



(FORMERLY BCGOLD CORP.)

**MANAGEMENT DISCUSSION AND
ANALYSIS**

For the Year Ended February 28, 2017

As at August 23, 2017

INTRODUCTION

The following annual management's discussion and analysis (MD&A) of the Company has been prepared as of August 23, 2017. This MD&A should be read in conjunction with the consolidated financial statements of Pan Andean Minerals Ltd. ("Pan Andean" or the "Company") (formerly BCGold Corp.) and the notes thereto for the year ended February 28, 2017, which 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"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Management is responsible for the preparation and integrity of the consolidated 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 consolidated 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 and on the Company's website: www.panandeanminerals.com. Readers of this MD&A are cautioned that information and statements derived from the Company's consolidated 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 34 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 AND EXPLORATION HIGHLIGHTS

Highlights of the Company's activities during the year ended February 28, 2017 and up to August 23, 2017:

- On March 28, 2016, Pan Andean announced that it had received notice from Gorilla Minerals Corp., ("Gorilla") that it would not provide an extension to the March 31, 2016 deadline to close the previously disclosed property agreement between Pan Andean and Gorilla. This is in spite of the fact that the extension was intended to accommodate the fact that Gorilla had called its shareholder's meeting to approve the Transaction for April 12, 2016. Pan Andean subsequently notified Gorilla that the Company waived the Gorilla shareholder meeting requirement and Pan Andean remained ready and willing to proceed with the completion of the transactions contemplated by the Agreement in a timely manner, given the delays occasioned by the actions of Gorilla, and expected Gorilla to proceed in good faith to take such steps as reasonably required to complete the transaction in a timely manner. Furthermore, Pan Andean requested Gorilla to confirm its willingness to confirm this on or before close of business on April 4, 2016, and failing that, Pan Andean reserved the right to proceed without further notice to pursue all remedies available to it.

- On April 14th, 2016, and subsequently amended on April 20th, 2016, Pan Andean had signed a Letter of Intent with the shareholders of Circum Pacific Holdings Ltd., a private Canadian company to acquire all their issued and outstanding shares and consequently, 100% interest in the contiguous Chanape and Pucacorrall mineral concessions, (or the "Properties") situated in west-central Peru.

Highlights

- Pan Andean to acquire 100% interest in the Chanape and Pucacorrall Properties, comprising a number of contiguous mineral concessions (5,785 hectares) within the historic Chanape and San Mateo exploration and mining district, 100 kilometres east of Lima, Peru.
- The Properties overlay 3-separate porphyry-centred gold-silver epithermal systems in a prolific mining district that has been actively mined for silver, gold and copper since colonial times.
- The Properties include the Veta Fulvia and the San Mateo silver-copper-gold mines, and completely surrounds the recent high-grade Chanape porphyry / breccia hosted Cu-Au-Ag discovery (formerly owned by Inca Minerals Ltd. - ASX), which has been demonstrated to extend onto the Chanape property being acquired by Pan Andean. Inca has spent approximately \$7 million in exploration on the Chanape discovery during the past 4 years.
- Past Chanape drilling by Inca Minerals returned high-grade intercepts in near-surface epithermal breccias that includes 55 metres averaging 2.3% Cu, 0.6 g/t Au, 42.9 g/t Ag and 108 metres averaging 2.0 g/t Au, 41.0 g/t Ag from surface, including 42 metres averaging 3.3 g/t Au, 34.9 g/t Ag. Sufficient information has not been received to report true widths.
- Historic and artisanal mines being acquired by Pan Andean will be evaluated for third party mining and processing at nearby facilities, such as Nyrstar's Coricancha mine and milling complex, currently being evaluated by Great Panther Silver Ltd., 15 kilometres distant.
- Proximal to the giant Toromocho Cu-Mo-Ag deposit, 30 kilometres to the north.
- Augmentation of Pan Andean's Board of Directors and the addition of a highly-experienced and proven Peru exploration and management group.
- Private placement fundraising of a minimum of \$750,000.

Transaction Summary

On April 27, 2016, Pan Andean closed the first tranche of its private placement previously announced on April 14, 2016. The Company raised \$286,000 through the issuance of 5,720,000 units ("Units") priced at \$0.05 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share for up to two years expiring April 27, 2018. The Company paid finder's fees of \$18,400 and

issued 368,000 finder warrants, each of which entitle the holder to purchase one Pan Andean common share at a price of \$0.05 per share for up to one year expiring April 27, 2017.

As the Company has previously advised, of the gross proceeds of the private placement, approximately \$200,000 was to be used to pay the costs associated with the closing of the Peruvian Transaction, and the remaining \$550,000 will be applied to advance the Chanape and Pucacorrall Properties (the "Peru Properties").

On July 19, 2016, Pan Andean received TSX Venture Exchange approval to increase the previously announced \$750,000 private placement (April 14, 2016) to \$1,000,000.

The Company conducted due diligence studies and a site visit to the Chanape and Pucacorrall Properties in early May, 2016. Mr. Jerry Blackwell, P.Geo., a Qualified Person as defined by National Instrument 43-101 and on behalf of Pan Andean, has prepared a technical report detailing the exploration history, geological potential and Pan Andean's exploration plans for the Peru Properties. On July 29, this report was approved by the Exchange and will be posted on SEDAR and the Company's website. (www.panandeanminerals.com) upon Closing of the Peru Transaction.

On August 2, 2016 the Company announced that it had completed agreements to acquire a 100% interest in the Chanape and Pucacorrall properties located in Peru. The acquisition of this interest was effected partially by way of an agreement whereby the Company acquired all the issued and outstanding shares of a closely-held British Columbia company, Circum-Pacific Holdings Ltd., ('Circum Pacific'), which holds interest in two private Peruvian subsidiaries, by issuing 20,000,000 shares of the Company, and by paying the sum of \$40,000, to the vendors.

The Company also acquired all minority interests in the two Peruvian subsidiary companies, not already held by Circum Pacific, through the issuance of 10,000,000 shares of Pan Andean and the payment of \$20,000 to a separate vendor.

One of the Peruvian subsidiaries acquired, Cima de Oro S.A.C. ('Cima'), has an option agreement (the 'Tres Agreement') to purchase all the issued and outstanding shares of another private Peruvian company, SMRL Cerro de Oro Tres ('Tres'), which in turn holds nine additional mineral concessions. Included in this acquisition is the Company's assumption of Cima's obligations pursuant to this option.

Of the 30,000,000 common shares issued by the Company, a total of 6,672,000 shares will be held in escrow and released concurrent with certain payments or other ownership milestones being met under the Tres Agreement.

The acquisition of Circum-Pacific was accounted for as an asset acquisition recorded at the fair value of the consideration paid.

On August 4, 2016 Pan Andean announced that it had received TSX Venture Exchange (or the "TSXV") approval and closed its Peru Transaction, previously announced on April 14th and subsequently amended on April 20, 2016. Furthermore, the Company also announced that it had closed a second tranche of its \$750,000 private placement, an underlying condition for the Peru Transaction that was increased to \$1,000,000 on July 19, 2016. In addition to the first tranche of \$286,000 closed on April 28, 2016, the Company raised an additional \$465,000 in a second tranche, for a total of \$751,000, through the issuance of 9,300,000 units ("Units") priced at \$0.05 per Unit. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share for up to two years expiring August 3, 2018.

New Board of Directors and Peruvian Management Group

Upon Closing of the Peruvian transaction, the board of directors of Pan Andean was modified to include Mr. Brian P. Fowler, Mr. John Kowalchuk and two nominees of Circum, Dra. Jenny Egúsqüiza and Mr. Gary W. Anderson.

The Circum nominees include. Dra. Egúsqüiza is a Lima-based Peruvian lawyer who serves as a Director and Advisor to several Canadian, English and Peruvian mining companies. Dra. Egusquiza advises and consults to Peruvian and international companies, and government institutions, specializing in laws governing development of mining, energy, and exploitation of natural resources. Dra. Egusquiza has more than 23 years of experience working for multi-national companies that include Glencore Group, Phelps Dodge, BHP Billiton, Perubar S.A. (San Ignacio de Morococha), Compañía Minera Poderosa SA, Peruana de Energía SAA, and EDEGEL SAA, among others. Dra. Egusquiza serves as a Member of the Lima Bar Association and Peruvian National Law Federation. Dra. Egusquiza graduated as a Lawyer from the Law and Political Science Faculty of the Pontificia Universidad Católica del Perú and continued her postgraduate study in Private International Law at the University of South California, USA, and in Business Law (Doctorate) at the University of Seville, Spain.

Mr. Anderson is a former senior executive of High Ridge Resources Inc. ("High Ridge"), which undertook the initial exploration of the Chanape area between 2007 and 2009. Mr. Anderson, as President and CEO of High Ridge, , which was instrumental in recognizing the potential of the area and implemented the first drill program in the district, discovering widespread epithermal gold-base metal mineralisation at the Chanape Property. These

exploration results supported the premise that epithermal gold mineralisation at Chanape is related to a larger underlying porphyry system, which was proven by subsequent and deep drilling by Inca Minerals Ltd. ("Inca") within their tenements in 2015. Inca spent >A\$7 million and drilled over 11,500 metres at Chanape over the past 5 years, defining epithermal breccia and porphyry-style mineralization over a +1.3 kilometre vertical extent, that remains open at depth.

Other highlights

- On May 10, 2016, Pan Andean was notified by the Yukon government that the Company's 2016 Yukon Mineral Exploration Program (YMEP) exploration grant application for work on the Company's 100% owned Williams South Property in Yukon had been approved for up to \$40,000. The Company intends to utilise this grant money to conduct a detailed ground magnetic survey on the property to detect additional "Carmacks-type" copper-gold drill targets on the property.
- On July 13, 2016, Pan Andean signed a third option agreement amendment with Blind Creek Resources Ltd., extending option terms on the Blind Creek property by a period of 1 year, in consideration for 100,000 common shares. The Blind Creek property is strategically situated adjacent to the core crown grant claims at the Company's 100% owned Engineer Mine Property.
- On August 4, 2016, Pan Andean also announced that the Company and Blind Creek Resources Ltd. ("Blind Creek") had signed a third amendment to the Blind Creek Letter Agreement, under which Pan Andean may earn up to a 100% interest in the Blind Creek property (see August 19, 2013, August 12, 2014 and February 25, 2015 news releases), situated adjacent to Pan Andean's 100% owned historic Engineer Mine property, located 32 km southwest of Atlin, B.C. The amendment, subsequently approved by the TSX Venture Exchange, includes the following:
 - Each of Pan Andean's annual option commitments over four years, totalling \$400,000 in eligible exploration expenses, issuance of 1,000,000 Pan Andean common shares, and cash payments of \$225,000 to Blind Creek, are extended by one year.

In consideration of the above, Pan Andean issued 100,000 common shares to Blind Creek.

- On August 4, 2016, Pan Andean also announced that it had signed an agreement with prospector Mr. Bernie Kreft, to acquire 100% interest in the VOIGH claims, situated proximal to Pan Andean's 100% owned Voigtberg Property in BC's prolific Golden Triangle district in northwest British Columbia. The agreement provided Mr. Kreft with a cash payment of \$20,000 and 400,000 Pan Andean common shares, subject to a 4-month holding period, in exchange for 100% interest in the VOIGH claims.

- At a Board meeting on September 15, 2016 Pan Andean welcomed Gary A. Anderson, Adam Szybinski and Jenny Egusquiza as new directors. Peter Kendrick, a founding Pan Andean independent director stepped aside as part of the Peru Transaction.
- On September 20, 2016, Pan Andean closed the final tranche of its previously announced \$1,000,000 private placement (the "Final Tranche"), on an over-subscribed basis, and raised an additional \$279,500, for a total of \$1,030,500. A total of 5,590,000 units ("Units") priced at \$0.05 per Unit were issued in the Final Tranche. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share for up to two years expiring September 20, 2018.
- Also 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. Phase I exploration will consist of geological mapping, prospecting and sampling, on both surface and underground in the San Mateo mine. This US\$200,000 exploration program will be supervised by Dr. Adam Szybinski, Pan Andean's Peru exploration manager. The objective of Phase I exploration is to i) confirm the presence of "Chanape-type" high-grade gold-copper-silver breccia pipe epithermal mineralization at Pucacorrall and ii) confirm geological controls, strike extent and the gold-copper-silver-zinc tenor of the San Mateo mine veins. Phase II exploration at Pucacorrall will entail a \$225,000 detailed 3D Induced Polarization survey to define vein, breccia pipe and possible Cu-Au-Ag porphyry geometry and drill targets on the property.
- The Company held its Annual General Meeting on October 26, 2016. Shareholders voted the board to consist of Mr. Brian P. Fowler, Mr. John Kowalchuk, Dra. Jenny Egúsquiza, Mr. Gary W. Anderson and Dr. Adam Szybinski. All articles before the board were approved.
- On November 15, 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 100%-owned Pucacorrall Project in Central Peru.
- On December 5, 2016, Pan Andean announced that significant silver and copper assay results have been received by the Company from a recently completed Phase I exploration program at its 100%-owned Pucacorrall Project in Central Peru. Phase I exploration included surface and underground geological mapping and sampling of the historic San Mateo mine area and workings, mineralized stockpiles and waste dumps. Silver and copper assay results support the presence of a multi-phase vein-breccia-porphyry system at Pucacorrall within an area measuring at least 1.5 kilometres x 1.5 kilometres.
- Also on December 5, 2016, Pan Andean announced that it has appointed Ms. Lan Shangguan, CPA, CA as the Company's Chief Financial Officer. Ms. Shangguan is a

senior finance professional with over 20 years of broad international experience in both public accounting and executive level financial management across various industries. Ms. Shangguan replaces Ms. Sheri Rempel, who is pursuing other business opportunities. The Company wishes to thank Ms. Rempel for her dedication and service and wish her the very best going forward.

- On December 8, 2016, Pan Andean announced that significant base metal assay results have been received by the Company from a recently completed Phase I underground geological mapping and sampling program at the historic San Mateo mine, central to the Company's 100%-owned Pucacorral Project in Central Peru. Assay results complement significant breccia-hosted silver and copper assays recently reported by Pan Andean.
- On December 16, 2016, Pan Andean announced that it has arranged a non-brokered private placement of up to \$500,000 through the issuance of a combination of units and flow-through shares at a price of five cents per unit and flow-through share. Each unit will be composed of one common share and one share purchase warrant. Each whole warrant is exercisable to purchase one common share of the company at a price of 10 cents per share for a period of one year from the date of closing of the financing. The Company also announces that, in addition to relying upon other available prospectus exemptions to affect the \$500,000, 10,000,000 Unit private placement disclosed herein, the Company intends to rely upon B.C. Instrument 45-536 (distribution through an investment dealer).
- On January 9, 2017, Pan Andean announced the discovery of a new gold-silver-arsenic-antimony MMI soil anomaly at its Engineer Mine property, situated 32 kilometres southwest of Atlin, B.C. The new anomaly (the "BC" anomaly) as currently defined, is 500 metres east of the historic mine workings in an area that has only seen limited modern exploration. The BC anomaly is 300 m long by 250 m wide and near the projected intersection of Shears 'A' and 'B', large second-order fault structures known to host significant gold mineralization in hydrothermal breccias within the mine workings area. The BC anomaly is elevated in gold and silver with an outer halo of elevated arsenic, antimony and molybdenum. They are all elements associated with Engineer-style gold mineralization within the historic mine.
- On January 23, 2017, Pan Andean announced the immediate termination of Brian P. Fowler's position as President and CEO of Pan Andean. Mr. Fowler remains a director of Pan Andean. Mr. Gary Anderson, Executive Chairman and Director of Pan Andean, has been appointed as interim CEO while the Company looks for a suitable candidate as President and CEO.
- On January 26th, 2017, Pan Andean announced that it has closed the first tranche of its private placement previously announced on December 16, 2016. The Company raised \$25,000 through the issuance of 100,000 flow through shares and 400,000 units both priced at \$0.05 per flow through share and unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to purchase one common share of the Company at a price of \$0.10

expiring December 30, 2017. All securities are subject to a four month hold period expiring May 1, 2017. The Company paid \$1,600 cash commission and issued 40,000 finder warrants at a price of \$0.05 expiring December 30, 2017.

- On February 8, 2017, Pan Andean announced that Mr. Paul Wojdak has resigned as the Company's Vice President, Exploration (Canadian properties). Mr. Wojdak has chosen to pursue other endeavors in Western Canada.
- On February 9, 2017, Pan Andean announced the appointment of Eduardo (Ed) Baer to serve as Chief Executive Officer and Director. Further to the Company's press release dated January 23, 2017, Gary W. Anderson ceased acting as interim CEO and continues to serve as the Executive Chairman of BC Gold's Board.

On April 11, 2017, Pan Andean announced that Mr. Eduardo Baer has resigned as CEO and a Director of the Company effective immediately and the Company's search for a suitable CEO candidate will continue. Executive Chairman, Gary W. Anderson will act as interim CEO.

The Company also welcomed Mr. Victor Jaramillo, M.Sc., P.Geo., to its advisory board. Mr. Jaramillo is an International Exploration and Mining Geologist with over 30 years' experience particularly in precious and base metal type mineral deposits. He has previously held positions with major and junior mining companies as project manager, senior project geologist, chief mine geologist and exploration manager. He has been involved in regional exploration, property assessment, resource estimation & mine operations.

- On February 19, 2017, Pan Andean announced that it has closed the final tranche of its private placement previously announced on December 16, 2016. The Company issued an additional 458,000 flow through shares at price of \$0.05 per flow through share. All securities are subject to a four month hold period expiring June 15, 2017.
- On February 21, 2017, Kaminak Gold Corporation and Pan Andean (BCGold Corp.) amended Joint Venture Interest Purchase Agreement dated April 17, 2017, as amended September 7, 2016. Both have agreed to amend the Purchase Agreement by deleting Section 6.1 of the Purchase Agreement in its entirety and replacing it with the following language: "6.1 On or before the end of the Earn-In Period, Kaminak shall purchase from BGC the BGC Joint Venture Interest by providing notice to BCG (the "Buy-Out Notice") to that effect and by delivering \$34,282 payable in cash." In all other respects the Purchase Agreement continues in full force and effect.

On March 8, 2017, Kaminak Gold Corporation exercised the Buy-Out Notice in section 6.1 of the Joint Venture Interest Purchase Agreement entered into between and Pan Andean ("BCGold") dated April 17, 2014, as amended September 7, 2016 and February 21, 2017, and delivered a cheque for \$34,282.

- On February 22, 2017, the Company entered into a Letter Agreement (the 'Engineer Property Agreement') with Blind Creek Resources Ltd. ('Blind Creek') to sell its 100% interest in the Engineer Mine and adjoining Gold Hill properties, situated

approximately 32 kilometres southwest of Atlin, British Columbia, inclusive of certain items of field equipment.

The sales price was \$350,000, of which approximately \$332,500 was applied to assuming certain outstanding obligations of the Company, including the discharge of its promissory note (see Note 8). As part of this transaction, Blind Creek also agreed to assume certain liabilities owed by the Company to its former CEO. In addition, Blind Creek granted to the Company a 1.0% Net Smelter Return ('NSR') royalty (the 'Royalty') on the Engineer Mine, Gold Hill and Blind Creek properties (the latter of which borders the west and south sides of the Engineer Mine property and Gold Hill properties). Blind Creek retains the right to buy back all of the Royalty for \$2,000,000.

- On March 13, 2017, the Company announced that it has received approval from the TSX Venture Exchange to change the name of the Company from BCGold Corp. (TSX-V: BCG) to Pan Andean Minerals Ltd. The name change took effect at the start of trading on Thursday, March 16, 2017. The new CUSIP and ISIN numbers for Pan Andean's common shares are 69776P101 and CA69776P1018. The Company's trading symbol will be "PAD". No change in the Company's capital structure results from this name change.
- On March 27, 2017, Pan Andean announced a non-brokered private placement of up to \$500,000 through the issuance of 10,000,000 units at a price of \$0.05 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to purchase one common share of the company at a price of \$0.10 per share for a period of two years from the date of closing of the financing. Proceeds from this financing will be primarily used to fund and advance the Peruvian projects.
- On May 8, 2017, Pan Andean announced that further to its news release dated March 27, 2017, the TSX Venture Exchange has granted an extension to the deadline for filing final documentation for this private placement to June 12, 2017.
- On June 23, 2017, Pan Andean announced that it is to undertake a non-brokered private placement of up to 45.33 million units at a price of \$0.03 per unit for proceeds of up to \$1,360,000. Each unit will consist of one common share of the Company and one share purchase warrant. Each warrant entitles the registered holder to acquire one additional share of the Company at a price of \$0.06 for a period of two years. In the event that the Company's shares trade at a closing price of \$0.15 per share for a period of 10 consecutive days at any time after the closing of the Offering, the Company may at its discretion accelerate the expiry date of the warrants by providing notice to shareholders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

Pan Andean has been given an extension to September 6, 2017 to complete its private placement as originally disclosed in a news release dated June 23, 2017.

- Also on June 23, 2017, the Company announced that it has appointed Mr. Edward Low as the Company's Chief Financial Officer. Mr. Low replaces Ms. Lan Shangguan who has resigned from her position of CFO, but will remain involved with the company as a consultant.
- On June 29th, 2017, Pan Andean announced that its annual financial statements for the year ended February 28, 2017, including the related management discussion and analysis, and CEO and CFO certifications (collectively, the "Annual Financial Filings") were not filed by the required filing deadline of June 28, 2017. The Annual Financial Filings were not filed before the Filing Deadline due to the fact that the Company lacks the necessary funds to pay the auditor and thus the audit has been delayed for that reason as well as due to issues which have arisen in the audit as a result of the acquisition of two Peruvian companies by PAD during the 2017 fiscal year.

New Board of Directors

At the most recent Annual General Meeting, the shareholders voted the board to consist of Mr. Brian P. Fowler, Mr. John Kowalchuk, Dra. Jenny Egúsquiza, Mr. Gary W. Anderson and Dr. Adam Szybinski.

Mr. Brian Fowler resigned as a director and an officer of the Company effective February 22, 3017.

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 8 of the Company's consolidated financial statements for the year ended February 28, 2015 for further disclosure on the Company's properties.

	Current Interest Held	Remaining Required Commitments	Optional Commitments
Minto/Carmacks Copper-Gold Properties, Yukon (8 properties encompassing 471 mineral claims in total just under 10,000 hectares)	100%	None	Pan Andean continues efforts to farm out the Minto/Carmacks Properties for option to a qualified partner.
Engineer Mine, British Columbia	0%	On February 22, 2017, Pan Andean entered into an agreement with Blind Creek Resources Ltd. to sell its interest in the Engineer Mine property and related assets and the adjoining Gold	None

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		Hill property. The purchase price was \$350,000 of which approximately \$332,500 was to be applied to paying certain outstanding obligations of the Company.	
Blind Creek Property – British Columbia	0%	On February 22, 2017, Pan Andean entered into an agreement with Blind Creek Resources Ltd. to sell its interest in the Engineer Mine property and related assets. The property was subsequently sold as part of the Engineering Property Agreement with Blind Creek.	

	Current Interest Held	Remaining Required Commitments	Optional Commitments
Voigtberg, British Columbia	0%	On March 8th, 2017, Kaminak Gold Corporation, a wholly-owned subsidiary of Gold Corp Inc., exercised the Buy-Out Notice in section 6.1 of the Joint Venture Interest Purchase Agreement entered into between and Pan Andean dated April 17, 2014, as amended September 7, 2016 and February 21, 2017. Pursuant to the agreement the Company sold its entire interest in the property to Kaminak Gold Corp.	None
Gold Hill, British Columbia	0%	On February 22, 2017, Pan Andean entered into an agreement with Blind Creek Resources Ltd. to sell its interest in the Engineer Mine property and the adjoining Gold Hill property. The Company sold the Gold Hill Property as part of the Engineering Property Agreement.	None
Chanape Property Peru			
Minera Chanape S.A.C. holdings	100%	None	None
Pucacorrall Property Peru			
Minera Chanape S.A.C. concessions	100%	None	None
Cima de Oro S.A.C. Silver MG concession	100%	US\$20,000	to be paid in 2017

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Cima de Oro S.A.C. Fundido concession	100%	None	None
Cerro de Oro Tres S.M.R.L. holdings	23.26%	Option to acquire remaining 76.74% 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>Vested Interest</u>
At the onset of the option	US\$ 40,000 (paid)	16.6%
February 12, 2017	US\$ 60,000 (paid June 2017)	23.26%
August 12, 2017	US\$ 50,000	
February 12, 2018	US\$ 50,000	29.92%
August 12, 2018	US\$ 75,000	
February 12, 2019	US\$ 75,000	39.92%
August 12, 2019	US\$ 90,000	
February 12, 2020	US\$ 90,000	51.92%
August 12, 2021	US\$ 970,000	100%

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 new Peru 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 recently 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.bcgoldcorp.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 20th, 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.

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.

Engineer Mine Property, Atlin, British Columbia

On January 16, 2007, the Company entered into an option agreement to acquire up to a 100% interest in the Engineer Mine property, situated 32 kilometres west of Atlin, British Columbia and 140 kilometres south of Whitehorse, Yukon (*for details of the agreement terms see financial statements for the years ended February 28, 2013 and February 29, 2012*). Since that time, Pan Andean Ltd. has methodically invested in excess of \$4.0 million in acquisition, development, bulk sampling, on-site milling and exploration for high-grade and bulk tonnage gold on the property. On September 25, 2012, Pan Andean announced it had vested its final 25% interest and acquired 100% ownership of the Engineer Mine property from Engineer Mining Corp. ("EMC").

In September 2010, the Company increased its land position around the Engineer Mine by signing an option agreement with Guardsmen Resources Inc. ("Guardsmen") to acquire a 100% interest in the east adjoining Gold Hill property. The Gold Hill property consists of 5 mineral claims (2,104 hectares), which include the Happy Sullivan high-grade gold prospect and a 2.2 kilometre-long segment of the highly prospective Shear Zone "B" structure.

On August 19, 2013, the Company further consolidated its land position around the Engineer Mine by signing an option agreement with Blind Creek Resources Ltd. ("Blind Creek") to acquire a 100% interest in nine mineral claims bordering the west and south sides of the Engineer Mine and Gold Hill properties. In essence, Pan Andean has

consolidated land holdings over the entire Engineer Mine Camp with 3,537 hectares of contiguous mineral claims and crown grants under its control.

On February 22nd, 2017, Pan Andean entered into an agreement with Blind Creek Resources Ltd. to sell its interest in the Engineer Mine property and related assets and the adjoining Gold Hill property. The purchase price is \$350,000 of which approximately \$332,500 is to be applied to paying certain outstanding obligations of the Company. As part of the Transaction, Blind Creek has also agreed to assume certain liabilities owed by the Company to Brian Fowler, the former CEO of the Company. In connection with the closing of the Transaction Mr. Fowler has resigned as a director of the Company. In addition, Blind Creek will grant to the Company a 1.0% net smelter return royalty ("Royalty") on the Engineer Mine property, the Gold Hill property and the Blind Creek Property that borders the west and south sides of the Engineer Mine property and Gold Hill property. Blind Creek has rights under the Agreement to buy back all of the Royalty for \$2,000,000.

Minto/Carmacks Copper-Gold Properties, Central Yukon

Pan Andean currently owns 100% of 8 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.

Voigtberg Property, British Columbia

On April 22, 2014, the Company signed a letter agreement with joint venture partner Kaminak Gold Corp. ("Kaminak") to obtain 100% interest in the Voigtberg porphyry copper-gold property, situated in the heart of the prolific Golden Triangle district in north western British Columbia, by acquiring Kaminak's 50% interest in the property.

The Company issued Kaminak one million units, with \$50,000 fair value being assigned to the shares and \$39,670 fair value being assigned to the warrants, of the Company's securities in exchange for Kaminak's 50% interest in the Voigtberg property. Each "unit" consists of one common share and one share purchase warrant. Each warrant entitles Kaminak to acquire one additional common share at a price of \$0.10 for up to three years. All securities are subject to a four month hold period after the date of issuance.

The Company also agreed to facilitate \$1.2 million in exploration expenditures on the Voigtberg property over a three-year period. If the Company fails to achieve this, Kaminak will have a one-time opportunity to acquire the Company's entire interest in the property for \$50,000.

In November 2015, claims comprising the Voigtberg property lapsed and Pan Andean was successful in re-staking 58 of the original 70 mineral claims and rectifying the previous option agreement. On July 19th, 2016 Kaminak was acquired by GoldCorp. and on August 4, 2016, Pan Andean announced that it had acquired the remaining 12 Voigtberg claims from prospector Mr. Bernie Kreft, for a cash payment of \$20,000 and 400,000 Pan Andean common shares. A new Voigtberg agreement incorporating the new claim package was signed with GoldCorp., inclusive of the previous Kaminak option and buyout terms. On December 8, GoldCorp notified Pan Andean that it fully intended to exercise its \$50,000 buyback option of the Voigtberg on or before the April 22, 2017 deadline, at Pan Andean's convenience. The Company expects to conclude the Voigtberg property sale before the April 22, 2017 deadline.

On February 21, 2017, Kaminak Gold Corporation and the Company amended Joint Venture Interest Purchase Agreement dated April 17, 2017, as amended September 7, 2016. Both have agreed to amend the Purchase Agreement by deleting Section 6.1 of the Purchase Agreement in its entirety and replacing it with the following language: "6.1 On or before the end of the Earn-In Period, Kaminak shall purchase from BGC the BGC Joint Venture Interest by providing notice to the Company (the "Buy-Out Notice") to that effect and by delivering \$34,282 payable in cash." In all other respects the Purchase Agreement continues in full force and effect.

On March 8, 2017, pursuant to an agreement dated September 7, 2016, the Company sold its entire interest in the property to Kaminak Gold Corp., a wholly-owned subsidiary of Gold Corp Inc., for consideration of \$34,282 in cash (received subsequent to year-end).

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.

The Company's financial status is not as robust as the previous quarter when an oversubscribed \$1,000,000 private placement was closed. Proceeds of this placement were used this Quarter to address Company debt, provide for Peru transaction payments to the property vendors, to provide for the services of 3 financial consulting firms and the attendance of 2 mining investment conferences in Munich and Switzerland, minimal assessment work and maintenance required to keep the Canadian properties in good stead, provide for option payments for certain Peru properties, fund a Phase I exploration program at the Pucacorrall property and for general working capital. The expectation is that financing for a Phase II geophysical program at Pucacorrall and additional working capital will be provided through closing the \$500,000 private placement announced by the Company on December 16th, 2016.

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 consists 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 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 taken all measures to retain tenure of its significant land package through nominal work programs. The Company is pleased that its portfolio of quality exploration and development properties in Yukon and Peru continues to

attract option interest from qualified partners. The Company is committed to advancing its properties through deliberate work programs and optioning them to qualified and well-funded exploration partners.

The Board of Pan Andean is pleased with the market reaction for current exploration initiatives and remains committed to transitioning the Company into a Peru prospect generator of note and substance.

Brian P. Fowler, former President and Chief Executive Officer of Pan Andean, a member of the Professional Engineers and Geoscientists of British Columbia ("APEGBC") and a Qualified Person as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, was responsible for the preparation of, and verified, the technical information quoted in this MD&A on all but the Pucacorrall project.

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 this MD&A.

RESULTS OF OPERATIONS

Pan Andean is in the exploration phase and its properties are in the early stages of exploration and none of the Company's properties are in production. Exploration and evaluation expenses and administrative expenses relating to the operation of the Company's business are being expensed as incurred. Consequently the Company's net loss is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective mineral properties. By acquiring and exploring projects of superior technical merit, the Company increases its chances of finding and developing an economic deposit.

At this time, the Company is not anticipating profit from operations. Until such time as the Company is able to realize profits from the production and marketing of commodities from its mineral interest, the Company will report an annual deficit and will rely on its ability to obtain equity or debt financing to fund on-going operations.

Additional financing is required for exploration and administration costs. Due to the inherent nature of the junior mineral exploration industry, the Company will have a continuous need to secure additional funds through the issuance of equity or debt in order to support its corporate and exploration activities, as well as its share of obligations relating to mineral properties.

Cumulative exploration and evaluation expenses incurred on the Company's properties to February 28, 2017 were as follows:

	Minto/ Carmacks Copper-Gold Properties (Yukon) (\$)	Engineer (B.C.) (\$)	Gold Hill (B.C.) (\$)	Blind Creek (B.C.) (\$)	Voigtberg (B.C.) (\$)	Other Properties (B.C. & Yukon) (\$)	Chanape & Cima (Peru) (\$)	Total (\$)
Balance - February 28, 2015	3,977,616	3,554,665	313,711	-	891,180	1,382,926	-	10,120,098
Exploration and evaluation expenses	848	143,803	1,713	-	5,882	750	-	152,966
Balance - February 29, 2016	3,978,464	3,698,468	315,424	-	897,062	1,383,676	-	10,273,094
Exploration and evaluation expenses	21,195	40,090	-	9,570	15,749	28,110	124,542	239,256
Balance - February 28, 2017	3,999,659	3,738,558	315,424	9,570	912,811	1,411,786	124,542	10,512,350

For the three-month period ended February 28, 2017

The net loss for the three-month period ended February 28, 2017 was \$812,432, as compared to the net loss for the three-month period ended February 29, 2016 of \$167,824. The comprehensive loss for the three-month period ended February 28, 2017 was \$812,432 (February 29, 2016 - \$180,399). Operating expenses for the three-month period ended February 28, 2017 totaled \$230,791 (February 29, 2016 - \$76,162) an increase of \$154,629. Individual items contributing to the net loss and comprehensive loss for the three-month periods ended February 28, 2017 and February 29, 2016 were as follows:

- Exploration and evaluation expenses of \$13,042 (February 29, 2016 - \$35,042). Little exploration and evaluation activities were undertaken during the current three months due to cash constraints.
- Investor relations were \$41,830 (February 29, 2016: \$Nil). The increase was a result of management's decision to increase investor relations programs and consulting during the current year.
- Professional fees of \$32,642 (February 29, 2016: \$3,463). The increase was a result of more corporate activities during the current period as compared to prior period.
- Travel costs of \$29,591 (February 29, 2016: \$Nil). The costs were associated to the mining conferences attended and financing activities during the period.
- Wages and consulting fees of \$78,619 (February 29, 2016 - \$6,639). The increase in wages and consulting fees is due to the expansion of the management team following the conclusion of the Peru transaction. In addition, consulting fees to the CEO were allocated to exploration and evaluation expenses in prior period.

During the three months ended February 28, 2017, the Company disposed of two mineral properties which resulted in a loss totaling \$581,213. This represents 72% of the total net loss and comprehensive loss for the period.

For the year ended February 28, 2017

The net loss for the year ended February 28, 2017 was \$1,504,558 compared to the net loss for the year ended February 29, 2016 of \$410,684. The comprehensive loss for the current year was \$1,504,558 (February 29, 2016 - \$423,259). Operating expenses for the year ended February 28, 2017 totaled \$919,242 (February 29, 2016 - \$338,579) an increase of \$464,791. Individual items contributing to the net loss and comprehensive loss for the year ended February 28, 2017 and February 29, 2016 were as follows:

- Corporate listing and filing fees of \$42,337 (February 29, 2016 - \$15,584). The increase is a result of various filings related to the Peruvian transaction and various financings, as well as transfer agent fees related to the AGM held during the period.

- Exploration and evaluation expenses of \$239,256 (February 29, 2016 - \$152,996). The increase is a result of the addition of the Company's Peru properties.
- Investor relations were \$125,886 (February 29, 2016: \$Nil). The increase was a result of management's decision to increase investor relations programs and consulting.
- Professional fees of \$184,692 (February 29, 2016: \$32,817). The increase was a result of various activities undertaken by the Company, which includes the completion of the Peru transaction, financings and the AGM etc.
- Travel costs of \$65,785 (February 29, 2016: \$Nil). The costs were associated to the due diligence of the Peru transaction, the mining conferences attended and financing activities during the period.
- Wages and consulting fees of \$182,282 (February 29, 2016 - \$27,780). The increase in wages and consulting fees is due to the expansion of the management team following the conclusion of the Peru transaction. In addition, consulting fees to the CEO were allocated to exploration and evaluation expenses in prior year.

During the year ended February 28, 2017, the Company disposed of two mineral properties which resulted in a loss totaling \$581,213. This represents 39% of the total net loss and comprehensive loss for the year.

LIQUIDITY AND CAPITAL RESOURCES

As of February 28, 2017, the Company had \$64,668 (February 29, 2016: \$17,361) in cash, out of which \$27,900 was restricted cash. 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.

At February 28, 2017, the Company had working capital deficiency of \$221,419 (February 29, 2016: working capital deficiency of \$551,821). In the opinion of management, should the Company wish to continue as a going concerns and continue its fieldwork on its exploration projects in 2017 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.

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 February 28, 2017, the Company has an accumulated deficit of \$19,161,297 (February 29, 2016: \$17,656,739), a net loss of \$1,504,558 (February 29, 2016: \$410,684) and comprehensive loss of \$1,504,558 (February 29, 2016: \$423,259) for the year ended February 28, 2017 and has a working capital deficiency of \$ 221,419 (February 29, 2016: \$551,821).

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 2016 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.

	28-Feb-17	30-Nov-16	31-Aug-16	31-May-16	29-Feb-16	30-Nov-15	31-Aug-15	31-May-15
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	812,432	318,299	231,659	142,168	174,571	97,256	67,592	71,265
Comprehensive loss	812,432	318,299	231,659	142,168	180,401	98,256	71,337	73,265
Basic and diluted loss per share	0.01	0.01	0.01	0.01	0.02	0.01	0.01	0.01
Total assets	2,964,764	3,953,509	4,046,112	1,630,105	1,420,075	1,223,141	1,264,824	1,296,185
Exploration and evaluation assets	2,692,497	3,428,371	3,388,303	1,115,541	1,068,941	1,108,470	1,117,041	1,115,541
Revenues	-	-	-	-	-	-	-	-
Equity	2,536,438	3,304,860	3,394,107	959,378	835,376	1,013,877	1,112,133	1,181,970

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

The Company's related parties consist of its directors and officers and/or companies owned/controlled by its directors and officers. The nature of the Company's relationships with its related parties is as follows:

	Nature of Relationship
Former President and CEO	Geological consulting
Gary Anderson	Chairman of Board
Dr. Adam Szybinski	Management
Dra. Jenny Egúsquiza	Management
Lan Shangguan (Former CFO)	Management
Sheri Rempel (former CFO)	Management
JCollins Consulting Corp.	Management

PAN ANDEAN MINERALS LTD.
MANAGEMENT'S DISCUSSION & ANALYSIS
February 28, 2017

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.

	February 28, 2017	February 29, 2016
Management & geological consulting fees	\$ 119,456	\$ 120,213
Total Management & geological consulting fees	\$ 119,456	\$ 120,213

The remuneration of directors and other members of key management personnel during the year periods ended February 28, 2017 and February 29, 2016 were as follows:

	2017	2016
Management & geological consulting fees	\$ 315,001	\$ 146,671
Share purchase agreement	60,000	-
	\$ 375,001	\$ 146,67

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the years ended February 28, 2017 and February 29, 2016.

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 amount of common shares authorized for issuance, with 62,190,101 issued and outstanding. The Company also had 26,320,100 warrants and brokers' warrants and 206,000 stock options outstanding convertible into one common share.

4,339,200 shares are held in escrow pursuant to an escrow agreement dated August 8, 2016. A further 13,996,800 shares are subject to pooling restrictions such that 3,499,200 shares each are released on February 11, 2018, August 11, 2018, February 11, 2019 and finally August 11, 2019.

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 consolidated financial statements for the year ended February 28, 2017.

NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS NOT YET EFFECTIVE

The consolidated financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended February 28, 2017.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The application of this standard did not have a significant impact on the Company's unaudited condensed consolidated interim financial statements.

IFRS 7 was amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015. The application of this standard did not have a significant impact on the Company's unaudited condensed consolidated interim financial statements.

Accounting standards anticipated to be effective January 1, 2018

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- De-recognition. The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39.

FINANCIAL INSTRUMENTS

Fair Value

Certain of the Company's financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is

significant to the fair value measurement. The Company does not have any non-financial assets and liabilities measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

Level 1 – Quoted Prices in Active Markets for Identical Assets or Liabilities

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Short-term investments and marketable securities are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 – Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. The Company does not have any financial assets or liabilities included in Level 2 of the fair value hierarchy.

Level 3 – Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices. The Company does not have any financial assets or liabilities included in Level 3 of the fair value hierarchy.

The fair values of the Company's financial assets and liabilities measured at fair value on a recurring basis as at February 28, 2017 and February 29, 2016 are summarized in the following table:

	Level	February 28, 2017	February 29, 2016
Marketable securities	1	\$ 1,000	\$ 1,000

Financial Risk Management

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 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 February 29, 2017, the Company had a cash balance of \$64,668 (February 29, 2016 - \$17,361), out of which \$27,900 is restricted cash, to settle current liabilities of \$428,326 (February 29, 2016 - \$584,669). Further information relating to liquidity risk is disclosed in Note 1 of the Company's consolidated financial statements for the year ended February 28, 2017.

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 year ended February 28, 2017, 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 \$322.

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 year ended February 28, 2017 compared to the year ended February 29, 2016. The Company is not subject to externally imposed capital requirements.

SUBSEQUENT EVENTS

On June 23rd, 2017, Pan Andean announced that it is undertaking a non-brokered private placement of up to 45.33 million units at a price of \$0.03 per unit for proceeds of up to \$1,360,000. Each unit will consist of one common share of the Company and one share purchase warrant. Each warrant entitles the registered holder to acquire one additional share of the Company at a price of \$0.06 for a period of two years. In the event that the Company's shares trade at a closing price of \$0.15 per share for a period of 10 consecutive days at any time after the closing of the Offering, the Company may at its discretion accelerate the expiry date of the warrants by providing notice to shareholders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

The Company has received a total of \$206,850 in share subscriptions.

On June 30, 2017, the Company paid US\$60,000 in option payments pursuant to the Tres Agreement. The payment was originally due on February 12, 2017.

Please refer to the Section captioned "Corporate and Exploration Highlights" for details of other events subsequent to the period.

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 year ended February 28, 2017, statement of operations contained in its consolidated financial statements for the year ended February 28, 2017. These statements are available on the Company's website at www.panandeanminerals.com or on its SEDAR Page Site accessed through 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. 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 and on SEDAR at www.sedar.com or by contacting the Company at

Suite 520 – 800 West Pender Street, Vancouver, BC Canada, V6C 2V6, Tel: (604) 681-2626.