



(FORMERLY BCGOLD CORP.)

**MANAGEMENT DISCUSSION AND
ANALYSIS**

For the Six Months Ended August 31, 2020

As at October 20, 2020

PAN ANDEAN MINERALS LTD.
MANAGEMENT'S DISCUSSION & ANALYSIS
Six Months Ended August 31, 2020

INTRODUCTION

The following quarterly management's discussion and analysis (MD&A) of the Company has been prepared as of October 20, 2020. This MD&A should be read in conjunction with the condensed consolidated interim financial statements of Pan Andean Minerals Ltd. ("Pan Andean" or the "Company") and the notes thereto for the six months ended August 31, 2020, 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 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 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 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 12 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 six months ended August 31, 2020 and up to the date of this report:

- On March 9, 2020, the Company received a \$100,000 loan bearing interest, payable semi-annually, at a rate of 4% per annum, with outstanding principal due and payable on March 6, 2021.
- On March 24, 2020, the Company received a \$1,143,511 (1 billion South Korean Won) loan bearing interest, payable semi-annually, at a rate of 4% per annum, with outstanding principal due and payable on March 31, 2021. The Company paid \$80,046 in cash finder's fees pursuant to this loan financing.
- On April 6, 2020, the Company appointed Mr. Gunmin Park as Vice-President of Corporate Strategies and accepted resignation of Mr. Ted Dai as Vice President of Corporate Finance of the Company.
- On July 13, 2020, a former director of the Company filed a small claims action against the Company for an aggregate amount of \$35,176. The Company disputes the allegations in the Notice of Claim, believes the complaint to be wholly without merit, and intends to vigorously defend itself against the action. The Company does not anticipate the matter will have a material adverse impact on the financial operations of the Company.
- On August 18, 2020, the Company accepted the resignations of Mr. George Wohlleb and Dr. Kenneth Hughes as advisory board members of the Company.

OUTLOOK

Proposed COB

On January 10, 2020, after a thorough review of the Company's resources, the market conditions, and given the expertise and skill sets of the Company's management and directors, the Board determined that the Company's long-term goal is to become a

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cannabis and industrial hemp company with vertically integrated operations in Canada. The Company intends to apply to the to have its common shares delisted from the TSXV and relisted onto the CSE upon completion of the proposed Change Of Business ("COB"). The Company also expects to seek shareholder approval at a special meeting of the shareholders of the Company to approve, among other items, the Proposed COB and change in the name of the Company. The Company's common shares were halted from trading due to proposed COB. As at October 20, 2020, the Company's common shares remain halted.

Completion of the transaction is subject to a number of conditions, including but not limited to, TSXV acceptance for the delisting of the Company's common shares, conditional approval of the Canadian Securities Exchange for the listing of the Company's common shares following completion of the Proposed COB and, if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all. Upon completion of the Proposed COB, the Company's primary focus will be on cannabis/hemp cultivation, processing, manufacturing, wholesale and retail sales across Canada. The Company intends to:

- 1) Acquire one or more late-stage Licensed Producers ("LP") applicants in BC. Once acquired, the Company will complete the final steps in the license including, finishing land and building prep, security protocols, and filing the final evidence package.
- 2) Open a minimum of two Provincially Licensed recreational cannabis dispensaries in BC and Ontario in within 12 months.
- 3) Acquire an ownership of a Korean company with extensive experience in developing Smart Farm Technology.

Bridge Financing

The Company is planning to undertake a pre-consolidation, arms-length non-brokered bridge financing (the "Bridge Financing") of up to 6.25 million units at a pre-consolidation price of \$0.08 cents per unit for proceeds of up to \$500,000. Each unit will consist of one common share of the Company and one-half of one share purchase warrant. Each warrant entitles the registered holder to acquire one additional share of the Company at a price of \$0.20 per share for a period of 2 years. In the event that the Company's shares trade at a closing price of \$0.30 or more for a period of ten consecutive days at any time after the closing of the offering, the Company may at its discretion, accelerate the expiry of the 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.

Proceeds from this financing will be used for and general working capital and costs associated with proceeding to completion of the Proposed COB.

Concurrent Financing

The Company plans on completing an additional arms-length financing (the "Concurrent Financing") upon completion of the COB and listing on the CSE of up to \$5 million to finance the COB and proposed acquisitions and new operations. The Company anticipates the Concurrent Financing will be substantially under the same terms as the Bridge Financing.

The Company will need additional funding for its corporate and overhead expenses in near future through either the issuance of 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 operating costs to conserve cash for the future opportunity.

EXPLORATION PROPERTIES INTEREST

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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 year ended February 29, 2020 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	0%	None	The Company sold the claims to a Yukon subsidiary of Pembridge Resources plc.
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%	None	None
Cima de Oro S.A.C. Fundido concession	100%	None	None
Cerro de Oro Tres S.M.R.L. holdings	29.92%	None	None

RESULTS OF OPERATIONS

For the three-month ended August 31, 2020

The net loss for the three-month period ended August 31, 2020 was \$199,797 as compared to the net loss for the three-month period ended August 31, 2019 of \$251,988. Operating expenses for the three months ended August 31, 2020 totaled \$182,489 compared to \$241,068 for the three months ended August 31, 2019.

Significant items contributing to the net loss and comprehensive loss for the quarters ended August 31, 2020 and August 31, 2019 were as follows:

- Travel costs of \$5,134 (August 31, 2019: \$54,052). These decreased costs are associated with less travelling incurred in the current quarter due to the Covid-19 pandemic when compared to the same period in 2019.
- Consulting & management fees of \$113,126 (August 31, 2019 - \$119,700). The slight decrease is a result of less consulting work incurred related to the Covid-19 pandemic when compared to the same period in 2019.
- Amortization of \$14,942 (August 31, 2019 - \$15,370). The Amortization of right-of-use asset is associated with the lease of office premises.
- Rent (none-lease) of \$15,964 (August 31, 2019 - \$11,742). The higher rent (none-lease) in 2020 is due to the higher operating expenses relating to the office premises in 2020 than 2019.

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- Lease interest of \$4,770 (August 31, 2019 - \$8,069). The lower lease interest on lease liabilities related to the office premises incurred less in 2020 when compared to quarters in 2019.
- Short-term loan interest of \$12,435 (August 31, 2019 - \$Nil). The Company accrued the interest of \$12,435 on the short-term loan in the current quarter in 2020.
- Unrealized gain on marketable securities \$392 (August 31, 2019 – \$Nil). The unrealized gain on marketable securities is due to holding the 100,000 Pembridge shares. The fair value of Pembridge shares has increased in this current quarter in 2020.

For the six-month ended August 31, 2020

The net loss for the six-month period ended August 31, 2020 was \$501,389 as compared to the net loss for the six-month period ended August 31, 2019 of \$534,105. Operating expenses for the six months ended August 31, 2020 totaled \$366,162 compared to \$510,137 for the six months ended August 31, 2019.

Significant items contributing to the net loss and comprehensive loss for the two quarters ended August 31, 2020 and August 31, 2019 were as follows:

- Travel costs of \$11,253 (August 31, 2019: \$128,430). These decreased costs are associated with less travelling incurred in the current quarter due to the Covid-19 pandemic when compared to the same period in 2019.
- Consulting & management fees of \$227,835 (August 31, 2019 - \$224,380). The slight increase is a result of more consulting work incurred related to due diligence on new project.
- Amortization of \$29,885 (August 31, 2019 - \$20,493). The Amortization of right-of-use asset is associated with the lease of office premises. In the comparable quarter in 2019, there were only four months of right-of-use of asset was amortized when compared to six months in 2020.
- Rent (none-lease) of \$31,864 (August 31, 2019 - \$40,597). The rent is lower in 2020 is because the lease interest and lease payable are excluded from rent. Interest expense on lease liabilities relating to office premises was recognized in the 2nd quarter of fiscal 2020.
- Lease interest of \$11,739 (August 31, 2019 - \$10,759). In the comparable quarters in 2019, there are four months of interest expense on lease liabilities relating to office premises when compared to six months in 2020.
- Finance cost – debt financing of \$87,046 (August 31, 2019 - \$Nil). The Company paid finder's fee of \$87,046 on the short-term loan financing in 2020.
- Short-term loan interest of \$24,068 (August 31, 2019 - \$Nil). The Company accrued interest of \$24,068 on the short-term loan in the current quarter in 2020.
- Unrealized loss on marketable securities \$11,798 (August 31, 2019 – \$Nil). The unrealized loss on marketable securities is due to holding the 100,000 Pembridge shares. The fair value of Pembridge shares has been decreased in current quarters in 2020.

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2020, the Company's cash balance was \$1,014,162, compared to \$201,546 as at February 28, 2020. This amount is insufficient to fund the Company's ongoing operations for the current year.

As at August 31, 2020, the Company had working capital deficiency of \$432,372 compared to a working capital of \$23,653 as at February 28, 2020. In the opinion of management, should the Company wish to continue as a going concern and continue searching for new project in 2020 and beyond, further financing will be required, and the Company will likely have to go to market to achieve this.

Given volatility in equity markets, global uncertainty in economic conditions, cost pressures and intensity in international business environment, management constantly reviews emerging technologies and equity markets such that the Company has enough 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 debt. Capital expenditures are not expected to have any material impact on liquidity unless the company successfully acquires a new business opportunity. As other opportunities become available to the Company, management will be required to complete further external financing.

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to develop new business opportunities and raise additional funds. In order to finance the Company's future business opportunities and to cover administrative and overhead expenses, the Company will be required to obtain financing equity sales, debt and the exercise of convertible securities.

Many factors influence the Company's ability to raise funds, including the health of the financial market, the Company's track record, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a few factors, including the sourcing of new project. Management believes it will be able to raise equity capital and/or debt 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 development of the new opportunities.

Going Concern

The condensed consolidated interim 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, has no source of operating cash flow, and no assurances that sufficient funding will be available to develop the new project. 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 August 31, 2020, the Company had an accumulated deficit of \$25,159,429 (February 28, 2020 - \$24,658,040), incurred a net loss for the period ended August 31, 2020 of \$501,389 (August 31, 2019 - \$534,105) and has working capital deficit of \$432,372 (February 29, 2020 – \$23,653 working capital).

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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 business activities are dependent on the Company obtaining financing for any new projects for 2020 and beyond. Management believes that it will be able to raise additional capital in order to fund new business opportunities and its administrative expenditures. Although management has been successful in the past 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:

	31-Aug-20	31-May-20	29-Feb-20	30-Nov-19	31-Aug-19	31-May-19	28-Feb-19	30-Nov-18
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	199,797	301,592	262,755	292,512	251,988	282,117	3,157,666	155,524
Comprehensive loss	199,797	301,592	262,755	292,512	251,988	282,117	3,157,666	155,524
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.06)	(0.00)
Total assets	1,168,756	1,330,671	389,123	764,964	1,083,587	1,607,692	317,328	2,878,703
Exploration and evaluation assets	1	1	1	1	1	1	1	2,750,125
Revenues	-	-	-	-	-	-	-	-
Equity (deficiency)	(368,727)	(218,930)	82,662	330,538	623,050	(164,438)	(212,321)	2,507,784

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.

RISKS AND UNCERTAINTIES

As the Company moves forward with its change of business strategy away from the Mining Industry and into the Canadian Cannabis and Hemp industries, many factors could cause actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information. The risks associated with the Cannabis and Hemp industries materially differ from the risks the Company was exposed to with its mining properties.

As the Company moves towards a change of business into the Canadian Cannabis and Hemp industries, any forward-looking information is subject to known and unknown risks and uncertainties as follows, but not limited thereto:

- The Company's ability to complete the contemplated change of business, is subject to both shareholder and regulatory approvals, neither of which is guaranteed.
- Storing and selling medical marijuana in Canada are dependent upon licenses from Health Canada which are subject to ongoing compliance and reporting requirements.
- The activities of the Company will be subject to regulation by federal and provincial governmental authorities.

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- The Company's operations will be subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment.
- Third parties the Company does business with may perceive that they are exposed to reputational risk as a result of the Company's cannabis business activities.
- The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity.
- A failure in the demand for any future products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.
- The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls.
- The Company may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption.
- The Company could fail to integrate acquired companies into the business of the Company.
- Completed acquisitions, strategic transaction or investments could fail to increase shareholder value.
- The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business.
- 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 remain 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.

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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.

	August 31, 2020	February 29, 2020
Consulting fees and professional fees	\$ -	\$ -

The remuneration of directors and other members of key management personnel during the six months ended August 31, 2020 and 2019 were as follows:

	August 31, 2020	August 31, 2019
Management fees	\$ 160,500	\$ 116,200
Professional fees	27,952	19,000
	\$ 188,452	\$ 135,200

All amounts paid to related parties have been recorded at fair value for the services received by 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 70,233,980 issued and outstanding. The Company also had 6,700,000 warrants and 5,500,000 stock options outstanding convertible into one common share each.

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

The critical judgments 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 condensed unaudited interim financial statements for the period ended August 31, 2020 are consistent with those applied in the preparation of the Company's annual audited consolidated financial statements for the year ended February 29, 2020.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

PRONCEMENTS AFFECTING FINANCIAL STATEMENTS PRESENTATION OR DISCLOSURE

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

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, other receivables, and the short-term debt 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 outflows to ensure that there is sufficient capital in order to meet short-term obligations. As of August 31, 2020, the Company had a cash balance of \$1,014,162 (February 29, 2020 - \$201,546) to settle current liabilities of \$1,488,912 (February 29, 2020 - \$223,368) consequently the company feels there is minimal liquidity risk currently. Further information relating to liquidity risk is disclosed in Note 6 of the Company's condensed consolidated interim financial statements for the period ended August 31, 2020.

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.

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 cash and cash equivalents are 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 cash, working capital and 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 and investigating other business opportunities. 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 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.
- Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

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- The Company may issue new equity, incur additional debt, 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 period ended August 31, 2020 compared to the years ended February 29, 2020. 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 period ended August 31, 2020, statement of operations contained in its condensed consolidated interim financial statements for the six months ended August 31, 2020. These statements are available 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, labor 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

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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) 697-2408.