

Management's Discussion and Analysis of the Unaudited Condensed Interim Consolidated Financial Statements

For the Three Month Period Ended March 31, 2015

**Minsud Resources Corp.**

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**MINSUD RESOURCES CORP.  
MANAGEMENT'S DISCUSSION & ANALYSIS**

For the Three Month Period ended March 31, 2015

**INTRODUCTION**

The following is a Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Minsud Resources Corp. (the "Company" or "Minsud") to enable a reader to assess the financial condition and results of operations of the Company for the three month period ended March 31, 2015.

This MD&A has been prepared as at May 29, 2015 unless otherwise indicated.

This MD&A should be read in conjunction with the Company's Unaudited Condensed Interim Consolidated Financial Statements for the three month period ended March 31, 2015 (the "Financial Statements"), including the related note disclosure. The Financial Statements are presented on a consolidated basis and include the accounts of the Company, its wholly-owned subsidiary Minsud Argentina Inc. ("MAI"), and MAI's subsidiary Minera Sud Argentina S.A. ("MSA"), an Argentinean company in which MAI has a 98.89% ownership interest. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar figures included therein and in the following MD&A are expressed in Canadian dollars unless otherwise indicated.

The Company's head office and principal business address is 340 Richmond Street West, Toronto, Ontario M5V 1X2. The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and trades its common shares on the TSX Venture Exchange (the "Exchange"), under the symbol MSR. Additional information relevant to the Company's activities, including press releases, can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or [www.minsud.com](http://www.minsud.com).

**MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL REPORTING**

The Financial Statements have been prepared by management in accordance with IFRS and have been approved by the Company's board of directors (the "Board"). The integrity and objectivity of these Financial Statements are the responsibility of management. In addition, management is responsible for ensuring that the information contained in the MD&A is consistent where appropriate, with the information contained in the Financial Statements.

The Financial Statements may contain certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the Financial Statements are presented fairly in all material respects.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its audit committee. The members of the audit committee are appointed by the Board and have sufficient financial expertise to assume this role with the Company. The majority of the audit committee members are independent and not involved in the Company's daily operations.

**CAUTIONARY NOTE ON FORWARD-LOOKING INFORMATION**

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar, Argentine Peso and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada and Argentina or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development 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; 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; availability and increasing costs associated with operational inputs and labour; the speculative nature of mineral exploration and development, 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; challenges to, or difficulty in maintaining, the Company's title to properties; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A and in the Company's Filing Statement dated April 27, 2011 available under the Company's profile at [www.sedar.com](http://www.sedar.com).

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: financing will be available for future exploration, development and operating activities; the actual results of the Company's development and exploration activities will be favourable or at least consistent with management's expectations; operating, development and exploration costs will not exceed management's expectations; all requisite regulatory and governmental approvals for development projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favourable to the Company such as the continuing support for mining by local governments in Argentina; the price of gold and/or other applicable metals and applicable interest and exchange rates will be favourable to the Company or at least consistent with management's expectations; no title disputes will exist with respect to the Company's properties; debt and equity markets and other applicable economic conditions will be favourable to the Company; the availability of equipment and qualified personnel to advance exploration projects and; the execution of the Company's existing plans and further exploration and development programs for its projects, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

## **CORPORATE OVERVIEW**

The Company was incorporated under the *Business Corporations Act* (Ontario) ("OBCA") on October 11, 2007 under the name "Rattlesnake Ventures Inc." and changed its name to "Minsud Resources Corp." on May 10, 2011 upon the completion of its Qualifying Transaction (as defined under the policies of the TSX Venture Exchange) through which it ceased being a capital pool company.

As a result of its Qualifying Transaction, the Company acquired all of the issued and outstanding shares of Minsud Resources Inc. ("MSR") by way of a three cornered amalgamation resulting in the amalgamation of MSR and 1830835 Ontario Inc., a wholly owned subsidiary of the Company, to form MAI (the "Minsud Transaction"). At the time of the completion of the Minsud Transaction, MAI became the owner of 95% of the issued outstanding shares of MSA, which was previously held by MSR. As at March 31, 2015, MAI held 48,195,340 of the 48,737,940 outstanding common shares of MSA, representing an ownership interest of 98.89%.

As of the date of this MD&A, the members of the Company's Board of Directors are Alberto Francisco Orcoyen (Chairman), Carlos Alberto Massa (President and Chief Executive Officer), Scott White, Howard Coates (Vice-President-Exploration), Eduardo Mendl and Carlos Adamo. As of the date of this MD&A, Mr. Orcoyen, Mr. Mendl and Mr. White are independent directors, and together, form the Company's audit committee. All members of the Company's Board of Directors were re-elected as Board members at the annual Shareholders' Meeting held October 2, 2014, with the exception of Mr. Adamo, who was elected to the Company's Board of Directors for the first time. Mr. Adamo is a seasoned and well-respected businessman in Argentina and is an independent director of the Company.

The Board of Director is made up of a majority of independent directors in accordance with the TSX-Venture Exchange policies.

### **Principal Business of the Company**

The Company is focused on the business of mineral and resource exploration and development in Argentina through MSA, the Company's 98.89% controlled indirect subsidiary.

The Company's principal exploration project is the Chita Valley project consisting of three core contiguous properties, namely, Chita, Brechas Vacas and Minas de Pinto mineral concessions (8,350 ha), and four additional claims adjacent to such properties, in total the company controls an area of 17,400 hectares or 174 square kilometers.

These properties are located in the San Juan Province, República Argentina and are described in the independent technical report dated October 27, 2010 and amended on February 15, 2011, entitled "Technical Review on the Chita Valley Project" by Velasquez Spring, P. Eng., of Watts, Griffis and McQuat (The "NI 43-101 Report"). This document was prepared for the Company and can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Following the preparation of the NI 43-101 Report, Minsud has acquired new claims adjacent to its core properties as explained in "Chita Valley Project – Mining Rights" found later in this MD&A.

The Company also owns 100% of the mining rights at the La Rosita (9,970 ha) gold and silver prospect at the Deseado Massif – Santa Cruz Province, República Argentina and also holds a 100% owned portfolio of selected early stage prospects which includes approximately 39,790 hectares distributed within the Provinces of Santa Cruz (7,790 ha), Chubut (23,000 ha) and Rio Negro (9,000 ha) in Argentina.

Although the Minsud's technical team believes that the areas controlled by the Company in Chubut and Rio Negro are highly prospective, management is now evaluating the current framework for exploring and doing business in these provinces in order to make a decision regarding the retention and plans for future exploration of these properties. See "Recent Argentine regulations and important developments", sections iv) and v).

### **BUSINESS DEVELOPMENTS DURING THE THREE MONTH PERIOD ENDED MARCH 31, 2015**

The encouraging drilling results obtained from the two programs executed in 2014 have guided Minsud towards the preparation of initial resource estimation at the Chita Porphyry South. In this regard management signed a letter of engagement with a consulting firm to prepare a NI 43-101 technical report.

It should be noted that since June 2012, management has been able to raise more than \$ 3.3 Million through four Non-brokered private placements with investors that share the Company's long-term vision.

Following the Company's systematic exploration approach, the technical team continued trenching and sampling activities primarily in the Chinchillones area during the quarter ended March 31, 2015.

The Company has also engaged Quantec Geociencia to conduct an IP/ Resistivity, state of the art geophysics program covering the areas made up by Chita and Chinchillones. The program is based on 31.5 km lineal of pole-dipole and 8 km lineal of dipole –dipole.

On the corporate side, Minsud announced the appointment of Mr. Alberto F. Orcoyen as Non-executive Chairman. Mr. Orcoyen has a degree in Industrial Engineering from the University of Buenos Aires and

an MBA from Harvard Business School. Throughout his career, he has gained extensive experience in the resource sector as a director of a number of junior mining companies. Previously, he held senior management positions with various industrial companies, financial institutions and private equity funds.

On May 29, 2015 Minsud filed a press release announcing an Initial Resource Estimate at the Chita Valley Project, San Juan, Argentina. The Technical Report will be publically filed under the Company's profile at [www.sedar.com](http://www.sedar.com) within 45 days.

Looking to the future, Minsud is committed to systematically moving the project towards the economic feasibility stage, a task that will again challenge management's ability to raise sufficient financing in difficult market conditions.

## **Chita Valley Project**

### **Geological features**

The Chita Valley Project is located within the eastern part of tectono-metamorphic unit known as the Andean Frontal Cordillera. The Paleozoic basement of the Andean Frontal Cordillera is exposed out on its easternmost margin, where it meets the Rodeo-Calingasta basin.

The Andean Frontal Cordillera is composed mainly of Upper-Paleozoic strata deposited unconformably on a middle Paleozoic basement or Lower Paleozoic sediments, dependent upon its location. This formation was folded and then intruded by Lower Permian granitoids. A series of porphyries and subvolcanic andesitic bodies of middle to upper Tertiary age are seen cutting all the previous rock sequences, or occurring locally as volcanic flows.

The oldest exposed basement rocks in the Chita Valley region belong to the Upper Carboniferous-Permian age Agua Negra Formation. Regionally the formation is made up of alternating sandstones, quartzites, lutites and conglomerates, with limestones in the upper part. The Devonian and Permo-Carboniferous marine sedimentary rocks, are intruded by Permo-Triassic granitoids, and an Andean Mesozoic-Tertiary cover sequence intruded by Mesozoic and Tertiary granitoids.

Structurally, the Chita Valley Project is located along a NW striking valley associated with a regional transfer fault. A complex of sub-volcanic mineralized intrusives are located at the intersection of the NW transfer faults with the N-S faults of the Andean structural system, as is the Chita copper-molybdenum mineralized porphyry complex. Recent detailed lithological mapping, mineralization and alteration studies by Minsud have encountered enigmatic features that are indicative of a variety of classical mineralization environments.

**Regional Mines, Development and Advanced Exploration Projects:** San Juan Province, Argentina and adjacent areas of Chile contain a variety of important former and current Au+/-Ag+/-Cu mining operations along with a major development stage project. Barrick Gold Corporation is by far the region's most established major player with its now defunct El Indio Cu-Au-Ag Mine and the nearby Tambo Au-Ag Mine, Chile, having produced 5.7 million ounces of gold, 25 million ounces of silver, and 472Kt of copper from 16.8 Mt of ore between 1979 and 2002. Barrick currently has two major projects in the northern part of the El Indio belt, the Veladero Au-Ag Mine, Argentina, which commenced production in 2005 and the giant Pascua-Lama Au-Ag development project overlapping the Chile-Argentina border. Outside of the El Indio Belt are the Casposo Au-Ag Mine of Troy Resources Limited in the Andean Frontal Cordillera and the Gualcamayo Au Mine of Yamana Gold Inc. in the Precordillera Belt farther to the east.

**Deposit Models:** The northwestern region of San Juan Province, Argentina and neighbouring Chile is home to a world class collection of precious and/or base metal deposits mostly within a broad classification of hydrothermal deposits related to Tertiary diatreme volcanic vent/porphyry complexes. Deposits are hosted by a variety of plutonic, volcanic and sedimentary lithologies. In fact many known deposits show characteristics of multiple settings throughout time and are termed, enigmatic gold/base metal deposits. Northwestern San Juan Province also hosts an earlier group of Lower Permian-Triassic

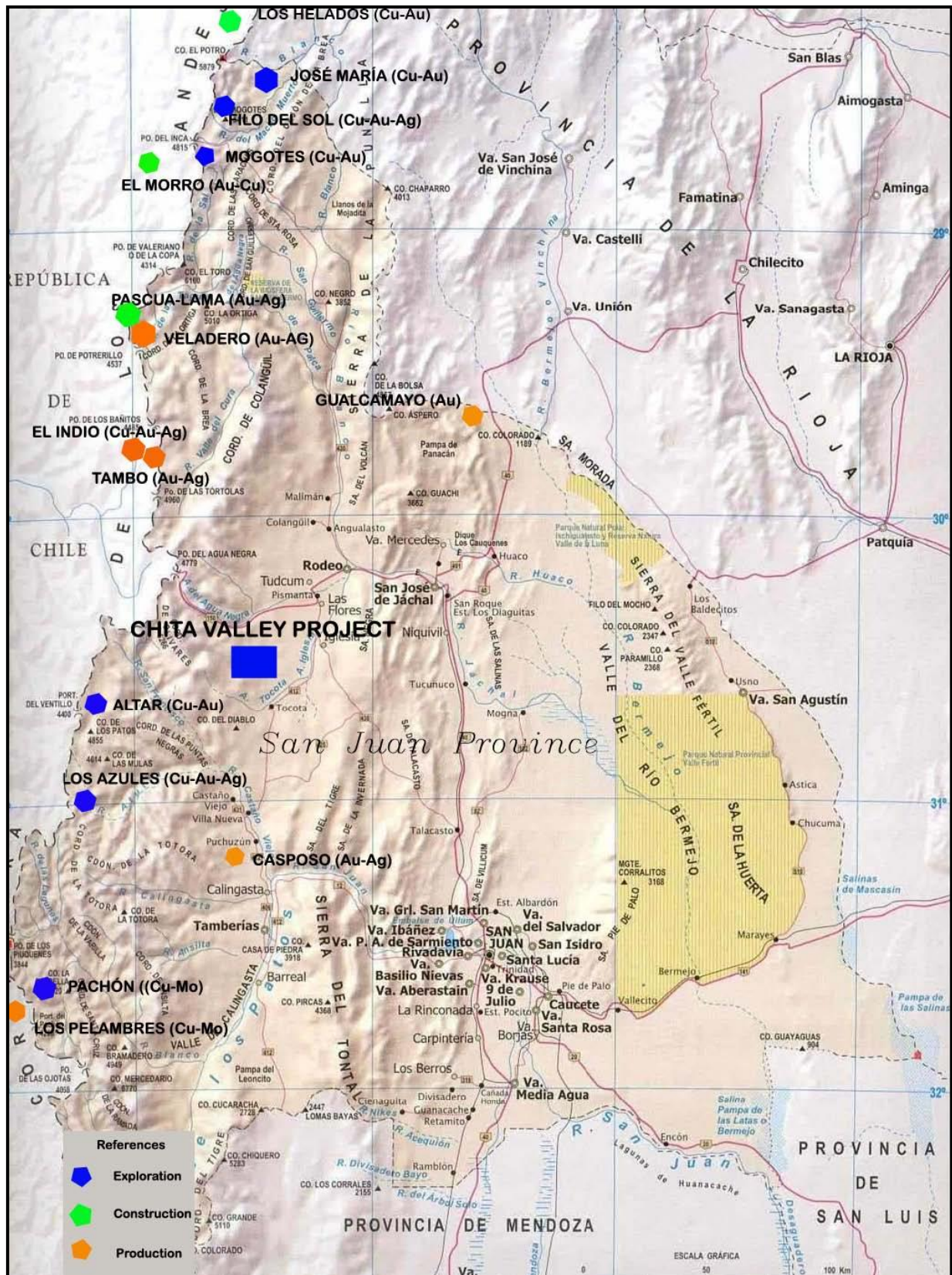
porphyry Cu-Mo and Cu-Au deposits and low-sulphidation Au deposits associated with intrusive and volcanic rocks, of calc-alkaline affinity.

The principal target types sought in the Chita Valley area are porphyry copper-molybdenum ( $\pm$  Au-Ag) and epithermal gold ( $\pm$  Ag and base metals) mineralization. Epithermal mineralization is related to large-scale convective systems driven by magmatic heat in the upper 1-6 kilometres of the Earth's crust. The broad category of epithermal gold deposits includes various sub-types.

**History:** Several old mineral prospects and mine workings exist on the property. Gold, silver, lead and arsenic were produced on a small scale early in the 20th century. The first documented exploration work started in 1968 by the Argentine government organization Direccion General de Fabricaciones Militares in search of Cu-Mo porphyry type deposits. Various junior and major companies conducted localized intermittent exploration work between 1989 and 2008. Minsud has been involved in the area since 2006.



## Au-Ag-Cu Mines/Projects San Juan Province, Argentina and adjacent Chile



**Exploration Work Performed by MSA from 2006 to 2013:** After acquiring the Chita, Breccas Vacas and Chita II Properties between 2006 and 2007, MSA compiled historic work from various sources and completed two field programs in the summers of 2007 and 2008. The main ongoing objective of MSA

was to define the geology, geochemistry, mineralogy, mineral paragenesis of the region in order to define the essential characteristics of the volcanic vent/porphyry system model as a guide to ongoing exploration.

The following historical data was compiled and integrated into the evolving general Chita Valley conceptual model:

- 1968 and 1976: Direccion General de Fabricaciones Militares program of geological mapping, Schlumberger Vertical Electrical Sounding geophysical surveying and diamond drilling (Chita South Porphyry).
- 1995: Minas Argentina S.A. reverse circulation drilling (Chita South Porphyry).
- 2006: Silex Argentina S.A. ("Silex") geological reconnaissance, surface channel sampling and diamond drilling (Pinto Property).
- 2008: Rio Tinto Mining and Exploration ("Rio Tinto") reconnaissance exploration and diamond drilling (Placetas Porphyry).

The MSA exploration work from 2006 to 2013 is briefly summarized as follows:

- 2006-2008: compilation of historical work and geological reconnaissance/prospecting activities on the Chita, Breccas Vacas and Chita II Properties.
- 2008: MSA drilled three diamond drill holes (845 m) in the areas of Chinchillones South and Breccias Chinchillones testing geophysical anomalies from a previous Schlumberger Vertical Electrical Sounding resistivity survey. Each hole intersected low sulphidation mineralization, MSA geologists recognized that the Breccia Chinchillones was a phreatomatic breccia containing anomalous precious metal values within a ENE to NE striking structure and that several other large breccia on the property with anomalous precious metal values required detailed examination.  
Drillhole MSA-08-A intersected 274 m of strongly argillic and phyllic altered porphyry containing crystalline quartz veins and veinlets, disseminated sulphides and sulphide veinlets. The entire hole contained anomalous copper and molybdenum values with localized elevated gold and silver values. Drillhole MSA-08-B intersected a series of sub-vertical polymetallic (base metals and Au and Ag) veinlets within a Paleozoic quartzite. Drillhole MSA-08-C intersected a series of polymetallic veins and veinlets (base metals and Au and Ag) within the Paleozoic quartzite.
- 2009: MSA carried out a program of surface trenching. During this program 135 sites were manually cleared from which 651 rock samples were collected for geochemical analysis. Also 94 rock chip samples were collected by MSA (552 geochemical assays) that when added to the above rock samples gave a total of 1,203 geochemical assay results.
- 2011: Pinto Property added to the Project. MSA completed 16 diamond drill holes on the Chita Project with a cumulative total of 3,360.1 m. The holes are distributed as follows:
  - Target Chinchillones: 915.0 m (five drill holes: ChS1101, ChS1102, ChS1103, ChS1104, ChS1105);
  - Target Romina: 1,044.6 m (five drill holes: RoW1101, RoW1102, RoW1103, Ro1104, Ro1105);
  - Target Muñoz-Dora: 81.0 m (one drill hole: DoM1101);
  - Target Porphyry Chita: 884.0 m (three drill hole: PSu11-01, PSU-11-02 and PSU-11-03); and
  - Target Minas de Pinto: 435.5 m (two drill hole: CHT-11-023 and CHT-11-024).

The various drilling and surface sampling programs confirmed Cu- Mo- Au porphyry style mineralization together with sometimes superimposed epithermal alteration features and Au – Ag polymetallic veins.

- 2012: an early stage exploration program was performed, including:
  - a ground magnetometer survey covering some 40 km<sup>2</sup> (200 line km);
  - property wide surface geological mapping and general compilation of existing data at 1:10,000 scale;
  - detailed surface geological and alteration mapping at 1:2,000 scale over the Chita South Porphyry and at 1:1000 scale over the Chinchillones Prospects; and

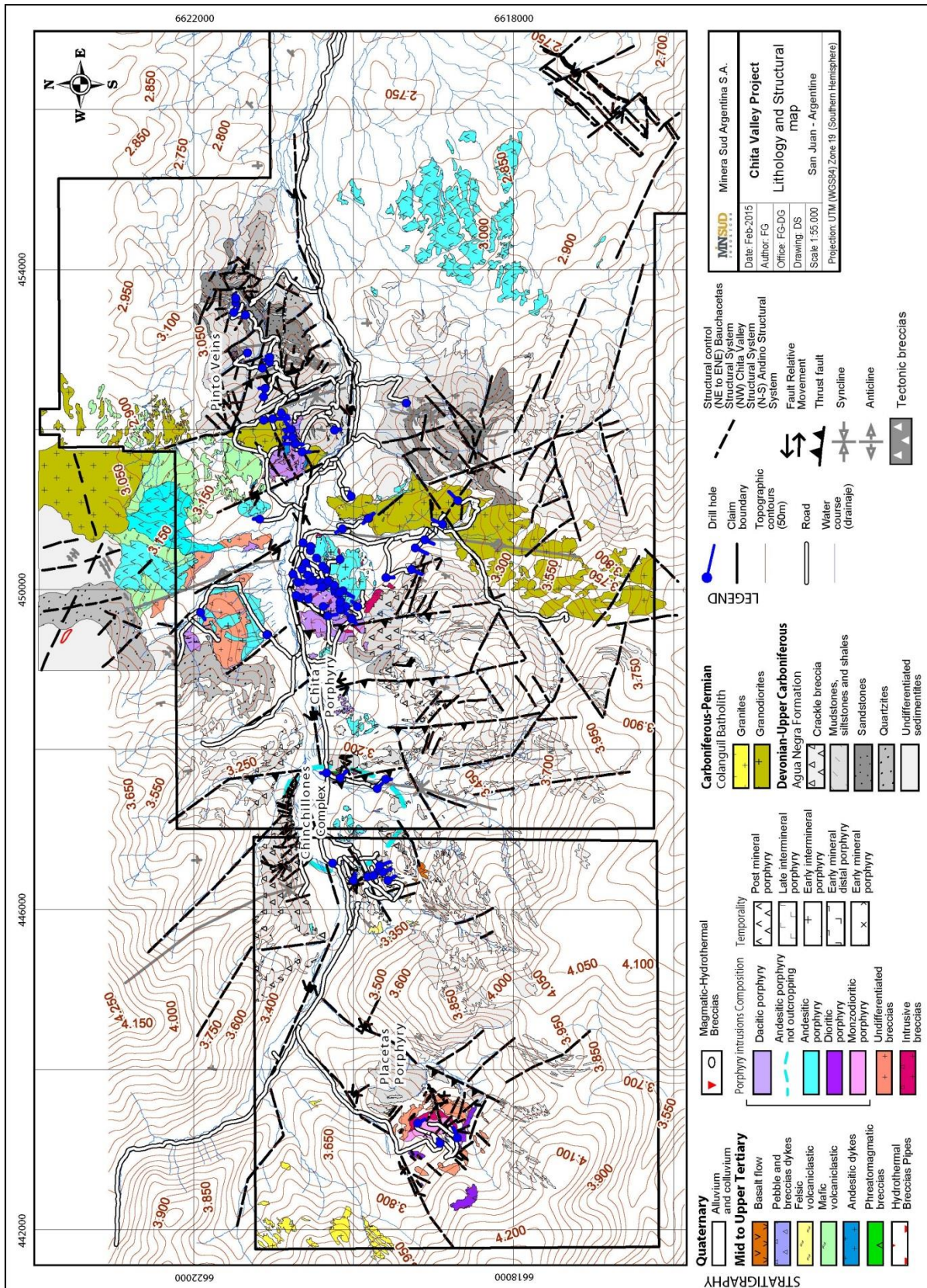


- Channel sampling of outcrops and hand dug trenches utilizing a portable diamond-blade saw to define geological units, alteration features and as an initial test of potentially mineralized structures.
- 2013: The strategy for the Chita Valley Project was the continuation of systematic detailed geological mapping and alteration studies with selective surface sampling to the Chita North Porphyry, Breccias Ridge- Porphyry “A”, Placetas Porphyry, Romina and Pinto sectors:
  - detailed surface geological and alteration mapping at 1:2,000 scale over the Chita North Porphyry, Romina, Placetas Porphyry and Pinto sectors and at 1:1000 scale over the Breccas Ridge and Porphyry A Prospects; and
  - Channel sampling of outcrops and hand dug trenches utilizing a portable diamond-blade saw to define geological units, alteration features and as an initial test of potentially mineralized structures.

#### Summary of Key Chita Valley Drilling/Channel Sampling Results

Prospect	Drill Hole (Trench)	From (m)	To (m)	length (m)	Au (g/t)	Ag (g/t)	Cu (%)	Mo (%)	Comments
Fatima Zone	CHT-004	78.2	79.8	1.6	10.58	88.33	0.22	0.001	Silex, 2006 DDH
Fatima South Zone	CHT-005	90.0	94.0	4.0	0.63	32.10	0.00	0.000	Silex, 2006 DDH
Fatima South Zone	CHT-019	53.0	66.2	13.2	2.38	4.08	0.00	0.000	Silex, 2006 DDH
Johana Vein	CHT-012	129.5	130.5	1.0	4.43	738.00	1.06	0.002	Silex, 2006 DDH
Johana Vein	CHT-013	40.5	47.0	6.5	5.02	16.96	0.01	0.000	Silex, 2006 DDH
Chita South Porphyry	SD-2	0.0	246.0	246.0	n/a	n/a	0.18	0.039	DGFM, 1968 DDH
Chita South Porphyry	SD-A	28.5	58.5	30.0	0.053	2.27	0.36	0.020	DGFM, 1968 DDH
Chita South Porphyry	C96-04	160.0	162.0	2.0	1.329	81.00	0.89	n/a	Masa, 1996 RC
Chita South Porphyry	C96-05	126.0	138.0	12.0	1.186	36.00	0.15	n/a	Masa, 1996 RC
Chita South Porphyry	PSu11-01	9.0	10.0	1.0	32.29	36.10	0.04	0.003	MSA, 2011 DDH
Chita South Porphyry	PSu11-01	114.0	120.0	6.0	1.30	66.66	0.24	0.041	MSA, 2011 DDH
Chita South Porphyry	PSu11-02	41.0	217.0	177.0	0.02	2.50	0.228	0.034	MSA, 2011 DDH
Chita South Porphyry	TGCC-2012-01	0.0	549.0	549.0	n/a	n/a	0.014	0.011	MSA, 2011 trench
Porphyry A	MSA08-A	26.0	300.45	274.45	0.035	0.55	0.09	0.010	MSA, 2008 DDH
Chinchillones South	MSA08-B	42.0	43.0	1.0	3.40	60.10	n/a	n/a	MSA, 2008 DDH
Chinchillones South	MSA08-C	104.0	198.0	94.0	0.14	58.00	0.194	n/a	MSA, 2008 DDH
Chinchillones South	ChS11-01	112.0	114.0	2.0	0.18	105.00	1.34	n/a	MSA, 2011 DDH
Chinchillones South	ChS11-04	62.0	63.0	1.0	0.44	393.00	1.46	n/a	MSA, 2011 DDH
Chinchillones South	ChS11-05	135.0	137.0	2.0	0.40	136.00	n/a	n/a	MSA, 2011 DDH
Chinchillones South	TCHS-2012-03	13.0	14.0	0.3	8.76	1032.83	0.05	0.000	MSA, 2012 DDH
Chinchillones South	TCHS-2012-016	1.0	3.0	2.0	2.51	400.48	0.05	0.001	MSA, 2012 DDH
Romina Vein	RoW11-01	131.0	133.0	2.0	0.20	42.00	1.70	n/a	MSA, 2011 DDH
Romina Vein	RoW11-03	162.0	163.0	1.0	1.17	66.00	1.20	n/a	MSA, 2011 DDH
Romina Vein	RoW11-04	71.0	75.0	4.0	0.83	101.00	3.20	n/a	MSA 2011 DDH
Romina Vein	RoW11-04	203.0	204.0	1.0	2.91	14.00	n/a	n/a	MSA, 2011 DDH
Placetas Porphyry	PLCT-01	78.0	86.0	8.0	0.002	0.02	0.05	0.001	RTZ, 2008 DDH
Placetas Porphyry	PLCT-03	10.0	22.0	12.0	0.004	0.50	0.15	0.001	RTZ, 2008 DDH

## Property Geology Map



**Environmental Studies:** The type of work that was done on most parts of the current properties typically results in some land disturbance (for example drill access roads, grid lines, drill sites and surface trenches), but usually does not generally create significant pollution problems such as acid drainage and



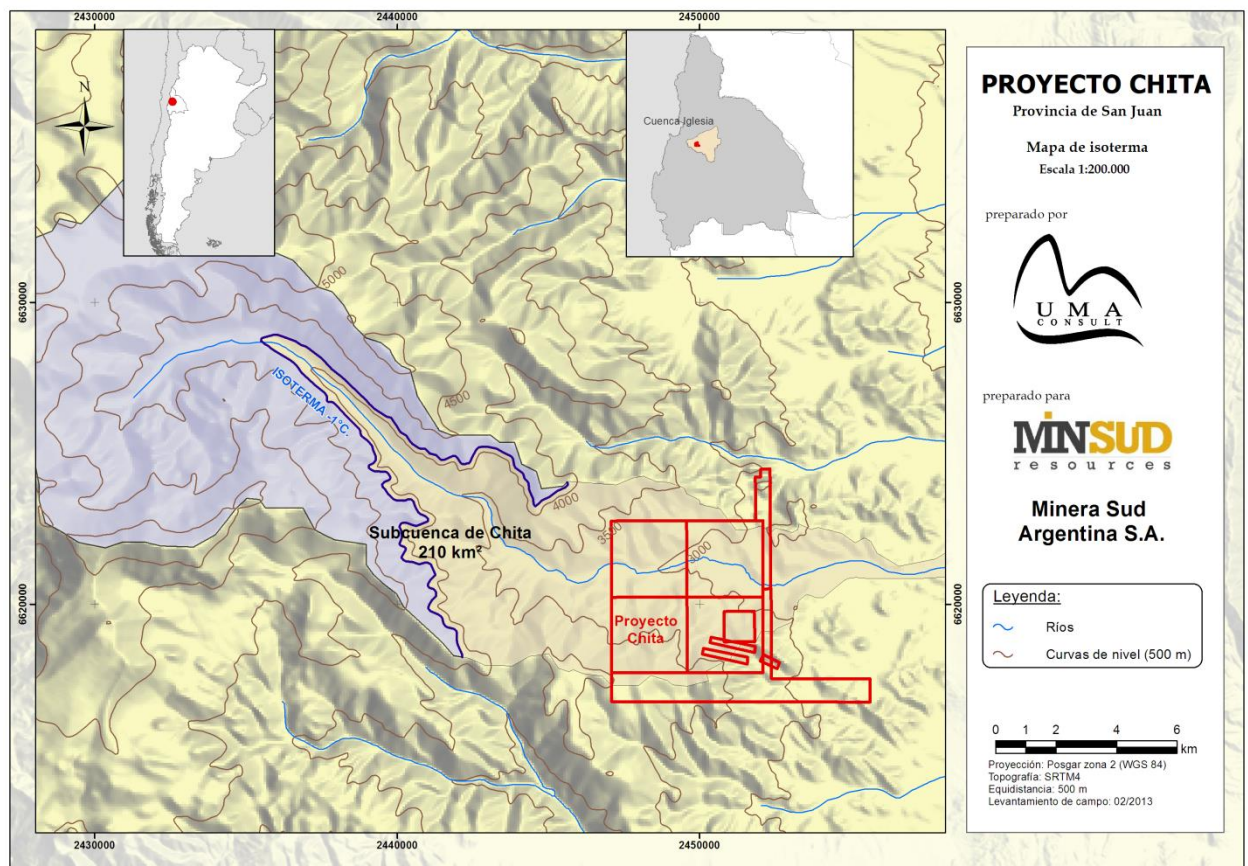
metal leachate. However, some very localized artisanal mine/waste rock sites (examples; Fatima, Carmen, Barba, Argentina and Romina veins) do have such pollution risks, albeit modest. There are no conventional mine, processing plant or tailings/waste rock sites on the Chita Valley properties. The basic task at this time is to define baseline parameters so that the environmental situation can be documented in its semi-natural state prior to potential major mining/processing activities.

In 2010, the Argentina federal government enacted the Glaciers Law, which aims to preserve glaciers and periglacial areas for strategic water reserves, the protection of biodiversity and for scientific and tourism interests. The areas primarily affected by the legislation, southern Patagonia and the mountainous terrain along the Andean border with Chile, are also the country's richest sources of mineral resources. For the practical purpose of conducting exploration work requiring heavy machinery, such as drilling equipment, etc., a glaciological report verifying the absence of ice and rock glaciers and permafrost areas must be completed. In February 2013, Minsud retained Argentine glaciological consultants UMAconsult S.A. to complete a report on the Chita mining concessions. This study has shown that no active glaciers, rock glaciers or permafrost areas are present on the Chita concessions.

It is also noted by UMAconsult, on the basis of regional meteorological data, satellite imagery and field observations, that the -1 degree C isotherm (the lower limit of discontinuous permafrost) is at the elevation of approximately 4,100 m ASL. This is very encouraging for potential exploration programs on the Brechas Vacas, Pinto and Chita II areas where all current target areas lie between 3,000 and 4,000 m ASL.

Glaciological reports are required for the Brechas Vacas, Pinto and Chita II areas prior to conducting advanced exploration work.

#### Chita Valley Region, -1°C isotherm



**Exploration Work Performed by MSA in the First Quarter of 2014:** The initial part of the first quarter was taken up by completion of internal data management and reporting with respect to the 2013 exploration program and planning/budgeting for the 2014 program. Also early in Q1 final analytical

results were obtained for Q4 2013 work in the eastern part of the Pinto Property. Field work commenced with detailed mapping and channel sampling along proposed drilling sections in the Chita South Porphyry sector of the Chita Property.

**The Minas de Pinto sector** work was described in the press release filed January 30, 2014 and the reader is directed to that document for additional details at the Company's website [www.minsud.com](http://www.minsud.com).

**The Chita Porphyry Sector** was the focus of most of the Minsud's exploration efforts in 2014.

In May 2014, the Company completed a 6 hole, 1,122 meter diamond drilling program in the south Chita Porphyry sector of the Chita Valley Project. The program tested targets identified during the systematic multidisciplinary exploration program conducted in the sector in 2013 and more detailed work conducted in the first quarter of 2014. The drill holes tested a substantial zone of Cu-Ag-Mo-Au mineralized multi-stage vein systems and hydrothermal breccias in the southeastern border zone of the sector. All 6 holes intersected substantial core lengths of mineralization at relatively shallow depth beneath the zone of surficial weathering and oxidation. See following table. . Better Cu values are typically associated with the zone of supergene enrichment and the transition to primary mineralization at depth.

#### Chita South Porphyry May 2014 Drilling Highlights

Drill Hole	From M	To M	Interval M	Au ppm	Ag ppm	Cu %	Mo %
PSU14-04	16.00	92.00	76.00	0.06	6.8	0.41	0.022
incl.	36.00	52.00	16.00	0.00	21.7	0.59	0.020
PSU14-05	24.00	96.00	72.00	0.05	1.0	0.36	0.021
incl.	58.00	68.00	10.00	0.05	1.4	0.59	0.028
PSU14-06	28.00	54.00	26.00	0.04	2.1	0.34	0.016
PSU14-07	24.00	122.00	98.00	0.04	1.0	0.25	0.014
PSU14-08	40.00	96.00	56.00	0.09	3.0	0.40	0.013
incl.	54.00	68.00	14.00	0.13	5.8	0.46	0.016
incl.	88.00	96.00	8.00	0.11	3.8	0.54	0.014
PSU14-09	8.00	16.00	8.00	0.13	7.5	0.06	0.019
And	26.00	60.00	34.00	0.06	3.9	0.33	0.019

More recently in September 2014, the Company completed a 19 hole, 2,190.1 meter HQ diamond drilling program predominantly in the south Chita Porphyry sector of the Chita Valley Project. The drill holes continued to test the Cu-Ag-Mo-Au mineralized vein systems and breccias. Highlights are broad sections including **60 meters** (approximately **51 meters vertical thickness**) averaging **0.59% Cu, 6.90 g/t Ag, 0.035% Mo and 0.07 g/t Au** and **54 meters** (approximately **46 meters vertical thickness**) averaging **0.66% Cu, 0.90 g/t Ag, 0.005% Mo and 0.10 g/t Au**. Another exciting intersection is **10 meters** core length (approximately **5 meters true thickness**) averaging **2.72% Cu, 128.9 g/t Ag, 0.84 g/t Au**. One drill hole, completed as an initial stratigraphic test of the north Chita Porphyry sector, also returned interesting Cu, Ag and Au values. Significant intersections from all 19 holes are tabulated below.

### South Chita Porphyry September 2014 Drilling Highlights

Hole ID	From	To	Interval	Thickness	Au g/t	Ag g/t	Cu %	Mo %
	(m)	(m)	(m)	(vertical m)				
PSU14-10	86	141	55	47.0	0.03	1.1	0.34	0.016
PSU14-11	50	132	82	70.1	0.05	1.6	0.37	0.022
PSU14-12	84	106	22	18.8	0.10	1.0	0.31	0.006
PSU14-13	62	76	14	12.0	0.08	1.2	0.31	0.006
PSU14-14	68	82	14	12.0	0.02	0.7	0.37	0.020
PSU14-15	22	62	40	34.2	0.04	0.8	0.38	<b>0.030</b>
PSU14-16	34	82	<b>48</b>	<b>41.0</b>	0.06	1.7	<b>0.47</b>	0.020
incl.	34	60	26	22.2	0.08	1.9	<b>0.66</b>	0.020
PSU14-17	76	84	8	6.8	0.06	1.5	0.32	<b>0.032</b>
PSU14-18	20	80	<b>60</b>	<b>51.3</b>	0.07	<b>6.9</b>	<b>0.59</b>	<b>0.035</b>
incl.	32	58	26	22.2	0.06	1.7	<b>0.69</b>	<b>0.040</b>
PSU14-19	12	16	4	3.4	<b>0.80</b>	<b>43.9</b>	0.01	<b>0.036</b>
PSU14-19	76	78	2	1.7	<b>3.59</b>	<b>139.0</b>	0.21	<b>0.029</b>
PSU14-19	66	100	34	29.1	0.23	<b>8.6</b>	0.33	<b>0.043</b>
PSU14-20	54	62	8	6.8	0.03	1.4	<b>0.45</b>	0.004
PSU14-21	22	76	<b>54</b>	<b>46.1</b>	0.10	0.9	<b>0.66</b>	0.005
incl.	30	46	16	13.7	0.23	2.0	<b>1.33</b>	0.008
PSU14-22	30	54	<b>24</b>	<b>20.5</b>	0.08	2.5	<b>0.48</b>	0.015
incl.	46	54	8	6.8	0.10	1.8	<b>0.69</b>	0.019
PSU14-23	33	36	3	2.6	<b>0.82</b>	1.2	0.04	0.021
PSU14-23	54	84	30	20.5	0.06	2.7	0.36	0.018
PSU14-24	80	90	<b>10</b>	<b>5.0</b>	<b>0.84</b>	<b>128.9</b>	<b>2.72</b>	0.004
PSU14-25	44	126.1	82.1	70.2	0.04	2.9	0.27	0.022
PSU14-26	26	120	94	80.3	0.09	2.7	0.35	0.023
PSU14-27	42	62	20	17.1	0.07	1.3	0.34	0.026
PN014-01	20	28	8	6.8	0.11	3.2	<b>0.48</b>	0.004
PN014-01	167.9	192	24.1	20.6	0.09	<b>18.0</b>	0.32	0.010

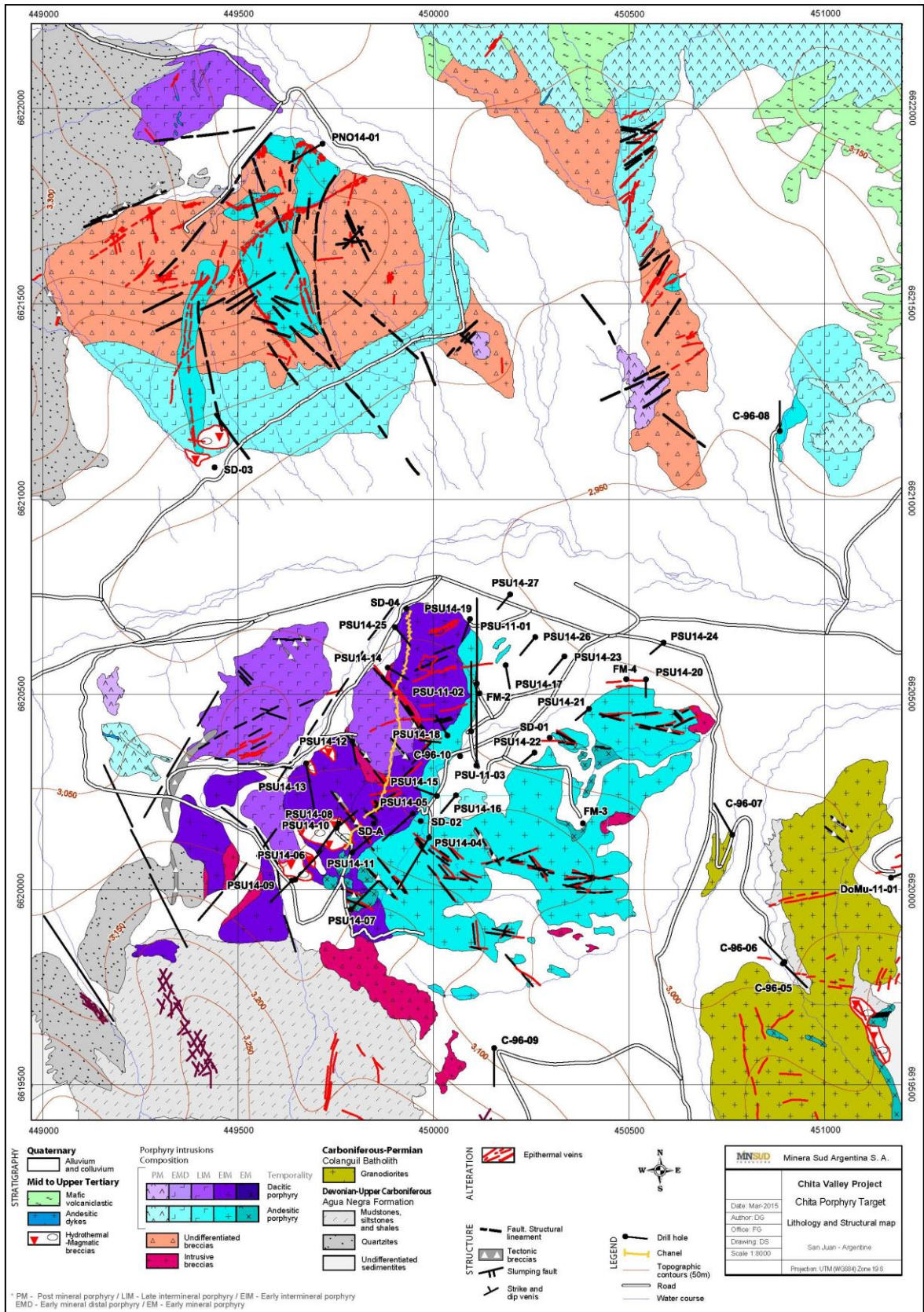
The mineralized sections include disseminated sulphides as well as veins hosted by multiple stages of epizonal intrusions and hydrothermal breccias. The complex mineralization styles are not conducive to the classical concepts of true thickness measurement, so vertical thickness determinations that would conform to conceptual pit design parameters are used instead. Lithological units (Map 1), alteration patterns (Map 2) and magnetic anomalies (Map 3) are shown in the following diagrams. All pertinent lithological, alteration and magnetic features extend well beyond the current drilling pattern in all directions. Historical drill hole locations are also shown on the maps.

All core samples were submitted to the ALS Laboratories in Mendoza, Argentina for preparation and analysis. ALS is certified to ISO-9001 international standards. All samples were analyzed for Au by fire assay/ AA finish, 30 g, plus a 33-element ICP scan. Minsud followed industry standard procedures for the work with a quality assurance/quality control (QA/QC) program. Field duplicates, standards and blanks were included with all sample shipments to the principal laboratory. Minsud detected no significant QA/QC issues during review of the data.

Minsud is encouraged by the generally consistent elevated concentrations of Cu, Ag and Mo as well as the more localized anomalous Au values. The current round of drilling has encountered the most promising mineralization seen to date in the Chita Valley Project. Furthermore some of the better intersections (Holes PSU14-21, 22 and 24) are at the outer limits of the current outline drilling pattern that is still open in all directions. Preliminary indications show a highly favourable mineralization/waste ratio for possible mining scenarios.

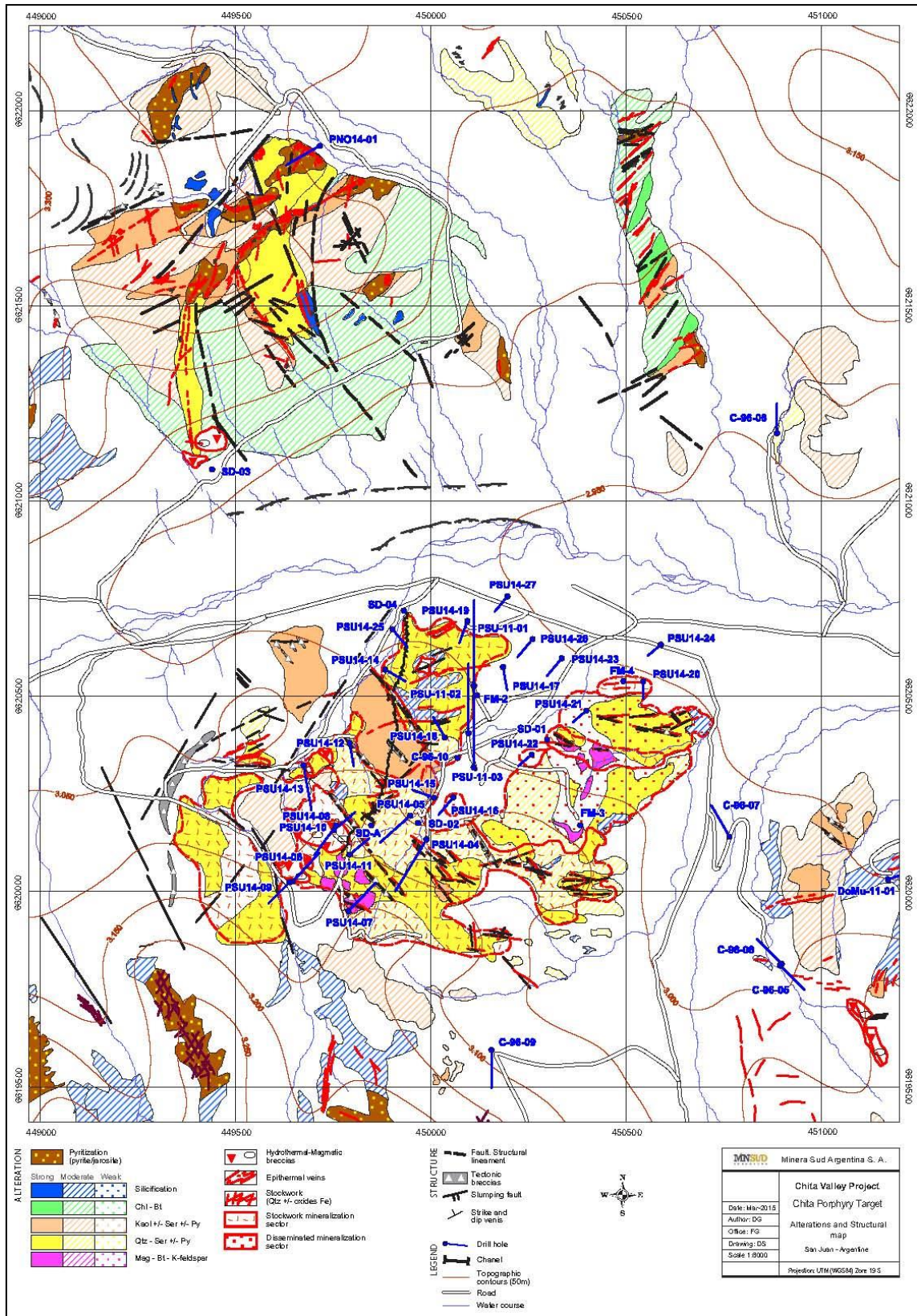


# Chita Porphyry Lithological & Structural Map



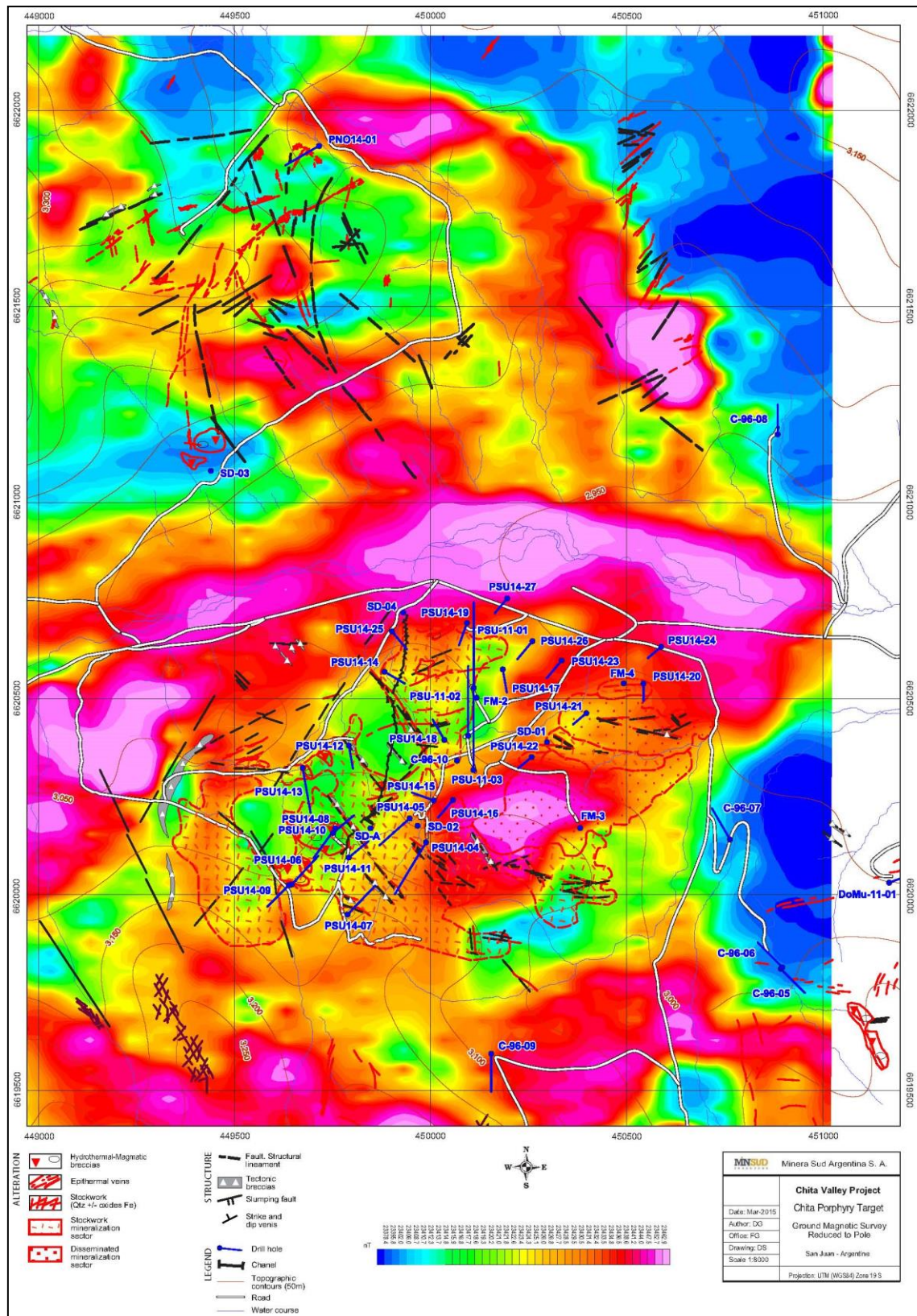


# Chita Porphyry Alteration & Structural Map





# Chita Porphyry Ground Magnetic Survey, Reduced to Pole Residual 1

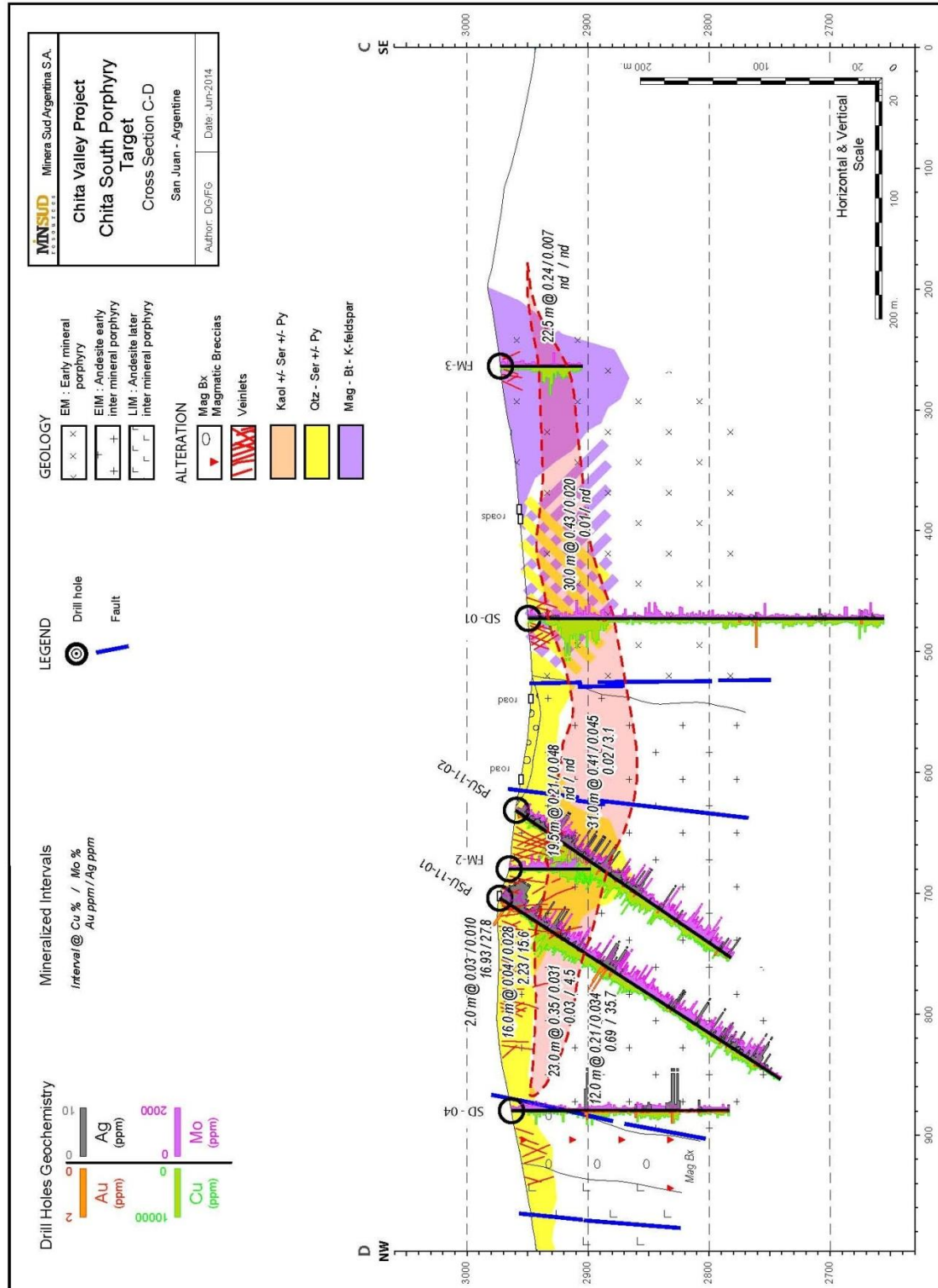


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## Cross Section C-D



The 2014 exploration program represented a balance between systematic multidisciplinary exploration and prudent use of limited funding in a poor financial market. Although Minsud was better financed than many junior explorers, the 2014 program reflected a careful go-slow approach designed to maintain the key assets that are its mineral properties and operational personnel. As a result, Minsud concentrated

primarily on the continuation of detailed geological mapping and alteration studies with selective surface sampling, focused geophysical orientation surveys and exploration target drilling.

**Exploration Work Performed by MSA in the First Quarter of 2015:** The initial part of the first quarter was taken up by completion of internal data management and reporting with respect to the 2014 exploration program and planning/budgeting for the 2015 program.

Early in the first quarter, field work including surface geological mapping and 364 metres of sawn channel samples sections for a cumulative of 182 samples of 2 metres each one taken mainly at the Chinchillones area.

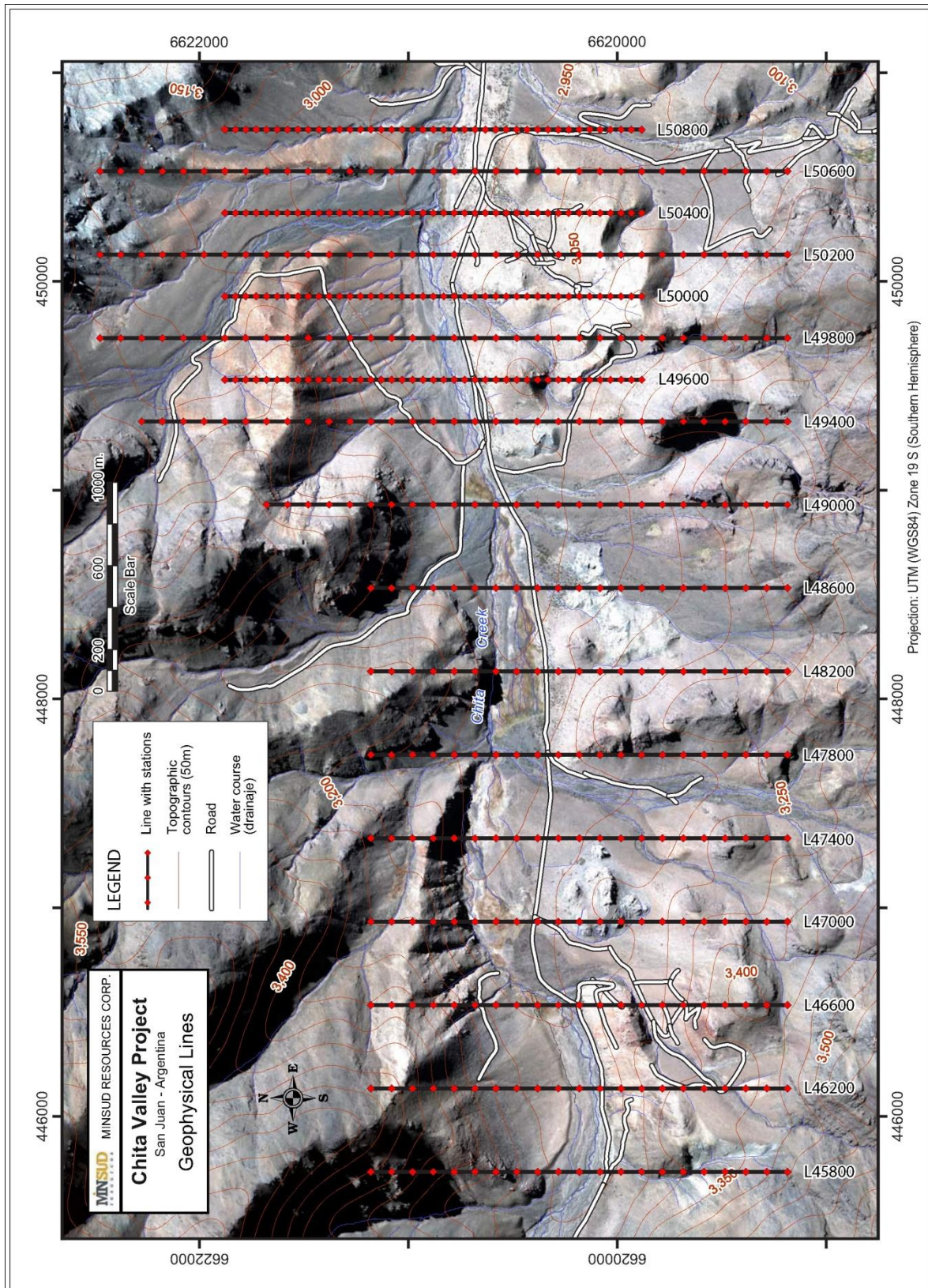
Also early in Q1, initial scoping level metallurgical testwork on samples from the south Chita Porphyry target was carried out at the Metallurgical Laboratory of the “*Instituto de Investigaciones Mineras*” (Mining Research Institute) at National University of San Juan (UNSJ) in Argentina. The samples utilized in the testwork were taken from the September 2014, HQ diamond drilling program. Five composites for metallurgical testwork were prepared from sample rejects based on mineralogy and grade. Three of these samples (MET1 – MET3) were considered to represent the bulk of the resource which is reportedly enriched in secondary copper minerals such as chalcocite .

Sequential leaching tests (which are diagnostic tests designed to assess the relative amounts of readily acid-soluble copper and secondary copper sulphide minerals) were conducted on all composites. MET1 – MET3 returned 8 – 11 % acid soluble copper and 89 – 92 % cyanide soluble copper. These results suggest that an oxidative acid leach may be applicable. The predominance of copper sulphide minerals relative to oxide copper suggests that flotation may also be a viable processing route. The report from this work was issued in April 2015.

In March 2015, Minsud retained P&E Mining Consultants Inc. of Brampton, Ontario to review project data and prepare a Technical Report including a mineral resource estimation that complies with Canadian National Instrument 43-101 standards. In P&E's opinion, the drilling, assaying and exploration work of the Chita Porphyry supporting this mineral resource estimate are sufficient to indicate a reasonable potential for economic extraction and thus qualify it as a Mineral Resource under the CIM definition standards. P&E conducted the site visit in mid-March 2015. The corresponding press release has been filed on May 29, 2015 and the Technical Report will be filed under the Company's profile at [www.sedar.com](http://www.sedar.com) within 45 days.

Also in March 2015 Quantec Geoscience Argentina S.A. was contracted to conduct an Induced Polarization (“IP”)/Resistivity survey over the central portion of the Chita Valley Project area. The planned survey covers a 5 km strike length from the eastern edge of the Chita Porphyry sector to the western edge of the Chinchillones sectors. The IP/Resistivity survey is a pole-dipole survey (a=100 m and a=50 m; n=1 to 10) carried out with an IRIS VIP Transmitter and an IRIS Elrec Pro Receiver. Survey data is shown as pseudosections and inversions utilizing Oasis montaj 8.3 processing and UBC DCIP2D Version 3.2 inversion software. This state of the art survey represents another substantial step forward in the systematic multidisciplinary exploration approach. The planned survey layout is shown in Map 4.

# Chita Porphyry – Chinchillones Area IP/Resistivity Survey Layout





## La Rosita Project

**Geological features:** The **Deseado Massif** of southeastern Argentina is a remnant of one of the world's largest silicic volcanic provinces known as the **Chon Aike Province** of Jurassic-lowermost Cretaceous age which underlies much of Patagonia and possibly includes similar rocks in Antarctica.

The Mesozoic volcanic, subvolcanic, volcanoclastic, epiclastic and sedimentary rocks of the Deseado Massif are formally referred to as the **Bahia Laura Group**. The principal stratigraphic unit of the Bahia Laura Group is the approximately 300 m thick **Chon Aike Formation** (not to be confused with the Chon Aike Province), which underlies an area of some 100 000 km<sup>2</sup> in Chubut and Santa Cruz Provinces. Felsic sub-aerial pyroclastic rocks predominate; ignimbrites form approximately 85% of the outcrop, with subordinate epiclastic deposits, air-fall tuffs and intercalated lavas.

The Chon Aike Formation sequence is associated with lacustrine epiclastic rocks referred to as the **La Matilde Formation**, which is locally fossiliferous. These laminated tuffs and tuffaceous sediments interdigitate with the ignimbrites and do not represent a significant hiatus in volcanic activity, but rather the reworking of pyroclastic material between eruptions. Very rarely, they include 10 m thick, coarse, matrix-supported breccias, interpreted as debris-flow deposits.

Rhyolitic dykes up to 20 m wide cross-cut the pyroclastic and epiclastic sequences. The dykes are sometimes zoned, being more feldspar-phyric in the core than at the margin, and are considered as feeders to the rest of the sequence. Rhyolite domes stand out above the local volcanoclastic plateau. They exhibit flow-banding, sometimes highly contorted, whilst upper parts of the domes are auto-brecciated.

There are extensive areas of basaltic andesites and andesites in the central part of the Deseado Massif. These rocks are collectively assigned to the **Bajo Pobre Formation**. Bajo Pobre is a slightly older formation.

The above formations overlie the **Roca Blanca Formation** pyroclastic and epiclastic units of earliest Jurassic age.

Epithermal precious metals vein systems in the Deseado Massif are located along distinctive WNW and NNW structural trends proximal to rhyolite domes.

**Previous MSA Exploration Work 2011 to 2012:** During the 2011-12 campaign, an early stage exploration program was performed, including:

- a ground magnetometer survey covering some 16 km<sup>2</sup> (320.3 line km),
- detailed surface geological mapping and at 1:2,000 scale over an area of approximately 6 km<sup>2</sup>, and
- 3.5 line km of mechanical trenches (51 trenches) to define geological units, alteration features and as an initial test of potentially mineralized structures.
- About 22 km of bush road construction was carried out to allow easy access the main target areas.

Initial reconnaissance work by Minsud in the La Rosita exploration claim area located prospective lithological units, interesting alteration and base/precious mineralized outcrops and float in the Los Mogotes Hill sector. Systematic detailed geological mapping has been completed on part of the Alfa II mining claim, approximately 6 km<sup>2</sup> including Los Mogotes Hill. Bedrock exposures in the 6 km<sup>2</sup> area all belong to the Bahia Laura Group, and except for a small area of La Matilde Formation laminated tuffs on Los Mogotes Hill, all lithologic units are typical of the Chon Aike Formation.

All samples were submitted to the Alex Stewart (Assayers) Argentina S. A. laboratory in Mendoza, Argentina for preparation and analysis. The laboratory is certified to ISO-9001 international standards. All geochemical grab and channel rock samples were analyzed for Au by fire assay/ AA finish, 50 g, (Au4-50) plus a 39-element ICP scan (AR-39).

A ground magnetometer survey covering some 16 km<sup>2</sup> (320.3 line km) was completed in 2011 in the south-western part of the La Rosita exploration claim. The magnetic survey and mapping program has defined a conjugate shear structural system, with maximum extensional effort coincident with the general strike of the outcropping mineralized veins. The magnetic survey also revealed three magnetic high features, possibly linked to mineralized acid domes underlying the Mogotes Hill target.

The 2012 trenches did not encounter any mineralization sections that might be considered commercially significant in grade or thickness. However, the trench analytical data has confirmed the existence of widespread areas of geochemically anomalous silver and gold as well as much larger zones of anomalous base metals (Cu, Pb, Zn) as well as the pathfinders mercury and arsenic. Additionally anomalous values of tungsten and antimony were encountered in the system. It is believed that the currently outlined 4,000 m of combined veins still have potential for the discovery of high grade Ag-Au deposits similar to those being mined in the region (Targets: Mogotes Hill, Maria Sol Veins and Breccia Hormiga). Additionally acid domes related to hydrothermal alteration and disseminated sulphides are believed to have potential for discovery of Ag-Au low grade/ bulk tonnage mineralization (magnetic anomalies in the Mogotes Hill Target and acid domes related to the sub outcropping Maria Sol Target). Breccia complex systems that contain promising mineralization/alteration features have also been identified (Felices Pascuas Breccia and Eastern Red Breccias Targets).

The combined exploratory methods enabled the mapping of various styles and intensities of the classical alteration types as well as a variety of chalcedonic silica and carbonate veins, vein stockworks and breccias systems. The area exhibits a variety of overlapping styles of alteration, veining and mineralization. These enigmatic features indicate an extended temporal range of magmatic activity and potentially multiple stages of mineralization.

The magnetic survey and mapping program has defined a conjugate shear structural system, with maximum extensional effort coincident with the general strike of the outcropping mineralized veins. The magnetic survey also revealed three magnetic high features, possibly linked to mineralized acid domes underlying the Mogotes Hill target.

The combined features of lithology, structure, alteration, precious/base metal geochemistry, pathfinder element geochemistry, and magnetic features all indicate that the outcrops are possibly near or immediately above the boiling zone. The link between the main alteration system, the intrusion of acidic domes and shear stress field, create the right conditions for the formation of Ag-Au mineralization. The minor anomalies observed in precious and base metals, as well as the strong distribution of pathfinders conform to the mineralization model, and indicate an optimum erosion level, with potential for a discovery within 300 meters of surface.

**La Rosita Ongoing Work Recommendations:** Exploration work carried out so far indicates the possible presence, at shallow depth, of an extensive low sulfidation epithermal system, similar to most deposits of the Deseado Massif. Minsud has plans for the future to continue with the systematic multidisciplinary approach to target definition.

The next phase of target development will be an Induced Polarization/Resistivity survey preparatory to drill target definition. As noted previously with respect to the Chita Valley Project, Minsud's current exploration program represents a balance between systematic multidisciplinary exploration and prudent use of limited funding in a poor financial market. As a result no outsourced contract work such as geophysical surveys is currently being conducted.

No exploration field work was conducted between 2013 and March 31, 2015.

## SELECTED ANNUAL INFORMATION

The following selected financial data for the Company's most recently completed financial periods are derived from the audited financial statements of the Company.

	<b>As at and for the Year Ended December 31, 2014 (\$)</b>	<b>As at and for the Year Ended December 31, 2013 (\$)</b>	<b>As at and for the Year Ended December 31, 2012 (\$)</b>
<b>Other Income</b>	420	183,191	6,254
<b>Net loss for the year</b>	(385,722)	(216,715)	(684,406)
<b>Comprehensive loss for the year</b>	(1,176,049)	(1,291,447)	(1,480,410)
<b>Non-current assets</b>	6,771,490	5,312,813	5,310,229
<b>Current Assets</b>	249,648	273,563	1,164,900
<b>Non-current liabilities</b>	466,981	223,312	277,928
<b>Current Liabilities</b>	515,104	311,154	246,249
<b>Working Capital</b>	(265,456)	(37,591)	918,651
<b>Deferred Income Taxes</b>	Nil	Nil	Nil
<b>Share Capital</b>	10,669,507	9,041,202	8,769,179
<b>Shareholders' Equity</b>	6,039,053	5,051,910	5,950,952

## PROJECT EXPENDITURES

Project expenditures for the three month period ended March 31, 2015 are as follows:

Three months ended December 31, 2014	Brechas Vacas (\$)	Chita (\$)	Minas de Pinto (\$)	San Antonio (\$)	La Rosita (\$)	Other (\$)	Total (\$)
Acquisition costs (a)	NIL	8,021	14,027	NIL	NIL	NIL	22,048
Assays	NIL	116	NIL	NIL	NIL	NIL	116
Labour and Technical Fees	59,551	84,232	3,566	NIL	894	NIL	148,243
Vehicles and Equipment	5,327	3,524	NIL	NIL	264	NIL	9,115
Travel and Lodging	2,911	6,617	NIL	NIL	NIL	NIL	9,528
Project Management	29,557	34,191	7,439	216	8,598	1,285	81,286
VAT Paid	1,356	1,706	13	NIL	390	NIL	3,465
<b>Current Expenditures</b>	<b>98,702</b>	<b>138,407</b>	<b>25,045</b>	<b>216</b>	<b>10,146</b>	<b>1,285</b>	<b>273,801</b>
Currency Translation Adjustment	80,018	189,435	69,978	8,942	27,272	186	375,831
Write-offs	NIL	NIL	NIL	(14,985)	NIL	NIL	(14,985)
<b>Balance – beginning of period</b>	<b>1,420,431</b>	<b>3,408,026</b>	<b>1,262,637</b>	<b>159,759</b>	<b>496,998</b>	<b>3,069</b>	<b>6,750,920</b>
<b>Balance – end of period</b>	<b>1,599,151</b>	<b>3,735,868</b>	<b>1,357,660</b>	<b>153,932</b>	<b>534,416</b>	<b>4,540</b>	<b>7,385,567</b>

(a) See Chita Valley Project section “Mining rights” discussed previously and Note 6 to the condensed interim consolidated financial statements.

Project expenditures for the three months ended March 31, 2014 are as follows:

<b>Three months ended March 31, 2014</b>	<b>Brechas Vacas</b>	<b>Chita</b>	<b>Minas de Pinto</b>	<b>San Antonio</b>	<b>La Rosita</b>	<b>Other</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Acquisition costs (a)	NIL	59,491	NIL	NIL	NIL	NIL	59,491
Assays	NIL	NIL	1,524	NIL	NIL	NIL	1,524
Labour and Technical Fees	11,843	65,221	15,242	417	2,128	NIL	94,851
Vehicles and Equipment	1,300	10,929	1,300	NIL	233	NIL	13,762
Travel and Lodging	739	7,383	739	NIL	NIL	NIL	8,861
Project Management	4,545	30,807	5,890	3,790	5,987	NIL	51,019
VAT Paid	339	2,979	1,225	46	456	NIL	5,045
<b>Current Expenditures</b>	<b>18,766</b>	<b>176,810</b>	<b>25,920</b>	<b>4,253</b>	<b>8,804</b>	<b>NIL</b>	<b>234,553</b>
Currency Translation Adjustment	(242,119)	(305,967)	(125,258)	(26,120)	(82,742)	(17)	(782,223)
<b>Balance – beginning of year</b>	<b>1,624,178</b>	<b>2,039,717</b>	<b>867,504</b>	<b>173,547</b>	<b>566,093</b>	<b>111</b>	<b>5,271,150</b>
<b>Balance – end of period</b>	<b>1,400,825</b>	<b>1,910,560</b>	<b>768,166</b>	<b>151,680</b>	<b>492,155</b>	<b>94</b>	<b>4,723,480</b>

(a) See Chita Valley Project section, “Mining rights” discussed previously and note 6 to the condensed interim consolidated financial statements.

#### **Brechas Vacas Property**

During the three months ended March 31, 2015, the Company spent \$98,702 on the continued exploration of the Brechas Vacas Property, an increase of \$79,936 from expenditures of \$18,766 during the three months ended March 31, 2014.

Expenditures incurred related to the Brachas Vacas property during the three months ended March 31, 2015 relate to project management and labour and technical fees related the to work performed to cut 364 metres of sawn channel samples sections for an aggregate of 182 samples of 2 metres each, at the Chinchillones sector of the property.

A more detailed description of the work performed can be found in section “Developments during the three months ended March 31, 2015” in this MD&A.

#### **Chita Property**

During the three months ended March 31, 2015, the Company spent \$138,407 on the continued acquisition and exploration expenditures, a decrease of \$38,403 compared to expenditures of \$176,810 incurred during the three months ended March 31, 2014.

During the three months ended March 31, 2015, the Company incurred acquisition costs of \$ 8,021 related to the exchange differences generated by the dollar borrowing with the former owners of the property, while during the three months ended March 31, 2014 these costs totaled \$ 59,491

Expenditures incurred related to the Chita property during the three months ended March 31, 2015 relate to project management, and labour and technical fees which includes fees paid towards the preparation of a National Instrument 43-101 Mineral Resource Estimate and Technical Report for the Chita Valley Project and complementary metallurgical tests.

A more detailed description of the work performed can be found in section “Developments during the three months ended March 31, 2015” in this MD&A.

#### **Minas de Pinto Property**

During the three months ended March 31, 2015, the Company spent \$25,045 on the exploration of the Minas de Pinto Property, a decrease of \$875 from expenditures of \$25,920 incurred during the three months ended March 31, 2014.

Expenditures incurred related to the Minas de Pinto property during the three months ended March 31, 2015 relate to project management and labour.

The Company incurred acquisition costs of \$14,027 during the three months ended March 31, 2015, which is a result of the effect of changes to the exchange rate of the consideration payable for the Minas de Pinto Trust that is calculated in United States dollars.

#### **La Rosita Property**

During the three months ended March 31, 2015, the Company spent \$10,146 on maintenance of the La Rosita property, an increase of \$1,342 when compared to expenditures of \$8,804 incurred during the three months ended March 31, 2014. The Company has scaled back the spending on the La Rosita property during fiscal 2014 and 2015 due to financial restrictions.

#### **San Antonio Property**

During the period ended March 31, 2015, the Company wrote off exploration expenses of \$14,985 related to certain exploration permits and mining concession of the Santa Maria property which covered 9,979 has and was located adjacent to the north of the main San Antonio property, as the Company had no further plans to explore the Santa Maria property.

### **OPERATING ACTIVITIES AND FINANCIAL PERFORMANCE**

During the three months ended March 31, 2015, the Company incurred total expenses of \$125,538. Expenditures increased by \$40,964 when compared to expenditures of \$84,574 for the three months ended March 31, 2014. The increase in total expenses is primarily due to an increased amount of professional fees charged, an increase in stock-based compensation and a write-off of mineral properties.



Cash expenses of \$89,716 were incurred by the Company during the three months ended March 31, 2015. These expenses increased by \$12,490 when compared to expenditures of \$77,226 for the three months ended March 31, 2014.

The Company incurred professional and regulatory fees of \$64,428 during the three months ended March 31, 2015. These amounts include management salaries and fees paid for the services of the CEO and CFO, as well as general accounting, audit and legal fees. Professional and regulatory fees increased by \$10,192 when compared to expense of \$54,236 incurred during the three months ended March 31, 2014, and this increase is driven by an increase in the amounts paid to key management personnel as their fees move back towards previous levels that were originally reduced in June 2013.

Marketing and communications expenses of \$13,395 were incurred by the Company during the three months ended March 31, 2015. These expenses increased by \$3,837 when compared to the similar expenses of \$9,558 for the three months ended March 31, 2014 as a result of an increased presence at the Prospectors and Developers Association of Canada ("PDAC") convention in March 2015.

The Company incurred general and administrative expenses of \$5,725 during the three months ended March 31, 2015, representing a decrease of \$1,704 compared to the similar expenses of \$7,429 incurred during the three months ended March 31, 2014.

During the three months ended March 31, 2015, the Company incurred an expense of \$6,168 for taxes payable related to the ownership of MSA. These expenses increased by \$165 when compared to the similar expenses of \$6,003 for the three months ended March 31, 2014.

The Company also incurred the following non-cash expenses that contributed to the net loss for the three month period ended at March 31, 2015:

- Expenses related to stock-based compensation for the three months ended March 31, 2015 were \$20,837, an increase of \$13,489 when compared to stock-based compensation expense of \$7,348 for the three months ended March 31, 2014. The increase in stock-based compensation year-to-year is a factor of the timing related to the vesting of stock options during the fiscal year.
- A write-off of exploration expenses of \$14,985 related to certain exploration permits and mining concession of the Santa Maria property which covered 9,979 has adjacent to the San Antonio property, as the Company had no further plans to explore the Santa Maria property and had to cut out further expenses on the area.

Finally, the significant currency translation adjustment that resulted in an accounting gain of \$330,241 during the three months ended March 31, 2015 was due to a combination of two factors. First, the less accelerated rhythm of devaluation of the Argentine Peso against the American Dollar and, secondly, but most significant, is the increased devaluation of the Canadian Dollar against the American Dollar. The combination of the two aforementioned effects resulted in a revaluation of the Argentine Peso against the Canadian Dollar that has directly impacted the net assets of MSA located in Argentina creating a positive currency translation adjustment when the accounts of MSA are translated from Argentine Pesos to Canadian Dollars for financial statement reporting purposes in accordance with IFRS.

It should be noted that, historically, the Company's foreign currency translation in accordance with IFRS has had a negative impact on the Canadian Dollar values of the MSA net assets, and the Company has reported losses related to the foreign currency translation on its consolidated statement of comprehensive loss. This negative impact is the result of the habitual trend in Argentina to devalue its currency. Subsequent to the quarter ended March 31, 2015, the Canadian Dollar recovered from US\$0.791 to US\$0.82, an increase of 3.54%. If the Canadian Dollar maintains this position relative to the United States Dollar for the entire second fiscal quarter of 2015, the Company anticipates that the foreign

currency translation of the MSA net assets from Argentine Pesos to Canadian Dollars as at June 30, 2015 will, again, result in an accounting loss.

The gain resulting from the currency translation adjustment during the three months ended March 31, 2015 discussed above primarily relates to amounts capitalized as mineral properties and is partially offset by debt denominated in United States Dollars. The impact from the translation of the Company's liquid assets was nominal.

## SELECTED QUARTERLY INFORMATION

The following table shows selected financial information related to the results of the Company's most recent periods. The information contained in this table should be read in conjunction with the Company's financial statements.

<b>Fiscal Year</b>	<b>2015</b>	<b>2014</b>				<b>2013</b>		
<b>For the quarters ended</b>	<b>Mar</b>	<b>Dec</b>	<b>Sep</b>	<b>Jun</b>	<b>Mar</b>	<b>Dec</b>	<b>Sep</b>	<b>Jun</b>
	\$							
Net Revenues	Nil	420	Nil	Nil	349	143	328	707
Net income (loss) for the period	(125,538)	(86,959)	(97,385)	(84,574)	(86,840)	(32,901)	5,542	(102,516)
Comprehensive Income (Loss) for the period	204,703	(5,079)	(338,579)	(835,573)	(511,678)	(513,020)	(82,222)	(184,527)
Income (Loss) per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)

### Factors affecting quarterly results

Fluctuations in quarterly results are primarily caused by stock-based compensation related to the issuance of stock options and exchange rate fluctuation of the Argentine peso.

## LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of \$394,259 as at March 31, 2015, compared to a working capital deficiency of \$265,456 as at December 31, 2014. As at March 31, 2015, the Company held cash and cash equivalents of \$153,422 versus \$205,131 as at December 31, 2014.

Mineral exploration companies continue to operate under highly stressed market conditions combined with poor venture capital markets which are influenced by a current downturn in the price of the metals.

The acquisition of the Chita property with medium-term financing, the acquisition of the 50% interest in the Minas de Pinto Trust with extended financing, the extension of the terms for exercising the purchase option for the remaining 50% up to 2019 and the rescheduled option payment on the remaining 50% beneficial interest in the Brechas Vacas Trust to 2019 have allowed the Company to maintain control of these three key properties through modest payments which are more adapted to current market conditions.

After negotiating these key agreements Minsud's management believes that it is in a much better position to continue with its systematic exploration approach to work on the Chita Valley Project.

In the long term, the Company is dependent on obtaining future financing for the exploration and development of its properties and for any new projects. The Company's ability to obtain future financings may be affected by several factors including the sustainability of commodity prices, the economic recovery of worldwide capital markets and overcoming the new selective default that Argentina has recently entered into

Subsequent to the three month period ended March 31, 2015, the Company announced the closing of an above market non-brokered private placement of units of the Company for gross proceeds of \$900,000 at \$0.10 per unit, with each unit consisting of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for \$0.35 for a term of two years from the date of issue, provided that in the event that the 20 day closing price of the common shares on the TSX Venture Exchange or such other stock exchange that the common shares may then be listed on is greater than \$0.35, the Company shall be entitled to accelerate the exercise period of the warrants to a period of not less than 10 days after written notice is deemed to have been received by the holders of the warrants from the Company regarding same.

### Share Capital

As at the date of this MD&A the Company's share position consists of:

Shares outstanding	74,104,604
Options outstanding	6,395,000
Warrants	33,737,338
Put and Call Option	790,000
<b>TOTAL</b>	<b>115,026,942</b>

### Options Outstanding

As at the date of this MD&A the following options are issued and outstanding:

Exercise Price	Options Vested	Options Unvested	Remaining Contractual Life (Years)	Expiry Date
\$0.40	2,960,000	-	1.03	June 9, 2016
\$0.40	225,000	-	1.41	October 26, 2016
\$0.19	450,000	-	2.22	August 17, 2017
\$0.10	435,000	145,000	3.35	October 3, 2018
\$0.10	520,000	520,000	3.95	May 12, 2019
\$0.10	285,000	855,000	4.45	November 20, 2019
	4,875,000	1,520,000	2.42	

### Warrants Outstanding

As at the date of this MD&A the following warrants are issued and outstanding:

Exercise Price	Warrants Outstanding	Remaining Contractual Life (Years)	Expiry Date
\$0.35	3,600,000	0.27	September 10, 2015
\$0.35	10,420,004	0.75	February 22, 2016
\$0.35	9,617,334	1.24	August 28, 2016
\$0.35	1,100,000	1.44	November 20, 2016
\$0.35	9,000,000	1.84	April 9, 2017
	33,737,338	1.15	

### Put and Call Option

Upon completion of the Minsud Transaction, the Company entered into a put and call option agreement with Compañía de Tierras Sud Argentino S.A. in connection with the 542,600 shares of MSA not acquired by the Company (representing 5% of the total number of issued and outstanding shares of MSA) which included an irrevocable covenant to not divest or encumber such shares. The put and call option agreement allows the remaining 542,600 shares of MSA to be exchanged for 790,000 common shares of the Company at the option of either party, at any time.

## COMMITMENTS AND CONTINGENCIES

### Mineral Property Commitments

A summary of the Company's outstanding mineral property commitments, as of the date of this MD&A is as follows (all amounts are in United States Dollars):

Options (Contingency payments)				Property acquisition financing			TOTAL
Staggered payments	Year	50% Brechas Vacas		50% Minas de Pinto Trust	100% Chita	Subtotal	
		Cash	Shares				
		US\$	US\$	US\$	US\$	US\$	US\$
	2015	50,000	-	50,000	35,000	85,000	135,000
	2016	60,000	-	57,500	70,000	127,500	187,500
	2017	110,000	60,000	75,000	70,000	145,000	255,000
	2018	180,000	80,000	130,000	-	130,000	310,000
	2019	100,000	40,000	-	-	-	100,000
Total staggered payments		500,000	180,000	312,500	175,000	487,500	987,500

Option payments	Year	50% Brechas Vacas		50% Minas de Pinto Trust	TOTAL
		Cash	Shares		
		US\$	US\$	US\$	
	2019	535,000	535,000	1,335,000	1,870,000
Total Option payments		535,000	535,000	1,335,000	1,870,000

Total payments	1,035,000	715,000	1,647,500	175,000	1,822,500	2,857,500
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If the Company is unable to obtain sufficient United States Dollars to make the cash payments included above as a result of regulations imposed by the Argentine government as they relate to the purchase of foreign currencies, each of the Company's agreements related to the Brechas Vacas and Minas de Pinto properties, as well as the financing obtained for the acquisition of the Chita property and the 50% interest in the Minas de Pinto Trust, include clauses that allow the payments to be made in an equivalent amount of Argentinean Pesos. Any amounts paid in Argentinean Pesos will be calculated using the official foreign exchange rate of the day immediately prior to the payment date as published by the Banco Nacion Argentina.

The financing of the acquisition of the first 50% interest in the Minas de Pinto Trust is an obligation without recourse. Accordingly, if Minsud cannot satisfy future payments, it will only result in MSA having to return its interest in the Minas de Pinto Trust back to the former owners of the Minas de Pinto properties. After paying 50 % of the required payments related to the acquisition of the first 50% interest in the Minas de Pinto Trust, the return of the interest would be proportional to any unpaid balance.

The financing of the purchase of the Chita property is without recourse against MSA. If MSA cannot satisfy future payment obligations, the purchase agreement stipulates that the Company will retain an ownership interest in the Chita property proportional to the amounts paid versus the total payments required pursuant to the purchase agreement. The purchase agreement requires the residual ownership interest that is proportional to the unpaid amounts to be transferred to the original owners of the Chita Property without any additional recourse against the Company.

Subsequent to the period ended March 31, 2015 the Company paid US\$ 50,000 (\$60,775) with respect to the second payment related to the acquisition of the 50% interest in the Minas de Pinto Trust.

Further information is disclosed in Note 6 of the Financial Statements and under heading “Business Developments During the Three month period ended March 31, 2015”.

Services agreement with the Company’s President and CEO:

On June 30, 2014, the Company entered into a new services agreement with its President and CEO. Pursuant to the services agreement, an annual fee of \$84,000, consisting of salary and director's fees of MSA, will be paid in monthly instalments by MSA. The services agreement continues in effect until December 31, 2014 and provides that the President and CEO may pursue outside business interests or directorships in other industries that do not interfere or conflict with his ability to carry out his duties as an officer and director of the Company and MSA. The services agreement contains a change of control provision, where “change of control” is defined as: (a) the acquisition by a person, group of persons or person acting jointly or in concert, or persons associated or affiliated within the meaning of the Securities Act (Ontario) with any such person, group of persons or any of such persons acting jointly or in concert, of more than 50% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors of the Company; or (b) the election at any meeting of shareholders of a majority of directors not recommended by management. If, within six months following a "change of control", employment of the President and CEO is terminated by the Company without cause, the President and CEO shall be entitled to a lump sum severance payment of \$280,000 and the immediate vesting of all unvested stock options.

The President and CEO can terminate the agreement without consequence by giving 90 days previous notice to the Company and MSA. Should the Company choose to terminate the agreement without cause, the President and CEO shall be entitled to a payment of \$140,000.

Effective January 1<sup>st</sup>, 2015, the Company entered into a new services agreement with its President and CEO for one year returning to the annual compensation of \$ 140,000 which is equal to the agreement signed 18 months ago prior to the downsizing plan implemented by the Company.

Consulting agreement with the Company’s Vice-President (Exploration):

On August 14, 2014, the Company and the Company’s Vice-President (Exploration) signed a new semi-annual consulting agreement for a fixed monthly fee of \$5,000 until December 31, 2014. The agreement does not provide for any payments in the event of a change of control or termination.

The agreement can be terminated by either party at any time by providing 60 days advance notice to the other party.

Effective January 1<sup>st</sup>, 2015, the Company entered into a new services agreement with its Vice-President (Exploration) for one for a fixed monthly fee of \$ 7,000, returning to the amount of the agreement signed 18 months ago, prior to the downsizing plan implemented by the Company.

Consulting Agreement for Preparation of a National Instrument 43-101 Mineral Resource Estimate and Technical Report

During the three month period ended March 31, 2015, the Company signed a professional services letter of engagement with a consulting firm to prepare a National Instrument 43-101 Mineral Resource Estimate and Technical Report for the Chita Valley Project. The estimated cost to the Company to complete the engagement is \$56,673, with an initial retainer of \$20,000 due upon signing of the agreement and a second retainer of \$15,000 due by April 15, 2015. As of the date of this MD&A, the Company has paid \$35,000.

The agreement can be terminated by either party at any time in the event of the failure of the other party to comply with any of the provisions of the agreement upon such other party being notified in writing by the party alleging such failure and failing to commence to (or completely) remedy such failure within 7 days of receiving such notice. Either party may otherwise terminate the agreement by providing the other party with at least 30 days prior written notice of termination.

## **RELATED PARTY TRANSACTIONS**

During the three month period ended March 31, 2015, the Company incurred the following related party transactions:

### **i) Transactions**

- a. A total of \$35,000 was charged by Carlos Massa, the CEO of the Company.
- c. A total salary of \$20,797 was charged by Ramiro Massa, an individual related to the Company's CEO, for financial and operational management services in his role as Controller of the Company's subsidiary MSA.
- c. A total of \$9,500 of accounting and regulatory compliance fees and \$5,250 of CFO fees were charged by Forbes Andersen LLP, an accounting firm in which Paul Andersen, the Company's CFO, is a partner.
- d. A total of \$21,000 of professional fees and \$730 of exploration expenses were charged by Howard Coates, the Company's Vice-President (Exploration).
- e. The amount of stock-based compensation expense for the three month period ended March 31, 2015 related to stock options granted to key members of management was \$13,981.

### **ii) Period-end Balances**

- a. As at March 31, 2015, accounts payable and accrued liabilities included \$19,948 payable to the CEO of the Company.
- b. As at March 31, 2015, accounts payable and accrued liabilities included \$3,041 payable to an individual related to the CEO of the Company.
- c. As at March 31, 2015, accounts payable and accrued liabilities included \$77,086 payable to Forbes Andersen LLP, accounting firm in which Paul Andersen, the Company's CFO, is a partner.
- d. As at March 31, 2015, accounts payable and accrued liabilities included \$13,757 payable to Howard Coates, the Company's Vice-President (Exploration).

All related party transactions were in the normal course of operations and all services provided by related parties were made on terms equivalent to those that prevail with arm's length transactions.

## **OFF-BALANCE SHEET TRANSACTIONS**

The Company currently has not entered into any off-balance sheet arrangements.

## **BASIS OF PRESENTATION**

The Company's Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with IFRS as issued by the IASB.

The Company has not yet established whether its mineral properties contain resources or reserves that are economically recoverable. The recovery of amounts capitalized as mineral properties is dependent upon the discovery of economically recoverable resources or reserves, the ability of the Company to arrange appropriate financing to complete the development of properties, and upon future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain.

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration programs, maintain its mineral properties concession



rights and exploration agreements with purchase options, discharge its liabilities as they become due and generate positive cash flows from operations.

These financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business. Accordingly, these financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these financial statements.

## **ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's Unaudited Condensed Interim Consolidated Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates used in the preparation of the Unaudited Condensed Interim Consolidated Financial Statements are related to the recoverable value of the Company's mineral properties, as well as the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company records all of its property acquisition costs and direct exploration costs as an asset until the properties are placed into production, sold or abandoned, at which time the costs will either be amortized on a units-of-production basis or fully charged to operations. Management reviews the carrying value of the mineral properties for impairment or permanent declines in the value of the property, such as abandonment, and the related project balances are then written off.

Estimates related to stock-based compensation include the volatility of the Company's stock price, as well as when stock options may be exercised. The timing of exercise of stock options is out of the Company's control and depends on a various factors including the market value of the Company's shares and the financial objectives of the holders of stock options.

## **RISK FACTORS**

The Company is engaged in exploring and developing mining projects and as such, it is exposed to a number of risks and uncertainties that affect similar companies that carry out activities in the same industry. Some of these possible risks include:

### Commodities Price Risk

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

According to the London Gold Spot, the values of Gold and Silver are as follows:

Year	Gold (Oz)			Silver (Oz)		
	Max	Min	Close	Max	Min	Close
2008	1,011	713	865	21	9	11
2009	1,213	810	1,104	19	11	16
2010	1,421	1,058	1,410	31	15	31
2011	1,897	1,316	1,575	49	26	28
2012 – Q1	1,788	1,590	1,661	37	29	32
2012 – Q2	1,675	1,538	1,570	33	27	27
2012 – Q3	1,781	1,566	1,781	35	27	35
2012 – Q4	1,790	1,648	1,664	35	30	30
2013 – Q1	1,693	1,569	1,603	32	28	29
2013 – Q2	1,598	1,203	1,203	28	19	19
2013 – Q3	1,426	1,226	1,336	25	19	22
2013 – Q4	1,351	1,193	1,202	23	19	20
2014 – Q1	1,379	1,220	1,294	22	19	20
2014 – Q2	1,325	1,244	1,313	21	19	21
2014 – Q3	1,343	1,210	1,210	22	17	17
2014 – Q4	1,252	1,145	1,199	18	15	16
2015 – Q1	1,298	1,149	1,179	18	15	17

#### Environmental Risk and Regulation

The Company should comply with environmental regulations governing water and air quality as well the impact on soils and grant third parties and the government the possibility of environmental claims. Therefore, the Company seeks to operate within environmental protection standards that comply with or exceed existing legal requirements. Current and present environmental regulations could however affect the Company's operations. Likewise, environmental costs could increase in the future due to change in regulations. Exploration programs could then be postponed or banned in some areas. Although to date, environmental remediation costs are minimal, they are a component of exploration expenses.

#### Licenses and Permits

Company operations require obtaining various licenses and permits from governmental agencies. There is no certainty as to whether the company will obtain those permits and licenses required to continue its exploration and project development activities in the future.

The Company's activities are subject to a wide array of laws and provision that govern, among others, aspects such as health and safety of employees, employment standards, waste disposal, and environmental protection, protection of historic and archeological sites, mine development and preservation of endangered or protected species. Likewise, the Company should obtain a wide range of permits from governmental authorities and enforcement authorities to carry out its activities. These permits virtually refer to each aspect of the mining exploration and exploitation. Changes in some of these regulations or their interpretation could adversely affect the Company's current or future operations.

#### Exploration and Exploitation Business Risks

Mining exploration and exploitation involve a high-risk level. Only some properties (projects) that are explored end up turning into a productive mine. Unusual or unexpected geological formations, fires, labor claims, floods, explosions, ground movement and the impossibility of obtaining the adequate machinery, equipment or adequate workers are only some of the risks involved in the mining exploration and exploitation activities. Additionally, to establish or determine mineral and resource reserves, significant disbursements are required, such as drilling, developing metallurgic processes to extract the ore and in some properties (projects) developing accesses and mining infrastructure and production required or upgrading or modernizing the existing infrastructure and accesses. There is no certainty as to whether funds required for exploiting mineral reserves or resources discovered by the Company will be obtained in due course or at some time at all.

### Mining Properties

Acquiring the title to the mining property is a very detailed and prolonged process. Title may be challenged or be subject to legal disputes. Although the Company has researched in the most diligent and fullest possible manner the title to its mining properties, there is no certainty that its title will not be disputed or challenged in the future.

### Currency Risk

The Company's primary operations are located in Argentina. The Company raises funds in Canadian dollars and pays most of its Argentinean costs in United States Dollars or Argentinean Pesos, and is therefore subject to foreign exchange risk on this payment stream. As the proceeds from financings are often immediately converted to Argentinean Pesos, these cash reserves are subject to foreign exchange risk. Please also see "Recent Argentine Regulations – Foreign Currency Purchases" below for further details.

### Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet the obligations associated with its working capital. The Company has sufficient funds to settle its short-term working capital requirements. The Company's ability to manage liquidity risk in the future will be dependent on, but not limited to, its ability to raise financing necessary to fund its exploration programs, defend its mineral properties concession rights, discharge its liabilities as they become due and generate positive cash flows from operations.

### Credit Risk Management

The Company's main credit risk arises from its cash deposits with banks. The Company limits its counterparty risk on its deposits by dealing only with financial institutions with high credit ratings. The Company is also exposed to credit risk on its financial assets.

### Capital Risk Management

The Company defines capital as total equity. The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs, meet its ongoing administrative costs, property maintenance and option payments.

This is achieved by the Board's review and acceptance of exploration budgets that are achievable using existing resources and the matching and timely release of the next stage of expenditures with the resources made available from private placements or other fundraising. There can be no assurance that the Company will be able to continue using equity capital in this manner.

The Company is not subject to any externally imposed capital requirements.

Additional risk factors relevant to the Company are included in the Filing Statement dated April 27, 2011 which is available under the Company's profile on [www.sedar.com](http://www.sedar.com)

## **RECENT ACCOUNTING PRONOUNCEMENTS**

There have been recent amendments to a number of standards under IFRS-IASB adopted by the Company during the fiscal year ended December 31, 2014, as described in Note 3 of the Financial Statements. The adoption of the newly issued standards and the amendments to existing standards did not have a material impact on the Financial Statements. In terms of future accounting pronouncements, IFRS 9, "Financial Instruments: Classification and Measurement", which is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. IFRS 9 will replace IAS 39. Management anticipates that the Company will not early adopt IFRS 9. IAS 32 "Financial Instruments: Presentation" has been amended to provide application guidance on the offsetting of financial assets and financial liabilities and will be effective for annual periods on or after January 1, 2014. Management has not yet completed its evaluations of the effect of adopting these standards and the impact it may have on its consolidated financial statements.

## RECENT ARGENTINE REGULATIONS AND IMPORTANT DEVELOPMENTS

### i) Argentina entered into a selective default on external debt:

During 2005 and 2010 Argentina restructured 93% of its external debt. Since then the country has been servicing both interest and capital on maturity without new access to the financial markets. Several of the remaining 7% of creditors filed suit under the U.S. District Court for the Southern District of New York which issued a sentence against the country for the payment of outstanding amounts. Recently a US District judge stopped certain payments made by the Argentine government to pay restructured government bonds impeding the country's ability to fulfill its payment obligations. According to some credit rating agencies the country is now in a "Selective default". The situation is uncertain and depends on future negotiations that exceed the scope of this MD&A.

### ii) General Resolution N° 3692 to control taxation along a mining business' chain enacted by Argentine Tax Authority on October 22, 2014.

The Argentine regulators have created three different registers related to companies involved in the mining industry: (i) mining companies, explorers and producers; (ii) suppliers of the mining business chain; (iii) owner of mining claims and mining concessions. The reporting obligations with respect to these registers commenced December 1, 2014 and with other obligations regarding withholdings and taxes commenced January 1, 2015. Minsud is complying with these new regulations. However, they have created additional responsibilities for Minsud's administrative department related to becoming a withholder of VAT in Argentina.

### iii) Foreign Currency Purchases:

New regulations have been enacted for the purposes of regulating and strengthening the control over the purchase of foreign currency by Argentine residents and corporate entities such as MSA.

On October 31, 2011, General Resolution 3210 was passed by the Argentine Federal Tax Authority (AFIP) making it mandatory for any licensed financial entity or foreign exchange house selling foreign currency to Argentine residents to confirm with AFIP if such resident is able, according to its financial situation and information filed before AFIP, to purchase said foreign currency. Additionally, the Central Bank of Argentina has enacted several resolutions on the matter which may restrict the purchase of foreign currency by Argentine residents such as MSA in the future.

MSA has agreed to pay a series of staggered option payments in United States Dollars pursuant to the exploration and purchase option agreements signed in respect of the Brechas Vacas Option Agreement as well as the financing of the Chita property and Minas de Pinto acquisitions. In all of these agreements MSA has incorporated a provision so that if MSA is not able to acquire United States Dollars due to Argentine government regulations in force, MSA will be allowed to deliver such payments in an equivalent amount of Argentine Pesos by converting the amounts owed in United States Dollars to Argentine Pesos at the official rate reported by Banco Nacion Argentina the day before the payment day.

### iv) Chubut Province – New mining activities regulation raised to the Provincial Legislature:

On September 28, 2014, the government of Chubut enacted the Provincial Law XVII N° 127, Dec 1641/14 concerning the suspension of mining activities throughout the Chubut territory for precious and base metals within 120 days, and the establishment of the mechanism for consulting and further obtaining Social License prior to the start any mining exploitation. No further progress has been known as of the date of this MD&A. The province had previously enacted the law N° 5001 banning the exploitation of minerals through open pits and the use of cyanide for extracting gold.

Even though Minsud's technical team believes that the areas are prospective, management is now evaluating the situation and conditions for exploring and doing business in Chubut in order to make a decision about whether to continue its efforts to retain the properties or to abandon them.

The lack of investment in the Carlos and Putrachoique areas, may increase the risk of license cancellation by the Government Secretary of Mines.

The properties discussed above do not represent a material part of the Company's operations. All the incurred expenses have been written off.

(v) Rio Negro Province:

The Calqui project is located in the mining district called "Calcatreu" where Pan American Silver controls the Calcatreu gold and silver advanced exploration.

The property discussed above does not represent a material part of the Company's operations. All the incurred expenses have been written off.

vi) Santa Cruz Province:

During July, 2013 the Government of Santa Cruz Province enacted a new tax law termed "Impuesto al Derecho de Propiedad Inmobiliaria Minera" that consists in taxing all the mining concessions granted by Santa Cruz Province that already filed a Feasibility Study with 1% tax rate applicable directly to the reserves and resources valued to market price payable on an annual basis.

San Antonio and La Rosita projects are in an early stage of development, therefore, they are not included in the taxation base defined by Santa Cruz Government.

The Company has relinquished the Santa Maria property which covered 9,979 has adjacent to the San Antonio as it had no further plans to explore the property based on technical advise and the need to cut further expenditures in the area.

## **QUALIFIED PERSONS**

The scientific and technical data included in this MD&A has been reviewed by Mr. Howard Coates, Professional Geoscientist, Director and Vice President (Exploration) of the Company and a geological consultant. Mr. Coates is a Qualified Person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com)