SILVER SHIELD RESOURCES CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2014

The following Management's Discussion and Analysis ("MD&A") of the Company has been prepared based on information available to the Company as at January 31, 2015 and analyzes the Company's results for the First Quarter ended March 31, 2014. The financial statements of the Company have been prepared by Management in accordance with Canadian generally accepted accounting principles, and represent the second year of IFRS reporting but have not reviewed by the Auditors for the Company.

Overview

The Company's principal business activity has been the acquisition, exploration and development of high potential mineral properties, with particular focus on silver and gold. Metal prices have been extremely volatile over the past year and the decline in Oil prices has added to the confusion in commodity price direction.

Share values for mining issuers have been in decline for over 2 years and remain under pressure at this time. The company has been unable to attract financing for its exploration and development activities since the beginning of 2011, and at present is without funds and has no prospects for such financing.

Recognizing that change was required some members of management elected not to stand for re-election as directors at the AGM held in December 2013. A new Board and Management was put into place to attempt to revitalize the Company. Also passed at the AGM were resolutions to consolidate the share capital of the Company, to settle debt with shares, and to investigate other properties and alternative businesses. These were considered the tools needed by the new management to create value. The new board was not able to resolve itself, creating further listing issues. One of the historic directors, also a founder of the Company, was re-named to the Board, in order to for a working unit.

The Company was unable to fund the preparation of Annual Financial Statements at the end of 2013. The Company was subject to a Cease Trade Order issued by the British Columbia Securities Commission ("BCSC") on May 8, 2014, a Cease Trade Order issued by the Ontario Securities Commission ("OSC") on May 20, 2014 and a Cease Trade Order issued by the Alberta Securities Commission ("ASC") on June 19, 2014 for failure to file financial statements (collectively, the "Orders").

The Company has its common shares listed on the NEX Board of the TSX Venture Exchange (the "Exchange"). (downgraded from tier 2). The Exchange suspended trading in the Company's common shares as a result of the issuance of the Cease Trade Orders.

Management in the first quarter of 2014 continued to discuss financings for the mining assets, including sales of certain assets, and Joint-venturing of certain other assets. While discussions were positive no agreement s resulted.

Management was also in the process of seeking business opportunities for the Company, in accordance with the resolution passed at the December 2013 AGM. The Company's ability to continue as a going concern may be dependent upon its ability to identify new business opportunities, obtaining the necessary financing to meet its obligations, receive the continued financial support from its officers and directors and repay any liabilities arising from normal business operations as they come due. No agreements relating to a particular business opportunity have been entered into, the Company continues to solicit and review opportunities.

Management has, in November 2014, arranged a loan of $ 50,000 with Blackbirch Capital that will enable the Company to complete and file its Financial Statements, up to date. This will potentially make it possible for the Company to recommence trading with the hope that this will make the Company attractive for investment.

There can be no assurance that a viable business opportunity that can be adequately financed will be identified and available to the Company. Additional equity and/or debt financing is subject to the global financial markets and prevailing economic conditions, which have recently been volatile and distressed. These factors will likely make it more challenging to obtain financing for the company going forward.

At year end (December 31, 2013) the Company had a negative working capital of $ 912,000, and at March 31, 2014 the Company had a negative working capital of $ 934,282.

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 offices in the economic downturn, with a lack of fundraising opportunities.

Company officials have taken all possible cost-cutting steps in order to ensure the continued survival of the Company and have been considering other 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 the funds required to sustain the Company. Management and The Company have and continue to actively seek additional capital financing from other Investors. The physical office of the Company has been closed and land based communications terminated. A virtual office is working through cell phone and internet.

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 company has not been active for over one year due to a lack of cash and the lack of suitable financing.

The primary focus of the Company had been 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 were under review for development by the Company.

With no funds available for significant exploration the Company had attempted to sell the Hislop claims or some of the other Canadian properties to generate funds to sustain the Company. No interested purchasers came forward and the Hislop property was lost as a result of failing to perform and report assessment work.

The Company is not in production and does not currently derive any revenue from its operations. 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 has been impaired by the Cease trade orders.

Review of Operations

Mexican Properties

All Mexican properties are held in Silver Shield SA de CV, incorporated in Mexico for the purpose of holding the projects.

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 between 350,000 and 500,000 tonnes of historic tailing, along with 3 old mines. The tailing was 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. SSR has only performed preliminary desktop work at this stage to evaluate the potential of the tailing. No physical work has been completed on the property.

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%

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.

The Jaripo III 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 I 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 Jaripo I property rather than continue to make costly property payments, and not carry on meaningful exploration. All expenditures have been written off.

In January of 2008, the Company carried out a drilling program on the La Cumbre project in Mexico. The 18 hole surface drilling 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 La Cumbre Property is near the top of the system. Should this be the case, the La Cumbre Property could hold considerable silver-gold values. Silver Shield owns 100% of the project outright, subject to the $1.00 per tonne Royalty held by the vendor of the property. The Company has been unable to pay the advance royalty payments and the taxes on the property and has written off the carrying value of the property.

While the Company is carrying the properties at no value on the Balance Sheet should finances become available to advance the properties we believe that value could be recovered.

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. No work was carried out on these projects, and all interest in the properties has been lost.

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, No further work will be carried out on these projects, and all interest in the properties has been lost.

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. The Company has been actively 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. No interested parties have come forward.

In August 2009 the company announced an Agreement to acquire 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 was extended for a period of 1 year but has not been renewed and the agreement has been terminated.

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. Further drilling on the property intersected 1,230 g/t silver approximately 190 metres south of WS-08-02.

In March 2011 the Company staked additional land in Ontario in the Elk Lake region to protect its holdings at the Welsh Mine.

By the end of May 2011 the 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 on the property 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.

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 (Equity):

Dec 30/2013 – present
No Financings

Sept 1/2013 – Dec 30/2013
No financings

June 1/2013 - August 29, 2013
No financings

April 1/2011 till May 30/2013
No financings

Three months ended March 31, 2011
$0.06: 4,166,666 common shares flow- through 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

Three months ended September 30, 2009
The Company did not undertake any financing activities in the period

Three months ended June 30, 2009
The Company did not undertake any financing activities in the period

Three months ended March 31, 2009
The Company did not undertake any financing activities in the period.

Results of Operations

As an exploration stage company, the Company does not have operating revenue from mining operations. In the quarter ended March 31, 2014 the Company did not earn any income. (2013 - Nil).

Operating Expenses

Operating expenses for the Quarter ended March 31, 2014 were $ 8,848 compared with $26,210 for the first quarter of the previous year ended March 31, 2013. The major expense for the year was Transfer Agent and Listing fees of $ 7,243. Royalty payments due were also accrued on the first quarter income statement in the amount of $13,500. The Company is essentially in a non-operating condition and few actual expenses are being incurred. Many of the expenses were paid by the directors as the Company had no funds.

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	**1st Qtr**	**Year**	**3rd Qtr**	**2nd Qtr**	**1st Qtr**	**Year**	**3rd Qtr**	**2nd Qtr**
	Mar-31	**Dec-31**	**Sep-30**	**Jun-30**	**Mar-31**	**Dec-31**	**Sep-30**	**Jun-30**
	2014	**2013**	**2013**	**2013**	**2013**	**2012**	**2012**	**2012**
Net Loss	$ 8,848	$ 131,826	$ 38,953	$ 67,156	$40,263	$192,338	$61,218	$97,082
Basic and Diluted	$ 0.001	$ 0.020	$ 0.001	$ 0.001	$ 0.001	$ 0.003	$ 0.001	$ 0.001
Loss per share								
Balance Sheet Data								
Cash/ Equivalents	nil	nil	-$ 196.00	$ 408	$3,792	$1,998	$5,381	$25,415
Mineral Properties	$ 2,204,500	$ 2,204,500	$ 3,680,758	$ 3,680,758	$3,680,508	$3,679,499	$3,513,101	$3,456,505
Total Assets	$ 2,213,637	$ 2,213,627	$ 3,687,000	$ 3,690,842	$3,693,631	$3,700,690	$3,537,475	$3,505,764
Shareholder's Equity	$ 1,276,954	$ 1,299,656	$ 2,860,679	$ 2,899,632	$2,820,370	$2,860,633	$2,984,672	$2,955,890

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 no warrants and unit purchase options outstanding as of March 31, 2014 that could represent a potential source of financing to the Company.

There are Stock Options outstanding as of March 31, 2014 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 March 31, 2014 the Company had current assets of $ 2,401 to meet current liabilities of $936,683.

Contractual Obligations and Commitments

The Company also had a consulting contract with Mr. Tim Towers which ended in Dec 2013 when he was not re-elected to the Board, 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% 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 could exercise the 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 was 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.

Lost Dog Property Agreement

On October 29, 2009 the Company completed the agreement with Pierre Robert and Wade Kornick to acquire the 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.

Mr. Towers declined to stand as a director of the Company at the Annual Meeting held in December 2013 and as a result all obligations under this agreement have ended.

Blackbirch Capital Loan Agreement

Silver Shield Resources has entered into a loan agreement with BlackBirch Capital of Toronto for the amount of Fifty Thousand Dollars ("$50,000.00") CDN. Use of the loan proceeds will be used exclusively to complete and file the Corporations 2013 Audited Financial Statements, its Q1 - Q3 2014 interim financial statements, and for any other costs the Corporation will need to incur that are necessary in order for current Cease Trade Orders to be removed from the Corporation, and for any other costs associated in being reinstated back onto the TSX Venture Exchange.

The loan bears an interest rate of 24% per annum and the Corporation, will issue BlackBirch Capital Fifty Thousand (50,000) common share purchase warrants, once the current trading suspension is lifted and pending approval by the TSX Venture Exchange.

Repayment of the loan is due within six months from the commencement date however the lender has the option to extend the repayment date from six months to one year. Each share purchase warrant shall allow the holder to acquire one common share of the Corporation at a price of $0.10 per share. The warrants shall expire 24 months from the date of issuance.

As a pre-condition to the Loan, BlackBirch Capital, required that certain major creditors of Silver Shield (listed in Silver Shield Resources Corp., 2013 AGM Circular) agree for BlackBirch Capital to purchase the debt of the named creditors.

Transactions with Related Parties

During the Quarter ended March 31, 2013, the company had no dealings with any individual considered to be a party.

For the prior Year the following were recorded:

Management, vehicle and consulting fees of $3,000 (2012 - $3,000) were paid or accrued to a company controlled by the Company's President. Expense reimbursements totaling $28,016 (2012 - 47,215) were also paid or accrued for this director. As of December 31, 2013 the Company had accrued $123,846 (2012 - $92,829) in fees and expenses as a due to related party, to be reimbursed to the Company's President. Under the terms of a consulting agreement with the Company, the President of the Company is entitled to all unpaid management fees and a severance compensation of $100,000 if terminated without cause. The President resigned in December of 2013 and no severance has been accrued.

Geological fees of $30,068 (2012 - $30,068) were paid or accrued to a company controlled by the Company's Vice-President of Exploration. As of December 31, 2013 the Company had accrued $135,337 (2012 - $126,799) in geological fees and other costs as a due to related party, to be reimbursed to the company controlled by the Company's Vice-President of Exploration.

Engineering and consulting fees of $12,100 (2012 - $67,473) were paid or accrued to a director of the Company. Expense reimbursements totaling $Nil (2012 - $Nil) were also paid or accrued directly to this director. This director has also provided the Company with non-interest bearing short term advances. As of December 31, 2013 the Company has accrued $140,623 (2012 - $128,523) in geological and consulting costs and advances as due to a related party.

Northern Nickel Mining Inc. ("NNMI"), is related to the Company in that the President and two directors of the Company are also directors of NNMI. As of December 31, 2013, the property expenditures and other costs paid on the Company's behalf by NNMI, in addition to a 10% fee to manage and operate properties totaled $11,265 (2012 - $58,471) has been accrued as a current liability. On July 3, 2012 an amount of $446,066 owed to NNMI was extinguished by the issuance of 4,460,700 shares.

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 August 29, 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. The Company attempts to hire employees that have 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

All of 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 needs to raise such additional funds as necessary 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.

No other legal proceedings against the Company are known of.

Forward-Looking Statements

This document 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 document 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.

Shares for Debt

The company has agreed and has issued in May 20, 2013 an amount of 2,123,210 common shares to extinguish $ 106,157 of company debt to arms length creditors.

Share Data

As at March 31, 2013 the Company has 82,570,430 common shares outstanding, as well as:

(a) Stock Options issued under the Company’s Stock Option Plan: 5,000,000

As of March 31, 2013 the company has 82,570,430 common shares issued and outstanding and 87,570,430 common shares on a fully diluted basis.

Additional Information

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