Management's Discussion and Analysis
For the Nine Months Ended December 31, 2012

The following management's discussion and analysis ("MD&A") focuses on significant factors that affected Candente Gold Corp. ("Candente Gold") and its subsidiaries (collectively the "Company") during the relevant reporting period and to the date of this report. It contains a review and analysis of the financial results for the nine months ended December 31, 2012 and identifies business risks that the Company faces and comments on the financial resources required for the development of the business.

This MD&A supplements, but does not form part of the interim condensed consolidated financial statements of the Company and the notes thereto for the nine months ended December 31, 2012, and consequently should be read in conjunction with the afore-mentioned financial statements and notes thereto and with the Company's audited consolidated financial statements and related notes for the year ended March 31, 2012. The information in this MD&A is current as of February 14, 2013.

All amounts, unless specifically identified as otherwise, both in the Company's consolidated financial statements and this MD&A are expressed in US dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of copper and cobalt, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable copper and cobalt are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the copper and cobalt can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current copper and cobalt production, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; unexpected plant shutdowns; changes in project parameters as plans continue to be refined; possible variations of production rates; changes in the Company's mine plan and stripping ratios; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be considered carefully and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, Candente Gold assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

USE OF NON-GAAP MEASURES

In this document, we refer to terms that do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Our usage of these terms may vary from the usage adapted by other companies and they cannot be reconciled to comparable terms in the issuer's condensed interim December 31, 2012 financial statements for the period ended December 31, 2012. The Company has used Non-GAAP measures in the following sections of this MD&A: Consolidated Operating Highlights for the Nine Months Ended, Consolidated Financial Highlights for the Nine Months Ended and Outlook Sections. Management uses these Non-GAAP measures to assess the Company's performance during the fiscal period.

In this document and in the Company's interim condensed consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

BUSINESS OVERVIEW AND STRATEGY

The Company is principally engaged in the exploration and development of mineral properties in Mexico and Peru. The Company is in the exploration stage as its properties have not yet reached commercial production and none of its properties is beyond the preliminary exploration stage. All work presently planned by the Company is directed at defining mineralization and increasing understanding of the characteristics of, and economics of, that mineralization. The Company's principal asset is the El Oro gold-silver property located in the states of Mexico and Michoacan, Mexico (the "El Oro Property" or the "Property"). As of the date of this MD&A the Company holds a 70% interest in the El Oro Property and plans to continue with a high-level exploration program during fiscal 2013. This includes: 3D modeling of all underground workings, drill holes and surface pits; grade for Au g/t, Ag g/t, Hg ppb and any other metals proven to be useful; a fluid inclusion study coupled with the characterization of known and unique vein segments via "a vein intercept study" and ore shoot targeting for future drilling.

PROJECTS SUMMARY

Mexico

El Oro Property

The El Oro Property is located approximately 120 km west-northwest of Mexico City in the states of Mexico and Michoacán. The Company currently holds a 70% working interest in the Property and 50% of the right, title and interest in the existing concession. The Property is location in one of the most Significant High-Grade Gold-Silver Districts in Mexico. Historic exploration & development has only been conducted in 2 of the over 50 known veins and the historic production to date has been over 8 million ounces of gold equivalent. Over the last two years the Company has completed a comprehensive exploration program that resulted in the discovery of additional gold and silver mineralization well below the historical workings of the San Rafael Vein on the El Oro gold project, Mexico and that the San Rafael Vein extends over a minimum strike length of 3.5 kilometers.

On July 27, 2012 GoldCorp confirmed that the Company had met all of its obligations for the exercise of the second option (pursuant to the Company's letter dated May 1, 2012) under the Letter Agreement dated May 5, 2006 as amended pursuant to the agreement dated February 2, 2009 and September 30, 2009. By way of this letter GoldCorp elected not to proceed with the Back-In Option, that would have provided them the ability to earn an additional 40% of the right, title and working interest in the property or the new joint venture company, by incurring $25,000,000 in exploration expenditures over a four year period, from the date of issue of the Back-In Option. Instead GoldCorp elected to maintain its 30% undivided right, title and working interest in the property.

GoldCorp has not yet approved the Proposed budget and work program for the year and the Company is in discussions with GoldCorp regarding this. Under the Letter Agreement any failure by a participant to elect to contribute to an approved work program that are completed to at least 80% of the budgeted exploration expenditures will result in the dilution of the non-contributing participant's interest in El Oro. The Company will clarify with GoldCorp their participation as soon as possible.

Peru

Lunahuana

The Lunahuana property, formerly known as the Columbia property, covers 5,387 hectares and is located in central Peru. The Company's current operations consist of an exploratory search for mineable deposits of minerals. The property does not contain any mineral resources or mineral reserves.

Tres Marias

Tres Marias/San Francisco is an 8,800 hectare property hosting anomalous gold and silver in a combination of low sulphidation veins and high sulphidation alteration in an epithermal system located in the Puno District of southern Peru. The Company's current operations consist of an exploratory search for mineable deposits of minerals. Original interest stemmed from historical work and exploration reconnaissance.

CONSOLIDATED OPERATING HIGHLIGHTS

	For the Nine Months ended December 31			
Operating Highlights	**2012**	**2011**	**Change**	**% Change**
Exploration and Development	**$ 517,150**	$ 610,720	$(93,570)	(15.32%)
Project Administration costs	**453,871**	1,002,322	(548,451)	(54.72%)
Community Relations	**68,492**	-	68,492	0.00%
Drilling	**38,358**	1,796,041	(1,757,683)	(97.86%)
Technical Reports	**2,325**	-	2,325	0.00%

Nine Months Ended December 31, 2012 versus 2011

During 2013 the Company completed its 2010 to 2011 exploration program at the El Oro Property that consisted of a sampling program for the Jesus Del Monte Vein, under-ground sampling for the Del Salto Vein, rehabilitation for the Veta Verde and Dos Estrella's Adits and surface drilling campaigns at Buen Despacho, Zona Oriente and San Rafael. The Company is currently in the process of completing a high-level exploration program at its El-Oro project, that it anticipates to be completed by the end of the fourth quarter. In Peru, the Company is currently carrying out high-level exploration activities on its Lunahuana property. Expenditures related to these activities are presented in the table above.

Below is a comparison of the exploration costs incurred above for the nine months ended December 31, 2012 with the same period ended December 31, 2011;

- Costs included in exploration development are costs of all geologic personnel in Mexico and Peru, the mapping costs and civil works costs. Exploration and development costs as of December 31, 2012 have decreased by $93,570 from the same period in 2011, due to decreases in staffing, completion of the Company's drilling program during the year and because the Company is now engaged in more high-level exploration activities,

- Costs included in project administration costs are salaries for the administrative staff on site at El-Oro and the costs of maintaining the base camp operations at El-Oro. These costs have decreased from the same period in 2011 because of the completion of the Companies exploration program in 2012.

- The Company's community relations costs consist of its' sponsorship program with Save the Children and onsite programs involving the local community around El Oro. These costs have increased from the prior period due the community initiating its' sponsorship program with Save Children in the first quarter of 2013.

- Included in the Company's drilling costs are costs related to contractor works, fuel, supplies and salaries of the drilling team. These costs decreased from the prior period because of the completion of the Company's drilling program as discussed above.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Consolidated Financial Performance and Financial Position for the Nine Months Ended December 31. For a summary of quarterly consolidated financial results for each of the most recently completed quarters ending December 31, 2012 please refer to Appendix A.

	Interim Condensed Consolidated Statement of Financial Position						
	December 31, 2012		**March 31,2012**		**Change**		**% Change**
Cash and Cash Equivalents	**$**	**908,273**	$	2,364,289	**$**	(1,456,016)	(61.58%)
Value Added tax credits Mexico	**$**	**224,315**	$	640,829	**$**	(416,514)	(64.99%)
Value Added tax credits Peru	**$**	**71,625**	$	55,244	**$**	16,381	29.65%
Unproven Mineral Rights Interest	**$**	**12,794,190**	$	12,077,844	**$**	716,346	5.93%
				Interim Condensed Consolidated Statement of Loss			
	Q3 2012		**Q3 2011**		**Change**		**% Change**
Management fees, office salaries and benefits	**$**	**140.401**	$	245,547	**$**	(105,146)	(42.81%)
Share-based payments	**$**	**6,478**	$	108,883	**$**	(102,405)	(94.05%)
(Gain) loss on foreign exchange	**$**	**(46,863)**	$	(252,115)	**$**	205,252	(81.41%)

Nine Months Ended December 31, 2012

Total cash and cash equivalents as of December 31, 2012 decreased from March 31, 2012 by $1,456,016. The decrease was the result of $1,093,899 in exploration expenditures (discussed in previous section) $383,423 in general and administrative expenses (discussed below).

During 2013, the Company has collected $416,514 (5,417,639 Pesos) of Value-Added Tax Receivable from the Mexican Authorities.

The Company has incurred additional exploration expenditures that resulted in an increase in the value added tax credit balance of $71,625, owing from the Peruvian Tax Authorities. The value-added tax owing from the Peruvian tax authorities is not collectable because the value-added tax was incurred as part of various exploration programs with expenditures less than $450,000. The current balance can be applied against future taxable income.

Unproven Mineral Rights Interests also increased by $716,346 from the previous period as a result of cash and non-cash expenditures related to the Company's El Oro Property of $422,706 and the Company's Peruvian properties of $293,640. The costs incurred for the Company's El Oro project represent accruals for the Company's concession costs of $157,688 and $265,018, from the issue of 1,000,000 common shares of the Company to Goldcorp at a price of Cdn$0.26, that fulfilled the requirements of the Second Option in the El Oro Agreement with Goldcorp. Additions for the Peruvian properties are costs paid of $293,640 related to the annual licensing costs for the Company's Peruvian properties.

The Company's main general and administrative expenditures presented above are as follows;

- Decrease in management fees, office salaries and benefits of $105,146 is the result of a decrease in corporate management fees and salaries, which is a result of a completion of the Company's drilling program at El Oro.
- Decrease in share-based payment of $105,411 is the result of a decrease in the number of options vesting during the period ended December 31, 2012.
- Decrease in the foreign exchange loss of $205,252 is the result of an increase in value of the Mexican Peso and Canadian Dollar compared to the USD since the beginning of the reporting period to the ending reporting period December 31, 2012.

OPERATIONAL OUTLOOK

The forward-looking information contained in this section is subject to the risk factors and assumptions contained in the section "Forward-Looking Statements" included with this MD&A. These factors are described under the heading "Risk Factors" and are Non-GAAP measures.

The Company is planning to continue on with a high-level exploration program for 2013. This involves the completion of 3D modeling of: all underground workings, drill holes and surface pits; grade for Au g/t, Ag g/t, Hg ppb and any other metals proven to be useful, fluid inclusion study coupled with the characterization of known and unique vein segments via "a vein intercept study" and ore shoot targeting for future drilling. The Company is also planning high-level exploration activities at its Tres Marias and Lunahuana project. At the Tres Maria project these activities include the completion of mapping and passive environmental study and at the Lunahuana project these activities will include surface exploration.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's cash flow activity for the nine months ended December 31, 2012 and 2011:

	For the Nine Months ended December 31,				**2012 versus 2011**		
Cash Flow		**2012**		2011		Change	% Change
Used in Operating Activities	**$**	**(1,168,518)**	**$**	(4,065,177)	**$**	2,896,659	71.26%
Used in Investing Activities	**$**	**(306,564)**	**$**	(500,930)	**$**	194,366	38.80%
Provided from (Used in) Financing Activities	**$**	**25,599**	**$**	(597,794)	**$**	623,393	95.72%
Cash beginning of period	**$**	**2,364,289**	**$**	8,643,417	**$**	(6,279,128)	(72.65%)
Cash end of the period	**$**	**908,275**	**$**	2,923,986	**$**	(2,015,711)	(68.94%)

OPERATING ACTIVITIES

2012 versus 2011

Cash used in operating activities as of December 31, 2012 decreased from the prior period December 31, 2011 by $2,896,659. This was mainly the result of a decrease of $2,336,207 in exploration and general and administrative expenses incurred during 2012 and a decrease in accounts receivable of $516,200 which was the result of the collection of the Company's tax-receivable balance in Mexico.

INVESTING ACTIVITIES

2012 versus 2011

Cash spent on investing activities decreased from the previous quarter by $194,366. The decrease is the result of a delay in payment of the El-Oro concession fees, which the Company currently has under review with GoldCorp.

FINANCING ACTIVITIES

2012 versus 2011

Cash used in financing activities as of December 31, 2012 decreased by $572,195 from the same period ended December 31, 2011 as a result of the Company repaying its promissory note to Canaco Resources Inc. during the first quarter of fiscal 2012.

LIQUIDITY OUTLOOK

As of the period ended December 31, 2012, the Company believes that it has sufficient level of liquidity to meet its commitments with respect to its corporate expenses and to complete its high-level exploration program that is planned for the remainder of its fiscal year 2013. The Company's liquidity needs for the current period will be met through existing cash resources as of the period ended and through the collection of the value-added tax credit at the Company's Mexican subsidiaries (refer to the consolidated financial highlights section). The Company is also looking at other alternatives to ensure that it will be able to meet funding requirements for its future exploration programs in Mexico and Peru.

SHARE CAPITAL

As of February 14, 2012, the Company had 62,219,760 common shares outstanding.

As of February 14, 2012, the Company had 5,226,350 warrants, exercisable for a weighted average price of $1.07 per common share. In addition, there were 3,481,500 outstanding stock options with a weighted average exercise price of $0.59 and a weighted 2.26 years contractual remaining life. The exercise prices for the outstanding stock options range from $0.25 to $0.96. As of February 13, 2012, 3,311,500 stock options are exercisable.

RELATED PARTY DISCLOSURES

Details of the transactions between the Company and other related parties are disclosed below.

Trading transactions

The Company's related parties consist of companies owned by executive officers and directors as follows:

- Ridley Rocks Inc. (Exploration fees – CEO)
- Michael Thicke Geological Consulting Inc. – (Exploration fees)
- Delphis Financial Strategies Inc. (Management fees – former CFO)
- PhoenixOne Consulting Inc. (Management fees – CFO)
- SW Project Management (Exploration fees)

The Company incurred the following fees and expenses in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

		For the three months ended December 31, 2012	For the three months ended December 31, 2011	**For the nine months ended December 31, 2012**	For the nine months ended December 31, 2011
Management Fees		**18,117**	12,000	**49,001**	36,000
Salaries		**33,423**	43,657	**112,161**	176,029
Exploration expenses – fees		**8,100**	66,998	**19,400**	16,425
	$	**59,640**	122,655	**180,562**	228,454

Amounts due to related parties are unsecured, non-interest bearing and due on demand. The Company's Chief Executive Office is also the Chief Executive Officer and Director of Candente Copper Corp.

Compensation of key management personnel

The remuneration of key management personnel who have the authority and responsibility for planning, directing and continuing the activities of the Company during the period ended December 31, 2012 was as follows:

		For the three months ended December 31, 2012		For the three months ended December 31, 2012		For the six months ended December 31, 2011		For the six months ended December 31, 2011
Salaries and fees (i)	$	59,640	$	122,655	$	180,562	$	228,454
Share-based payment (ii)		3,006		-		3,006		-
Total (iii)	$	62,646	$	122,655	$	183,568	$	-

- Salaries and fees include consulting and management fees disclosed in note 7(a).
- Share-based payments are the fair-value of options granted to key management personnel.
- Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the period ended December 31, 2012.
- The Company does not remunerate Directors of the Company unless its market capitalization is greater than $75 million.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's significant accounting policies are summarized in Note 3 of its Consolidated Financial Statements for the year ended March 31, 2012. The preparation of consolidated financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. The Company regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

Examples of significant estimates include:

- Determination of fair value assumptions upon acquisition of assets;
- Carrying values of unproven mineral right interests;
- Carrying values of equipment and depreciation rates for equipment;
- Recoverability of trade and other receivables;
- Valuation of deferred income taxes;
- Assumptions incorporated to assess impairment of unproven mineral right interests and equipment;

- Valuation of share-based payment;
- Determination of environmental obligations.

Examples of significant judgments, apart from those involving estimates, include:

- The accounting policies for unproven mineral right interests and equipment;
- Recoverability of capitalized amounts;
- Recognition of deferred tax assets and liabilities;
- Determination of functional currency;
- Determination of the economic viability of a project.

CONTROL MATTERS

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management as is appropriate to permit timely decisions regarding public disclosure.

The Company adopted a corporate disclosure policy on March 25, 2009. The disclosure policy includes the setting up of a Disclosure Policy Committee that consists of the Company's CEO, President, Vice President Corporate Development and Corporate Secretary.

The disclosure policy and committee have been in place since the adoption date. Management is reasonably confident that material information relating to the Company, including its consolidated subsidiaries, is being made known to senior management in a timely manner, and that the Company's disclosure controls and procedures are effective not only with respect to the Company's annual filing requirements but on an ongoing basis.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An evaluation of the design effectiveness of the Company's internal controls over financial reporting was conducted as of December 31, 2012 by the Company's management, including the President and CEO and CFO. Based on this evaluation, management has concluded that the design of the Company's internal controls over financial reporting was effective.

There were no changes in the Company's internal control over financial reporting during the period from April 1, 2012 to December 31, 2012 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

RISK FACTORS

The Company is subject to a number of significant risks due to the nature and the present stage of its business and the effect of worldwide economic conditions. Exploration of mineral properties involves a high degree of financial risk. While discovery of an ore body may result in substantial rewards, few exploration properties are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling, constructing mining and process facilities, developing metallurgical processes and extracting base and precious-metals from ore. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial mining operations.

Risk factors that should be taken into account in assessing the Company's activities and any investment in the Company include, but are not limited to, those listed below. Any one or more of these risk factors could have a material impact on the financial condition of the Company. This information, by its nature, is not all-inclusive and risk factors that have not been listed could have a material impact on the future financial condition of the Company.

Economic conditions may prevent the Company from obtaining the capital required to continue operations

The Company's ability to continue operations is contingent on its ability to obtain additional financing. Equity market conditions, funding environments and the price of the Company's common shares may make it dilutive and difficult to raise funds by the sale of the Company's shares. An investment in the shares of a junior resource company is considered to be a high-risk investment. While the Company currently has the necessary cash resources to fund operations and exploration work at its properties for a period of at least one year, there is no assurance that financing will be available to the Company in future periods.

History of Losses

The Company incurred a net loss of $1,474,316 at December 31, 2012 and is expected to continue to generate losses while it continues to be a development-stage company. The Company anticipates significant expenditures for its mineral exploration programs. Since most exploration projects do not result in the discovery of commercially productive mineral reserves and are ultimately expensed in full, the Company expects to report net losses at least into the foreseeable future.

The long-term profitability of the Company's operations will be in part directly related to the success of its exploration programs, which are affected by numerous factors including the cost of such programs, the amount of mineral reserves discovered and fluctuations in the price of any minerals produced.

Dilution

The Company does not generate any revenues from production and does not have sufficient financial resources to undertake by itself all of its planned exploration programs. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties. Also, failure to meet the Company's share of costs incurred under joint venture arrangements to which it is a party may result in a reduction of its interests in mineral properties. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete the recommended programs.

No Known Mineral Reserves

All of the Company's mineral properties are in the exploration stage and are without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. However, few mineral properties that are explored are ultimately developed into producing mines.

In the event a commercially productive mineral reserve is discovered, substantial expenditures are required to develop mineral reserves for production through drilling, development of metallurgical processes for extraction and to develop the mining and processing facilities and infrastructure at the production site. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling 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. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Title to Mineral Properties

The Company believes it has diligently investigated title to all of its mineral properties and, to the best of its knowledge, title to all properties are in good standing. However, the properties may be subject to prior unregistered agreements or transfers, which may affect the validity of the Company's ownership of such properties.

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, title to such properties may be challenged or impugned in the future. The boundaries of the Company's mineral properties have not been surveyed and, therefore, the precise location and area of these mining properties may be in doubt. The Company makes a search of mining records in accordance with mining industry practices to confirm that it has acquired satisfactory title to its properties but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims. Should any defect in title be discovered by or disclosed to the Company, all reasonable steps would be taken to perfect title to the particular claims in question. The Company is not aware of any material defect in the title to its mineral properties.

A claim on any of the Company's mineral properties, especially if commercially productive mineral reserves have been located, could adversely affect the Company's long-term profitability as it may preclude entirely the economic development of a mineral property. Also, such a claim would affect the Company's current operations due to the high costs of defending against such claims and its impact on senior management's time.

Key Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, would require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, certain management personnel of the Company are officers and/or directors of other publicly-traded companies and will only devote part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration expertise. In the event a commercial ore deposit is discovered on any of the Company's properties, the Company will likely require the expertise of such consultants and others for the development and operation of a producing mine.

On August 16th, 2012 Mr. Anthony Pitirri was appointed as Chief Financial Officer for the Company. Mr. Pitirri succeeds Ms. Aurora Davidson, who has served as Chief Financial Officer of the Company since its inception.

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many companies possessing much greater financial and technical research resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped base-metal and precious-metal properties. The principal competitive factors in the acquisition of such undeveloped properties include the staff and data necessary to identify, investigate and purchase such properties, and the financial resources necessary to acquire and develop such properties. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration in the future.

Industry Operating Hazards and Risks

Mineral exploration involves many risks, including location of commercially productive mineral reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to resource companies, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

Government Regulations and Political Climate

Mineral exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, taxes, labour standards, occupation health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms which would have an adverse effect on any mining project the Company might undertake. Additionally, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will be operating in compliance with all applicable regulations. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property. The extent of any future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new requirements.

Environmental Liability

Although the Company is not aware of any claims for damages related to any impact that its operations have had on the environment, it may become subject to such claims in the future. An environmental claim could adversely affect the Company's business due to the high costs of defending against such claims and its impact on senior management's time.

The Company conducts exploration activities in Mexico and Peru. Such activities are subject to various laws, rules and regulations governing the protection of the environment. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees.

Although the Company is committed to ensure compliance with all environmental regulations currently applicable, environmental hazards may exist on the Company's mineral properties, which hazards are not known to the Company at present, that have been caused by previous or existing owners or operators.

Also, environmental regulations may change in the future which could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic development of a mineral property. The extent of any future changes to environmental regulations cannot be predicted or quantified, but it should be assumed that such regulations will become more stringent in the future. Generally, new regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new regulations.

Fluctuations in Metal Prices

Although the Company does not hold any known mineral reserves, its future revenues, if any, are expected to be in large part derived from the future mining and sale of precious metals or interests related thereto. The prices of these commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others and inventory carrying costs.

The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Company's operations, cannot be accurately predicted.

Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Additional information, including the Company's most recent Annual Information Form, is available on SEDAR at http://www.sedar.com

Management's Discussion and Analysis
For the Nine Months Ended December 31, 2012

Appendix A Summary of Quarterly Financial Results

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Net Loss	$(227,717)	$(548,338)	$(690,728)	$(825,943)	$(1,161,336)	$(1,344,928)	$(1,307,265)	$(1,353,086)
Loss Per Share Attributable to Shareholders Basic and Diluted	$(0.00)	$(0.01)	$(0.01)	$(0.08)	$(0.02)	$(0.03)	$(0.02)	$(0.13)