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

For the Three and Six Month Periods Ended June 30, 2016

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MINSUD RESOURCES CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS

For the Three and Six Month Periods ended June 30, 2016

INTRODUCTION

The following is a Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Minsud Resources Corp. (the "Company" or "Minsud") to enable a reader to assess the financial condition and results of operations of the Company for the three and six month periods ended June 30, 2016.

This MD&A has been prepared as at August 26, 2016 unless otherwise indicated.

This MD&A should be read in conjunction with the Company's Unaudited Condensed Interim Consolidated Financial Statements for the six months ended June 30, 2016 (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 99.30% ownership interest. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar figures included therein and in the following MD&A are expressed in Canadian dollars unless otherwise indicated.

The Company's head office and principal business address is 340 Richmond Street West, Toronto, Ontario M5V 1X2. The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and trades its common shares on the TSX Venture Exchange (the "Exchange"), under the symbol MSR. Additional information relevant to the Company's activities, including press releases, can be found on SEDAR at www.sedar.com 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 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 June 30, 2016, MAI held 76,951,699 of the 77,494,299 outstanding common shares of MSA, representing an ownership interest of 99.30%.

As of the date of this MD&A, the members of the Company's Board of Directors are Alberto Francisco Orcoyen (Non executive - Chairman), Carlos Alberto Massa (President and Chief Executive Officer), Howard Coates (Vice-President-Exploration), Scott White, Diego Perazzo, Hugo Dragonetti (Jr) and Carlos Adamo. As of the date of this MD&A, Mr. Orcoyen, Mr Adamo and Mr. White form the Company´s audit committee, and Mr. Orcoyen, Mr Adamo and Mr Perazzo form the compensation committee. All members of the Company's Board of Directors were re-elected as Board members at the annual Shareholders' Meeting held October 16, 2015,

The Board of Director is made up of a majority of indendent directors in accordance with the guidance of TSX-Venture Exchange policies with the independent directors including Alberto F. Orcoyen, Scott White, Carlos Adamo and Hugo Dragonetti (Jr).

PRINCIPAL BUSINESS OF THE COMPANY

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

The Company also owns 100% of the mining rights at the La Rosita (9,970 ha) and San Antonio (7990 ha) gold and silver prospects at the Deseado Massif – Santa Cruz Province, República Argentina.

Although Minsud's technical team believes that the areas controlled by the Company in Chubut (23,000 ha) are highly prospective, management is now evaluating the current framework for exploring and doing business in this province in order to make a decision regarding the retention or abandonment of these properties. See i) Chubut Province in the discussion of the Provincial (State) Mining Regulations and News found on page 22 of this MD&A.

During the year ended December 31, 2015, MSA has relinquished its mining rights at Calqui prospect (9,000 ha) at Rio Negro Province. The prospect was a grass-roots in nature located in zones where inhabitants and landowners are strongly declared as anti-mining making it very difficult for the Company to obtain permits to work for more than five years. Management intended to deal with larger companies with properties in the Province of Rio Negro but has not even received an offer. After evaluating the situation and due to the need of reducing expenses, mainly in properties where there is no plan or budget assigned, the decision of relinquishing was made.

The properties located in Chubut and Rio Negro discussed above do not represent a material part of the Company's operations. All expenses incurred on the properties were written off in prior years.

BUSINESS DEVELOPMENTS DURING THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2016 AND 2015

The encouraging drilling results obtained from the two programs executed in 2014 guided Minsud towards the preparation of an initial resource estimation at the Chita Porphyry South. In March 2015, Minsud retained P&E Mining Consultants Inc. (“P&E”) of Brampton, Ontario to review project data and prepare a Technical Report that complies with Canadian National Instrument 43-101 standards. The Tehcnical Report was filed on SEDAR on July 8, 2015 under the name NI 43-101TECHNICAL REPORT AND MINERAL RESOURCE ESTIMATE ON THE CHITA VALLEY PROJECT SAN JUAN PROVINCE, ARGENTINA FOR MINSUD RESOURCES CORP.

The Company has also completed a state of the art grounded electrical geophysical survey over the Chita and Chinchillones areas. Induced Polarization ("IP")/Resistivity surveying included 48.8 line km of pole-dipole and 4.5 line km of dipole-dipole array coverage.

During fiscal 2015, the Company issued 27,904,775 units (pursuant to non-brokered private placements closed in April, August and September) for aggregate gross proceeds of $3,254,664. In addition, 1,789,545 units were issued as settlement for 30 %, or $ 259,772, of an amount payable to a drilling company according to the terms of the drilling agreement for the program conducted in September 2015.

The net proceeds of the NBPPs have been used, primarily, in a drilling program to continue outlining the Cu-Mo-Ag-Au deposit at the Chita porphyry, as well as an initial test of new high quality targets recently confirmed by a state of the art IP/ resistivity geophysics at the Chita Valley Project, payments related to option agreements and the financing of mining rights acquisitions, and for general working capital and corporate overhead requirements.

Pursuant to the drilling campaign that commenced on September 16, 2015 and finalized on October 11, 2015, 4,088 mts DDH were drilled at the Chita porphyry at a rate of 170 mts per day with no accidents to report.

In October 2015, Minsud again retained P&E to review the recently obtained project data and prepare an updated Technical Report that complies with Canadian National Instrument 43-101 standards. The report includes an updated Mineral Resource estimated under the CIM definition standards. On February 1, 2016, the Technical Report was filed under the Company’s profile at www.sedar.com. It is also accessible at the Company’s website (www.minsud.com).

Management is encouraged with the results of the 2015 exploration program, highlighted by an approximate 72% increase of in-pit Inferred Mineral Resources but it also believes that the mineral potential of the Chita Valley Project as a whole goes far beyond of what we currently know about the mineralization at the south Chita Porphyry area. Targets like PNO, Chinchillones, Placetas and Minas de Pinto are among the other main targets which are subject to our systematic exploration approach according to financial availability.

On April 20, 2016, Minsud announced the closing of a non-brokered private placement of units of the Company (“Units“) for gross proceeds of $1,000,000 (the “Private Placement“) at $0.10 per Unit. The net proceeds will be used to continue exploring the Cu-Mo-Ag-Au deposit at the Chita porphyry as a main focus, in addition to payments related to option agreements and financing of mining rights acquisitions, as well as working capital and corporate overhead requirements.

Looking to the future, Minsud is committed to systematically moving the project towards the economic feasibility stage, a task that will again challenge management’s ability to raise sufficient financing in difficult market conditions. It should be noted that since June 2012, management has been able to raise more than $ 7.1 Million through seven non-brokered private placements (“NBPP”) with investors that share the Company’s long-term vision. No commissions or finder fees were paid in connection with these NBPPs.

On July 4, 2016, Minsud announced that it completed a restructuring and second addendum to the Brechas Vacas Option Agreement which extended the term and amounts of the staggered and option payments. Please see the Company’s press release dated July 4 or note 6 to the Financial Statements. Management now believes that the Company has created the appropriate financial conditions to push ahead the exploration of the Chinchillones target subject to the availability of financial resources.

The Company's technical team has been compiling significant amounts of information with respect to mapping, sampling, cross and long sections, which, together, have allowed management to assemble a new drilling plan at the PSU which is expected to commence in early October 2016 at the latest. Minsud has also re-commenced field work at the la Rosita Prospect in the Province of Santa Cruz and plans to take this prospect to the drilling stage subject to the availability of financial resources. It should be noted that this property is close to the Manantial Espejo mine, and recently Hunt Mining has acquired the rights and premises of Mina Marta with expectations of re-opening.

Additonial details of the field work performed at both Chita Valley Project and La Rosita prospect during the first six months of fiscal 2016 can be found in the section of this MD&A titled "Exploration developments during the six months ended June 30, 2016".

On August 9, 2016 Minsud announced the intention to complete, subject to the approval of the Exchange, a non-brokered private placement of units of the Company ("**Units**") for gross proceeds of up to $1,500,000 (the "**Private Placement**") at $0.10 per Unit, with each Unit consisting of one common share of the Company, a "**Share**") and one common share purchase warrant (a "**Warrant**"). Each Warrant is exercisable into one Share at $0.15 for a term of two years from the date of issue.

The net proceeds of the Private Placement will be used to continue exploring the Cu-Mo-Ag-Au deposit at the Chita porphyry, including 1,700 metres of DDH drilling and metallurgical tests, payments related to option agreements and the acquisition of mining rights, as well as general working capital and corporate overhead requirements.

EXPLORATION DEVELOPMENTS DURING THE SIX MONTHS ENDED JUNE 30, 2016

Chita Valley Project

Minsud Resources Corp retained P&E Mining Consultants Inc. of Brampton, ON to complete a NI 43-101 Technical Report and Updated Mineral Resource Estimate on the Chita Valley Project, San Juan Province, Argentina. The report has an effective date of December 18, 2015 and a signing date of February 1, 2016. The reader is referred to this report for both summary and detailed information concerning all technical aspects of the Chita Valley Project as at the effective date of the report. The report may be viewed under the Company's profile at www.sedar.com

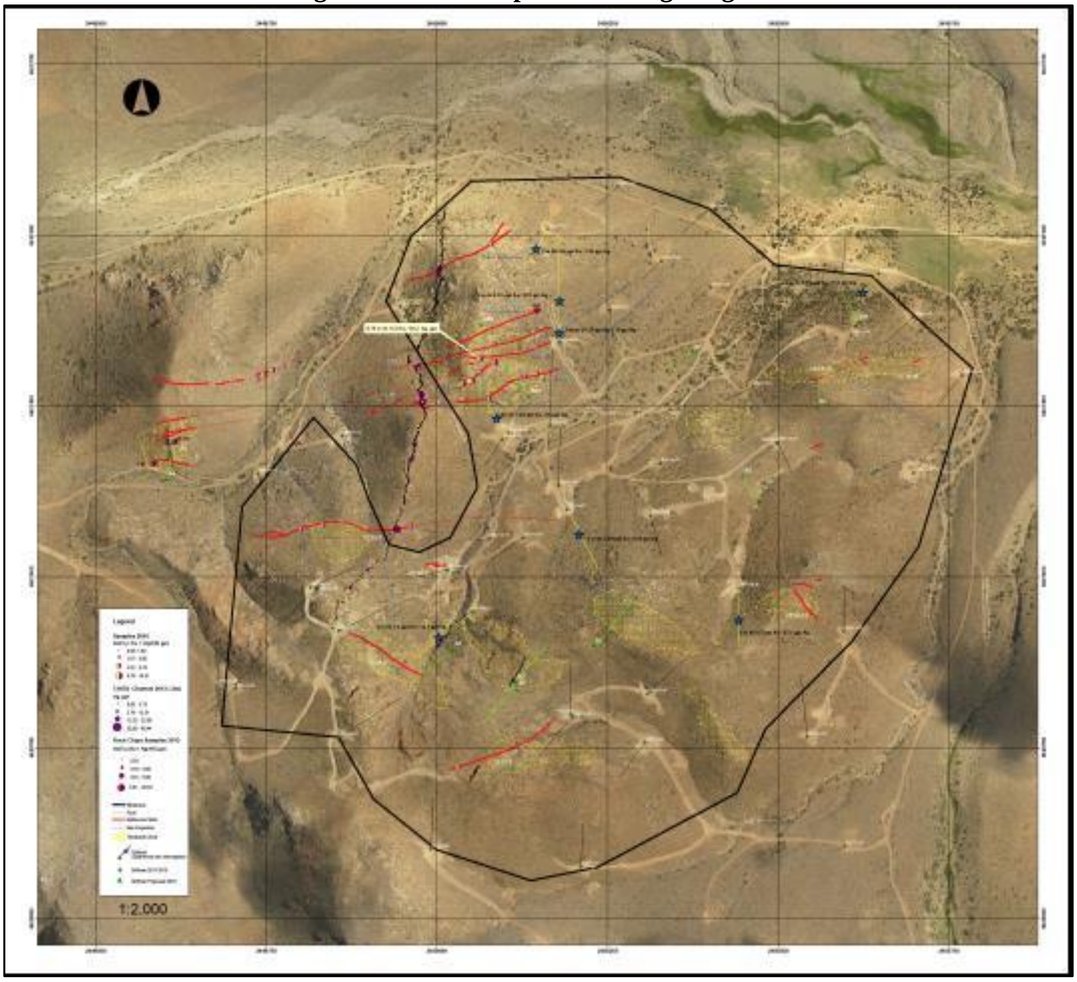
Work program of the first six months of fiscal 2016: During the first month of 2016, geological and support staff were primarily occupied with updating various maps, sections, databases, QA/QC files with the results of the Q4 2015 drilling program for inclusion in the Technical Report.

During the first quarter of fiscal 2016, the Company commissioned a high resolution orthophoto topographic map/digital terrain model in the Chita Porphyry area. Employing unmanned aerial vehicle ("UAV") or drone mounted high resolution cameras and differential GPS ("DGPS") survey stations, the area's topographic control will be excellent. The survey was delayed by issues with certain DGPS ground control stations, and was completed during the second quarter of fiscal 2016.

During the quarter ended June 30, 2016, field work continued with 1:1000 scale detailed mapping and sampling in the Chita South sector as efforts focused on continuing to outline the Inferred Resources and to eventually upgrade them to higher confidence levels. At the same time, investigations into the potential importance of known epithermal Au-Ag veins inside the conceptual pit model area are being advanced. This work is expected to be completed in the third quarter of fiscal 2016.

The first half of fiscal 2016 saw detailed mapping of epithermal Au/Ag vein areas in the Chita Porphyry mostly inside the Inferred Resources wireframe model. Similar detailed mapping will continue to the west and east into the Chinchillones and Minas de Pinto areas, respectively. A Diamond Drilling program is planned for the second half of fiscal 2016 to continue outlining the Inferred resource of Cu-Mo-Au-Ag and also as a preliminary test of epithermal veins in the porphyry (Figure 1). The precious metal veins are believed to have potential complementary benefits to the deposit's economic model either as discrete high grade areas of direct shipping material or as broader sectors of elevated Au/Ag inside the Cu wireframe.

Figure 1: Chita Proposed Drilling Program.



La Rosita Project

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

The Mesozoic volcanic, subvolcanic, volcaniclastic, epiclastic and sedimentary rocks of the Deseado Massif are formally referred to as the **Bahia Laura Group**. The principal stratigraphic unit of the Bahia Laura Group is the approximately 300 m thick **Chon Aike Formation** (not to be confused with the Chon Aike Province), which underlies an area of some 100 000 km^2 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.

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

Previous Exploration Work Performed by MSA from 2011 to 2012: During the 2011 and 2012 campaigns, an early stage exploration program was performed, including:

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

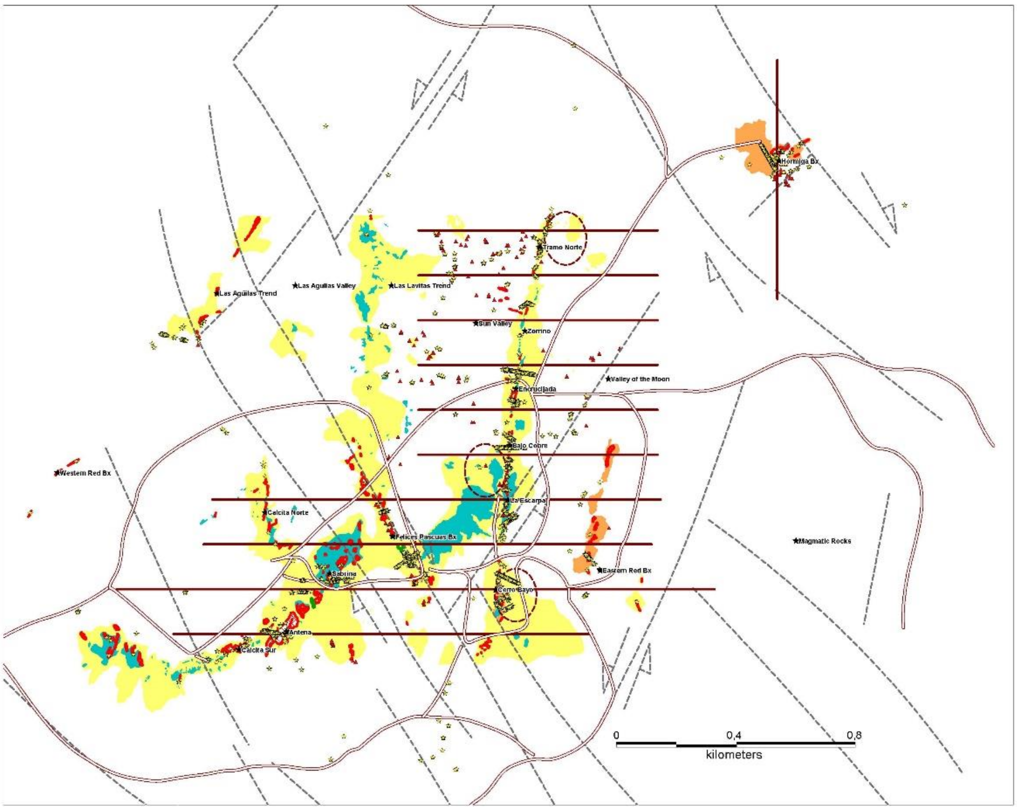
No exploration field work was conducted between 2013 and December 31, 2015.

Work program of the first six months of fiscal 2016: Field work resumed at La Rosita in the latter part of February 2016. Site reclamation work was completed after a final geological examination of the 51 mechanical trenches. All trenches have been backfilled and the land surface is restored to its original contours. Preliminary planning of an Induced Polarization/Resistivity ("IP") test survey was also done during the site visit.

In May 2016, 12 line kilometres of Pole-Dipole IP surveying were completed (Figure 2). The survey identified several target areas that are being assessed in conjunction with previously obtained magnetic, geological, geochemical, estructural and alteration data to plan a drilling program.

La Rosita Ongoing Work Recommendations: Exploration work carried out so far indicates the possible presence, at shallow depth, of an extensive low sulfidation epithermal system, similar to most deposits of the Deseado Massif. Minsud has plans for the future to drill the various target areas as funding permits.

Figure 2: La Rosita IP lines.



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, 2015 ($)	As at and for the Year Ended December 31, 2014 ($)	As at and for the Year Ended December 31, 2013 ($)
Other Income	-	420	183,191
Net loss for the year	(261,937)	(385,722)	(216,715)
Comprehensive loss for the year	(2,150,361)	(1,176,049)	(1,291,447)
Non-current assets	7,725,085	6,771,490	5,312,813
Current Assets	629,966	249,648	273,563
Non-current liabilities	380,297	466,981	223,312
Current Liabilities	474,678	515,104	311,154
Working Capital	155,288	(265,456)	(37,591)
Deferred Income Taxes	Nil	Nil	Nil
Share Capital	13,420,207	10,669,507	9,041,202
Shareholders' Equity	7,500,076	6,039,053	5,051,910

PROJECT EXPENDITURES

Project expenditures for the three month period ended June 30, 2016 are as follows:

Three months ended June 30, 2016	**Chita ($)**	**Brechas Vacas ($)**	**Minas de Pinto ($)**	**La Rosita ($)**	**San Antonio ($)**	**Other ($)**	**Total ($)**
Acquisition costs (a)	3,233	26,624	6,619	NIL	NIL	NIL	36,476
Drilling	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Assays	12,660	NIL	NIL	NIL	NIL	NIL	12,660
Geophysics	NIL	NIL	NIL	32,870	NIL	NIL	32,870
Labour and Technical Fees	115,255	3,574	688	8,893	105	NIL	128,515
Vehicles and Equipment	14,852	NIL	NIL	2,052	NIL	NIL	16,904
Travel and Lodging	11,063	NIL	NIL	13,254	NIL	NIL	24,317
Project Management	52,344	8,478	(447)	17,404	1,640	NIL	79,419
VAT Paid	8,421	42	42	7,409	3	NIL	15,917
Current Expenditures	**217,828**	**38,718**	**6,902**	**81,882**	**1,748**	**NIL**	**347,078**
Currency Translation Adjustment	(101,427)	(26,648)	(24,346)	(12,563)	(2,447)	(69)	(167,500)
Write-offs	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Balance – beginning of period	**4,120,083**	**1,085,902**	**1,053,594**	**396,634**	**101,208**	**2,811**	**6,760,232**
Balance – end of period	**4,236,484**	**1,097,972**	**1,036,150**	**465,953**	**100,509**	**2,742**	**6,939,810**

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

Project expenditures for the six month period ended June 30, 2016 are as follows:

Six months ended June 30, 2016	**Chita ($)**	**Brechas Vacas ($)**	**Minas de Pinto ($)**	**La Rosita ($)**	**San Antonio ($)**	**Other ($)**	**Total ($)**
Acquisition costs (a)	28,194	26,624	47,834	NIL	NIL	NIL	102,652
Drilling	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Road	NIL	NIL	NIL	15,134	NIL	NIL	15,134
Assays	22,001	NIL	NIL	526	NIL	NIL	22,527
Geophysics	NIL	NIL	NIL	32,870	NIL	NIL	32,870
Labour and Technical Fees	230,009	5,856	6,174	18,234	238	NIL	260,511
Vehicles and Equipment	24,104	NIL	NIL	2,956	NIL	NIL	27,060
Travel and Lodging	24,828	NIL	NIL	17,109	NIL	NIL	41,937
Project Management	97,551	15,064	14,619	30,196	2,967	312	160,709
VAT Paid	(6,553)	(56,303)	(2,503)	(2,058)	3	NIL	(67,414)
Current Expenditures	**420,134**	**(8,759)**	**66,124**	**114,967**	**3,208**	**312**	**595,986**
Currency Translation Adjustment	(825,434)	(234,796)	(212,929)	(81,166)	(21,513)	(592)	(1,376,430)
Write-offs	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Balance – beginning of period	**4,641,784**	**1,341,527**	**1,182,955**	**432,152**	**118,814**	**3,022**	**7,720,254**
Balance – end of period	**4,236,484**	**1,097,972**	**1,036,150**	**465,953**	**100,509**	**2,742**	**6,939,810**

Project expenditures for the three months ended June 30, 2015 are as follows:

Three months ended June 30, 2015	**Chita ($)**	**Brechas Vacas ($)**	**Minas de Pinto ($)**	**La Rosita ($)**	**San Antonio ($)**	**Other ($)**	**Total ($)**
Acquisition costs (a)	6,443	31,096	12,113	NIL	NIL	NIL	49,652
Drilling	(227)	NIL	NIL	NIL	NIL	NIL	(227)
Assays	39,809	4,798	(1,033)	NIL	NIL	NIL	43,574
Geophysics	64,189	15,057	NIL	NIL	NIL	NIL	79,246
Labour and Technical Fees	151,133	34,493	5,671	561	NIL	NIL	191,858
Vehicles and Equipment	7,759	2,104	NIL	NIL	NIL	NIL	9,863
Travel and Lodging	21,083	1,871	NIL	1	NIL	NIL	22,955
Project Management	68,408	26,140	12,287	7,347	1,029	48	115,259
VAT Paid	16,073	6,378	357	432	NIL	NIL	23,240
Current Expenditures	**374,670**	**121,937**	**29,395**	**8,341**	**1,029**	**48**	**535,420**
Currency Translation Adjustment	(151,424)	(65,788)	(55,471)	(21,637)	(6,405)	(195)	(300,920)
Write-offs	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Balance – beginning of period	**3,735,868**	**1,599,151**	**1,357,660**	**534,416**	**153,932**	**4,540**	**7,385,567**
Balance – end of period	**3,959,114**	**1,655,300**	**1,331,584**	**521,120**	**148,556**	**4,393**	**7,620,067**

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

Project expenditures for the six months ended June 30, 2015 are as follows:

Six months ended June 30, 2015	Chita ($)	Brechas Vacas ($)	Minas de Pinto ($)	La Rosita ($)	San Antonio ($)	Other ($)	Total ($)
Acquisition costs (a)	14,464	31,096	26,140	NIL	NIL	NIL	71,700
Drilling	(227)	NIL	NIL	NIL	NIL	NIL	(227)
Assays	39,925	4,798	(1,033)	NIL	NIL	NIL	43,690
Geophysics	64,189	15,057	NIL	NIL	NIL	NIL	79,246
Labour and Technical Fees	235,365	94,044	9,237	1,455	NIL	NIL	340,101
Vehicles and Equipment	11,283	7,431	NIL	264	NIL	NIL	18,978
Travel and Lodging	27,700	4,782	NIL	1	NIL	NIL	32,483
Project Management	102,599	55,697	19,726	15,945	1,245	1,333	196,545
VAT Paid	17,779	7,734	370	822	NIL	NIL	26,705
Current Expenditures	**513,077**	**220,639**	**54,440**	**18,487**	**1,245**	**1,333**	**809,221**
Currency Translation Adjustment	38,011	14,230	14,507	5,635	2,537	(9)	74,911
Write-offs	NIL	NIL	NIL	NIL	(14,985)	NIL	(14,985)
Balance – beginning of period	**3,408,026**	**1,420,431**	**1,262,637**	**496,998**	**159,759**	**3,069**	**6,750,920**
Balance – end of period	**3,959,114**	**1,655,300**	**1,331,584**	**521,120**	**148,556**	**4,393**	**7,620,067**

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

Chita Valley Project (Chita – Brechas Vacas – Minas de Pinto)

During the six months ended June 30, 2016, the Company spent $374,847, net of a VAT recovery, on the continued exploration of the Chita Valley Project, a decrease of $341,609 from expenditures of $716,456 during the six months ended June 30 2015. During the period ended June 30, 2016, the Company had a recovery of VAT paid of $94,690 ($81,752 from the Chita Valley Project) which had the effect of reducing the amount of property expenditures in the period.

The majority of the exploration expenditures ($513,077) of the six months ended June 30, 2016 was spent on the Chita property.

Expenditures incurred related to the Chita Valley project during the six months ended June 30, 2016 are primarily related to the following:

(1) Labour and technical fees: the Company maintains a full team in the field made up of three geologists and five operators, on a year-round basis. Management believes that the potential of the Chita Valley Project goes well beyond the PSU target, currently the main target on which the Company has concentrated the largest portion of its financial efforts. Targets like PNO, Chinchillones, Placetas and Minas de Pinto are among the other main targets which are subject to a systematic exploration approach according to financial availability. During the first six months of fiscal 2016, expenditures on labour and technical fees for the Chita Valley project were primarily related to: (i) the continued systematic exploration; (ii) the Company commissioned a high resolution orthophoto topographic map/digital terrain model in the Chita Porphyry area; (iii) continued with 1: 1000 scale detailed mapping as well as three long and 5 cross sections in the Chita South sector (iv) Planning and coordination of the field work activities for a future drilling campaign; (v) mapping and sampling for the potential importance of known epithermal Au-Ag veins inside the conceptual pit model that have provided the opportunity of, once again, testing the Cu-Mo-Au-Ag in-pit resource together with an identified set of outrcropping epithermal veins.

(2) Project management which basically includes all operative, administrative and logistical labor costs and expenses that give support to the team on the field represented by the San Juan and Buenos Aires offices.

La Rosita Property

During the six months ended June 30, 2016, the Company spent $114,967 exploring La Rosita property, an increase of $96,480 when compared to expenditures of $18,487 incurred during the six months ended June 30, 2015. An agreement with the landowner to access to the property was signed and 51 mechanical trenches were backfilled during the first quarter of fiscal 2016. The Company also incurred expenditures related to the execution of a full regional campaign and to conduct 11 lines for 12km of IP/Resistivity research on the main targets identified so far, basically Mogote Hill – Breccia Felices Pascuas and Vetas Marisol within the mining concession ALFA II.

San Antonio Property

During the six months ended June 30, 2016, the Company spent $3,208 on the maintenance of the San Antonio property. A similar amount was spent during during the six months ended June 30, 2016.

OPERATING ACTIVITIES AND FINANCIAL PERFORMANCE

During the three and six months ended June 30, 2016, the Company incurred total expenses of $138,527 and $278,306 respectively. These amounts represent increases of $29,163 and $43,404 when compared to expenses of $109,364 and $234,902 for the three and six month periods ended June 30, 2015. The increase in total expenses is primarily due to an increase in stock-based compensation. Cash expenses of $97,057 and $189,616 for the three and six month periods ended June 30, 2016 were incurred by the Company.

These amounts represent increases of $2,513 and $5,356 for the three and six month periods when compared to cash expenses of $94,544 and $184,260 for the same periods ended June 30, 2015.

The Company incurred professional and regulatory fees of $75,180 and $143,158 during the three and six month periods ended June 30, 2016. These amounts include management salaries and fees paid for the services of the CEO and CFO, as well as general accounting, audit, legal and securites regulatory fees. Professional and regulatory fees increased by $899 and $4,449 when compared to expenses of $74,281 and $138,709 incurred during the three and six months ended June 30, 2015.

Marketing and communications expenses of $1,492 and $9,696 were incurred by the Company during the three and six months ended June 30, 2016. There was a decrease of $5,242 when comparing the six month periods ended June 30, 2016 and 2015.

The Company incurred general and administrative expenses of $14,116 and $24,224 during the three and six month periods ended June 30, 2016, representing increases of $2,461 and $6,844 when compared to similar expenses of $11,655 and $17,380 incurred during the three and six month periods ended June 30, 2015.

During the three and six month periods ended June 30, 2016, the Company incurred expenses of $6,269 and $12,538 for taxes payable related to the ownership of MSA. These expenses were consistent with the three and six month periods ended June 30, 2015 with nominal increases.

The Company also incurred the following non-cash expenses that contributed to the net loss for the three and six month periods ended June 30, 2016:

- Expenses related to stock-based compensation for the three and six month periods ended June 30, 2016 were $41,470 and $88,690. Stock-based compensation increased by $26,983 and $53,366 for the three and six month periods ended June 30, 2016 when compared to expenses of $14,487 and $35,324 for the three and six month periods ended June 30, 2015. The fluctuations in stock-based compensation year-to-year is a factor of the timing related to the vesting of stock options during the fiscal periods, as well as new stock options granted since June 30, 2015.

- A write-off of exploration expenses during the three months ended March 31, 2015 of $14,985 related to certain exploration permits and mining concession of the Santa Maria property which covered 9,979 has adjacent to the San Antonio property, as the Company had no further plans to explore the Santa Maria property and had to cut out further expenses on the area. The Company had no such write-offs of its mineral properties during the six months ended June 30, 2016.

Finally, the significant currency translation adjustment that resulted in accounting losses of $191,813 and $1,318,5691 during the three and six month periods ended June 30, 2016 were due to significant devaluation of Argentine Peso against the US Dollar as well as the revaluation of the Canadian dollar against the US Dollar.

The new Argentine government released the exchange market during the quarter ended December 31, 2015, and as a result, the Argentine currency fluctuations will now depend on market conditions.

It should be noted that, historically, the Company's foreign currency translation in accordance with IFRS has had a negative impact on the Canadian Dollar values of the MSA net assets, and the Company has reported losses related to the foreign currency translation on its consolidated statement of comprehensive loss. This negative impact is the result of the habitual trend in Argentina to devalue its currency due to high internal inflation rates. New government expectation tells that it is expected a reduction on the inflation rate by the second semester of the current year and most notably in 2017.

The currency translation adjustments discussed above primarily relate to amounts capitalized as mineral properties. The impact of the translation on the Company's liquid assets was minimal because management maintain the cash position in Canada and bring down funds from time to time according to the investment requirement of the Argentine affiliate

During the three and six month periods ended June 30, 2016, the Company disposed of plant and equipment, the result of which was a gain reported in each period of $15,161. There were no such gains during the periods ended June 30, 2015.

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	2016		2015				2014	
For the quarters ended	June	Mar	Dec	Sep	Jun	Mar	Dec	Sep
	$							
Net Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	420
Net income (loss) for the period	(123,366)	(139,779)	81,132	(108,167)	(109,364)	(125,538)	(116,804)	(86,959)
Comprehensive Income (Loss) for the period	(315,179)	(1,266,527)	(2,095,533)	103,700	(363,231)	204,703	3,182	(5,079)
Income (Loss) per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Factors affecting quarterly results

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

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $227,341 as at June 30, 2016, compared to working capital of $155,288 as at December 31, 2015. As at June 30, 2016, the Company held cash and cash equivalents of $599,906 versus $559,885 as at December 31, 2015.

Mineral exploration companies continue to operate under highly stressed market conditions combined with poor venture capital markets. However, since early 2016, the prices of precious metals have improved and the “Blue Chip” companies in the mining industry, while still having a valuation of approximately 50% of their 2011 values, have shown signs of recovery.

The Company has been able to ride out the difficult times following the rule of being prudent with the use of funds and continuous exploration of its properties to generate asset value. Now, the Company is prepared to move forward at a quicker pace according to the availability of financial resources.

The acquisition of the Chita property with medium-term financing, the acquisition of the 50% interest in the Minas de Pinto Trust with extended financing, the extension of the terms for exercising the purchase option for the remaining 50% up to 2019 and the recently re-scheduled staggered payments and option payment on the remaining 50% beneficial interest in the Brechas Vacas Trust to 2021 have allowed the Company to maintain control of these three key properties through modest payments which are more adapted to current market conditions.

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

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

During the period ended June 30, 2016, the Company issued 10,000,000 units pursuant to a non-brokered private placement for gross proceeds of $1,000,000. Each unit consists of one common share and one warrant.

It is worth mentioning that, as of the date of this MD&A, the Company has closed seven non-borkered private placements that include pricing units above the market price. Management is permanently looking for new potential investors with long term vision considering its intention of continue advancing the Chita Valley Project.

Share Capital

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

Shares outstanding	104,798,924
Options outstanding	6,095,000
Warrants	50,411,654
Put and Call Option	790,000
TOTAL	**162,095,578**

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	225,000	-	0.17	October 26, 2016
$0.19	435,000	-	0.98	August 17, 2017
$0.10	560.000	-	2.10	October 3, 2018
$0.10	1,020,000	-	2.71	May 12, 2019
$0.10	1,115,000	-	3.24	November 20, 2019
$0.10	1,370,000	1,370,000	4.30	December 14, 2020
	4,725,000	1,370,000	3.25	

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	9,617,334	0.01	August 28, 2016
$0.35	1,100,000	0.24	November 20, 2016
$0.35	9,000,000	0.62	April 9, 2017
$0.35	13,124,775	0.98	August 20, 2017
$0.35	5,780,000	1.05	September 15, 2017
$0.35	1,789,545	1.32	December 21, 2017
	10,000,000	1.65	April 20, 2018
	50,411,654	0.87	

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

<u>Mineral Property Commitments</u>

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

		Options (Contingency payments)		**Property acquisition financing**			**TOTAL**
Staggered payments	**Year**	**50% Brechas Vacas Trust**		**50% Minas de Pinto Trust**	**100% Chita**	**Subtotal**	
		Cash	**Shares**	**Cash**			
		US$	US$	US$	US$	US$	US$
	2016	20,000	-	-	35,000	35,000	55,000
	2017	50,000	-	75,000	70,000	145,000	195,000
	2018	60,000	-	130,000	-	130,000	190,000
	2019	85,000	-	-	-	-	85,000
	2020	125,000	-	-	-	-	125,000
	2021	120,000	-	-	-	-	120,000
Total staggered payments		**460,000**	**-**	**205,000**	**105,000**	**310,000**	**770,000**

Option payments	**Year**	**50% Brechas Vacas**		**50% Minas de Pinto Trust**	**100% Chita**	**Subtotal**	**TOTAL**
		Cash	**Shares**	**Cash**			
		US$	US$	US$	US$	US$	US$
	2019			1,335,000		1,335,000	1,335,000
	2022	535,000	200,000	-	-	-	535,000
Total Option payments		**535,000**	**200,000**	**1,335,000**	**-**	**1,335,000**	**1,870,000**
Total payments		**995,000**	**200,000**	**1,540,000**	**105,000**	**1,645,000**	**2,640,000**

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

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

Further information is disclosed in Note 6 of the Financial Statements and in the “Business Developments during the Six months ended June 30, 2016” section of this MD&A.

Services agreement with the Company’s President and CEO:

On March 25, 2015, the Company entered into a new services agreement with its President and CEO. Pursuant to the services agreement, an annual fee of $140,000 consisting of salary and director's fees of MSA, will be paid in monthly instalments by MSA. The services agreement continues in effect until December 31, 2015 and provides that the President and CEO may pursue outside business interests or directorships in other industries that do not interfere or conflict with his ability to carry out his duties as an officer and director of the Company and MSA. The services agreement contains a change of control provision, where “change of control” is defined as: (a) the acquisition by a person, group of persons or person acting jointly or in concert, or persons associated or affiliated within the meaning of the Securities Act (Ontario) with any such person, group of persons or any of such persons acting jointly or in concert, of more than 50% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors of the Company; or (b) the election at any meeting of shareholders of a majority of directors not recommended by management. If, within six months following a "change of control", employment of the President and CEO is terminated by the Company without cause, the President and CEO shall be entitled to a lump sum severance payment of $280,000 and the immediate vesting of all unvested stock options.

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

On March 11, 2016, the Company and its President and CEO entered into a new services agreement for an annual fee of $140,000, consisting of salary and director's fees of MSA, which will be paid in monthly instalments by MSA. The new agreement expires December 31, 2016 and contains provisions similar to those included in the services agreement that expired December 31, 2015.

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

During the year ended December 31, 2015, the Company and the Company’s Vice-President (Exploration) signed an annual consulting agreement for a fixed monthly fee of $7,000 until December 31, 2015. The agreement does not provide for any payments in the event of a change of control or termination.

On February 9, 2016, the Company and the Company's Vice-President (Exploration) signed a new annual consulting agreement for a fixed monthly of fee of $7,000 until December 31, 2016. The agreement does not provide for any payments in the event of a change of control or termination.

RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2016, the Company incurred the following related party transactions:

i) Transactions

a. A total of $70,000 was charged by Carlos Massa, the CEO of the Company.

c. A total salary of $36,183 was charged by Ramiro Massa, an individual related to the Company’s CEO, for financial and operational management services in his role as Controller of the Company’s subsidiary MSA.

c. A total of $19,105 of accounting and regulatory compliance fees and $10,500 of CFO fees were charged by Forbes Andersen LLP, an accounting firm in which Paul Andersen, the Company's CFO, is a partner.

d. A total of $42,000 of professional fees and $5,640 of exploration expenses were charged by Howard Coates, the Company's Vice-President (Exploration).

e. The amount of stock-based compensation expense for the six months ended June 30, 2016 related to stock options granted to key members of management was $57,753.

ii) Period-end Balances

a. As at June 30, 2016, accounts payable and accrued liabilities included $4,527 payable to the CEO of the Company.

b. As at June 30, 2016, accounts payable and accrued liabilities included $9,625 payable to Forbes Andersen LLP, accounting firm in which Paul Andersen, the Company's CFO, is a partner.

c. As at June 30, 2016, accounts payable and accrued liabilities included $7,910 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 Condensed Interim Consolidated Financial Statements have been prepared in accordance with IFRS as issued by the IASB.

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

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

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

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

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

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

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

RISK FACTORS

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

Commodities Price Risk

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

Environmental Risk and Regulation

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

Licenses and Permits

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

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

Exploration and Exploitation Business Risks

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

Mining Properties

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

Currency Risk

The Company's primary operations are located in Argentina. The Company raises funds in Canadian dollars and pays most of its Argentinean costs in United States Dollars or Argentinean Pesos, and is therefore subject to foreign exchange risk on this payment stream. As the proceeds from financings are often immediately converted to Argentinean Pesos, these cash reserves are subject to foreign exchange risk.

Liquidity Risk

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

Credit Risk Management

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

Capital Risk Management

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

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

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

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

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 9, Financial instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, Financial Instruments: recognition and measurement" ("IAS 39"). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of this standard and amendments on its Condensed Interim Consolidated Financial Statements.

IFRS 15, Revenue from Contracts and Customers ("IFRS 15") was issued by the IASB in May 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 15 on its Condensed Interim Consolidated Financial Statements.

RECENT ARGENTINE REGULATIONS AND IMPORTANT DEVELOPMENTS

National Framework for Doing Business:

On December 10, 2015, Mr. Mauricio Macri assumed his role as President of Argentina. During the first month of his government, some important measures have been put in force as follows:

(i) The release of the foreign exchange market that, in the past, was subject to many restrictions such as the import of goods and services and dividend payments amongst the main restrictions.

(ii) An Argentine Peso devaluation that increases the competitiveness of the country and was a measure largely demanded by the market.

(iii) The elimination of the "export taxes" particularly for the mining industry that was levied at a rate of 10% on concentrates exports and 5 % for the bullion doré.

(iv) The settlement to the litigators (holdouts) exiting the Selective Default has been an important measure in the way of the country to return to the Global Capital Market.

(v) The challenge now is to focus on reducing the high rate on inflation unleashed as a consequence of the macrodevaluation. Government is targeting a reduced inflation rate for the second semester pointing to an annual rate in the about of 25%.

Provincial (State) Mining Regulations and News:

i) Chubut Province:

There has been a long history of back-and-forth in the Provincial discussion about whether the mining activity is welcomed or not. In the meantime, two world class mining projects are in a stand-by situation.

Management considers that, until a clear direction is adopted by the Government of Chubut, any additional investment can not be justified.

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

The properties discussed above do not represent a material part of the Company's operations and all expenses incurred on the properties were written off in prior years.

ii) Santa Cruz Province:

The Company has relinquished the Santa Maria claim which covered 9,979 hectares adjacent to the San Antonio property as it had no further plans to explore the property based on technical advice.

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