



**(FORMERLY BCGOLD CORP.)**

**MANAGEMENT DISCUSSION AND  
ANALYSIS**

**For the Nine Months Ended November 30, 2018**

**As at January 29, 2019**

## **INTRODUCTION**

The following management's discussion and analysis (MD&A) of the Company has been prepared as of January 29, 2019. This MD&A should be read in conjunction with the unaudited consolidated interim financial statements of Pan Andean Minerals Ltd. ("Pan Andean" or the "Company") and the notes thereto for the nine months ended November 30, 2018, as well as Company's audited consolidated financial statements for the year ended February 28, 2018. Both financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable. Additional information on Pan Andean Corp is available by accessing the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website: [www.panandeanminerals.com](http://www.panandeanminerals.com). Readers of this MD&A are cautioned that information and statements derived from the Company's financial statements do not necessarily reflect the future financial performance of the Company. Statements in this MD&A that are not historical based facts are forward looking statements which are made subject to cautionary language on page 19 and involve known and unknown risks and uncertainties. Actual results could vary considerably from these statements. Readers are again cautioned not to put undue reliance on forward looking statements.

## **CORPORATE HIGHLIGHTS**

Highlights of the Company's activities during the period ended November 30, 2018 and up to the date of this report:

- On March 7, 2018, the Company's common shares commence trading on a post 2 for 1 consolidation basis.
- On March 16, 2018, the Company closed a private placement issuing 6,700,000 units at a price of \$0.05 per unit for gross proceeds of \$335,000. Each Unit consists of one common share and one common share warrant, each warrant entitling the holder to purchase one common share at a price of \$0.10 per common share within 24 months of the closing of the private placement.
- On March 21, 2018, the Company granted 2,400,000 stocks to its directors, officers and consultants at an exercise price of \$0.06 per option. The options are exercisable on and before March 21, 2023.
- On April 4, 2018, the Company appointed Dr. Dongmok Whang to its advisory board.
- On April 9, 2018, the Company appointed Dr. Hoh Peter In to its advisory board.
- On May 15, 2018, the Company appointed Sung Bum Spencer Huh as the Chief Executive Officer. Mr. Huh will also continue to serve as the President and Director. Gary Anderson resigned as Interim CEO and Executive Chairman of the Board and will remain as a director of the Company.
- On May 23, 2018, pursuant to the debt settlement agreements of February 15, 2018, the Company issued 3,094,000 common shares at a deemed price of \$0.05, to two directors of the Company. Shareholder approval is still needed to issue the remaining 2,006,000 shares for the debt settlement of debt.

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- On June 18, 2018, the Company made the February 12, 2018 payment of US\$60,000 under the Tres agreement.
- On June 26, 2018, the Company appointed Mr. Chris Chung VP of Corporate Finance, Asian Markets.
- On July 9, 2018, the Company appointed Mr. Sung Rock Hwang to the its advisory board.
- On July 18, 2018, the Company signed an agreement to sell its Minto/Carmacks Copper-Gold properties for \$210,000 (\$182,537 received) to a third party.
- On September 14, 2018, the Company closed a private placement of 7,320,000 units at a price of \$0.05 per unit for gross proceeds of \$366,000. Each unit consists of one common share and one-half common share warrant, each warrant entitling the holder to purchase one common share at a price of \$0.10 per common share within 24 months of the closing of the private placement.
- On September 27, 2018, the Company appointed Mr. Chris Cheung as a director of the Company. Mr. Cheung will also continue to serve as the VP of Corporate finance, Asian Markets.
- On October 10, 2018, the Company appointed Dr. Jay Han and Dr. Doo Jae Min to its advisory board.
- On November 15, 2018, Gary Anderson, Zbigniew Adam Szybinski and Jenny Egusquiza resigned as directors of the Company and stay on as advisors to the Company.
- On December 14, 2018, the Company at the Company's AGM shareholders passed all resolutions put before them including: 1) to set number of directors to be elected at the meeting to at 5 (five); 2) Election of new directors (Chris Chung, John Kowalchuk, Spencer Sungbum Huh, Larry Okada, and Sung Rok Whang); 3) to appoint Devisser Gray LLP as auditor of the Company; 4) approval of issuing 2,006,000 common shares settling outstanding debt of \$100,300 to two former directors of the company.
- On December 20, 2018, the Company closed a private placement of 2,200,000 units at a price of \$0.05 per unit for gross proceeds of \$110,000. Each unit consists of one common share and one common share warrant, each warrant entitling the holder to purchase one common share at a price of \$0.10 per common share within 24 months of the closing of the private placement.

## **SIGNIFICANT EXPLORATION PROPERTIES**

Below is a table summarizing the Company's current interest held and any remaining required or optional commitments on each of its exploration properties. Please refer to Note 6 of the Company's consolidated financial statements for the nine months ended November 30, 2018 for further disclosure on the Company's properties.

|  | <b>Current<br/>Interest Held</b> | <b>Remaining Required<br/>Commitments</b> | <b>Optional Commitments</b> |
|--|----------------------------------|-------------------------------------------|-----------------------------|
|--|----------------------------------|-------------------------------------------|-----------------------------|

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|                                                                                                                                        |        |                                                                                                                              |                           |
|----------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Minto/Carmacks Copper-Gold Properties, Yukon<br><br>(8 properties encompassing 471 mineral claims in total just under 10,000 hectares) | 100%   | None                                                                                                                         | The claims have been sold |
| <b>Chanape Property Peru</b>                                                                                                           |        |                                                                                                                              |                           |
| Minera Chanape S.A.C. holdings                                                                                                         | 100%   | None                                                                                                                         | None                      |
| <b>Pucacorrall Property Peru</b>                                                                                                       |        |                                                                                                                              |                           |
| Minera Chanape S.A.C. concessions                                                                                                      | 100%   | None                                                                                                                         | None                      |
| Cima de Oro S.A.C. Silver MG concession                                                                                                | 100%   | US\$20,000                                                                                                                   | Paid in June 2018         |
| Cima de Oro S.A.C. Fundido concession                                                                                                  | 100%   | None                                                                                                                         | None                      |
| Cerro de Oro Tres S.M.R.L. holdings                                                                                                    | 29.92% | Option to acquire remaining 70.08% in 7 payments totaling \$US\$1.4 million over the next four years (see below for details) | See below for details     |

Cima executed the Tres Agreement option on August 12, 2016 with the Company being required to complete the following schedule of option payments to earn a 100% interest in Tres:

|                            | <u>Payment</u>     | <u>Cumulative Vested Interest</u> |
|----------------------------|--------------------|-----------------------------------|
| At the onset of the option | US\$ 40,000 (paid) | 16.6%                             |
| February 12, 2017          | US\$ 60,000 (paid) | 23.26%                            |
| August 12, 2017            | US\$ 60,000 (paid) |                                   |
| February 12, 2018          | US\$ 60,000 (paid) | 29.92%                            |
| February 12, 2019          | US\$ 75,000        |                                   |
| August 12, 2019            | US\$ 85,000        | 39.92%                            |
| February 12, 2020          | US\$ 100,000       |                                   |
| August 12, 2020            | US\$ 100,000       | 51.92%                            |
| August 12, 2021            | US\$ 980,000       | 100%                              |

Note: yearly fees of US\$37,000 of Peruvian government for the mining claims has been paid.

**The Chanape and Pucacorrall Properties, Peru**

Pan Andean's Peru Properties consist of the adjoining Chanape and Pucacorrall mineral concessions and total 5,785 hectares. The Properties are situated central to the historical mining area in the San Mateo Mining District, which

contains numerous narrow-vein, epithermal gold, copper, silver and base metal mines, including the Pacococha, Millotingo, Silveria, Germania, Veta Fulvia, Chanape and San Mateo mines. Several of these mines persisted as artisanal operations into the late 1990s. The concept (and discovery) for the existence of much larger poly-metallic epithermal breccia bodies related to a deeper, causative Cu-Au-Mo porphyry intrusion at Chanape, was the brainchild of Mr. Gary Anderson and Dr. Adam Szybinski, the 2007 management group of Vancouver-based High Ridge Resources Ltd., and former management group for Pan Andean. This concept was supported by ASX-listed Inca Minerals Ltd. (Inca) through a subsequent drill program targeting the High Ridge IP anomalies.

Inca reported some outstanding drilling results at the Inca Property that supported the presence of a deep-seated porphyry-style Cu-Mo system (220 metres averaging 0.13% Cu and 120 ppm Mo) beneath a shallower zone of high-grade epithermal breccia hosted Au-Ag mineralisation (108 metres averaging 2.0 g/t gold and 41 g/t silver from surface). These breccia bodies were mapped by the High Ridge I.P. survey and have been demonstrated to occur and extend onto the surrounding Minera Chanape property. The Inca discovery has significantly enhanced the prospectivity of the San Mateo district, demonstrating the discovery potential for giant porphyry copper deposits and associated, higher level epithermal breccia and vein-style gold-silver-base metal deposits, similar to the nearby Toromocho deposit. Additional details of the Peru Properties are provided in Pan Andean's website at [www.panandeanminerals.com](http://www.panandeanminerals.com).

Inca spent >A\$7 million and drilled over 11,500 metres at Chanape over the past 5 years. Inca dropped the Chanape option in April 2016, citing an inability to negotiate more favorable option terms with the vendor (a 2016 expenditure commitment of A\$5.33M was due at year end). Pan Andean has excellent relations and on-going discussions with the Chanape property vendor to work together and jointly advance our Chanape projects.

On September 20, 2016, Pan Andean announced that Phase I exploration had commenced at the Company's 100% owned Pucacorrall property, situated in the San Mateo mining district in east-central Peru. On November 15th, 2016, Pan Andean announced the completion of Phase I exploration and the discovery of a broad area of porphyry intrusive and copper porphyry-style mineralization at its Pucacorrall Project in Central Peru.

Pan Andean's 1.5-month, Phase I Pucacorrall field program has greatly exceeded Company expectations, defining what appears to be a large, porphyry system without any drilling. Exploration work included detailed mapping of tabular or elongated (vein-like) breccia bodies and selective sampling of a number of old mine workings, existing ore piles and waste rock dumps (92 rock samples and 18 QA/QC samples).

The Pucacorrall hydrothermal breccia veins display multiple phases of mineralization accompanied by faulting that have broken the earlier, probably more massive and/or banded quartz base metal veins. At least 8 types of breccia types have been identified among abandoned mineralized stockpiles at the Lourdes breccia vein. These breccias are mostly mineralized with argentiferous galena, sphalerite and to a lesser degree chalcopyrite and the best grab sample of a breccia from Lourdes yielded 131g/t Ag, 13.75% Zn, 7.4% of Pb, 0.48% Cu, and 0.445g/t Au.

Additional 3 varieties of breccia have been identified from grab samples taken from abandoned mineralized stockpiles at the Sairita breccia vein, where they are mostly mineralized with disseminations and clusters of chalcopyrite, with lesser galena and sphalerite. The best grab sample at Sairita returned 93g/t Ag, 2.27% Zn, 1.84% of Pb, 3.4% Cu, and 0.463g/t Au.

There are at least two stages of mineralization after the emplacement of the copper porphyry type mineralization at Pucacorrall. The first is the formation of quartz Zn-Pb-Cu-Ag veins along NE-SW faults and the second is the development of base metal quartz-calcite breccias along the earlier quartz veins. The early stage veins contain inclusions of sphalerite, chalcopyrite and argentiferous galena, and the second stage veins comprise base metal mineralization in a breccia of quartz and porphyry rock fragments.

Pan Andean's Phase I exploration program was tremendously successful as results indicate the presence of a potentially large porphyry system at Pucacorrall, with an area exposure measuring at least 1.5 kilometre x 1.5 kilometre, comprised of hydrothermally altered porphyry, breccias and wall rock. The porphyry discovery occurs within 30 metres of the entrance to the lower two levels of the Lourdes vein and approximately 70 metres into the lower adit on the Sairita vein, where it is open-ended.

While it is possible that all discovered underground porphyry may represent apophyses and/or dykes, it is considered more plausible to represent a shallow-seated porphyry "shoulder". At least two larger exposures of porphyry have been located on the surface, one of which is co-hosting the Lourdes vein and has dimensions of approximately 250 metres x 120 metres. Another cluster of porphyry exposures is located about 300 metres east and 100 metres above the Sairita vein, with approximate dimensions of 300 metres x 120 metres. If all exposures are related to a single intrusion, then the porphyry could have a relative height above that of the nearby Pucacorrall Valley floor.

On January 26, 2017, the Company announced that it has received and filed a technical report on its Pucacorrall Project. The Report has been prepared pursuant to the Canadian Securities Administrators' National Instrument 43-101 and was authored by independent Qualified Person, Mr. Victor Jaramillo, P. Geo. of Discover Geological Consultants Inc. Full report is available by accessing the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

A Phase II exploration program has been highly recommended by the author of the Technical Report comprising of a 3D IP and 3D magnetic geophysical surveys, and further surface and underground geological mapping and sampling, both designed to enhance drill targeting for both the vein-type breccia occurrences and the possible underlying mineralized porphyry at Pucacorrall.

Pan Andean will continue efforts to combine the Chanape properties by way of an option or joint venture agreement with Minera Altas Cumbres and advance both Chanape and Pucacorrall, possibly by an agreement with a major partner, undertaking deliberate programs of compilation work, geological mapping, sampling, geophysical surveys, and diamond drilling. The Company will also be actively seeking and evaluating additional copper-gold-silver exploration opportunities in Peru.

#### **Minto/Carmacks Copper-Gold Properties, Central Yukon**

Pan Andean currently owns 100% of 10 out of the original 16 Minto/Carmacks Copper-Gold properties which are strategically situated in the Minto/Carmacks Copper-Gold Belt, a significant high-grade copper-gold district centered some 220 kilometres northwest of Whitehorse, Yukon. The properties are located proximal and adjacent to Capstone Mining Corp.'s Minto Mine, currently in production, and Copper North Mining Corp.'s Carmacks Copper Project, which is in the advanced mine permitting stage. All of the Company's properties were staked by Shawn Ryan at the time when Sherwood Copper and Western Copper Corp. were both conducting feasibility studies over the Minto and Carmacks Copper projects, respectively, over areas with similar geological, geochemical and geophysical characteristics known to indicate near surface, high-grade copper-gold mineralization in the district.

Pan Andean has incurred approximately over \$4.0 million in exploration expenditures since acquiring the properties. As a result, the Company has discovered seven significant copper zones and has advanced seven properties with "Minto-type" exploration targets to the drill-ready stage. All of Pan Andean's Minto / Carmacks properties have NI43-101 technical reports and a number of them have been optioned to exploration partners over the years. The most significant discovery is located on the WS Property, immediately south of Copper North Mining Corp.'s Carmacks Copper Project, where Pan Andean's drill hole WS08-09B intersected 2 near-surface copper sulphide horizons over 63.1 metres that averaged 0.17% Cu (containing 23.6 m averaging 0.34% Cu). This hole targeted a weak copper MMI anomaly coincident with a pronounced, 2 kilometre long linear Induced Polarization ("IP") geophysical anomaly. This potential target warrants further drilling.

In early 2016, Pan Andean commissioned Ms. Jean Pautler, P.Geo. to prepare a NI 43-101 compilation report for the Williams South Property. The Company also applied for and received a 2016 Yukon Mineral Exploration Program (YMEP) exploration grant for up to \$40,000. In October, 2016, Pan Andean commissioned Aurora Geosciences to conduct a 90 line-kilometers detailed ground magnetic survey on the Williams South Property, in attempt to define discrete copper oxide / sulphide structure extensions from Copper North's Carmacks property. During the period of September 30th to October 6th 2016, Aurora Geosciences conducted a 88.9 line-kilometres of walking Mag were completed over two target areas (WS North and WS South). Both areas were initially surveyed with 50 m line spacing and then infilled to 25 m line spacing as time permitted. To aid with the interpretation, the IP data collected by Aurora Geosciences Ltd. in 2008 were used to examine the magnetics data in the context of the chargeability data. The MMI soils collected for BC Gold are used to complement the magnetics data during targeting.

The WS (Williams South) Property holds significant exploration and strategic value for Pan Andean, as it demonstrably overlays the south strike extension of Copper North's Carmacks deposits. On October 12, 2016, Copper North announced results of a Preliminary Economic Assessment (PEA) for their adjacent Carmacks Copper Project. (See Copper North News Release dated October 12, 2016). Dr. Harlan Meade, President and CEO of Copper North states: "The work completed at Carmacks has significantly improved the project with addition of gold and silver recovery alongside copper recovery. Application of standard agitated tank leach technology reduced operating and environmental risk, compared to the previously proposed heap leach of copper, gold and silver. The application of agitated tank leach provides for rapid leaching of the copper-gold-silver mineralization and reduction of production cost of copper production. We are particularly pleased with the low cash cost of copper production to US\$1.08/lb, net of gold and silver credits. The PEA indicates that, not only has good progress been made, but also with the potential expansion of mineral resources, a modest increase of metal prices and other improvements could result in significant benefits for project economics". In the October news release, Copper North further states that "The Company intends to complete geotechnical study for dry stacked tailings storage, needed for completion of environmental report for resumption of permitting of the project. A modest metallurgical and process study will be undertaken to improve and upgrade the PEA. Additional drilling is planned to expand the Measured and Indicated mineral resources that were reported in the January 2016 mineral resource prepared in accordance with NI 43-101, and undertake mine planning of the new oxide mineral resources for inclusion into an expanded mine plan."

#### Drill Targets Defined

Three drill targets have been defined by this survey. Target 1 is the intersection of several magnetic low lineations. An associated chargeability anomaly makes this target prospective. Additionally, Target 1 is on trend with zone 12 of Carmacks Copper. The high resolution magnetic survey identifies separate lineations all intersecting at the target location. If a proposed Geoprobe line were extended it would test this target.

Target 2 is the possible south-east extension of Zone 14 of the Carmacks Copper project. It is a magnetic low lineation that is on trend with Zone 14. Pan Andean's drilling in 2008 of WS-08-09B intersected copper mineralization highlighting this area as prospective. The target is correlative with a near surface IP anomaly and a Geoprobe sampling line is proposed for this target.

Target 3 is a pronounced magnetic high that does not follow a topographic high. However, there is no correlative chargeability high or soil anomalies to make it a target of high priority.

Pan Andean's exploration results demonstrate that the Williams South Property holds excellent potential for a stand-alone copper-gold deposit discovery, and also represents a potentially important "compliment resource" for any commercial copper mining operation at Copper North's Carmacks property. Pan Andean remains encouraged by the exploration results to date, and is currently actively seeking joint venture partners to advance its Minto / Carmacks Copper-Gold properties.

On July 18, 2018 and August 29, 2018, the Company (the "Seller") entered into a purchase agreement and amendment to purchase agreement, respectively, with a Yukon company (the "Purchaser") and agreed to sell a its 100% interest in each of mineral claims in Yukon (the "Property"). The purchase price payable by the purchaser to the seller for the property should be the sum of \$210,000 As at November 30, 2018, the Company received a total of \$182,537 from the purchaser.

Net Smelter Returns Royalty ("NSR") – at the closing, the purchaser shall grant to the Company the NSR and, effective as of the closing date, the parties shall enter into Royalty Agreement. The purchaser shall have the right to buy out the NSR at anytime for a purchase price of \$500,000. The purchaser shall make payment to the Company within 30 days after providing written notice to the Company that the purchaser wishes to buy out the NSR. The Company should fund an aggregate of \$28,000 in exploration cost upon the presentation of invoices for the exploration work performed by the purchaser.

## **OUTLOOK**

The Company will need additional funding for its corporate and overhead expenses in near future through either equity or debt financing. Many factors influence the Company's ability to raise funds, including the health of the capital market and the Company's track record. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable. Pan Andean will continue its policy of minimizing general and administration and exploration expenditures to conserve cash and protect assets.

Pan Andean's Peru exploration strategy is to advance the 100% owned and adjacent Chanape and Pucacorrall properties to the option or joint venture stage with well-funded exploration partners. At Pan Andean's Chanape property, which overlays mineralized extensions of the central and smaller, similarly named property previously owned by Inca Minerals Ltd. (ICG-ASX), the Company's strategy is to jointly work with the private owner to secure a well-funded exploration partner to combine these properties and advance our interests. The Company will also be actively seeking and evaluating additional copper-gold-silver exploration opportunities in Peru.

Phase I exploration at Pucacorrall consisted of geological mapping, prospecting and sampling, on both surface and underground in the San Mateo mine. This US\$80,000 exploration program was supervised by Dr. Adam Szybinski, Pan Andean's former Vice President Exploration – South America. Pan Andean's Phase I exploration program was tremendously successful as results confirm the presence of a potentially large porphyry system at Pucacorrall, with an area exposure measuring at least 1.5 kilometre x 1.5 kilometre, comprised of hydrothermally altered porphyry, breccias and wall rock. The 1.5-month field program has greatly exceeded Company expectations, defining what appears to be a large, porphyry system without any drilling. Exploration work included detailed mapping of tabular or elongated (vein-like) breccia bodies and selective sampling of a number of old mine workings, existing ore piles and waste rock dumps. Phase II exploration at Pucacorrall will entail a 3D IP and 3D magnetic geophysical surveys, and further surface and underground geological mapping and sampling, both designed to enhance drill targeting for both the vein-type breccia occurrences and the possible underlying mineralized porphyry at Pucacorrall.

On the Canadian properties front, the Company has entered into a sale and purchase agreement to sell 100% of the Company's interest in the Minto/Carmacks properties for \$210,000. As at November 30, 2018, the Company received a total of \$182,537 from the purchaser and the balance of the proceeds are subject to incurring certain exploration expenditures.

The Company is currently pursuing alternative business opportunities.

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Victor Jaramillo, M.Sc.A., P.Geo, an advisor to Pan Andean, is a Qualified Person as defined by National Instrument 43-101, has read and approved the technical and scientific information on the Pucacorrall project contained in Selected Annual Information.

**SELECTED ANNUAL INFORMATION**

The following financial data is derived from the Company's audited financial statements years ended February 28, 2018, 2017, and 2016.

|                                  | February 28,<br>2018 | February 28,<br>2017 | February 28,<br>2016 |
|----------------------------------|----------------------|----------------------|----------------------|
| Expenses                         | \$ 600,472           | \$ 919,242           | \$ 338,579           |
| Other income (expenses)          | 7,906                | (585,316)            | (76,105)             |
| Net loss                         | (592,566)            | (1,504,558)          | (410,684)            |
| Comprehensive loss               | (568,566)            | (1,504,558)          | (423,259)            |
| Basic and diluted loss per share | (0.02)               | (0.09)               | (0.05)               |
| Total current assets             | 209,240              | 206,907              | 32,878               |
| Total assets                     | 3,004,992            | 2,964,764            | 1,420,075            |
| Total current liabilities        | 430,570              | 428,326              | 584,699              |
| Total liabilities                | 430,570              | 428,326              | 584,699              |

**RESULTS OF OPERATIONS**

*For the three-month period ended November 30, 2018*

The net loss for the three-month period ended November 30, 2018 was \$155,524, as compared to the net loss and comprehensive loss for the three-month period ended November 30, 2017 of \$44,304. Operating expenses for the 3<sup>rd</sup> quarter in 2019 are totaled \$155,435 compared to 3<sup>rd</sup> quarter in 2018 of \$115,587, an increase of \$39,848. The operating expenses incurred in the current quarter were higher than comparable quarter.

Some of the more items contributing to the net loss and comprehensive loss for the 3<sup>rd</sup> quarter in 2019 and the 3<sup>rd</sup> quarter in 2018 were as follows:

- Exploration and evaluation expenses of \$Nil (November 30, 2017 - \$28,125). The decrease is due to most property related activities incurred in the 1<sup>st</sup> and 2<sup>nd</sup> quarters of the year because the company cut back expenses in the third quarter?
- Professional fees of \$31,358 (November 30, 2017 - \$11,911). The increase is a result of increased corporate activities incurred in the current quarter when compared to comparable quarter in 2017.
- Travel costs of \$12,216 (November 30, 2017: \$5,261). These costs were associated with visits to South Korea, meeting with potential and current shareholders, along with investigation of other business opportunities in this quarter.

- Consulting & management fees of \$87,761 (November 30, 2017 - \$51,989). The increase is a result of more consulting work incurred mostly in financing activities in the current period when compared to the comparable quarter in 2017.
- Corporate listing and filing fees of \$9,895 (November 30, 2017 - \$2,503). The increase in filing fees is due to the filing's expenses incurred in this quarter when private placement is closed.

*For the nine-month period ended November 30, 2018*

The net loss for the nine-month period ended November 30, 2018 was \$655,268, as compared to the net loss and comprehensive loss for the nine-month period ended November 30, 2017 of \$395,641. Operating expenses for the period ended November 30, 2018 are a totaled \$653,474 compared to period ended November 30, 2017 of \$453,349, an increase of \$200,125. The significant increased expenses are a result of stock-based compensation (\$143,000) as the Company granted the 2.4 million stock options during the first quarter in current fiscal year. There was no stock option in place in 2017.

Some of the more items contributing to the net loss and comprehensive loss for period ended November 30, 2018 and 2017 were as follows:

- Exploration and evaluation expenses of \$59,530 (November 30, 2017 - \$78,207). The \$33,600 of the yearly claim for Minto/Carmacks properties was paid to the Government of Yukon in 2018. The decrease is due to less property related work incurred during this year. The Company is in the process of selling the Minto property therefore less property maintenance work required in the current period.
- Investor relations of \$2,385 (November 30, 2017 - \$54,742). The Company significantly decreased investor relations activities and advertising/marketing during the current period compared to 2017.
- Professional fees of \$104,228 (November 30, 2017 - \$61,041). The increase is a result of various corporate matters when compared to the same period in 2017.
- Travel costs of \$38,942 (November 30, 2017: \$13,622). These costs were associated with visits to South Korea for meeting current and potential shareholders along with investigation other business opportunities during the period.
- Consulting & management fees of \$206,559 (November 30, 2017 - \$168,155). The increase in consulting & management fees in the current period is due to more corporate activities including mineral property review, overlap due to the change in management and assessment of other business opportunities were required.
- Corporate listing and filing fees of \$29,462 (November 30, 2017 - \$20,984). The filing fee slightly increased in the current period is due to more filings related to financing and properties incurred when compared to the same period in 2017.

- Gain on settlement of debt \$6,200 (November 30, 2017 - \$nil). The Company recorded a gain from settlement of amounts owed to a vendor.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at November 30, 2018, the Company had current assets of \$123,078 and current liabilities of \$370,919 compared to the current assets of \$209,240 and current liabilities of \$430,570 as at February 28, 2018.

As at November 30, 2018, the cash balance was \$90,474, compared to \$168,668 at February 28, 2018. This amount is insufficient to fund the Company's ongoing operations beyond the next several months. The Company does not have any cash flow from operations due to the fact that it is an exploration stage company therefore financings have been the sole source of funds in the past few years.

As at November 30, 2018, there was a working capital deficit of \$247,841 compared to a working capital deficit of \$221,330 as at February 28, 2018. In the opinion of management, should the Company wish to continue as a going concern and continue its fieldwork on its exploration projects in 2018 and beyond, further financing will be required, and the Company will likely have to go to the market to achieve this.

Given volatility in equity markets, global uncertainty in economic conditions, cost pressures and results of exploration activities, management constantly reviews expenditures and exploration programs and equity markets such that the Company has sufficient liquidity to support its growth strategy.

### **Liquidity Outlook**

The Company's cash position is highly dependent on the ability to raise cash through financings and the expenditures on its exploration programs. Capital expenditures are not expected to have any material impact on liquidity. As results of exploration programs are determined and other opportunities become available to the Company, management may complete an external financing as required.

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and from optioning its resource properties.

Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes that there will be risks involved which may be beyond its control.

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This outlook is based on the Company's current financial position and is subject to change if opportunities become available based on current exploration program results and/or external opportunities.

*Going Concern*

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation assets projects. These material uncertainties may cast a significant doubt on the validity of this assumption. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to continue operations. As at November 30, 2018, the Company has an accumulated deficit of \$20,409,131 (February 28, 2018 - \$19,753,863), a net loss for the period ended November 30, 2018 of \$655,268 (November 30, 2017 - \$395,641) and has working capital deficiency of \$247,841 (February 28, 2018 - \$221,330).

If the going concern assumption was not appropriate, then financial statement adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

**Strategy and Risk Management**

Further exploration activities are dependent on the Company obtaining financing to meet its planned exploration activities for 2018 and beyond. Management believes that it will be able to raise additional capital in order to meet both its planned exploration activities and its administrative expenditures. Although management has been successful in the past when raising additional financing, there can be no assurance they will be successful in the future.

**SUMMARY OF QUARTERLY RESULTS**

The following table summarizes selected financial data reported by the Company for the last eight quarters in Canadian dollars.

|                                  | 30-Nov-18 | 31-Aug-18 | 31-May-18 | 28-Feb-18 | 30-Nov-17 | 31-Aug-17 | 31-May-17 | 28-Feb-17 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                  | \$        | \$        | \$        | \$        | \$        | \$        | \$        | \$        |
| Net loss                         | 155,524   | 142,919   | 356,825   | 172,364   | 82,492    | 161,226   | 176,484   | 812,432   |
| Comprehensive loss               | 155,524   | 142,919   | 356,825   | 195,145   | 22,804    | 174,853   | 176,484   | 812,432   |
| Basic and diluted loss per share | (0.00)    | (0.00)    | (0.01)    | (0.00)    | (0.00)    | (0.00)    | (0.00)    | (0.01)    |
| Total assets                     | 2,878,703 | 3,091,144 | 2,878,469 | 3,004,992 | 2,992,204 | 2,989,298 | 2,863,532 | 2,964,764 |

**PAN ANDEAN MINERALS LTD.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**November 30, 2018**

|                                   |           |           |           |           |           |           |           |           |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Exploration and evaluation assets | 2,750,125 | 2,759,719 | 2,755,252 | 2,875,606 | 2,830,691 | 2,824,354 | 2,692,497 | 2,692,497 |
| Revenues                          | -         | -         | -         | -         | -         | -         | -         | -         |
| Equity                            | 2,507,784 | 2,673,678 | 2,450,597 | 2,681,896 | 2,346,897 | 2,448,201 | 2,359,954 | 2,536,438 |

*Basic and diluted loss per share above is the same, as the effect of potential shares issuances under stock options or warrant agreements would be anti-dilutive.*

### **EXPLORATION STAGE COMPANY RISKS**

The Company is engaged in the business of acquiring, exploring and developing mineral properties with the expectation of locating economic deposits of minerals. All of the properties are without proven ore deposits and there is no assurance that the Company's exploration programs will result in proven ore deposits, nor can there be any assurance that economic deposits can be commercially mined. As a consequence, any forward-looking information is subject to known and unknown risks and uncertainties as follows, but not limited thereto:

- Exploration and development of mining properties is highly speculative in nature and involves a high degree of risk.
- Timing delays in exploration and development and delays in funding may result in delays and postponement of projects.
- Many competitors are in the business, some of which have greater financial, technical and other resources than the Company.
- Mining involves many hazards and risks in the field such as unexpected rock formations, seismic activity, cave-ins, adverse weather conditions, unstable political conditions and many other conditions.
- Lack of assurance that: the Company will be able to obtain all necessary permits and approvals to conduct its affairs or that future tax, environmental or other legislation will not cause additional expenses, delays or postponements.
- Operations of the Company are subject to environmental regulation, a breach of which may result in imposition of enforcement actions. Environmental hazards may exist on current properties which are presently unknown to the Company and regulations and laws change over time.
- World prices for metals can be unstable and unpredictable and may materially affect the Company's operations, as well as economic conditions which may change the demand for minerals.
- The securities markets worldwide can experience high price and volume volatility.
- The Company is dependent on the services of several key individuals, the loss of which could significantly affect operations.
- There is potential for officers and directors of the Company to have conflicts of interest with other entities.

- Uncertainties as to the development and implementation of future technologies.
- Changes in accounting policies and methods may affect how the financial condition of the Company is reported.
- Breaches of contracts, such as property agreements, could result in significant loss.

## **RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company as a whole. The Company has determined that its key management personnel consist of the Company's Board of Directors and corporate officers, and/or companies controlled by its key management personnel.

The nature of the Company's relationships with its related parties is as follows:

|                                        | <b>Nature of Relationship</b> |
|----------------------------------------|-------------------------------|
| Executive Chairman                     | Management and consulting     |
| VP Exploration and Director            | Management and consulting     |
| A director based in Peru               | Management and consulting     |
| A company controlled by the President  | Management and consulting     |
| A company controlled by its CFO        | Professional fees             |
| A company controlled by its former CFO | Professional fees             |

The following amounts of due to related parties are included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of payments. All related party amounts are to key management personnel.

|                                  | November 30, 2018 | February 28, 2018 |
|----------------------------------|-------------------|-------------------|
| Consulting and professional fees | \$ 15,161         | \$ 45,702         |

The remuneration of directors and other members of key management personnel during the nine-month periods ended November 30, 2018 and 2017 were as follows:

|                                       | November 30, 2018 | November 30, 2017 |
|---------------------------------------|-------------------|-------------------|
| Consulting fees and professional fees | \$ 187,557        | \$ 250,573        |

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the period ended November 30, 2018 and 2017.

On February 15, 2018, pursuant to debt settlement agreements, the Company agreed to issue 5,100,000 common shares at a deemed price of \$0.05 to settle debts in the amount of \$289,163, subject to regulatory approval. The amount of indebtedness represents outstanding payments of consulting fees indebted to three former directors of the Company. On May 23, 2018, the Company issued 3,094,000 of the 5,100,000 common shares at a

deemed price of \$0.05, to two directors of the Company. On December 14, 2018, at the Company's AGM, shareholders passed all resolutions including approval of issuing 2,006,000 common shares settling outstanding debt of \$100,300 to two former directors of the company.

## **OUTSTANDING SHARE DATA**

Pan Andean's authorized capital is unlimited common shares without par value.

As at the date of this MD&A, the Company had an unlimited number of common shares authorized for issuance, with 55,862,552 issued and outstanding. The Company also had 16,554,550 warrants and 2,400,000 stock options outstanding convertible into one common share.

As of the date of this reporting, 4,665,000 shares are subject to pooling restrictions.

## **CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The critical judgements and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the in the unaudited condensed interim financial statements for the nine months ended November 30, 2018 are consistent with those applied in the preparation of the Company's annual audited consolidated financial statements for the year ended February 28, 2018.

## **PRONCEMENTS AFFECTING FINANCIAL STATEMENTS PRESENTATION OR DISCLOSURE**

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 2018, reporting period. Updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company is currently assessing the impact of these new standards, if any, on its consolidated financial statements.

- IFRS 16 – Leases; and
- IAS 12 – Income Taxes.

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and market price risk.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, short-term investments and other receivables. Pan Andean deposits its cash and cash equivalents with high credit quality major Canadian financial institutions as determined by ratings

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agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

#### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As of November 30, 2018, the Company had a cash balance of \$90,474 (February 28, 2018 - \$168,668), to settle current liabilities of \$370,919 (February 28, 2018 - \$430,570). Further information relating to liquidity risk is disclosed in Note 1 of the Company's condensed consolidated interim financial statements for the nine months ended November 30, 2018.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents, short-term investments and reclamation bonds include deposits which are at variable interest rates.

For the nine months ended November 30, 2018, a plus or minus 0.5% change in market interest rates would affect the Company's interest earned on cash and cash equivalents and short-term investments by approximately \$452.

#### Market Price Risks

The only significant market price risks to which the Company is exposed to is interest rate risk and price volatility on its marketable securities. The Company's bank account earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to changes in short-term rates.

### **MANAGEMENT OF CAPITAL**

In the management of capital, the Company considers shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support exploration and development of mineral properties. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing

properties, and to acquire, explore, and develop other precious and base metal deposits.

- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal.
- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

The properties in which the Company currently holds an interest in are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and development of its mineral properties, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the nine months ended November 30, 2018 compared to the nine months ended November 30, 2017. The Company is not subject to externally imposed capital requirements.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded,

- processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's reporting standards.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

#### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning Pan Andean's general and administrative expenses and mineral property costs is provided in the Company's nine months ended November 30, 2018, statement of operations contained in its condensed consolidated interim financial statements for the nine months ended November 30, 2018. These statements are available on the Company's website at [www.panandeanminerals.com](http://www.panandeanminerals.com) or on its SEDAR Page Site accessed through [www.sedar.com](http://www.sedar.com).

#### **DIVIDENDS**

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

#### **NATURE OF THE SECURITIES**

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

#### **PROPOSED TRANSACTIONS**

At the present time, there are no other proposed transactions that are required to be disclosed.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## **APPROVAL**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the audited consolidated financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

## **FORWARD LOOKING INFORMATION**

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that

certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others,

risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements

**ADDITIONAL INFORMATION**

Additional Information relating to Pan Andean can be found on the Company website [www.panandeanminerals.com](http://www.panandeanminerals.com) and on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Company at Suite 520 – 800 West Pender Street, Vancouver, BC Canada, V6C 2V6, Tel: (604) 697-2408.