

Management's Discussion and Analysis of the Consolidated Financial Statements
For the Year Ended December 31, 2013

Minsud Resources Corp.

56 Temperance Street
Suite 200
Toronto, Ontario
M5H 3V5

Contact: Carlos A. Massa
Phone: +54 11 4328 4067
E-mail: cmassa@minsud.com

Contact: Mike Johnston
Phone: 416-479-4466
E-mail: mike@minsud.com

MINSUD RESOURCES CORP. MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended December 31, 2013

INTRODUCTION

The following is a Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Minsud Resources Corp. (the "Company" or "Minsud") to enable a reader to assess the financial condition and results of operations of the Company for the year ended December 31, 2013.

This MD&A has been prepared as at April 16, 2014 unless otherwise indicated.

This MD&A should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2013 (the "Financial Statements"), including the related note disclosure. The Financial Statements are presented on a consolidated basis and include the accounts of the Company, its wholly-owned subsidiary Minsud Argentina Inc. ("MAI"), and MAI's subsidiary Minera Sud Argentina S.A. ("MSA"), an Argentinean company in which MAI has a 98.45% 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 ON FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by

the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company’s business, or if the Company’s estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar, Argentine Peso and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada and Argentina or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of mineral exploration and development (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on mining, including those currently enacted in Argentina; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labour; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses, permits and approvals from government authorities; business opportunities that may be presented to, or pursued by, the Company; challenges to, or difficulty in maintaining, the Company’s title to properties; risks relating to the Company’s ability to raise funds; and the factors identified under “Risk Factors” in this MD&A and in the Company’s Filing Statement dated April 27, 2011 available under the Company’s profile at www.sedar.com.

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

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

CORPORATE OVERVIEW

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

As a result of its Qualifying Transaction, the Company acquired all of the issued and outstanding shares of Minsud Resources Inc. (“MSR”) by way of a three cornered amalgamation resulting in the amalgamation of MSR and 1830835 Ontario Inc., a wholly owned subsidiary of the Company, to form MAI (the “Minsud Transaction”). At the time of the completion of the Minsud Transaction, MAI became the owner of 95% of the issued outstanding shares of MSA, which was previously held by MSR. As at December 31, 2013, MAI held 34,452,185 of the 34,994,785 outstanding common shares of MSA, representing an ownership interest of 98.45%.

As of the date of this MD&A, the members of the Company’s Board of Directors 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. All members of the Company’s Board of Directors were reelected as Board members at the annual Shareholders’ Meeting held September 26, 2013.

Principal Business of the Company

The Company is focused on the business of mineral and resource exploration and development in Argentina through MSA, the Company’s 98.45% controlled indirect subsidiary.

The Company’s principal exploration project is the Chita Valley project consisting of five contiguous properties, namely Brechas Vacas, Chita and Minas de Pinto mineral concessions (8,350 ha), as well as the Chita II claim (4,500 ha) and the New claim (1,244 ha) located to the west of Brechas Vacas which are pending for approval.

MSA holds a 100% interest in the Chita property and the Chita II and the New claims. MSA has a 50% beneficial interest in the Brechas Vacas Trust which holds title to the Brechas Vacas properties and is a party to a purchase option agreement to acquire the remaining 50% beneficial interest in the Brechas Vacas Trust. MSA is a party to an exploration and purchase option agreement for the Minas de Pinto property. 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.

The Company also owns 100% of the mining rights at the La Rosita (9,970 ha) gold and silver project at the Deseado Massif – Santa Cruz Province, República Argentina and also holds a 100% owned portfolio of selected early stage prospects which includes approximately 50,000 hectares distributed within the Provinces of Santa Cruz (18,000 ha), Chubut (23,000 ha) and Rio Negro (9,000 ha) in the Republic of Argentina.

BUSINESS DEVELOPMENTS DURING THE YEAR ENDED DECEMBER 31, 2013

Junior mineral exploration companies have been operating under highly stressed market conditions combined with poor venture capital markets since late 2011, and are now being influenced by the current downturn in the prices of precious and base metals.

During this past fiscal period, the Company has been exploring the Chita Valley Project, applying a program that represents a balance between systematic multidisciplinary exploration and prudent use of limited funding.

In this regard the Company concentrated primarily on the continuation of systematic detailed geological mapping and alteration studies with selective surface sampling in order to identify high quality targets to be drilled when financing is available. During this fiscal year, the Company completed this program in the Chita Porphyry South and North, Chinchillones Diatreme Complex and Minas the Pinto. The Company reported on the results of the program related to the western zone of the Minas de Pinto target in its press release dated September 17, 2013. The Company then reported on the results of the program related to the central and eastern zones in a press release dated January 29, 2014.

Effective July 1, 2013, management implemented a re-structuring plan that includes maintaining core personnel while lowering the compensation package for key members of management while market conditions remain as previously described.

The following agreements have allowed the Company reduce both payments in cash and shares relating to the Chita Valley properties, mainly for 2013, 2014 and 2015: (i) acquisition of 100% of the Chita property with medium-term financing; (ii) the first addendum to the Minas de Pinto option agreement to reschedule certain staggered payment obligations and to extend the terms for exercising the purchase option. (iii) the second addendum to the Minas de Pinto option agreement where the payment of US\$75,000 due on November 7, 2013 was replaced with a payment of \$37,500 due on November 7, 2013, and a payment of \$37,500 due on November 7, 2015; and (iv) the first addendum to the Brechas Vacas option agreement that extends the period of time in which the Company can pay the remaining semi-annual staggered cash payments of US\$540,000. This first addendum also extends the period of time in which the Company can issue an equivalent number of common shares of the Company to settle the remaining balance of US\$180,000. The issuance of such shares is to take place on various dates between June 24, 2017 and June 24, 2019. A detailed summary of the contingencies and commitments related to current option agreements and financing of mineral properties acquisition can be found under heading "Comitments and Contingencies"

On June 28, 2013, the Corporation issued 419,000 common shares of the Company to the owners of the Brechas Vacas property (the "BV Owners") at a deemed value of \$0.05 per share in settlement of a US\$20,000 payment in connection with the Brechas Vachas option agreement. On January 6, 2014, the Company issued 210,000 common shares at a deemed price of C\$0.10 per share in settlement of a US\$20,000 option payment to the BV Owners. In addition, MSA made a cash payment of US\$20,000 to the BV Owners in accordance with the terms of the option agreement.

On September 10, 2013, the Company issued 3,600,000 units (pursuant to a non-brokered private placement initially announced on August 14, 2013) for gross proceeds of \$360,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant under the financing 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 closing date of the private placement. The proceeds of the private placement have been and will be used by Minsud for financing exploration costs, option payments relating to Minsud's material properties and for general working capital purposes.

On October 3, 2013, Minsud announced the grant of an aggregate of 580,000 incentive stock options under the Company's stock option plan, inclusive of an aggregate of 390,000 options issued to certain directors and officers. The options are exercisable at \$0.10 per share, which shall vest as to one-quarter (1/4) on October 3, 2013, one-quarter (1/4) on April 3, 2014, one-quarter (1/4) on October 3, 2014, and one-quarter (1/4) on April 3, 2015, and shall be exercisable for a term of five years from the date of grant, in accordance with the Company's stock option plan. As of the date of this MD&A, a total of 5,438,727

common shares of the Company are reserved for issuance under the Company's stock option plan, of which a total of 4,375,000 common shares are subject to options outstanding.

On February 22, 2014 the Company issued 10,420,004 units (pursuant to a non-brokered private placement) for proceeds of \$1,042,000. 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 net proceeds will be used by the Company for financing a diamond drilling program of 1,000 to 1,500 meters at the Chita South porphyry target, option payments relating to the Company's material properties and for general working capital purposes.

EXPLORATION DEVELOPMENTS DURING THE YEAR ENDED DECEMBER 31, 2013

I. CHITA VALLEY PROJECT

A) Mining rights

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

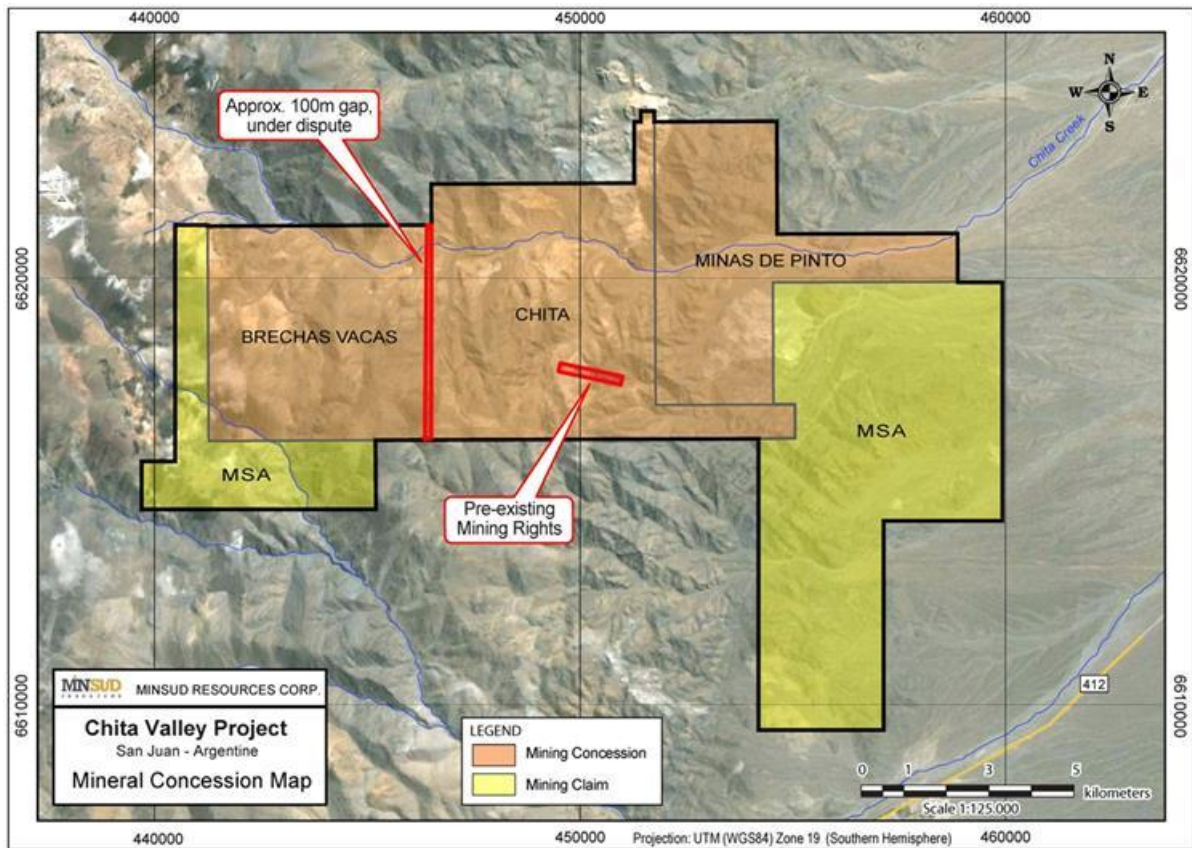
MSA has requested for approval the New claim covering (1,244) ha on the western area adjacent to the Brechas Vacas property that was identified as released in the mining cadastre of San Juan. As of the date of this MD&A, the application is still pending for concession.

Thirty hectares within the boundaries of the Chita property are owned by third parties. However, the Company does not consider such property held by third parties as being material to its current exploration activities.

In addition, a gap of 6.6 hectares between the properties of Chita and Brechas Vacas had been claimed by third parties and is currently under dispute with the local mining authority. The Graphic Register of Mines (Registro Gráfico de Minas) has denied registration to such third party's claim. This step is in line with the stance of MSA in the sense that such claim has not enough surface for mineral dissemination nor for vein mineralization, according to the Argentine Mining Code. On September 17, 2013 the Legal Department of the Ministry of Mines of San Juan Province issued a legal opinion denying such third party claims based on the same plot as argued by MSA. The issue then progressed up to the Mining Council which issued the final resolution confirming denying the claim of the third parties and issuing an order to delete it from the Registro Gráfico de Minas. MSA had requested the extension of the MD's Chita I, II and V (Manifestaciones de descubrimiento) up to the western boundaries with Brechas Vacas covering the whole area.

To summarize, the Company, through its affiliate MSA, owns 100% of the Chita property and the Chita II and New claims. MSA is also the beneficial owner of a 50% interest in the Brechas Vacas Trust, while the remaining 50% beneficial interest in the Brechas Vacas Trust is held by the BV Owners and is subject to an exclusive and irrevocable purchase option agreement granted in favor of MSA. The Brechas Vacas Trust owns 100% of the Brechas Vacas property. MSA is a party to an exploration agreement with a purchase option with the owners of the Minas de Pinto properties to purchase 100% of the Minas de Pinto property. Further information is disclosed in Note 6 of the annual financial statements.

See chart below.



B) Chita Environmental Impact Report

On October 18, 2012, the first bi-annual actualization of the Chita property EIR (Environmental Impact Report) was approved by the Ministry of Mining of San Juan Province. The resolution has also imposed certain conditions which MSA must comply with, which are basically related to providing an archeological prospection report, surveying on glacier and periglacial areas, monitoring water, vegetation and wildlife on the Chita district.

MSA hired independent advisors and specialists to complete these requirements within the terms granted. The report on glacier, periglacier and permafrost has been received and concludes that within the area of the Chita property, there are not any glacier forms such as those mentioned in Article 2 of the Provincial Law # 8144.

The preliminary archeological report anticipated that the existing background of the area indicates that an archeological prospection is required soon. MSA has already requested permission before the Secretary of Culture of the San Juan Province to begin with the field work as suggested by the scientific professional advising on this matter.

The monitoring of water has been completed yielding results within acceptable parameters.

The wild life research allowed the identification of 11 species within the categories of interest of conservation according to national and international organizations; however none of them are in imminent danger or are threatened by current global conservation efforts. These species are in Category II of CITES and are mostly related to the risk of trafficking. Regarding the research of vegetation, there were also eight species identified within the conservation category.

During the year ended December 31, 2013, MSA filed the third actualization of the Environmental Impact Report for the Brechas Vacas and the second actualization for the Minas de Pinto properties. Both were filed within the legal term and are now pending for approval from the Ministry of Mines of San Juan Province.

C) Geological features and technical progress

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

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

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

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

Regional Mines, Development and Advanced Exploration Projects

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

Deposit Models

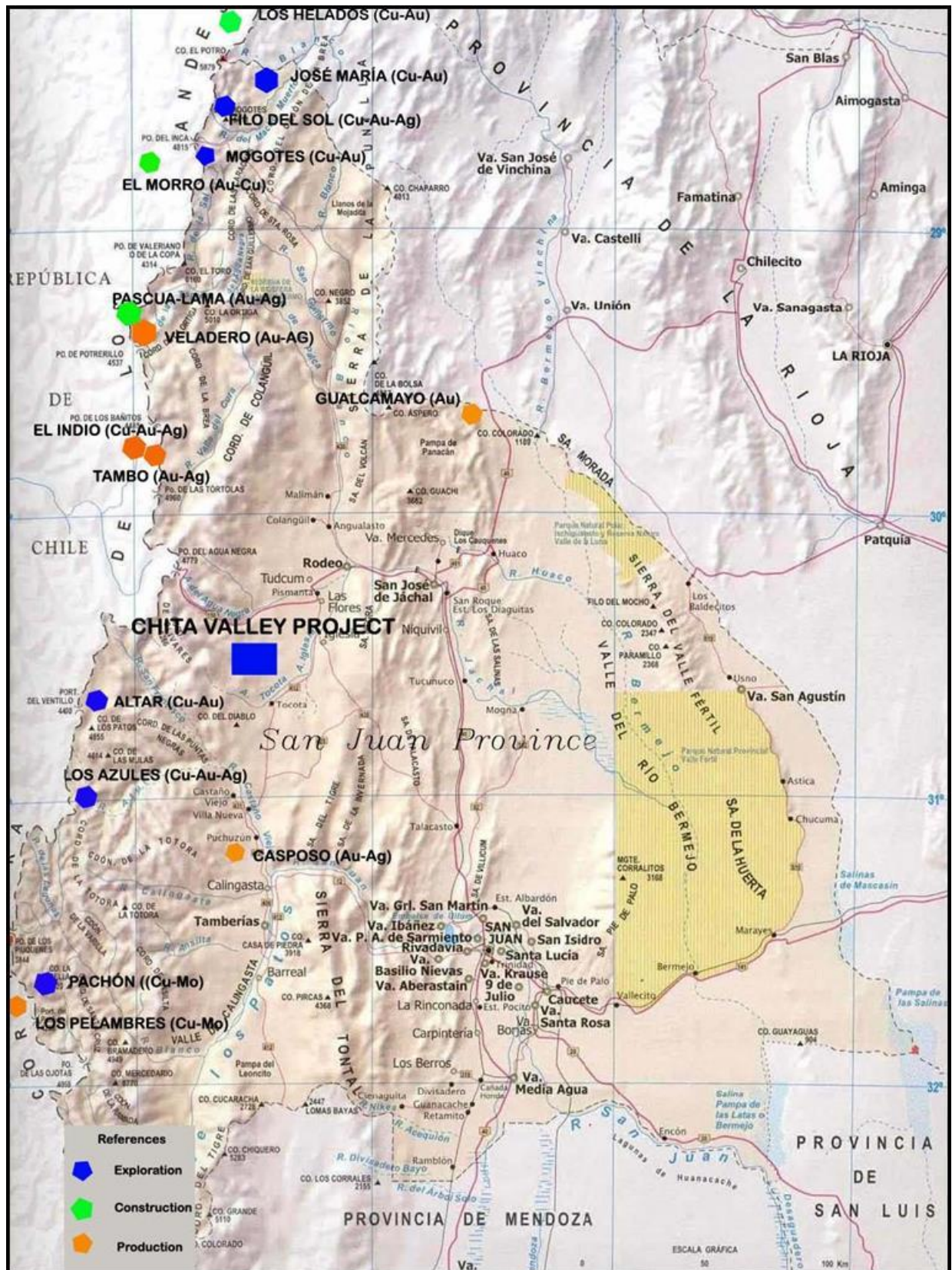
The northwestern region of San Juan Province, Argentina and neighbouring Chile is home to a world class collection precious and/or base metal deposits mostly within a broad classification of hydrothermal deposits related to Tertiary diatreme volcanic vent/porphyry complexes. Deposits are hosted by a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

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

History

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

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



Exploration Work Performed by MSA from 2006 to 2013

After acquiring the Chita, Breccas Vacas and Chita II Properties between 2006 and 2007, MSA compiled historic work from various sources and completed two field programs in the summers of 2007 and 2008. The main ongoing objective of MSA was to define the geology, geochemistry, mineralogy, mineral paragenesis of the region in order to define the essential characteristics of the volcanic vent/porphyry system model as a guide to ongoing exploration.

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

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

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

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

- Target Minas de Pinto: 435.5 m (two drill hole: CHT-11-023 and CHT-11-024).

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

- 2012 campaign, an early stage exploration program was performed, including:
 - a ground magnetometer survey covering some 40 km² (200 line km);
 - property wide surface geological mapping and general compilation of existing data at 1:10,000 scale;
 - detailed surface geological and alteration mapping at 1:2,000 scale over the Chita South Porphyry and at 1:1000 scale over the Chinchillones Prospects; and
 - Channel sampling of outcrops and hand dug trenches utilizing a portable diamond-blade saw to define geological units, alteration features and as an initial test of potentially mineralized structures.
- 2013 strategy for the Chita Valley Project was the continuation of systematic detailed geological mapping and alteration studies with selective surface sampling to the Chita North Porphyry, Breccias Ridge - Porphyry “A”, Placetas Porphyry, Romina and Pinto sectors:
 - detailed surface geological and alteration mapping at 1:2,000 scale over the Chita North Porphyry, Romina, Placetas Porphyry and Pinto sectors and at 1:1000 scale over the Breccas Ridge and Porphyry A Prospects; and
 - Channel sampling of outcrops and hand dug trenches utilizing a portable diamond-blade saw to define geological units, alteration features and as an initial test of potentially mineralized structures.

Summary of Key Chita Valley Drilling/Channel Sampling Results

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

STRATIGRAPHY

Quaternary	Aluvium and colluvium
Tertiary	Basalt flow Pebble and breccias dykes Felsic volcaniclastic Mafic volcaniclastic Andesitic dykes Phreatomagmatic breccias Hydrothermal breccias
Porphyry intrusions	Undifferentiated breccias Intrusive breccias Dacitic porphyry Andesitic porphyry not outcropping Andesitic porphyry Dioritic porphyry Monzonitic porphyry
Temporalities	Post mineral porphyry Late intermineral porphyry Early intermineral porphyry Early mineral porphyry
Carboniferous-Permian	Colangulí Batholith Granites Granodiorites
Devonian-Upper Carboniferous	Aqua Negra Formation Crackles breccia Sandstone - Shales

LEGEND

- Drill hole
- Claim boundary
- Topographic contours (50m)
- Road
- Water course (drainage)
- Structural control (NE to ENE)
- Bathachais
- Structural System (NW) Chita Valley
- Structural System (N-S) Andino
- Fault Relative Movement
- Thrust fault
- Syncline
- Anticline

Map Labels: Pinto Veins, Chita porphyry complex, Placeas porphyry, 2700 m, 2800 m, 2900 m, 3000 m, 3100 m, 3200 m, 3300 m, 3400 m, 3500 m, 3600 m, 3700 m, 3800 m, 3900 m, 4000 m, 4100 m, 4200 m.

Scale: 1:55,000

Projection: UTM (WGS84) Zone 19 (Southern Hemisphere)

Author: F.G.

Date: Nov-2013

Office: FGDG

Drawing: DS

Scale: 1:55,000

San Juan - Argentina

Minera Sud Argentina S.A.

Chita Valley Project

Lithology and Structural map

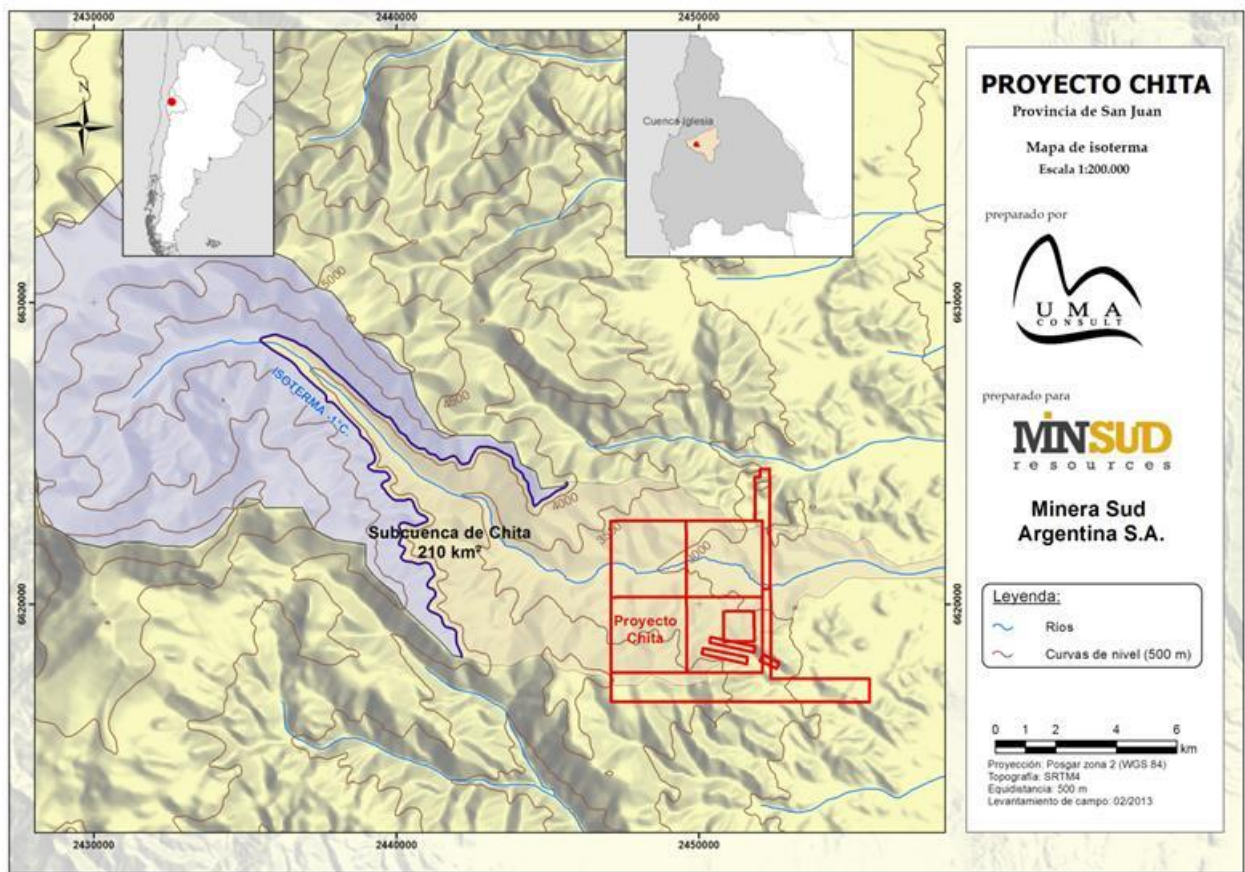
The type of work that was done on most parts of the current properties typically results in some land disturbance (for example drill access roads, grid lines, drill sites and surface trenches), but usually does not generally create significant pollution problems such as acid drainage and metal leachate. However, some very localized artisanal mine/waste rock sites (examples; Fatima, Carmen, Barba, Argentina and Romina veins) do have such pollution risks, albeit modest. There are no conventional mine, processing plant or tailings/waste rock sites on the Chita Valley properties. The basic task at this time is to define baseline parameters so that the environmental situation can be documented in its semi-natural state prior to potential major mining/processing activities.

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

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

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

Chita Valley Region, -1°C isotherm



Interpretation and Conclusions

The large size of the property package coupled with the complexity of mineralization styles indicates a clear need for a careful and systematic approach to target definition. This has clearly not been a hallmark of much of the historical work completed on the property. As noted previously, Minsud's current exploration program represents a balance between systematic multidisciplinary exploration and prudent use of limited funding in a poor financial market. Although Minsud is much better financed than many junior explorers, the current program reflects a careful go-slow approach designed to maintain the key assets that are its mineral properties and operational personnel. As a result Minsud is currently concentrating primarily on the continuation of systematic detailed geological mapping and alteration studies with selective surface sampling and will defer outsourced programs such as geophysical surveys and drilling programs to a future period with better financing conditions.

The current conceptual target model covers a large tract (129.6 km²) of highly prospective and underexplored mineral holdings. The Chita Valley Project has the key elements that are conducive to a great discovery. The geological setting, the structural model, the age and the type of the magmatism involved, the type and size of the alteration and the strong and widespread mineralization are all sound indicators of precious/base metal deposits of commercial interest. These targets run the full size range from large tonnage porphyry/epithermal deposits to small polymetallic or bonanza vein type deposits.

The following sections describe the interpretive aspects and conclusions with respect to the major component sectors of the Chita Valley complex. From west to east these include:

- *Placetas Porphyry Sector:* includes outcropping intermediate porphyry and brecciated porphyry as well as adjacent altered sediments, vein systems such as the Horse Tail veins.

- *Chinchillones Complex*: A porphyry/volcanic vent/caldera subsidence/resurgent dome setting that includes the multi-stage breccias and mineralized porphyry of Chinchillones Hill, the sediment-hosted veins of Chinchillones South, the caldera margin/porphyry settings of Brechas Ridge and De los Pozos Hill, the mineralized drill hole MSA-08-A porphyry and finally resurgent dome post-mineralization porphyry.
- *Chita South and North Porphyry Sector*: includes two halves of the multiphase Chita porphyry. Affected by N-S trending fold and thrust belt along the long axis of the Andean Frontal Cordillera and by NE-SW trending dislocation or transfer faulting along Chita Valley.
- *Minas de Pinto Sector*: Multiple epithermal vein systems predominantly hosted by basement rocks.

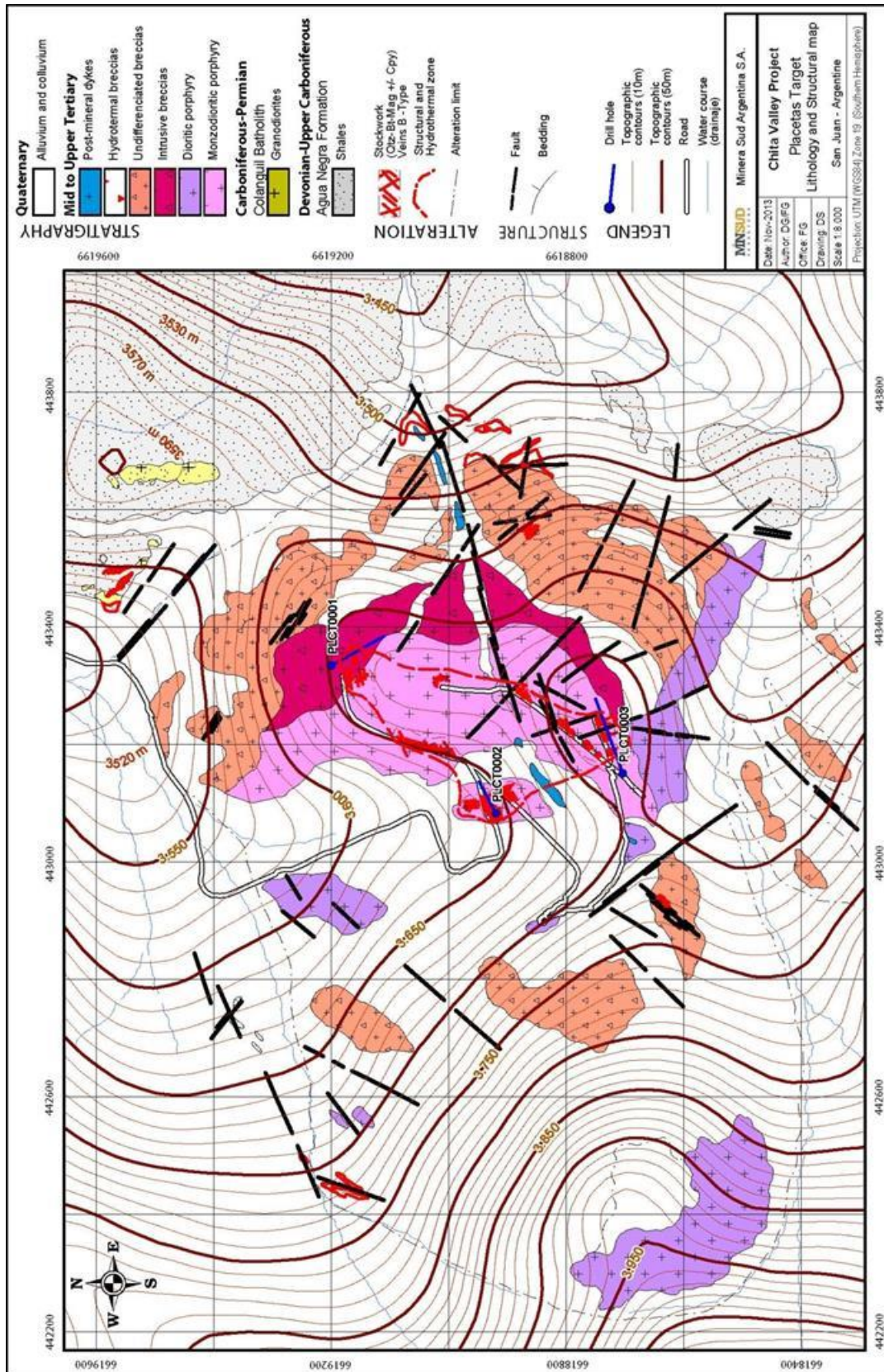
While unproven as yet due to lack of bedrock exposure, based on interpretation of magnetic data and alteration features, there may be additional prospective Tertiary igneous units underlying Quaternary cover. Areas of particular interest lie between the Placetas and Chinchillones sectors and also between the Chinchillones and Chita Porphyry sectors. In the Minas de Pinto area there are similar features underlying both Quaternary cover and Agua Negra Formation sediments.

The Placetas Porphyry sector has not been studied by Minsud to the same level of detail as the other parts of the Chita Valley complex. This is partly due to difficulty of access (The access road was rendered impassable by flash flooding in early 2012), Minsud's prioritization of work elsewhere on the Chita Valley properties, and the less than encouraging results of the 2008 RTZ exploration program.

The general interpretation from the earlier work proposes a roughly circular intrusion with a monzodiorite core mostly surrounded by diorite flanked by monzodioritic intrusive breccias. Alteration is described as weak potassic in the core region and sericitic alteration at the margins. Three drill holes totalling 880m tested the monzodiorite/potassic core and RTZ concluded that the intrusion was adequately tested and the program was terminated. Minsud agrees with this general conclusion for that specific locality, as it pertains to porphyry-type mineralization of commercial grade and size, but does not consider the entire Placetas sector to be written off for porphyry or other potential types of hydrothermal mineralization.

The Placetas area was briefly re-examined in September 2013 in the enigmatic system context of the broader Chita Valley complex. This work recognized at least four intrusive phases. Alteration features related to porphyry cupolas were recognized including potassic (magnetite + K-spar + biotite) and sodic (albite + tremolite + actinolite). Interestingly there is some evidence that a better target for porphyry type mineralization might lie underneath fractured/brecciated sediments to the immediate NE of Placetas.

Geological Plan Map, Placetas Porphyry Area



Minsud concludes that a reinterpretation of the RTZ data and additional detailed mapping and surface geochemical/prospecting sampling is warranted and justified. Routine ground magnetic surveying at 100 metre line spacing is also required to assist with mapping lithological units, alteration styles and structural

features. Upon completion of the above early stage work it is considered likely that more sophisticated geophysical surveying (eg. IP/Resistivity) might be needed to assist with the definition of possible drilling target areas.

The Chinchillones Complex is a type area that exemplifies all of the key characteristics of the Chita Valley complex. It overlaps the Brechas Vacas and Chita properties and covers an area of approximately 2 square kilometres. The Agua Negra Formation basement sedimentary succession is cut by several phases of intrusive porphyries and related breccias of probable Miocene age. The sediments in the southwestern corner of the area are overlain by felsic volcanoclastics and mafic flows/dykes of probable Miocene age. The area is structurally controlled by the Chita Valley (NW striking valley associated with a regional transfer fault), at a turning point or break in orientation. In addition the Chinchillones Complex is locally characterized by radial and ring fractures around its margins that may be associated with caldera subsidence and resurgent dome phenomena.

There are a number of factors that prevented the earlier recognition (or at least documentation) of the Chinchillones Complex as a multiphase porphyry/diatreme breccia/epithermal vein complex. These include:

- The two halves of the complex were under separate ownership until 2006 when Minsud acquired the two mineral properties, Brechas Vacas and Chita.
- No systematic geological or geophysical studies covered the whole complex prior to Minsud's 2012-13 investigations.

In retrospect, the turning point was in 2008 when Minsud completed three diamond drill holes in the Chinchillones Breccia – Chinchillones South area. The three holes encountered three separate parts of the enigmatic paleoenvironment (MSA-08-A, Cu-Mo porphyry; MSA-08-B, Au-bearing epithermal breccias; and MSA-08-C, Au-bearing polymetallic veins). Fortuitously, the access road to MSA-08-B uncovered the first outcrops of Cu-Mo porphyry in the Chinchillones Hill area. The latest pieces of the puzzle were put in place with the detailed mapping programs and the ground magnetic survey in 2012-13.

In reviewing the various drilling programs in the complex there are twelve drill holes including four RC holes in the De los Pozos sector and eight diamond drill holes in the Chinchillones sector. Again with the benefit of hindsight, these holes are sorted in terms mineralization-style expected or encountered:

- Potentially Au - Ag bearing polymetallic veins, vein-swarms and/or stockworks are hosted by Agua Negra Formation sediments in the outer margins of the complex. Commercial deposits of this type elsewhere are usually characterized by small size and high to very high (bonanza-type) grade. Non-outcropping deposits are usually very difficult to identify. Surface sampling in the Chinchillones South area encountered some reasonable values (1.0m @ 3.54 g/t Au and 685 g/t Ag; 0.3m @ 8.76 g/t Au and 1,033 g/t Ag). Six of the twelve drill holes, all at Chinchillones South, were in this type of setting. Anomalous gold-silver values (example: MSA-08-C, 94 m @ 0.12 g/t Au, 51.0 g/t Ag and 0.15% Cu) were encountered in all of the holes but no high grade sections. The potentially mineralized structures are open and untested along strike and at depth.
- Potentially Au – Ag bearing epithermal breccias, vein-swarms and/or stockworks in or proximal to the caldera/resurgent dome central part of the complex. Commercial deposits of this type are a very important source of precious metals worldwide, and nearby examples include El Indio-Tambo, Veladero and Pasqua Lama. Five drill holes, including one in the Chinchillones Breccia area and four in the De los Pozos sector are in this type of setting. The single drill hole at Chinchillones was planned as an initial test of a complex and enigmatic array of breccias exposed on Chinchillones Hill. This hole, MSA08-B, a -70 degree angle hole was lost due to stuck rods at 246.15 m short of its planned target depth of 300m. A 1.0 m core section from 42.0 to 43.0 m assayed 3.40 g/t Au and 60.10 g/t Ag. The four widely spaced RC holes in the De los

Pozos sector are typified by 2 to 5 % pyritic sulphides as disseminations and fracture fillings in various types of breccias. Geochemically anomalous gold, silver and base metal values were encountered in all four holes. It is concluded that the drilling completed in the Chinchillones Breccia and De los Pozos areas generally confirms the potential for epithermal mineralization but is totally insufficient to determine its nature.

- Cu-Mo +/- Au-Ag porphyry style mineralization. This type of mineralization was unknown in the Chinchillones area until 2008 when drill hole MSA08-A, designed to test the northeastern extension of the Chinchillones Breccia area, intersected nothing but porphyry beneath Quaternary overburden. The extent and nature of this mineralization is unknown beyond this hole and a small area of outcrop uncovered in the MSA08-B drill road

Chinchillones Area Best Trench and Drilling Intersections

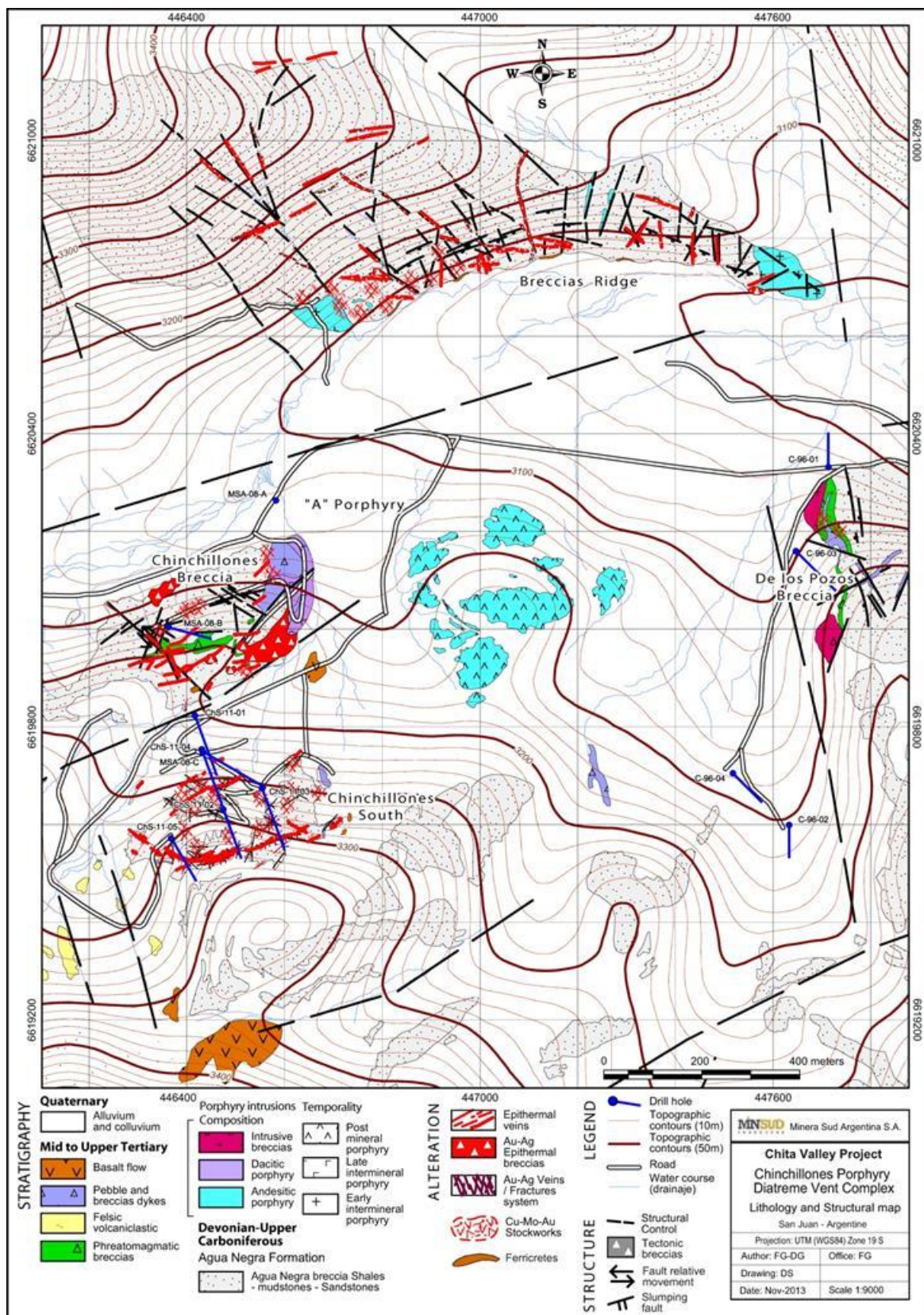
Hole # Trench #	Intersection			Assays			
	From	To	Interval	Au	Ag	Cu	Mo
	M	m	M	g/t	g/t	%	%
<i>TChs12-11</i>	17.0	19.0	2.0	3.71	5.0	0.01	Tr
<i>TChs12-15</i>	0.0	1.0	1.0	3.54	684.9	0.09	Tr
<i>TChs 12-18</i>	0.0	0.3	0.3	8.76	1,032.8	0.05	Tr
MSA08-B	42.0	43.0	1.0	3.40	60.10	n/a	Tr
MSA08-C	104.0	198.0	94.0	0.12	51.00	0.15	Tr
ChS11-01	112.0	114.0	2.0	0.18	105.00	1.34	Tr
ChS11-04	62.0	63.0	1.0	0.44	393.00	1.46	Tr
ChS11-05	135.0	137.0	2.0	0.40	136.00	n/a	Tr

Minsud concludes that the Chinchillones Complex is prospective for at least three mineralization styles. However, it is apparent that very little is known about the areal and vertical distribution of the various lithological, alteration, structural and mineralization parameters that might define high quality drill targets within the enigmatic assemblage.

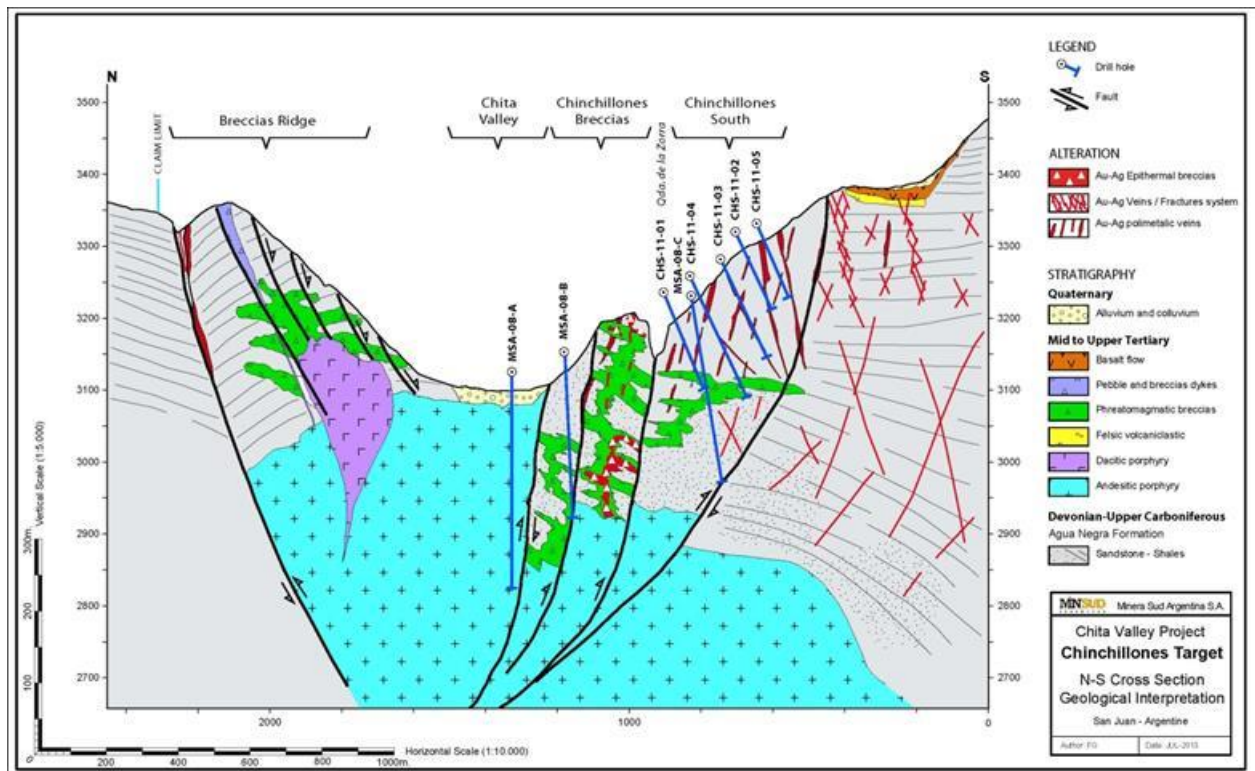
With much of the prospective setting lying beneath Quaternary cover it is concluded that indirect geophysical methods such as magnetic surveying and other more sophisticated techniques like IP/Resistivity or CASAMT could assist with developing target areas. Magnetic surveying at 200 metre line spacing is already completed but more detail (100m lines) is required and even greater detail might be needed locally. It is known that geophysical anomalies from a previous Schlumberger Vertical Electrical Sounding resistivity survey (a basic technique usually employed for groundwater surveying) were drilled in the area with pyritic sulphide causal sources identified. Modern IP/Resistivity surveying might lead to a much better overall 3-D understanding of the complex. Orientation surveys are required to test the suitability of advanced geophysical surveys.

Minsud considers the porphyry and epithermal mineralization styles to be of prime importance and the polymetallic veins as secondary targets.

Geological Plan Map, Chinchillones Complex



Chinchillones NS Interpretive Geological Cross Section



The Chita Porphyry Sector was the first area covered by Minsud's 'back to basics' systematic multidisciplinary exploration approach to target development was the Chita South Porphyry area. Since this area had already been covered by a number of extensive exploration programs including geological mapping, geophysical and geochemical surveys and four drilling campaigns it is important to reassess the previous work in some detail to provide a framework for the current conclusions.

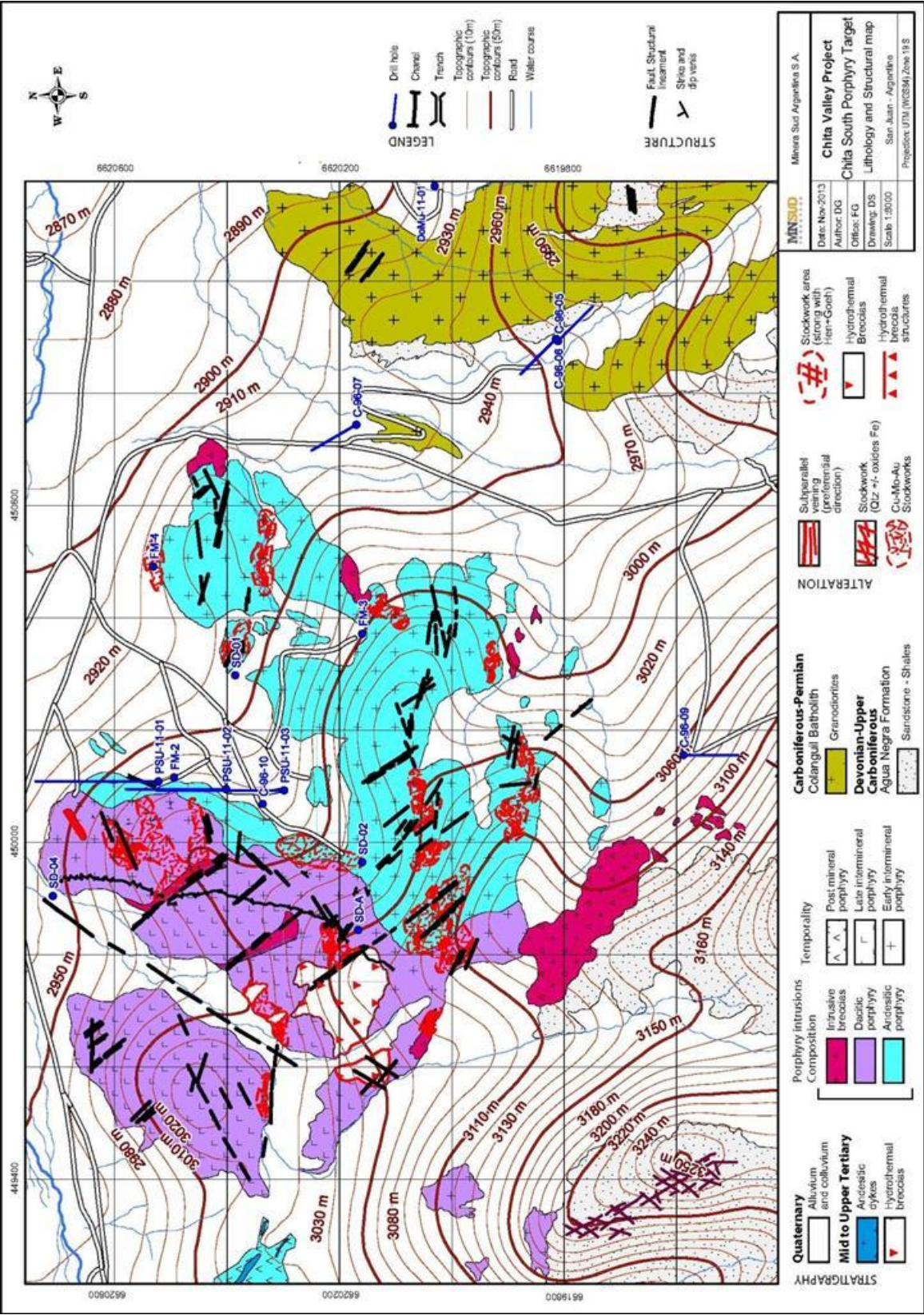
Most of the historic exploration, not directed toward Au-Ag bearing polymetallic veins, has concentrated on the Chita South Porphyry area. Work including geological mapping and geophysical surveying consisting of a few IP/Resistivity profiles was completed by Dirección General de Fabricaciones Militares ("DGFM") in the 1960's and 1970's. Two diamond drilling campaigns totaling 8 diamond drill holes were implemented by DGFM in 1969 and 1976. Another group, Minas Argentinas S. A. ("MASA") completed limited IP/Resistivity surveying and 10 reverse circulation drill holes on the Property in 1996. Between 2006 and 2011, Minsud completed surface mapping and sampling, limited geophysical work, and three diamond drill holes.

All of the presented diamond drill holes contained elevated Cu and Mo assay values throughout the entire hole lengths. All holes were vertical AQ size (27mm core diameter) with generally poor recoveries. Except for a few samples taken by Minsud none of this core was assayed for Au or Ag. It is also noted that most of the holes were terminated while still in mineralized altered porphyry and that the holes orientations were not optimized to intersect the steeply inclined vein systems. There is also a possibility of combined or overlapping porphyry and vein systems where auriferous veins have been encountered within the Cu-Mo zone in the Chita South porphyry.

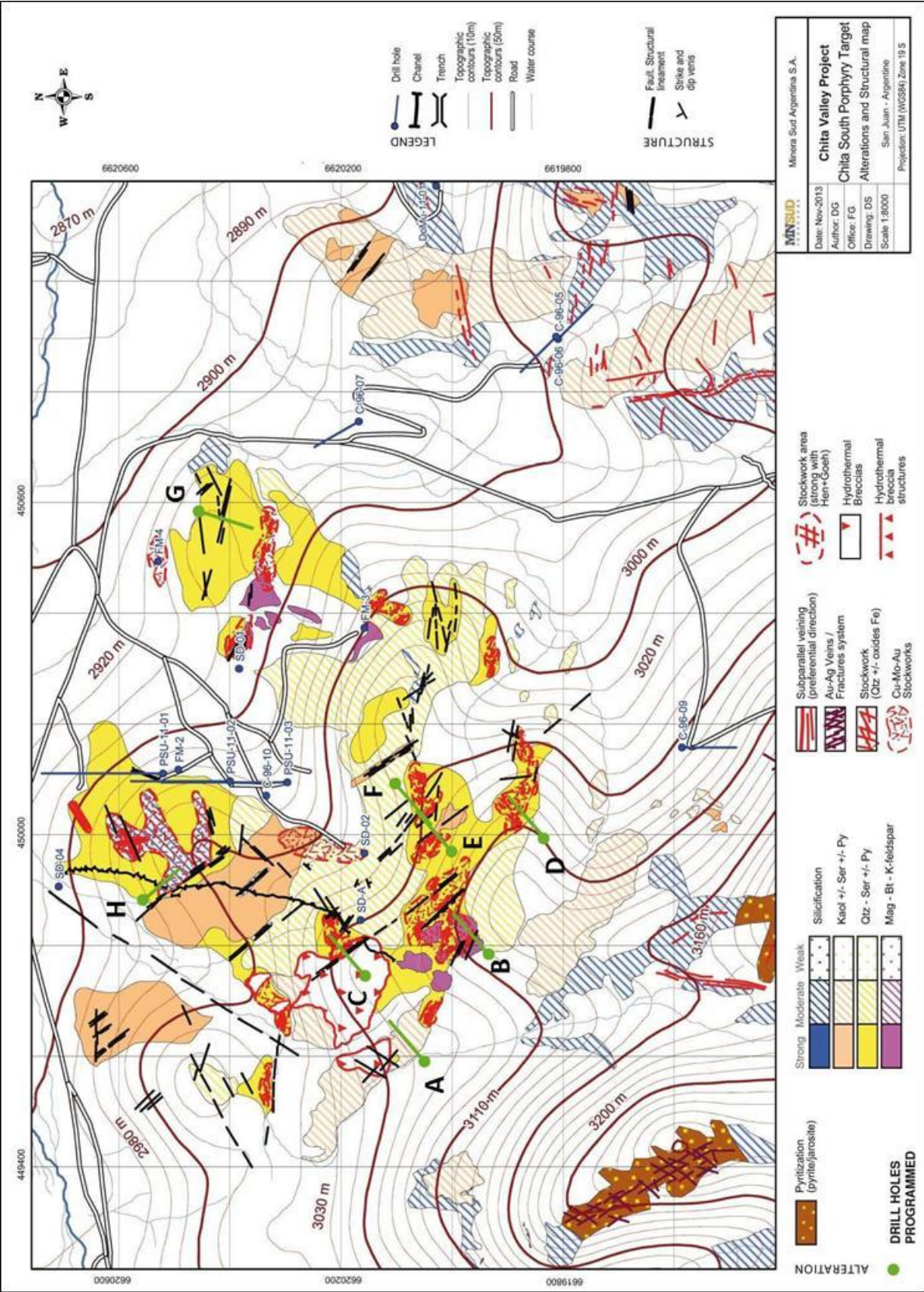
The 1996 MASA reverse circulation drilling included 10 boreholes designed to test various geological and geophysical features in igneous and sedimentary lithologies mostly outside of the Chita Porphyry in the Chita Property area. These holes intersected widespread intervals of polymetallic quartz vein-style mineralization. The RC cuttings were systematically sampled and analysed for various metals although apparently not for Mo. All of the MASA RC drill holes contained elevated Cu, Ag and Au assay values.

However, only two drill holes, C96-10 (Chita South) and C96-08 (Chita North) actually intersected the proximal portion of the Chita Porphyry enigmatic complex. Furthermore, based on recent mapping C96-10 is in the generally barren LIM phase.

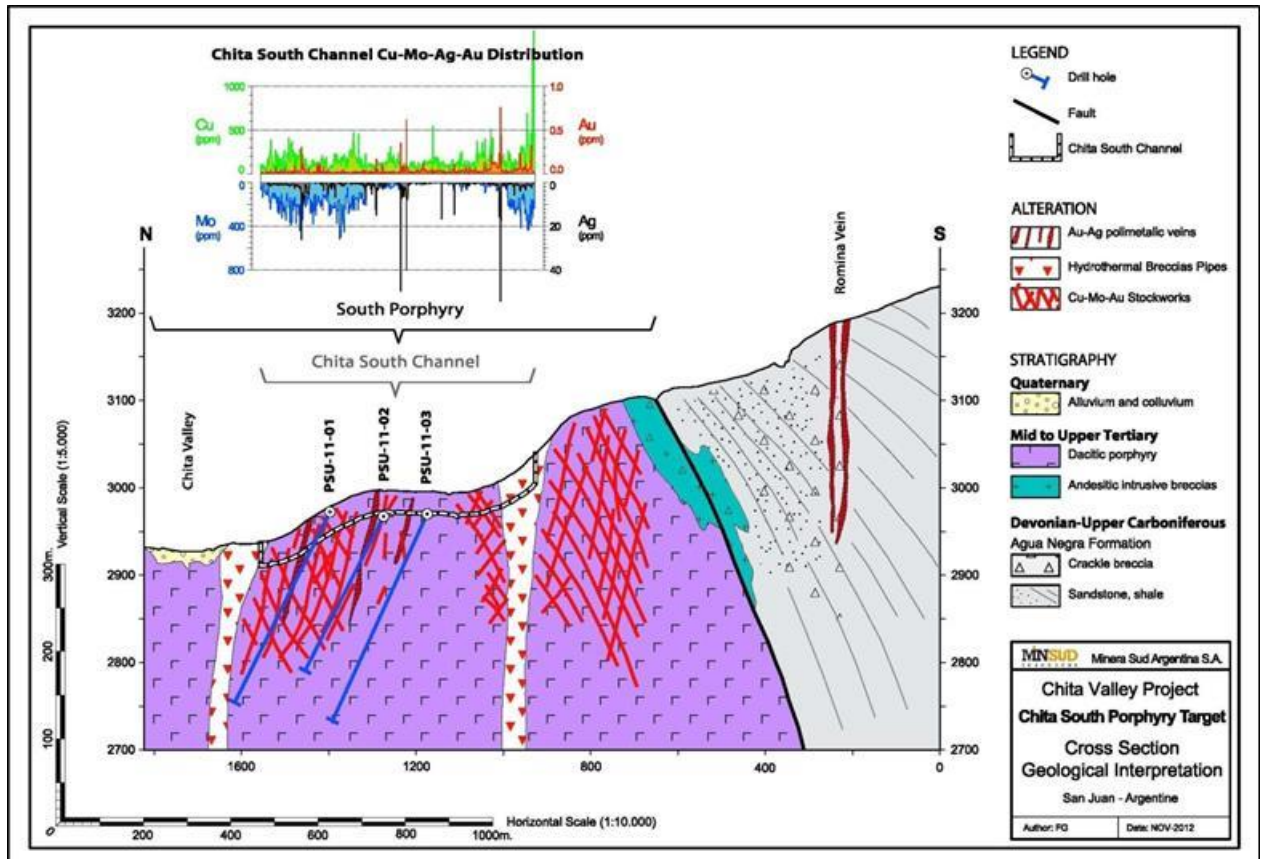
Detailed Geological Map, Chita South Porphyry.



Detailed Alteration Map with proposed drill holes, Chita South Porphyry.



Interpretive cross section, Chita South Porphyry



The 2011 Minsud drilling successfully targeted gold and silver epithermal structures emplaced in the porphyry. This series of holes also highlighted the very persistent lateral and depth continuity of Mo and Cu anomalous values in the area tested. Minsud is encouraged by the multiplicity of mineralization styles. Reinterpreting the drill hole data on the basis of recent detailed mapping, it is apparent that drill holes PSU-11-01 and 02 are characterized by EIM dacitic porphyry containing A and B type vein mineralization, while PSU-11-03 is predominantly LIM dacite porphyry with breccias that may contain fragments of earlier mineralization.

The 2012-13 work included a 530 metre long semi-continuous set of sawn channel samples known as the Chita South channel. The following observations/conclusions are made regarding the historical and recent work programs as they pertain to ongoing exploration strategy:

- If one accepts that porphyry and/or epithermal deposits are better conceptual exploration targets than polymetallic veins then a great deal of past work was aimed at secondary targets.
- The historical DGFM and 2011 Minsud drilling are both instrumental in helping to understand the porphyry/epithermal mineralization model. Historical DGFM and 2012-13 mapping and geochemical studies are similarly important.
- Based on geological mapping/prospecting and geochemical data the southwestern marginal part of the Chita South porphyry appears to show the most promise in terms of host rocks (i.e. the early mineralization and inter mineral porphyries with “A”, “B” and “D-type” veinlets. This sector coincidentally also has the highest vein concentrations and Cu geochemistry values in the Chita South channel.
- The southwestern marginal part of the Chita South porphyry is the highest exposed level of the anticlinal roof zone or the ‘cupola’ sector of the Chita Porphyry.

- No drill holes have tested the most promising setting in the southwestern margin. The closest drill hole to the area in question, DGFM hole SD-A, encountered 22.5 metres averaging 0.42% Cu, 0.019% Mo, 2.27 g/t Ag and 0.053 g/t Au.
- In the co-authors opinion there is sufficient encouragement from the detailed geological and alteration studies and the weathered rock geochemical data to justify an initial diamond drilling program in the southwestern margin part of the Chita South area. Unlike other sectors, sophisticated geophysical surveys are not required here.
- It is concluded that two additional holes stepping out from earlier holes are justifiable as alternative targets, one in the vicinity of historical holes FM-4 and SD-01 and the other near hole SD-04.
- It may be coincidence but in the Chita South area the majority of historical drill sites are typified by areas with relative ease of access (see Photo 34) while the best current targets lie in more difficult terrain. Historical holes SD-A and SD-04 are exceptions.

Minsud concludes that the remainder of the Chita Porphyry area is prospective for at least three mineralization styles. However, except for the southwestern margin part of the Chita South just described, it is apparent that very little is known about the areal and vertical distribution of the various lithological, alteration, structural and mineralization parameters that might define high quality drill targets within the rest of the enigmatic assemblage.

With much of the prospective setting lying beneath Quaternary cover it is concluded that indirect geophysical methods such as magnetic surveying and other more sophisticated techniques like IP/Resistivity or CASAMT could assist with developing target areas. Magnetic surveying at 200 metre line spacing is already completed but more detail (100m lines) is required and even greater detail might be needed locally. Modern IP/Resistivity surveying might lead to a much better overall 3-D understanding of the complex. Orientation surveys are required to test the suitability of advanced geophysical surveys.

The Minas de Pinto sector is an easterly trending swarm of discontinuous quartz veins containing variable concentrations of polymetallic sulphides and widespread localized Au-Ag mineralization that has been traced for 4.0 kilometers along strike. The vein swarm cuts various lithologies including Devonian-Carboniferous sediments (Agua Negra Formation), Carboniferous-Permian granodiorite (Colanguil Batholith), and Mid to Upper Tertiary volcanics and andesitic porphyry (Chita Valley Complex). Several corridors comprising multiple veins and stockworks are present. In the western sector, from north to south, these are termed; the Barba, Amparo, Fatima, Fatima Sur, Branca, Maria, Carmen and Carmen Sur vein assemblages. Other vein corridors located in the eastern and southern parts of the Minas de Pinto sector include Candela, Johanna, Esperanza, Josephina, Pulenta, Argentina, Glenda and others.

The Minas de Pinto corridor has been subjected to a significant amount of historic and recent exploration work. Various artisanal diggings including pits and tunnels attest to these early miners having some encouragement and reward. Silex Argentina S A, optioned the Minas de Pinto Property in the mid-2000's, completing extensive geological mapping and surface grab and channel sampling for a total of 1,631 samples by 2007. In 2008 that company drilled 22 diamond drill holes totalling 2,631.25 metres. In 2011 Minsud completed two diamond drill holes totalling 435.5 metres to test the earlier results and recently completed additional channel sampling. The combined drilling and channel sampling work of the last several years by Silex and Minsud has found several areas of moderate to high Au-Ag values over narrow to moderate widths.

Recent Minsud mapping and sampling in the Carmen Vein area has identified one of the most promising intercepts obtained to date in the Pinto sector, channel sample section CAR-13-02 that encountered 3.0 metres averaging 11.69 g/t Au and 23.4 g/t Ag in strongly argillic altered, sheared and brecciated Agua Negra Formation sandstone. Tracing the sub-vertical Carmen vein structure along strike the

mineralization becomes substantially weaker in outcropping Agua Negra Formation shales and siltstones. This leads to the theory that the relatively competent and brittle sandstone stratigraphic horizons are more conducive to hosting mineralized veins and breccias than the more plastic finer grained shales and siltstones. Thus it is postulated that the intersections between the various sub-vertical vein structures and the shallow to moderately dipping sandstone units might be favourable locations for economically significant Au-Ag concentrations.

It is concluded that the outcropping portion of the Minas de Pinto sector is prospective for discrete Au-Ag epithermal veins. However, much of the Pinto sector appears to be peripheral to the more prospective multiphase porphyry/diatreme breccia/epithermal vein complex settings like those at Chita Porphyry and Chinchillones.

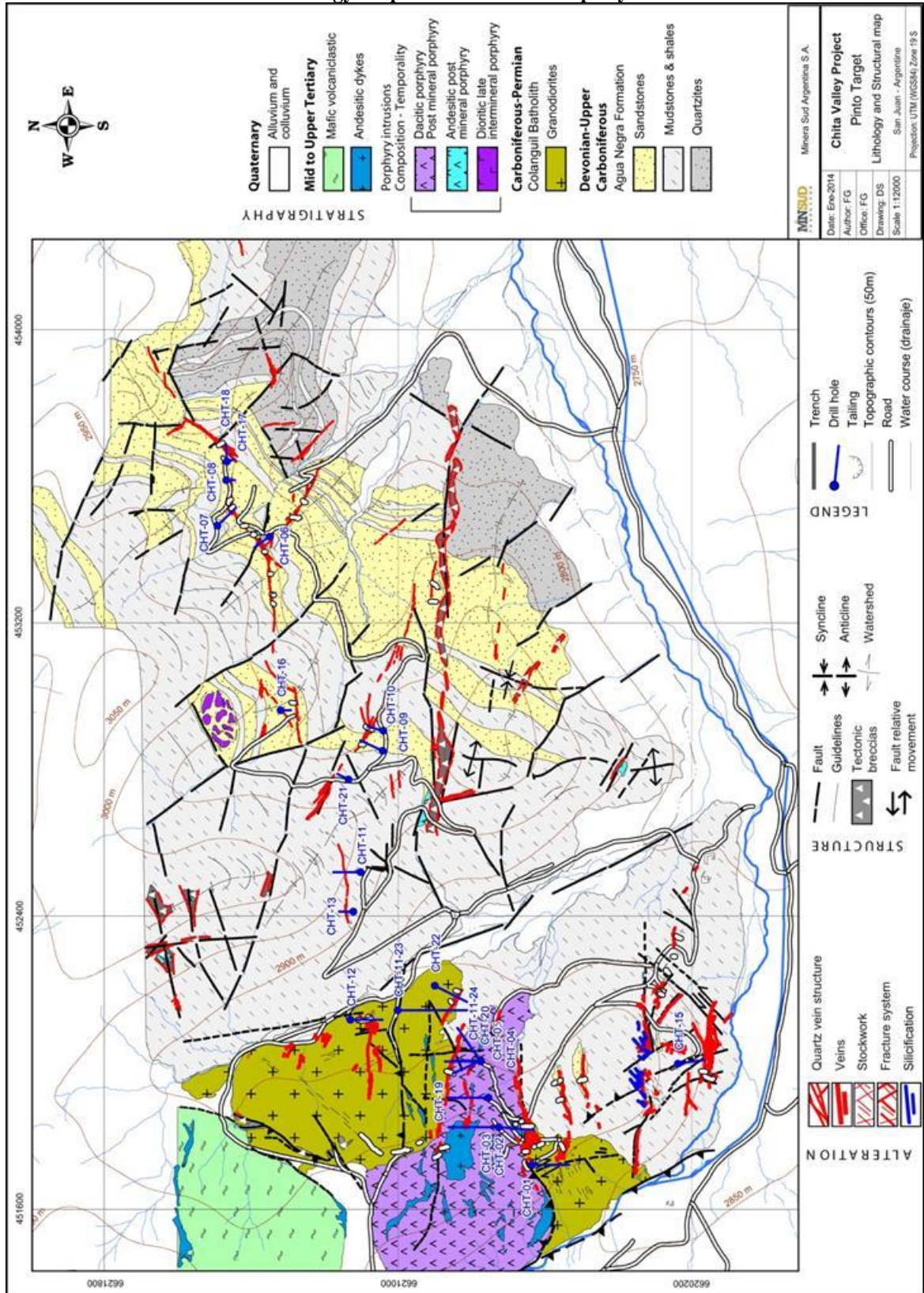
In terms of prioritization of the various sectors, a comprehensive exploration program to develop small high-grade vein deposits in the Pinto area is of secondary importance when compared to other target areas like Chita Porphyry or Chinchillones.

One discrete Au-Ag epithermal veins prospect that deserves higher priority consideration is the above described Carmen Vein channel sample section that encountered 3.0 metres averaging 11.69 g/t Au and 23.4 g/t Ag. A modest program of very detailed mapping and a couple of carefully designed fairly shallow drill holes would be a useful test of the sandstone as a preferential host rock theory outlined above. Success here could lead to further testing of similar settings such as Pulenta, Argentina, etc.

Minsud further concludes that the Pinto area may also be prospective for porphyry and/or epithermal mineralization and this is beyond the obvious overlap of portions of the Chita Porphyry Complex onto the western part of the Minas de Pinto Property. The 2012 magnetic survey covering part of the Pinto area clearly shows several important lithological/alteration features that might indicate hitherto unknown Tertiary, or possibly Permo-Carboniferous intrusive bodies, at depth beneath Agua Negra Formation cover rocks. The main inference to be drawn from the magnetic data is that the Chita Valley complex possibly continues to be traceable eastward to the limits of current data.

Like the other sectors, much of the prospective setting lies beneath Quaternary cover and/or basement stratigraphy (eg. anticlinal core areas). It is concluded that indirect geophysical methods such as magnetic surveying and other more sophisticated techniques like IP/Resistivity or CASAMT could assist with developing target areas. Magnetic surveying at 200 metre line spacing is already completed but more detail (100m lines) is required and even greater detail might be needed locally. Modern IP/Resistivity surveying might lead to a much better overall 3-D understanding of the vein structures and other potential targets. Orientation surveys are required to test the suitability of advanced geophysical surveys.

Geology Map Minas de Pinto Property



Planned Exploration Activities

All sectors of the Chita Valley Properties have largely untested high quality target areas for various styles of precious and/or base metals mineralization. In order to developing these targets into the drilling stage by systematic multidisciplinary exploration methods Minsud is currently looking for a joint-venture partner among major and larger explorers.

In order for Minsud to continue developing the Chita Valley Project within this poor market and its own possibilities, it is recommended to test the southwestern margin of the Chita South porphyry by a modest program of diamond drilling. This sector is distinctive in that there is sufficient encouragement from work already completed (detailed geological, alteration and geochemical data plus limited historical drilling), to justify further drilling without the need for sophisticated geophysical surveys. A five to eight holes program with a cumulative total of 1,000 to 1,500 metres is recommended.

In terms of the classical exploration model all successful exploration programs must progress through six logical exploration stages between project inception and mining. The Chita Valley project is for the most part in the Exploration Stages II to III and the Chita South porphyry area represents a sector where the successful completion of Exploration Stage III is within reach with relatively modest expenditures.

The remainder of this section will concentrate on what is considered to be the most practical and feasible short term plan for the current conditions. The key aspects of the proposed exploration program to complete Exploration Stage III on the Chita South porphyry area are outlined as follows:

- **Access roads and drill set-up sites:** The current proposal includes eight sites in three general areas. While it is unlikely that all of these sites can be drilled at the present time due to likely budget constraints, it is considered prudent to construct the roads and set-ups all at once for logistical purposes. Due to the rugged terrain, access routes and individual set-ups might vary somewhat from the initial plan.
- **Topographic control:** At present there are no public domain topographic maps available that have a suitable level of accuracy for detailed exploration work such as small-scale interpretive work or potential resource estimations. DGPS surveying has been used in the past to locate historical drill collars, etc., and needs to be employed again for the current proposed program to locate new drill holes and to construct a digital terrain model. This can be done at the end of the field program. Downhole inclination and directional surveys have not been done in the historical work, but are required for ongoing programs. All Minsud work is located in the UTM coordinate system WGS84 Zone 19 (Southern Hemisphere).
- **Diamond drilling program:** The eight proposed drill-hole are recommended. However, the diamond drilling program may be constrained by budgetary considerations. Assuming an average hole depth of 200 metres, in itself a very tight constraint given the large mineralized system, completion of all eight holes would be a cumulative total of 1,600 metres. Stopping any hole at a predetermined depth while in good mineralization is not considered to be prudent as long as there is budget available.
- **Core logging/sampling/storage:** All drill core will be delivered by the contractor to Minsud personnel at the drill site. Core will be logged, marked for analytical sampling and dry bulk density measurements by Minsud geologists. As well, all whole core sections will be subjected to RQD analysis, magnetic susceptibility measurements and digital photography. Those boxes containing sections to be sampled will be transported to the on-site sampling area where analytical samples will be cut in one half proportion with a diamond saw. Core boxes, will be labeled with aluminum tape and the remaining core will be stored and stacked at the on-site warehouse/storage area. Remaining coarse reject and pulp material from the analytical laboratory will also be stored on site. All samples will be shipped to the internationally accredited Alex Stewart Laboratory in Mendoza for analysis.

- **Assays/Analyses:** All core samples together with field duplicates, blanks and standards will be submitted to the Alex Stewart (Assayers) Argentina S. A. laboratory in Mendoza, Argentina for preparation and analysis. The laboratory is certified to ISO-9001 international standards. All samples will be analyzed for Au by fire assay/ AA finish, 50 g, (Au4-50) plus a 39-element ICP scan (AR-39).
- **Petrographic studies/Metallurgical Testwork:** Preliminary ore characterization studies and metallurgical assessment,
- **Expand geological and resource models.** A very preliminary resource model, Inferred classification only, may be formulated on the basis of the historical and proposed drilling information. Publication of such an estimate would require a Technical Report to NI 43-101 standards by an Independent Qualified Person. In the present situation publication is probably not warranted.
- **Environmental Baseline Study:** This should be initiated as soon as practical and feasible, but will probably need to be deferred to Stage IV.
- **Report:** An internal report with logs, sections, analytical certificates and revisions to geological and alteration maps will be prepared by Minsud technical personnel at the completion of the program.

Successful completion of Exploration Stage III work in the Chita South area would provide justification to proceed to Exploration Stage IV work to outline the mineral deposit and conduct a NI 43-101 compliant resource estimation. A provisional Exploration Stage IV program is itemised as follows:

- **Evaluation diamond drilling** to delimit potentially economic mineralization. RC drilling may be utilized for well defined areas.
- **Bench scale metallurgical testwork,** to assess beneficiation and potential processing characteristics.
- **Expand geological and resource models**
- **Resource estimation (tonnes and grade):** A Technical Report to NI 43-101 standards by an Independent Qualified Person will likely be warranted.
- **Environmental studies:** Baseline and Environmental Impact studies need to be in progress at this stage.

Successful completion of Exploration Stage IV would lead to the Prefeasibility Study stage.

II. LA ROSITA PROJECT

A) 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 that now turned into the Alfa, Alfa II and Alfa III MDs (Manifestaciones de Descubrimiento).

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. On March 22, 2013, MD-Alfa was granted to the Company by the Secretary of Mines, Santa Cruz Province. The MD Alfa III is still pending for concession.

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 (“the 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 in total 9,970 has.

On September 27, 2012, the Permit Agreement signed with the landowners expired and has yet to be extended. Minsud expects to be able to return to work on the property, so long as the Company can finance the work program indicated by its technical team.

B) Geological features

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

The Mesozoic volcanic, subvolcanic, volcanoclastic, epiclastic and sedimentary rocks of the Deseado Massif are formally referred to as the Bahia Laura Group. The principal stratigraphic unit of the Bahia Laura Group is the approximately 300 m thick Chon Aike Formation (not to be confused with the Chon Aike Province), which underlies an area of some 100 000 km² in Chubut and Santa Cruz Provinces. Felsic sub-aerial pyroclastic rocks predominate; ignimbrites form approximately 85% of the outcrop, with subordinate epiclastic deposits, air-fall tuffs and intercalated lavas.

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

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

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

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

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

Exploration Work Performed by MSA from 2011 to 2012

During the 2011-12 campaign, an early stage exploration program was performed, including:

- a ground magnetometer survey covering some 16 km² (320.3 line km),
- detailed surface geological mapping and at 1:2,000 scale over an area of approximately 6 km², and
- 3.5 line km of mechanical trenches (51 trenches) to define geological units, alteration features and as an initial test of potentially mineralized structures.

- About 22 km of bush road construction was carried out to allow easy access the main target areas.

Initial reconnaissance work by Minsud in the La Rosita exploration claim area located prospective lithological units, interesting alteration and base/precious mineralized outcrops and float in the Los Mogotes Hill sector. Systematic detailed geological mapping has been completed on part of the Alfa II mining claim, approximately 6 km² including Los Mogotes Hill. Bedrock exposures in the 6 km² area all belong to the Bahia Laura Group, and except for a small area of La Matilde Formation laminated tuffs on Los Mogotes Hill, all lithologic units are typical of the Chon Aike Formation.

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

A ground magnetometer survey covering some 16 km² (320.3 line km) was completed in 2011 in the south-western part of the La Rosita exploration claim. The magnetic survey and mapping program has defined a conjugate shear structural system, with maximum extensional effort coincident with the general strike of the outcropping mineralized veins. The magnetic survey also revealed three magnetic high features, possibly linked to mineralized acid domes underlying the Mogotes Hill target.

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

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

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

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

Planned Exploration Activities

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

The next phase of target development will be an Induced Polarization/Resistivity survey preparatory to drill target definition. As noted previously with respect to the Chita Valley Project, Minsud's current exploration program represents a balance between systematic multidisciplinary exploration and prudent use of limited funding in a poor financial market. As a result no outsourced contract work such as geophysical surveys is currently being conducted. No exploration field work was conducted in 2013.

Please see the La Rosita Summary Report dated October, 2012 located on the Company's website (www.minsud.com) for additional information.

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.

	As at and for the Year Ended December 31, 2013 (\$)	As at and for the Year Ended December 31, 2012 (\$)	As at and for the Year Ended December 31, 2011 (\$)
Other Income	183,191	6,254	11,302
Net loss for the year	(216,715)	(684,406)	(2,343,210)
Comprehensive loss for the year	(1,291,447)	(1,480,410)	(2,465,473)
Assets	5,586,376	6,475,129	6,592,830
Liabilities	311,154	524,177	302,265
Working Capital	(37,591)	918,651	2,260,363
Deferred Income Taxes	Nil	Nil	Nil
Share Capital	9,041,202	8,769,179	7,972,902
Shareholders' Equity	5,051,910	5,950,952	6,290,565

PROJECT EXPENDITURES

Project expenditures for the year ended December 31, 2013 are as follows:

Year ended December 31, 2013	Brechas Vacas (\$)	Chita (\$)	Minas de Pinto (\$)	San Antonio (\$)	La Rosita (\$)	Other (\$)	Total (\$)
Acquisition costs (a)	118,224	94,158	91,477	1,860	NIL	NIL	305,719
Road Construction	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Assays	4,772	6,298	12,464	NIL	NIL	NIL	23,534
Labour and Technical Fees	93,924	130,971	231,663	3,307	2,358	NIL	462,223
Vehicles and Equipment	6,568	9,336	15,328	368	1,428	NIL	33,028
Travel and Lodging	4,830	14,824	16,919	NIL	1,018	NIL	37,591
Project Management	32,652	88,171	120,443	16,922	16,411	131	269,730
VAT Paid	5,805	4,171	11,109	847	1,255	NIL	23,190
Current Expenditures	266,775	342,932	499,403	23,304	22,470	131	1,155,015
Currency Translation Adjustment	(357,348)	(445,644)	(152,668)	(38,280)	(126,255)	(22)	(1,120,217)
Balance – beginning of year	1,714,751	2,142,429	520,769	188,523	669,878	2	5,236,352
Balance – end of period	1,624,178	2,039,717	867,504	173,547	566,093	111	5,271,150

(a) See Chita Valley Project section “Mining rights” discussed previously and Note 7 to the consolidated financial statements.

Project expenditures for the year ended December 31, 2012 are as follows:

Year ended December 31, 2012	Brechas Vacas (\$)	Chita (\$)	Minas de Pinto (\$)	San Antonio (\$)	La Rosita (\$)	Other (\$)	Total (\$)
Acquisition costs (a)	99,470	451,003	52,087	NIL	NIL	NIL	602,560
Road Construction	NIL	NIL	NIL	NIL	44,224	NIL	44,224
Assays	12,945	30,166	10,381	750	42,974	NIL	97,216
Geophysics	4,986	19,979	11,965	NIL	NIL	NIL	36,930
Labour and Technical Fees	98,604	317,500	53,957	1,873	142,471	NIL	614,405
Vehicles and Equipment	10,206	27,958	4,075	1,027	36,064	NIL	79,330
Travel and Lodging	7,713	57,707	3,842	541	35,752	NIL	105,555
Project Management	79,154	163,011	42,799	11,723	127,201	9,452	433,340
VAT Paid	8,560	23,728	6,192	1,095	27,805	NIL	67,380
Current Expenditures	321,638	1,091,052	185,298	17,009	456,491	9,452	2,080,940
Write-offs	NIL	NIL	NIL	NIL	NIL	(21,652)	(21,652)
Currency Translation Adjustment	(266,775)	(255,864)	(74,385)	(30,683)	(92,924)	(2,587)	(723,218)
Balance – beginning of year	1,659,888	1,307,241	409,856	202,197	306,311	14,789	3,900,282
Balance – end of year	1,714,751	2,142,429	520,769	188,523	669,878	2	5,236,352

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

Brechas Vacas Property

During the year ended December 31, 2013, the Company spent \$266,775 on the continued acquisition and exploration of the Brechas Vacas Property, a decrease of \$54,863 from expenditures of \$321,638 during the year ended December 31, 2012.

During 2012, the Company constructed 415 metres of sawn channel trenches which were then sampled, basically on the Chinchillones south and Breccia Chinchillones targets, while in 2013, the Company performed exploration in the area by mapping and sampling Breccias Ridge and Breccia de los Pozos where 308 metres of sawn channel trenches were completed and then sampled. Now the focus of the exploration work in the area has turned to the Chinchillones Porphyry Diatreme Complex, as indicated in the Company's press release issued July 18, 2013.

A more detailed description of the work performed can be found in section "Developments during the year ended December 31, 2013" in this MD&A.

Chita Property

During the year ended December 31, 2013, the Company spent \$342,932 on the continued acquisition and exploration expenditures, a decrease of \$748,120 compared to expenditures of \$1,091,052 incurred during the year ended December 31, 2012. The Company incurred significant acquisition costs of \$451,003 during the year ended September 30, 2012 related to the exercise of the purchase option as described in Note 6 of the Financial Statements.

The Company completed a full map on the Chita Porphyry North 1: 8,000 during the year ended December 31, 2013. Selected areas were tested by 325 metres of sawn channel trenches which were then sampled as indicated in the Company's press release dated May 23, 2013. After acquiring new Geoeye imagery for mapping in detail and contracting a ground magnetometer survey in 2012, the Company had also completed a full mapping 1: 8,000 at the Chita Porphyry South as well as a sawn channel trench of 550 metres semi-continuous set of samples called the Chita South Channel, as indicated in the Company's press release dated November 20, 2012.

A more detailed description of the work performed can be found in section "Developments during the year ended December 31, 2013" in this MD&A.

Minas de Pinto Property

During the year ended December 31, 2013, the Company spent \$499,403 on the exploration of the Minas de Pinto Property, an increase of \$314,105 from expenditures of \$185,298 incurred during the year ended December 31, 2012

A systematic exploration program was executed in the Chita Valley Project during the last quarter of 2013 and continued into the first quarter of 2014. The program commenced from west to east, on the Minas the Pinto area that is the easternmost part of the Chita Valley Project.

After acquiring new Geoeye imagery for mapping in detail and contracting a ground magnetometer survey in 2012, the Company completed a full map of the area 1:1,000. Selected areas were tested by 19 sawn channel sample sections for a cumulative total of 310 samples, press released September 17, 2013 and 43 sawn channel sample sections for a cumulative total of 526 samples, press released January 30, 2014.

A more detailed description of the work performed can be found in section "Developments during the year ended December 31, 2013" in this MD&A.

La Rosita Property

During the year ended December 31, 2013, the Company spent \$22,470 on maintenance of the La Rosita property, a decrease of \$434,021 when compared to expenditures incurred during the year ended December 31, 2012. The Company dedicated significant resources to the La Rosita property during the 2012 fiscal year, and incurred significant expenditures related to mechanical trenching, sampling and road construction. The Company has scaled back the spending on the La Rosita property during fiscal 2013 due to financial restrictions.

OPERATING ACTIVITIES AND FINANCIAL PERFORMANCE

During the year ended December 31, 2013, the Company incurred total expenses of \$399,906. Expenditures decreased by \$290,754 when compared to expenditures of \$690,660 for the year ended December 31, 2012. The significant decrease in total expenses is primarily due to a reduced amount of stock-based compensation expense and the result of the Company's focus on reducing its spending on corporate overhead.

Expenses related to stock-based compensation for the year ended December 31, 2013 were \$32,479, a decrease of \$166,384 when compared to stock-based compensation expense of \$198,863 for the year ended December 31, 2012. The decrease in stock-based compensation year-to-year is a factor of the timing related to the vesting of stock options during the fiscal year. Stock-based compensation expense was higher during the 2012 fiscal year as 3,360,000 options granted during the year ended December 31, 2011 continued to vest until December 9, 2012. Stock-based compensation expense of the 2013 fiscal year related to the continued vesting of 225,000 options granted in the fourth quarter of fiscal 2011, 510,000 stock options granted during the third quarter of 2012 and 580,000 options granted during the fourth quarter of 2013.

The Company incurred professional and regulatory fees of \$262,373 during the year ended December 31, 2013. 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 \$68,647 when compared to expense of \$331,020 incurred during the year ended December 31, 2012, and this decrease reflects the Company's efforts to conserve resources to dedicate towards the exploration programs.

Marketing and communications expenses of \$14,160 were incurred by the Company during the year ended December 31, 2013. These expenses decreased by \$35,154 when compared to the similar expenses of \$49,314 for the year ended December 31, 2012.

The Company incurred general and administrative expenses of \$42,870 during the year ended December 31, 2013, representing a decrease of \$43,077 compared to the similar expenses of \$85,947 incurred during the year ended December 31, 2012.

During the year ended December 31, 2013 the Company made significant efforts to minimize expenditures to allow the Company to focus its resources on the systematic exploration of its properties. These efforts are reflected in the decreases in the above-noted expenses experienced during fiscal 2013. Also, see description of reduced expenditures under heading "Business Developments During the Year Ended December 31, 2013".

During the year ended December 31, 2013, the Company incurred an expense of \$48,024 related taxes payable related to the ownership of MSA, an increase of \$22,508 when compared to the year ended December 31, 2012. This increase is strictly due to timing of the expense.

During the year ended December 31, 2013, the Company earned gains of \$181,664, related to foreign exchange differences earned in the acquisition and disposition of short term investments. The Company did not have any such transactions during the year ended December 31, 2012.

Finally, the significant currency translation adjustment that resulted in a loss of \$1,074,732 during the year ended December 3, 2013 was due to a combination of two factors. First, the accelerated rhythm of devaluation of the Argentine Peso against the American Dollar and, secondly, the revaluation of the Canadian Dollar against the American Dollar. The change in the value of the Argentine Peso relative to the other currencies noted has impacted directly on the net assets of MSA which are located in Argentina and has had a significant negative impact when translating the accounts of MSA in accordance with IFRS. It is expected that in the following periods the Argentine government will accelerate this devaluation rhythm given the unrecognized actual inflation rate that is affecting the competitiveness of Argentina.

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	2013				2012			
	Dec	Sep	Jun	Mar	Dec	Sep	Jun	Mar
	\$							
Net Revenues	349	143	328	707	1,418	670	1,518	2,648
Net income (loss) for the period	(86,840)	(32,901)	5,542	(102,516)	(140,920)	(161,493)	(192,197)	(189,796)
Comprehensive Loss for the period	(511,678)	(513,020)	(82,222)	(184,527)	(326,361)	(555,940)	(262,693)	(335,416)
Income (Loss) per share, basic and diluted	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)

Factors affecting quarterly results

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

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of \$37,591 as at December 31, 2013, compared to positive working capital of \$918,651 as at December 31, 2012. As at December 31, 2013, the Company held cash and cash equivalents of \$205,036 versus \$1,063,920 as at December 31, 2012.

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

Management has implemented a downsizing plan that includes maintaining core personnel in the office, while lowering the compensation package for the foreseeable future.

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

During January 2014, the Argentine Government implemented a macro-devaluation of approximately 23%, and simultaneously raised the domestic interest rates by absorbing Argentine pesos through the Central Bank in order to support this new exchange rate

On February 22, 2014 the Company issued 10,420,004 units (pursuant to a non-brokered private placement) for proceeds of \$1,042,000, of which \$992,000 (AR\$ 6,985,017) were received through MSA at the official exchange rate. 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 net proceeds will be used by the Company for financing a diamond drilling program of 1,000 to 1,500 meters at the Chita South porphyry target, settling option payments related to the Company's material properties and for general working capital purposes. The net proceeds of the private placement have been invested in several short-term and money market instruments in HSBC Argentina with varying maturities based on the expected working capital requirements of the Company. The money market instruments and term deposits are denominated in Argentinean Pesos and bear interest at rates of interest between 22% and 27.75% with maturities ranging from zero to 60 days. The Company has chosen to invest in such instruments to take advantage of the domestic interest rates as well as to mitigate the risk of inflation in Argentina.

This is the third non-brokered private placement closed by the Company since the venture capital market deepened its downturn in 2012. Key shareholders have participated in all three private placements. Other investors in the private placements include existing and new shareholders that share the long term vision of the Company. Management is constantly seeking shareholders with medium and long term vision to establish a strong investor base to help Minsud outlast the poor condition of the venture capital markets.

The downsizing plan, the restructured property payments and the recent private placement will enable the Company to maintain its spending commitments and to continue exploring the Chita Valley Project during the year 2014.

In the long term, the Company is dependent on obtaining future financing for the exploration and development of its properties and for any new projects. The Company's ability to obtain future financings may be affected by several factors including the sustainability of commodity prices 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:

Shares outstanding	54,387,270
Options outstanding	4,375,000
Warrants	16,572,637
Put and Call Option	790,000
<u>TOTAL</u>	<u>76,124,907</u>

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	3,060,000	-	2.19	June 9, 2016
\$0.40	225,000	-	2.57	October 26, 2016
\$0.19	382,500	127,500	3.38	August 17, 2017
\$0.10	145,000	435,000	4.51	October 3, 2018
	3,812,500	562,500	2.66	

Warrants Outstanding

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

Exercise Price	Warrants Outstanding	Remaining Contractual Life (Years)	Expiry Date
\$0.35	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 22, 2016
	16,572,637	1.55	

Put and Call Option

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

COMMITMENTS AND CONTINGENCIES

Mineral Property Commitments

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

Staggered payments	Year	Options (Contingency payments)			Property acquisition financing		Options
		50% Brechas Vacas	100% Minas de Pinto	Subtotal	100% Chita	TOTAL	50% Brechas Vacas
		Cash					Shares
		US\$	US\$	US\$	US\$	US\$	US\$
	2014	40,000	75,000	115,000	35,000	150,000	-
	2015	50,000	187,500	237,500	70,000	307,500	-
	2016	60,000	150,000	210,000	70,000	280,000	-
	2017	110,000	-	110,000	70,000	180,000	60,000
	2018	180,000	-	180,000	-	180,000	80,000
	2019	100,000	-	100,000	-	100,000	40,000
Total staggered payments		540,000	412,500	952,500	245,000	1,197,500	180,000

Option payments	Year	Brechas Vacas	Minas de Pinto	Subtotal	TOTAL	Brechas Vacas
		Cash			Shares	Shares
		US\$	US\$	US\$	US\$	US\$
	2017	-	1,335,000	1,335,000	1,335,000	-
	2019	535,000	-	535,000	535,000	535,000
Total Option payments		535,000	1,335,000	1,870,000	1,870,000	535,000

Total payments	1,075,000	1,747,500	2,822,500	245,000	3,067,500	715,000
-----------------------	------------------	------------------	------------------	----------------	------------------	----------------

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

Further information is disclosed in Note 6 of the annual financial statements and under heading "Business Developments During the Year Ended December 31, 2013".

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.

On April 30, 2013, the contract expired and the outstanding balance of the contract (US\$60,500) was reimbursed in full to the Company. Neither party has any further obligations related to the contract.

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.

On January 30, 2013, the Company entered into a new services agreement with its President and CEO with the same compensation terms and change of control provisions as the original services agreement discussed above. The new services agreement continued in effect until June 30, 2013.

On June 25, 2013, the Company and the President and CEO entered into a new services agreement with a term up to December 31, 2013 for a reduced annual fee of \$84,000, consisting of salary and director fees of MSA, payable in monthly instalments by MSA. The agreement includes the same change of control provisions as discussed above. The parties plan to formally renew the agreement in due course. The agreement 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.

On January 2, 2014, the Company entered into a new services agreement with its President and CEO with the same compensation terms as the previous agreement dated June 25, 2013 and the same change of control provisions as the original services agreement discussed above. The new services agreement continues in effect until June 30, 2014.

The President and CEO can terminate the agreement without consequence by giving 90 days previous notice to the Company and MSA.

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

On January 24, 2012, the Company entered into a consulting agreement with Howard Coates, a director and the Vice-President (Exploration) of the Company, in exchange for an hourly fee of \$150 for office-based work on the Company's exploration 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 expired January 18, 2013.

On February 3, 2013, the Company entered into a new consulting agreement with the Company's Vice-President (Exploration) containing similar compensation terms to the consulting agreement discussed above. The new consulting agreement was for a period of six months and expired June 30, 2013.

On June 17, 2013, the Company and the Company's Vice-President (Exploration) signed a new semi-annual consulting agreement for a reduced fixed monthly fee of \$5,000, which replaces the monthly fees ranging between a minimum of \$6,000 and a maximum of \$ 8,500 pursuant to the prior agreement. The agreement does not provide for any payments in the event of a change of control or termination.

On February 14, 2014, the Company and the Company's Vice-President (Exploration) signed a new semi-annual consulting agreement replacing the agreement described above. Under the new agreement, Mr. Coates is paid 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.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2013, the Company incurred the following related party transactions:

i) Transactions

- a. A total of \$112,000 was charged by Carlos Massa, the CEO of the Company.
- b. A total salary of \$43,672 was charged by Ramiro Massa, an individual related to the Company's CEO, for financial and operational management services in his role as the Company's MSA subsidiary Controller.
- c. A total of \$41,117 of accounting and regulatory compliance fees and \$21,000 of CFO fees was charged by Forbes Andersen LLP, an accounting firm in which Paul Andersen, the Company's CFO, is a partner.
- d. A total of \$82,841 was charged by Howard Coates, the Company's Vice-President (Exploration).
- e. During the year ended December 31, 2013, the Company granted 390,000 stock options to key members of management. The amount of stock-based compensation expense for the year ended December 31, 2013 related to stock options granted to key members of management was \$17,285.

ii) Period-end Balances

- a. As at December 31, 2013, accounts payable and accrued liabilities included \$1,871 payable to the CEO of the Company.
- b. As at December 31, 2013, accounts payable and accrued liabilities included \$30,638 payable to Forbes Andersen LLP, accounting firm in which Paul Andersen, the Company's CFO, is a partner.
- c. As at December 31, 2013, accounts payable and accrued liabilities included \$7,150 payable to Howard Coates, the Company's Vice-President (Exploration).

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

OFF-BALANCE SHEET TRANSACTIONS

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

BASIS OF PRESENTATION

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

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

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration programs, maintain its mineral properties concession rights and exploration agreements with purchase options, discharge its liabilities as they become due and generate positive cash flows from operations.

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

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's 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
2012 – Q3	1,781	1,566	1,781	35	27	35
2012 – Q4	1,790	1,648	1,664	35	30	30
2013 – Q1	1,693	1,569	1,603	32	28	29
2013 – Q2	1,598	1,203	1,203	28	19	19
2013 – Q3	1,426	1,226	1,336	25	19	22
2013 – Q4	1,351	1,193	1,202	23	19	20

Environmental Risk and Regulation

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

Licenses and Permits

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

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

Exploration and Exploitation Business Risks

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

Mining Properties

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

Currency Risk

The Company's primary operations are located in Argentina. The Company raises 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. Also, see "Recent Argentine Regulations – Foreign Currency Purchases" below.

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 adopted by the Company during the fiscal year ended December 31, 2013, as described in Note 3 of the Financial Statements. The adoption of the newly issued standards and the amendments to existing standards did not have a material impact on the Financial Statements. In terms of future accounting pronouncements, IFRS 9, "Financial Instruments: Classification and Measurement", which is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. IFRS 9 will replace IAS 39. Management anticipates that the Company will not early adopt IFRS 9. IAS 32 "Financial Instruments: Presentation" has been amended to provide application guidance on the offsetting of financial assets and financial liabilities and will be effective for annual periods on or after January 1, 2014. Management has not yet completed its evaluations of the effect of adopting these standards and the impact it may have on its consolidated financial statements.

RECENT ARGENTINE REGULATIONS

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 to its financial situation and information filed before AFIP, to purchase said foreign currency. Additionally, the Central Bank of Argentina has enacted several resolutions on the matter which may restrict the purchase of foreign currency by Argentine residents such as MSA in the future.

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

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

On June 28, 2012 the governor of the province of Chubut, Argentina raised for consideration by the provincial legislature, a draft law which if passed, will regulate oil and gas and mining activities in the province. The most relevant aspect of this draft law for the Company 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 Petrominera, the Provincial State Agency.

On October 2, 2012, through the note N° 35/2012, this draft law returned to the governor for further consideration and so far has not yet been filed back for discussion and approval.

The province had previously enacted the law N° 5001 banning the exploitation of minerals through open pits and the use of cyanide for extracting gold.

Regarding the Company's Carlos prospect (24,213 has), located in the nearby town of Paso del Sapo, Plato Central – Gastre Fault, the Company is confident that mining activities have a higher probability of being allowed in the near future.

With regard to the Putrachoique prospect, located to the west of Chubut River, mining activities in this region were suspended for two consecutive periods of 36 months. Although mining activities were no longer suspended once the second period of suspension was completed, the Company believes that further clarifications on the law are needed before committing new investments.

Management has evaluated this situation and considered that the environment created for mining activities is not safe enough to warrant a return to the field as a result of the anti-mining legislation existing in the province mentioned above, the high possibility that new restrictions could be implemented in the near future, and, possibly, a reduced likelihood of obtaining access permits from the landowners within this framework.

The lack of investment in these two areas, Carlos and Putrachoique, may increase the risk of license cancelation by the Government Secretary of Mines. The Company is doing all reasonable efforts to preserve these properties without risking a significant investment while waiting for more transparent and improved legislation for exploring in a Province with highly prospective geological features.

In the context of the downsizing program and control of expenses, MSA abandoned the Sapo I and II claims (14,689 has) claimed for uranio located close to the western side of the Chubut River because of the lack of any geological evidence, financing and the unsuccessful result of finding a joint venture partner. MSA also abandoned the claim El Maisur (6,000 has) located in the touristic zone of El Maiten for similar reasons. In this claim, regional sampling did not produce any good indication that further exploration activity would lead to better results. All the expenses related to these properties had already been written off in the past.

The properties discussed above do not represent a material part of the Company's operations.

(iii) Rio Negro Province:

Even though the province is looking more attractive to mining activities after revoking certain anti-mining laws, establishing a positive relationship with landowners is still very difficult.

The Company has recently been notified that one of the main landowners where the Calqui project is located has indicated his opposition to any mining activity on his ranch. MSA intends to initiate negotiation to rectify this situation to further file and request permits for Environmental Report approval and return to work on the property.

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

The property discussed above does not represent a material part of the Company's operations.

(iv) Santa Cruz Province:

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

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

QUALIFIED PERSONS

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

ADDITIONAL INFORMATION

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