Condensed Interim Consolidated Financial Statements

Minsud Resources Corp.

For the Three Months Ended March 31, 2014

Unaudited

INDEX

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these financial statements.

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Comprehensive Loss
For the Three Months Ended March 31, 2014 and 2013
Unaudited - see Notice to Reader
(All Amounts in Canadian Dollars Unless Otherwise Noted)

	2014	2013
Expenses		
General and administrative	$ 7,429	$ 8,276
Marketing and communications	9,558	10,362
Professional and regulatory fees	54,236	75,157
Stock-based compensation (note 9)	7,348	9,428
Taxes on ownership of subsidiary	6,003	-
Less:		
Interest income	-	(707)
Net Loss for the Period	(84,574)	(102,516)
Other Comprehensive Loss		
Currency translation adjustment	(750,999)	(82,011)
Comprehensive Loss for the Period	$ (835,573)	$ (184,527)
Loss per Share - basic and diluted	$ -	$ -
Weighted Average Number of Common Shares Outstanding - basic and diluted	48,470,934	39,738,266
Net Loss for the Period Attributable to:		
Non-controlling interest	$ (391)	$ (708)
Equity shareholders of the Company	(84,183)	(101,808)
	$ (84,574)	$ (102,516)
Comprehensive Loss for the Period Attributable to:		
Non-controlling interest	$ (10,478)	$ (2,237)
Equity shareholders of the Company	(825,095)	(182,290)
	$ (835,573)	$ (184,527)

The accompanying notes form an integral part of these consolidated financial statements.

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Financial Position as at March 31, 2014
Unaudited - see Notice to Reader
(All Amounts in Canadian Dollars Unless Otherwise Noted)

	March 31, 2014	December 31, 2013 (Audited)
Assets		
Non-Current Assets		
Mineral properties (note 6)	$ 4,723,480	$ 5,271,150
Property and equipment (note 5)	31,548	41,663
	4,755,028	5,312,813
Current Assets		
Cash and cash equivalents	952,947	205,036
Prepaid expenses and deposits	20,316	11,601
Other receivables	62,706	56,926
	1,035,969	273,563
	$ 5,790,997	$ 5,586,376
Shareholders' Equity		
Issued capital (note 7)	$ 9,825,850	$ 9,041,202
Contributed surplus (note 9)	2,944,313	2,673,844
Cumulative translation reserve	(3,248,503)	(2,500,779)
Deficit	(4,324,488)	(4,236,369)
Equity attributable to shareholders of the Company	5,197,172	4,977,898
Non-controlling interest (note 1)	64,219	74,012
	5,261,391	5,051,910
Liabilities		
Non-Current Liabilities		
Property acquisition payable (note 6)	193,410	223,312
Current Liabilities		
Accounts payable and accrued liabilities	228,487	211,136
Current portion of property acquisition payable (note 6)	77,364	74,437
Other liabilities	30,345	25,581
	336,196	311,154
	$ 5,790,997	$ 5,586,376

Business of the Company (note 1)
Going Concern (note 2)
Commitments (notes 6 and 11)
Subsequent Event (note 12)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors

Signed "Carlos A. Massa", Director

Signed "Alberto F. Orcoyen", Director

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Changes in Equity
For the Three Months Ended March 31, 2014 and 2013
Unaudited - see Notice to Reader
(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Number of Common Shares	Issued Capital	Contributed Surplus	Currency Translation Reserve	Non-Controlling Interest	Deficit	Total Equity
Balance at January 1, 2014	43,757,266	$ 9,041,202	$ 2,673,844	$ (2,500,779)	$ 74,012	$ (4,236,369)	$ 5,051,910
Common shares issued pursuant to property option agreement (note 6)	210,000	21,000	-	-	-	-	21,000
Private placement proceeds (note 7)	10,420,004	772,480	269,520	-	-	-	1,042,000
Share issuance costs (note 7)	-	(18,753)	(6,541)	-	-	-	(25,294)
Continued vesting of stock options (note 9)	-	-	7,348	-	-	-	7,348
Loss for the period	-	-	-	-	(391)	(84,183)	(84,574)
Other comprehensive loss for the period	-	-	-	(740,912)	(10,087)	-	(750,999)
Effects of change in non-controlling interest (note 1)	-	9,921	142	(6,812)	685	(3,936)	-
Balance at March 31, 2014	54,387,270	$ 9,825,850	$ 2,944,313	$ (3,248,503)	$ 64,219	$ (4,324,488)	$ 5,261,391

	Number of Common Shares	Issued Capital	Contributed Surplus	Currency Translation Reserve	Non-Controlling Interest	Deficit	Total Equity
Balance at January 1, 2013	39,738,266	$ 8,769,179	$ 2,549,757	$ (1,441,063)	$ 92,631	$ (4,019,552)	$ 5,950,952
Continued vesting of stock options (note 9)	-	-	9,428	-	-	-	9,428
Loss for the period	-	-	-	-	(708)	(101,808)	(102,516)
Other comprehensive loss for the period	-	-	-	(80,482)	(1,529)	-	(82,011)
Balance at March 31, 2013	39,738,266	$ 8,769,179	$ 2,559,185	$ (1,521,545)	$ 90,394	$ (4,121,360)	$ 5,775,853

The accompanying notes form an integral part of these consolidated financial statements.

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Cash Flows
For the Three Months Ended March 31, 2014 and 2013
Unaudited - see Notice to Reader
(All Amounts in Canadian Dollars Unless Otherwise Noted)

	2014	2013
Cash Provided By (Used In):		
Operating Activities		
Net loss	$ (84,574)	$ (102,516)
Items not affecting cash:		
Stock-based compensation	7,348	9,428
	(77,226)	(93,088)
Net changes in non-cash working capital:		
Other receivables	(5,780)	(9,747)
Prepaid expenses	(8,715)	10,533
Accounts payable and accrued liabilities	67,913	7,094
Other liabilities	-	33,968
	(23,808)	(51,240)
Issuance of share capital	772,480	-
Contributed surplus	269,520	-
Share issuance costs	(25,294)	-
	1,016,706	-
Investing Activities		
Mineral property expenditures	(244,987)	(265,677)
	(244,987)	(265,677)
Change in Cash and Cash Equivalents	747,911	(316,917)
Cash and Cash Equivalents - Beginning of Period	205,036	1,063,920
Cash and Cash Equivalents - End of Period	$ 952,947	$ 747,003
Supplemental Cash Flow Information		
Interest received	$ -	$ 707
Significant Non-Cash Transactions Not Disclosed Above		
Common shares issued pursuant to property option agreement (note 1)	$ 21,000	$ -

The accompanying notes form an integral part of these consolidated financial statements.

1. Business of the Company

Minsud Resources Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on October 11, 2007. The registered office is located at 56 Temperance Street, Suite 200, Toronto Ontario.

The Company is principally engaged in the process of exploring and developing its mineral resource properties located in Argentina. To date, the Company has not earned significant revenues and is considered to be in the development stage. The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to develop these properties and future profitable operations or proceeds of disposition from these properties.

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Minsud Argentina Inc. ("MAI"), and MAI's subsidiary Minera Sud Argentina S.A. ("MSA"), and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB") as further discussed in Note 2.

MAI acquired 10,309,400 of the 10,852,000 outstanding common shares of MSA at May 10, 2011, representing a 95% ownership interest in MSA. 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 includes 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.

As at March 31, 2014, MAI held 41,191,499 of the 41,734,099 outstanding common shares of MSA, representing an ownership interest of 98.70% (December 31, 2013 - 34,452,185 of the 34,994,785 outstanding common shares of MSA, representing an ownership interest of 98.45%). As at March 31, 2014, the 542,600 shares of MSA not owned by MAI represented a non-controlling interest of 1.30% (December 31, 2013 - 1.55%).

2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2013, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2013, and were approved by the Company's Board of Directors on May 29, 2014.

2. Basis of Presentation and Going Concern (continued)

b) Going Concern

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 for the foreseeable future. There are material uncertainties regarding the Company's ability to continue as a going concern. The Company has not generated revenue from operations. During the period ended March 31, 2014, the Company incurred a net loss of $84,574 (2013 - $102,516) and as of that date, the Company's deficit was $4,324,488 (December 31, 2013 - $4,236,369). As at March 31, 2014, the Company has current assets of $1,035,969 (December 31, 2013 - $273,563) and current liabilities of $336,196 (December 31, 2013 - $311,154). The Company has working capital as at March 31, 2014 of $699,773 (December 31, 2013 - working capital deficiency of $37,591).

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.

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.

3. Significant Accounting Policies

The accounting policies are consistent with those of the Company's audited consolidated financial statements for the year ended December 31, 2013.

(All Amounts in Canadian Dollars Unless Otherwise Noted)

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, recoverability of amounts capitalized as mineral properties, determinations as to whether costs are expensed or deferred, evaluation of contingencies and determination of the Company's functional currency.

Management has determined that judgments, estimates and assumptions reflected in these consolidated financial statements are reasonable.

5. Property and Equipment

As at March 31, 2014	**Vehicles**	**Office Equipment**	**Other**	**Total**
Cost				
Balance, beginning of period	$ 78,447	$ 17,923	$ 2,216	$ 98,586
Additions	-	-	-	-
Currency translation adjustments	(12,005)	(2,743)	(339)	(15,087)
Balance, end of period	66,442	15,180	1,877	83,499
Accumulated depreciation				
Balance, beginning of period	(41,247)	(14,215)	(1,461)	(56,923)
Depreciation	(3,490)	(413)	(25)	(3,928)
Currency translation adjustments	6,480	2,195	225	8,900
Balance, end of period	(38,257)	(12,433)	(1,261)	(51,951)
Net carrying amount as at March 31, 2014	$ 28,185	$ 2,747	$ 616	$ 31,548

(All Amounts in Canadian Dollars Unless Otherwise Noted)

5. Property and Equipment (continued)

As at March 31, 2013	Vehicles	Office Equipment	Other	Total
Cost				
Balance, beginning of period	$ 135,718	$ 22,183	$ 2,743	$ 160,644
Additions	-	-	-	-
Currency translation adjustments	(2,255)	(369)	(46)	(2,670)
Balance, end of period	133,463	21,814	2,697	157,974
Accumulated depreciation				
Balance, beginning of period	(70,259)	(15,105)	(1,403)	(86,767)
Depreciation	(4,838)	(620)	(101)	(5,559)
Currency translation adjustments	1,231	259	25	1,515
Balance, end of period	(73,866)	(15,466)	(1,479)	(90,811)
Net carrying amount as at March 31, 2013	$ 59,597	$ 6,348	$ 1,218	$ 67,163

6. Mineral Properties

	San Juan Province Chita Valley			Santa Cruz Province			
As at March 31, 2014	**Brechas Vacas**	**Chita**	**Minas de Pinto**	**San Antonio**	**La Rosita**	**Other**	**TOTAL**
Balance, beginning of period	$1,624,178	$ 2,039,717	$ 867,504	$ 173,547	$ 566,093	$ 111	$ 5,271,150
Property rights/exploration agreements	-	59,491	-	-	-	-	59,491
Exploration	18,766	117,319	25,920	4,253	8,804	-	175,062
Currency translation adjustments	(242,119)	(305,967)	(125,258)	(26,120)	(82,742)	(17)	(782,223)
Balance, end of period	$1,400,825	$ 1,910,560	$ 768,166	$ 151,680	$ 492,155	$ 94	$ 4,723,480

	San Juan Province Chita Valley			Santa Cruz Province			
As at March 31, 2013	**Brechas Vacas**	**Chita**	**Minas de Pinto**	**San Antonio**	**La Rosita**	**Other**	**TOTAL**
Balance, beginning of period	$1,714,751	$ 2,142,429	$ 520,769	$ 188,523	$ 669,878	$ 2	$ 5,236,352
Property rights/exploration agreements	-	19,234	-	-	-	-	19,234
Exploration	58,188	124,590	54,801	4,882	3,467	-	245,928
Currency translation adjustments	(28,729)	(36,236)	(8,933)	(3,151)	(10,732)	-	(87,781)
Balance, end of period	$1,744,210	$ 2,250,017	$ 566,637	$ 190,254	$ 662,613	$ 2	$ 5,413,733

6. Mineral Properties (continued)

Brechas Vacas Property

Initial Exploration Agreement

On September 7, 2007, the Company, through its subsidiary MSA, entered into an Exploration Agreement including a Purchase Option (the "Brechas Vacas Agreement") with the owners of the mining properties (the "BV Owners") identified as Proyecto Brechas Vacas, located 35 km from Iglesia in the Chita Valley, in the Province of San Juan, Argentina. Included in the Brechas Vacas properties are the Luis, Luis I and Luis IV mining concessions covering 2,580 hectares.

In exchange for the right to evaluate, prospect and explore the properties, the Company paid to the BV Owners a series of staggered payments totalling US$240,000 ($263,568) within four years of the date of the Brechas Vacas Agreement. In addition to the exploration rights, the BV Owners granted to the Company an irrevocable and exclusive option to purchase a 50% ownership interest in these properties pursuant to certain terms and conditions stated in the Brechas Vacas Agreement.

On September 6, 2011, MSA exercised its option to purchase a 50% ownership interest in these properties for consideration of US$210,000 ($207,748). In order to facilitate this, on December 23, 2011, ownership of the properties was transferred by the BV Owners to the Brechas Vacas Trust. MSA simultaneously acquired a 50% beneficial interest in the Brechas Vacas Trust in exchange for the consideration of US$210,000 in accordance with the terms of the option agreement dated September 7, 2007, and an extension agreement dated November 23, 2011.

Option Agreement Related to the Remaining 50 % Interest of the Brechas Vacas Trust

The remaining 50% beneficial interest in the Brechas Vacas Trust held by the BV Owners was subject to a new exclusive and irrevocable purchase option agreement (the “Option”) granted in favor of MSA. The Option provides MSA with an irrevocable and exclusive right to purchase the remaining 50% beneficial interest in the Brechas Vacas Trust in addition to the exclusive right to evaluate, prospect and explore the Brechas Vacas properties.

The Option is subject to semi-annual staggered payments to the BV Owners of US$710,000 in aggregate commencing on July 4, 2012, and ending on December 9, 2016, in addition to an aggregate payment of US$220,000 to be settled by the issuance of an equivalent number of common shares of the Company sometime between June 28, 2013 and December 9, 2016. The Option can be fully exercised by MSA at any time on or before June 7, 2017 (the “Expiration Date”). The Option’s exercise price is US$1,070,000 payable by cash payments of US$535,000 and a payment of US$535,000 to be satisfied by the issuance of an equivalent number of common shares of the Company. The issuance of common shares of the Company is subject to the Exchange's approval and will be issued at the market price as of the date any commitment becomes due. If MSA decides to exercise the Option before the Expiration Date, 75% of any outstanding payments, whether accrued or not, will be added to the final exercise price of the Option.

(All Amounts in Canadian Dollars Unless Otherwise Noted)

6. Mineral Properties (continued)

Brechas Vacas Property (continued)

On December 19, 2013, MSA and the BV Owners signed an addendum to the Option that extends the period of time in which the Company is to pay the semi-annual staggered payments of US$560,000 remaining as at the date of the addendum, with the final payment due June 24, 2019. Pursuant to the addendum, the Expiration Date of the Option is extended to December 19, 2019. The addendum also extends the period of time in which the Company is to issue an equivalent number of common shares of the Company to settle the remaining balance of US$200,000. The issuance of such shares is to take place on various dates between June 24, 2017 and June 24, 2019.

The staggered payment and share issuance commitments related to this addendum are summarized as follows:

		Cash Payments		Payments in Shares			
Year	**Payment date**	**$US**	**Status**	**Shares**	**Price Per Share**	**$US**	**Status**
2012	July 4, 2012	$ 50,000	Paid				
2012	December 28, 2012	50,000	Paid				
2013	June 13, 2013	50,000	Paid	419,000	$ 0.05	$ 20,000	Issued
2013	December 26, 2013	20,000	Paid	210,000	0.10	20,000	Issued
2014	June 14, 2014	20,000				-	
2014	December 19, 2014	20,000				-	
2015	June 15, 2014	25,000				-	
2015	December 19, 2015	25,000				-	
2016	June 24, 2016	30,000				-	
2016	December 19, 2106	30,000				-	
2017	June 24, 2017	50,000		(1)	(1)	30,000	
2017	December 19, 2017	60,000		(1)	(1)	30,000	
2018	June 24, 2018	80,000		(1)	(1)	40,000	
2018	December 19, 2018	100,000		(1)	(1)	40,000	
2019	June 24, 2019	100,000		(1)	(1)	40,000	
		$ 710,000		629,000	$ 0.067	$ 220,000	

(All Amounts in Canadian Dollars Unless Otherwise Noted)

6. Mineral Properties (continued)

Brechas Vacas Property (continued)

As at March 31, 2014, the Company's obligations pursuant to the Option are as follows:

	Cash	Shares		
	$US	Shares	Price Per Share	$US
Settled payments	$ 170,000	629,000	$ 0.067	$ 40,000
Outstanding payments	$ 540,000	(1)	(1)	$ 180,000

(1) The number of common shares to be issued by the Company in connection with the payments discussed above is dependent upon the market price of the Company's shares at the time the shares are issued to the BV owners pursuant to the terms of the Option.

During the period ended March 31, 2014, the Company issued 210,000 common shares of the Company to the BV Owners at a market value of $0.10 per share in settlement of a payment of US$20,000 ($21,000) in connection with the Option discussed above.

Once the Option is exercised and the remaining 50% of the beneficial interest in the Brechas Vacas Trust is transferred to MSA, the BV Owners will retain a 1.5% Net Smelter Return (“NSR”) on the Brechas Vacas properties with Minsud having the option to purchase a 0.75% NSR, at any time, for a one-time payment of US$750,000.

As at March 31, 2014, the Company had made cash payments totalling US$170,000 ($174,200) and issued 629,000 common shares of the Company related to four installments to the BV Owners pursuant to the terms of the Option. As at March 31, 2014, the Company was in compliance with their staggered payments schedule.

Chita Property

Initial Exploration Agreement

On September 28, 2006, the Company, through MSA, entered into an Exploration Agreement (the "Chita Agreement") including a Purchase Option to purchase a 100% ownership interest in the mining properties pursuant to certain terms and conditions, with the owners of the mining properties identified as Proyecto Chita, located 30 km from Iglesia, in the Chita Valley, in the Province of San Juan, Argentina. Included in Proyecto Chita are the Chita I, II, III, IV, V and VI mining concessions, as well as the Romina, Lucrecia and Mabel mining concessions covering 3,435 hectares.

6. Mineral Properties (continued)

Chita Property (continued)

Purchase Option

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 exercise of the Purchase Option, and the conditions under which the Purchase Option was exercised, were accepted by the owners of the Chita property.

On September 12, 2012, the ownership interest in the Chita Property was transferred to the Company by an assignment of mining rights (Cesion de Manifestaciones de descubrimiento) signed under public notary, which is now registered by the Ministry of Mines in San Juan Province.

In consideration for the transfer of ownership of the Chita Property, the Company is required 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 offer to exercise the purchase option; 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. As of the date of these financial statements, the Company has made the first five payments totalling US$175,000 ($179,715) and is in compliance with their payment commitments. The remaining payments have been accrued in property acquisition payable.

The payments related to the exercise of the Purchase Option will be made as follows (all amounts are in United States Dollars):

2014	$	35,000
2015	$	70,000
2016	$	70,000
2017	$	70,000

The financing of the purchase of the Chita property is without recourse against the Company. Should the Company fail to meet the payment obligations noted above, 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.

Minas de Pinto Property

Initial Exploration Agreement

On May 7, 2010, the Company, through MSA, entered into an Exploration Agreement including a Purchase Option (the "Minas de Pinto Agreement") with the owners of the mining properties identified under the name of Proyecto Minas de Pinto, located 30 km from Iglesia, in the Chita Valley in the Province of San Juan, Argentina. Included in Proyecto Minas de Pinto are the Arqueros, San Marcos, Estrellita, Paulita, Paulita II, Pierina II, Pierina III, San Pablo, San Urbano and Rosita II mining concessions covering 2,445 hectares.

6. Mineral Properties (continued)

Minas de Pinto Property (continued)

Pursuant to the Minas de Pinto Agreement, the owners granted to the Company the irrevocable and exclusive right to evaluate, prospect and explore the properties using any method, and at the Company's sole discretion. In addition to the exploration rights, the owners granted to the Company an irrevocable and exclusive option to purchase a 100% ownership interest in these properties pursuant to certain terms and conditions stated in the Minas de Pinto Agreement.

On September 12, 2012, the first addendum to the Minas de Pinto Agreement was signed to re-structure the payment schedule included in the Minas de Pinto Agreement in light of the present financial market condition. Pursuant to the first addendum, in exchange for the right to evaluate, prospect and explore the properties, the Company shall pay to the owners a series of staggered payments totalling US$500,000, with the first payment due May 7, 2013, and the final payment due May 7, 2016 (see schedule below). As at the date of signing the first addendum, the Company had paid US$165,000 ($165,646).

Pursuant to the first addendum of the Minas de Pinto Agreement, if the purchase option relating to the mining properties described above were to be exercised, the Company would be required to make a payment of US$1,335,000 at any time during the life of the agreement, but prior to May 7, 2017.

On November 5, 2013, the Company signed a second addendum to the Minas de Pinto Agreement. Pursuant to the second addendum, the payment of US $75,000 due November 7, 2013 was replaced with a payment of US$37,500 due November 7, 2013, and a payment of US$37,500 due November 7, 2015. The restructured payments are within the terms of the Option Agreement.

The Minas de Pinto Trust

Subsequent to March 31, 2014, the Minas de Pinto Owners settled the Minas de Pinto Trust and transferred 100% of the mineral properties governed by the Minas de Pinto agreement to the Minas de Pinto Trust. The Company acquired a 50% interest in the Minas de Pinto Trust for total consideration of US$412,500 with the first payment due upon signing and the final payment due May 7, 2018 (see following schedule).

The financing of the acquisition of the first 50% interest in the Minas de Pinto Trust is an obligation without recourse. Accordingly, if the Company cannot satisfy future payments, it will only result in the Company 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 remaining 50% beneficial interest in the Minas de Pinto Trust held by the Minas de Pinto Owners was subject to a new exclusive and irrevocable purchase option agreement (the “Option”) granted in favor of MSA. The Option provides MSA with an irrevocable and exclusive right to purchase the remaining 50% beneficial interest in the Minas de Pinto Trust in addition to the exclusive right to evaluate, prospect and explore the Minas de Pinto properties for consideration of US$1,335,000 payable at any time on or before May 7, 2019.

(All Amounts in Canadian Dollars Unless Otherwise Noted)

6. Mineral Properties (continued)

Minas de Pinto Property (continued)

The staggered payments related to the original Minas de Pinto Agreement following the addendum are summarized as follows:

Year	Payment Date	$US	Status
2010	May 7, 2010	$ 20,000	Paid
2010	November 7, 2010	20,000	Paid
2011	November 7, 2011	75,000	Paid
2012	September 13, 2012	50,000	Paid
2013	May 7, 2013	50,000	Paid
2013	November 7, 2013	37,500	Paid
		$ 252,500	

As at March 31, 2014, the Company had paid US$252,500 ($255,093) related to six installments as required by the Minas de Pinto Agreement and the first and second addendums to the Minas de Pinto Agreement. As at March 31, 2014, the Company was in compliance with their staggered payments schedule.

The staggered payments related to the acquisition of the 50% interest in the Minas de Pinto Trust are summarized as follows:

Year	Payment Date	$US	Status
2014	April 24, 2014	$ 50,000	(1)
2015	May 7, 2015	50,000	
2015	November 7, 2015	50,000	
2016	May 7, 2016	57,500	
2017	May 7, 2017	75,000	
2018	May 7, 2018	130,000	
		$ 412,500	

(1) Subsequent to March 31, 2014, the Company made the first payment of US $50,000 ($55,165) related to the acquisition of the 50% interest in the Minas de Pinto Trust.

6. Mineral Properties (continued)

La Rosita Property

The La Rosita Property, a gold and silver prospect in which the Company has a 100% ownership interest, is located within the Deseado Massif and the Area of Special Mining Interest of Santa Cruz Province.

San Antonio Property

The San Antonio Property, a prospect in which the Company has a 100% ownership interest, is located within the Deseado Massif and the Area of Special Mining Interest of Santa Cruz Province.

Property Agreement Payments

If MSA is unable to obtain sufficient United States Dollars to make the cash payments required by the property agreements as a result of regulations imposed by the Argentine government as they relate to the purchase of foreign currencies, each of MSA's agreements related to the Brechas Vacas and Minas de Pinto properties, as well as the financing obtained for the the acquisition of the Chita property, 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.

7. Issued Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series.

During the period ended March 31, 2014, the Company issued 10,420,004 units (pursuant to a non-brokered private placement) for proceeds of $1,042,000, of which $269,520 was allocated to warrants (see note 8).

Each unit consists of one common share and one warrant. 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 common shares issued pursuant to the non-brokered private placement are subject to a four month hold period expiring on June 22, 2014.

In connection with the private placement, the Company paid legal fees and expenses of $25,294 of which $6,541 was allocated to warrants (see note 8).

(All Amounts in Canadian Dollars Unless Otherwise Noted)

8. Warrants

	Number	Amount	Weighted Average Exercise Price
Balance - January 1, 2014	6,152,633	$ 240,249	$ 0.35
Issued for cash	10,420,004	269,520	0.35
Issuance costs		(6,541)	
Balance - March 31, 2014	16,572,637	$ 503,228	$ 0.35

During the period ended March 31, 2014, the Company issued 10,420,004 warrants (pursuant to a non-brokered private placement) as discussed in note 7. 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 grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.00%
Expected life	2 years
Expected volatility	130%
Share price	$0.074

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 March 31, 2014, the following Warrants were issued and outstanding:

Exercise Price	Warrants Outstanding	Remaining Contractual Life (Years)	Expiry Date
$ 0.35	2,552,633	0.21	June 18, 2014
$ 0.35	3,600,000	1.44	September 10, 2015
$ 0.35	10,420,004	1.92	February 21, 2016
	16,572,637	1.55	

9. Stock Option Plan

On November 29, 2011 a new form of stock option plan (the “2011 Plan”) was approved by the shareholders at the annual and special meeting of shareholders held that day. The 2011 Plan is a rolling stock option plan. Options to purchase up to 10% of the total number of Company Shares issued and outstanding at the date of any grant are issuable pursuant to the 2011 Plan. The 2011 Plan is a rolling plan as the number of options which may be granted pursuant to the 2011 Plan will increase as the number of the Company's shares, which are issued and outstanding, increases. If an option expires or is otherwise terminated for any reason, the number of the Company's shares in respect of that expired or terminated option shall again be available for the purposes of the 2011 Plan. Pursuant to the policies of the Exchange, the shareholders of the Company are required to approve on a yearly basis stock option plans which have a rolling plan ceiling. Options issued under the 2011 Plan are non-assignable and non-transferable and may be granted for a term not exceeding ten years. The 2011 Plan is administered by the Company’s board of directors (the "Board of Directors") or a committee established by the Board of Directors for that purpose (the “Committee”). The 2011 Plan may be amended, subject to applicable regulatory and shareholder approval, or terminated by the Board of Directors or the Committee at any time, but such amendment or termination will not alter the terms or conditions of any option awarded prior to the date of such amendment or termination. Any option outstanding when the 2011 Plan is amended or terminated will remain in effect until it is exercised or expires or is otherwise terminated in accordance with the provisions of the 2011 Plan. The 2011 Plan provides that other terms and conditions, including vesting provisions, may be attached to a particular stock option at the discretion of the Board of Directors or the Committee, provided that, if required by any stock exchange on which the shares of the Company trades, options issued to consultants which provide investor relations activities must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three-month period. All option grants are to be evidenced by the execution of an option agreement between the Company and the optionee which shall give effect to the provisions of the 2011 Plan. Options may be granted under the 2011 Plan only to directors, officers, employees and other service providers of the Company subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Company's shares may be listed or may trade from time to time.

(All Amounts in Canadian Dollars Unless Otherwise Noted)

9. Stock Option Plan (continued)

The aggregate number of the Company's shares which may be reserved for issuance to any one individual under the 2011 Plan within any 12 month period shall not exceed 5% of the Company's shares issued and outstanding at the date of the grant (on a non-diluted basis). Further, the aggregate number of the Company's shares which may be reserved for issuance under the 2011 Plan: (a) to any consultant to the Company shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis) and (b) to all employees or consultants who provide investor relations activities shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis). In the event an optionee ceases to be a service provider or employee of the Company (other than by reason of death), the vested stock options will expire on the earlier of the expiry date stated in the option agreement executed in respect of such grant and one year following the date of termination. In the event of death of an optionee, all options will be automatically exercisable by the personal representatives of the optionee within, but only within, the period of one year next succeeding the optionee's death and prior to the expiry date of the option, whichever is sooner. The price at which an optionee may purchase a Company's share upon the exercise of an option will be as set forth in the option agreement executed in respect of such option and, in any event, will not be less than the market price of the Company's shares as of the date of the grant of the stock option (the "Grant Date") less any discounts from the market price allowed by the Exchange, subject to a minimum exercise price of $0.10. The market price of the Company's shares means the closing price on the last trading day immediately preceding the Grant Date. The Company's shares will not be issued pursuant to options granted under the 2011 Plan until they have been fully paid for.

i) Movements in stock options during the period:

	Number of Options	Weighted Average Exercise Price
Balance - January 1, 2014 and March 31, 2014	4,375,000	$ 0.34

ii) Stock options outstanding at the end of the period

Exercise Price	Options Vested	Options Unvested	Remaining Contractual Life (Years)	Expiry Date
$ 0.40	3,060,000	-	2.19	June 9, 2016
$ 0.40	225,000	-	2.57	October 26, 2016
$ 0.19	510,000	-	3.38	August 17, 2017
$ 0.10	145,000	435,000	4.51	October 3, 2018
	3,940,000	435,000	2.66	

10. Related Party Transactions and Balances

During the period ended March 31, 2014, the Company incurred the following related party transactions:

i) Transactions

a) During the period ended March 31, 2014 the Company borrowed, and repaid in full, 500,000 Argentine Pesos (approximately $72,539) plus accrued interest and related expenses of 9,293 Argentine Pesos (approximately $1,348) to a shareholder of the Company.

b) A total of $21,000 was charged by the CEO of the Company.

c) A total salary of $8,455 was charged by an individual related to the Company's CEO.

d) A total of $6,000 of accounting and regulatory compliance fees and $4,500 of CFO fees was charged by an accounting firm in which the Company's CFO is a partner.

e) A total of $15,000 was charged by the Company's Vice-President (Exploration). This amount has been capitalized to mineral properties.

f) The amount of stock-based compensation expense for the period ended March 31, 2014 related to the continued vesting of stock options issued to key members of management was $4,829.

ii) Period-end balances

a) As at March 31, 2014, accounts payable and accrued liabilities included $7,912 payable to the CEO of the Company.

b) As at March 31, 2014, accounts payable and accrued liabilities included $36,463 payable to an accounting firm in which the Company's CFO is a partner.

c) As at March 31, 2014, accounts payable and accrued liabilities included $13,000 payable to the Company's Vice-President (Exploration).

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

11. Commitments

a) On January 2, 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 June 30, 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.

b) On February 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 June 30, 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.

Additional commitments are disclosed in note 6.

12. Subsequent Events

Subsequent to the period ended March 31, 2014, the Company granted an aggregate of 1,040,000 stock options to directors, officers, employees and non-employees. The options have an exercise price of $0.10 per share and shall vest as follows: one-quarter on May 12, 2014, one-quarter on November 12, 2014, one-quarter on February 12, 2015 and one-quarter on November 12, 2015. The options have a term of five years from May 12, 2014, the date of grant.

An additional subsequent event is disclosed in note 6.