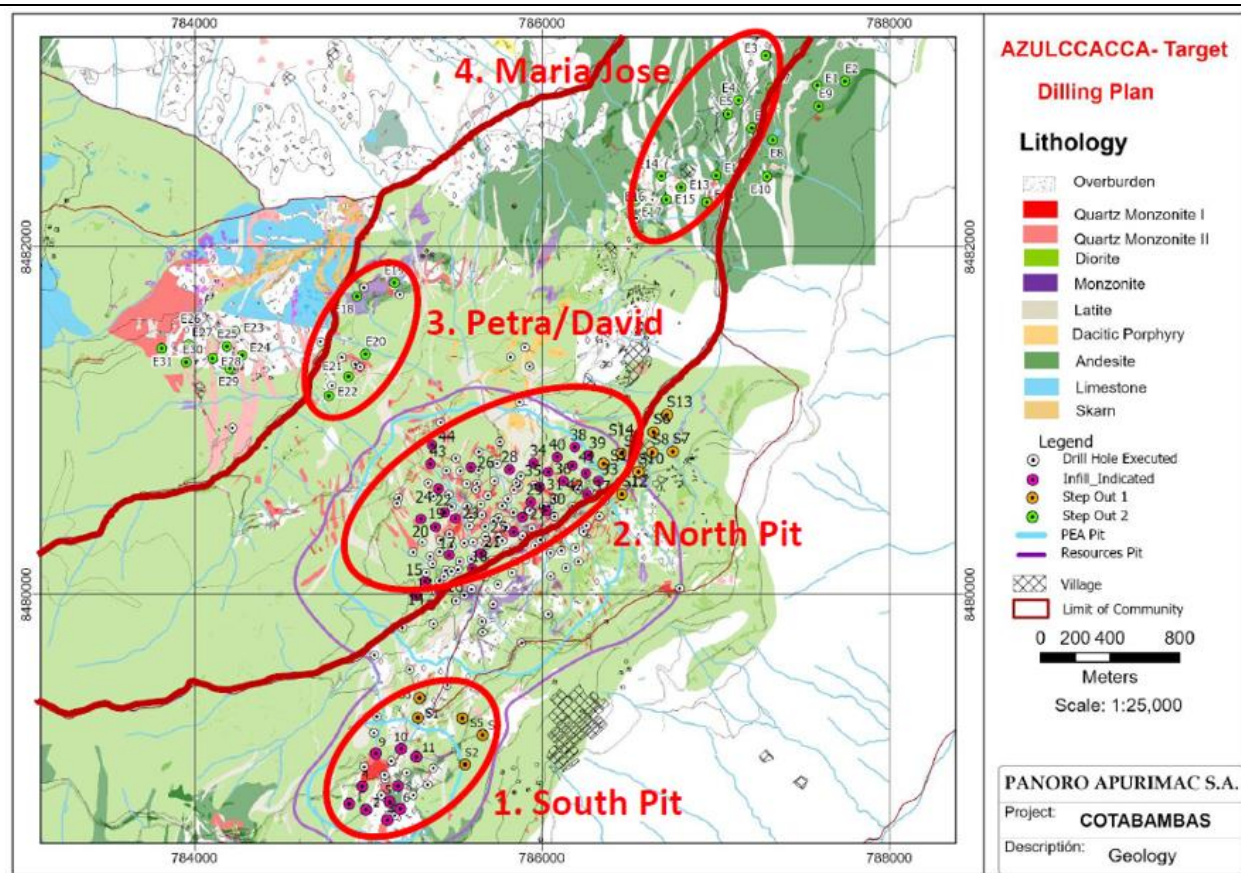
In the first quarter of 2022 Panoro commenced its 16,970 m drill program including infill, step-out and exploration drilling, the aim of which is to expand the total resource with emphasis on the high-grade component and upgrade the Inferred category resources to Indicated category at the Company's Cotabambas Cu/Au/Ag Project in southern Peru.

To date 21 drillholes for a total of 7,513 m have been completed representing 44% of the planned program. Drilling results are announced periodically as the assay results from the laboratory in Lima are received, analyzed and summarized.

The infill drilling program goal is to upgrade 100% of Inferred category resource included in the PEA mine plan to the Indicated category. The infill drilling will include an estimated 44 drillholes for a total estimated 12,192 meters at the proposed North and South Pits. The current mineral resources included in the mine plan of the PEA includes 127.3 million tonnes at Indicated category and 355.8 million tonnes at Inferred category.

Step-out drilling of approximately 4,778 meters will target the growth of both the copper oxide and high grade sulphide resource for inclusion into the mine plan for the pre-feasibility study. The program will be distributed between 22 drill holes located in close proximity to the North and South Pits as well as over the exploration targets of Maria Jose 1, Maria Jose 2, Petra and David, previously drilled in 2017 and 2018.

Both the infill and step out drilling programs are constrained within Cluster 1 where various targets of copper and gold mineralization are characterized by quartz monzonite porphyry centers intruding diorite and volcanic host rocks. The proposed exploration work is within the already approved exploration area of the Cotabambas Project. The permits allow for drilling from up to 500 drilling platforms.



		Planned	Planned	Actual to	Actual to
	Type	# Of Holes	Meters	date	date
				# Of Holes	Meters
1. South Pit	Infill	12	2,992	5	1,672
	Step-out	5	1,507	7	3,181
		17	4,499	12	4,853
2. North Pit	Infill	32	9,200	9	2,660
	Step-out	2	370	-	-
		34	9,572	9	2,660
3. Petra/David	Step-out	5	793	-	-
4. Maria Jose	Step-out	10	2,108	-	-
Total infill		44	12,192	14	4,332
Total step-out		22	4,778	7	3,181
TOTAL		66	16,970	21	7,513

Exploration Model at the South Pit

A porphyry of quartz monzonite composition (QMP2) is emplaced along a structural control in an almost North-South direction into the diorite host rock, and subsequent intrusions of narrow dikes of QMP3, quarciferous/dacite, monzonite and latite compositions. A second faulting system in North 60-80 East direction intersects the porphyry at its north extreme, where other porphyry stages intrude (the QMP1) and enrich the metal concentration. Finally, a lithocap of andesite volcanic hides the previous lithologies and mineralization under the surface, following an overthrust faulting in a west direction.

The alteration model is centered by the potassic assemblage in the QMP1, expanding to the QMP2 and the diorite host rocks, following mainly the North 60-80 East structural direction. The SCC alteration assemblage is proximal to the potassic, with the phyllic and propylitic alterations appearing outwards of the porphyry center.

The drilling results confirm the existence of a high-grade mineralization zone (HGMZ) centered by the QMP1, extending along the N60-80E structural control, and dipping to the south-southeast. The hypogene sulfide in this body is intimately associated with multiphase stockworks and unidirectional arrays of millimetric and centimetric veinlets of A, B, and M types, in potassically altered rock of the QMP1 and adjacent diorite. The copper-gold mineralization in the HGMZ is dominantly contained in a steeply inclined, tabular zone of intense quartz veining, typically carrying >30 veinlets per meter. The HGMZ widths vary from 50 m to 260 m and averaging grades from 0.51 to 1.21 % Cueq. The ore body outcrops at surface along 150 m strike length and shows a vertical continuity to over 450m depth, where its lateral footprint is increased to 450m along strike. Good potential exists to grow the lateral continuity to 750 m along strike, as suggested by the drillhole, **CB-05**, located close to the North pit limit.

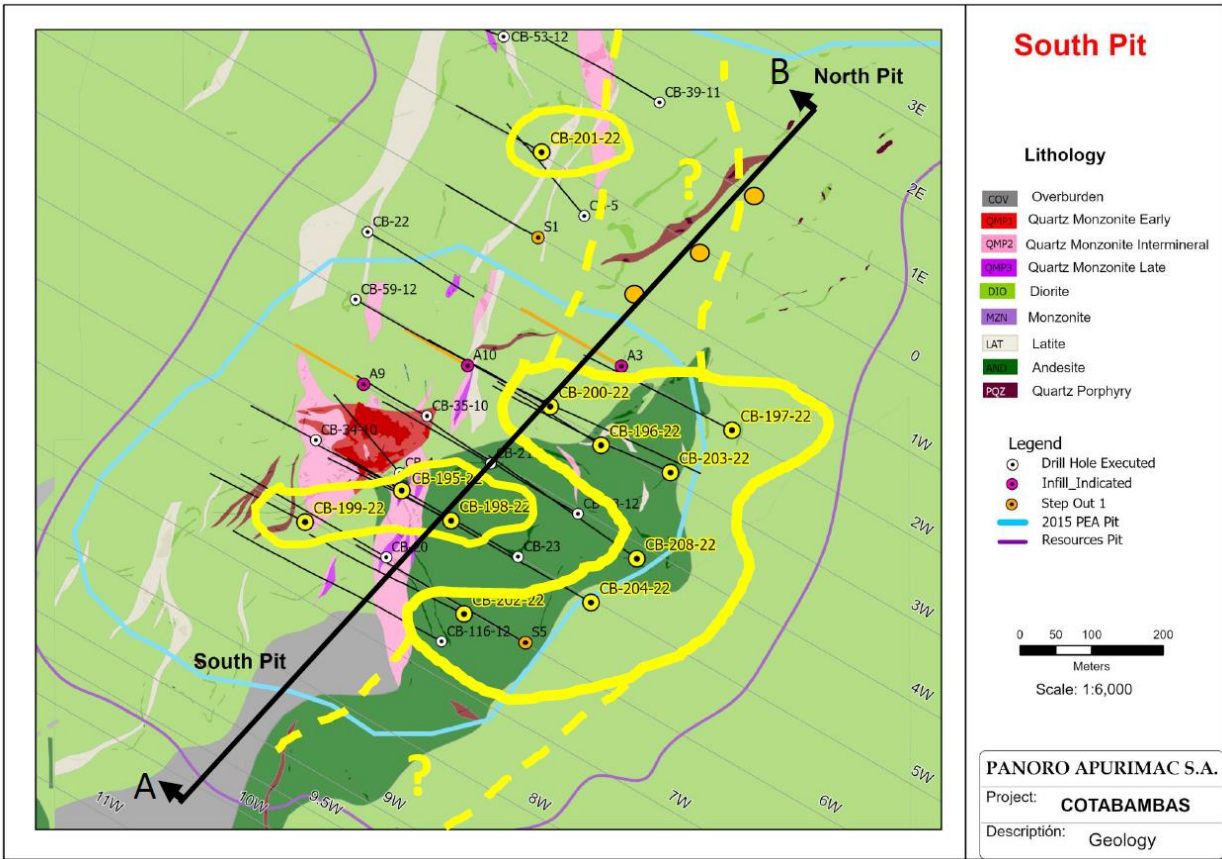
The average copper:gold ratio, in term of contained metal value, in the South pit is 1:1 and reflects the higher gold content than in the North pit where this ratio is averaging 2.7:1. The silver:gold ratio in the South Pit is 6:1 while in the North pit this increases up to 14:1. The South pit is interpreted as an early and different mineral pulse of Cu-Ag mineralization rich in gold, as suggested by geochronology studies. The secondary biotite of the potassic alteration in the South pit porphyry reports an Ar-Ar age of 35.3+0.7 Ma, while in its pair of the North pit reports an Ar-Ar age of 35.9+0.4 Ma (R. Rivera 2011). Another study confirmed with K-Ar methods an age of 35.7+0.9 Ma for the North pit porphyry and 43.2+1.1 Ma for the diorite host rock (K-Ar age by Perello et.al. 2003).

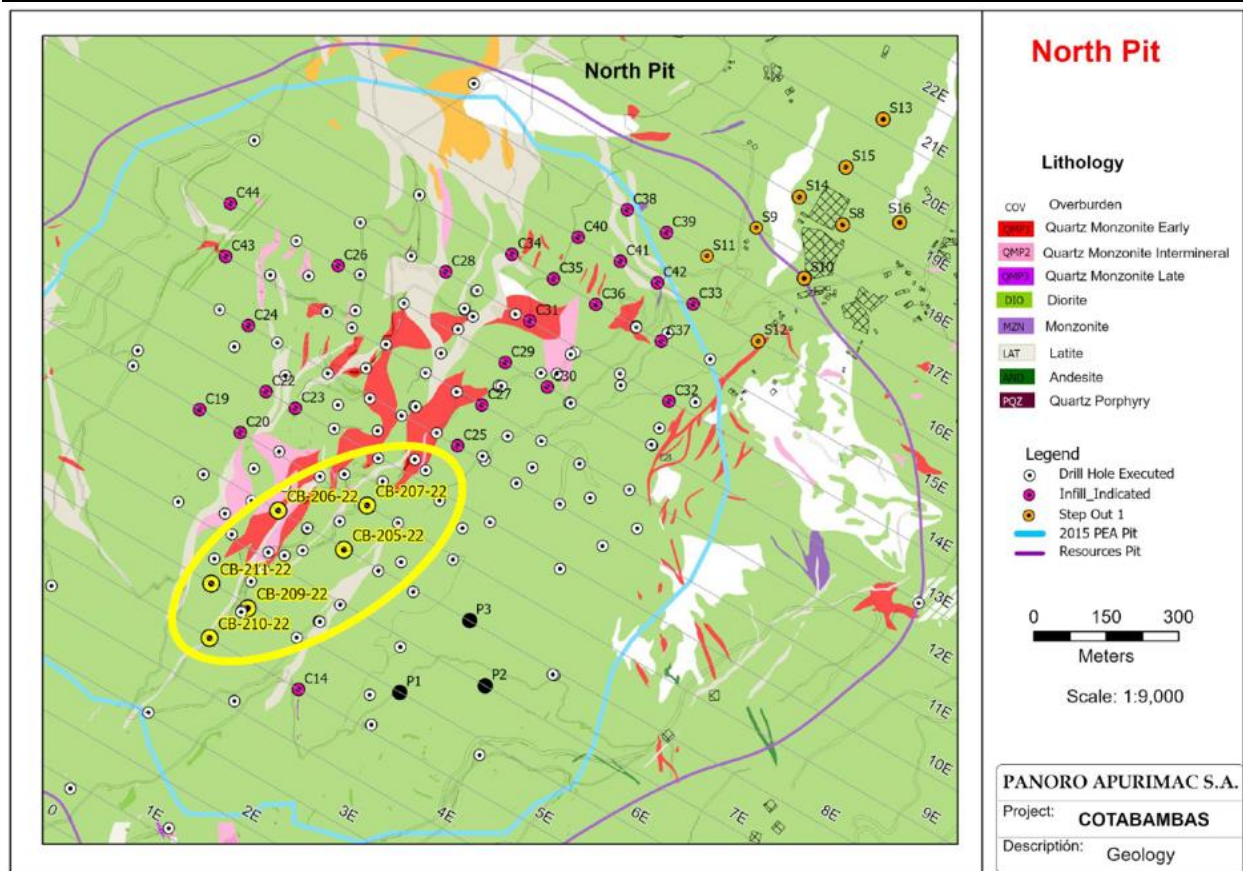
The geophysics signatures also build up an exploration model that may guide future drilling of the potential at depth. The HGMZ is open and deepening to join the west side of an isolated high resistivity signature, wrapped and surrounded by a high magnetic anomaly. The chargeability is split into two blocks and interpreted as an external pyrite halo following a structural over-thrusting, through which the HGMZ is deepening.

Finally, the bottom of the PEA South pit is located between 230 and 300 m below the surface and shows the high potential to incorporate new mineral resources at depth, along strike and at depth following the structurally controlled porphyry.

The Company continues drilling in the South pit targeting the addition of new mineral resources and upgrading a resources to the Indicated category. In parallel, the re-logging and updates of the geologic modelling are progressing in parallel. Some of the future drillholes will be located below the **CB-23** (section 5W), **CB-63** (section 4W) and **CB-196** (section 3W).

The South Pit target is located between 400m to 1200m to the south of the proposed North Pit as defined by the September 22, 2015, Preliminary Economic Assessment.





On June 7, 2022, the Company announced results for Drillhole **CB-195**, the first hole completed of the 2022 program, intersected 195.8m averaging 0.55% Cu, 0.52 Au g/t, 2.88 Ag g/t (0.92% Cueq), including a profile of copper oxides, mixed and hypogene zones. The primary copper sulfides in the hypogene zone include 45.7m grading 0.95% Cu, 0.78 g/t Au and 4.35 g/t Au (1.51% Cueq) into a porphyry stock of quartz monzonite composition.

On June 21, 2022, the Company announced results for the step out Hole **CB-196** is successful in expanding the footprint of the high-grade mineralization and provides further evidence to the company's theory that the newly identified high grade zone is open to the northeast of the South Pit. This second hole included intersections of two intervals of primary copper sulfides of 57.9m grading 0.43% Cu, 0.43 g/t Au, 2.58 g/t Ag (0.74% Cueq) and 23.2m averaging 0.60% Cu, 0.49 g/t Au, 3.41 g/t Ag (0.96% Cueq) within 148.6m averaging 0.36% Cu, 0.34 g/t Au and 2.51 g/t Ag (0.61 % Cueq). Assay results from **CB-196** included intersections of up to 2.30% Cu, 1.29 g/t Au and 8.60 g/t Ag where the high grades of Cu and Au/Ag are positively correlated occurring in the same mineralized zones.

Discussion of Results

The purpose of **CB-196** was to confirm continuity of the high grade intersected in drillhole **CB-195**, but outside the northeast limit of the South Pit. This new area was explored in 2012 with exploratory hole **CB-59**, drilled from west to east without significant results, but with some evidence of potassic alteration in the diorite host rock. Hole **CB-196** was drilled in the opposite direction over the hanging wall of Hole **CB-59**.

The results of hole **CB-196** indicate the potential for the extension of the high-grade zone beyond the northeast limits of the current resource model at the South Pit. Additional drilling will test the extension of the high-grade zone to upgrade the confidence to Indicated category with infill holes at platforms 10 and 11.

On August 31, 2022, the Company announced results of four additional drill holes.

Hole **CB-198** confirmed the high-grade continuity between the previous holes **CB-23** and **CB-195**, intersecting a 260 m length of primary copper sulfide mineralization averaging 0.43% Cu, 0.61 g/t Au and 2.72 g/t, Ag (0.90% Cueq), related to a porphyry stock of quartz monzonite composition intruding the diorite host rock. The intersection includes 130.4 m averaging 0.58% Cu, 0.95 g/t Au and 3.41 g/t, Ag (1.31 % Cueq)

“Drillhole **CB-198** delineates the high-grade core contained within the South Pit to approximately 350 m depth, to the bottom of the pit shell defined in the PEA mine plan and indicates continuity to a depth of over 500m to the pit shell constraining the global resource. The high-grade continuity indicates the potential to replace lower grade resource within the mine plan with higher grades including in the early part of the mine plan. This will result in important upsides to the prefeasibility study.”, stated Luquman Shaheen, President & CEO.

Discussion of Results

The purpose of Holes **CB-197** and **CB-199** was to confirm the east and west continuity of the Copper-Gold high-grades near the surface, respectively and the purpose of holes **CB-198** and **CB-200** was to confirm the lateral and vertical continuity. See the locations of the holes on the map.

Drill hole **CB-197** explored the easter continuity of the new high grade intersected by the previously announced hole **CB-196**, located 150m to the west. The hypogene mineralization was intersected in five splits with copper and gold anomalies. The mineralization is contained within the diorite host rock printed with an overlapping of potassic, SCC and phyllic alterations. The intersections show intensive faulting suggesting the high-grade mineral block was moved to depth and northwest, in direction to the North pit.

Drillhole **CB-198** explored the high-grade continuity in section 5W, intersecting copper primary mineralization along 260.0 m averaging 0.43%Cu, 0.61 g/t Au and 2.72 g/t Ag (0.90% Cueq) including 130.4 m grading 0.58% Cu, 0.95 g/t Au and 3.41 g/t Ag (1.31 % Cueq) underlain by 53.9 m averaging 0.40% Cu, 0.37 g/t Ag and 2.83 g/t Ag (0.70 % Cueq). The quartz monzonite porphyry with potassic and SCC alterations is hosting a wide stockwork of quartz veinlets with chalcopyrite, pyrite and magnetite. The three holes completed in this section confirm a vertical continuity of the high grade of 350 m, with grades varying between 0.67% and 0.92% Cueq. and widths between 180 and 260m.

Drillhole **CB-199** is located 150 m to the east of the high grade intersected by drillholes **CB-195** and **CB-198**, and 100 m above the mineralization intersected by drillhole **CB-20**. The hole intersected a fault system constraining the lateral mineral continuity, intersecting two copper anomalies hosted in the diorite with moderated potassic alteration.

Drillhole **CB-200** located 100 m above **CB-196**, where the high-grade was intersected. **CB-200** intersected almost 50 m of primary copper mineralization averaging 0.31% Cu, 0.27 g/t Au, 2.14 g/t Ag (0.53 Cueq %). The interval is part of an extensive hypogene mineralization developed in

the hanging wall of a quartz monzonite porphyry not intersected by drillhole **CB-196**, suggesting blocks have been moved by local faulting.

On November 21, 2022, the Company announced results of additional drill holes.

The principal conclusion from the results of Drillholes **CB-201**, **CB-202** and **CB-203** are summarized as follows:

- Drillhole **CB-201** results delineate the continuity of mineralization approximately 150 m to the north of the South Pit in the gap area between the two pits as well as extending mineralization continuity from approximately 200 m depth to near surface;
- Drillhole **CB-202** results delineate the extension to approximately 250 m depth of previously intersected mineralization and extends mineralization to the south of the current South Pit limits. The mineralization is open at depth with the potential for increasing grades at depth and proximity to the porphyry stock; and
- Drillhole **CB-203** extends mineralization to approximately 500 m depth and extends mineralization to the eastern limit of the South Pit.

Discussion of results

Drillhole **CB-201** is a step out hole executed to explore the western and near surface continuity of the mineralization previously intersected by **CB-05** (106.5 m averaging 0.44% Cueq, including 68.5m averaging 0.62% Cueq). The hole **CB-201** intersected 22.9 m of mixed mineralization grading 0.40% Cueq suggesting the higher grades may be expanded at depth and below **CB-05**. The plan is to complete a new drillhole from platform S-17 to explore the mineral continuity below **CB-05**. This battery of drillholes is targeting the expansion of the mineral resources to join the South and the North Pits.

Drillhole **CB-202** was a step out hole directed to explore the high-grade continuity at depth, targeting the area 100 m below the mineralization intersected in previous hole **CB-20**. The hole intersected copper primary mineralization along 237.6 m averaging 0.25% Cu, 0.20 g/t Au and 1.65 g/t Ag (0.43% Cueq) including 108.35 m grading 0.36% Cu, 0.31 g/t Au and 2.50 g/t Ag (0.63% Cueq), and including also 52.8 m averaging 0.48% Cu, 0.44 g/t Ag, 3.50 g/t Ag (0.87% Cueq). The mineralization in both drillholes is developed into a quartz monzonite dike of 35 m width and extending into the diorite in the footwall host rock. The potassic alteration is developed also in both lithologic domains. The primary mineralization is composed of chalcopyrite and minor pyrite into a pervasive quartz stockwork and shows the copper and gold grades increasing at depth. A new step out hole is planned from the platform S-5, targeting the cupula of the porphyry stock and potential for wide high-grade zones of mineralization. **CB-202** represents the furthest south drillhole in the South Pit, intersecting new mineralization, the extension of which will be tested with additional drilling.

Drillhole **CB-203** is a step out hole located 100 m to the east of the previously executed **CB-196**. and represents the northern most mineralization intersected in the north extreme of the South Pit. The hole **CB-203** intersected a copper primary mineralization within the diorite host rock from depths of 112.6 m to 706.4 m, including an interval of almost 190 m averaging 0.29% Cu, 0.23 g/t Au, 1,72 g/t Ag (0.49% Cueq). The higher copper and gold grades were intersected within the diorite located near the cupula of the quartz monzonite porphyry stock and intersected at depth with chalcopyrite stockwork and potassic alteration.

Financial

On December 3, 2021, the Company sold 75% of its interest in Antilla Copper, S.A. (“Antilla Copper”), a subsidiary of the Company. The Company received \$10.0 million on December 3, 2021, the closing date of the transaction and a further payment of \$2.8 million was to be received on October 3, 2022, ten months from the closing date of the transaction. As at November 25, 2022, the date of this MD&A, the payment of \$2.8 million has not been received by the Company.

During the nine months ended September 30, 2022, the fourteenth and fifteenth payments totalling \$1,965,225 (US\$1,500,000) was received from Wheaton Precious Metals International Ltd. (“Wheaton Metals”), pursuant to the Precious Metals Purchase Agreement (“PMPA”), bringing the total received under the Early Deposit to US\$13,000,000. An additional US\$1,000,000 is payable by Wheaton Metals to the Company in semi-annual payments of US\$500,000 in fiscal 2023, if the Company continues to meet the terms of the PMPA.

During the nine months ended September 30, 2022, the Company received a payment of \$1,901,134 (US\$1.5 million) a year in advance from Hudbay Minerals Ltd. as per its agreement for the sale of the Kusiorcco project. This payment is related to holes 1, 5 and 10, which have not yet been drilled.

The Company has completed agreements with various copper mining companies focused on exploring the Andahuallas-Yauri copper belt in southern Peru. These agreements include the sharing of some of Panoro’s regional exploration data in this prolific copper belt.

Results of Operations

The Company incurred a loss of during the nine months ended September 30, 2022, of \$796,847 (\$0.00 per common share) compares to a loss in the same period in 2021 of \$5,508,419 (\$0.02 per common share). The discussion below is based on a comparison of the nine months ended September 30, 2022 and September 30, 2021.

Exploration

During the nine months ended September 30, 2022, the Company spent \$2,2270,617 on exploration and evaluation expenditures of which \$2,630,828 was spent on Cotabambas and \$139,789 on the Company’s other projects.

Exploration and evaluation expenditures are largely made up of salaries and wages of site-based staff, geology, community relations and casual labour and other capitalized costs.

Expenses

Areas of significant changes in administration costs for the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021 include the following:

- Administration expenses consist of communications, office, professional dues and training, regulatory and transfer agent and rental costs and insurance expenses. For the nine months ended September 30, 2022, administration expenses were \$284,379 compared to \$217,697 in 2021, an increase of \$66,682 mostly due to an increase in communications and rental costs and insurance expenses;
- consulting fees for the nine months ended September 30, 2022 were \$138,398 compared to \$367,666 for the same period in 2021, a decrease of \$229,268. The decreased fees in 2022 do not include additional financial consulting services and fees related to the Wheaton Metal PMPA incurred in 2021.
- corporate development, conference, travel and shareholder relations expenses for the nine months ended September 30, 2022, were \$293,394 compared to \$91,947 for the same

period in 2021, an increase of \$201,447. In 2022, the Company continues to transition to in-person meetings and conferences and more corporate travel. In 2021, expenses incurred were primarily for webinars and online meetings. There was no corporate travel in 2021 due to COVID-19.

- Legal expense for the nine months ended September 30, 2022 was \$122,524 compared to \$202,451 in 2021, a decrease of \$79,927. The Company incurred additional legal expenses in 2021 associated with the sale of its Antilla property;
- Property evaluation expense for the nine months ended September 30, 2022 was \$121,589 compared to \$nil in 2021 as the Company assesses different targets for exploration in the current year;
- Salaries and benefits expense for the nine months ended September 30, 2022 was \$747,953 compared to \$416,881 for the same period in 2021, an increase of \$331,072. In 2022, the Company has added more personnel to support the prefeasibility study work for the Cotabambas Project. As well, in 2021 the Company reduced directors' fees, salaries and other costs on a temporary basis to assist the Company to continue operations throughout the period of the COVID-19 pandemic;
- Interest income for the nine months ended September 30, 2022 was \$10,567 compared to interest income of \$117,206 for the nine months ended September 30, 2021 due to the accretion of interest associated with an agreement of sale of the Cochasayhuas Gold Project to Mintania S.A.C. ("Mintania") in 2020. In November 2021, Mintania advised that they were unable to make payments due and returned the project to the Company. As at December 31, 2021, the Company wrote-off all amounts receivable from Mintania including interest accreted in 2021;
- The Company recorded other income of \$271,672 for the nine months ended September 30, 2022 (2021 - \$nil) for services rendered to Heeney Capital Acquisition Company ("HCAC"), the company that acquired 75% of Antilla Copper from the Company. Panoro continues to provide services to support HCAC in Antilla's operations;
- For the nine months ended September 30, 2022, the Company recorded a gain of \$1,901,134 (2021 - \$nil) from the sale of Kusiorcco and recorded a loss of \$nil (2021 - \$4,109,252) for the nine months ended September 30, 2022 from the write-off of certain mineral properties; and
- The Company incurred a foreign exchange gain of \$630,603 for the nine months ended September 30, 2022 compared to a foreign exchange loss of \$87,313 for the same period in 2021 mostly due to the change in the US dollar vis-à-vis the Canadian dollar and corresponding exchange rates in the two comparative periods.

As at September 30, 2022 and December 31, 2021, the Company had seven directors. Directors' fees also include fees paid to a director of a subsidiary of the Company.

Liquidity and capital resources

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 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 Company has a number of agreements in place which will provide liquidity into the foreseeable future, including the Company's PMPA with Wheaton Metals, whereby the Company has received proceeds of US\$13,000,000 to the date of this MD&A. A total of US\$1,000,000 is payable by Wheaton Metals to the Company in semi-annual payments in fiscal 2023.

As at September 30, 2022, the Company has an accumulated deficit of \$52,383,198 (December 31, 2021 – \$51,586,351) and a working capital deficiency of \$2,985,914 (December 31, 2021 – working capital of \$144,338), being current assets of \$13,080,981 (December 31, 2021 – \$13,459,028) less current liabilities, of \$16,066,895 (December 31, 2021 – \$13,314,690). The Company's working capital deficiency as at September 30, 2022, includes the current portion of the Wheaton Precious Metals Purchase Agreement ("Wheaton PMPA") which is presented as a current liability under IFRS as it is restated to fair value by the conversion of the liability to Canadian dollars at the period end rate. If the Company includes the current portion of the PMPA of \$15,077,700 (December 31, 2021 – \$12,044,100) as long-term, the working capital as at September 30, 2022, would be \$12,091,786 (December 31, 2021 – \$12,188,438).

Risks relating to the PMPA include the ability of the Company to maintain the working capital requirements of the PMPA. Wheaton Metals 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\$2,000,000. Wheaton Metals can elect to receive a portion of the early deposit either as cash or shares upon termination, with the Company having the right to defer cash payments under certain conditions for up to two years. If 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 as at September 30, 2022, the Company believes that it has sufficient funds to meet operational expenditures over the ensuing twelve-month period, providing that payments from Wheaton Metals continue as per the PMPA, and other scheduled payments are forthcoming. The Company will continue to review planned investment expenditures, primarily at the Cotabambas and Humamantata Projects, but also its overhead expenditures in order to meet changes in working capital estimates.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Commitments

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:

	2022	2023	2024	2025	2026	Total
Office lease (Vancouver)	\$ 26,169	\$ 105,467	\$ 107,366	\$ 109,264	\$ 111,163	\$ 459,429
Office lease (Perú)	\$ 10,432	\$ 42,773	\$ 7,164	\$ -	\$ -	\$ 60,369
Accrued vigencias	\$ 442,531	\$ -	\$ -	\$ -	\$ -	\$ 442,531
Accounts payable	\$ 223,679	\$ -	\$ -	\$ -	\$ -	\$ 223,679
Accrued liabilities	\$ 234,863	\$ -	\$ -	\$ -	\$ -	\$ 234,863
	\$ 937,674	\$ 148,240	\$ 114,530	\$ 109,264	\$ 111,163	\$ 1,420,871

Transactions with related parties

Employment contracts have been entered into with each of the President and Chief Executive Officer, the Vice-President Exploration, the Senior Vice-President, South America, the Vice-President, Operations and the Chief Financial Officer.

Details of key management personnel compensation is as follows:

	Nine months ended September 30,	
	2022	2021
Salary, fees and benefits	\$ 1,013,662	\$ 655,928
Share-based compensation	35,655	-
	\$ 1,049,317	\$ 655,928

As at September 30, 2022, included in accounts payable and accrued liabilities was \$21,750 (December 31, 2021 – \$15,708) in directors' fees payable, and \$nil (December 31, 2021 – \$11,711) payable to officers for expenses incurred on behalf of the Company.