Management’s Discussion and Analysis of the Consolidated Financial Statements

For the Year Ended December 31, 2016

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MINSUD RESOURCES CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended December 31, 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 year ended December 31, 2016.

This MD&A has been prepared as at April 21, 2017 unless otherwise indicated.

This MD&A should be read in conjunction with the Company's Consolidated Financial Statements for the year ended December 31, 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 99.41% 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 December 31, 2016, MAI held 91,951,699 of the 92,494,299 outstanding common shares of MSA, representing an ownership interest of 99.41%.

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 21, 2016.

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) that this year progressed up to a ready for drilling stage.

Minsud is concentrating efforts in exploring both Chita and La Rosita, but this will depend on financial availability. It will also intend to be a more active player in the mining business value chain, either looking for joint venture partners for existing properties or acquiring new exceptional properties for new discoveries.

BUSINESS DEVELOPMENTS DURING THE YEARS ENDED DECEMBER 31, 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, 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 under the name **NI 43-101 TECHNICAL REPORT AND UPDATED MINERAL RESOURCE ESTIMATE ON THE CHITA**

VALLEY PROJECT SAN JUAN PROVINCE, ARGENTINA. 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.

During fiscal 2016, Minsud closed two non-brokered private placements: (i) On April 20th, 2016 for gross proceeds of $1,000,000 at $0.10 per Unit, and (ii) On September 2nd 2016, for gross proceeds of $1,519,200 at $0.10 per Unit. The net proceeds have been used to continue exploring the Cu-Mo-Ag-Au deposit at the Company's Chita Project including 1,700 meters DDH drilling and metallurgical tests, payments relating to option agreements and financing of mining rights acquisitions, as well as working capital and corporate overhead requirements.

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, 2016 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 and a favourable resolution from the Mining Authorities concerning to the existing "Gap" between the boundaries of Chita and Brechas Vacas.

During September 2016, Minsud completed a 12 hole, 1,700 meter HQ diamond drilling program in the Chita Porphyry sector of the Chita Valley Project. The main objective was to continue outlining Cu-Au-Ag-Mo mineralization and Inferred Resources at relatively shallow depth beneath the zone of surface weathering and oxidation. Some of the drill holes were designed as a preliminary test of a suite of epithermal Au-Ag vein swarm inside or adjacent to the Inferred Resources area. Better Cu values are typically associated with the zone of supergene enrichment and the transition to primary mineralization at depth.

The Company has engaged metallurgical tests at Codelco Tec Spa. laboratory in Santiago, Chile. At present Sample Preparation, Mineral Characterization (chemical, mineralogical and microbiological) and T.E.S ("test of potential of extraction of Cu") are successfully completed. Work has begun on **three 0.60 m Bioleach column tests** of representative material with a report expected by June 2017.

Minsud is now in the process of raising additional financing to continue investigating the commercial possibilities for processing and recovering the key metals while at the same time conducting additional outline and definition drilling to further delimit the deposit and evaluate the grade distribution of the mineralization.

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 $8.6 Million through eight non-brokered private placements ("NBPP") among investors that share the Company's long-term vision. No commissions or finder fees were paid in connection with these NBPPs.

Minsud has also re-commenced field works at the La Rosita Prospect in the Province of Santa Cruz to take this prospect to the drilling stage subject to the availability of financial resources. The project is located some 25 km N of the Martha Mine (Ex Coeur D'Alene, now Hunt Mining) and 35 km NW rom the Manantial Espejo Mine (Panamerican Silver).

In December 2016, Minsud again retained P&E Mining Consultants Inc. to prepare an updated Mineral Resource Estimate. In P&E's opinion, the drilling, assaying and exploration work of the Chita Porphyry supporting this Mineral Resource Estimate are sufficient to indicate a reasonable potential for economic extraction. All Mineral Resources at a 0.3% Cu cut-off were classified as "Inferred category" based on the geological interpretation, semi-variogram performance and drill hole spacing. An additional increase of 17% on previous Inferred resources calculation was reported according to press release issued January 4, 2017. See more detals in page 6 at this MD&A.

Additonial details of the field work performed at both Chita Valley Project and La Rosita prospect during fiscal 2016 can be found in the following section of this MD&A.

EXPLORATION DEVELOPMENTS DURING THE YEAR ENDED DECEMBER 31, 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 to the end of the year ended December 31, 2016:

During the first month of fiscal 2016, geological and support staff were primarily occupied with updating various maps, sections, databases, QA/QC files with the results of the drilling program initiated during the fourth quarter of fiscal 2015for inclusion in the Technical Report.

In 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 in the second quarter of fiscal 2016.

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 continued to the west and east into the Chinchillones and Minas de Pinto areas, respectively. A12 hole HQ Diamond Drilling program with a total of 1,700 metres commenced late in the third quarter of fiscal 2016 and was completed in the fourth quarter. The program was designed to continue outlining the Inferred Resource of Cu-Mo-Au-Ag and also as a preliminary test of epithermal veins in the porphyry. The precious metal veins are believed to have potential complementary benefits to the deposit's economic model either as discrete areas of high grade direct shipping material or as broader sectors of elevated Au/Ag inside the Cu wireframe.

In December 2016, Minsud again retained P&E Mining Consultants Inc. to prepare an updated Mineral Resource Estimate. In P&E's opinion, the drilling, assaying and exploration work of the Chita Porphyry supporting this Mineral Resource Estimate are sufficient to indicate a reasonable potential for economic extraction. All Mineral Resources at a 0.3% Cu cut-off were classified as **Inferred category** based on the geological interpretation, semi-variogram performance and drill hole spacing. The Mineral Resource Estimate is tabulated below. The report may be viewed under the Company's profile at www.sedar.com .

CHITA IN PIT MINERAL RESOURCE ESTIMATE STATEMENT(1-4)					
All Inferred Mineral Rresource at 0.3% Cu Cut-off					
Tonnes Mt	**Cu %**	**Contained Cu M lb**	**Au g/t**	**Ag g/t**	**Mo %**
37.0	0.44	362.7	0.07	2.2	0.018

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. It is noted that no specific issues have been identified as yet.

(2) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

(3) The mineral resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

(4) The 0.30% Cu resource cut-off grade was derived from the Nov 30/16 three year trailing average Cu price of US$2.63/lb, 80% process recovery, 95% smelter payable, US$0.08/lb refining charge, US$10/t process cost, and US$3/t G&A cost. An optimized pit shell was utilized for resource reporting that utilized a US$2/t mining cost and 45 degree pit slopes.

Mineral resources are sensitive to the selection of a reporting Cu cut-off grade. The Chita pit constrained mineral resource sensitivity of the Cu cut-off is demonstrated in the following table and illustrated in Figure 1 below.

Current work in progress includes:

- Bioleach SX-EW process testwork on Chita samples is under way at CodelcoTec Sp. A. laboratory in Santiago, Chile. At year end Sample Preparation, Mineral Characterization (chemical, mineralogical and microbiological) and T.E.S ("test of potential of extraction of Cu") are successfully completed. Work has begun on three 0.60 m Bioleach column tests of representative material with a report expected by mid-2017.
- Update PSU detailed geological and alteration maps, plans and cross sections to include data from the drilling program that commenced in the fourth quarter of fiscal 2016.
- Prepare provisional Cash Flow Model for PSU**.** For internal planning purposes only (after obtaining results from column tests).
- The geological team will continue detailed mapping and sampling various target areas that are accessible by new road construction
- Continue Environmental Baseline study.

CHITA PIT CONSTRAINED MINERAL RESOURCE ESTIMATE SENSITIVITY						
Cu Cut-off	**Tonnes**	**Cu %**	**Contained Cu M lb**	**Au g/t**	**Ag g/t**	**Mo %**
0.80%	0.9	0.99	20.5	0.21	11.8	0.012
0.70%	1.8	0.87	34.8	0.20	9.3	0.014
0.60%	3.8	0.75	63.0	0.15	6.53	0.016
0.50%	8.5	0.64	118.8	0.11	4.4	0.017
0.45%	13.0	0.58	166.6	0.10	3.6	0.017
0.40%	19.6	0.53	227.5	0.09	3.0	0.018
0.35%	28.8	0.48	303.5	0.08	2.5	0.018
0.30%	37.0	0.44	362.7	0.07	2.2	0.018
0.25%	40.9	0.43	386.5	0.07	2.1	0.018

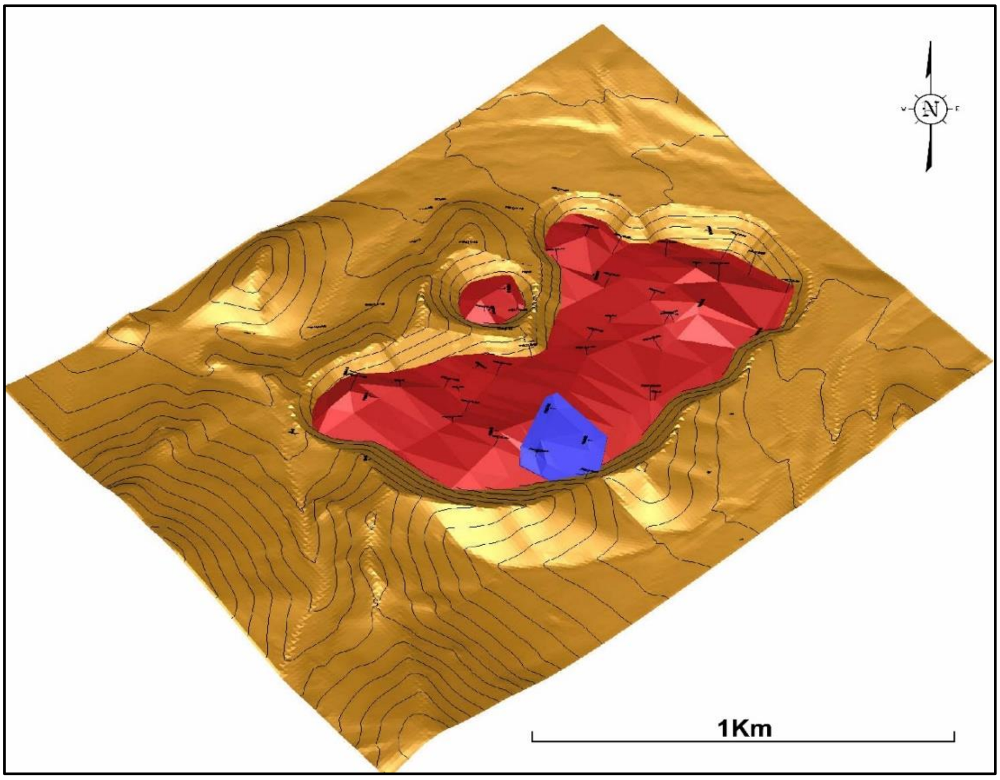

Figure 1: Chita Conceptual Pit Constrained Inferred Resource Diagram (oblique view looking North).

Longer range plans include outline and infill drilling in the Chita Deposit area to expand overall resources, particularly at depth, and to upgrade a substantial portion of the Inferred Resources to the Measured + Indicated categories. With the usual mining, processing, infrastructure and environmental studies, etc. the Company intends to assess the economic viability of the deposit as quickly as funding permits. Also as funding becomes available Minsud will advance the other target areas throughout the Chita Valley Project.

La Rosita Project

Geological features:

The Deseado Massif consists of Paleozoic to late Precambrian metamorphic basement unconformably overlain by Middle to Upper Jurassic bimodal andesitic and rhyolitic volcanic and volcaniclastic and epiclastic units. Cretaceous sediments and Tertiary to Quaternary basalts overlie the Jurassic volcanics. The Deseado Massif is an important producer of Ag-Au metals in Argentina. The region boasts over 80 Ag-Au occurrences including; five mines/former producers, seven advanced projects and over seventy known mineral occurrences.

The key part of the paleotectonic setting in terms of Ag-Au mineral deposits potential is the Middle to Upper Jurassic bimodal volcanic suite set in an extensional back-arc environment related to the opening of the Atlantic Ocean. The mineralization is typically low-sulphidation epithermal associated with quartz veins, breccias and widespread silicification. Epithermal precious metals vein systems in the Deseado Massif are located along distinctive WNW and NNW structural trends proximal to rhyolite domes.

Work Program to the end of the year ended December 31, 2016:

Initial clear title to the La Rosita Properties was granted to MSA as an exploration claim (Cateo) in May 2008. Prior to conducting prospecting and exploration activities it was necessary to complete, file and gain regulatory approval for an Environmental Impact Report ("EIR") which came about on May 2, 2011. After the EIR approval, it was necessary to enter work permit agreements with local surface rights owners. Initial approval for prospecting, geological mapping and geophysical surveying was attained on May 2, 2011 and expanded to include surface mechanical trenching and drilling on November 3, 2011.

The Company has conducted two early stage exploration programs between 2011 and the present; the first during 2011-2012 and the second in 2016.

During the 2011-12 campaign, 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 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.

Initial reconnaissance work located prospective lithological units, interesting alteration and base/precious mineralized outcrops and float in the Los Mogotes Hill sector. The subaerial felsic volcaniclastic assemblage appears to be vent proximal in general setting, hydrothermally altered, and extensively cut by sub-volcanic felsic domes, volcanic necks and dykes, as well as various breccias.

A ground magnetometer survey was completed in 2011 in the south-western part of the La Rosita exploration claim, now MD AlfaII. 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 moderately 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 (Pb, Zn, Cu) as well as the pathfinders mercury and arsenic.

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.

In May 2016, eleven lines totaling 12 line kilometres of Pole-Dipole IP/Resistivity surveying were completed. The survey identified several target areas that have been assessed in conjunction with previously obtained magnetic, geological, geochemical, structural and alteration data to plan a drilling program. Priority targets with a close spatial relationship with known precious metal mineralization, have been identified.

To the knowledge of Minsud, no exploration or development drilling has been completed on the La Rosita Properties.

Interpretation and Conclusions:

From oldest to youngest, the paleotectonic setting comprises the following elements:

- *Basement*: Permian to Triassic continental sedimentary rock deposited on Paleozoic to late Precambrian metamorphic basement of the Pangea supercontinent. The Permian-Triassic period saw extensive continental rifting that eventually resulted in the breakup of Pangea into the seven continents of today.
- *Mineralization Sequence*: The key part of the paleotectonic setting in terms of Ag-Au mineral deposits potential is the Middle to Upper Jurassic bimodal volcanic suite set in an extensional back-arc environment related to the opening of the Atlantic Ocean. The mineralization is typically low-sulphidation epithermal associated with quartz veins, breccias and widespread silicification. Epithermal precious metals vein systems in the Deseado Massif are located along distinctive WNW and NNW structural trends proximal to rhyolite domes.
- *Cover Sequence*: Epicontinental sedimentary rocks of late Jurassic to early Cretaceous age occur at various places throughout the Deseado Massif. These unconformably overlie the Jurassic terrain. The youngest consolidated rocks are Miocene to Quaternary continental flood basalts that blanket large parts of the region. Finally, there are unconsolidated surficial deposits of Pleistocene to Quaternary age.

The exploration project is an early stage prospect with widespread indications of low-sulphidation epithermal Ag-Au mineralization. The key interpretive aspects of the paleotectonic setting as they pertain to the LA Rosita Properties' exploration potential are summarized as follows:

- *Host Rocks*: The Middle Jurassic Chon Aike Formation units include felsic volcaniclastic rocks including interlayered magmatic facies, sandy tuffs, tuffaceous sandstone, ash tuffs and ignimbrites. The subaerial felsic volcaniclastic assemblage appears to be vent proximal in general setting, hydrothermally altered, and extensively cut by sub-volcanic felsic domes, volcanic necks and dykes, as well as various breccias. Most known Ag-Au deposits and occurrences in the Deseado Massif are hosted by this assemblage.
- *Structure*: The structural setting is typified by brittle deformational features associated with high angle faulting that produced a series of horsts and grabens. Conjugate high-angle extensional fault sets including a main regional system of NW trending left-lateral displacement structures, partnered with a conjugate set of NE trending right lateral displacement structures. A variety of epithermal veins are aligned along the NE and NW trending conjugate structures, as well as NS or normal to the interpreted EW direction of dilation or tension.
- *Alteration*: Low-sulphidation hydrothermal alteration below the water table grades outward from silicification and sericite-illite/smectite (argillic) assemblages into a broad zone of propylitic alteration. The upper part of the hydrothermal system or that part above the water table is characterized by the effects of steam-heating in the hanging wall of the primary host structure. The hanging wall alteration includes a central vent facies breccia with a silica-kaolinite +/- dickite assemblage. Moving laterally outward kaolinite +/- alunite and then kaolinite assemblages are encountered. In this context alteration mapped at La Rosita would include widespread kaolinite +/- alunite features from above the water table as well as silicification and argillic alteration from

below the water table. Based on alteration signature Minsud considers the prime target area for commercially significant Ag-Au deposits to be at moderate depth.

- *Veins & Breccias*: The variety of veins and breccias at La Rosita indicate a spatial/temporal assemblage that was emplaced at or near the paleo water table. The low-sulphidation breccia matrix, veins and vein stockworks are characterized by the association quartz-amethyst-adularia-sericite-calcite-anhydrite-clays +/-hematite and/or manganese oxides with classical epithermal textures including open space colloform, crustiform, cockade, honeycomb, druzy and bladed textures. Metallic minerals include primary stage pyrite-chalcopyrite, sphalerite, galena, specular hematite, hematite, manganese oxides, argentite and native gold together with copper oxides malachite, chrysocola and azurite and secondary copper sulphides covellite and chalcocite. Above the water table are opaline silica veins with fumarolic and steam-heated textural types. Based on vein and breccia styles, Minsud again considers the prime target area for commercially significant Ag-Au deposits to be at moderate depth.
- *Trace Element Geochemistry*: Analytical data from surface prospecting and trench sampling has confirmed the existence of widespread areas of geochemically anomalous silver and gold as well as much larger zones of anomalous base metals (Pb, Zn, Cu) as well as the pathfinders mercury and arsenic. Additionally, anomalous values of tungsten and antimony were encountered in the system
- *Magnetic Survey*: The magnetic survey together with geological 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 roughly circular moderate magnetic high features, possibly linked to acid domes underlying the Mogotes Hill target. It is also notable that known mineralized sections and areas of silicification and argillic alteration correspond to lower magnetic intensities.
- *IP/Resistivity Test Survey*: The IP survey provides the first insight to the third dimension (depth) of the low-sulphidation Ag-Au mineralization target model at La Rosita. The IP survey specifications, particularly the 25m dipole spacing is a compromise to optimize area covered *vis a vis* details of potential discreet high grade but narrow veins. Also, the IP test survey has an effective coverage area of less than 2 km^2 or approximately one sixth of the detailed work area.

  Resistivity sections show a high resistivity bodies interpreted as siliceous/low porosity rocks, possibly including subvolcanic domes facies, silicified breccias and pervasive silica alteration. Intermediate to low resistivity is interpreted as high porosity rock units, and represented by the volcanoclastic and ash facies, and rocks related to argillic alteration. Very low and "shallow" resistivity corresponds to modern soils and alluvium / colluvium cover. Sections are cut and disrupted by a high angle structural system dipping west, represented by a linear pattern with a relative decrease in resistivity relative to the host rock (sub-vertical structures with higher porosity / permeability than the host rock).

  Chargeability sections show anomalies along the bottom of the sections, with elevated chargeability along the entire length of the lines. These anomalies are interpreted as the water saturation level or "redox boundary. In turn "water table" is laterally controlled by the prevailing structural system, defining blocks with different saturation levels. Also evident are several discreet sub-vertical anomalies related to the veins and structural system. These are high priority drill targets. The moderate chargeability anomalies clearly illustrate the structural system control and are often coincident with the epithermal system in the outcrop.
- *Drilling*: There are no known exploration drill holes on the La Rosita properties.

Recommendations:

The recommendations for ongoing work on the La Rosita Properties encompass two main exploration/development objectives:

- The main recommendation is the implementation of a diamond drilling program to test the southwestern part of the La Rosita Properties where systematic exploration has been completed. The program is designed as an initial test of specific epithermal veins for Ag-Au mineralization and to further define the basic exploration parameters (lithology, alteration, structure, mineralization, whole rock and trace element geochemistry, geophysical properties, etc.). A ten to twelve-hole program with a cumulative total of 3,000 metres is recommended

- Systematic multidisciplinary exploration is recommended for the remainder of the large area of prospective mineral holdings as funding becomes available.

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, 2016 ($)	**As at and for the Year Ended December 31, 2015 ($)**	**As at and for the Year Ended December 31, 2014 ($)**
Other Income	-		420
Net loss for the year	(685,334)	(261,937)	(385,722)
Comprehensive loss for the year	(2,128,467)	(2,150,361)	(1,176,049)
Non-current assets	7,902,515	7,725,085	6,771,490
Current Assets	994,847	629,966	249,648
Non-current liabilities	174,772	380,297	466,981
Current Liabilities	485,695	474,678	515,104
Working Capital	509,152	155,288	(265,456)
Deferred Income Taxes	Nil	Nil	Nil
Share Capital	15,614,345	13,420,207	10,669,507
Shareholders' Equity	8,236,895	7,500,076	6,039,053

PROJECT EXPENDITURES

Project expenditures for the year ended December 31, 2016 are as follows:

Year ended December 31, 2016	**Chita ($)**	**Brechas Vacas ($)**	**Minas de Pinto ($)**	**La Rosita ($)**	**San Antonio ($)**	**Other ($)**	**Total ($)**
Acquisition costs (a)	33,687	54,536	61,138	NIL	NIL	1,396	150,757
Drilling	368,361	NIL	NIL	NIL	NIL	NIL	368,361
Road	41,209	6,265	5,966	15,134	NIL	NIL	68,574
Assays	62,512	NIL	NIL	526	NIL	NIL	63,038
Geophysics	NIL	NIL	NIL	32,870	NIL	NIL	32,870
Labour and Technical Fees	530,016	10,137	9,447	24,510	293	NIL	574,403
Vehicles and Equipment	45,212	NIL	NIL	2,956	NIL	NIL	48,168
Travel and Lodging	55,614	NIL	NIL	17,109	NIL	NIL	72,723
Project Management	252,735	28,947	25,789	38,827	5,462	1,180	352,940
VAT Paid	93,891	(54,546)	(895)	(2,058)	3	NIL	36,395
Current Expenditures	**1,483,237**	**45,339**	**101,445**	**129,874**	**5,758**	**2,576**	**1,768,229**
Currency Translation Adjustment	(925,337)	(255,438)	(232,040)	(89,700)	(21,343)	(706)	(1,524,564)
Write-offs	NIL	NIL	NIL	NIL	(103,229)	NIL	(103,229)
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	**5,199,684**	**1,131,428**	**1,052,360**	**472,326**	**NIL**	**4,892**	**7,860,690**

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

Project expenditures for the year ended December 31, 2015 are as follows:

Year ended December 31, 2015	**Chita ($)**	**Brechas Vacas ($)**	**Minas de Pinto ($)**	**La Rosita ($)**	**San Antonio ($)**	**Other ($)**	**Total ($)**
Acquisition costs (a)	89,001	70,195	167,392	NIL	592	NIL	327,180
Drilling	892,014	NIL	NIL	NIL	NIL	NIL	892,014
Road Construction	72,522	NIL	NIL	NIL	NIL	NIL	72,522
Assays	101,319	4,798	(1,033)	NIL	NIL	NIL	105,084
Geophysics	64,189	15,057	NIL	NIL	NIL	NIL	79,246
Labour and Technical Fees	553,466	97,771	15,211	2,031	990	NIL	669,469
Vehicles and Equipment	61,306	7,431	NIL	342	NIL	NIL	69,079
Travel and Lodging	76,108	4,782	NIL	911	NIL	NIL	81,801
Project Management	313,312	72,583	46,647	43,061	4,726	2,388	482,717
VAT Paid	238,729	8,362	990	1,188	NIL	NIL	249,269
Current Expenditures	**2,461,966**	**280,979**	**229,207**	**47,533**	**6,308**	**2,388**	**3,028,381**
Currency Translation Adjustment	(1,228,208)	(359,883)	(308,889)	(112,379)	(31,192)	(923)	(2,041,474)
Write-offs	NIL	NIL	NIL	NIL	(16,061)	(1,512)	(17,573)
Balance – beginning of year	**3,408,026**	**1,420,431**	**1,262,637**	**496,998**	**159,759**	**3,069**	**6,750,920**
Balance – end of year	**4,641,784**	**1,341,527**	**1,182,955**	**432,152**	**118,814**	**3,022**	**7,720,254**

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

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

During the year ended December 31, 2016, the Company spent $1,480,660, on the continued exploration of the Chita Valley Project, a decrease of $1,164,904 from expenditures of $2,645,564 during the year ended December 31, 2015. During the year ended December 31, 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, that is $1,449,550, of the year ended December 31, 2016 was spent on the Chita property.

Expenditures incurred related to the Chita Valley project during the year ended December 31, 2016 are primarily related to the following:

(1) Drilling: During September 2016, Minsud completed a 12 hole 1,700 meter HQ diamond drilling program at the PSU (Chita Porphyry sector of the Chita Valley Project) for a cost of $368,361 (US$ 157 per metre) plus an additional $ 34,539 in road access and pads construction. During 2015 the Company invested $ 2,372,965, this amount includes 4,088 metres of DDH drilling.

(2) 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 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) Updating detailed mapping as well as long and cross sections in the Chita South sector (PSU) (iv) Planning and coordination of the field work activities for a 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; (vi) Supervision and management of the drilling campaign in the field, QA/QC, logging and DB drill completion.

(3) Project management 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 year ended December 31, 2016, the Company spent $129,874 on advancing several mineralization targets to the drilling stage. This is an increase of $82,341 when compared to expenditures of $47,533 incurred during the year ended December 31, 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 Marisol vein system, mainly located within the mining concession ALFA II which is the southwestern part of the prospect.

San Antonio Property

The amount invested in San Antonio property of $103,229 has been written-off as of December 31, 2016. The impairment on investment had to be done during this fiscal year to meet the accounting principle indicated in note 3 (iii) Mineral Properties at the Annual Financial Statements. Management will do its best effort to retain control of the property, considering that San Antonio has exploration potential and is very well located in the Deseado Massif.

OPERATING ACTIVITIES AND FINANCIAL PERFORMANCE

During the year ended December 31, 2016, the Company incurred total expenses of $702,289 an increase of $202,868 when compared to expenses of $499,421 for the year ended December 30, 2015. The increase in total expenses is primarily due to an increase in stock-based compensation, as well as an increased amount of mineral properties written off during the year.

Cash expenses, net of Interest income ($1,794), of $400,826 for the year ended December 31, 2016 were incurred by the Company, that is an increase of $26,033 when compared to cash expenses of $374,793 for the year ended December 31, 2015.

The Company incurred professional and regulatory fees of $304,271 during the year ended December 31, 2016. These amounts include management salaries, fees paid for the services of the CEO and CFO, as well as general accounting, audit, legal, securites, and regulatory fees. This amount represents an increase of $7,430 when compared to expenses of $296,841 incurred during the year ended December 31, 2015.

An amount of $19,286 was incurred in Marketing and communications expenses during the year ended December 31, 2016, quite similar to the fiscal year ended December 31, 2015.

General and administrative expenses were $53,988 for the year ended December 31, 2016, representing an increase of $20,320 when compared to $33,668 incurred during the year ended December31, 2015. The most significant factor for the increase was a loss on foreign exchange of $ 2,782 incurred during the year ended Decmeber 31, 2016 while in the year before it was a gain of $11,445 netting the general and administrative concept.

During the year ended December 31, 2016, the Company incurred expenses of $25,075 for taxes payable related to the ownership of MSA. These expenses were consistent with the year ended December 31, 2015 with a nominal decrease.

The Company also incurred the following non-cash expenses that contributed to the net loss for the year ended December 31, 2016:

- Expenses related to stock-based compensation for the year ended December 31, 2016 was $196,440, an increase of $89,385 when compared to expenses of $107,055 for the year ended December 31, 2015. The fluctuations in stock-based compensation year-over-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 during the year ended December 31, 2016.

- A write-off of exploration expenses during the year ended December 31, 2016 for the amount of $103,229 related to the Company's San Antonio property discussed previously in this MD&A. During the year ended December 31, 2015 the Company incurred a write-off of $17,573, the majority of which was related to certain exploration permits and mining concessions around of the San Antonio property, a claim named Santa María.

Finally, the significant currency translation adjustment that resulted in accounting losses of $1,443,133 during the year ended December 31, 2016 were due to a significant devaluation of Argentine Peso against the US Dollar partially compensated bya slight 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 is strongly pursuing the objective of reducing the inflation rate by 2017, a critical issue that may trigger a significant investment inflow to the country.

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 year ended December 31, 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 year ended December 31, 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			
For the quarters ended	Dec	Sep	Jun	Mar	Dec	Sep	Jun	Mar
	$							
Net Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss) for the period	(309,156)	(113,033)	(123,366)	(139,779)	81,132	(108,167)	(109,364)	(125,538)
Comprehensive Income (Loss) for the period	(380,913)	(165,848)	(315,179)	(1,266,527)	(2,095,533)	103,700	(363,231)	204,703
Income (Loss) per share, basic and diluted	(0.01)	(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; write off on mineral properties and exchange rate fluctuation of the Argentine peso.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $509,152 as at December 31, 2016, compared to working capital of $155,288 as at December 31, 2015. As at December 31, 2016, the Company held cash and cash equivalents of $931,010 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 base and precious metals have improved as well as the market caps, mainly at the "Blue Chip" companies in the mining sector. Even though the financial market for juniors is still hard, some green shoots encourage prudent but consistent exploration investments.

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. The aftermath is that now the Company is prepared to move forward at a quicker pace according to the availability of financial resources.

Minsud has been able to maintain control of the key properties as well as renegotiating and rescheduling payments as follows:

(i) The acquisition of the Chita property with medium-term financing, just the instalment payable by September of 2017 is now due to complete the acquisition.

(ii) The acquisition of the 50% interest in the Minas de Pinto Trust with extended financing and the extension of the terms for exercising the purchase option for the remaining 50% up to 2019 ;and

(iii) The recently re-scheduled staggered payments and option payment on the remaining 50% beneficial interest in the Brechas Vacas Trust up to 2021.

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 for mining businesses.

During the year ended December 31, 2016, the Company completed two non-brokered private placements pursuant to which 25,192,000 units were issued for gross proceeds of $2,519,200. 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 eight non-brokered 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 and La Rosita.

Share Capital

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

Shares outstanding	121,552,254
Options outstanding	9,585,000
Warrants	47,447,650
Put and Call Option	790,000
TOTAL	**179,374,904**

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
$0.19	310,000	-	0.33	August 17, 2017
$0.10	465,000	-	1.45	October 3, 2018
$0.10	910,000	-	2.06	May 12, 2019
$0.10	1,010,000	-	2.59	November 20, 2019
$0.10	2,055,000	685,000	3.65	December 14, 2020
	1,037,500	3,112,500	4.66	December 15, 2021
	5,787,500	3,797,500	3.61	

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	13,124,775	0.33	August 20, 2017
$0.35	5,780,000	0.41	September 15, 2017
$0.35	1,789,545	0.67	December 21, 2017
$0.35	10,000,000	1.00	April 20, 2018
$0.15	15,192,000	1.37	September 2, 2018
$0.15	1,561,330	1.59	November 21, 2018
	47,447,650	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

Mineral Property Commitments

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

		Options (Contingency payments)		Property acquisition financing			
Staggered payments	**Year**	**50% Brechas Vacas Trust**		**50% Minas de Pinto Trust**	**100% Chita**	**Subtotal**	**TOTAL**
		Cash	**Shares**	**Cash**			
		US$	US$	US$	US$	US$	US$
	2017	50,000	-	75,000	35,000	110,000	160,000
	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		**440,000**	**-**	**205,000**	**35,000**	**240,000**	**680,000**

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		**975,000**	**200,000**	**1,540,000**	**35,000**	**1,575,000**	**2,550,000**

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 year ended December 31, 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 nine 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 expired December 31, 2016

Subsequent to the year ended December 31, 2016, the Company and the Company's 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, 2017 and contains provisions similar to those included in the services agreement that expired December 31, 2016.

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

During the year ended December 31, 2016, the Company and the Company's Vice-President (Exploration) signed a new semi-annual consulting agreement for a fixed monthly 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.

Subsequent to the year ended December 31, 2016, the Company and the Company's Vice-President (Exploration) signed a new consulting agreement for a fixed monthly of fee of $7,000 until December 31, 2017. The agreement does not provide for any payments in the event of a change of control or termination.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Company incurred the following related party transactions:

i) Transactions

a. A total of $140,000 (2015 - $140,000) was charged by Carlos Massa, the CEO of the Company.

c. A total salary of $73,955 (2015 - $94,961) 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 $41,228 (2015 - $43,181) of accounting and regulatory compliance fees and $21,000 (2015 - $21,000) 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 $84,000 (2015 - $84,000) of professional fees and $11,517 (2015 - $17,465) of exploration expenses were charged by Howard Coates, the Company's Vice-President (Exploration).

e. During the year ended December 31, 2016, the Company granted 3,200,000 (2015 - 1,940,000) stock options to key members of management. The amount of stock-based compensation expense for the year ended December 31, 2016, related to stock options granted to key members of management was $136,104 (2015 - $82,658).

f. Director's fees of $10,000 (2015 - $8,000) were charged by members of the Company's Board of Directors.

ii) Period-end Balances

a. As at December 31, 2016, accounts payable and accrued liabilities included $Nil (2015 - $6,453) payable to the CEO of the Company.

b. As at December 31, 2016, accounts payable and accrued liabilities included $12,660 (2015 - $3,120) payable to Forbes Andersen LLP, an accounting firm in which Paul Andersen, the Company's CFO, is a partner.

c. As at December 31, 2016, accounts payable and accrued liabilities included $10,053 (2015 - $9,464) payable to Howard Coates, the Company's Vice-President (Exploration).

d. As at December 31, 2016, accounts payable and accrued liabilities included $59,700 (2015 - $49,700) of accrued director's fees payable to members of the Company's Board of Directors.

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.

SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2016:

a. 9,000,000 warrants expired unexercised.

b. The Company completed the eleventh payment of the Chita property acquisition of US$35,000 in accordance with the Purchase Option.

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 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:

<u>Commodities Price Risk</u>

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 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 Consolidated Financial Statements.

IFRS 16, Leases ("IFRS 16") was issued by the IASB in January 2016, and will replace IAS 17 Leases. IFRS 16 specifies the methodology to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases except for short-term leases and leases with low value assets. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been adopted. A lessee will apply IFRS 16 to its leases either retrospectively to each prior reporting period presented; or retrospectively with the cumulative effect of initially applying IFRS 16 being recognized at the date of initial application. The Company is currently evaluating the impact of IFRS 16 on its 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 months 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 mains.

(ii) An Argentine Peso devaluation that improves the competitiveness of the country , 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) that allowed the country to exit the "Selective Default" A relevant measure in the way of the country to return to the Global Capital Market. The aftermath was the reduction of 700 basic points on the yield of US$ priced Argentine Bonds which is now in the about of 7% annual.

(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 17%.

Provincial (State) Mining Regulations and News:

<u>i) Chubut Province:</u>

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.

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

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.

<u>(ii) Rio Negro Province:</u>

During the year ended December 31, 2015, MSA relinquished its mining rights at Calqui prospect (9,000 ha) at Rio Negro Province. The prospect was 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, particularly in properties where there is no plan or budget assigned, the decision to relinquish the properties 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 wrote off in prior years.

<u>ii) Santa Cruz Province:</u>

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*.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements or fraud. There have not been any changes in the Company's disclosure controls and procedures and the internal control over financial reporting that occurred during the year ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of controls and procedures:

The Company's management believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

ADDITIONAL INFORMATION

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