The following Management's Discussion and Analysis ("MD&A") focuses on significant factors that affected Candente Gold Corp. ("Candente Gold") and its subsidiaries (collectively the "Company") during the relevant reporting period and to the date of this report. It contains a review and analysis of the financial results for the three months ended June 30, 2013 and identifies business risks that the Company faces and comments on the financial resources required for the development of the business.

This MD&A supplements, but does not form part of the consolidated financial statements of the Company and the notes thereto for the three months ended June 30, 2013, and consequently should be read in conjunction with the afore-mentioned consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"). The information in this MD&A is current as of August 14, 2013.

All amounts, unless specifically identified as otherwise, both in the Company's consolidated financial statements and this MD&A are expressed in US dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of gold and previous metals, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable gold and precious metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the gold and precious metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be refined; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be considered carefully and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, Candente Gold assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

USE OF NON-GAAP MEASURES

In this document, we refer to terms that do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Our usage of these terms may vary from the usage adapted by other companies and they cannot be reconciled to comparable terms in the issuer's, consolidated financial statements for the three months ended June 30, 2013.

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

BUSINESS OVERVIEW AND STRATEGY

The Company is principally engaged in the exploration and development of mineral properties in Mexico and Peru. The Company is in the exploration stage as its properties have not yet reached commercial production and none of its properties is beyond the preliminary exploration stage. All work presently planned by the Company is directed at defining mineralization and increasing understanding of the characteristics of, and economics of, that mineralization. The Company's principal assets are the El Oro gold-silver property located in the states of Mexico and Michoacán, Mexico (the "El Oro Property (or the "Property"). As of the date of this MD&A the Company holds a 70% interest in the El Oro Property and 100% of rights to explore and reprocess tailings deposits that are located throughout the Municipality of Hidalgo, State of Mexico. The Company plans to commence evaluation activities on the recently acquired gold and silver tailings deposit as well as to continue exploration of the mineral property. Exploration has been proposed to include detailed exploration target follow-up of 31 new priority surface targets identified by an ASTER/structural interpretation and compilation process as well as continued compilation and 3D model development: and completion of a geo-statistical study to highlight higher grade controls at San Rafael that may apply to the district as a whole.

PROJECT SUMMARY & OPERATIONAL OUTLOOK

The forward-looking information contained in this section is subject to the risk factors and assumptions contained in the section "Forward-Looking Statements" included with this MD&A. These factors are described under the heading "Risk Factors" and are Non-GAAP measures.

Mexico

El Oro Property

The El Oro Property is located in one of the most significant High-Grade Gold-Silver Districts in Mexico approximately 110 km west-northwest of Mexico City in the states of Mexico and Michoacán within the El Oro and Tlalpujahua mining districts. The district hosts 57 known veins with at least 20 precious metal veins with past production. The majority of historic gold and silver production came from two principal veins, the Veta San Rafael and the Veta Verde with historic production to date of over 8 million ounces of gold equivalent. Company personnel have identified 143 drill holes, 115 historic shafts and 44 adits both digitally and in the field. The Company currently holds a 70% working interest in the Property..

Since 2010 the Company has completed a comprehensive exploration program that resulted in the discovery of additional gold and silver mineralization well below the historical workings of the San Rafael Vein with a maximum strike length of 3.5 kilometers.

On July 27, 2012, the Company's joint venture partners Goldcorp S.A. de C.V. ("Goldcorp Mexico") and Desarrollos Mineros San Luis, S.A. de C.V. ("Desarrollos") confirmed that the Company had met all of its obligations for the exercise of the second option (pursuant to the Company's letter dated May 1, 2012) under the Letter Agreement dated May 5, 2006 as amended pursuant to the agreement dated February 2, 2009 and September 30, 2009. By way of this letter Goldcorp Mexico and Desarrollos elected not to proceed with the Back-In Option on part of the property, but elected to maintain their 30% undivided right, title and working interest in the entire property.

Goldcorp Mexico and Desarrollos have not yet approved a proposed budget and work program for the year. With the recent completion of a new 43-101 report, filed on July 17, 2013, which includes an extensive compilation of all previous and current data on the property, the Company will be making a new budget proposal to be discussed with Goldcorp. Under the Letter Agreement, any failure by a participant to elect to contribute to an approved work program that are completed to at least 80% of the budgeted exploration expenditures will result in the dilution of the non-contributing participant's interest in El Oro.

The El Oro Property also contains gold and silver tailings deposits, where historic mining grades were in the range of 19 to 80 grams per tonne ("g/t") gold and between 240-800 g/t silver. The tailings deposit lies within the town site of El Oro, is easily accessible and is immediately adjacent to existing road access, as well as power and water services. The larger Mexico Mine tailings deposit covers an area of approximately 5.6 hectares, that once reclaimed, would be available for the town's future development. Three other tailings deposits also exist within the Municipality of El Oro and are included in the Agreement but require further sampling and metallurgical test work to ascertain both potential economic value and desire by the Municipality for remediation.

On June 12, 2013, the Company signed an agreement with the municipality of El Oro and the State of Mexico that provides the Company with the access and processing rights to the tailing deposits. The first stage (Phase I) allows the Company a one year period to carry out the necessary test work to ascertain recoveries and potential economic viability of a tailings reclamation and reprocessing operation, for contributions of US$25,000 upon signing the Agreement and monthly contributions of US$3,000 starting 30 days after signing the Agreement. The contributions will be used to fund Social projects agreed to by both the Company and the Municipality. If Candente Gold decides to enter into the processing and the reclamation phase (Phase II), then an 8% Net Profits Interest ("NPI") will be paid to the municipality during the period of operation. If during any months of processing, there is no NPI due then a monthly contribution of US$3,000 will be made.

The Company is planning to commence the exploration work on the tailings during the fiscal 2014.

Peru Properties

On July 1, 2013 the Company received deposits of $28,500 and firm commitments for deposits for the remainder of its 2013 concession fees totalling $126,568 from various parties, for the renewal of certain concessions.

The Company is planning to commence high-level exploration program on its remaining exploration properties in 2014

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2013 AND 2012

Operating Highlights	2013	2012	Change	% Change
Exploration Operating Highlights				
Corporate Social Responsibility	**$ 2,649**	$ 51,912	**$ (49,263)**	**(94.90%)**
Drilling	**-**	38,058	**(38,058)**	**(100.00%)**
Exploration	**110,445**	181,298	**(70,853)**	**(39.08%)**
Project administration	**79,314**	188,873	**(109,559)**	**(58.00%)**
Total	**$ 192,408**	$460,141	**$ (267,733)**	**(58.18%)**

Three Months Ended June 30, 2013 versus 2012

The Company is currently in the process of completing a high-level exploration program at its El-Oro project, which it anticipates to be completed during 2014. In Peru, the Company is currently carrying out high-level exploration activities on its Lunahuana and Tres Marias properties. Expenditures related to these activities are included in the table above. Below is a comparison of the exploration costs incurred above for the three months ended June 30, 2013 with the same period ended June 30, 2012:

- The Company's Corporate Social Responsibility costs consist of its' sponsorship program with Save the Children in Mexico, onsite programs involving the local community around El Oro and in Peru. The decrease of $49,263 from the same period ended June 30, 2012, is the result of the Company's budget cutting measures.
- Exploration costs include costs of all geologic personnel and consultants in Mexico, Peru and Canada, mapping and 3-D modeling costs and civil works costs. Exploration costs as of June 30, 2013 have decreased from the same period in 2012, due to decreases in staffing and a decrease in field exploration activities.
- Costs included in project administration are salaries for the administrative staff on site at El-Oro and the costs of maintaining the base camp operations at El-Oro. These costs have decreased from the same period in 2012 because of a decrease in the Company's exploration activities during 2013.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Consolidated Financial Performance and Financial Position for the Three Months Ended June 30

For a summary of selected annual information for each of the three most recently completed financial years and quarterly consolidated financial results for each of the most recently completed three months ending June 30, 2013, please refer to Appendix A.

	Interim Consolidated Statements of Financial Position						
	June 30, 2013		**March 31, 2013**		**Change**		**% Change**
Cash and cash equivalents	**$**	**291,262**	$	595,357	**$**	**(304,095)**	**(51.08%)**
Unproven mineral rights interest	**$**	**11,557,845**	$	12,802,274	**$**	**(1,244,429)**	**(9.72%)**
Total Assets	**$**	**12,431,884**	$	13,893,869	**$**	**(1,461,985)**	**(10.52%)**
Share Capital	**$**	**22,711,269**	$	22,711,269	**$**	**-**	**-**
	Interim Condensed Consolidated Statement of Loss						
	June 30, 2013		**June 30, 2012**		**Change**		**% Change**
Net loss	**$**	**1,335,770**	$	690,778	**$**	**644,992**	**93.37%**
Loss per share	**$**	**0.02**	$	0.01	**$**	**0.01**	**100.00%**
Management fees, office salaries and benefits	**$**	**48,760**	$	63,183	**$**	**(14,423)**	**(22.83%)**
Share-based payments	**$**	**90,454**	$	3,450	**$**	**87,004**	**2,521.80%**
Consulting	**$**	**65,352**	$	11,884	**$**	**53,468**	**449.92%**
Regulatory and filing fees	**$**	**20,391**	$	21,038	**$**	**(647)**	**(3.08%)**
Audit and tax advisory	**$**	**938**	$	48,326	**$**	**(47,388)**	**(98.06%)**

Three Months Ended June 30, 2013

Total cash and cash equivalents as of June 30, 2013 decreased from March 31, 2013 by $304,095 as a result of the Company's exploration expenditures in the amount of $192,407 (explained in the prior section of this MD&A) and cash paid for general and administration expenses of $178,316 during the three months ended June 30, 2013. These decreases were offset by collection of part of the value-added tax receivable in Mexico.

Total assets decreased from $13,893,869 to $12,431,884, a decrease of $1,461,985 due to impairment recognized on the Companies Peruvian properties in the amount of $1,155,220 (explained in the prior section of this MD&A) and from the recognition of a future recovery of acquisition costs paid in Mexico and Peru of $322,133.

Net loss and loss per share increased from the same period in 2012 by $644,992, as a result of an impairment recognized on the Companies Peruvian Properties of $1,155,220 (explained in the prior section of this MD&A). This impairment was offset against a decrease in exploration expenditures of $267,733 (explained in the prior section of this MD&A) and an increase in the Companies foreign exchange gain of $313,776. The foreign exchange gain is the result of an increase in the value of the USD dollar to the Canadian Dollar, which impacted the translation of the Company's USD cash and cash equivalent and inter-company balances.

Below is an explanation of the variances of amounts included in total general and administrative expenses for the period ended June 30, 2013:

- Management fees, office salaries and benefits are personnel costs incurred at the Company's offices in Vancouver and Peru. These costs decreased by $14,423 from the same period in 2012, as a result of a decrease of management personnel in Mexico and Peru.
- Share-based payment expense for the period ended June 30, 2013 was $90,454. This was an increase from the same period in 2012 of $87,004 and is result of having more vested options during the three-month period ended June 30, 2012 than for the same period in 2012.
- Consulting fees increased from the same period in 2012 by $53,468 as a result of fees paid to the Company's accountants in Mexico, that are related to the recovery of the Company's value-added tax credit balance.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's cash flow activities for the three months ended June 30, 2013 and 2012:

	For the Three Months Ended June 30,				2013 versus 2012		
Cash Flow		**2013**		2012		Change	% Change
Used in Operating Activities	**$**	**(129,769)**		(701,417)	**$**	**571,648**	**(81.49%)**
Cash flows fro (used in) Investing Activities	**$**	**78,668**		(15,494)	**$**	**94,162**	**(607.73%)**
Provided from Financing Activities	**$**	**-**		5,161	**$**	**(5,161)**	**(100.00%)**
Cash beginning of period	**$**	**647,357**		2,364,289	**$**	**(1,716,932)**	**(74.62%)**
Cash end of period	**$**	**291,262**		1,555,138	**$**	**(1,263,876)**	**(81.27%)**

OPERATING ACTIVITIES
2013 versus 2012

Cash flows used in operating activities decreased from the same period in 2012 by $660,857. The decrease was the result of an increase in the loss for the period of $644,992 (explained above), which offset against an impairment recognized on the Company's Peruvian properties.

INVESTING ACTIVITIES
2013 versus 2012

Cash used for investing activities increased from the same period in 2012 by $94,162. The increase was the result of a recognition of acquisition costs paid in Mexico on the Company's El Oro project.

FINANCING ACTIVITIES
2013 versus 2012

Cash provided by financing activities decreased from the same period 2012 by $5,161, as a result of no proceeds being received from the exercise of stock options during the period.

CAPITAL RESOURCES AND LIQUIDITY OUTLOOK

The Company's capital resources include existing cash and cash equivalents of $291,262 and trade and other receivables of $400,142. The Company anticipates that during 2013 it will use all of its available capital resources to pay for its existing working capital commitments and commitments related to ongoing exploration activities in Mexico and Peru. The Company anticipates that it will need to raise additional capital during fiscal 2014 to continue project development in Mexico and Peru.

The Company does not generate cash flows from operations and accordingly, Candente Gold will need to raise additional funds by entering into joint venture agreements or through the issuance of securities or resource secured debt. Although, Candente Gold has been successful in raising funds in the past there can be no assurance Candente Gold will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should Candente Gold be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

SHARE CAPITAL

As of June 30, 2013, the Company had 62,219,760 common shares outstanding.

As of August 14, 2013, the Company had no warrants outstanding and 5,111,500 outstanding share options with a weighted average exercise price of CDN$0.47 and an expected life of 3.85 years. The exercise prices for the outstanding share options, range from CDN$0.25 to CDN$0.80. As of August 14, 2013, 2,911,500 share options are exercisable.

Following the spin out of Candente Gold from Candente Copper in January 2010, the Company has a commitment to issue shares of Candente Gold upon exercise of certain outstanding Candente Copper options ("Deemed Options"). As at June 30, 2013, 609,000 of these options are outstanding with a weighted exercise price of CDN$0.42 and an expiry date of September 4, 2014.

COMMITMENTS AND CONTINGENCIES

The Company entered into the agreements for operating leases. The minimum annual payments required are as follows:

		2014		2015		2016		2017		2018
Facility leases (a)	$	18,900	$	25,200	$	25,200	$	25,200	$	25,200
Operating leases (b)		64,246		85,661		85,661		85,661		85,661
Total commitments	$	83,146	$	110,861	$	110,861	$	110,861	$	110,861

(a) **Facility leases**
The Company has entered leases of an office and warehouse with unrelated corporations in Mexico.

(b) **Operating leases**
The Company has entered into contractual obligations with contractors with respect to its operations in Mexico

RELATED PARTY TRANSACTIONS

The Company's related parties consist of companies owned by executive officers and directors. The following is a list of the related parties that the Company enters into trading transactions with:

- Ridley Rocks Inc. – CEO, management and exploration fees
- SW Project Management – President, project management and exploration fees
- Michael Thicke Geological Consulting Inc. – Exploration fees
- Delphis Financial Strategies – CFO and management fees to October 27, 2012
- Phoenix One Consulting Inc. – CFO and management fees starting June 20, 2012

The following table details the trading transactions incurred by the Company with its related parties, during the three months period ended June 30, 2013, and June 30, 2012:

	Three months ended	
	June 30, 2013	**June 30, 2012**
Ridley Rocks Inc.	**12,500**	6,433
SW Project Management	**-**	672
Michael Thicke Geological Consulting Inc.	**-**	1,680
Delphis Financial Strategies Inc.	**-**	13,440
Phoenix One Consulting Inc.	**15,000**	-
	$27,500	$ 22,225

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at June 30, 2013 included $nil, (June 30, 2012- $6,433), that is due to various private companies controlled by officers of the Company and $371,862 (June 30, 2012: $82,395) due to Candente Copper Corp., a shareholder of the Company.

Compensation of key management personnel

The remuneration of directors and key management personnel who have the authority and responsibility for planning, directing and continuing the activities of the Company during the three month period ended June 30, 2013 and 2012, were as follows:

		Three months ended		
		June 30, 2013		**June 30, 2012**
Salaries and fees	**$**	**27,500**	$	32,445
Share-based payment		**10,750**		-
	$	**27,500**	$	$32,445

- Salaries and fees include the related party transactions.
- Share-based payments are the fair value of options expensed to directors and key management personnel during the three months ended June 30, 2013 and 2012.
- The Company does not remunerate the directors of the Company unless its market capitalization is greater than $75 million. During the three month period ended June 30, 2013 the Company paid $nil in directors fees (2012 - $nil).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's significant accounting policies are summarized in Note 3 of its interim consolidated financial statements for the three months ended June 30, 2013. The preparation of consolidated financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. The Company regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

(a) Critical accounting estimates

i. Valuation of share-based payments and warrants

When options and warrants are issued, the Company calculates their estimated fair value using a Black-Scholes valuation model, which may not reflect the actual fair value on exercise. The Company uses historical Company stock prices and estimated dividend yield rates to arrive at the inputs that are used in the valuation model to calculate the fair value of the options or warrants.

ii. Income taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each applicable jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize a deferred tax asset could be materially impacted.

(b) Critical accounting judgments

i. Unproven mineral right interests

Mineral properties, include the cost of acquiring licenses, exploration and analysis, project administration, drilling, community and social values and environmental and health and safety. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Management is required to exercise significant judgment in determining the timing of the determination of the technical and economic feasibility of the mineral resource.

CONTROL MATTERS

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management as is appropriate to permit timely decisions regarding public disclosure.

Management is reasonably confident that material information relating to the Company, including its consolidated subsidiaries, is being made known to senior management in a timely manner, and that the Company's disclosure controls and procedures are effective not only with respect to the Company's annual filing requirements but on an ongoing basis.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An evaluation of the design effectiveness of the Company's internal controls over financial reporting was conducted as of June 30, 2013 by the Company's management. Based on this evaluation, the Company's CEO and CFO have concluded that the design, disclosure controls, procedures and the effectiveness of the Company's internal controls over financial reporting was and is effective.

There were no changes in the Company's internal control over financial reporting during the period from April 1, 2013 to June 30, 2013 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

RISK FACTORS

The Company is subject to a number of significant risks due to the nature and the current stage of its business and the effect of worldwide economic conditions. Exploration of mineral properties involves a high degree of technical, financial and social risk. While discovery of a mineral deposit may result in substantial rewards, few exploration properties are ultimately developed into producing mines. Major expenditures may be required to establish resources and reserves by drilling, constructing mining and process facilities, developing metallurgical processes and extracting base and precious-metals from ore. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial mining operations.

Risk factors that should be taken into account in assessing the Company's activities and any investment in the Company include, but are not limited to, those listed below. Any one or more of these risk factors could have a material impact on the financial condition of the Company. This information, by its nature, is not all-inclusive and risk factors that have not been listed could have a material impact on the future financial condition of the Company.

Economic conditions may prevent the Company from obtaining the capital required to continue operations

The Company's ability to continue operations is contingent on its ability to obtain additional financing. Equity market conditions, funding environments and the price of the Company's common shares may make it dilutive and difficult to raise funds by the sale of the Company's shares. An investment in the shares of a junior resource company is considered to be a high-risk investment.

History of Losses

The Company has incurred a net loss for the three months ended June 30, 2013 of $2.365 million and is expected to continue to generate losses while it continues to be an exploration-stage company. The Company anticipates significant expenditures for its mineral exploration programs. Since most exploration projects do not result in the discovery of commercially productive mineral reserves and are ultimately expensed in full, the Company expects to report net losses into the foreseeable future.

The long-term profitability of the Company's operations will be in part directly related to the success of its exploration programs, which are affected by numerous factors including the cost of such programs, the amount of mineral resources or reserves discovered and fluctuations in the price of any minerals produced.

Dilution

The Company does not generate any revenues from production and may not have sufficient financial resources to undertake by itself all of its planned exploration, feasibility and development programs. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in potential dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs and extent of future development activities.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration and development programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties. Also, failure to meet the Company's share of costs incurred under joint venture arrangements to which it is a party may result in a reduction of its interests in mineral properties. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete the recommended programs.

No Known Mineral Reserves

All of the Company's mineral properties are in the exploration stage and are without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. However, few mineral properties that are explored are ultimately developed into producing mines.

In the event a commercially productive mineral reserve is discovered, substantial expenditures are required to develop mineral reserves for production, development of metallurgical processes for extraction and to develop the mining and processing facilities and infrastructure at the production site. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Title to Mineral Properties

The Company believes it has diligently investigated title to all of its mineral properties and, to the best of its knowledge, title to all properties are in good standing. However, the properties may be subject to prior unregistered agreements or transfers, which may affect the validity of the Company's ownership of such properties.

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, title to such properties may be challenged or impugned in the future. The boundaries of the Company's mineral properties have not been surveyed and, therefore, the precise location and area of these mining properties may be in doubt. The Company makes a search of mining records in accordance with mining industry practices to confirm that it has acquired satisfactory title to its properties but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims. Should any defect in title be discovered by or disclosed to the Company, all reasonable steps would be taken to perfect title to the particular claims in question. The Company is not aware of any material defect in the title to its mineral properties.

A claim on any of the Company's mineral properties, especially if commercially productive mineral resources or reserves are located, could adversely affect the Company's long-term profitability as it may preclude entirely the economic development of a mineral property. Also, such a claim would affect the Company's current operations due to the high costs of defending against such claims and its impact on senior management's time.

Key Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, would require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, certain management personnel of the Company are officers and/or directors of other publicly-traded companies and will only devote part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration and development expertise. In the event a commercial mineral deposit is discovered on any of the Company's properties, the Company will likely require the expertise of such consultants and others for the development and operation of a producing mine.

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many companies possessing much greater financial and technical research resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped base-metal and precious-metal properties. The principal competitive factors in the acquisition of such undeveloped properties include the staff and data necessary to identify, investigate and purchase such properties, and the financial resources necessary to acquire and develop such properties. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration in the future.

Industry Operating Hazards and Risks

Mineral exploration and development involves many risks, including location of commercially productive mineral resources or reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to resource companies, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides social disruptions, political instability and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the development and operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

Government Regulations Political Climate

Mineral exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, taxes, labour standards, occupation health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in development and/or production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of exploration, development and mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms which would have an adverse effect on any mining project the Company might undertake. Additionally, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining exploration, development or operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will be operating in compliance with all applicable social and legal regulations. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property. The extent of any future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new requirements.

Social Climate

Social acceptance to operate during the various stages of a mining project is an integral part of operating such that lack thereof provides a very real risk during the exploration, exploitation and closure stages of mine development. In addition, the fact that the means and tools to manage social acceptance are not an exact science adds to the level of risk.

The Company has established Corporate Social Responsibility policies and programs that includes:

- Regular communication with various members of the Community regarding their concerns and needs as well as our activities and objectives.
- Sustainable Development projects and alliances with International Non–Governmental Organizations ("NGOs") that are committed to improving the lives of families in under-developed regions.

The Company considers these initiatives as a foundation for building a positive and mutually beneficial long-term relationship with the various stakeholders in the project.

Environmental Liability

Although the Company is not aware of any formal claims for damages related to any impact that its activities have had on the environment, it may become subject to such claims in the future. An environmental claim could adversely affect the Company's business due to the high costs of defending against such claims and its impact on senior management's time.

The Company conducts exploration activities in Peru and Mexico. Such activities are subject to various laws, rules and regulations governing the protection of the environment. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees.

Although the Company is committed to compliance with all environmental regulations currently applicable, environmental hazards may exist on the Company's mineral properties, which are not known to the Company at present, that have been caused by previous or existing owners or operators.

Also, environmental regulations may change in the future which could adversely affect the Company's activities including the potential to curtail or cease exploration programs or to preclude entirely the economic development of a mineral property. The extent of any future changes to environmental regulations cannot be predicted or quantified, but it should be assumed that such regulations will become more stringent in the future. Generally, new regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new regulations.

Fluctuations in Metal Prices

Although the Company does not hold any known mineral reserves, its future revenues, if any, are expected to be in large part derived from the future mining and sale of base and precious metals or interests related thereto. The prices of these commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to other new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Company's operations, cannot be accurately predicted.

Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Additional information, including the Company's most recent Annual Information Form, is available on SEDAR at http://www.sedar.com

APPENDIX A

Summary of selected annual information for each of the three most recently completed financial years

	Consolidated Statements of Financial Position					
	June 30, 2013		**June 30, 2012**		**June 30, 2011**	
Cash and cash equivalents	**$**	**291,262**	$	1,555,138	$	6,539,819
Unproven mineral right interests	**$**	**11,557,845**	$	12,689,447	$	11,482,815
Total Assets	**$**	**12,431,884**	$	15,128,527	$	18,743,288
Share Capital	**$**	**22,711,269**	$	22,686,892	$	22,331,597
	Condensed Consolidated Statement of Loss					
	June 30, 2013		**June 30, 2012**		**June 30, 2011**	
Net (loss) income	**$**	**(1,335,770)**	$	(690,778)	$	(1,307,265)
Basic and diluted (Loss) Income per share	**$**	**0.02**	$	0.01	$	0.02

Summary of quarterly financial results

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Net Loss	$(1,335,770)	$(298,053)	$(227,717)	$(548,338)	$(690,728)	$(825,943)	$(1,161,336)	$(1,344,928)
Loss Per Share Attributable to Shareholders Basic and Diluted	$(0.02)	$(0.01)	$(0.00)	$(0.01)	$(0.01)	$(0.01)	$(0.02)	$(0.03)