Management's Discussion and Analysis of the Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Six Month Periods Ended June 30, 2012

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MINSUD RESOURCES CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Three and Six Month Periods Ended June 30, 2012

INTRODUCTION

The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Minsud Resources Corp. (the "Company") to enable a reader to assess the financial condition and results of operations of the Company for the three and six month periods ended June 30, 2012.

This MD&A has been prepared as at August 29, 2012 unless otherwise indicated.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the six months ended June 30, 2012 (the "Financial Statements"), including the related note disclosure. The Financial Statements are presented on a consolidated basis and include the accounts of 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 98.30% 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 56 Temperance Street, Suite 200, Toronto, Ontario M5H 3V5. 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 or 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

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or other conditions, and is based on current expectations that involve a number of business risks, uncertainties and assumptions.

Factors that could cause the Company's actual results to differ materially from any forward-looking statements include, but are not limited to: delay in obtaining permits and environmental impact report approvals, failure to find an economically viable mineral deposit; the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in development of any project caused by unavailability of equipment, labour or supplies; changes to market and climatic conditions; failure to raise additional funds required to finance the completion of a project and other risk factors discussed or referred to in this MD&A and in other public disclosure documents filed with regulatory authorities.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances, except as required by applicable securities laws.

CORPORATE OVERVIEW

Principal Business and Corporate History

Minsud Resources Corp. (TSX.V MSR)

The Company, formerly Rattlesnake Ventures Inc. ("Rattlesnake"), was incorporated under the *Ontario Business Corporations Act* ("OBCA") on October 11, 2007. Rattlesnake was a "Capital Pool Company" ("CPC"), as defined in Exchange Policy 2.4.

Minsud Resources Inc.

Minsud Resources Inc. ("MSR") was a private company incorporated under the OBCA on August 12, 2010.

Minsud Argentina Inc.

Upon completion of the Minsud Transaction (as defined below), MSR and 1830835 Ontario Inc. ("CPC Subco") amalgamated to form Minsud Argentina Inc. ("MAI"), the Company's wholly owned subsidiary. MSR was formed by the principals of MSA and other private placement investors in order to complete the Minsud Transaction and CPC Subco was a subsidiary of Rattlesnake. (See "Completed Qualifying Transaction and Brokered Offering" below).

Minera Sud Argentina S.A.

MSA is a private Argentinean company focused on the business of mineral and resource exploration and development in Argentina. MSA has a 50% beneficial interest in the Brechas Vacas Trust which holds title to the Brechas Vacas properties, holds a claim on the Chita II properties, and is a party to Exploration and Purchase Option Agreements for each of the Chita and Minas de Pinto properties, as well as the remaining 50% beneficial interest in the Brechas Vacas Trust. These properties are located in the San Juan Province of 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 McOuat (The "NI 43-101 Report"). This document was prepared for the Company and can be found on SEDAR at www.sedar.com.

Completed Qualifying Transaction and Brokered Offering

Pursuant to a definitive transaction agreement dated April 27, 2011, between the Company, MSR and MSA, the Company acquired all of the issued and outstanding MSR shares by way of a three cornered amalgamation, on May 10, 2011, resulting in the amalgamation of MSR and CPC Subco, to form MAI (the "Minsud Transaction" or "Qualifying Transaction").

Although the Minsud Transaction resulted in MSR becoming a wholly-owned subsidiary of the Company, the Minsud Transaction constituted a reverse take-over of the Company such that the former shareholders of MSR, together with the subscribers of the Brokered Offering, as defined below, became owners of a majority of the outstanding shares of the Company.

Prior to the completion of the Minsud Transaction, MSR entered into a letter agreement with the shareholders of MSA, pursuant to which the shareholders of MSA exchanged, on the closing date, a sufficient amount of their shares of MSA, which amounted to a total of 10,852,000 shares, for 15,000,000 shares of MSR so that after the completion of such exchange, MSR became the owner of 10,309,400 (95%) of the total number of issued and outstanding shares of MSA (the "MSA Swap").

Upon completion of the MSA Swap, the Company entered into a put and call option agreement with respect to the remaining 542,600 shares of MSA (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 at the same ratio used for the MSA Swap (790,000 common shares of the Company) at the option of either party, at any time.

The Minsud Transaction was completed contemporaneously with a brokered equity offering (the "Brokered Offering"). MSR received gross proceeds of $5,509,000 for the subscription of 13,772,500 units (the "Private Placement Units"). Each Private Placement Unit contained one common share and one non-transferrable common share purchase warrant (the "Warrants") with each Warrant entitling the holder thereof to purchase one common share at $0.60 per share for a period of 24 months from the close of the Minsud Transaction.

In connection with the Brokered Offering, the Company incurred costs of $645,564, of which $207,251 was allocated to warrant issuance costs and $438,313 was allocated to common share issuance costs. The Company also issued 919,900 broker warrants to a broker (the "Broker Warrants") with a fair value of $137,985 (included in total costs above). Each Broker Warrant entitles the holder to purchase one Private Placement Unit, as described above, for $0.40 for a period of 24 months from the close of the Minsud Transaction.

The proceeds from the Brokered Offering will be used by the Company for exploration of the MSA properties and general working capital requirements.

Transaction Costs

The Company incurred total transaction costs of $1,395,797 in connection with the Minsud Transaction. Included in this amount is $550,042 of non-cash costs related to the effect of accounting for the Minsud Transaction and the fair value of common shares issued for services rendered in connection with the Minsud Transaction. The remainder of the transaction costs have been paid in cash.

Additional MSA Share Subscriptions

As at December 31, 2011 MAI held 27,197,400 of the 27,740,000 issued and outstanding shares of MSA. On June 18, 2012, MAI subscribed for an additional 4,254,785 common shares of MSA for consideration of $970,001. This increased MAI's holdings to 31,452,185 of the 31,994,785 outstanding common shares of MSA, representing an ownership interest of 98.30% as at June 30, 2012.

Current Board Members

On May 10, 2011, the Company's Board resolved to appoint new members in order to replace certain Board members who had tendered their resignations in accordance with the terms of the Minsud Transaction. During the quarter ended December 31, 2011, a member of the Company's Board resigned and was replaced by another individual acting as an independent director.

On January 24, 2012 the Company appointed this new director, Mr. Howard Coates, P.Geo., as Vice-President (Exploration) and entered into a Consulting Services Agreement. On April 18, 2012, Mr. Ing Eduardo Mendl, a new independent board member, was appointed in order to strengthen the Company’s board, as well as to meet certain regulatory requirements.

As a result, the Board members as of the date of this MD&A are Diego Eduardo Perazzo (Chairman), Carlos Alberto Massa (President and Chief Executive Officer), Alberto Francisco Orcoyen, Scott White, Howard Coates (Vice-President (Exploration)) and Eduardo Mendl. As of the date of this MD&A, Mr. Orcoyen and Mr. Mendl are independent directors, and together with Mr. White, form the Company´s audit committee.

The Board has not appointed a nominating, or compensation committee. Given the Company's size and stage of development, the Board considers such committees to be unnecessary at this time. At present, the entire Board is responsible for the nomination of directors and management compensation.

DEVELOPMENTS DURING THE SIX MONTHS ENDED JUNE 30, 2012

I. CHITA VALLEY PROJECT

A) Mining rights

The Chita Valley Project consists of four contiguous properties including the Brechas Vacas, Chita and Minas de Pinto mineral concessions (8,350 ha), as well as Chita II (4,500 ha) which is subject to a claim application that is still pending.

The Brechas Vacas, Chita and Minas de Pinto properties are controlled by the Company through three separate Explorations and Purchase Option Agreements held by MSA as discussed in the following section of this MD&A. However, 30 ha within the boundaries of the Chita Valley Project are owned by third parties. In addition, a gap of 6.6 ha between the Chita and Brechas Vacas properties has been claimed by third parties and is currently under dispute with the local mining authority. The Company does not consider such properties held or claimed by third parties as material to its current exploration activities.

On August 3, 2012, the Company exercised its Purchase Option to acquire a 100% interest in the Chita Property in exchange for a series of cash payments totalling US$420,000. The Chita Property represents the main property in the Company's flagship Chita Valley Project. The exercise of the Purchase Option, and the conditions under which the Purchase Option was exercised, were accepted by the owners of the Chita property. As a result, a 100% ownership interest in the Chita Property will be transferred to the Company within 90 days from the date of the exercise of the Purchase Option.

In consideration for the transfer of ownership of the Chita Property, the Company has agreed to pay a total of US$420,000, payable as follows: US$30,000 payable in cash within ten days from the date on which the property owners accepted the Company's exercise of the purchase option (as of the date of these financial statements, this amount has been paid); US$40,000 payable in cash simultaneously with the execution of the public deed evidencing the transfer of the Chita Property to the Company; and US$350,000 payable in ten semi-annual cash payments of US$35,000 each, the first of which shall be payable six months after the date of execution of the above mentioned public deed.

A net smelter return or other similar right has not been, nor shall be, granted to the previous owners of the Chita Property.

B) Exploration and Purchase Option Agreements

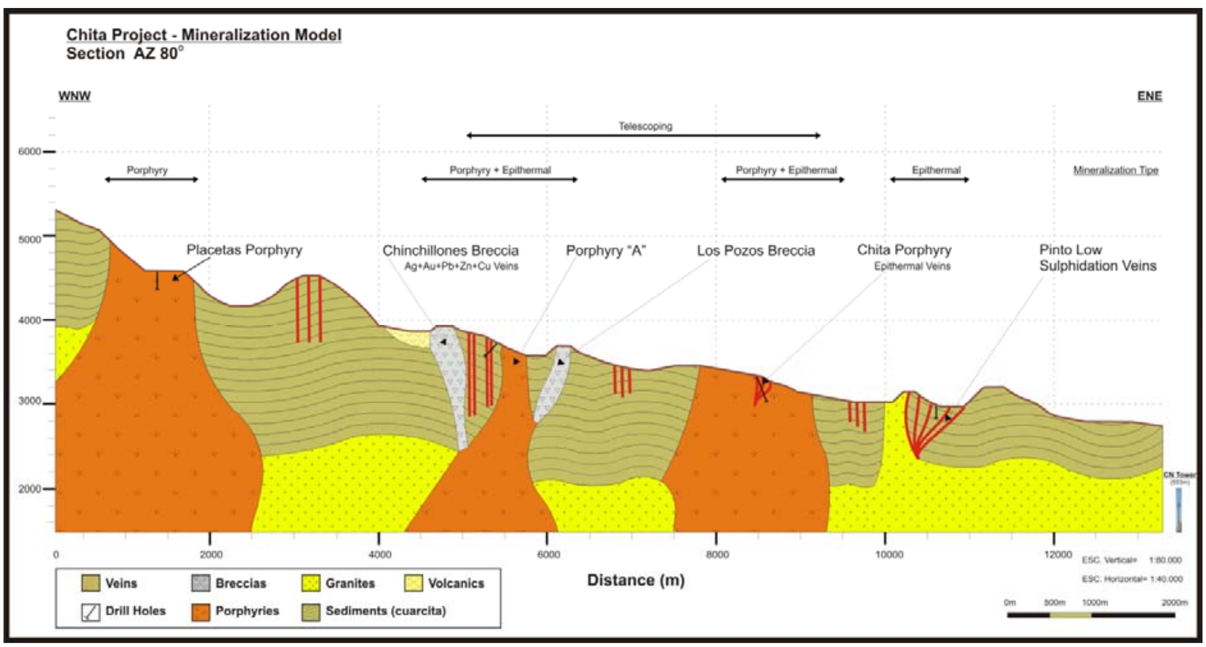
MSA has entered into various Explorations and Purchase Option Agreements, the details of which are disclosed in note 6 of the condensed interim consolidated financial statements for the six months ended June 30, 2012. A summary of the Company´s outstanding mineral property commitments, pursuant to property option agreements is included in this MD&A under “Comittments and Contingencies”.

C) Geological features

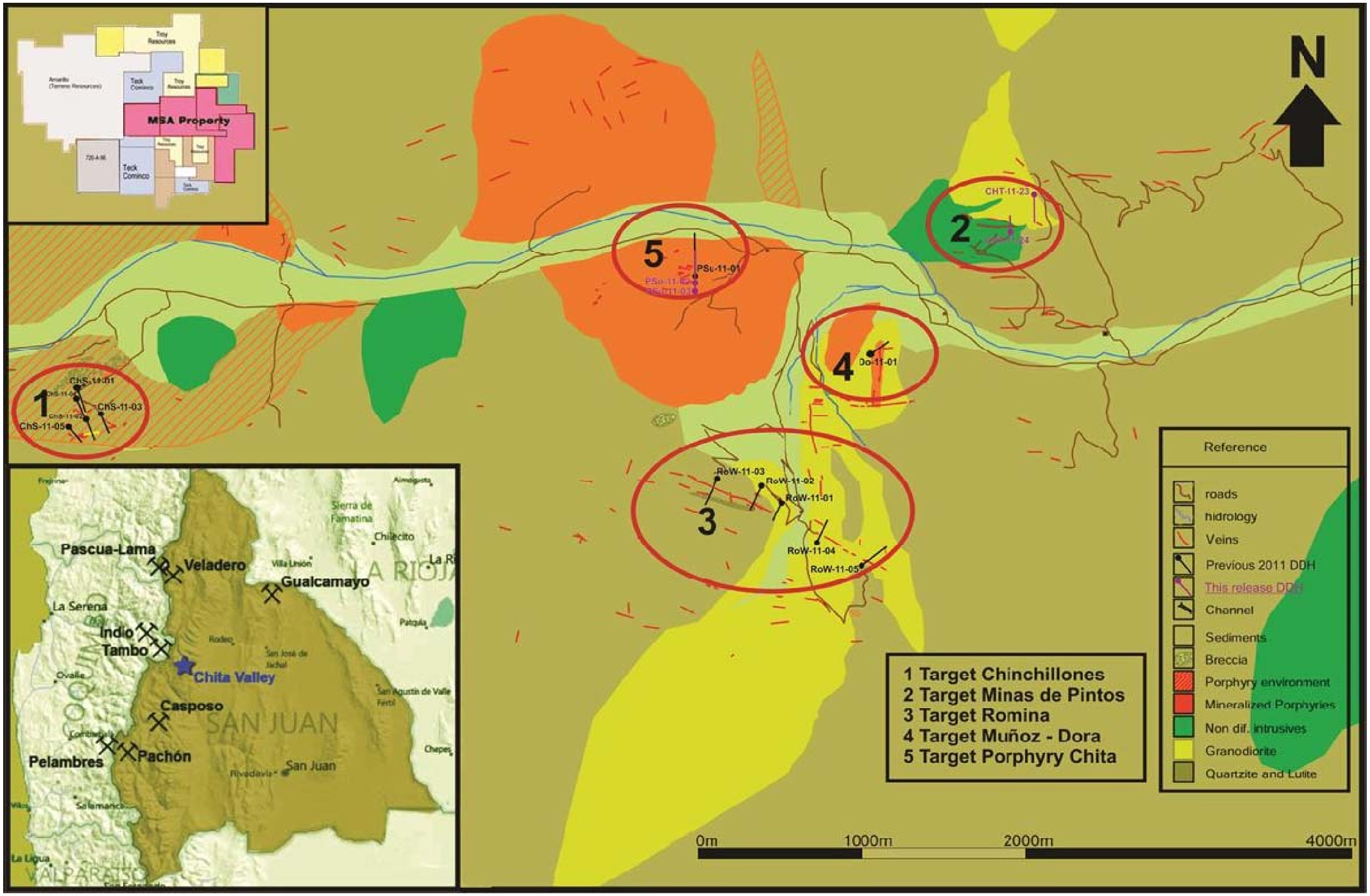
The Chita property is underlain by a large hydrothermal alteration system related to at least three separate porphyry intrusions; however less than 50% of the property has been systematically prospected and sampled.

The Chita project is a large gold-silver-copper hydrothermal system (porphyry copper and low sulphidation epithermal system) located in the southern extension of the prolific El Indio - Veladero – Pascua- Lama belt, hosting world class gold mines such as Veladero and Pascua-Lama (Barrick) and the Del Carmen project (Malbex Resources). Extensive low grade gold-silver-copper was discovered in hydrothermal breccias and altered granodiorite, high grade gold-silver-base metals were found on epithermal veins outside/inside of the porphyry system, showing evidence of overprinting and telescoping of mineralization events. Drilling by previous groups was limited and very shallow in nature and many targets continue untested, especially at depth. The project has been only partially explored and has excellent potential for both structurally controlled mineralization (epithermal veins) and a porphyry style copper gold system.

The following diagrammatic cross section illustrates the Chita Project mineralization model.



During 2011 the Company completed exploration work on the property including geological mapping/sampling, access track construction and early stage drilling programs at several target areas (Chinchillones, Romina, Muñoz-Dora, Chita Porphyry and Minas de Pinto). Sixteen HQ core drill holes with a cumulative length of 3360.1 metres were completed. Drilling results are summarized in various press releases and the Company’s 2011 MD&A report (www.minsud.com).



N
MSA Property
Teck Cominco
Troy Resources
1 Target Chinchillones
2 Target Minas de Pintos
3 Target Romina
4 Target Muñoz - Dora
5 Target Porphyry Chita
ChS-11-01
ChS-11-03
ChS-11-05
CHT-11-23
PSu-11-01
Do-11-01
RoW-11-03
RoW-11-02
RoW-11-01
RoW-11-04
RoW-11-05
Reference
roads
hidrology
Veins
Previous 2011 DDH
This release DDH
Channel
Sediments
Breccia
Porphyry environment
Mineralized Porphyries
Non dif. intrusives
Granodiorite
Quartzite and Lulite
0m
1000m
2000m
4000m
Pascua-Lama
Veladero
Gualcamayo
La Serena
Indio
Tambo
Chita Valley
Casposo
Pachón
Pelambres
SAN JUAN
LA RIOJA
San Juan
Chilecito
Sierra de Famatina

Field operations in the Chita Valley area of San Juan Province are not seriously affected by winter weather conditions. As a result, exploration work has been more or less continuous through the first half of 2012 and is still proceeding. During Q1 of 2012, a detailed reexamination of historical drill core sections from the Chinchillones and Chita Porphyry areas was undertaken to further define the complex interrelationships between the various mineralization types. Also in the first quarter, detailed (1:500 scale) surface geological/alteration mapping, hand trenching and channel sampling activities commenced in the Chinchillones and Chita Porphyry areas. The mapping/trenching work in the greater Chinchillones - Chita Porphyry area continues to contribute greatly to the understanding of the general mineral potential, so the program has continued through Q2 and is still ongoing. Full analytical results are still pending.

Also in Q2, Minsud contracted Quantec Geoscience Argentina S.A. to conduct a ground magnetometer survey over an approximately 30 square kilometer portion of the Chita Valley Properties. The survey was conducted with GEM GSM-19 Overhauser magnetometers, with 200 m line spacing and readings at 10 m intervals. The magnetic data brings a new level of understanding of the general and structural geology of the Chita district. In particular it is effective in locating important geological units (such as igneous intrusions) and structural features beneath Quaternary cover and host bedrock lithologies.

Also in Q2 the Company purchased current Geoeye Imagery at 41 cm resolution covering a 100 km^2 surface area that includes all its Chita Valley Properties. This imagery is particularly useful as the foundation of a topographic/infrastructure base map as well as for geological/structural mapping purposes.

From the accessibility and logistical viewpoint, in Q1 a flash flood through the Chita Valley destroyed sections of the access routes thus preventing vehicular access to the north side of the valley. Repairs were made in Q2 and all sectors of the Properties are again readily accessible.

The Company continues to be highly encouraged by the work completed to date and plans to ‘stay the course’ in its systematic multidisciplinary approach to drill target development. The mapping/sampling program, including other prospect areas, will continue into the second half. Ground geophysical surveying, in particular more advanced techniques such as Induced Polarization/resistivity and CSAMT surveys are being evaluated and will likely be utilized to systematically define high priority drilling targets.

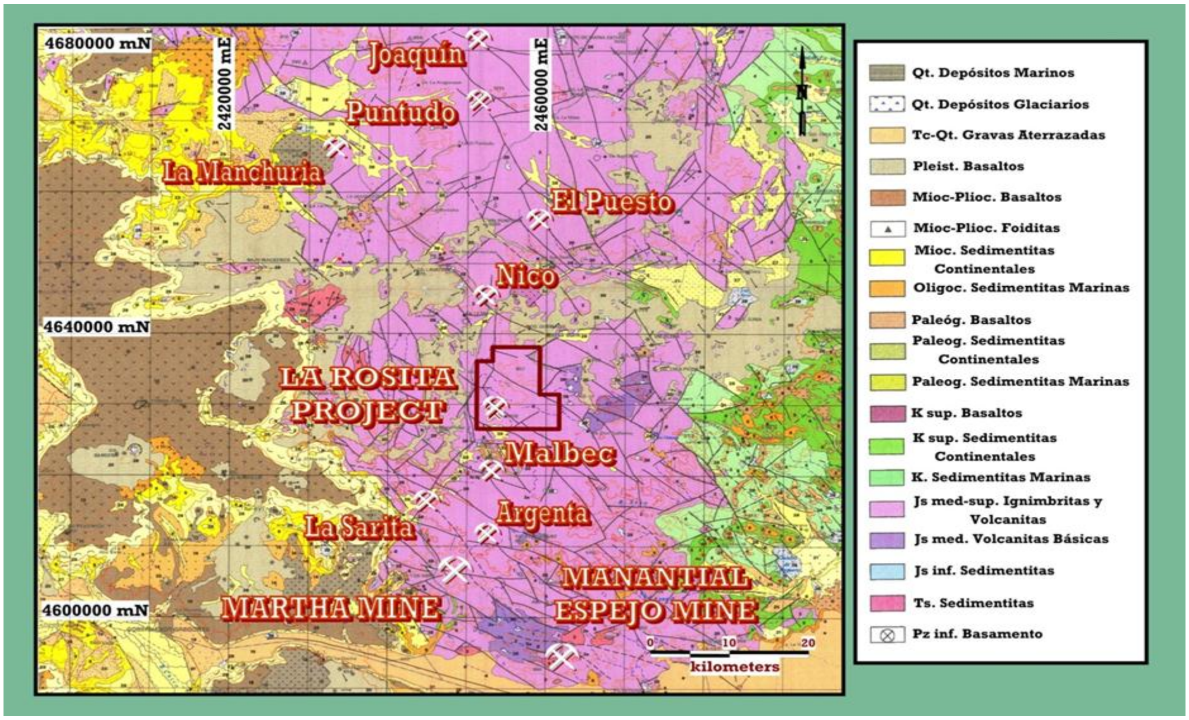
II. LA ROSITA PROJECT

A) Geological features

La Rosita property is located in the heart of the Deseado Massif precious metals mining district about 70 km northeast of the town of Gobernador Gregores, Santa Cruz Province. It is 25 km northeast of the Martha Mine and 30 km from the Manantial Espejo Mine.

Minsud has already reported that it has received very encouraging results from initial geological mapping, prospecting and ground magnetometer surveying activities over a part of the Property.

Previous work by the Company in the Los Mogotes Hill sector of the Property has identified the presence of volcanic lithologies and alteration phenomena that are characteristic of typical low-sulphidation epithermal Au-Ag deposit areas. Traditional ‘boot and hammer’ prospecting has located widespread mineralized outcrops and float that have returned grab sample values up to 3.2 grams of gold , 234 grams of silver and 6.1 % lead per tonne.



During the 2011 field season, the Company completed an exploration program in the Los Mogotes Hill sector, which included detailed lithological, alteration and structural mapping, bedrock and float sampling (452), and a 320.3 line kilometer ground magnetometer survey. The object was to delineate and prioritize prospective targets on the Property. Instead of reducing the main areas of focus this work actually expanded the areas of potential interest to encompass over 10 square kilometers of prime exploration territory. Exploration results are summarized in various press releases and the Company's 2011 MD&A report (www.minsud.com).

The work done in the first half of 2012 is the continuation of systematic multidisciplinary exploration designed to test a substantial (>6 km^2) area of complex hydrothermal alteration that shows key attributes of Ag-Au bearing polymetallic vein systems and Ag-Au low-sulfidation systems.

An early stage exploration program was performed, including:

- detailed surface geological mapping and at 1:2000 scale over an area of approximately 6 km^2, 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.

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 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 2011 magnetic survey and the ongoing mapping/trenching 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.

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 plans 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. The trench mapping/sampling program has been suspended due to the onset of winter.

Figure 1 – Alteration Map

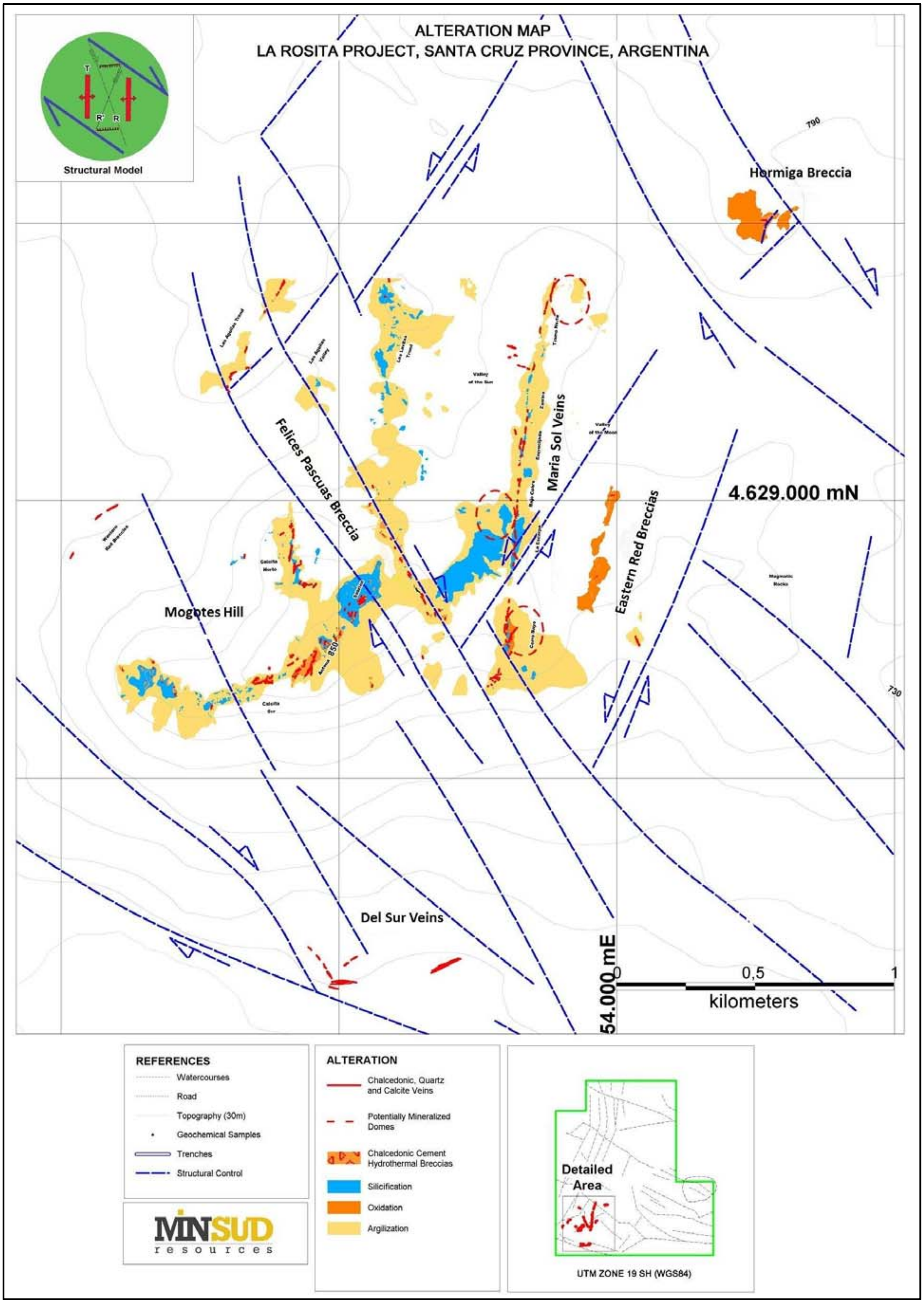


Figure 2 – Trenches Location

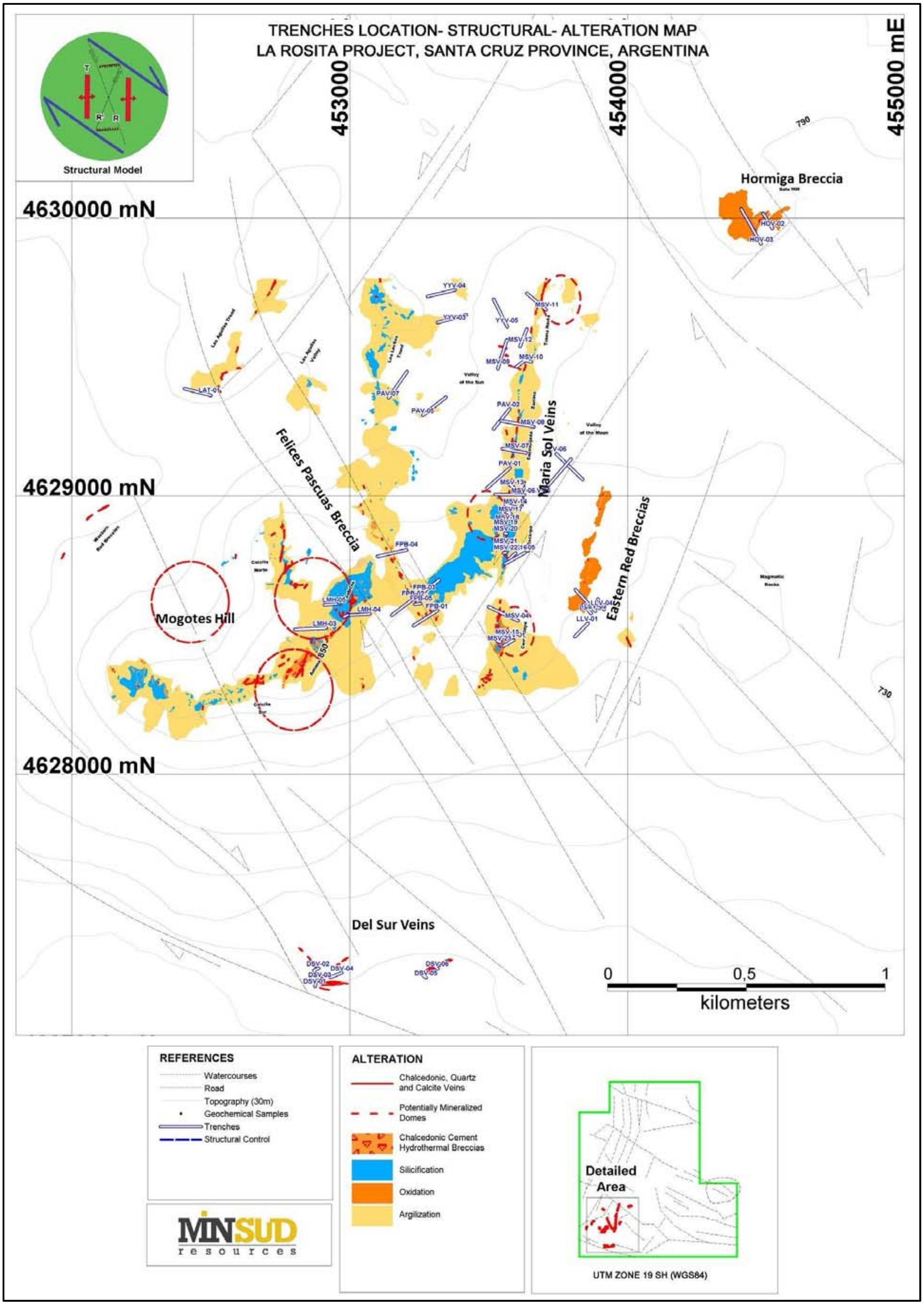


Figure 3 – Ground Magnetometry

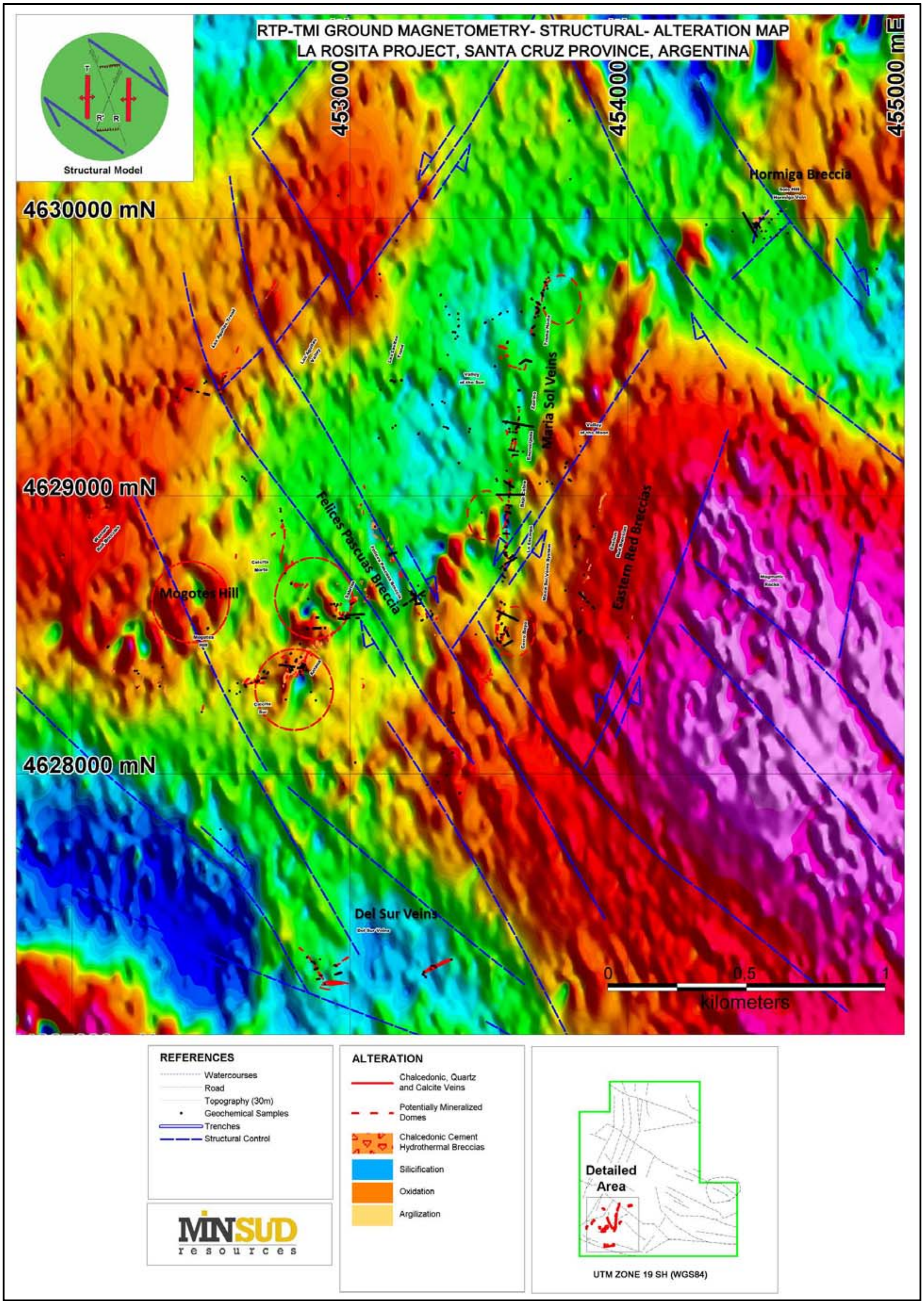
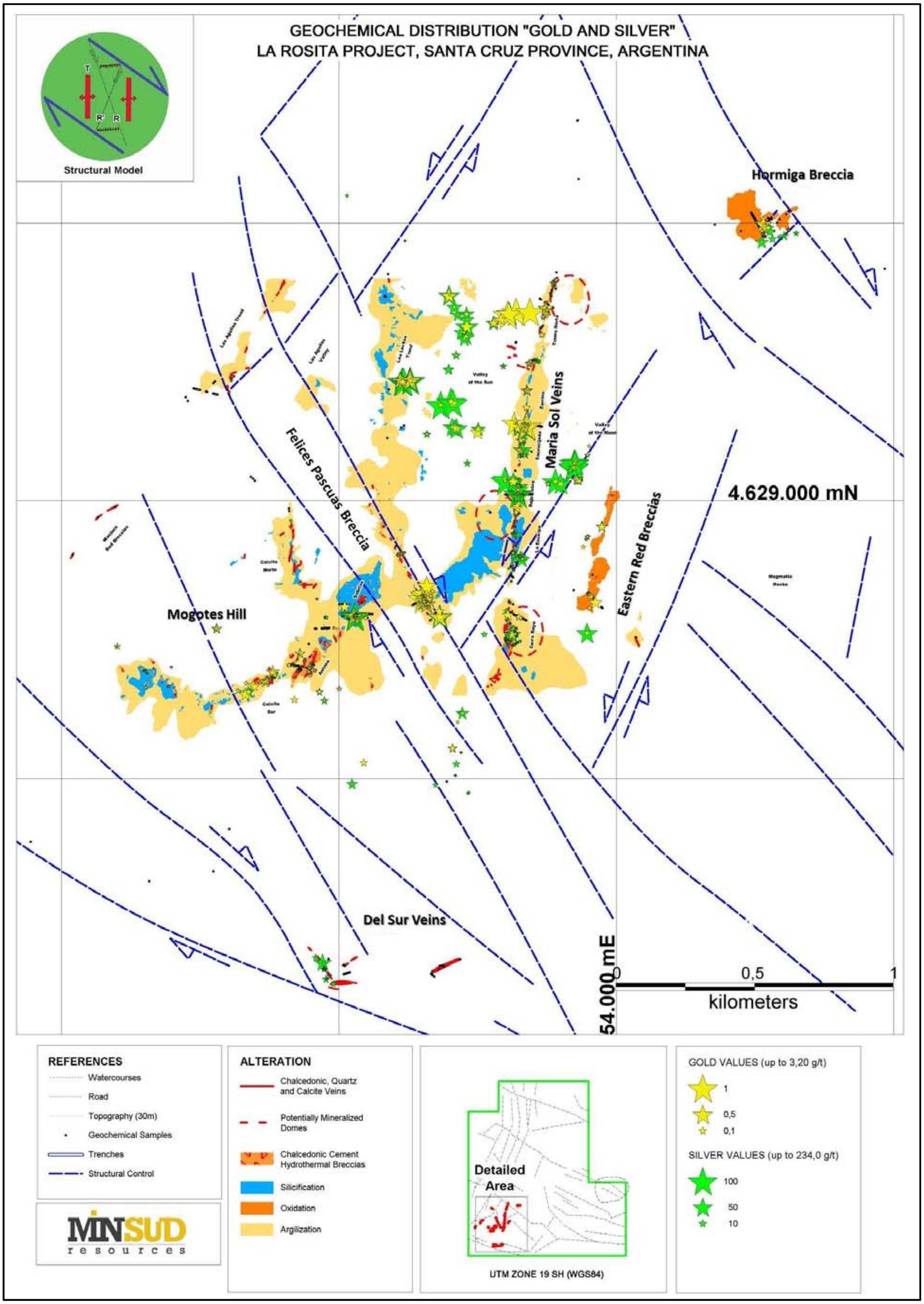


Figure 4 – Geochemical Distribution



B) Mining rights

The La Rosita project is 100% owned by MSA. An exploration claim (Cateo), file # C409.392-MSA-06 (9,970 hectares), was granted through resolution # 126 issued by the Mining Authority (Dirección Provincial de Minería) of the Province of Santa Cruz dated May 16, 2008.

On February 1, 2011 the Environmental Impact Report ("EIR") (Informe de Impacto Ambiental de Exploración) was filed on 426.125/MSA/11 and approved through resolution # 077 dated May 2, 2011. An extended EIR for trenching and drilling was requested on November 3, 2011 and approved through Resolution 282 of Secretary of Mines – Santa Cruz Province.

On September 27, 2011, MSA and the La Rosita landowners, entered into a permit agreement in order for the Company to continue with the prospecting and exploration activities in La Rosita prospect. The La Rosita exploration claim expired November 29, 2011. Prior to the expiration date, and in accordance with the required legal procedure, the Company requested within the La Rosita claim concession area, three mining claims (Manifestaciones de descubrimiento) named Alfa, Alfa II and Alfa III covering 9,970 has.

On April 20, 2012, Alfa II where the Mogote Hill area is located was granted to the Company by the Secretary of Mines, Santa Cruz Province. The other two Alfa and Alfa III are still pending for concession.

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. The following selected financial data presented for the comparative years ended December 31, 2010 and 2009 are derived from the audited financial statements of MSA.

	As at and for the Year Ended December 31, 2011 ($)	As at and for the Year Ended December 31, 2010 ($)	As at and for the Year Ended December 31, 2009 ($)
Other Income	11,302	10,236	1,277
Net loss for the period	(2,343,210)	(229,877)	(228,996)
Comprehensive loss for the period	(2,465,473)	(399,917)	(634,799)
Assets	6,592,830	2,004,394	1,574,629
Liabilities	302,265	43,744	21,439
Working Capital	2,260,363	145,114	281,551
Deferred Income Taxes	Nil	Nil	Nil
Share Capital	7,972,902	3,470,805	2,720,271
Shareholders' Equity	6,290,565	1,960,650	1,553,190

PROJECT EXPENDITURES

Project expenditures for the three months ended June 30, 2012 are as follows:

Three months ended June 30, 2012	**Brechas Vacas ($)**	**Chita ($)**	**Minas de Pinto ($)**	**San Antonio ($)**	**La Rosita ($)**	**Other ($)**	**Total ($)**
Acquisition costs **(a)**	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Road Construction	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Assays	10,997	1,229	588	NIL	35,049	NIL	47,863
Geophysics	4,986	19,979	11,965	NIL	NIL	NIL	36,930
Labour and Technical Fees	19,098	61,087	40,260	191	57,003	NIL	177,639
Vehicles and Equipment	1,338	5,362	3,210	189	6,796	NIL	16,895
Travel and Lodging	1,345	11,435	3,230	NIL	11,013	NIL	27,023
Project Management	14,556	38,422	22,491	1,963	42,561	5,761	125,754
VAT Paid	4,005	6,327	3,747	239	9,786	NIL	24,104
Current Expenditures	**56,325**	**143,841**	**85,491**	**2,582**	**162,208**	**5,761**	**456,208**
Currency Translation Adjustment	(22,959)	(18,235)	(6,180)	(2,653)	(8,434)	(261)	(58,722)
Balance – beginning of period	**1,726,918**	**1,310,420**	**426,495**	**202,232**	**543,341**	**15,594**	**4,225,000**
Balance – end of period	**1,760,284**	**1,436,026**	**505,806**	**202,161**	**697,115**	**21,094**	**4,622,486**

(a) See “Brechas Vacas Property” discussed previously

Project expenditures for the six months ended June 30, 2012 are as follows (the Company has reallocated expenditures between categories to conform to the current period's presentation):

Six months ended June 30, 2012	**Brechas Vacas ($)**	**Chita ($)**	**Minas de Pinto ($)**	**San Antonio ($)**	**La Rosita ($)**	**Other ($)**	**Total ($)**
Acquisition costs **(a)**	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Road Construction	NIL	NIL	NIL	NIL	44,224	NIL	44,224
Assays	11,551	12,560	10,381	750	36,481	NIL	71,723
Geophysics	4,986	19,979	11,965	NIL	NIL	NIL	36,930
Labour and Technical Fees	82,901	77,639	47,191	1,411	130,876	NIL	340,018
Vehicles and Equipment	10,206	7,525	4,075	384	26,798	NIL	48,988
Travel and Lodging	7,638	14,174	3,842	539	35,690	NIL	61,883
Project Management	57,602	51,371	32,811	6,060	114,289	7,102	269,235
VAT Paid	7,911	9,676	6,147	617	24,276	NIL	48,627
Current Expenditures	**182,795**	**192,924**	**116,412**	**9,761**	**412,634**	**7,102**	**921,628**
Currency Translation Adjustment	(82,399)	(64,139)	(20,462)	(9,797)	(21,830)	(797)	(199,424)
Balance – beginning of period	**1,659,888**	**1,307,241**	**409,856**	**202,197**	**306,311**	**14,789**	**3,900,282**
Balance – end of period	**1,760,284**	**1,436,026**	**505,806**	**202,161**	**697,115**	**21,094**	**4,622,486**

(a) See "Brechas Vacas Property" discussed previously

Project expenditures for the three month period ended June 30, 2011 are as follows (the Company has reallocated expenditures between categories to conform to the current period's presentation):

Three months ended June 30, 2011	**Brechas Vacas ($)**	**Chita ($)**	**Minas De Pinto ($)**	**San Antonio ($)**	**La Rosita ($)**	**Other ($)**	**Total ($)**
Acquisition costs	NIL	NIL	NIL	NIL	NIL	7,114	7,114
Drilling	200,001	282,724	NIL	NIL	NIL	NIL	482,725
Road Construction	45,923	39,340	NIL	NIL	NIL	NIL	85,263
Assays	2,083	3,311	NIL	NIL	NIL	NIL	5,394
Labour and Technical Fees	40,357	48,409	1,617	NIL	166	NIL	90,549
Vehicles and Equipment	18,487	22,670	NIL	1,508	1,096	NIL	43,761
Travel and Lodging	NIL	15,359	NIL	NIL	NIL	NIL	15,359
Project Management	28,263	49,734	3,287	2,681	3,920	NIL	87,885
VAT Paid	56,543	61,970	NIL	297	5	NIL	118,815
Current Expenditures	**391,657**	**523,517**	**4,904**	**4,486**	**5,187**	**7,114**	**936,865**
Currency Translation Adjustment	(21,093)	(11,710)	(1,218)	(3,041)	(2,068)	(198)	(39,328)
Balance – beginning of period	**919,871**	**339,333**	**63,055**	**161,778**	**108,810**	**6,719**	**1,599,566**
Balance – end of period	**1,290,435**	**851,140**	**66,741**	**163,223**	**111,929**	**13,635**	**2,497,103**

Project expenditures for the six month period ended June 30, 2011 are as follows (the Company has reallocated expenditures between categories to conform to the current period's presentation):

Six months ended June 30, 2011	**Brechas Vacas ($)**	**Chita ($)**	**Minas De Pinto ($)**	**San Antonio ($)**	**La Rosita ($)**	**Other ($)**	**Total ($)**
Acquisition costs	NIL	14,969	NIL	194	NIL	7,114	22,277
Drilling	200,001	282,724	NIL	NIL	NIL	NIL	482,725
Road Construction	45,923	39,340	NIL	NIL	NIL	NIL	85,263
Assays	2,259	8,117	34	NIL	7,807	NIL	18,217
Labour and Technical Fees	61,063	51,585	3,810	21,610	3,259	NIL	141,327
Vehicles and Equipment	18,781	22,670	NIL	1,574	1,161	NIL	44,186
Travel and Lodging	3,276	15,359	NIL	345	NIL	NIL	18,980
Project Management	33,317	49,735	3,287	3,181	6,306	10	95,836
VAT Paid	58,700	63,023	NIL	545	1,722	NIL	123,990
Current Expenditures	**423,320**	**547,522**	**7,131**	**27,449**	**20,255**	**7,124**	**1,032,801**
Currency Translation Adjustment	(62,965)	(26,940)	(4,087)	(10,099)	(6,822)	(508)	(111,421)
Balance – beginning of period	**930,080**	**330,558**	**63,697**	**145,873**	**98,496**	**7,019**	**1,575,723**
Balance – end of period	**1,290,435**	**851,140**	**66,741**	**163,223**	**111,929**	**13,635**	**2,497,103**

Brechas Vacas Property

During the six months ended June 30, 2012, the Company spent $182,795 on the exploration of the Brechas Vacas Property, a decrease of $240,525 from expenditures of $423,320 during the six months ended June 30, 2011. The Company's expenditures of $56,325 during the three months ended June 30, 2012 represent a decrease of $335,332 from expenditures of $391,657 incurred during the three months ended June 30, 2011. Both decreases are a result of extensive drilling activities carried out on the Brechas Vacas property during the three and six months ended June 30, 2011 that did not occur during the same periods ended June 30, 2012.

The Company advanced the target by trenching and sampling, acquiring new Geoeye imagery for mapping in detail and contracting a ground magnetometer survey. A more detailed description of the work performed can be found in the discussion of the Geological Features of the Chita Valley Project in this MD&A.

Chita Property

During the three and six months ended June 30, 2012, the Company spent $143,841 and $192,924 on the exploration of the Chita Property. Expenditures during the three months ended June 30, 2012, decreased by $379,676 compared to expenditures of $523,517 incurred during the three months ended June 30, 2011. Expenditures during the six months ended June 30, 2012, decreased by $339,629 compared to expenditures of $532,553 incurred during the six months ended June 30, 2011. The Company had significant drilling activity during the three and six months ended June 30, 2011 that did not occur during the same periods ended June 30, 2012.

The Company acquired a new Geoeye imagery and contracted a ground magnetometer survey as more extensively described in the discussion of the Geological Features of the Chita Valley Project in this MD&A. It is also doing significant progress by trenching the Chita porphyry using mechanical saw and sampling.

Minas de Pinto Property

During the three and six months ended June 30, 2012, the Company spent $85,491 and $116,412 on the exploration of the Minas De Pinto Property, an increases of $80,587 and $109,281 over the expenditures incurred during the three and six months ended June 30, 2011 respectively. The increases in spending were related to increased activity on the Minas de Pinto properties and the performance of geophysical and sampling work during the three and six month periods ended June 30, 2012.

The Company acquired a new Geoeye imagery and contracted a ground magnetometer survey as more extensively described in the discussion of the Geological Features of the Chita Valley Project in this MD&A. After completing the ongoing trenching at Chita porphyry, the Company expects to continue mapping and trenching on the Minas de Pinto Property.

San Antonio Property

The Company spent $2,582 and $9,761 on the exploration of the San Antonio Property during the three and six month periods ended June 30, 2012. This represents decreases of $1,904 and $17,494 compared to expenditures of $4,486 and $27,255 incurred during the three and six month periods ended June 30, 2011. The Company did not actively explore the San Antonio property during the three and six month periods ended June 30, 2012.

La Rosita Property

During the three and six months ended June 30, 2012, the Company spent $162,208 and $412,634, respectively, on the exploration of the La Rosita Property, increases of $157,021 and $392,379 when compared to expenditures incurred during the three and six months ended June 30, 2011. As the Company has recently increased the resources dedicated to the La Rosita property compared to 2011, expenditures related to mechanical trenching, sampling and road construction have increased, which represent the significant expenditures incurred by the Company during the three and six month periods ended June 30, 2012.

OPERATING ACTIVITIES AND FINANCIAL PERFORMANCE

During the three and six month periods ended June 30, 2012, the Company incurred expenditures of $192,197 and $381,993 respectively. Expenditures decreased by $1,602,013 and $1,501,865 when compared to expenditures of $1,794,210 and $1,883,858 for the three and six month periods ended June 30, 2011 respectively. The significant decreases in total expenses are primarily the result of the completion of the Minsud Transaction during the three and six month periods ended June 30, 2011. The Company incurred significant transaction costs that were expensed during this period.

The Company incurred professional and regulatory fees of $83,838 and $166,562 during the three and six month periods ended June 30, 2012. 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 decreased by $48,618 during the three months ended June 30, 2012 when compared to the same period ended June 30, 2011. The primary cause for this decrease relates to a one-time bonus payment to the Company's CEO during the three month period ended June 30, 2011. Professional and regulatory fees increased by $34,106 during the six months ended June 30, 2012 when compared to the same period ended June 30, 2011. The reason for the increase is that the expenditures for the six months ended June 30, 2012 include a full period of remuneration for the Company's CEO, while the six months ended June 30, 2011 did not, as the Minsud Transaction was completed during May 2011.

Expenses related to stock-based compensation for the three and six month periods ended June 30, 2012 were $56,163 and $125,785, respectively, and relate to the continued vesting of options granted during the year ended December 31, 2011. These amounts represent decreases of $118,040 and $48,148 when compared to stock-based compensation expense of $174,203 incurred during each of the three and six month periods ended June 30, 2011. The decreases are related to the fact that the Company granted 3,360,000 stock options to directors, officers, employees and service providers during the three and six month period ended June 30, 2011 resulting in stock-based compensation expense for options vesting in those periods.

Marketing and communications expenses of $838 and $33,051 were incurred by the Company during the three and six month periods ended June 30, 2012. These costs include amounts related to marketing and increasing investor awareness of the Company. The Company did not incur any such expenses during the three and six month periods ended June 30, 2011.

The Company incurred general and administrative expenses of $52,876 and $60,761 during the three and six month periods ended June 30, 2012, representing decreases of $14,794 and $97,916 from similar expenses of $67,670 and $158,677 for the three and six month periods ended June 30, 2011.

The Minsud Transaction completed in May 2011 led to significant structural and operational changes such that the comparability of pre-Minsud Transaction periods and post-Minsud Transaction periods is impaired.

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.

Fiscal Year	2012		2011				2010	
For the quarters ended	Jun	Mar	Dec	Sep	Jun	Mar	Dec	Sep
	$	$	$	$	$	$	$	$
Net Revenues	1,518	2,648	3,662	4,704	1,577	1,359	5,615	4,473
Net loss for the period	(192,197)	(189,796)	(222,774)	(236,578)	(1,794,210)	(89,648)	(68,552)	(78,127)
Comprehensive loss for the period	(262,693)	(335,416)	(389,340)	(53,131)	(1,849,349)	(173,653)	(65,157)	(94,696)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.07)	(0.01)	(0.007)	(0.009)

Factors affecting quarterly results

Fluctuations in quarterly results are caused by stock-based compensation related to the issuance of stock options, costs and fees related to the Qualifying Transaction, exchange rate fluctuation of the Argentine peso and the increase in the level of exploration activities.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $1,987,818 as at June 30, 2012, compared to working capital of $3,838,789 as at June 30, 2011. As at June 30, 2012, the Company held cash and cash equivalents of $2,048,967 versus $4,518,250 as at June 30, 2011.

The Company's strong cash and cash equivaltents position as at June 30, 2011 reflects the Company's raise of gross proceeds of $5,509,000 through the Brokered Offering concurrently with closing the Qualifying Transaction (see *"Completed Qualifying Transaction and Brokered Offering").*

On June 18, 2012 the Company completed a non-brokered private placement (the "NBPP"), raising gross proceeds of $970,001. Pursuant to the NBPP, Minsud issued 5,105,266 units at a price of $0.19 per unit with each unit comprising one common share of the Company and one-half of one common share purchase warrant. Each whole warrant allows the holder to purchase one common share at a price of $0.35 for a period of 24 months from the closing date of the NBPP.

The securities issued in connection with the closing of the NBPP will be subject to a four month hold period expiring on October 19, 2012. Upon completion of the NBPP, Minsud had 39,738,266 common shares issued and outstanding.

The proceeds of the NBPP were invested through the subscription for an additional 4,254,785 common shares of MSA. MSA intends to use the proceeds to support the ongoing business plan, primarily to continue developing exploration targets at the Chita Valley and La Rosita projects and for general working capital purposes.

The Company has prepared its detailed administration and project exploration budgets for the next 12 months, and based on these budgets, as well as management´s expectations, the Company should be able to sustain its operations.

While running its business plan, as it was presented and approved, management is permanently monitoring financial market conditions and cash availability. Even though no reduction or delay in field work was experienced during the six months ended June 30, 2012, the Company is prepared, from this point forward, to preserve its cash position according to market perspectives. Management will concentrate its field work efforts on trenching, mapping and sampling on the identified main targets in order to exhaustively analyze and evaluate future drilling programs at Chita Valley (Phase 2) and La Rosita (Phase 1).

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 and the economic recovery of worldwide capital markets.

Share Capital

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

(i)	Shares outstanding	39,738,266
(ii)	Options outstanding	3,870,000
(iii)	Warrants	16,325,133
(iv)	Broker warrants	919,900

Shares Outstanding

a) The effects of the Qualifying Transaction on the issued capital of the Company are as follows:

Issued Capital	**Number**
Common shares of MSA outstanding at May 10, 2011	10,852,000
Issuance of additional shares of MSR to the shareholders of MSA	4,690,600
Non-controlling interest (5.0%) of MSA	(542,600)
Common shares of the Company outstanding at May 10, 2011	5,110,000
Exercise of Company stock options	511,000
Reduction of Company shares - post consolidation	(2,810,500)
Common shares of MAI outstanding at May 10, 2011	2,550,000
Common shares issued in conjunction with a consulting services agreement	500,000
Common shares of the Company issued upon completion of Brokered Offering	13,772,500
Balance as at May 10, 2011	34,633,000

b) During the three and six month periods ended June 30, 2012, the Company issued 5,105,266 units under the NBPP for proceeds of $970,001, of which $153,158 was allocated to the warrants issued. Each unit consists of one common share and one-half of one warrant.

In connection with the NBPP, the Company paid legal and filing fees of $28,067, of which $4,432 was allocated to warrants.

(i) 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	2,295,000	765,000	3.77	June 9, 2016
$0.40	75,000	NIL	0.10	October 10, 2012
$0.40	112,500	112,500	4.16	October 26, 2016
$0.19	127,500	382,500	5.00	August 17, 2017
	2,610,000	1,260,000	3.88	

(ii) Warrants Outstanding

During the period ended June 30, 2012, the Company issued 2,552,633 warrants under the NBPP as discussed previously. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.35 per share for a period of 24 months from the date of the private placement.

The fair value of the warrants was estimated at the issuance date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.96%
Expected life	2 years
Expected volatility	103%*
Share price	$0.16

*Based on volatility of comparable companies

Warrant pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's warrants.

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

a) 13,772,500 Warrants entitling the holder to purchase one common share of the Company at $0.60 per share at any time on or before May 10, 2013.

b) 2,552,633 Warrants entitling the holder to purchase one common share of the Company at $0.35 per share at any time on or before June 18, 2014.

(iii) Broker Warrants

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

a) 919,900 Warrants entitling the holder to purchase one Private Placement Unit of the Company at $0.40 per Private Placement Unit at any time on or before May 10, 2013.

COMMITMENTS AND CONTINGENCIES

Mineral Property Commitments

A summary of the Company´s outstanding mineral property commitments, pursuant to property option agreements, as at June 30, 2012 is as follows (all amounts are in United States Dollars):

Staggered payments	Year	Brechas Vacas	Chita	Minas de Pinto	Total	Brechas Vacas
Payable in:				Cash		Shares
		$	$	$	$	$
	2012	100,000	30,000	100,000	230,000	
	2013	100,000	40,000	150,000	290,000	40,000
	2014	140,000	-	-	140,000	40,000
	2015	170,000	-	-	170,000	60,000
	2016	200,000	-	-	200,000	80,000
Total staggered payments		**710,000**	**70,000**	**250,000**	**1,030,000**	**220,000**

Option payments	Year	Brechas Vacas	Chita	Minas de Pinto	Total	Brechas Vacas
Payable in:				Cash		Shares
		$	$	$	$	$
	2014	-	350,000	1,635,000	1,985,000	-
	2017	535,000	-	-	535,000	535,000
Total option payments		**535,000**	**350,000**	**1,635,000**	**2,520,000**	**535,000**
Total property payments		**1,245,000**	**420,000**	**1,885,000**	**3,550,000**	**755,000**

Exploration and drilling framework agreement:

On December 21, 2010, MSA entered into an exploration and drilling framework agreement with a drilling contractor (the "Contractor"), under which the Contractor agreed to make available to MSA the equipment, machinery and workforce necessary to drill up to a total amount of 6,000 m in the mining properties to be identified by MSA. MSA has already made an advance payment of $224,628 (the "Advance Payment"). The Advance Payment shall be proportionally offset with any invoices issued by the Contractor.

As at June 30, 2012, the Company has drilled 3,360 m and the outstanding balance of the advance payment has been reduced to $61,607.

Services agreement with the Company's President and CEO:

On December 26, 2011, the Company entered into a services agreement with an effective date of June 1, 2011, with its President and CEO. Pursuant to the services agreement, an annual fee of $140,000, consisting of salary and directors fees of MSA, will be paid in monthly instalments by MSA. The services agreement continues in effect and the parties propose to formally renew it in due course. 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.

<u>Consulting agreement with the Company's Vice-President (Exploration):</u>

On January 24, 2012, the Company entered into a consulting agreement with a director to become the Company's Vice-President (Exploration) in exchange for an hourly fee of $150 for office-based work on the Company's exloration program and a daily fee of $1,000 for exploration field work. Pursuant to an amendment to this agreement signed by both parties on May 4, 2012, the monthly fees charged under this agreement can range between a minimum of $6,000 per month and a maximum of $8,500 per month. The agreement expires January 18, 2013, and can be extended at the discretion of the Company's Board of Directors.

RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2012, the Company incurred the following related party transactions:

i) Transactions

a. A total of $4,780 in office rent expense and other minor expenses were charged by a shareholder of the Company.

b. A total of $70,000 was charged by the CEO of the Company.

c. A total of $23,918 was charged by an individual related to the Company's CEO.

d. A total of $22,000 of accounting and regulatory compliance fees and $12,000 of CFO fees was charged by an accounting firm in which the Company's CFO is a partner.

e. A total of $28,995 was charged by the Company's Vice-President (Exploration).

f. During the year ended December 31, 2011, the Company granted 2,950,000 stock options to key members of management. The amount of stock-based compensation expense for the period ended June 30, 2012 related to these options was $112,449.

g. Subsequent to the period ended June 30, 2012, the Company granted an aggregate of 510,000 incentivestock options under the Company's stock option plan, inclusive of an aggregate of 315,000 options to certain directors and officers. The options are exercisable at $0.19 per share, all of which shall vest one-quarter on August 17, 2012, one-quarter on February 17, 2013, one-quarter on August 17, 2013 and one-quarter on February 17, 2014, and shall be exercisable for a term of five years, in accordance with the Company's stock option plan. As of the date of these financial statements, a maximum of 3,973,826 common shares of the Company can be reserved for issuance pursuant to the Company's stock option plan, of which a total of 3,870,000 common shares are reserved for options currently outstanding.

ii) Period-end Balances

a. As at June 30, 2012, accounts payable and accrued liabilities included $327 payable to a shareholder of the Company.

b. As at June 30, 2012, accounts payable and accrued liabilities included $27,210 payable to accounting firm in which the Company's CFO is a partner.

c. As at June 30, 2012, accounts payable and accrued liabilities included $9,121 payable to the Company's Vice-President (Exploration).

All related party transactions were in the normal course of operations.

OFF-BALANCE SHEET TRANSACTIONS

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

BASIS OF PRESENTATION

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

The Company identifies its significant accounting policies in note 3 to the audited consolidated financial statements for the year ended December 31, 2011.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's 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 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

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 Explotation 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 financing in Canadian funds 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.

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 which is available under the Company's profile on www.sedar.com.

RECENT ACCOUNTING PRONOUNCEMENTS

There have been recent amendments to a number of standards under IFRS-IASB which will become effective for the Company's fiscal years ended December 31, 2012. Management does not expect that the adoption of these amendments will have any impact on the financial reporting of the Company. 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. Management has not yet had an opportunity to consider the potential impact of IFRS 9.

RECENT ARGENTINE REGULATIONS

i) 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 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 Chita Valley Project, namely the Brechas Vacas, Chita and Minas de Pinto Agreements. The Brechas Vacas and Minas de Pinto Agreements allow payments to be made in Argentine Pesos in the case that MSA is not able to acquire the United States Dollars. On August 3, 2012 MSA exercised its Purchase Option to acquire a 100% in the Chita property as explained in note 6 to the financial statements. A similar clause was also included in the terms of this agreement.

In accordance with current Argentine foreign currency control regulations, all capital contributions made by the Company in MSA are required to be converted, upon entering Argentina, into Argentine Pesos through selling the transferred funds through a local bank at the Central Bank's official exchange rate.

On March 1, 2012, MSA filed a formal petition before AFIP requesting the authorization to purchase the necessary United States Dollars in order to allow MSA to fulfill its obligations due within the year.

On April 13, 2012, MSA received consent, and subsequently acquired United States Dollars in order to discharge its obligations for fiscal 2012.

During May 2012, the Argentine Government increased their level of control over the exchange of foreign currencies and has significantly reduced the number of permits for the purchase of United States Dollars granted to Argentine companies in the private sector.

ii) Chubut Province – New mining activities regulation raised to Provincial Legislature:

On June 28, 2012 the governor of the province of Chubut, Argentina, Mr. Martin Buzzi, raised for consideration by the provincial legislature a draft law, whichif passed, will regulate oil and gas and mining activities in the province.

The most relevant aspect is that it introduces a series of new regulations that tend to increase the current royalties and impose the province's economic participation in mining projects through the state agency, Petrominera, while approving a zone where mining is allowed for development. (known as the mining permitted zone).

In summary, the most significant impact of the proposed regulations are as follows:

Increased Royalties:

a. Royalties: Unless the minerals are processed and /or marketed within the province, the actual 3% NSR will be calculated on gross sales.

b. Mining Compensation for mineral extraction: a new 5% royalty will be payable on gross sales in order to compensate the extraction of mineral that are ownership of Chubut province.

c. Petrominera Participation: should not be less than 4% of gross sales.

Increase in Net Profit Interest:

Petrominera will participate with a 7% direct net pre-tax profit interest.

Consequently, if the legislation is passed, it would raise the tax burden from a 3% NSR to 12% of gross sales, plus a 7% Net profit interest (NPI).

The Company currently has two ongoing prospects in this province, Carlos (24,213 has) and Putrachoique (17,500 has). The Putrachoique project is also outside the limits of the mining permitted zone.

Management is actively monitoring the evolution of this process.

QUALIFIED PERSONS

The Scientific and technical data included in this MD&A has been reviewed by Mr. Howard Coates, Professional Geoscientist, Director of the Company and a geological consultant. Mr Coates is a qualified person as defined by Canadian 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.