Management's Discussion and Analysis for the three months ended March 31, 2014

Samco Gold Limited

Prepared as at May 15, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following Management's Discussion and Analysis ("MD&A") is prepared as at May 15, 2014, and is intended to assist the reader to assess material changes in the financial condition and results of operations of Samco Gold Limited (the "Company") as at, and for the three months ended March 31, 2014, and 2013.

This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company including the supporting notes thereto. The Company's unaudited condensed consolidated interim financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard 34 – "Interim Financial Reporting" and have not been reviewed by the Company's auditors. All amounts are expressed in United States dollars, unless otherwise identified.

Caution Regarding Forward Looking Statements

This MD&A contains statements which may be considered forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change except as required by applicable securities laws. Factors that could cause actual results to vary materially from results anticipated by such forward looking statements include changes in market conditions, fluctuations in the currency markets (including Canadian and United States dollars, United Kingdom pound sterling and the Argentinean peso), changes in national and local governments, legislation, taxation, controls, regulations, and political or economic developments in Canada, the United Kingdom and Argentina or other countries in which the Company may carry on business in the future; risks pertaining to the participation agreement (as described below) including any reversal or modification of the court of appeals decision, the monetary value of the court awarded rights as determined by the arbitrator in the arbitrator's decision, the ability to enforce the arbitrator's decision, the availability of additional revenue streams, the ability of the Company to exercise its buy-out option under the participation agreement; operating or technical difficulties in connection with exploration activities; risks and hazards associated with the business of mineral exploration and development (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; inadequate insurance or inability to obtain insurance to cover these risks and hazards and the presence of laws and regulations that may impose restrictions on mining, including those currently enacted in Argentina; employee relations; relationships with and claims by local communities and indigenous populations; availability and increasing costs associated with operational inputs and labour; the speculative nature of mineral exploration, including the risks of obtaining necessary licenses, permits and approvals from government authorities; business opportunities that may be presented to, or pursued by the Company; the Company's ability to successfully integrate acquisitions; challenges to, or difficulty in maintaining, the Company's title to properties; and the risk factors discussed or referred to in this MD&A. 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. Investors are cautioned against attributing undue certainty to forward-looking statements.

Company Overview

The Company is a mineral exploration company that acquires, explores and develops mineral properties, primarily gold and silver, in South America. The Company owns approximately 55,000 hectares of mineral exploration concessions comprising ten projects, all of which are located on the Deseado Massif in the Province of Santa Cruz, Argentina.

The Company's principal project comprises the El Dorado, Monserrat and adjacent Judite properties which together cover approximately 8,000 hectares and on which the Company has identified six key target areas for further exploration. This project (hereinafter referred to as "El Dorado Monserrat") is situated contiguous to the western boundary of the license area of the Cerro Vanguardia gold-silver mine operated by AngloGold Ashanti Limited.

The Company owns further concessions strategically distributed throughout the Deseado Massif proximal to major gold-silver mines and advanced projects. The Company has continued its exploration work at the Corina project, which comprises three concessions totaling some 5,000 hectares situated on the northern boundary of the Cerro Moro project owned by Yamana Gold.

All of the Company's properties are at an early stage of exploration. The Company proposes to continue exploration work in an effort to define potential resources at El Dorado Monserrat and Corina and to further evaluate each of its other properties.

Overview

Significant milestones achieved during the three months ended March 31, 2014, and as at the date of this report include the following:

- On January 10, 2014, the Company announced that it had entered into a participation and option agreement with a Director of the Company, Mr. R. Auriemma.

- On February 14, 2014, the Company closed the participation and option agreement and an option payment of $1,400,000 to Mr. R. Auriemma was made.

- On March 6, 2014, the Company announced that a National Instrument 43-101-compliant technical report on the Company's Corina property was filed on SEDAR.

These milestones are reviewed in greater detail below.

Selected Financial Information

The following table sets out selected financial information for the Company and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements as at, and for the three months ended, March 31, 2014, and the audited consolidated financial statements as at, and for the year ended, December 31, 2013:

	As at March 31, 2014 ($)	**As at December 31, 2013 ($)**
Assets		
Current assets	6,044,451	7,084,169
Total assets	29,878,937	30,560,483
Liabilities		
Current liabilities	553,239	436,525
Total liabilities	573,399	439,357
Working capital	5,491,212	6,647,644
Shareholders' equity		
Issued capital	45,423,567	45,423,567
Warrants and share-based payment reserve	5,849,199	5,844,259
Deficit	(21,967,228)	(21,146,700)
Shareholders' equity	29,305,538	30,121,126

	For the three months ended March 31, 2014 ($)	**For the three months ended March 31, 2013 ($)**
Total net (loss)	(820,528)	(911,523)
Per common share, basic and diluted	(0.01)	(0.01)
Weighted average number of shares outstanding, basic	65,076,075	65,076,075
Weighted average number of shares outstanding, diluted	70,326,075	69,923,853

Results of Operations

The following table sets out selected financial information for the Company for the three months ended March 31, 2014, and 2013, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2014, and 2013, and related notes.

	For the three months ended March 31,	
	2014 ($)	**2013 ($)**
Revenues	546	1,615
Expenses		
Administrative expenses	(746,983)	(753,134)
Finance and interest charge	(3,105)	(5,555)
Foreign exchange gain/(loss)	(48,526)	(93,675)
Share-based payment expense	(4,940)	(122,332)
Income tax	(192)	(24,278)
Deferred tax	(17,328)	85,836
Total loss for the period	(820,528)	(911,523)

Results of Operations for the three months ended March 31, 2014

The net loss for the three months ended March 31, 2014, was $820,528 ($0.01 per share) compared to $911,523 ($0.01 per share) for the three months ended March 31, 2013. The decrease in net loss of $90,995 in the first quarter of 2014 is principally attributable to the reduction in share-based payment expense as set out below:

- Administrative expenses were $746,983 for the three months ended March 31, 2014, compared to $753,134 for the comparable period in 2013. The decrease of $6,151 is detailed in the quarterly comparison of administrative expenses set out below. The 28% increase in administrative expenses compared to the three months ended December 31, 2013, is primarily as a result of increased professional fees.
- Finance and interest charge was $3,105 for the three months ended March 31, 2014, compared to $5,555 for the comparable period in 2013.
- Foreign exchange losses were $48,526 for the three months ended March 31, 2014, compared to a foreign exchange loss of $93,675 for the comparable period in 2013. The Company has active operations in multiple currencies including the Canadian and United States dollars, United Kingdom pound sterling and the Argentinean peso and is subject to fluctuations in the exchange rates of these currencies resulting in foreign exchange gains or losses.
- Share-based payment expense was $4,940 for the three months ended March 31, 2014, compared to $122,332 for the comparable period in 2013. Share-based payment expense is a non-cash expense and represents the estimated fair value of stock options vested during the period. Fair value is determined by using the Black-Scholes option-pricing model. Share-based payment expense varies period to period based on a number of factors, including the number of stock options granted, the value of stock options granted, vesting provisions, and the amortization schedule of previously granted options. No new options have been granted in the three month period ended March 31, 2014, and the majority of the previously granted share options have already vested and the expense recognised in prior periods, which has led to the decrease of $117,392 in the share-based payment expense.
- Income tax expense was $192 for the three months ended March 31, 2014, compared to $24,278 for the comparable period in 2013. The Company is no longer subject to a tax within Argentina as a result of one of the subsidiary companies obtaining its registration with the Mining Secretary in Argentina which has caused the decrease in the tax amount for the three month period ended March 31, 2014.

Summary of Quarterly Results

The following table provides a comparison of the consolidated statement of loss for each of the quarters ended:

	March 31, 2014 ($)	December 31, 2013 ($)	September 30, 2013 ($)	June 30, 2013 ($)
Revenues	546	835	1,085	1,375
Expenses				
Administrative expenses	(746,983)	(582,535)	(586,127)	(537,712)
Finance and interest charge	(3,105)	(6,325)	(3,391)	(3,063)
Foreign exchange gain/(loss)	(48,526)	(141,012)	288,297	(58,350)
Share-based payment expense	(4,940)	(5,305)	(15,749)	(65,423)
Income tax	(192)	(25,505)	(36,448)	(20,375)
Deferred tax expense	(17,328)	(2,832)	-	-
Total loss for the period	(820,528)	(759,760)	(352,333)	(683,548)

	March 31, 2013 ($)	December 31, 2012 ($)	September 30, 2012 ($)	June 30, 2012 ($)
Revenues	1,615	2,450	3,048	-*
Expenses				
Administrative expenses	(753,134)	(534,915)	(614,850)	(689,020)
Finance and interest charge	(5,555)	(4,022)	(3,335)	(15,675)*
Foreign exchange gain/(loss)	(93,675)	(54,074)	(19,496)	(23,499)*
Share based payment expense	(122,332)	(822,667)	(845,978)	(825,282)
Income tax	(24,278)	1,381	(15,873)	(21,539)
Deferred tax expense	85,836	-	-	-
Total loss for the period	(911,523)	(1,411,847)	(1,496,484)	(1,575,015)

**Adjusted for inter-company elimination.*

The following table provides a comparison of administrative expenses for each of the quarters ended:

	March 31, 2014 ($)	December 31, 2013 ($)	September 30, 2013 ($)	June 30, 2013 ($)
Administration costs	(138,075)	(84,213)	(82,262)	(82,352)
Travel and subsistence	(69,420)	(88,890)	(59,396)	(53,176)
Application fees	(11,658)	(5,602)	(8,336)	(10,056)
Management and professional fees	(309,328)	(185,240)	(190,389)	(168,779)
Salary	(211,225)	(209,881)	(240,688)	(218,294)
Depreciation	(7,277)	(8,709)	(5,056)	(5,055)
Total administrative expenses	(746,983)	(582,535)	(586,127)	(537,712)

	March 31, 2013 ($)	December 31, 2012 ($)	September 30, 2012 ($)	June 30, 2012 ($)
Administration costs	(81,983)	(81,756)	(90,420)	(77,415)
Travel and subsistence	(186,827)	(54,804)	(76,374)	(96,441)
Application fees	(12,836)	(13,841)	(9,681)	(21,692)
Management and professional fees	(257,121)	(161,685)	(220,296)	(283,170)
Salary	(208,019)	(217,119)	(212,460)	(204,794)
Depreciation	(6,348)	(5,709)	(5,619)	(5,508)
Total administrative expenses	(753,134)	(534,915)	(614,850)	(689,020)

Company Developments

During the three months ended March 31, 2014, and as of the date of this MD&A, the Company continued its advance towards a number of important Company milestones detailed in the corporate and operational development sections below.

Corporate Developments

On March 20, 2014, the Company published its Annual Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2013.

On March 4, 2014, the Company announced that Mr. John Hick was appointed to the Board as an independent Director. Mr. Hick is a corporate director and President and CEO of his own consulting firm, John W. W. Hick Consultants Inc. Mr. Hick has over 30 years of experience in the mining industry in both senior management positions and as an independent director. He has, in the past, held senior management positions in a number of mining companies, including President and CEO of Medoro Resources Ltd., CEO of Rio Narcea Gold Mines Ltd., President and CEO of Geomaque Exploration Inc./Defiance Mining Corp., and President of TXV Gold Inc. He is currently an independent director of a number of TSX (or TSX Venture Exchange) listed mining companies including Algold Resources Ltd., Carpathian Gold Inc., Eurotin Inc., Hudson Resources Inc., Marengo Mining Limited and St. Andrew Goldfields Ltd. Mr. Hick is a member of the Law Society of Upper Canada, although not currently practicing law.

Participation and Option Agreement

On January 10, 2014, the Company announced that it had entered into a participation and option agreement (the "Participation Agreement") with Ricardo Auriemma (the "Grantor"), a Director of the Company, under which the Company may acquire the sole and exclusive right to participate in any benefits arising from enforcement of an Argentinean court judgment relating to the breach of an agreement between the Grantor and Northern Orion Resources Inc. (since acquired by Yamana Gold Inc. and renamed 0805346 B.C. Ltd.) ("Northern Orion").

Highlights of the Participation Agreement and announcement are as follows:

- The Participation Agreement grants the Company the exclusive right to participate in the proceeds arising out of the regional alliance agreement entered into between the Grantor and Northern Orion;
- Funds from the Participation Agreement will allow the Company to fund further development of its properties in Argentina, including the core El Dorado Monserrat and Corina projects, without equity dilution to shareholders;
- The matter between the Grantor and Northern Orion was determined by the Argentinean Commercial Court of Appeals on May 22, 2013. An extraordinary proceeding filed by Northern Orion seeking referral to the Argentinean Supreme Court of Justice on June 12, 2013, was rejected by the Commercial Court of Appeals on December 11, 2013;
- Pursuant to the decision, the Grantor's interest has been determined to be a sum equal to 15% of the proceeds received by and accruing to Northern Orion from its interest in the Bajo de la Alumbrera mine ("Alumbrera");
- The quantum of award is to be determined by an expert arbitrator commencing from the date of Northern Orion's acquisition of its interest in Alumbrera until the anticipated end of the mine's life;
- The Company's share of the award is based on a sliding scale of the sum determined by the arbitrator; and
- The Participation Agreement was approved by a special committee of the Company's Board and was conditional upon a number of items, including the approval of independent shareholders holding over 50% of the issued shares of the Company.

On February 11, 2014, the Company announced that it had received all required approvals contemplated under the previously announced Participation Agreement, being shareholder and TSX Venture Exchange approvals and order of Ontario Securities Commission (the "OSC").

Highlights from this announcement are as follows:

- The Company had applied to the OSC for an order exempting it from the requirements of Part 5.3(2) of Multilateral Instrument 61-101 ("MI 61-101"), and, in lieu of such requirements, allowing it to obtain the necessary disinterested minority approval for the Participation Agreement by written consent of its shareholders. The order was issued by the OSC on January 31, 2014. The Company reported that it had obtained written consents for the Participation Agreement from shareholders holding approximately 68.4% of the common shares of the Company held by parties eligible to vote for approval of the Participation Agreement under Part 8 of MI 61-101.

- With all necessary approvals having been obtained, and with the Company's Board's endorsement, the Company proceeded with closing the transaction on February 14, 2014, by payment to the Grantor of the $1,400,000 option payment under the Participation Agreement in order to acquire, among other rights, the right to participate, on a sliding scale basis, in any benefits arising from future enforcement of the Argentinean court of appeals judgment against Northern Orion.

The Company understands that on June 13, 2013, Northern Orion filed an extraordinary proceeding with the Argentinean Commercial Court of Appeals seeking that the Supreme Court of Justice of Argentina review the Court of Appeals' Decision on the grounds of "arbitrariness of judgment". This extraordinary proceeding was rejected by the Court of Appeals. On February 3, 2014, Northern Orion made an extraordinary motion of complaint to the Supreme Court of Justice in Argentina requesting that it accept the extraordinary proceeding that had been rejected by the Court of Appeals. The Supreme Court of Justice has yet to determine if it will grant the extraordinary motion of complaint.

Operational Developments

The mineral rights and exploration assets amounted to $23,453,855 as at March 31, 2014, compared to $23,158,942 as at December 31, 2013. For the three months ended March 31, 2014, the Company incurred $294,913 (2013: $960,070) in exploration costs in developing the Company's exploration program, including geophysical and geochemical analyses and regional work. These costs are capitalized to mineral rights and exploration assets in line with the Company's accounting policy.

The Company has continued to develop its property portfolio during the period, with key areas of focus being on the El Dorado Monserrat project, the Corina project, and the development portfolio (other exploration properties) as set out below:

	El Dorado Monserrat	Corina	Other exploration properties	Total
	$	$	$	$
Balance as at December 31, 2012	17,540,333	3,044,729	108,960	20,694,022
Exploration costs incurred				
Drilling	-	317,940	-	317,940
Field costs	687,643	217,965	2,995	908,603
Surface rights	112,884	27,413	-	140,297
Professional fees	88,795	40,812	11,473	141,080
Geophysics	13,848	72,417	1,154	87,419
Lab costs	69,172	142,386	718	212,276
Geology	470,891	174,568	11,846	657,305
	1,443,233	993,501	28,186	2,464,920
Balance as at December 31, 2013	18,983,566	4,038,230	137,146	23,158,942
Exploration costs incurred				
Drilling	-	-	-	-
Field costs	89,783	4,463	-	94,246
Surface rights	22,992	-	-	22,992
Professional fees	14,857	5,579	-	20,436
Geophysics	1,311	-	-	1,311
Lab costs	5,390	-	-	5,390
Geology	119,858	23,302	7,378	150,538
	254,191	33,344	7,378	294,913
Balance as at March 31, 2014	19,237,757	4,071,574	144,524	23,453,855

El Dorado Monserrat

Field work has continued at El Dorado Monserrat in preparation for future exploration programmes. Work has focussed on the detailed mapping of the Main Veins target, together with a program of trenching and geochemical sampling.

Corina

On March 6, 2014, the Company announced that a National Instrument 43-101-compliant technical report entitled 'Technical Report on the Corina Property, Santa Cruz Province, Argentina' dated February 28, 2014, was filed on SEDAR.

Development Portfolio

Preliminary reconnaissance work continued on certain of the Company's earlier stage properties.

Liquidity and Risk Factors

Liquidity

Working capital as at March 31, 2014, was $5,491,212, compared to $6,647,644 as at December 31, 2013. The decrease of $1,156,432 is largely attributable to the decrease in cash of $2,726,950 which was offset by the option payment receivable of $1,400,000.

Cash and equivalents were $3,046,389 as at March 31, 2014, compared to $5,773,339 as at December 31, 2013.

The Company incurred $503,108 in operating activities for the three months ended March 31, 2014, compared to $923,648 for the comparable period in 2013. The Company incurred $2,175,316 in investing activities for the three months ended March 31, 2014, compared to $941,018 for the comparable period in 2013. The increase in expenditure incurred in investing activities is mainly due to the option payment of $1,400,000 described above in the corporate developments section. The Company incurred $273,878 in exploration and evaluation expenses for the three months ended March 31, 2014, compared to $939,467 for the comparable period in 2013.

For the three month period ended March 31, 2014, the Company financed its operations through funds raised through the closing of its IPO for gross proceeds of CDN $25,000,000 and funds raised through the exercise, in connection with the IPO, of the over-allotment option for gross proceeds of CDN $2,583,683. This cash was received on July 7, 2011, and August 8, 2011, respectively. Refer to the capital resources section below for a discussion on the Company's financing.

Risk Factors

The Company's continuing operations are dependent on its ability to secure equity and/or debt financing, with which it intends to maintain its proposed mineral exploration programs on the properties and also identify, evaluate and acquire, if appropriate, interests in other mineral properties. The circumstances that could affect the Company's ability to secure equity and/or debt financing that are reasonably likely to occur are, without limitation, as follows:

- the state of capital markets generally;
- the prevailing market prices for precious metals, in particular the prevailing market prices for gold (the price per ounce of gold increased from to $1,202.30 on January 1, 2014, to $1,283.40 on March 31, 2014);
- the consolidation and potential abandonment of the properties as exploration results provide further information relating to the underlying value of the properties;
- changes in laws, regulations and political conditions and currency fluctuation (the Argentinean peso declined by 22% between January 1, 2014, and March 31, 2014);
- changes in the Argentinean administrative, legislative and political landscape (in 2013 the ruling party suffered a significant mid-term election defeat and the IMF issued its first ever censure to Argentina for failing to supply accurate economic data);
- changes in the Santa Cruz provincial administrative, legislative and political environment;
- the monetary value of the court awarded rights as determined by the arbitrator in the arbitrator's decision under the Participation Agreement may or may not exceed expectations; and
- the ability of the Company to realize satisfactory terms in its negotiation of work contracts relating to the properties.

The current trends relating to the above factors could change at any time and negatively affect the Company's operations and business. Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are likely to have any further material effect on the Company's business, financial condition or results of operations for the period ended March 31, 2014.

Capital Resources

The Company had $3,046,389 in cash and equivalents, $401,981 in an investment fund, $1,196,081 in prepaid assets, $1,450,754 in receivables and $5,491,212 in working capital as at March 31, 2014.

Liquidity Risk Management as at March 31, 2014 ($)					
	< 1 month	**1 to 3 months**	**3 months to 1 year**	**> 1 year**	**Total**
Due to related parties	27,084	-	-	-	27,084
Accounts payable and accrued liabilities	-	526,155	-	-	526,155
Total	27,084	526,155	-	-	553,239

Taking into account the budgeted spend for the next twelve months, the Company believes it has sufficient funds to finance its current operating and exploration expenditures over at least the next twelve months. In the event that the Company makes a significant discovery which merits follow up drilling, the Company would need to raise additional finance to do so. The Company is currently considering a number of options which could facilitate the continued development of its asset portfolio in accordance with good geological practice.

Off-Balance Sheet Arrangements

As at the date hereof there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources.

Transactions with Related Parties

For the three months ended March 31, 2014

Salary expense, including share-based payment expense, for the three months ended March 31, 2014, was $216,165 (2013: $330,351).

Paul Fornazzari, the Company's corporate secretary, is a partner at Gowling, Lafleur, Henderson LLP ("Gowlings"). The value of services billed by Gowlings, which provides legal services to the Company, for the three months ended March 31, 2014, was $115,005 (2013: $11,607).

On December 6, 2013, the Company entered into a sub-lease in respect of its new London office premises with JayTree Limited, a company wholly-owned by the Company's Chairman and Chief Executive Officer, Mr. Koppel. In accordance with the terms of the sub-lease, the Company leases a part of the premises, as required for its purpose, and pays its pro-rata portion of costs on a cost only basis. The remaining cost of this 53-month lease commitment as at March 31, 2014, as it relates to the related party, is $98,437 in the next twelve months (2013: $Nil) and $328,123 thereafter (2013: $Nil).

As detailed above, on January 10, 2014, the Company announced that it had entered into a Participation Agreement with a Director of the Company, Mr. R. Auriemma.

On February 14, 2014, the Company closed the Participation Agreement and an option payment of $1,400,000 to Mr. R. Auriemma was made.

Proposed Transactions

While one of the Company's objectives is to continue to review opportunities on an on-going basis, there are no proposed asset or business acquisitions or dispositions as at the date hereof.

Critical Accounting Estimates

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. The Company's accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process. Such judgments include:

- The Company measures the fair value of the share options granted to officers, directors, employees and agents using the Black-Scholes option pricing model, which incorporates the assumptions regarding the expected life of the share option, volatility, dividend yield, and risk-free rates. The Company is required to calculate the fair value of these share options at the date of issuance;
- The Company measures the fair value of share purchase warrants issued using the Black-Scholes option pricing model, which incorporates the assumptions regarding the contractual life of the warrants, volatility, dividend yield, and risk-free rates. The Company is required to calculate the fair value of these warrants at the date of issuance;
- Management applied judgment in determining the functional currency of Samco Gold Limited, Samco Gold Services (UK) Ltd., Samco Gold S.A. and 5R S.A. as United States dollars, based on the facts and circumstances that existed during the period from June 16, 2009, (date of incorporation) to December 31, 2013, and for the three months ended March 31, 2014;
- The Company applied judgment in the determination of the types of costs that are capitalized as mineral rights and exploration costs;
- Management applied judgment in determining whether the Company is able to continue as a going concern;
- Management applied judgment in the identification and estimation of deferred tax liabilities related to costs incurred by the Company;
- Management applied judgment in determining related party transactions; and
- Management has applied judgment in reviewing the carrying values of the mining properties to determine whether any impairment exists based on assumptions of current and future events or circumstances.

Mineral rights and exploration costs

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with IFRS and applicable guidelines for exploration stage companies. The policy is consistent with other exploration companies which have not established mineral reserves objectively.

An alternative policy could be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established, or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

Financial Instruments and Other Instruments

The Company's financial instruments consist of the following:

Carrying Amount	As at March 31, 2014	As at December 31, 2013
Financial assets		
Cash	3,046,389	5,773,339
Investment fund	401,981	-
Receivables	1,450,754	49,850
Financial liabilities		
Accounts payable and accrued liabilities	526,155	436,525
Due to related parties	27,084	-

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying value due to the short term nature of their maturity.

The Company undertakes transactions denominated in foreign currencies, and as such, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed by maintaining low levels of foreign currencies and related obligations that are perceived to be volatile.

The carrying amount of the Company's foreign currency denominated assets and monetary liabilities as at March 31, 2014, and December 31, 2013, in United States dollars, is:

	As at March 31, 2014 ($)		As at December 31, 2013 ($)	
	Assets	Liabilities	Assets	Liabilities
Argentine pesos	95,154	333,295	418,174	344,597
United Kingdom sterling	172,778	68,299	290,578	26,485
Canadian dollars	115,672	-	75,038	-
	383,604	401,594	783,790	371,082

The Company's cash is predominantly held in United States dollars other than as needed in the ordinary course of business.

Disclosure of Outstanding Security Data

As at March 31, 2014, and the date of this MD&A, the Company has 65,076,075 issued and outstanding common shares. There are 5,750,000 stock options outstanding, of which 5,250,000 vested in the year ended December 31, 2013 and a further 350,000 vested on April 4, 2014. On a diluted basis 70,326,075 common shares would have been outstanding as at March 31, 2014, and 70,432,371 as at May 15, 2014, if they had all been exercised.

Shares	Number
Common shares outstanding as at December 31, 2013	65,076,075
Issued	-
Balance as at March 31, 2014, and May 15, 2014	65,076,075

Options	Number
Balance as at December 31, 2013	5,750,000
Granted	-
Forfeited/Cancelled	-
Balance as at March 31, 2014, and May 15, 2014	5,750,000

Disclosure Controls and Procedures

The Company is required to review and report on the effectiveness of its disclosure controls and procedures ("DC&P") in accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 52-109"), issued by the Canadian Securities Administrators. NI 52-109 requires a Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to certify that they are responsible for establishing and maintaining DC&P for the issuer, that DC&P have been designed and are effective in providing reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's DC&P and that their conclusions about the effectiveness of those DC&P at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

Management, including the CEO and CFO, has evaluated the design of the Company's DC&P as at March 31, 2014, and has concluded that the DC&P are effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the period then ended.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues within a company have been detected. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, the Company's DC&P are effective in providing reasonable, not absolute, assurance that the objectives of its disclosure control system have been met.

Internal Controls over Financial Reporting

NI 52-109 also requires CEO's and CFO's to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR") for the issuer, that the ICFR have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that the issuer has disclosed any change in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its ICFR.

The design and operating effectiveness of the Company's ICFR were evaluated by management in accordance with "Internal Controls over Financial Reporting – Guidance for Smaller Public Companies", as published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and NI 52-109, as at March 31, 2014.

In its review, the Company's management has not identified any weaknesses that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. Based on this evaluation, management has concluded that the Company's ICFR are effective in providing reasonable assurance that its financial reporting is reliable and its consolidated financial statements are prepared in accordance with IFRS.

There were no changes in the Company's ICFR that, in the view of the Company's management, occurred during the three months ended March 31, 2014, or up to the date of this MD&A that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Risks and Uncertainties

Exploration, development and mining of mineral resources involve numerous inherent risks. The Company is subject to various financial, operational and political risks that could have a significant impact on its business and, once in production, profitability and levels of operating cash flows. Although the Company assesses and seeks to mitigate these risks by careful management of its activities, resources and employing qualified personnel, these risks cannot be eliminated. Such risks include, but are not limited to, the mining, business and country risks discussed below.

Mining Risk Factors

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining and processing facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

The Company's properties are in the exploration stage only and without a known body of commercially exploitable ore. Development of the Company's properties would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

There is no assurance that the Company will establish the existence of any mineral resource on any of its properties in commercially exploitable quantities. Until the Company can do so, it cannot earn any revenues from operations and if the Company does not do so it will lose all of the funds that it expends on exploration. If the Company does not discover any mineral resource in a commercially exploitable quantity, its business could fail.

The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Resources Estimates

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves or mineral resources on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. Resource estimates contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time will be determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold, silver, copper, iron or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition. The Company has not established the presence of any resources or any proven or probable reserves at any of its mineral properties. There can be no assurance that subsequent testing or future studies will establish any resources or proven or probable reserves at the Company's properties. The failure to establish proven or probable reserves could restrict the Company's ability to successfully implement its strategies for long term growth.

Surface Rights

The Company must procure access rights or lease and/or acquire the necessary surface rights over the exploration area and must come to an agreement with the surface owner specifying the activity to be conducted prior to commencing exploration and/or production. This agreement usually includes the provision for use of water and other facilities that the owner may be in a position to provide, and the agreement must be filed with the mining authorities. There can be no assurance that the Company will continue to come to agreements with the surface owners of its properties and that it will lease and/or acquire all necessary surface rights, or lease and/or acquire such rights at prices currently contemplated. There are significant risks that the leasing and/or acquisition of all necessary surface rights could be delayed due to circumstances beyond the Company's control and any such delays could negatively impact the Company's development plans and result in additional expenses. However, the Argentinean Mining Code provides that mining or exploration activities take priority over the rights of the surface owner such that if for any reason it is not possible to reach an agreement with the owner, the Company can file a surety bond (a guarantee) in favour of the owner and start exploration.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premia or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Health, Safety and Environmental Risk

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death and or material damage to the environment and Company assets. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer. The Company has rigorous procedures in place to manage health and safety protocols in order to reduce the risk of occurrence and the severity of any accident and is continually investing time and resources to enhance health and safety at its operations.

The Company’s operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety, and other matters. Permits from various governmental authorities are necessary in order to engage in mining operations in all jurisdictions in which the Company operates. Such permits relate to many aspects of mining operations, including maintenance of air, water and soil quality standards. In most jurisdictions, the requisite permits cannot be obtained prior to completion of an environmental impact statement and, in some cases, public consultation. Further, the Company may be required to submit for government approval a reclamation plan, to post financial assurance for the reclamation costs of the mine site, and to pay for the reclamation of the mine site upon the completion of mining activities.

Environmental liability may result from mining activities conducted by others prior to the Company’s ownership of a property. To the extent the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce funds otherwise available for business activities and could have a material adverse effect on the Company. Should the Company be unable to fully fund the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which may have a material adverse effect. The Company mitigates the likelihood and potential severity of these environmental risks it encounters in its day-to-day operations through the application of its high operating standards as dictated by Company management.

Business Risk Factors

Future Funding

As the Company has limited financial resources and no source of operating income the Company’s continuing operations are dependent on its ability to secure equity and/or debt financing. There can be no assurance that future funding will be available to the Company for further exploration and development of the Company’s properties, or to identify, evaluate and acquire, if appropriate, interests in other mineral properties. The ability of the Company to arrange additional financing in the future will depend, in part, on prevailing capital market conditions generally, the business performance of the Company, as well as the prevailing market prices for precious metals.

Participation Agreement

Under the Participation Agreement, as detailed above, the Company participates in any benefit arising from the enforcement of an Argentinean court judgment relating to the breach of an agreement between the Grantor and Northern Orion. There is a risk that the court of appeals decision in this matter could be reversed or modified; the monetary value of the court awarded rights as determined by the arbitrator in the arbitrator’s decision may or may not meet expectations; it may prove difficult to enforce the arbitrator’s decision; the court of appeals decision may not extend to additional revenue streams; and the Company may not be able to exercise its buy-out option under the Participation Agreement.

Country Risk Factors

Political and Economic Conditions

Regardless of the economic viability of the Company’s interest in its properties it may be materially adversely affected by risks factors associated with conducting exploration and mining activities including political instability and violence, war and civil disturbance, acts of terrorism, expropriation or nationalization, inequitable treatment of non-domiciled companies, changing fiscal regimes, fluctuations in currency exchange rates, high rates of inflation, underdeveloped industrial and economic infrastructure and uncertainty of contractual rights which may prevent or restrict exploration, or mining, of some or all of any deposits which the Company may find on its properties, and could affect the Company’s ability to raise additional capital.

Argentinean Mining Operations

Regulators can have broad authority to shut down and/or levy fines against operations that do not comply with regulations or standards. In addition to the factors listed above, the Company's mineral exploration and potential future mining activities may also be affected to varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange controls, export controls, taxes, royalties, environmental legislation and mine safety regulation. Changes in the provincial, legislative and political landscape may also negatively affect the Company. Regardless of the economic viability of the Company's interest in the Company's properties, and despite being beyond the Company's control, such factors may prevent or restrict mining of some or all of any deposits which the Company may find on the Company's properties.

Argentina has been known to experience periods of high inflation. High inflation could increase the Company's operating costs relating to work carried out on the Company's properties. Also, the Company may not realize satisfactory terms in its negotiation of work contracts relating to the properties.

Difficulties in Conducting Business through a Foreign Subsidiary

The Company conducts part of its business through its Argentinean subsidiaries. Any limitation on the transfer of cash or other assets between the Company and its Argentinean subsidiaries or the perception that such limitation may exist now or in the future, could have an adverse impact on the Company.

Subsequent Events

Other than as disclosed herein, none to report.

Company Outlook

The Company's exploration program for the remainder of 2014 will focus on the Company's principal projects as follows:

- The continuing evaluation of a potential mineral resource on the Main Veins target in the Monserrat Zone of the El Dorado Monserrat project; and
- Further identification of potential mineral resources on the Corina project.

In addition, the exploration program on the El Dorado Monserrat and Corina projects may include:

- Geophysical and geochemical surveys, mechanical trenching and detailed geological mapping; and
- Further specific target and/or infill drilling.

In addition, the Company regularly assesses opportunities to supplement its existing portfolio through the acquisition of assets of quality.

The Company continually monitors its activities and associated expenditure closely to ensure effective deployment of resources.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com.