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 year ended March 31, 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 year ended March 31, 2013 and 2012, 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 June 27, 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 year ended March 31, 2013 and 2012.

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 plans to continue with a detailed high-level exploration program including a 3 D grade model on the San Rafael vein during fiscal 2014. The model covered a 1.0 km long segment of the 3.3 km long San Rafael vein and includes: known underground workings; 2700 two meter sample control level plans; drill hole gold and silver geochemistry ; and any other elements proven to be useful; a fluid inclusion study coupled with the characterization of known and unique vein segments via "a vein intercept study"; follow-up on 31 new exploration targets recently generated in February of 2013 via an ASTER/structural interpretation; resampling of a select drill cores (e.g. Cortaduras gold target) to gain access to a current assay values; and ultimately ore shoot targeting for future drilling. The Company is also planning to commence exploration activities on gold and silver tailings deposits that are located throughout the Municipality of Hidalgo, State of Mexico within the property.

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 districts collectively host 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 some in the field.The Company currently holds a 70% working interest in the Property and 50% of the right, title and interest in the existing concession.

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Over the last two years 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, that would have provided them the ability to earn an additional 40% of the right, title and working interest in the property or the new joint venture company, by incurring $25,000,000 in exploration expenditures over a four year period, from the date of issue of the Back-In Option. Instead both parties elected to maintain their 30% undivided right, title and working interest in the property.

GoldCorp Mexico and Desarrollos have not yet approved the Proposed budget and work program for the year and the Company is in discussions on this matter in discussions regarding this. 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 Company will clarify with the parties their participation as soon as possible.

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 tailing 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 testwork 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

Lunahuana

The Lunahuana property, formerly known as the Columbia property, covers 5,387 hectares and is located in central Peru. The Company's current operations consist of an exploratory search for mineable deposits of minerals. The property does not contain any mineral resources or mineral reserves. The Company is planning to commence a high-level exploration program on the property in 2014.

Tres Marias

Tres Marias/San Francisco is an 8,800 hectare property hosting anomalous gold and silver in a combination of low sulphidation veins and high sulphidation alteration in an epithermal system located in the Puno District of southern Peru. The Company's current operations consist of an exploratory search for mineable deposits of minerals. Original interest stemmed from historical work and exploration reconnaissance. The Company is planning to commence a high-level exploration program on the property in fiscal 2014.

In June 2013, the Company commenced a review of its various concession licenses associated with its Peruvian properties to determine which, if any, were not going to be renewed in the current year. The Company is determining the impact of not renewing these licenses and the amount of an impairment, if any, of its unproven mineral right interests.

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

Operating Highlights	**2013**	**2012**	**Change**	**% Change**
Exploration Operating Highlights				
Community relations and social values	**$ 120,133**	$ 7,000	**$113,133**	**1,616,20%**
Drilling	**47,646**	1,843,723	**(1,796,077)**	**(97.40%)**
Exploration	**685,992**	817,048	**(131,056)**	**(16.00%)**
Project administration	**560,343**	1,290,141	**(729,798)**	**(56.60%)**
Total	**$ 1,414,114**	$ 3,957,912	**$(2,543,798)**	**(64.30%)**

Year Ended March 31, 2013 versus 2012

During 2013 the Company completed its 2010 to 2013 detailed exploration program at the El Oro Property that consisted of a sampling program for the Jesus Del Monte Vein, under-ground sampling for the Del Salto Vein, rehabilitation for the Veta Verde and Dos Estrella's Adits and surface drilling campaigns at Buen Despacho, Zona Oriente and San Rafael. The Company is currently in the process of completing a high-level exploration program at its El-Oro project, that 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 twelve months ended March 31, 2013 with the same period ended March 31, 2012:

- The Company's community relations costs consist of its' sponsorship program with Save the Children in Mexico, onsite programs involving the local community around El Oro and in Peru. These costs have increased from the prior period due to the community initiating its' sponsorship program with Save Children in the first quarter of 2013.
- Included in the Company's drilling costs are costs related to contractor works, fuel, supplies and salaries of the drilling team. These costs decreased from the prior period because of the completion of the Company's detailed exploration program discussed above.
- 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 March 31, 2013 have decreased by $131,056 from the same period in 2012, due to decreases in staffing and the completion of the Company's drilling program.
- 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 the completion of the Company's exploration program in 2013.

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2013

Operating Highlights		2013		2012		Change	% Change
Exploration Operating Highlights							
Community relations and social values	**$**	**51,641**	$	7,000	**$**	**44,641**	**637.70%**
Drilling		**9,288**		47,682		**(38,394)**	**(80.50%)**
Exploration		**166,517**		206,328		**(39,811)**	**(19.30%)**
Project administration		**106,472**		287,819		**(181,347)**	**(63.00%)**
Total	**$**	**333,918**	$	548,829	**$**	**(214,911)**	**(39.20%)**

Three Months Ended March 31, 2013 versus 2012

Below is a comparison of the exploration costs incurred above for the three months ended March 31, 2013 with the same period ended March 31, 2012:

- Community relations and social value costs increased from the same period in 2012, by $44,641 as a result of the Company continuing on with its community and sustainable development programs in Mexico and Peru during the entire year in 2013, versus part of the year in 2012.
- Exploration costs as of the three month period ended March 31, 2013 have decreased by $39,811 from the same period in 2012, due to decreases in staffing and the completion of the Company's drilling program, during the fiscal year.
- Project administration costs have decreased from the same period in 2012 because of the completion of the Companies exploration program in 2013, thus decreasing the amount of administrative support required.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Consolidated Financial Performance and Financial Position for the Year Ended March 31

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 year ending March 31, 2013, please refer to Appendix A.

	Consolidated Statements of Financial Position						
	March 31, 2013		March 31,2012		Change		% Change
Cash and cash equivalents	**$**	**647,357**	$	2,364,289	**$**	**(1,716,932)**	**(72.60%)**
Unproven mineral rights interest	**$**	**12,802,274**	$	12,077,844	**$**	**724,430**	**6.00%**
Total Assets	**$**	**13,893,869**	$	15,312,307	**$**	**(1,418,438)**	**(9.30%)**
Share Capital	**$**	**22,711,269**	$	22,414,373	**$**	**296,896**	**1.30%**
	Condensed Consolidated Statement of Loss						
	March 31 2013		**March 31,2012**			**Change**	**% Change**
Net loss	**$**	**(1,764,836)**	$	(4,639,472)	**$**	**2,874,636**	**(62.00%)**
Loss per share	**$**	**(0.03)**	$	(0.08)	**$**	**0.05**	**(62.50%)**
Management fees, office salaries and benefits	**$**	**185,180**	$	305,075	**$**	**(119,895)**	**(39.30%)**
Share-based payments	**$**	**54,431**	$	107,426	**$**	**(52,995)**	**(49.30%)**
Legal	**$**	**43,853**	$	41,279	**$**	**2,574**	**6.20%**
Travel and accommodations	**$**	**3,153**	$	36,257	**$**	**(33,104)**	**(91.30%)**
Audit and tax advisory	**$**	**48,746**	$	38,164	**$**	**10,582**	**27.70%**

Year Ended March 31, 2013

Total cash and cash equivalents as of March 31, 2013 decreased from March 31, 2012 by $1,716,932 as a result of the Company's exploration expenditures in the amount of $1,394,114 (explained in the prior section of this MD&A), cash paid for general and administration expenses of $646,769 (explained below) and unproven mineral right interest cash expenditures of $296,817 during the year ended March 31, 2013. These cash outflows were partially offset against proceeds received from the exercise of warrants and options of $20,646, interest income earned on the Company's GIC of $60,572, realized gain on foreign exchange of $310,663 and an increase in the value of the Canadian dollar against the USD that resulted in an increase in cash and cash equivalents of $212,347.

Total assets decreased from the same period in 2012 from $15,312,307 to $13,893,869, a decrease of $1,418,438. The decrease was the result of a decrease of the Company's current assets of $2,183,200, that included a decrease in cash and cash equivalents of $1,716,932 (explained above) and a decrease in the Company's trade and other receivables of $420,619, that was the result of the collection of the Mexican valued added tax credits during the year. The decrease in current assets was offset by an increase in the Company's unproven mineral right interests of $724,440, which was the result of payment of concession costs in Peru of $296,817, the issuance of 1,000,000 shares to Desarrollos and GoldCorp Mexico at CDN$0.26, resulting in acquisition costs of $265,018 and the accrual of annual concession taxes in Mexico in the amount of $162,595.

Net loss and loss per share decreased from the same period in 2012 by $2,874,636, as a result of a decrease in exploration costs of $2,543,798 (as explained in the previous section) and a decrease in general and administrative expenses of $117,583.

Below is an explanation of the variances of amounts included in total general and administrative expenses for the period ended March 31, 2013:

- Management fees, office salaries and benefits are personnel costs incurred at the Company's offices in Vancouver and Peru. These costs decreased by $119,895 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 March 31, 2013 was $54,431. This was a decrease from the same period in 2012 of $52,995. The decrease was the result of having fewer share options vesting during the year ended March 31, 2013.
- Travel and accommodation costs decreased from the same period in 2012 by $33,104. The decrease in travel and accommodation costs was the result of higher levels of travel by senior management during 2012, as a result of the Company's financing activities.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's cash flow activities for the year ended March 31, 2013 and 2012:

	For the Year Ended March 31,				2013 versus 2012		
Cash Flow		**2013**		2012		Change	% Change
Used in Operating Activities	$	**(1,056,730)**	$	(4,862,584)	$	**3,805,854**	**(78.27%)**
Used in Investing Activities	$	**(468,501)**	$	(505,767)	$	**37,266**	**(7.37%)**
Provided from) Financing Activities	$	**20,646**	$	(597,134)	$	**617,780**	**(103.50%)**
Cash beginning of period	$	**2,364,289**	$	8,643,417	$	**(6,279,128)**	**(72.60%)**
Cash end of period	$	**647,357**	$	2,364,289	$	**(1,716,932)**	**(72.60%)**

OPERATING ACTIVITIES

2013 versus 2012

Cash flows used in operating activities decreased from the same period in 2012 by $3,805,854. The decrease was the result of a decrease in the amount of exploration costs of $2,543,798 (as explained above), a decrease in cash paid general and administrative expenditures of $46,981 and an increase in non-cash working capital items of $1,001,620. The increase in non-cash working capital items is the result of a decrease in the Company's trade and other receivable balance of $420,619 and a decrease in the Company's accounts payable balance as of the year-end March 31, 2013 compared to the year ended 2012, due to the payment of trade payable balances during the year and as a result of a decrease in exploration activities during the year.

INVESTING ACTIVITIES

2013 versus 2012

Cash used for investing activities decreased from the same period in 2012 by $37,266. The decrease was the result of a decrease in amounts paid for the Company's concession fees in Peru of $62,158 and amounts paid for the Company's concession taxes in Mexico of $160,575. These decreases were off-set by the issuance of 1,000,000 common shares at a price of CDN$0.26, that resulting in an increase to unproven mineral right interests of $265,018.

FINANCING ACTIVITIES

2013 versus 2012

Cash provided by financing activities increased from the same period 2012 by $617,780, as a result of a repayment of the Company's promissory note in 2012 of $977,165, which was off-set by a decrease in the amount of proceeds received from the issue of common shares for cash, exercise of warrants and the exercise of stock options.

CAPITAL RESOURCES AND LIQUIDITY OUTLOOK

The Company's capital resources include existing cash and cash equivalents of $647,357 and trade and other receivables of $263,886. The Company anticipates that during 2013 it will use all of its available capital resources to pay for its trade payables and accrued liabilities and its 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.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the years ended March 31, 2013 and March 31, 2012, the Company incurred losses of approximately $1.8 million and $4.6 million respectively, and as at March 31, 2013, $14.5 million in cumulative losses since inception. In addition, the Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation.

The Company does not generate cash flows from operations and accordingly, Candente Gold will need to raise additional funds by entering into a joint venture agreement 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 27, 2013, the Company had 62,219,760 common shares outstanding.

As of June 27 2013, the Company had no warrants outstanding and 5,261,500 outstanding share options with a weighted average exercise price of CDN$0.62 and an expected life of 3.46 years. The exercise prices for the outstanding share options, range from CDN$0.25 to CDN$0.80. As of June 27, 2013, 3,061,500 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 of the year-end March 31, 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)	$	25,200	$	25,200	$	25,200	$	25,200	$	25,200
Operating leases (b)		85,661		85,661		85,661		85,661		85,661
Total commitments	$	110,861	$	110,861	$	110,861	$	110,861	$	110,861

(a) **Facility leases**
The Company has entered leases of an office, warehouse and an access to adit on the Company's El Oro property with unrelated corporations.

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

EVENTS AFTER THE REPORTING PERIOD

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 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 first quarter of 2014.

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 – Vice president, project management and exploration fees
- Michael Thicke Geological Consulting Inc. – Exploration fees for member group companies
- Delphis Financial Strategies – CFO and management fees to October 27, 2012
- Phoenix One Consulting Inc. – CFO and management fees starting June 20, 2012

Related party transactions

The following table details the trading transactions incurred by the Company with its related parties, during the year March 31, 2013, and March 31, 2012:

	For the year ended March 31, 2013	For the year ended March 31, 2012
Ridley Rocks Inc.	**$ 80,266**	$ 136,514
SW Project Management	**12,997**	20,664
Michael Thicke Geologic Consulting Inc.	**6,125**	26,273
Delphis Financial Strategies Inc.	**27,484**	54,155
Phoenix One Consulting Inc.	**38,875**	-
	$ 165,747	$ 237,606

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2013 included $nil, (March 31, 2012- $17,634), amounts due to companies controlled by directors and officers 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 years ended March 31, 2013 and 2012, where as follows:

		For the year ended March 31, 2013		For the year ended March 31, 2012
Salaries and fees	**$**	**165,747**	$	237,606
Share-based payment		**13,671**		-
	$	**179,418**	$	237,606

- Salaries and fees include the related party transactions disclosed in note 9(a).
- Share-based payments are the fair value of options expensed to directors and key management personnel during the year.
- The Company does not remunerate the directors of the Company unless its market capitalization is greater than $75 million. In 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 consolidated financial statements for the year ended March 31, 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.

FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed to certain financial risks in the normal course of its operations:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner. The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital.

Maturity Analysis of Financial Instruments

Financial Liabilities	**Carrying Amount ($'s)**	**2013**	**2014**	**2015**	**2016**
Trade payables and accrued liabilities	$561,147	$561,147	**$ -**	**$ -**	**$ -**

Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a currency, other than the functional currency in which they are measured. The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's primary subsidiaries is the United States dollars and some of the subsidiaries transactions are denominated in Nuevo Soles and Mexican Pesos. Total expenditures of this nature for the year ended March 31, 2013 totaled 157,105 Nuevo Sols ($62,219) and 12,465,356 Mexican Pesos ($953,091). The Company determined that a 10% increase or decrease in the U.S. dollar against the Nuevo Sol and the Mexican Peso would result in an increase or decrease in net loss of $95,000 for the period ended March 31, 2013. The Company does not enter into any foreign exchange contracts to mitigate this risk.

Capital management

The Company's capital structure is comprised of working capital (current assets minus current liabilities) and equity. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets. As of the year ended March 31, 2013, the Company is managing its existing working capital to ensure that it will be able to meet its current commitments, however the Company does anticipate it will need to raise additional capital during 2014, to continue project development in Mexico and Peru.

Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met. The total capital being managed by the Company as of the balance sheet dates, March 31, 2013 and 2012 is as follows:

		As at March 31, 2013		**As at March 31, 2012**
Total working capital	**$**	**403,543**	$	2,753,393
Total equity		**15,803,241**		15,782,754
Total capital [1]	**$**	**16,206,784**	$	18,536,147

[1] Represents cash proceeds received since the Company's inception.

The consolidated statements of financial position carrying amounts for cash and cash equivalents, trade and other receivables and trade payables and accrued liabilities, approximate fair value due to their short-term nature.

Fair value hierarchy

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	**$ 647,357**	**-**	**-**	**$ 647,357**

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 March 31, 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, 2012 to March 31, 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. While the Company currently has the necessary cash resources to fund operations and exploration work at its properties for a period of at least one year, there is no assurance that financing will be available to the Company in future periods.

History of Losses

The Company has incurred a net loss in 2013 of $1.8 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.

On August 16, 2012 Mr. Anthony Pitirri was appointed as Chief Financial Officer for the Company. Mr. Pitirri succeeds Ms. Aurora Davidson, who had served as Chief Financial Officer of the Company since 2009.

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. 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					
	March 31, 2013		March 31, 2012		March 31, 2011	
Cash and cash equivalents	**$**	**647,357**	$	2,364,289	$	8,643,417
Unproven mineral right interests	**$**	**12,802,274**	$	12,077,844	$	11,558,304
Total Assets	**$**	**13,893,869**	$	15,312,307	$	20,854,899
Share Capital	**$**	**22,711,269**	$	22,414,373	$	22,006,615
Condensed Consolidated Statement of Loss						
	March 31, 2013		March 31, 2012		March 31, 2011	
Net (loss) income	**$**	**(1,764,836)**	$	(4,639,472)	$	(6,239,629)
Basic and diluted (Loss) Income per share	**$**	**(0.03)**	$	(0.08)	$	0.12

Summary of quarterly financial results

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net Loss	$(298,053)	$(227,717)	$(548,338)	$(690,728)	$(825,943)	$(1,161,336)	$(1,344,928)	$(1,307,265)
Loss Per Share Attributable to Shareholders Basic and Diluted	$(0.01)	$(0.00)	$(0.01)	$(0.01)	$(0.01)	$(0.02)	$(0.03)	$(0.02)