

# **PANORO MINERALS LTD**

## **ANNUAL INFORMATION FORM**

Year Ended December 31, 2008

March 20, 2009

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## **ITEM 1: PRELIMINARY NOTES**

### **1.1 Incorporation of Financial Statements, Proxy Circular and Reports**

Specifically incorporated by reference and forming a part of this Annual Information Form are the audited financial statements for the Company for the period ending December 31, 2008, together with the auditor's report thereon.

All financial information in this Annual Information Form is prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP").

### **1.2 Forward Looking Statements**

This Annual Information Form contains forward-looking statements, concerning the Company's operations and planned future acquisitions and other matters. Any statements that involve discussions with respect to predictions, expectations, belief, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "might", or "will" be taken to occur or be achieved) are not statements of historical fact and may be "forward looking statements" and are intended to identify forward-looking statements, which include statements relating to, among other things, the ability of the Company to continue to successfully compete in its market. Such forward-looking statements are based on the beliefs of the Company's management as well as on assumptions made by and information currently available to the Company at the time such statements were made. Forward looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward looking statements, including, without limitation, the failure to obtain adequate financing on a timely basis and other risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set forth or incorporated in this Annual Information Form generally and certain economic and business factors, some of which may be beyond the control of the Company. Some of the important risks and uncertainties that could affect forward looking statements are described further in this document under the headings Item 5 - Risk Factors and Item 4 - Description of the Business.

### **1.3 Date of Information**

All information in this Annual Information Form is as of March 20, 2009, unless otherwise indicated.

### **1.4 Currency and Exchange Rates**

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

## **ITEM 2: CORPORATE STRUCTURE**

### **2.1 Name and Incorporation**

Panoro was incorporated pursuant to the laws of British Columbia on September 28, 1994 under the name "Anaconda Minerals Corporation", by Memorandum and Articles filed with the Registrar of Companies for British Columbia. On February 28, 1997 the Issuer changed its name to "Panoro

Resources Ltd.”. The Company was amalgamated in British Columbia on June 6, 2003 under the *Company Act* of British Columbia (the predecessor of the BCA) and changed its name to “Panoro Minerals Ltd.”.

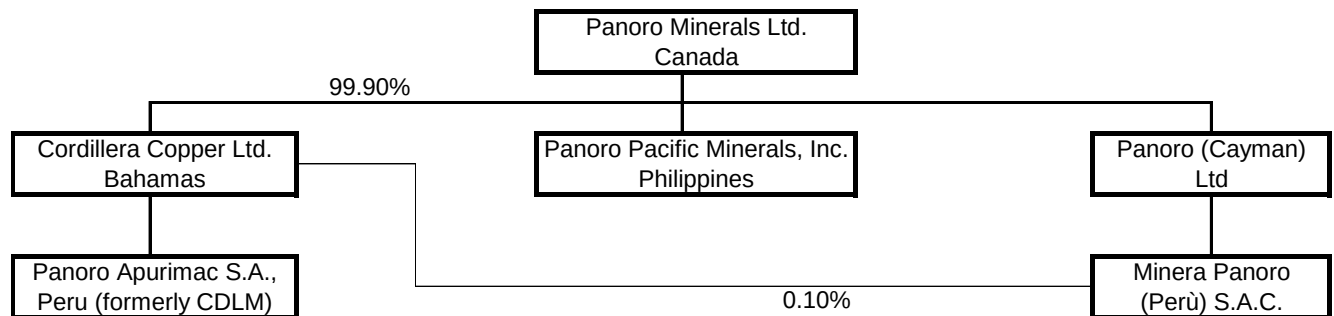
The head office of Panoro is located at Suite 900, 510 West Hastings Street, Vancouver, British Columbia V6B 1L8. The registered and records offices of Panoro are located at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

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

## 2.2 Intercorporate Relationships

The following chart sets out the Company’s corporate structure including all subsidiaries. The Company is incorporated under the laws of the Province of British Columbia

The Company has five wholly owned subsidiaries: (i) Minera Panoro (Peru) S.A.C., incorporated pursuant to the laws of Peru on June 9, 1998; (ii) Panoro (Cayman) Ltd., incorporated pursuant to the laws of the Cayman Islands on March 2, 1998; and (iii) Panoro Pacific Minerals, Inc., incorporated pursuant to the laws of the Philippines on April 18, 2006 (iv) Panoro Apurimac (formerly Cordillera de las Minas SA, incorporated on August 15, 2002 under the laws of Peru. Panoro Apurimac’s head and registered office is located at Ave. Jose Larco 748, 3<sup>rd</sup> floor, Miraflores, Lima 18, Peru. Minera Panoro (Peru) S.A.C. is the wholly owned subsidiary of Panoro (Cayman) Ltd.



### **ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS**

#### **3.1 Three Year History**

##### **Financings**

###### **2006**

On May 31, 2006, the Company completed a brokered and non-brokered private placement of 2,410,000 units at a price of \$0.35 per unit for gross proceeds of \$843,500. Each unit consists of one common share and one share purchase warrant exercisable to acquire one common share at \$0.50 per share on or before November 30, 2007. The agents, as a commission, were issued 9,800 units with the same terms as the private placement and cash of \$9,595.

###### **2007**

On May 24, and May 29, 2007 the Company closed a brokered private placement for gross proceeds of \$20,170,119 on the issuance of 33,616,865 units at \$0.60 per unit. Each unit is comprised of one common share and one half of one share purchase warrant, each whole warrant is exercisable for \$0.75 for two years. A cash commission of 7% was paid to the agents in addition to 3,361,686 brokers warrants to purchase units under the same terms as the financing.

###### **2008**

On April 8, 2008 the Company received \$500,000 as part of the sale of their interest in the Surigao project to Mindoro Resources. During the year 950,000 options were exercised for proceeds of \$190,000.

##### **Acquisitions and Disposal**

###### ***Mindoro***

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

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

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

In the event that the nickel laterite prospect, located on the Agata project should proceed to production and upon shipment of an aggregate one million wet tonnes of nickel laterite, Mindoro will pay the Company an additional \$500,000 cash, plus an additional \$500,000 cash on the first anniversary of the shipment.

###### ***Cochasayhuas and Checca Joint Venture***

On March 17, 2008 the Company granted Consorcio Minero Horizonte ("CMH"), a privately owned gold

mining company of Peru, an option to earn a 50% interest in two of their Panoro Apurimac projects.

In June, after assessing the permitting issues at both projects, CMH elected to proceed with the Cochasayhuas Project. On March 6, 2009 CMH decided not to proceed with the joint venture, after Panoro did not accept proposed changes to the Joint Venture agreement, and returned the property to the Company.

#### **ITEM 4: DESCRIPTION OF THE BUSINESS**

The Company is in the business of acquiring resource properties in Peru and exploring those properties for commercially viable mineral reserves of copper and gold. These properties are held through the Company's various Peruvian subsidiaries.

Panoro is currently focused on exploring and developing its Antilla, Cotabambas, Kusiorcco, and El Rosal properties. Other properties of Panoro are Cochasayhuas, Checca, Alicia, Promesa, Pistoro Norte, Sancapampa, Humamantata, Pataypampa, Anyo, and Morosayhuas. The Company also has a 4% interest in the Huaquirca joint venture which includes the Chapi-chapi and Utupara projects in Peru.

The following information has been excerpted from a technical report prepared by SRK Consulting (Canada) Inc. ("SRK") pursuant to the provisions of Canadian Securities Administrators National Instrument 43-101 ("NI 43-101") entitled "Independent Technical Report on the Mineral Exploration Property of Cordillera de las Minas S.A. – Andahuaylas—Yauri Belt, Cuzco Region Peru" dated March 9, 2007 in accordance with the requirements of National Instrument 43-101 (the "CDLM Report"). Only information concerning the Cotabambas and Antilla properties, which form the most advanced projects comprising the CDLM Concessions, have been excerpted herein. For information concerning the other concessions comprising the CDLM Concessions, readers are referred to the full text of the CDLM Report on the company's website. The figures cited in Property Description and Location had been revised and reflects an increase in number of concessions and total area resulting from the purchase of 2 exploration concessions in 2007 by the Company.

### **4.1 Antilla**

#### **Property Description and Location**

The Antilla Project is located near the small town of the same name. The town is located in the District of Sabaino, in the Province of Antabamba and the Department of Apurimac. The centre point of the exploration concession lies at UTM coordinates 8,414,000N, 718,500E between elevations 3,300 and 4,100 metres above sea level..

At the time the Company acquired Panoro Apurimac the project area was covered by 9 exploration concessions, with a total area of 6,800 hectares. In 2007 the company acquired two additional exploration concessions with a total area of 600 hectares. These concessions are within the existing group of concessions. As a result, the Company holds a total of 11 concessions with an area of 7,400 hectares.

#### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

The area is at present most easily accessible from Cuzco via the 366 km Cuzco-Abancay-Antilla road. In

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

Physiographically, the area is characterized by steep terrain with deeply incised valleys. The intense runoff drains to the Atlantic Ocean via the two principal rivers, the Chalhuanca and the Antabamba. The climate is mild and moderately rainy, characterized by long winters between June and November and abundant summer rains from December to March. Geomorphologically, the area lies east of the continental divide on the eastern slope of the Western Cordillera of the Andes marked by the Huanzo Cordillera.

### History

Prior to CDLM, Southern Peru Copper S.A. (SPCC) carried out exploration work in 1999 including drilling on an optioned property immediately to the east of what became the Antilla block. Poor results caused SPCC to abandon the property. Anaconda evaluated the same property in 2000. CDLM carried out geochemical exploration in 2002 investigating geochemical anomalies to the west of Calvario Hill, where SPCC had worked, and subsequently staked the first 2800 hectares. Geological mapping and geophysical surveys were carried out in 2003 leading to a drilling program in September 2003 and 2004. A geological model was developed in 2004 and 2005.

### Geological Setting

The Antilla project exhibits the characteristics of a Cu-Mo porphyry system with formation of secondary enrichment.

### **Stratified Rocks**

The currently known mineralization at the Antilla project is located within clastic sequences, from the bottom, of the Chuquibambilla and Soraya formations, which make up the Yura Group. The Chuquibambilla Formation is essentially constituted by dark-gray siltstones intercalated with fine to medium grained gray sandstones, in horizons up to 0.5 m thick and local layers of calcareous siltstones. A characteristic of these horizons is the local presence of cubic, finely laminated, autigenic pyrite, as well as intercalated horizons of carbonaceous material.

The Soraya Formation is represented by three main members a basal member, 600m thick, made up of intercalations of whitish-gray medium- to fine-grained quartzite with gray quartzite sandstones and, to a lesser extent, black-gray sandstone horizons where quartzite sequences predominate, an intermediate member, 150m thick, made up of intercalations of grayish-brown shales and gray sandstones exhibiting smoother topographic traits and an upper member (200m) exposed south of the project, where thin medium-grained sandstone horizons predominate.

The bulk of the Antilla supergene mineralization occurs in the middle part of the basal member of Soraya Formation which also constitutes the country rock of the Main Porphyry.

### **Intrusive Rocks**

#### Granodiorite Porphyry

This constitutes the main intrusive body and is considered to be associated with the hypogene

mineralization in the East Block. The best outcrops are localized around the intersection of the Huancaspaco River and the Chalhuani stream, covering an area of approximately 750 m by 600 m, with a predominantly N-W strike and locally N-S in all lateral terminations. The other intrusive center has a smaller outcrop located on the eastern part of the East Block. The rock is porphyritic comprising approximately 30% fine-medium grained plagioclase phenocrysts, 5% medium grained quartz phenocrysts, 5% coarse grained K-feldspar megacrysts and 3% fine-grained mafic phenocrysts in an aphanitic K-feldspar rich groundmass.

#### Latite Porphyry

This is a post-mineral intrusive and occurs as dikes minor dikes occupying structures striking generally N-W on the center of the East Block. It is porphyritic rock comprising approximately 30% fine grained to locally coarse grained megacrystic plagioclase phenocrysts and 7-10% fine to medium grained mafic phenocrysts in an aphanitic K-feldspar dominant groundmass.

#### Diorite Porphyry

It had been mapped only on the West Block and so far there has been no indication that it has a direct relationship to the porphyry copper mineralization on the East Block. It is a porphyritic rock comprising approximately 30% fine-medium grained partly altered white plagioclase phenocrysts, 7-10% fine to medium grained (former) mafic phenocrysts in a aphanitic groundmass. It is generally altered to clay-biotite-muscovite and chlorite. This rock had been intersected by ANT-13 on the West Block.

#### Monzonite Porphyry

This had been mapped on the eastern part of the East Block as sills. It is porphyritic rock comprising of approximately 20% fine-medium plagioclase phenocrysts and approximately 7% lath-like shapes in a fine-grained matrix that varies from K-feldspar bearing to K-feldspar absent.

#### Exploration

Prior to 2008, geological mapping at 1:5000 scale has been concentrated on the central part of the property identified as the East Block and the West Block. Reconnaissance mapping has been carried out on the remainder of the property and on adjacent third party claims. Systematic rock and soil geochemical sampling has been carried out on a 100m by 50m line grid across the western zone of the project. A total of 2461 samples were taken, including 734 rock samples and 1727 soil sample.

The geophysical surveys carried out in 2003 and 2004 comprised 214.2 line km of magnetometer surveys and 43.6km of Induced Polarization/ Resistivity surveys. The geophysical surveys in both years were carried out by VDG del Peru S.A.C. and the reports were authored by Rejan Pineault P.Eng., General Manager Chief geophysicist and General Manager and Gloria Fernandez, Project Geophysicist.

In 2008 while drilling was being undertaken, a review of the geology was done in order to check the different rock types identified earlier by CDLM. The review undertaken consisted of field mapping, core logging and petrographic analysis to confirm the rock types encountered. In addition, several outcrop samples were also collected and analyzed for gold, copper, molybdenum and other elements.

#### Deposit Types, Alteration and Mineralization

The Antilla project contains the upper distal portion of a porphyry copper deposit, with porphyry style mineralization and alteration present in the overlying quartzites and sandstones. The porphyry style mineralization has been enriched by meteoric processes into a zone of secondary enrichment which



constitutes the deposit type of interest on the property. While primary porphyry style mineralization has been intersected in drill hole ANT-13 outside the areas of secondary enrichment, the depth and location of the primary porphyry deposit underlying the secondary enriched zone are thought to be unknown at this time.

The Antilla deposit is described as a supergene chalcocine blanket hosted by a package of gently dipping siltstones, sandstones, and medium to fine grained quartzite and sandstones. It is believed to be associated with a system of porphyry intrusions occurring as dykes and laccolithic sills; however, apart from ANT-17, ANT-56 and ANT-58, limited amounts of intrusive rock have been encountered in the immediate vicinity of the deposit. Despite this lack of intrusives, a large halo of secondary biotite alteration has been identified beneath the blanket, and the mineralization exhibits many features typical of porphyry related mineralization and alteration.

Primary Cu-Mo mineralization consists of disseminated and fracture and/or vein-hosted chalcopyrite, minor bornite and molybdenite, and is accompanied predominantly by potassic and sericitic alteration. A characteristic trait of hypogene mineralization is its close relationship with certain horizons of the sedimentary country rock sequence, indicating an intense lithological control on mineralization. Supergene mineralization is defined by the presence of pulverulent (sooty) chalcocine and, to a lesser extent, covellite. Both appear as coatings over scattered pyrite and chalcopyrite grains. The supergene 'blanket' is defined by markedly higher grades within near surface intervals up to 96 metres thick.

The Antilla deposit occurs near the intersection of two regional scale (>10km) reverse faults: the northeast trending Piste Fault to the west, and the east-west trending Matara Fault to the south. The deposit itself is transected by a dominant northwest trending set of dextral strike slip faults, northeast trending faults and sub-vertical, north-south structures. The dominant northwest trending structures are parallel to the drill sections and therefore poorly represented in the core. The relationships between the different faults and the mineralization is unknown, however, many of the highest grade intervals in drill core observed by SRK are clearly associated with narrow fractures and faults with slickensided surfaces and minor gouge. These structures are commonly sub-parallel to the core axes (especially, ANT-01) and, as such, they may belong to the northwest trending fault system. In some holes, (especially ANT-04 – not used in either estimate) a good correlation can be seen between poor core recoveries and grade, either indicating biased recovery of mineralized material, or preferential mineralization in strongly fractured rock.

### Drilling 2008

An exploration permit was obtained on May 21, 2008 and drilling started May 24, 2008. Originally the proposed drill program includes 47 drillholes for an estimated total of 10,000 metres. Thirty-seven of these drillholes were planned on the East Block as infill drilling to better delineate the mineralization with the objective of completing a 43-101 compliant resource estimate. Ten additional drillholes were planned in the West and Intermediate Blocks to explore for additional mineralization. In addition to exploring in the West and Intermediate Blocks, a few of the drillholes in the East Block were planned to explore for a deeper porphyry system. All the holes were located by differential GPS and the down-the-hole inclinations by Sperry Sun instrument.

As drilling proceeded and the potential for the expansion of the East Block target to the northwest was confirmed the exploration holes planned for the West and Intermediate Blocks were relocated to the west and northwest side of the East Block. Additionally, the proposed deep drillholes were located within the boundary of the East Block and served the dual purpose of infill and deep exploration.

The drilling in Antilla was completed on November 25, 2008 with 48 drillholes or a total of 9,362 metres. Two of these were deep holes which at the same time functioned as infill or confirmatory holes. All these holes were located on or within the vicinity of the East Block.

Some of these were drilled 200-250 metres to the northwest and outside of the SRK defined East Block mineralized zone. These drillholes located outside of the SRK defined zone confirmed the extension of the secondary enrichment blanket. The deep holes, on the other hand, while intersecting supergene sulfide mineralization did not intersect significant primary copper mineralization at depth. All the assay results of the 48 drillholes have been received from third party testing laboratory in Lima, Peru and have been published via news releases and on the company's website. The test results are posted on the Company's website and indicate that the thickness and grade of the mineralized zone is consistent with previous results.

#### *Historical Drilling*

Between September 2003 and February 2005 19 diamond drill hole were drilled for a total of 4,012m. Azimuth and dip were set at the collar with a Brunton Compass. Down the hole surveys were carried out in all holes with a Sperry Sun instrument to hole ANT-05. Down the hole surveys were also carried out with a Flexit instrument in holes ANT-11 to ANT-13.

#### Sampling, Analysis, Security of Samples and Data Verification

##### *2008*

For the drilling in 2008, all the core samples were transported from Antilla on a truck and escorted by a Panoro employee or staff working on the project to the drop-off office of ALS Chemex in Cusco, Peru. From this drop-off office, the samples were either delivered to ALS Chemex's sample preparation facilities in Arequipa or Lima. All the samples were analyzed in ALS Chemex laboratory in Lima. For every batch of samples (a batch consists of 60 core samples) two standard samples and a blank sample were inserted, a duplicate analysis is done one from the coarse reject and the other from the pulp sample. In addition the other half of the core of the 60<sup>th</sup> sample (field duplicate) was sent as well for analysis. Each sample, except for the standard samples, are assayed for gold by fire assay-atomic absorption spectrometry (FA-AAS) under method Au-AA23 and for silver, copper, molybdenum, lead and zinc by atomic absorption spectrometry (AAS) under method AA62. This method utilizes the four-acid digestion before AAS. The standard samples were analyzed for silver, copper and molybdenum.

##### *Historical*

The sampling and analytical protocols for the old holes (ANT-01 to ANT-19) Antilla were the same as at Cotabambas. All core from Antilla was transported to the core logging and storage facility at Cotabambas where it is stored under lock and key and where the authors examined the core from the project.

SRK reviewed approximately 300 assays in the drill hole database and compared them with the original hardcopy assay certificates during the Data Room visit. No errors were found.

In the process of constructing the Gemcom database, topographic data were imported from the Arcview shape files. Several of the drill hole collars were found to lie significantly above or below this surface, four of which (ANT-02, -02A, -07, and -09: all from 2003 drilling) had to be adjusted by more than 50 metres. Of these four, only ANT-07 was used in the SRK model and estimate.

CDLM reportedly included 3 duplicates and 2 standards (one Cu and one Au standard) in every sample batch (C. Neyra, pers. comm.); however, no independent QAQC data for these analyses were available to

SRK at the time of the review by SRK. CDLM did provide digital copies of the laboratory analytical data, which include 1 lab repeat in every batch of 22 pulp samples. Some batches contain explicitly marked (by the lab) blanks, and other batches contain samples which appear to have been independently submitted blanks, but cannot be confirmed as such. The internal laboratory repeats show fair repeatability (generally better than 10%) for pulps, and the explicit and implicit blanks indicate little or no contamination. However, the lack of information on independent standards, and whether they were submitted or not, prohibits an evaluation of the accuracy of the analyses.

### Geological Potential Estimate

#### CDLM Estimate

The geological potential at Antilla was initially assessed in 2005 by CDLM. No Geologic model was used by CDLM for the Antilla estimate. The exploration target assessment at Antilla is based on 2 simple rectangular blocks defined by the crudely interpreted extent of the mineralized and the average thickness and grade chosen intervals in the contained drillholes. Intervals were picked using 0.3% cut-off.

Table 1: Exploration target assessment for the Antilla Cu deposit, Cordillera de las Minas S.A, 2005

| <b>Cut-off<br/>(%)</b> | <b>Tonnes<br/>(Millions)</b> | <b>Cu Grade<br/>(%)</b> |
|------------------------|------------------------------|-------------------------|
| 0.3                    | 114                          | 0.71                    |

#### SRK Estimate

As a validation check on CDLM's Antilla estimate SRK conducted a similar estimate using a modified model and different assessment of the average grade. Eventually SRK came up with an Assessment of Potential Recoverable Tonnage and Grade. This section of the SRK report is reproduced below.

#### ***Assessment of Potential Recoverable Tonnage and Grade***

The assessment of the potentially 'recoverable' grade and tonnage is based on the distribution of the composite grades and the volume of the mineralized envelope with a specific gravity of 2.5. The resulting tonnage and grade are presented in Table 2. It should be noted that these results are only optimistic approximations of the geologic potential. In all likelihood, assuming that a similar assay distribution will be established from more drilling, the results are biased in a fashion similar to polygonal estimates – in other words, the 'recoverable' grade is too high and the tonnage too low. Based on calculations of tonnage within the mineralized envelope and based on the range of average grades from bootstrapping potential average grades in the property span as presented in Table 3.

Table 2: SRK estimate of Antilla target potential

| <b>Cut-off<br/>(%)</b> | <b>Data</b> | <b>Tonnes<br/>(Millions)</b> | <b>Grade<br/>(%)</b> |
|------------------------|-------------|------------------------------|----------------------|
| 0                      | Not trimmed | 135                          | 0.7                  |
| 0                      | Trimmed     | 135                          | 0.68                 |
| 0.3                    | Not trimmed | 108                          | 0.78                 |
| 0.3                    | Trimmed     | 108                          | 0.75                 |
| 0.4                    | Not trimmed | 85                           | 0.89                 |
| 0.4                    | Trimmed     | 85                           | 0.86                 |

Table 3: Potential ranges of grade within a defined volume at no cut-off at the Antilla property based on the "trimmed" set of data

| Scenario    | Tonnes<br>(Millions) | Grade<br>(%) |
|-------------|----------------------|--------------|
| Pessimistic | 135                  | 0.61         |
| Optimistic  | 135                  | 0.75         |

*Note: The “pessimistic” and “optimistic” grades quoted in Table 23 represent the range of values for the average grades at the 90% confidence level as determined by the method described above. The corresponding values for the “untrimmed” data are 0.63% and 0.79% copper.*

Given the simplicity of the geological setting at Antilla, the tabular geological model presented here is considered a reasonable, albeit simplified, representation of reality. Based on core observations, the sequence is likely to be significantly dissected by minor faults; however, displacements are not likely to be discernable at the scale of observation. The greatest uncertainties in the Antilla estimates arise from the estimates of the ‘average’ grade. Observations in core indicate the potential for at least two grade populations within the deposit – a high grade population associated with minor faults, and a low grade, background population. The lack of sufficient data to adequately evaluate the potential impact of this grade distribution is considered a significant risk to any generalized estimate of average grade in the deposit.

In this context, SRK is uncomfortable in re-stating the CDLM estimate for the Antilla deposit as a current mineral resource under the CIM Definition Standards for Mineral Resources and Mineral Reserves Guidelines. SRK is however of the opinion that the CDLM estimate is relevant. The reader is cautioned that the CDLM estimate should not be relied upon and that mineral resources are not mineral reserves and do not have demonstrated economic viability. For this reason, the estimates provided in Tables 2 & 3, may be considered a conceptual target potential for the metal content at Antilla.

### Exploration and Development

The principal objectives for 2009 are to complete the studies for the National Instrument 43-101 compliant resource estimate for the recently completed exploration program at the Antilla Project. AMEC Peru, an independent consultant, has been contracted to carry out an estimate of the mineral resources for the project. Quality control and assurance protocols are being followed in the exploration program with the objective of being able to obtain a National Instrument 43-101 compliant inferred mineral resource estimate. The current exploration program has confirmed the potential to expand the limits of mineralization zone to the northwest beyond the current limits of the geological target.

## **4.2 Cotabambas**

### Property Description and Location

The Cotabambas Project is located approximately 1 kilometre west of the village of Cotabambas in the District of Cotabambas, Province of Abancay in the Department of Apurimac. The center of the project area lies at UTM coordinates 8,480,500 N and 785,500 E and at an elevation of between 3200m and 3800m above sea level.. The project consists of 11 exploration concessions covering a total area of 9,900 hectares.

All concessions are registered in the name of Panoro Apurimac. The Company has obtained an industry standard title opinion confirming ownership of the concessions.

### Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Cotabambas Project is located between the rural communities of Ccalla and Ccochapata, in the district of Cotabambas. Access to the project is 32 km from Cuzco by asphalt highway to the town of Anta and then 100 km by all weather gravel road to the small town of Cotabambas, using the Huallpachaca bridge across the Apurimac River.

The area is characterized by a relatively moderate topographic relief, with deep canyons in its lower portions that contain the larger Rivers like the Apurimac and its principal tributaries such as the Ccalla, Pisonay and Duraznomayo. The region's climate is moderately rainy, characterized by dry winters and abundant rain from December to March. The average annual precipitation in the area is approximately 1000 mm, with an average temperature of 13° C. The vegetation is of a mountainous steppe type with subtropical humid mountain forests, consisting of small shrubs, scrub and scrublands of upper Andean grass. The original vegetation was modified and replaced by local agriculture and the planting of eucalyptus forests.

### History

Work on the Cotabambas project started with detailed geophysical, geochemical (soil and rock) and geological studies in 1995. The first diamond drilling campaign was carried out in 1996, followed by diamond drill programs in 1999, 2000 and 2003. By the end of the year 2000 program 24 core holes had been drilled with a total length of 8537.85 metres.

Exploration work was resumed in 2003. Initially three diamond drill holes were drilled in the Ccalla-Cotabambas sector (CB-25 to CB-28) based on 1996 geophysical surveys. Between July and August 2003 VDG del Peru (Val d'Or) carried out a further geophysical survey (10.5km of IP at 200m line spacing and 48.2km of magnetometric surveys) in the CCayrayoc sector. In addition soil geochemical surveys were carried out on a 100 m by 100 m grid in the Guacclle sector yielding high values in copper, molybdenum and gold. Three diamond drill holes (CB-31 to CB-33) were targeted on these results. All together 9 diamond drill holes were completed in 2003 for a total depth of 3,251.65m.

In 2001 NCL Ingeniería y Construcción S.A., a Chilean Consulting Firm, carried out an estimate of the mineral resources indicated by the drilling programs up to and including drill hole CB-24. The estimate was based on a Gemcom- based block model and applied geostatistical estimating techniques. An independent estimate of the historical resources was carried out by SRK in September 2006, using the same data set as NCL in 2001.

### Geological Setting

The geology of the Cotabambas project area has been described comprehensively in Special Publication 11, 2004 of the Society of Economic Geology: "Cotabambas: Late Eocene Porphyry Copper-Gold mineralization Southwest of Cuzco, Peru" by J. Perello, et al. An excerpt of this is in the CDLM Report.

The Cotabambas porphyry is a system with multiple pulses of smaller dikes and stocks distinguishing two principal phases, the Main Porphyry and the Late Porphyry. Both phases are located in diorite and are cut by a set of late dacitic dikes related to the Ccochapata Dome.

The diorite (x), presents a hypidiomorphic inequigranular texture of fine to medium grain, with abundant plagioclase calcic and ferromagnesian mineral accumulations. The ferromagnesian is dominated by biotite and amphibole (hornblende). Accessory mineralogy includes apatite, titanite and zircon.

The Main Porphyry (Xm) and Late Porphyry (XI) are of similar texture and composition, differing in the intensity of their quartz veins (stockworks). The Main Porphyry presents a good multidirectional development of veins that are absent in the Late Porphyry bodies. Both are characterized by presenting a porphyritic texture of medium to thick grain (phenocrysts of up to 2 cm) with abundant (30-35%) plagioclase phenocrysts and amphibole (hornblende) and biotite ferromagnesian, in amounts less than 10%, a fundamental felsitic mass composed by a fine aggregate of potassium feldspar and quartz with smaller amounts of ferromagnesian.

Domes and dacitic dikes (Xp): the final stage of the Ccalla system includes a set of dacitic dikes that intrude in all the previous units. In general, they present porphyritic textures of medium to thick grain (phenocrysts of up to 1 cm) with plagioclase phenocrysts (35-40%), potassium feldspar (1-3%) and amphibole ferromagnesian (hornblende) and little biotite that does not altogether exceed 5%. The fundamental mass is microfelsitic, with fine pilotaxitic texture with fluidity characteristics (Perelló, Internal report 2001).

The structure represented by the Ccalla, Azulccacca and Guacile-San José faults of a general NE course and parallel bars moving to the gorges of the same name. This set of structures defines a corridor of about 200 to 600m of width, with individual structures of metre(s) width and kilometre scale runs (>6km) interlaced, with evidence of sinistral movement and, very locally, reactivations of inverse type with planes inclined toward the west. The dacitic composition (Xp) dikes seem to be located throughout NE faults.

### Exploration

Exploration on the project has been carried out in several phases and campaigns using a multitude of exploration methods and techniques. The last intensive phase of exploration work was carried out in 2003. Results of earlier geophysical surveys by Val d'Or in 1996 in the Ccalla sector were used in 2003 to locate four diamond drill holes (CB-25 to CB28). Further geophysical surveys were carried out by VDG del Per SAC in the Ccayrayoc sector consisting of 10.5km of IP and 48.2km of magnetometric surveys. Apparent chargeability values of between 5.0 and 21.00 mV/V were obtained. Rock geochemical sampling of a trench in this sector yielded anomalous values of 1000 to 2500 ppm.

In the Guacil sector a 100m by 100m mesh soil grid had been sampled 1996 which yielded highly anomalous values in copper, gold and molybdenum. These results were the basis for targeting diamond drill holes CB-31 to CB-33) in 2003.

### Deposit Types, Alteration and Mineralization

The principal deposit type in the Cotabambas area are copper-gold-(minor molybdenum) porphyry systems and rare skarns. Only the porphyry type is considered to be of economic interest at Cotabambas. In the scope of the Cotabambas porphyry, the potassium alteration is characterized mainly by the presence of potassium, biotite feldspar and quartz; the potassium alteration is presented in veins of millimetre to centimetre thickness. The intermediate argillic alteration is characterized by an association of greenish tones with chlorite, illite, smectite and smaller amounts of soapy green sericite, epidote and calcite. Plagioclase typically presents replacement by calcite, sericite, illite and a

bit of epidote, the amphibole and biotite preferably to chlorite, smectite, illite and green sericite are altered.

The sericitic alteration is characterized by an association of sericite and illite with abundant calcite and subordinate amounts of chlorite generally related to late dacitic dikes.

The propylitic alteration is distributed like a halo around all the previous associations and is characterized by an association, non-destructive of texture, rich in chlorite, epidote and calcite.

The mineralization of oxides is presented in the surface and is compound mainly of crisocola, malachite and neotocite, in association with goethitic limonite and to a lesser extent jarositic. The supergene mineralization consists of a thin, irregular blanket of rich secondary enrichment in calcosine. The hypogene mineralization is associated with a stockwork of type A, B and M veins in intimately related stable potassium alteration to the Main Porphyry bodies; the range of stockwork intensity is typically from 3 to 4. The following types are observed, associated by biotite, potassium feldspar and/ or actinolite: 1) quartz-magnetite; 2) quartz-magnetite-chalcopryrite; 3) quartz-magnetite-chalcopryrite-bornite; 4) quartz-pyrite; 5) quartz-chalcopryrite-pyrite; 6) quartz-magnetite-chalcopryrite-pyrite; 7) hairline trails of chalcopryrite-bornite (Perelló. Internal Report 2001)

CChalla-Cotabambas sector: The mineralization found in the adamantine drill holes, specifically in the CB-25 mineralized porphyry drill hole, consists of: in the first sections oxides (hematite, limonite and jarosite) and supergene alteration, in depth the hypogene sulfides are constituted by veins of quartz type stockwork intensity 3-4 (veins A and B) and the predominant alteration is potassium biotitic associated with chalcopryrite-pyrite-magnetite-weak bornite.

Ccayrayoc Sector: the oxidation is weak in this sector, observing sporadic weak copper oxides and limonite-hematite, the hypogene mineralization is constituted by sporadic quartz veins (intensity < 1, > veins B and D) associated with weak chalcopryrite-pyrite-magnetite, very weak potassium alteration and greater sericite-propylite alteration.

Guacclle Sector: the hypogene mineralization in the porphyry constitutes sporadic quartz veins (B type), associated with weak chalcopryrite-pyrite-magnetite, with weak potassium alteration and moderate sericitic and propylitic alteration; in the Skarn the mineralization is constituted by veinlets and weak dissemination of pyrite-chalcopryrite and magnetite.”

### Drilling

The main drilling campaigns took place in 1996, 1998 to 2000 and in 2003. All drilling operations were in the form of diamond core holes. Until the year 2000 24 drill holes had been completed for a total of 8,537.85m. An additional 9 drill holes completed in 2003 (CB-25 to CB-33) added 3,251.65m to the data base. All resource estimates, however, have been based on the first 24 drill holes.

### Sampling, Analysis, Security of Samples and Data Verification

During the visit to Cotabambas in August of 2006 the senior author of the CDLM Report, Christopher Lee, P. Geo. reviewed the sampling and core logging procedures applied by the staff of CDLM.

Drill core from holes CB-10, CB-23 and CB-25 were examined in conjunction with the geology logs and assay data. The geology logs are of excellent quality and include graphical illustrations of lithological contacts, vein patterns and density, and other described features.

Core was generally sampled at 2 metre intervals regardless of lithology or intensity of mineralization.

This locally results in dilution of the grades where samples overlap contacts with ‘barren’ dykes (e.g. ‘XP’). Since these ‘barren’ dykes are treated with hard boundaries in the resource model, this sampling strategy results in a loss of estimated metal content in these areas.

The data and results from CB-25 were not included in any of the resource estimates carried out by NCL, CDLM or SRK.

The sampling procedure involves the following steps: (i) marking of the sample intervals by the geologist logging the core, as it sits in the wooden core boxes retrieved from the drill site, (ii) a geology technician splits the core with a diamond saw, and places half the core into pre-prepared, numbered sample bags, and moves the remaining half core, along with the driller’s blocks, into new plastic core boxes, (iii) the

wooden core boxes are returned to the drill to retrieve subsequent batches of core, and (iv) plastic core boxes are moved into storage.

Three sampled intervals in hole CB-25, with recorded grades between 0.4-0.7% Cu (Samples 61504, 61529, 61531), had no obvious expression of mineralization in the core. These intervals are all from the same batch shipment, and are believed to have been inadvertently mixed up during the sampling process, described above. While the three samples are all from the same shipment, no identifiable pattern of mixing of the sample order could be identified to correct the error, and it is unknown to what extent this type of error occurred. It is recommended that a check assay program be implemented on all of the core (i.e. re-assay random ~10% of each drill hole) to ensure that this type of error is not widespread.

Approximately 500 assays in the Cotabambas drill hole database were checked against their original assay certificates in the data room. No errors were found; however, this type of data verification cannot detect sampling mix-ups such as those described above.

Drill hole collar surveys for CB-1 to CB-6 in the Gemcom database were checked against the original hardcopy survey report. No errors were found.

CDLM reportedly implemented regular QC checks on their data during analysis, including 3 duplicates and 1 Cu and Au standard in every assay batch (C. Neyra, pers. comm.); however, no QAQC data for Cotabambas were available at the time of writing, and no comment can therefore be made on the QAQC program.

### Mineral Resource Estimate

Mineralization in the Cotabambas deposit was initially estimated in 2001 by NCL Ingeniería y Construcción S.A. (“NCL”), a Chilean Consulting Firm (Table 4). SRK validated the estimates for the Cotabambas deposit and considers that the methodology used by NCL and treatment of the available data are reasonable. SRK constructed a separate mineral resource model using larger search ellipse oriented down the plunge of the copper and gold mineralization. The SRK resource model at various cut-off grades (Table 5) indicates that the mineral resources may be larger than initially stated by NCL. In this context, SRK is of the opinion that the mineral resources for the Cotabambas deposit are appropriately classified as an Inferred Mineral Resource and reported at a cut-off of 0.4% Cu as indicated in Table 6. The reader is cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability.



Table 4: Cotabambas deposit, NCL Ingeniería y Construcción S.A, 2001.

| <b>Cut-off<br/>(%)</b> | <b>Tonnes<br/>(Millions)</b> | <b>Cu Grade<br/>(%)</b> | <b>Au Grade<br/>(g/t)</b> |
|------------------------|------------------------------|-------------------------|---------------------------|
| 0.3                    | 69                           | 0.74                    | 0.46                      |
| 0.4                    | 59                           | 0.8                     | 0.49                      |

Table 5: Mineral inventory for the Cotabambas deposit as estimated by SRK at various cut-off grades.

| <b>Cut-off<br/>(%)</b> | <b>Tonnes<br/>(Millions)</b> | <b>Cu Grade<br/>(%)</b> | <b>Au Grade<br/>(g/t)</b> |
|------------------------|------------------------------|-------------------------|---------------------------|
| 0.2                    | 169                          | 0.54                    | 0.31                      |
| 0.3                    | 114                          | 0.68                    | 0.38                      |
| 0.4                    | 90                           | 0.77                    | 0.42                      |
| 0.5                    | 71                           | 0.86                    | 0.45                      |
| 0.6                    | 55                           | 0.96                    | 0.48                      |

Table 6: Mineral Resource statement for the Cotabambas Cu-Au deposit, SRK Consulting, March 09, 2007.

| <b>Mineral Resources*</b> | <b>Tonnes<br/>(Millions)</b> | <b>Cu Grade<br/>(%)</b> | <b>Au Grade<br/>(g/t)</b> |
|---------------------------|------------------------------|-------------------------|---------------------------|
| Inferred                  | 90                           | 0.77                    | 0.42                      |

\*All resources quoted at 0.4% Cu cut-off

A detailed description of the resource estimate by SRK can be found in the CDLM Report.

### Exploration and Development

SRK recommended 20,000 metres of drilling to advance the project to the pre-development stage. The Company believes this to be reasonable and plans to implement a drilling program based on this recommendation once it gets the necessary permit. The Company has begun an active community relations program and is targeting to have an agreement in place during 2009. The Company has hired a community relations coordinator to lead the communications activities within the communities and contracted environmental consultants to carry out the required studies.

## **4.3 El Rosal**

The technical report (the “El Rosal Report”) entitled “2006 Summary Report on the El Rosal Property” dated December 30, 2006 and prepared by Uwe Schmidt P. Geo., was prepared in accordance NI 43-101. The El Rosal Report sets out the property description and location, accessibility, climate, local resources, infrastructure and physiology, history, geological setting, exploration, mineralization, drilling, sampling and analysis, security of samples, and recommended exploration and development of the El Rosal property. The following information has been excerpted from the El Rosal Report.

### Property, Description and Location

The El Rosal Project is located in northwestern Peru. The Mineral claims cover an area of 3,900 hectares and straddle the boundary between Lambayeque department (province of Chiclayo and district of Chongoyape) and Cajamarca department (province of Chota and district of Llama). The UTM

coordinates of the approximate centre of the property are 688200E and 9264000N.

The Company holds a valid Type B permit issued by the Ministry of Energy and Mines and had acquired the requisite authorization from the La Ramada community and the local Water Board to allow the company to conduct drilling.

#### Accessibility, Climate, Local Resources, Infrastructure and Physiography

The El Rosal property is situated 75 km east of the town of Chiclayo (Figure 1), a city which is approximately 800 km north of Lima on the paved Pan American highway. Access to the El Rosal property is by paved road along the north side of the Rio Chancay valley from Chiclayo to within 20 km west of the property, at which point an all-weather bridge crosses Rio Chancay. A maintained earth and gravel road that is accessible year-round runs along the south side of the valley from the bridge to the property, and links the small villages of Huaca Blanca, 6 km west of the property, and La Ramada, on the northern property boundary, to Chiclayo. The Company constructed during the 2000 drilling program approximately 8.6 km dirt road to provide access to El Rosal project area.

The main hydroelectric power line servicing Chiclayo runs from the Carhuaquero hydroelectric station, 5 km northeast of La Ramada, along the northern margin of the property. The power line provides the local settlements with electricity, and a link to the integrated Peruvian electrical grid. ”

The property straddles the ridge and northern flanks of Cerro Los Bravos, between the valley of Rio Chancay to the north and Quebrada Monteria to the south. Relief on the property varies from 350 m in the Rio Chancay valley to 1350 m on the steep ridge crest of Cerro Los Bravos. Most of the northern parts of the property consists of ridges and steep to moderately sloping valley walls that vary between 400 and 800 m in elevation.

Year round cultivation of sugar cane, corn, and rice occurs in the Chancay river valley, but topography on the property is too rugged and soil development too thin and rocky to support cultivation.

The western part of the El Rosal property is covered by a conservation area which was established by the local community and is not published on claim maps nor recognized by the Peruvian mining authority as affecting mineral title.

The region is semi-arid, and rainfall occurs sporadically mainly during the wet season between December and April. Temperature generally varies between 20°C and 30°C, although it sometimes exceeds 40°C in the humid wet season.

#### History

Exploration work at the property was initiated in 1998 mainly sampling and characterization of the styles of mineralization in the El Rosal, and to a lesser extent in the La Ramada. Later in the year reconnaissance geological mapping, prospecting, trenching and additional sampling was done including some ground magnetometer surveying over the El Rosal grid.

In 1999, trenching and sampling were done on the Zona Central and El Rosal showings and 28 kilometres of induced polarization (IP) geophysical survey. The following year after an extensive road building campaign a 7-hole, 1650 metre diamond drilling program funded by Rio Algom Exploration Ltd was undertaken

In 2003, further mapping was done in La Ramada to follow up on the porphyry copper-gold potential that

was indicated by geochemical surveys and geophysical anomalies. This was followed in 2004 by six diamond drill holes totaling 1,592 metres. Encouraging results from the 2004 program led the company to fund additional hand trenching and sampling and detailed geological mapping in 2006.

### Geological Setting

The regional geologic setting is best described by Rhys, 2003 and is available on the Company's website. Briefly the report describes the region to comprise of an easterly-younging sequence of mixed carbonate and siliciclastic strata and intermediate volcanic rocks of mainly Mesozoic age, and overlying Tertiary volcanic rocks (Wilson, 1985). The El Rosal property is near the northern end of the trough.

In the property area, Cretaceous strata are exposed in a 5-10 km wide, north trending belt that separates older strata from Tertiary volcanic rocks to the east (Figure 4; Wilson, 1985). Shallow marine or deltaic quartzite, and subordinate siltstone and mudstone of the Lower Cretaceous Goyllarisquizga Formation unconformably overlie the Tinajones Formation and mark the beginning of the Cretaceous cycle of sedimentation in the Peruvian trough. The Goyllarisquizga Group is disconformably overlain by a mixed carbonate/siliciclastic sequence comprising of several units.

Tertiary volcanic rocks unconformably overlie the Mesozoic sequence. They comprise two formations, the Eocene Llama composed of basal, heterolithic volcanic conglomerate (50 m) and overlying andesitic to rhyodacitic lithic tuff and flows (up to 1,200 m) and the overlying Huambos Formation which is dominantly rhyolitic in composition and consists of a thick sequence of tuff and tuff. Diorite, tonalite and granodiorite stocks, dykes and sills of the Coastal Batholith are emplaced in the Mesozoic sequence throughout the Chiclayo-Chongoyape area. Small plagioclase + quartz porphyritic bodies also occur locally.

### **Stratified Rocks**

The oldest rock unit consists of quartzite and minor black siltstone belonging to the Goyllarisquizga Group (Unit 1) and is restricted to La Ramada area. This unit is overlain by a mixed carbonate/siliciclastic sequence comprising of several units: Inca and Chulec Formations (Units 2 and 3), Pariatambo Formation (Units 4 to 6), Pullicana, Quillquinan and Cajamarca Formations (Unit 7), Lower Calipuy Volcanics (Llama Formation) (Unit 8). Unit 8 was later re-interpreted as a diatreme breccia and assigned to Unit 8a. These rocks are described in more detail in the reports of Rhys (2003) and Schmidt (2006).

### **Breccia Units**

The diatreme breccia units are found only in La Ramada. Additional mapping of the diatreme breccia in 2006 further defined the southern limit of the breccia body. In addition the breccia was subdivided into five different types based on their physical characteristics (color, roundness of clasts), clasts composition and degree of alteration among others. These are described in more detail in the report of Schmidt (2006).

### **Skarn and Calc-Silicate Alteration (Unit 9)**

Skarn development and associated calc-silicate alteration was assigned to Unit 9 during the 2004 mapping. Skarn, in La Ramada area, is developed in Unit 6b, nodular to massive limestone, located along the eastern margin of the Calabozo stock. Skarn minerals include wollastonite, green and dark brown garnets.

## **Igneous Rocks**

Five igneous intrusive units were mapped in La Ramada grid in 2004. The largest intrusion and economically important are the two phases of the Calabozo stock, Units 10a and 10b. Skarn formation and copper-zinc mineralization are associated with the perimeter of this stock. Unit 10c, a dark green, hornblende-feldspar porphyry occurs both as an irregularly shaped body on the east slope of La Ramada ridge and as narrow dykes. Unit 11b, quartz-phyric felsite, described by Panteleyev (2003), also occurs in an irregularly-shaped exposure east of La Ramada ridge. Unit 12 is a rare mafic dyke phase which may be related to Unit 10c. Unit 11, a beige, quartz-feldspar porphyry appears to be the youngest intrusive phase. Dykes of this porphyry commonly trend in a northwesterly direction.

## **Exploration Program**

The 2008 exploration program at El Rosal was completed on April 30, 2008 with a total of nine holes drilled totaling 3,025 metres. Eight of the holes were drilled in the La Ramada area and one hole in the main El Rosal area. The locations of these holes are shown on the El Rosal map at the company's website. Highlights from the drill results include 8.47 metres grading 5.31% zinc and 111.6 g/t silver. In addition to the zinc and silver mineralization the style of alteration and mineralization characterized by the presence of stockworks of quartz veinlets in quartz-sericite-pyrite altered diorite with minor chalcopyrite mineralization indicating the presence of the targeted porphyry copper system.

In 2006 the Company conducted more detailed mapping to sample the diatreme breccia, re-examine Ramada, Ramada Sur and Calabozo Este showings, develop a better understanding of La Ramada geology, and to look for indications of a possible underlying deep porphyry system to guide a future drill program.

This program was carried out from March 20 to May 14, 2006 in two periods, totaling 47 days. Fifteen hundred metres of trails were cut along the breccia zone in La Ramada area. Four hand trenches, with a total length of 781 metres, were excavated perpendicular to the trend of the breccia zone. A total of 325 chip and channel samples were collected with sample intervals of 1 to 4 metres. Additional sampling of isolated outcrops brings the sample total to 415.

## **Mineralization**

Mineralization on the El Rosal property occurs in two areas, El Rosal and La Ramada. Earlier exploration programs in 1999, 2000 and 2003 focused on the copper and zinc mineralization associated with skarn zones developed within the limestone beds at El Rosal. This phase of exploration also recognized the underlying porphyry copper potential associated with intrusive centres at El Rosal and the Calabozo stock. Three areas of mineralization in the El Rosal area are El Rosal showing, Zona Central and Calabozo showing. Earlier exploration programs of the El Rosal area are well documented by Rhys 1999, 2000 and 2003.

In 2004, exploration emphasis focused on La Ramada area which had been identified as prospective by earlier reconnaissance programs. Three areas of skarn mineralization, La Ramada, La Ramada Sur and Calabozo Este, had been discovered in La Ramada area prior to 2004. These areas are discussed in more detail by Schmidt (2006).

## **Sample Preparation, Analyses and Security**

The core logging and sampling facility was located in a rented storage yard in the village of La Ramada.

Split sections of drill core were bagged in heavy plastic sample bags, packed into rice bags and sealed for shipment. Sample bags were labeled on the outside and waterproof labels were also placed inside the sample bags. No other identification was associated with the drill core. Samples were transported by pickup truck to the field drop-off office of ALS Chemex in Trujillo, Peru by a company employee. From this drop-off point, ALS Chemex transported the samples to its facilities in Callao, Lima, Peru where they were prepared and analyzed.

All ALS Chemex laboratories operate in compliance with ISO17025. Gold was analyzed by fire assay-atomic absorption spectrometry (FA-AAS) according to Method Au-AA23 and eight elements consisting of silver, copper, molybdenum, lead, zinc, nickel, cobalt and arsenic were analyzed by atomic absorption spectrometry (AAS) according to Method AA61. No standards were placed into the sample suite, apart from those inserted internally by the laboratory, to test the accuracy and precision of results.

Only the drilling contractor's employees, Panoro's geologists and locally employed field assistants had access to the core.

### Exploration

On the basis of previous exploration program undertaken in El Rosal, Schmidt (2006) proposed seven drillholes totaling 2,600 metres. Six of these holes are located in La Ramada and the remaining hole in El Rosal. For 2008 the Company has allocated the necessary budget to drill at least 2,500 metres using man-portable drill machine. Starting in the November of 2007, the Company had started construction of trails or access and drill sites by hand.

Drilling started on January 26, 2008. All trails and drill sites were done by hand including an access road passable by 4x4 pick-up trucks from the village of La Ramada to La Papaya area. The exploration program at El Rosal was completed on April 30, 2008 with a total of nine holes drilled totaling 3,025 metres. Eight of the holes were drilled in the La Ramada area and one hole in the main El Rosal area. Of the eight holes located in La Ramada, two holes (RA-07A and 07B) twinned from the same platform intersected porphyry copper mineralization and three holes (RA-08A, 08B and 08C) drilled from the same platform intersected significant silver-zinc mineralization. These intersects represents future exploration targets for the company. The rest of the holes in La Ramada and the hole in El Rosal did not intersect interesting copper and/or molybdenum mineralization. The locations of these holes are shown on the El Rosal map at the company's website.

### **ITEM 5: RISK FACTORS**

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

#### ***Reserves***

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

***Exploration***

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

***Market Forces***

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

***Insufficient Capital***

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

***Environmental Regulation***

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

***No History of Earnings***

The Company has no history of earnings. The Company has paid no dividends on its shares since

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

### ***Mining Operations***

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

### ***Competition***

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

### ***Mineral Tenure***

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

### ***Key Personnel***

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

***Dilution***

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

***Conflicts of Interest***

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

**ITEM 6: DIVIDEND RECORD AND POLICY**

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

**ITEM 7: DESCRIPTION OF SHARE CAPITAL****7.1 General Description of Share Capital**

The authorized share capital of the Company consists of unlimited common shares without par value. The Company has only one kind and class of shares and there are no unusual rights or restrictions attached to that class. As of March 20, 2009, the Company had a total of 84,639,390 common shares issued and outstanding. All of the issued common shares of the Company are fully paid and not subject to any future call or assessment.

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

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



**ITEM 8: MARKET FOR SECURITIES****8.1 Trading Price and Volume**

The Company is a reporting issuer in British Columbia and Alberta, and its common shares are listed on the TSXV under the symbol "PML". The price ranges and volume traded of the Company's common shares on the TSXV on a monthly basis for the most recently completed fiscal year are:

| Month     | Price |      | Volume     |
|-----------|-------|------|------------|
|           | High  | Low  |            |
| January   | 0.46  | 0.52 | 676,900    |
| February  | 0.58  | 0.39 | 1,424,100  |
| March     | 0.58  | 0.49 | 581,700    |
| April     | 0.51  | 0.42 | 752,100    |
| May       | 0.70  | 0.41 | 2,767,500  |
| June      | 0.68  | 0.51 | 646,600    |
| July      | 0.53  | 0.41 | 468,800    |
| August    | 0.47  | 0.38 | 337,000    |
| September | 0.30  | 0.23 | 561,900    |
| October   | 0.27  | 0.08 | 5,208,600  |
| November  | 0.14  | 0.08 | 2,471,000  |
| December  | 0.12  | 0.07 | 10,102,200 |

**ITEM 9: DIRECTORS AND OFFICERS****9.1 Name and Occupation**

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

| Name, Municipality of Residence            | Principal Occupation for the Past Five Years                                                                                                                                                                                                                         | Position with the Corporation                | Director or Officer Since                                           |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------------------------------|
| <b>LUQUMAN SHAHEEN</b><br>Surrey, B.C.     | Professional Engineer. President and Chief Executive Officer of the Company as of April 16, 2008. Director, Environmental Affairs, Pan American Silver, September 2006 to March 2008. Manager, Latin America for AMEC Earth & Environmental May 2001 to August 2006. | President, Chief Executive Officer, Director | President – April 2008<br>CEO – April 2008<br>Director – April 2008 |
| <b>HELMUT H. WOBER</b><br>Port Moody, B.C. | Professional Engineer and Consultant; President, Chief Executive Officer of Panoro Minerals Ltd. to April 2008.                                                                                                                                                      | Director                                     | Director – June 1998                                                |

| <b>Name, Municipality of Residence</b>                        | <b>Principal Occupation for the Past Five Years</b>                                                                                                                                                                                                                 | <b>Position with the Corporation</b>              | <b>Director or Officer Since</b>                   |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------|
| <b>C. ALLEN BORN</b><br>Denver, Colorado,<br>U.S.A.           | Chairman of Born Investments, LLC;<br>Director, Inmet Mining Inc., 1995 to July, 2003; Director, Aksteel Holding Corporation, 1996 to July 2003;<br>Chairman and C.E.O., Alumax Inc., 1993 to 1998; C.O.B. and Director, Cyprus Amax Minerals Company, 1993 to 1999 | Director                                          | Director - January 2000<br>Chairman - January 2000 |
| <b>WILLIAM J. BODEN<sup>(1)</sup></b><br>Vancouver, B.C.      | Chartered Accountant; Founder and President, CW Funds Group of Companies, 1988 to present; Senior Vice President, Ventures West Management Inc., 1979 to 2005; President, First Coal Corporation Ltd., 2005 to 2007.<br>Chairman, First Coal Corporation 2008.      | Director                                          | Director - June, 1998                              |
| <b>CHRISTIAN G. PILON</b><br>Lima, Peru                       | Consulting Geophysicist, President and General Manager, Geoline S.A., 1995 to present                                                                                                                                                                               | Senior Vice President, South America and Director | Director - June, 1998                              |
| <b>CHRISTIAAN STAARGAARD<sup>(1)</sup></b><br>Vancouver, B.C. | Professional Geoscientist;<br>President and CEO, Lithic Resources Ltd.                                                                                                                                                                                              | Director                                          | Director - February, 2005                          |
| <b>LORNE TORHJELM<sup>(1)</sup></b><br>White Rock, B.C.       | Secretary for Upper Canyon Resources and Journey Resources Corp., director of Orestone Mining Corp.                                                                                                                                                                 | Director                                          | Director - April, 2002                             |
| <b>FRED TEJADA</b><br>Vancouver, B.C.                         | Professional Geoscientist, Vice President Exploration of the Company July 2007 to present. Senior Geologist of Belcourt Saxon Coal Project, February 2005 to May 2007. Associate of JHP Coal-Ex Consulting Ltd July 2004-2005                                       | Vice President, Exploration                       | Vice President - July, 2007                        |
| <b>MICHAEL KERFOOT</b><br>Vancouver, B.C.                     | Chartered Accountant, Chief Financial Officer of the Company, June 2007 to present. Senior Accountant, North American Tungsten Ltd., April 2006 to July 2007, Assurance Senior, KPMG LLP, September 2002 - April 2006                                               | Chief Financial Officer                           | CFO - June, 2007                                   |

<sup>(1)</sup> Member of the Company's Audit Committee.

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

### **Shareholdings of Directors and Officers**

To the best of the Company's knowledge, as at March 20, 2009, directors and officers, as a group, beneficially owned, directly or indirectly, or exercised control over 11,312,102 common shares (not including common shares issuable upon the exercise of stock options) of the Company, representing 13% of the then outstanding common shares.

### **9.2 Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

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

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Penalties or Sanctions**

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

### **Personal Bankruptcies**

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

### **Conflicts of Interest**

There are potential conflicts of interest to which all of the directors, officers, insiders and promoters of the Company will be subject in connection with the operations of the Company. All of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Company. Accordingly, situations may arise where all of the directors, officers, insiders and promoters will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under The Business Corporations Act of British Columbia.

### **9.3 *Audit Committee Information***

Multilateral Instrument 52-110 (“MI52-110”) requires the Company to disclose annually in its Annual Information Form certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

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

The full text of the charter of the Company’s Audit Committee is attached hereto as Schedule “A”

### **Composition of the Audit Committee**

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

#### **William J. Boden**

Mr. Boden is a Chartered Accountant with 39 years experience as a Chartered Accountant and manager of risk capital investments. He is founder and President of CW Funds group of companies. Within the CW Funds group, Mr. Boden has structured and raised investment capital, primarily from overseas investors. He is currently also Chairman of First Coal Corporation and a Director of Highrock Energy Ltd., both private companies, and a director of GGL Diamond Corp, a public company. From 1979 to 2005, Mr. Boden was Senior Vice President of Ventures West Management Inc. Prior to joining the Ventures West group in 1979, Mr. Boden was a Manager with Coopers & Lybrand, an international accounting firm, Secretary-Treasurer of Whitehorse Copper Mines Ltd. and Treasurer of Bethlehem Copper Corp., both producing mining companies listed on the Toronto Stock Exchange.

#### **Christiaan Staargaard**

Mr. Staargaard is a Professional Geologist with 31 years of worldwide experience in mineral exploration.

He is president and CEO of Lithic Resources Ltd., a company listed on the TSX Venture Exchange.

### **Lorne Torhjelm**

Mr. Torhjelm is Secretary for Journey Resources Corp., a junior mineral exploration company listed on the TSX Venture Exchange. He is currently also secretary for Upper Canyon Resources and director of Orestone Mining Corp. Mr. Torhjelm is self-employed managing personal investments since 2003.

All of the members of the audit committee are “financially literate” as defined in Multilateral Instrument 52-110 and all members are considered to be independent for the full year ending December 31, 2008.

### **Audit Fees**

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

|                                         | <b>Audit Fees</b> | <b>Audit-Related Fees</b> | <b>Tax Fees</b> | <b>All Other Fees</b> |
|-----------------------------------------|-------------------|---------------------------|-----------------|-----------------------|
| <b>YEAR ENDED<br/>DECEMBER 31, 2007</b> | \$42,092          | \$13,045                  | \$2,100         | \$nil                 |
| <b>YEAR ENDED<br/>DECEMBER 31, 2008</b> | \$38,000          | \$Nil                     | \$6,000         | \$4,000               |

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

### **ITEM 10: TRANSFER AGENTS AND REGISTRARS**

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

### **ITEM 11: INTERESTS OF EXPERTS**

The auditors of the Company are KPMG LLP, Chartered Accountants, 777 Dunsmuir Street Vancouver, BC, V7Y 1K3. The Auditor’s Report for the Company’s annual audited financial statements for the year ended December 31, 2008 issued by KPMG LLP, Chartered Accountants was filed under National Instrument 51-102. SRK Consulting (Canada) Inc. has prepared the CDLM Technical Report on the properties of Cordillera de las Minas with an effective date of March 09, 2007, that forms the basis of the scientific and technical disclosure regarding the Antilla and Cotabambas properties, a copy of which is available on SEDAR. To the knowledge of the Company, SRK and the principals of SRK as a group beneficially own, directly or indirectly, less than one percent of the outstanding common shares of the Company

Uwe Schmidt, P. Geo., is a “qualified person” as defined in NI 43-101, and has prepared the El Rosal Report on the El Rosal Property with an effective date of December 31, 2006. He is an independent consulting geologist, does not have any interest in the properties, and owns, directly or indirectly, less than one percent of the outstanding common shares of the Company.

Helmut Wober, P. Eng., a director and former President and CEO of the Company is a “qualified person” as defined in NI 43-101. Mr. Wober is responsible for preparation of technical information in the Company’s news releases and other disclosure documents up until April 18, 2008. Mr. Wober owns directly and indirectly 1,300,000 common shares of the Company and 1,000,000 options to purchase common shares.

Fred Tejada, P.Geo., Vice President, Exploration is a “qualified person” as defined in NI 43-101. Mr Tejada is responsible for preparation of technical information in the Company’s news releases and other disclosure documents after April 14, 2008. Mr Tejada holds 150,000 options to purchase common shares of the Company.

**ITEM 12: ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

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

## GLOSSARY OF TECHNICAL TERMS

|                              |                                                                                                                                                                                             |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><i>Ag</i></b>             | The elemental symbol for silver.                                                                                                                                                            |
| <b><i>alteration</i></b>     | Chemical and mineralogical changes in a rock mass resulting from the passage of hydrothermal fluids.                                                                                        |
| <b><i>anomalous</i></b>      | A sample or location in which either (i) the concentration of an element(s) or (ii) geophysical response is significantly different from the average background values that typify an area. |
| <b><i>anomaly</i></b>        | The geographical area corresponding to anomalous geochemical or geophysical values.                                                                                                         |
| <b><i>arsenopyrite</i></b>   | A sulphide of arsenic and iron.                                                                                                                                                             |
| <b><i>assay</i></b>          | An analysis to determine the presence, absence or quantity of one or more elemental components.                                                                                             |
| <b><i>Au</i></b>             | The elemental symbol for gold.                                                                                                                                                              |
| <b><i>background</i></b>     | The average concentration of an element or typical geophysical response in an area.                                                                                                         |
| <b><i>chalcedony</i></b>     | Very fine grained quartz which may be massive or banded (agate).                                                                                                                            |
| <b><i>chalcopyrite</i></b>   | Copper sulphide mineral.                                                                                                                                                                    |
| <b><i>channel sample</i></b> | A sample which has been collected by continuous sampling across a measured interval, and is considered to be representative of the area sampled.                                            |
| <b><i>Chargeability</i></b>  | A geophysical term that refers to the polarization voltage developed across a mass of rock energized by an electrical current; it is a measure of the electrical properties of a rock unit. |
| <b><i>Cretaceous</i></b>     | The geologic period extending from 135 million to 63 million years ago.                                                                                                                     |
| <b><i>Cu</i></b>             | The elemental symbol for copper.                                                                                                                                                            |
| <b><i>diopside</i></b>       | A calcium-magnesium bearing silicate mineral that is common in skarns.                                                                                                                      |
| <b><i>drift</i></b>          | A man made underground passage, approximately horizontal, often along a mineralized zone.                                                                                                   |
| <b><i>epidote</i></b>        | Calcium, aluminum, iron silicate mineral commonly occurring in hydrothermally altered carbonate-bearing rocks.                                                                              |
| <b><i>fault</i></b>          | A fracture in a rock across which there has been displacement.                                                                                                                              |
| <b><i>fracture</i></b>       | Breaks in a rock, usually planar.                                                                                                                                                           |
| <b><i>garnet</i></b>         | An iron-aluminum-calcium-magnesium silicate mineral that is frequently found in skarns.                                                                                                     |
| <b><i>grab sample</i></b>    | A sample of selected rock chips collected from within a restricted area of interest.                                                                                                        |

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><i>grade</i></b>                     | The concentration of an ore metal in a rock sample, given either as weight percent for base metals (e.g. Cu, Zn, Pb) or in grams per tonne (g/t or ounces per short ton (oz/t) for precious metals. The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.                                                                                                                                                                                                             |
| <b><i>hectare or ha</i></b>             | An area totalling 10,000 square metres.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b><i>highly anomalous</i></b>          | An anomaly which is 50 to 100 times average background.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b><i>Hydrothermal fluids</i></b>       | Hot fluids, dominantly water, in the earth's crust which may carry metals and other compounds in solution to the site of ore deposition or wall rock alteration.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b><i>inferred mineral resource</i></b> | That part of a mineral resource for which the quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based upon limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. |
| <b><i>intrusive</i></b>                 | A rock mass formed below earth's surface from magma which has intruded into a pre-existing rock mass.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b><i>kilometres or km</i></b>          | Metric measurement of distance equal to 1,000 metres (or 0.6214 miles).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b><i>Ma</i></b>                        | Million years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b><i>mineralization</i></b>            | Minerals of value occurring in rocks.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b><i>Mo</i></b>                        | The elemental symbol for molybdenum.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b><i>ore</i></b>                       | A natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b><i>outcrop</i></b>                   | An exposure of rock at the earth's surface.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b><i>overburden</i></b>                | Any material covering or obscuring rocks from view.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b><i>Pb</i></b>                        | The elemental symbol for lead.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b><i>ppm or parts per million</i></b>  | A unit of measurement which is 1000 times larger than parts per billion (i.e. ppb); 1 ppm is equivalent to 1000 ppb, and is also equivalent to 1 gram/Tonne.                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b><i>pyrite</i></b>                    | Iron sulphide mineral.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b><i>quartz</i></b>                    | A common rock-forming mineral (SiO <sub>2</sub> ) that is frequently a dominant constituent of veins, especially those containing gold and silver mineralization.                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b><i>reserve</i></b>                   | A quantity of ore which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b><i>scorodite</i></b>                 | A hydrated iron arsenate, oxidation product of arsenopyrite.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b><i>silicification</i></b>            | Complete or partial replacement of a rock by quartz, often during hydrothermal alteration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b><i>skarn</i></b>                     | A zone of alteration that replaces pre-existing rock units, and is composed primarily of calcium-magnesium-iron bearing silicate minerals (e.g. garnet, diopside, wollastonite). It may contain sulphide mineralization.                                                                                                                                                                                                                                                                                                                                                                                          |



|                                     |                                                                                                                                    |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b><i>sphalerite</i></b>            | Zinc sulphide mineral.                                                                                                             |
| <b><i>test pits</i></b>             | Shallow holes dug to test mineralized bedrock.                                                                                     |
| <b><i>tuff</i></b>                  | A rock comprised of mineral grains, fine rock fragments and ash particles ejected from a volcanic vent.                            |
| <b><i>vein, veinlet (small)</i></b> | A tabular mineral deposit formed within or adjacent to faults or fractures by the deposition of minerals from hydrothermal fluids. |
| <b><i>wollastonite</i></b>          | A calcium silicate mineral that is commonly found on the margins of skarns.                                                        |

**Schedule “A”**  
**AUDIT COMMITTEE CHARTER**  
**Panoro Minerals Ltd.**

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

**1. Members of the Audit Committee**

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

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

**2. Communication and Reporting**

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

**3. Authority**

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

**4. Responsibilities**

The Audit Committee shall:

- a) recommend annually to the Board the independent auditors to be appointed by the shareholders of the Company and the compensation of the independent auditors;
- b) review with the independent auditors the annual audit plan including, but not limited to, the

- c) scope of the work to be carried out by the independent auditors, any significant problems that the auditors are able to foresee, the impact on the financial statements and the Company of any new or proposed changes in accounting principles;
- d) review the annual financial statements, including notes, with the independent auditors and recommend them to the Board for approval prior to release to the public or filing with securities regulatory authorities;
- e) review all Management Discussion and Analysis and earnings press releases before the Company publicly discloses this information;
- f) report immediately to the Board any instances of fraud or misappropriation of assets that come to the attention of the Committee;
- g) receive from the independent auditors a formal written statement delineating all relationships between the auditors and the Company, consistent with applicable accounting standards, and actively engage in a dialogue with the auditors with respect to any disclosed relationships or services that may have an impact on their objectivity and independence;
- h) take, or recommend that the full Board take, appropriate action to oversee the independence of the auditors;
- i) as to management of the Company generally: (i) ensure that an adequate internal control structure and procedures for financial reporting are established and maintained; (ii) periodically assess the effectiveness of such structures and procedures, as well as secure appropriate reports or attestations from the independent auditors in respect thereof; and (iii) review budgets and periodically assess actual spending compared with budgeted amounts;
- j) be directly responsible for overseeing the work of the independent auditors, including the resolution of disagreements between management and the independent auditors regarding financial reporting;
- k) pre-approve all non-audit services to be provided to the Company or its subsidiaries by the independent auditors;
- l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- m) undertake and perform such other duties as may be required of the Committee by applicable law or regulation.

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

Dated: April 22, 2008