SILVER SHIELD RESOURCES CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012

The following Management's Discussion and Analysis ("MD&A") of the Company has been prepared based on information available to the Company as at April 30, 2013, and analyzes the Company's results for the year ended December 31, 2012. The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles and represent the first full-year of IFRS reporting.

Overview

The Company's principal business activity is the acquisition, exploration and development of high potential mineral properties, with particular focus on silver and gold.

Silver prices have been volatile over the past six months ranging between $ 30 USD and the $ 50 USD mark. The traditional gold:silver ratio appears to have become untied and Silver may well be trading on its own merits, suggesting the upside is huge. But this also introduces great uncertainty. Turmoil in the European financial situation has weighed heavily on North American markets and both the precious metals and the share prices in the Precious metals sector came under great selling pressure due to financial concerns in the EU, and prices continue under some pressure, even though some signs of recovery are present. With the La Cumbre and Temixco projects being low cost advanced stage projects the company is very encouraged that prices of silver and gold remain in the range that would be profitable if those projects could move into production.

Metal analysts forecast that the volatility in the silver price will continue through 2013, and beyond, ranging possibly as high as $ 60 USD, and down to $ 20 USD. The price of gold and silver are impacted by many factors, ultimately reflecting supply and demand, driven by commercial as well as investment demands. Keep in mind that even the Major companies are finding that replacing mined reserves has become increasingly difficult. Mining costs have risen as well and even large scale producers are only marginally profitable. We believe that these higher costs of production are setting new floor prices for commodities.

Much has been made of the state of the junior mining market over the last year and stories of the number of companies that will disappear in the next year have made the news. Management is determined that this will not be the fate of Silver Shield. New directors have recently been brought on board and the Manager of Corporate Development has been re-engaged to maintain the profile of the Company.

At the present time, management of the Company has determined that silver and gold will continue to be its principal interest. Silver Shield has as its primary goal to be a producer of precious metals in the near term. The company's potential shallow deposits with good infrastructure present have the potential to be brought to production sooner, rather than later, due to the expected lower costs of development.

The company maintains a focused directive of sourcing and finding high quality projects in the more advanced stage of exploration. It is the company's belief that with its skilled mining team of development experts the focus on projects and properties that can become producers is the focused plan that will maximize shareholder value and grow company assets.

At present (April 30, 2013) the Company has a negative working capital of $ 825,677.

The Company must raise funds within a very short-term period or it will not be able to sustain its operations. The primary cause of the working capital deficiency is the result of maintaining properties, operations and business offices in the economic downturn, with a lack of fundraising opportunities.

Company officials continue to take cost-cutting steps to ensure the continued viability of the company and have been actively pursuing properties that have potential to generate cash flow in the near term period. Management has been working without pay during this period of little to no working capital, and Management and Directors have been advancing funds to sustain the Company. Management and The Company is actively seeking additional capital financing from other Investors. Management has been pursuing debt settlement with creditors by way of shares, as approved by the shareholders at the last Annual Meeting, as a way of reducing debt, and has cleared a large portion of current debt through this mechanism.

The TSX venture exchange has recognized the difficulty in financing for smaller companies and temporarily relaxed the minimum financing pricing restrictions to allow an opportunity to raise new capital.

The ability of the Company to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

Overall Performance

The primary focus of the Company is the further development of the La Cumbre Property, and the Temixco Tailings project in Guerrero State Mexico. These two projects are wholly owned, and with their cash flow potential they are under review for development by the Company. Investigation of other properties with near term production potential has continued in Mexico and it is hoped that other low cost acquisitions will be completed within the next six months. The Company intends to locate projects where it can carry out a "micro-mining" strategy where stockpiles and surface mineable exposures can be excavated at low cost and shipped for processing to generate revenue to sustain operations.

The Volatility in stock markets and in metal prices since 2010 has translated into the continued pressure on the junior mining sector, with share prices of a significant number of Junior Companies reaching all-time lows, well below actual value. Good news, bad news, no news, has brought only sellers to the market and investor relations efforts have had no measurable impact.

Management has maintained focus on its long term plan and has managed its limited cash well in difficult financial times. It has adhered to a strict belief in its properties and people and has maintained its key properties, while waiting for the opportunity to follow-up on successful drilling programs in Mexico. Additional well located claims were added in Hislop Township early in 2012 in a non-cash acquisition. However no funds were available for significant exploration and only small advanced in understanding of the properties were gained. It may be necessary to sell the Hislop claims or some of the other Canadian properties to generate funds to sustain the Company.

The Company does not currently derive any revenue from its operations, aside from interest revenue on short-term investments. Its ability to conduct exploration on its properties and develop properties that could prove to be economical is based on its ability to raise capital through equity financing. The Company's ability to raise capital by equity financing in the near future will be affected by the price of gold and silver and the results of management's success in promoting the company to the investment community. Financing will also be required to move forward on projects the company has acquired in Canada and Mexico and others that they have been working towards obtaining in the La Cumbre area as well.

Review of Operations
Mexico Properties

During 2012 the Company had considered a number of acquisitions with a view to improving its land holdings in Mexico, these did not materialize.

Silver Shield Resources acquired at low cost the Temixco concession in the state of Guerrero, Mexico by denouncing the concession which totals 1,058 ha in size. The concession hosts from 350,000 to 500,000 tonnes of Tailings along with 3 old mines. The tailings were produced by milling on site of mineralization that came from a massive sulfide deposit located ~5 km to the east and was last worked in 1943. Advancing to production by re-processing this tailing deposit is a priority project for Silver Shield.

SSR has only performed preliminary work at this stage to evaluate the potential of the tailings. Four samples taken by the company as part of its due diligence to substantiate previously reported assays returned the following average grades:

AVERAGE GRADE	RANGE OF ASSAYS
Au- 1.007 g/t	0.399- 1.508 g/t
Ag- 145.3 g/t	76.2- 224 g/t
Cu- 0.074%	0.029- 0.189%
Pb- 5.32%	3.25- 8.89%
Zn- 0.49%	0.363- 0.672%

Total Value/ Tonne $200-$300.

The old mines, hosted within Tertiary age rhyodacite and rhyodacite tuff, are located ~3 km. to the northwest of the tailings area. Mineralization is located in veins and consists of gold, silver and copper. No work has been performed by the company at this time on the old mines. It is not known how many tonnes or the grade of mineralization that was removed by previous owners.

Pending adequate financing, the work planned includes metallurgical studies, environmental study, and a mill designed, procured and erected with a proposed production rate of 200 tonnes/day.

The Jaripo Property covers a total of 2,950 Ha dominated by a north-south trending fault that has been traced for over 10 kilometres. A diamond drilling program of 1,500 metres intended to outline near-surface mineralization in the area of the historic mine workings was completed at the Jaripo property in June 2010. While results were interesting the lack of exploration funds resulted in no work in 2011 or since, and Silver Shield has abandoned the property rather than continue to make costly property payments, and not carry on meaningful exploration.

In January of 2008, the Company carried out a drilling program on the La Cumbre project in Mexico. The 18 surface drill hole program was designed to test the La Cumbre Zone while also exploring other areas near the Company's main holdings. This first phase drilling program of 2,500 metres concluded in April, 2008. The results received by the Company from the drilling were very encouraging. Promising silver values, with frequent gold and copper have been intersected in most drill holes. Highlights included Hole LC-08-01 that intersected 308.28 g/t silver and 1.378 g/t gold over 3.8 metres and Hole LC-08-11 which intersected 2159.15 g/t silver and 28.441 g/t gold over 0.55 metres.

The Company believes that this combination of the high silver values plus the sections of high gold values, combined with lack of lead and zinc values suggest that we the Company is operating in the upper or higher section of the epithermal system. As epithermal vein systems are usually characterized by having higher gold and silver near the top of the system and becoming more base metal rich at the bottom, the drilling seems to confirm management's original belief that the Mexico Property is near the top of the system. Should this be the case, the Mexico Property could hold considerable silver-gold values.

Silver Shield owns 100% of the project outright, subject to the $1.00 per tonne NSR in place. The Company has instituted infrastructure and other improvements around the property and Mr. Lashbrook has been met with increased public acceptance in the Mexican community. Due to this good working relationship, the local people are also very helpful in pointing out new properties for the Company to consider for acquisition.

Readers are encouraged to read the Company's public filings on SEDAR at www.sedar.com for exploration results.

Canadian Properties

In March 2012 the Company entered into an agreement to pay 2 private companies $ 6,000 and 2,200,000 shares to acquire 21 mining claim units in Hislop Township, Ontario. The properties are subject to a 2% NSR Royalty and Silver Shield can buy back 1% for $ 1,000,000. The claims are in an area SE of Matheson Ontario. The claims are well positioned relative to proven structural and gold bearing trends. It is the long held belief that the next major gold discovery in Ontario will come from this area, and the opportunity to obtain a position without excess cash outlay presented itself. An initial surface exploration program is being planned beyond which Silver Shield will determine whether to continue or look to Joint Venture the property. Should a discovery be made in the area in the future, this property could be sold for funds to proceed with other priorities.

In March 2010 the company completed an agreement with Mhakari Gold, a private company, which will see them each acquire 50% of four groups of mining claims strategically located in the West Timmins Mining Camp. A total of 17 mining claim units were to be acquired in Ogden, Mountjoy, Denton and Carscallen Townships. Due to a lack of available exploration funding Silver Shield has elected to discontinue active exploration in order to focus on its 100% projects

The final agreement for the Lost Dog project acquisition was announced in February 2010. The property consists of 36 un-patented mining claim units in south central Denton Township. The Lost Dog project is located thirty kilometres south-west of the Timmins city center, in the South Central Denton Township, 12 km west of Lake Shore Gold's Timmins Mine, and the Lakeshore/West Timmins Mining Inc. Thunder Creek project. The property adjoins Lakeshore Gold Mines and Nebu Resources who are actively exploring in the same township, and have has recently announced interesting drilling results.

These claims cover an area of 575 ha, located about 5 km south of the highly prospective Porcupine-Destor Fault Zone, which is an important feature to most of the largest past producers in The Timmins

Camp. The property is underlain by a suite of felsic to intermediate intrusive rocks of the Kenogamissi Batholith, an older potassium feldspar-porphyry granodiorite that outcrops in the southern half of the property and extends across the property and a younger biotite-hornblende granodiorite that has intruded the feldspar porphyry granodiorite. These rocks have been variously affected by the Porcupine-Destor Fault Zone. Also of interest is the contact with the Tisdale Assemblage-Mafic Volcanic sequence on the north side of the property.

Exploration of the Lost Dog Property has concluded. The program, including linecutting, magnetic and IP surveys was completed and now covers 100% of the ground position. Results require additional analysis and ground follow-up and will generate drill targets for later in 2012 The Company is seeking a Joint Venture or other arrangement on the property in order to fund the required extensive drilling program that will be required to properly test for gold values.

In August 2009 the company announced the acquisition of the Ogden property in the West Timmins Gold Area. The property consists of 2 patented mining claims that have been privately held for many years and no previous exploration work is known to have been performed. The option on the property has been extended and remains in good standing.

Highlights of the drill program operated at the Welsh Property include a high grade intersection of 2,589 g/t silver (75.6 ounces per ton) at 111.3 metres to 111.5 metres, and 286 g/t silver (8.35 ounces per ton) at 82.15 metres to 82.35 metres in hole WS-08-09. The 29 metre interval between these two intercepts will be reviewed, sampled and assayed to appropriately determine the future actions by the Company. Management believes that the discovery of another high-grade intersection discovered to the south of the aforementioned intersection indicates further veining with high grade values along the strike length of 190 metres. Further drilling on the property intersected 1,230 g/t silver approximately 190 metres south of WS-08-02. Stripping has been completed in the area between the high grade intersections and the company hopes to begin drilling in the next quarter in this area once again.

By the end of May 2011the Company had completed a 10 hole, 1,283 metre diamond drilling program at the Welsh mine Property. The drilling targeted seven holes into the area south of Silverclaim Lake where high-grade silver was intersected in 2008 (see details below), and three holes into the immediate Welsh Mine area to test for eastward extensions to the veins developed by the Welsh mine workings. Drilling is complete and the vein swarms intersected in the previous drilling were again intersected. While all of the holes intersected mineralized veins, only Drillhole SCL-11-07 returned significant assay values. The following is a summary of the significant assay intervals from SCL-11-07:

- l 1.04 m from 55.58 - 56.62 m grading 710.42 g/t Ag (20.74 opt)
- l 1.16 m from 90.91 - 92.07 m grading 532.39 g/t Ag (15.54 opt)
- l 0.09m from 109.29- 109.38m grading 96 g/t Ag (2.80 opt)

The importance of these intervals is that economically interesting grades over typical mining widths have been obtained for the first time. These intersections correlate very well with previous drilling and especially with values from the mine workings which are immediately north of the area being drilled. Further exploration work on the property will need to be from the underground access. At this time no determination of "economic grades" or actual mining widths has been made. Previous drilling in the area of SCL-11-07 intersected multiple veins with grades to 2,659.5 g/t Ag over 0.15m (77.6 oz/t).

At this time the company is unsure if this is the same high-grade lens or one of the other numerous veins previously intersected. Silver-rich shoots in these settings usually extend for 10's of meters horizontally and vertically, pinch and swell and can mineralize the wall rock adjacent to the veins with fine native silver or argentite resulting in mining widths much wider than the vein itself. Due to this nugget effect it is difficult to intersect the mineralized lenses by diamond drilling.

Excessive carrying costs, and a lack of exploration funds for the Wilder property led to a decision to abandon involvement even though additional exploration is warranted based on the drilling completed.

The Company does not currently derive any revenue from its operations, aside from interest revenue on short-term investments. Its ability to conduct exploration on its properties and develop properties that could prove to be economical is based on its ability to raise capital through equity financing. The Company's ability to raise capital by equity financing in the near future will be affected by the price of silver and gold and general market sentiment.

Readers are encouraged to read the Company's public filings on SEDAR at www.sedar.com for more details on exploration results.

Financing Activities

April 1/2011 until April 30/2013
No financings

Three months ended March 31, 2011
$0.06: 4,166,666 common shares flo thru with warrant @ $0.15 due January 13, 2013
$0.05: 10,800,000 common shares with warrant @ $0 .15 due February 28, 2013

Three months ended December 30, 2010
$0.06: 8,333,333 common shares with half warrant @ $0.15 for 2 years

Three months ended September 30, 2010
The Company did not undertake any financing activities in the period

Three months ended June 30, 2010
The Company did not undertake any financing activities in the period

Three months ended March 31, 2010
The Company did not undertake any financing activities in the period

Three months ended December 31, 2009
$0.09: 4,000,000 common shares with half warrant @ $0.18 for two years

Results of Operations

As an exploration stage company, the Company does not have operating revenue from mining operations. In the year ended December 31, 2012 the Company earned did not earn any income. (December 31, 2011 - Nil).

Operating Expenses

Operating expenses for the year ended December 31, 2012 were $189,890 compared with $370,204 for the year ended December 31, 2011. The major expenses for the period were Marketing and Investor Relations fees of $ 75,261(2011 - $160,288) and Office Expenses of $ 29,414 (2011 – $45,151). Royalty payments due were also accrued on the income statement in the amount of $42,000. The Company has shown remarkable constraint in maintaining operations while cutting costs.

The Company has not paid a cash dividend to its shareholders and does not anticipate paying cash dividends in the near future.

Selected Yearly Financial Data ($)
Liquidity and Capital Resources

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company has no source of operating cash flow. The exploration and development of the Company's properties depends on the ability of the Company to obtain financing. If the Company's exploration programs are successful, additional funds will be required to develop the Company's properties and, if successful, to place them into commercial production. The only sources of future funds presently available to the Company are the exercise of warrants or stock options, the sale of equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part.

Financial Results

	Year Dec 31 2012	**3rd Qtr Sept30 2012**	**2nd Qtr June 30 2012**	**1st Qtr Mar 31 2012**	**Year Dec 31 2011**	**3rd Qtr Sept 30 2011**	**2nd Qtr June 30 2011**	**1st Qtr Mar 31 2011**
Net Loss	$192,338	$61,218	$30,584	$66,498	$1,351,578	$80,424	$97,082	$7,574
Basic and Diluted Loss per share	$ 0.003	$0.001	$0.001	$0.001	$0.019	$0.001	$0.001	$0.001
Balance Sheet Data								
Cash/ Equivalents	$1,998	$5,381	$25,415	$334	$5,494	$71,897	$293,080	$750,819
Mineral Properties	$3,679,499	$3,513,101	$3,456,505	$3,383,625	$3,318,273	$4,168,707	$4,110,482	$3,747,282
Total Assets	$3,700,690	$3,537,475	$3,505,764	$3,508,780	$3,448,527	$4,487,707	$4,653,719	$4,710,687
Shareholders Equity	$2,860,633	$2,984,672	$2,955,890	$2,306,032	$2,365,030	$3,345,055	$3,515,479	$3,586,172

The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

There are warrants and unit purchase options outstanding as of December 31, 2012 that are a potential source of financing to the Company; these are Shareholders' and Agent's Warrants. Due to the expiry in

Feb 2013, the exercise of all outstanding warrants and options (at April 30, 2012) would result in no injection of cash into the Company.

There are Stock Options outstanding as of April 30, 2012 that may be a potential source of financing to the Company. The exercise of all outstanding Stock options would result in the injection of $ 500,000 into the Company.

As at December 31, 2012 the Company had current assets of $ 14,380 to meet current liabilities of $840,057. Included in current assets is cash and cash equivalents of $ 1,998.

Contractual Obligations and Commitments

The Company also has a consulting contract with Mr. Tim Towers, details noted below.

The directors and officers have fulfilled the investor relations in these times at no cost to the company.

Welsh Silver Mines Option Agreement

Pursuant to the Welsh Option Agreement, SSR optioned the Welsh Property from WSM and Robert Welsh (collectively the optionor) such that SSR can earn 100% of the optionors title and interest in the Welsh Property subject to a 2% net returns royalty. Advance Royalties of $ 30,000 per year commence in 2009. The effective date of the agreement was July 17, 2006.

SSR will exercise its option on the Welsh Property by:

1 Paying $ 20,000 on the signing of the option agreement (paid),
2 paying a further $ 20,000 before the first anniversary date in 2007 (paid)
3 and making the final payment before July 2008. (paid)

The final payment has been made April 25, 2008. The company was required to issue 200,000 on the initial option signing, 200,000 common shares on or before the first anniversary date and 200,000 shares before the second anniversary date. All shares required have been issued.

La Cumbre Property Agreement

On June 29, 2007 the Company entered into an agreement to acquire 2 mining concessions from Hector Gonzalez Flores in Guerrero State Mexico. Under terms of the agreement the Company has acquired a 100 % interest in the Property by paying the Vendor a total of $ 68,000 USD. The Company has paid the Vendor the required amount. The Vendor has also retained a $ 1.00 USD per tonne royalty on the property for ore extracted, mined and milled.

Jaripo Property Agreement:

June 15, 2009 the Company entered into an agreement to acquire 2650 ha of mining lands in Michochan Mexico from 4 individuals (Gilberto Martinez Ramirez, Salvador Pineda Pineda, Jose Orlando Serrano Sanchez, and Magdaleno Pineda Santana,). Under terms of the agreement the Company will acquired a 100 % interest in the Property by paying $2,000.000 over three years as follows:

- $25,000 upon signing of the formal agreement (paid)
- $25,000 after 6 months
- $50,000 after 12 months

- $75,000 after 24 months
- $1,825,000 after 36 months

The company could receive a discount of $ 125,000 by paying the final payment after 24 months. No royalty interest will be retained by the vendors. Despite attempts by the company to renegotiate the deal the company has not made the final payments and has returned the property to the vendors.

Ogden Property Agreement

On June 30, 2009 the Company entered into an agreement to acquire 2 patented mining claims in Ogden Township, Ontario, from 4 individuals (Joan Tremblay, Earl Towers, Tim Towers, and Ken Towers). Under terms of the agreement the Company will acquired a 100 % interest in the Property by paying the Vendors a total of 500,000 shares, and completing $ 500,000 in exploration work on the property before June 30, 2011..The Vendors have also retained a 1.25 % royalty on the NSR from the property. The vendors have agreed to extend the terms of this agreement for an additional one year term.

Lost Dog Property Agreement

On October 29, 2009 the Company completed the agreement with Pierre Robert and Wade Kornick to acquire 36 un-patented mining claims in Denton Township, west of Timmins Ontario which form the Lost Dog Property. The Company will pay a total of Fifty Thousand ($50,000) and Seven Hundred Fifty thousand (750,000) common shares, over a two-year period for an option to acquire a 100-per-cent interest in the property. The Vendors will retain a royalty of 2 % of NSR that Silver Shield has the right to purchase 1% of at any time, for $ 1,000,000. The company has fulfilled the terms as of March 31,2012.

Consulting Agreement with Mr. Tim D. Towers

The Company and Tim D. Towers entered into a consulting agreement (the "Towers Services Agreement") dated September 1, 2007. Pursuant to the terms of the Towers Consulting Agreement, Mr. Towers has agreed to serve as President for the Company. Mr. Towers is a shareholder, officer and director of the Company. The Towers Services Agreement provides for a monthly fee of $8,000 for up to twenty days of services during the month, and $400 for each additional day of work, to a maximum of $10,000 per month, plus reimbursement of reasonable out-of-pocket expenses incurred in connection with the performance of services under the agreement. Mr. Towers will provide office space, furnishing and phone service for exploration staff and the company. Mr. Towers is eligible, subject to compliance with all securities and regulatory laws, rules and policies, and the discretion of the board of directors, to participate in the Stock Option Plan. Annual bonuses may also be declared at the sole option of the board of directors based on Mr. Towers' performance which, at the option of the Company, may be paid either in cash, Common Shares, options or such other form of compensation as may be determined by the board.

The Company may terminate the Towers Services Agreement without cause at will without prior written notice to Mr. Towers. If terminated without cause the Company will provide severance compensation equal to $100,000.

The initial term of the Towers Services Agreement ended on September 1, 2009, and has been extended. Mr. Towers continues to serve the company under the same terms on an accrued basis due to limited funds available.

Transactions with Related Parties

During the year ended December 31, 2012, the company had dealings with the following related parties:

The company relies on the experience and expertise of Mr. Tim Towers in his role as President and Chief Executive Officer and Director of the Company. The Company has secured his services and that of vehicle and consulting fees paid or accrued on the books of the company of $ 3,000 (Dec 2011-$45,000)Expenses reimbursed and accrued totalled $47,215 in 2012.

The Company also used the services for geological consulting and management fees of a company controlled by a shareholder and officer of the Company. In 2012 these fees amount to $30,068 (2011 –$ 53,000).

The company also used the services of a director for engineering and consulting services in the year of $ $19,450 (Dec 2011-$44,250) (accrued and paid) and expenses reimbursed and accrued of $32,000 (Dec 2011 -$31,110).

Due to limited funds the individuals have had their fees accrued in recent months but continue to serve the company.

Disclosure Controls and Procedures

Management, with the participation of the directors and Tim Towers, President, and Interim CFO have evaluated the effectiveness, as of April 30, 2013, of the Company's disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that material information relating to the Company and its subsidiary is known to them and to others within the Company.

Critical Accounting Estimates

The preparation of financial statements requires the Company to estimate the effect of various matters that are inherently uncertain as at the date of the financial statements. Each of these required estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Estimates are deemed critical when the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. The Company's significant accounting policies are discussed in note 1 of the Notes to Consolidated Financial Statements. Critical estimates inherent in these accounting policies are discussed in the following paragraphs.

Income taxes

The Company operates in Canada. The breadth of the Company's operations and the complexity of the taxing legislation and practices require the Company to apply judgment in estimating its ultimate tax liability. The final taxes paid will depend on many factors, including the Company's interpretation of the legislation and the outcomes of audits by and negotiations with tax authorities. Ultimately, the final taxes may be adjusted based on the resolution of these uncertainties.

The Company follows the liability method of accounting for income taxes. Under this method, future tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax liabilities and assets are measured using enacted tax rates. The effect on future tax liabilities and assets of a change in tax rates is recognized in the period that the change occurs.

Nature of Operations

The Company is an exploration company. Its mineral properties are currently being explored and the Company has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves (as established in accordance with NI 43-101), the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production or proceeds from disposition of such properties.

The Company tries to maximize its exposure to promising exploration opportunities, to manage the risks inherent in exploration and to make appropriate use of financial management resources. The Company intends to hire several employees that worked the properties in the past, hence, are familiar with the legacy workings and historic infrastructure; further, they are familiar with the historic mine data and government reports that identify some of the positive attributes of the properties. This experience and knowledge base would mitigate the risk associated with otherwise unknown properties.

Additional Funding Requirements

As discussed above, the mineral properties of the Company are in the exploration stage and, as a result, the Company has no source of operating cash flow. The Company intends to raise such additional funds to complete its projects. The Company does currently have the financial resources necessary to undertake all of its currently planned Canadian activities. At the present time the company does not have the resources to maintain its planned Mexican exploration and operations for the year 2013. The company has for the past months been diligently pursuing financing for Mexico. Certain financing initiatives have been at times potentially successful only to be terminated by circumstances beyond the Company's control. However there can be no assurance that the Company will be successful in obtaining any additional required funding necessary to conduct additional exploration, if warranted, on the Company's exploration properties or to develop mineral resources on such properties, if commercially mineable quantities of such resources are located thereon.

Incentive Stock Option Plan

The Company has established a stock option plan to provide incentive compensation to the Company's directors, officers, employees and consultants (the "Stock Option Plan").

The Stock Option Plan is administered by the board of directors of the Company. Stock options may be granted at any time to any director, senior officer, key employee or other person providing services to the Company, taking into consideration his or her contribution to the success of the Company and any other factor which the board of directors of the Company may deem proper and relevant. The aggregate number of Common Shares which may be reserved for issuance pursuant to the Stock Option Plan and any other share compensation arrangements of the Company will not exceed 10% of the total number of issued and outstanding Common Shares (calculated on a non diluted basis) from time to time.

Stock options granted under the Stock Option Plan are exercisable over a period not exceeding five years, subject to earlier cancellation upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The stock options are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares, or a merger or other relevant changes in the Company's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of stock options granted thereunder.

Mineral Properties and Deferred Exploration Costs

The Company defers the costs of exploration on existing projects and carries them as assets until production commences. The amounts at which mineral properties and deferred exploration expenditures are recorded do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration costs will be amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because continuation is not economically feasible, the mineral properties and related exploration expenditures are written off.

Dividends

The Company has not paid any dividends on its Common Shares since incorporation and does not anticipate paying any dividends on its Common Shares in the foreseeable future. The Company has a limited operating history and there can be no assurance of its ability to operate its projects profitably.

Legal Proceedings

In 2012 the company was notified by way of statement of claim by Elk Lake Enterprises for services in the amount of $ 16,598.40. Management is aware of the claim, and does not dispute it. Management is working diligently on solutions to settle the claim when funds are available.

Forward-Looking Statements

This prospectus contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, and its projects, the exploration expenditures, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, limitations of insurance coverage and regulatory matters. 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", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future price of gold and silver; possible variations of ore grade or recovery rates; failure of the plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this prospectus and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances, management's estimates or opinions should change, except as required by securities legislation. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

Financial Instruments

The balance sheet carrying amounts for cash, GST recoverable, subscription receivable, prepaid expenses, deferred financing fees, accounts payable and accruals approximate fair value due to their short-term nature.

Share Data

As at December 31, 2012 the Company has 80,447,220 common shares outstanding, as well as:

(a) Shareholder and agent warrants to purchase an aggregate of 13,738,600 common shares (expired between December 2012 and February 2013) and exercisable at $0.15 per share;

(b) Stock Options issued under the Company's Stock Option Plan: 5,000,000

On a fully diluted basis, therefore, the Company has at April 30, 2013 a total of 85,447,220 common shares outstanding.

Additional Information

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