CAZA GOLD CORP.

First Quarter Report

Management Discussion and Analysis

(stated in Canadian dollars)

Three Months ended March 31, 2013

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(the "**Company**")

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CAUTION – FORWARD LOOKING STATEMENTS

Certain statements contained herein regarding the Company and its operations constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 or "forward-looking information" under Canadian securities legislation. All statements that are not historical facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations of future performance, are "forward-looking statements or information". We caution you that such "forward looking statements or information" involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Such risks and uncertainties include fluctuations in precious metal prices, unpredictable results of exploration activities, uncertainties inherent in the estimation of mineral reserves and resources, fluctuations in the costs of goods and services, problems associated with exploration and mining operations, changes in legal, social or political conditions in the jurisdictions where the Company operates, lack of appropriate funding and other risk factors, as discussed in the Company's filings with Canadian securities regulatory agencies. The Company expressly disclaims any obligation to update any forward-looking statements or information, except as may be required by law.

1.0 Preliminary Information

The following Management's Discussion and Analysis ("MD&A") of Caza Gold Corp. (the "Company") should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements for the three months ended March 31, 2013 and the audited consolidated financial statements for the years ended December 31, 2012 and 2011, all of which are available at the SEDAR website at www.sedar.com.

Financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All information contained in the MD&A is as of May 24, 2013 unless otherwise indicated.

1.1 Background

The Company was incorporated on November 15, 2007 under the laws of British Columbia and is engaged in the evaluation, acquisition, exploration, development and exploitation of precious metal properties in Latin America.

As the Company is focused on its mineral exploration activities, there is no mineral production, sales or inventory in the conventional sense. The recoverability of amounts capitalized for mineral property interests is dependent upon the ability of the Company to arrange appropriate financing as needed, the discovery of reserves in its mineral properties, the development of its properties, confirmation and maintenance of the Company's interest in the underlying properties, the receipt of necessary permits and upon future profitable production or proceeds from the disposition thereof. Such exploration and development activities normally take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty at this time. Many of the key factors are outside of the Company's control. The sales value of any mineralization discovered and developed by the Company is largely dependent upon factors beyond the Company's control such as the market prices of the metals produced. Item 1.17 provides details of risk factors.

1.2 Overall Performance

The Company currently owns or holds, directly or indirectly, interests in precious metal properties, known as Moris, Santiago Fraction, El Relampago, Oaxaca and Tecolote in Mexico, and Los Andes in Nicaragua.

Moris, Santiago Fraction, El Relampago, Oaxaca and Tecolote properties

In September 2009, the Company and its wholly-owned subsidiary, Minera Caza SA de CV ("Minera Caza") entered into a mineral properties sale and purchase agreement with Exmin Resources Inc. ("Exmin"). The Company and Minera Caza acquired a 100% interest in the Moris and Santiago Fraction properties from Exmin for 400,000 common shares of the Company which were issued with a value of $0.25 per share in 2009. Exmin retains a 1% net smelter return ("NSR") which is capped at US$1 million for the Moris properties and US$0.5 million for the Santiago Fraction property.

Underlying the mineral properties sale and purchase agreement dated September 24, 2009 with Exmin are property option to purchase agreements, as amended, for El Relampago, Oaxaca and Tecolote properties.

On November 17, 2009, the Company amended the option to purchase agreement for the El Relampago property concession, in which the Company can earn a 100% interest by making cash payments of US$105,000 over a 3 year period. Cash payments of US$30,000 were paid in 2012 (2011 - US$30,000) in which the Company had earned a 100% interest in the property.

On November 17, 2009, the Company amended the option to purchase agreement for the Oaxaca property concessions, in which the Company can earn a 100% interest by making cash payments of US$786,000 over a 5 year period. On December 5, 2012, the Company amended the property option agreement whereby the Company can earn a 100% interest by making cash payments of US$830,000 from December 2012 to January 2015. Cash payments of US$7,500 were paid during the three months ended March 31, 2013 (2012 - US$29,000).

In 2010, the Company earned a 100% interest in the Tecolote property by making total cash option payments of US$50,000.

The Balleza Zone is part of the much larger Balleza-Cienega project area on the Moris property (16,209 hectares) located about 25 km west of AuRico Gold's Ocampo mine. The property is about 230 km northwest of Chihuahua City in Chihuahua State, Mexico. Access is by paved and all-weather gravel roads. Infrastructure is very good with state power lines crossing the properties and labour, supplies and services are all available in the nearby towns of Moris, Ocampo and Cuauhtemoc. The mineralized dike and structural zone is over 7 kilometers long and hosts at least 14 small historic mine workings. More than 40 additional mineralized rock outcrops have been discovered to date.

The Company completed a detailed Phase 2 rock chip sampling program in the second quarter of fiscal 2011 and delineated a large bulk tonnage low grade gold target at the Balleza Zone. A total of 575 rock chip samples were collected by the Company in 2010 and 2011. Surface sampling has identified two types of gold mineralization at Balleza, a higher grade quartz stock-work zone and lower grade disseminated mineralization.

A Phase 1 drill program of 3,519 meters of core drilling in 12 holes was completed at the Balleza Zone in the third quarter of fiscal 2011. All 12 holes intersected broad widths of low grade gold mineralization. The mineralized zone is hosted in tuffaceous andesitic volcanic rock and a rhyolitic flow/sill unit. Drilling tested approximately 300 meters of strike length along the Balleza gold target, part of a 7 km long regional mineralized structure which hosts several high grade, narrow gold and silver veins and additional low grade, bulk mineable targets. The drilling indicates a flat lying mineralized body approximately 100 meters thick and 350 meters wide. Surface rock-chip sampling suggests the mineralized body is possibly 1,200 meters long.

The 2012 exploration program at Balleza focused on mapping, sampling and possible property acquisitions along the 7 km long mineralized trend in order to define and prioritize additional drill targets in 2013 subject to financing.

Los Andes property

In December 2010, as amended in January 2011, the Company entered into a property option agreement with Inversiones Ecologicas S.A. ("Inecosa") to acquire a 100% interest in the Los Andes property by making US$1.17 million in cash payments, issuing 1.5 million common shares and spending US$2.97 million on exploration over a 4 year period. The Company also agreed to issue 150,000 common shares for the staking of additional properties to Inecosa in January 2011, and thereafter the Company shall issue that number of common shares equal to 1.6 multiplied by the number of hectares staked in the area of mutual interest as defined, subject to regulatory approvals. Inecosa retains a 2% NSR, and the Company has the right to reduce the NSR to 1% by paying US$1 million and to acquire the remaining 1% NSR by paying an additional US$2 million. In December 2011, the Company paid US$100,000, and at December 31, 2011 the Company recognized an obligation to issue 631,645 common shares, which were issuable for the Los Andes property and the staking of additional properties, at a value of $0.24 per common share which were issued on January 17, 2012. In December 2012, the Company paid US$125,000 and issued 533,439 common shares at a value of $0.075 per share to Inecosa.

In April 2012, the controlling shareholder of Inecosa became a senior officer of the Company.

In 2012, the Company completed the Phase 1 drill program at the Pedregal target on the Los Andes property which extended thick intervals of strongly altered and silicified, sulfide bearing volcanic rocks carrying anomalous silver, copper, and gold associated with vuggy silica, advanced argillic, and argillic alteration. Six holes have been completed in the Pedregal target area for a total of 1,729 meters and 3 holes were completed in the Rodeo area for a total of 635 meters. Drilling progressed very slowly due to difficult drilling conditions (hard siliceous zones, soft argillic zones and multiple faults) and none of the holes were able to drill through the alteration system into unaltered rocks. All six Pedregal drill holes intersected strong silica and clay alteration and sulfide mineralization from top to bottom. Drilling in the Rodeo zone tested lower temperature low-sulfidation epithermal type targets. The Rodeo drill holes intersected up to 60 meters of strong silicification with low precious metal values.

More than 40 strongly silicified breccia bodies have been discovered by the Company's geologists at Los Andes marked by strong silicification, advanced argillic, and/or argillic alteration, precious metal and trace metal soil and rock chip anomalies. The breccias follow a regional northeast-trending structural zone. The Pedregal drill holes have only tested one of the breccia bodies, which is one small part of the approximately 100 square kilometer epithermal gold system mapped at Los Andes. The Company continues to map and sample the Los Andes property and has thus far identified more than 10 gold targets along a 17 km long portion of the fault zone.

The Company continues to evaluate other high sulfidation gold properties and porphyry copper-gold targets in Nicaragua. The Company currently controls more than 470,000 hectares covering at least 23 separate gold and copper targets.

Other:

On December 28, 2012, the Company closed a private placement for 2,285,000 units at $0.10 per unit for gross proceeds of $228,500 of which $25,000 was on a delivery against payment basis in which funds were received in January 2013. Each unit was comprised of one common share and one-half of a whole common share purchase warrant; each full common share purchase warrant is exercisable to acquire one common share at $0.20 until December 28, 2014. Finder's fee of $7,000 was paid.

(Stated in Canadian dollars)

1.3 Selected Annual Information

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

	Years Ended December 31,		
	2012	2011	2010
Total revenues	$ -	$ -	$ -
Loss before discontinued operations and extraordinary items:			
(i) Total	$ (2,368,462)	$ (3,795,757)	$ (1,766,272)
(ii) Basic per share	$ (0.04)	$ (0.07)	$ (0.06)
(iii) Diluted per share	$ (0.04)	$ (0.07)	$ (0.06)
Net loss:			
(i) Total	$ (2,368,462)	$ (3,795,757)	$ (1,766,272)
(ii) Basic per share	$ (0.04)	$ (0.07)	$ (0.06)
(iii) Diluted per share	$ (0.04)	$ (0.07)	$ (0.06)
Total assets	$ 7,346,834	$ 8,824,100	$ 2,547,211
Total long-term liabilities	$ -	$ -	$ -
Dividends per share	$ -	$ -	$ -

1.4 Results of Operations

First Quarter of Fiscal 2013 – Three months ended March 31, 2013 compared with March 31, 2012

The Company incurred a net loss of approximately $357,000 for the three months ended March 31, 2013, which is significantly lower than the net loss of $665,900 for the same period in fiscal 2012. This is primarily attributable to the Company's reduction of discretionary expenses to preserve its limited cash resources due to difficulties encountered in raising equity financings in the capital markets.

The Company has no sources of operating revenues. Operating losses continued to be incurred for ongoing activities of the Company to explore its mineral property interests and to pursue mineral properties of merit as well as to satisfy general administrative and working capital requirements, although such exploration efforts were limited to maintenance of existing personnel and holding costs for mineral property interests.

Additional exploration equipment was acquired to support exploration personnel in Mexico in 2012, resulting in cumulatively higher allotment of amortization in the first quarter of 2013.

Employee remuneration was higher in the current quarter than in the prior comparative quarter from the reduction in exploration activities for mineral property interests and property generation, resulting in lower allocation of these expenses. Employee remuneration directly related to mineral exploration projects were allocated to those specific projects rather than to operations as the Company continued with its exploration programs for the Moris and Los Andes projects in 2012, and such expenses were also allocated to property investigation and project generation efforts as warranted. The nominal increases in employee remuneration were also due to the incurrence of directors' fees as duly approved effective July 2012 to compensate directors in their obligatory roles in overseeing the Company to create shareholder value and in its corporate governance responsibilities in ensuring corporate goals and objectives are being satisfied, and such fees have been accrued.

Lower operating expenses for legal and office and sundry are commensurate with reduced ancillary support for less active exploration and project generation activities of the Company in the first quarter of 2013. Office and sundry expenses were higher in the first quarter of fiscal 2012 as the Company proceeded to advance its corporate presence in Nicaragua and to strengthen its reporting systems in Mexico.

Property investigation activities were substantially curtailed in the first quarter of fiscal 2013 in comparison to the first quarter of 2012. In early 2012, the Company implemented concerted project generation efforts in mainly Mexico and Nicaragua as well as in other Latin American jurisdictions to identify exploration projects and acquisition targets of merit. The employment of several senior personnel in Mexico in 2012 was to build the quality of the Company's portfolio of Mexican projects with the focus of advanced mineral projects to diversify its current grass-roots exploration projects. The Nicaraguan reconnaissance activities were focused on the acquisition and staking of additional strategic properties to complement the Los Andes project. Such expenses were primarily incurred for additional geological staff and expatriates. These efforts were reduced in the latter part of the second quarter of 2012 as greater focus was re-directed to the mobilization of the drilling program for the Los Andes project, and were further reduced in the fourth quarter to preserve the Company's cash resources as it endeavoured to close on a private placement. Property investigation expenses in the first quarter of 2013 primarily relate to existing geological personnel.

Higher regulatory expenses were incurred in 2012 for the listing of the Company's common shares on the OTCQX on April 20, 2012 along with commensurate fees thereto, and also for the Company's common shares to be DTC eligible which became effective in September 2012.

In 2013, shareholders relations efforts were reduced by the replacement of a full time consultant with a part time consultant to continue to address shareholder issues and to maintain the profile of the Company and its mineral exploration projects, given the breadth of its shareholder base in Canada, USA and Europe where its shares are either listed or quoted.

Share-based payments are for the granting and vesting of stock options. Share-based payments were significantly lower in 2013 than in 2012 from the reduced number of stock options which vest in the current year than in the prior year. The forfeiture of unvested stock options partially reduced the share-based payments in both comparative quarters as well as the granting of fewer stock options.

The foreign exchange gain (loss) is generally from the net effects of foreign currency translation from the Company's Mexican subsidiaries which operate in Mexican pesos and from US dollar stated accounts, as the Company's functional and presentation currency is the Canadian dollar.

Interest income is earned from the Company's investment in guaranteed investment certificate which bears interest at a discount from the prime rate and is redeemable at any time.

Write-off of mineral property interest in 2012 is attributable to transient expenses related to a mineral property interest which was written off in 2011.

As at March 31, 2013, the Company has mineral property interests which are comprised of the following:

	Three Months ended March 31, 2013							
	Mexico					Nicaragua		
	Moris	**Santiago Fraction**	**El Relampago**	**Oaxaca**	**Tecolote**	**Los Andes**	**Other**	**Total**
Acquisition Costs:								
Balance, December 31, 2012	$ 103,428	$ 29,977	$ 111,204	$ 59,685	$ 52,058	$ 753,723	$ -	$ 1,110,075
Option payment	-	-	-	7,548	-	-	-	7,548
Balance, March 31, 2013	103,428	29,977	111,204	67,233	52,058	753,723	-	1,117,623
Deferred Exploration Expenditures:								
Balance, December 31, 2012	1,688,631	15,912	3,916	32,633	18,535	3,774,905	37,559	5,572,091
Advances	-	-	-	-	-	5,651	-	5,651
Camp and field supplies	-	-	-	-	-	748	-	748
Community and social	-	-	-	-	-	613	-	613
Equipment and systems	-	-	-	-	-	434	-	434
Environmental	-	-	-	-	-	5,029	-	5,029
Geology	-	-	-	-	-	3,112	-	3,112
Salaries and remuneration	21,282	-	-	-	-	53,678	-	74,960
Sundry	1,175	-	-	-	-	11,992	-	13,167
Surface taxes	40,210	-	317	4,389	1,457	16,873	-	63,246
Transportation and travel	1,552	-	-	-	-	29,868	-	31,420
Balance, March 31, 2013	1,752,850	15,912	4,233	37,022	19,992	3,902,903	37,559	5,770,471
Mineral Property Interests:								
December 31, 2012	$ 1,792,059	$ 45,889	$ 115,120	$ 92,318	$ 70,593	# $ 4,528,628	$ 37,559	$ 6,682,166
March 31, 2013	$ 1,856,278	$ 45,889	$ 115,437	$ 104,255	$ 72,050	$ 4,656,626	$ 37,559	$ 6,888,094

Most of the exploration expenditures in the first quarter of 2013 for the Company's mineral property interests were for property holding costs and geological personnel.

1.5 Summary of Quarterly Results (Unaudited)

The following table provides selected financial information of the Company for each of the last eight quarters ended at the most recently completed quarter, March 31, 2013. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

(Stated in Canadian dollars)

	2013	2012				2011		
	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30
Total revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loss before discontinued operations and extraordinary items:								
(i) Total	$ (356,953)	$ (584,939)	$ (499,009)	$ (618,573)	$ (665,941)	$ (2,173,983)	$ (260,192)	$ (803,244)
(ii) Basic loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)	$ -	$ (0.01)
(iii) Diluted loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)	$ -	$ (0.01)
Net loss:								
(i) Total	$ (356,953)	$ (584,939)	$ (499,009)	$ (618,573)	$ (665,941)	$ (2,173,983)	$ (260,192)	$ (803,244)
(ii) Basic loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)	$ -	$ (0.01)
(iii) Diluted loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.04)	$ -	$ (0.01)
Total assets	$ 7,227,875	$ 7,346,834	$ 7,355,616	$ 7,811,250	$ 8,209,427	$ 8,824,100	$ 10,762,786	$ 11,181,807
Total long-term liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Dividends per share	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The write-off of mineral property interests of approximately $1.29 million for the Santiago property at December 31, 2011 resulted in higher net losses in the fourth quarter of fiscal 2011.

1.6 Liquidity and Capital Resources

The Company is in the exploration stage and has not yet determined whether its mineral property interests contain reserves. The recoverability of amounts capitalized for mineral property interests is dependent upon the existence of reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. The Company knows of no trends, demands, commitments, events or uncertainties that may result in the Company's liquidity either materially increasing or decreasing at the present time or in the foreseeable future. Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's exploration programs and overall market conditions for smaller mineral exploration companies. Since its incorporation in 2007, the Company has endeavored to secure mineral property interests that in due course could be brought into production to provide the Company with cash flow which would be used to undertake work programs on other projects. To that end, the Company has expended its funds on mineral property interests that it believes have the potential to achieve cash flow within a reasonable time frame. As a result, the Company has incurred losses during each of its fiscal periods since incorporation. This result is typical of smaller exploration companies, and will continue until the Company generates revenues and positive cash flows.

The following table contains selected financial information of the Company's liquidity:

	March 31, 2013	December 31, 2012
Cash	$ 118,569	$ 448,262
Working capital (deficiency)	(472,127)	58,715

On December 28, 2012, the Company closed a private placement for 2,285,000 units at $0.10 per unit for gross proceeds of $228,500 of which $25,000 was on a delivery against payment basis in which funds were received in January 2013.

Operating and investing activities continue to reduce cash resources of the Company. Operating activities include employee remuneration, office and sundry, regulatory and shareholder relations as well as property investigation and project generation primarily in Mexico and Nicaragua. The Company incurred exploration expenditures of $127,998 (2012 - $2.36 million) for the Los Andes property and $64,219 (2012 - $327,061) for the Moris property for first quarter of fiscal 2013.

The Company has no source of operating revenues.

The Company has a number of option agreements for mineral property interests that involve payments in the form of cash and/or common shares of the Company as well as minimum exploration expenditure requirements. Under Item 1.7, further details of contractual obligations are provided as at March 31, 2013. The Company will continue to rely upon equity financing as its principal source of financing its projects.

1.7 Capital Resources

As at March 31, 2013, to maintain the Company's interest and to fully exercise the options under various property agreements covering its mineral property interests, the Company must incur exploration expenditures on the properties and/or make payments in the form of cash and/or shares to the optionors as follows:

	Option Payments	Monthly Option Payments	Expenditure Commitments	Number of Shares
	(US dollars)	(US dollars)	(US dollars)	
Oaxaca:				
April 2013 to December 2014	$ -	$ 2,500	$ -	-
January 2015	750,000	-	-	-
Los Andes:				
December 15, 2013	300,000	-	-	300,000
December 15, 2014	600,000	-	-	300,000
	$ 1,650,000	$ 2,500	$ -	600,000

These amounts may be reduced in the future as the Company determines which mineral property interests to continue to explore and which to abandon.

1.8 Off-Balance Sheet Arrangements

On June 12, 2012, the shareholders of the Company approved a shareholder rights plan (the "Plan"). The Plan is intended to ensure that any entity seeking to acquire control of the Company makes an offer that represents fair value to all shareholders and provides the board of directors with sufficient time to assess and evaluate the offer, to permit competing bids to emerge, and, as appropriate, to explore and develop alternatives to maximize value for shareholders. Under the Plan, each shareholder at the time of the Plan's adoption was issued one Right for each common share of the Company held. Each Right entitles the registered holder thereof, except for certain "Acquiring Persons" (as defined in the Plan), to purchase from treasury one common share at a 50% discount to the prevailing market price, subject to certain adjustments intended to prevent dilution. The Rights are exercisable after the occurrence of specified events set out in the Plan generally related to when a person, together with affiliated or associated persons, acquires, or makes a take-over bid to acquire, beneficial ownership of 20% or more of the outstanding common shares of the Company. The Rights expire in three years.

(Stated in Canadian dollars)

1.9 Transactions with Related Parties

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is disclosed in the table below.

Except as disclosed elsewhere in the MD&A, the Company had the following transactions with related parties during the three months ended March 31, 2013:

	Three months ended March 31,		Net balance receivable (payable)	
	2013	2012	March 31, 2013	December 31, 2012
Key management compensation:				
Executive salaries and remuneration [1]	$ 110,534	$ 87,893	$ (105,311)	$ (41,310)
Directors fees	10,000	-	(30,000)	(20,000)
Share-based payments	26,533	35,497	-	-
	$ 147,067	$ 123,390	$ (135,311)	$ (61,310)
Mineral property expenditures incurred to Inecosa [2]:				
Exploration expenditures incurred	$ 113,007	$ -	$ -	$ (29,185)
Legal fees incurred to a law firm in which a director of the Company is a partner [3]	$ 2,042	$ 7,750	$ (24,365)	$ (22,079)
Net office, sundry, rent and salary allocations recovered from (incurred to) company(s) sharing certain common director(s)	$ (21,258)	$ (46,653)	$ (43,969)	$ (14,262)

(1) Includes key management compensation which is included in mineral property interests and property investigation.

(2) The controlling shareholder of Inecosa became a senior officer of the Company in April 2012. Exploration expenditures include those related to mineral property interests and property investigations.

(3) Includes legal fees which are included in share issuance expenses.

Transactions with related parties are in the normal course of business and measured at the exchange amount, which is the amount agreed upon by the transacting parties and on terms and conditions similar to transactions with non-related parties. The Company shares common office facilities, employee and administrative support, and office sundry amongst companies with common director(s), and such allocations to the Company are on a full cost recovery basis.

1.10 First Quarter

Items 1.2, 1.4, 1.5, 1.6 and 1.7 provide further details for the first quarter of fiscal 2013.

1.11 Proposed Transactions

Other than those in the ordinary course and other than those already disclosed in this MD&A and other than those already disclosed in its regulatory and public filings, there are no proposed material asset or business acquisitions or dispositions before the board of directors for consideration.

1.12 Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements along with the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates and, as such, estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests; the determination of accrued liabilities; accrued site remediation; the variables used in the determination of the fair values of stock options granted, warrants issued and modified warrants; and the recoverability of deferred tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Acquisition costs of mineral property interests and exploration and development expenditures incurred thereto are capitalized and deferred. The costs related to a property from which there is production will be amortized using the unit-of-production method. Capitalized costs are written down to their estimated recoverable amount if the property is subsequently determined to be uneconomic. The amounts shown for mineral property interests represent costs incurred to date, less recoveries and write-downs, and do not reflect present or future values.

1.13 Changes in Accounting Policies Including Initial Adoption

The unaudited condensed consolidated interim financial statements for the three months ended March 31, 2013 include note disclosure in Note 2(f) which provides for any changes in accounting policies including initial adoption and recent accounting pronouncements.

The Company did not early adopt any recent pronouncements.

1.14 Financial Instruments and Other Instruments

The Company classifies its financial instruments as follows:

- cash as financial assets at fair value through profit or loss ("FVTPL"),

- receivables as loans and receivables, and
- accounts payable and accrued liabilities as other financial liabilities.

Management of financial risk:

The fair value hierarchy categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The fair values of the Company's receivables and accounts payable and accrued liabilities approximate their carrying values due to the short terms to maturity. Cash is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk, and market risk which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk through maintaining its cash with high-credit quality Canadian financial institutions. Non-contractual taxes receivables from government agencies are not considered financial instruments.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company attempts to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financings. The Company continues to rely on additional funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests.

Accounts payable and accrued liabilities are due in accordance with normal terms of trade and are payable in 2013.

(c) Market risk:

The significant market risk exposure to which the Company is exposed is foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

The Company's mineral property interests are in Mexico and Nicaragua, and a portion of its operations are in Mexico, resulting in expenditures subject to foreign currency fluctuations. Fluctuations in the Mexican peso would impact the earnings (losses) of the Company and the values of its assets and liabilities as the Company's reporting and functional currency is the Canadian dollar. The Canadian dollar fluctuates relative to the Mexican peso.

At March 31, 2013, the Company is exposed to currency risk for its Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	Held in Mexican Pesos (stated in Canadian dollars)
Cash	$ 28,105
Receivables and prepaids	70,406
Accounts payable and accrued liabilities	(320,268)
Net financial assets (liabilities)	$ (221,757)

Based upon the above net exposure as at March 31, 2013 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar relative to the Mexican peso could result in a decrease/increase of $22,176 in the Company's net losses.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents.

At December 31, 2012, the Company had an investment of $200,000 in a guaranteed investment certificate which bears interest at a 1.95% discount from the prime rate of 3% and which is redeemable at any time. At March 31, 2013, the Company had no investment in any guaranteed investment certificate.

(iii) Other price risk:

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Company does not have any financial instruments which fluctuate with market prices.

1.15 Other MD&A Requirements

1.15.1 Other MD&A Requirements

Additional information relating to the Company are as follows:

(a) may be found on SEDAR at www.sedar.com; and

(Stated in Canadian dollars)

(b) is also provided in the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2013 and audited consolidated financial statements for the years ended December 31, 2012 and 2011.

1.15.2 Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Changes in the Company's share capital for three months ended March 31, 2013 are as follows:

	Number of Shares		Amount
Balance at December 31, 2012	59,479,484	$	15,533,320
Issued	-		-
Balance at March 31, 2013	59,479,484	$	15,533,320

Pursuant to the escrow agreement dated October 19, 2010, 1,912,727 shares of the Company were held in escrow (the "Escrowed Shares") at that time. The Escrowed Shares were released under the following schedule:

November 22, 2010	1/4 of the Escrow Shares
May 22, 2011	1/3 of the remaining Escrow Shares
November 22, 2011	1/2 of the remaining Escrow Shares
May 22, 2012	the remaining Escrow Shares

As at March 31, 2013, no common shares were held in escrow.

At May 24, 2013, there were 59,479,484 common shares issued and outstanding.

At March 31, 2013, the Company had outstanding stock options to purchase an aggregate of 5,200,400 common shares as follows:

(Stated in Canadian dollars)

	March 31, 2013	
	Number of Shares	Weighted average exercise price
Outstanding balance, beginning of period	5,300,400	$0.34
Expired	(75,000)	$0.26
Forfeited	(25,000)	$0.26
Outstanding balance, end of period	5,200,400	$0.34
Exercise price range	$0.26 - $0.42	

At March 31, 2013, 5,200,400 stock options are outstanding of which 4,274,900 stock options are exercisable.

At May 24, 2013, stock options for 5,200,400 common shares remain outstanding.

At March 31, 2013, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at December 31, 2012	Issued	Exercised	Expired	Outstanding at March 31, 2013
$0.20	December 28, 2014	1,142,500	-	-	-	1,142,500
		1,142,500	-	-	-	1,142,500

At May 24, 2013, warrants for 1,142,500 common shares remain outstanding.

1.16 Outlook

The Company will continue to depend upon equity capital to finance its existing projects. There are no assurances that capital requirements will be met by this means of financing as inherent risks are attached therein including commodity prices, financial market conditions, and general economic factors. The Company does not expect to realize any operating revenues from its mineral property interests in the foreseeable future.

1.17 Risk Factors

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry that may have a material impact on, or constitute risk factors in respect of, the Company's future financial performance.

Exploration and Development Risks

There is no assurance given by the Company that its exploration programs and mineral property interests will result in the discovery, development or production of a commercially viable ore body.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development, if any, activities will result in any discoveries of bodies of commercial ore. The economics of developing gold and other mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating mineral market prices, costs of mining 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. Substantial expenditures are required to establish reserves through drilling and other work, to develop metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for exploitation concessions. There can be no guarantee that such concessions will be granted.

Financing Risks

There is no assurance given by the Company that it will be able to secure the financing necessary to explore, develop and produce its mineral property interests.

The Company does not presently have sufficient financial resources or operating cash flow to undertake by itself all of its planned exploration and development, if any, programs. The development of the Company's mineral property interests may therefore depend on joint venture partnerships and on the Company's ability to obtain additional required financing. There is no assurance the Company will be successful in obtaining the required financing, the lack of which could result in the loss or substantial dilution of its interests (as existing or as proposed to be acquired) in its mineral property interests as disclosed herein. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity capital financings, the attainment of profitable operations, external financings, and further share issuance to satisfy working capital and operating needs.

Estimates of Mineral Deposits

There is no assurance given by the Company that any estimates of mineral deposits herein will not change.

No assurance can be given that any identified mineralized deposit will ever become a commercially viable mineable ore body that can be legally and economically exploited. Estimates regarding mineralized deposits can also be affected by many factors such as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grades and tonnages of ore ultimately mined may differ from that indicated by drilling results and other work. There can be no assurance that gold recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions. Material changes in mineralized tonnages, grades, dilution and stripping ratios or recovery rates may affect the economic viability of projects. The existence of mineralized deposits should not be interpreted as assurances of the future delineation of ore reserves or the profitability of future operations.

Mineral Prices

There is no assurance given by the Company that mineral prices will not change.

The mining industry is competitive and mineral prices fluctuate so that there is no assurance, even if commercial quantities of a mineral resource are discovered, that a profitable market will exist for the sale of same. Factors beyond the control of the

Company may affect the marketability of any substances discovered. The prices of precious and base metals fluctuate on a daily basis, have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates, central bank transactions, world supply for precious and base metals, international investments, monetary systems, and global or regional consumption patterns (such as the development of gold coin programs), speculative activities and increased production due to improved mining and production methods. The supply of and demand for gold are affected by various factors, including political events, economic conditions and production costs in major gold producing regions, and governmental policies with respect to gold holdings by a nation or its citizens. The exact effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. There is no assurance that the prices of gold and other precious and base metals will be such that the Company's properties can be mined at a profit.

Title Matters

There is no assurance given by the Company that it owns legal title to certain of its mineral property interests.

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to any of the Company's mining concessions may come under dispute. While the Company has diligently investigated title considerations to its mineral properties, in certain circumstances, the Company has only relied upon representations of property partners and government agencies. There is no guarantee of title to certain of the Company's mineral property interests. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by unidentified and undetected defects. Native land claims or claims of aboriginal title may be asserted over areas in which the Company's mineral property interests are located.

Conflicts of Interest

There is no assurance given by the Company that its directors and officers will not have conflicts of interest from time to time.

The Company's directors and officers may serve as directors or officers of other public mineral exploration or mining companies or have significant shareholdings in other public mineral exploration or mining companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against any resolution involving any such conflict. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of the Province of British Columbia, Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in any particular exploration or mining project at any given time, the directors will primarily consider the upside potential for the project to be accretive to shareholders, the degree of risk to which the Company may be exposed and its financial position at that time.

Uninsured Risks

There is no assurance given by the Company that it is adequately insured against all risks.

The Company may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it has elected not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration and mining activities.

Environmental and Other Regulatory Requirements

There is no assurance given by the Company that it has met all environmental or regulatory requirements.

The current or future operations of the Company, including exploration or, if any, development activities or, if any, commencement of production on its mineral property interests, require permits from various foreign, federal, state and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, exploration, development, mining, production, exports, taxes, labour standards, occupational 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 production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required in order for the Company to commence exploration or, if any, production on its various property interests will be obtained. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, are necessary prior to operation of the other properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence exploration, or construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions 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 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. New laws or regulations or amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation of current laws, regulations or permits, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Reclamation

There is a risk that monies allotted for land reclamation may not be sufficient to cover all risks. Therefore additional funds, or reclamation bonds or other forms of financial assurance may be required over the tenure of the project to cover potential risks. These additional costs may have material adverse impact on the financial condition and results of the Company.

Foreign Countries and Regulatory Requirements

The Company's mineral property interests are located in countries outside of Canada, and mineral exploration and mining activities, if any, may be affected in varying degrees by political stability and government regulations relating to the mineral exploration and mining industry. Any changes in regulations or shifts in political attitudes may vary from country to country and are beyond the control of the Company and may adversely affect its business. Such changes have, in the past, included nationalization of foreign owned businesses and properties. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income and other taxes and duties, expropriation of property, environmental legislation and safety. These uncertainties may make it more difficult for the Company and its joint venture partners to obtain any required exploration and production, if any, financing for its mineral properties.

Currency Fluctuation and Foreign Exchange Controls

The Company maintains a portion of its funds in U.S. dollar and Mexican peso denominated accounts. Certain of the Company's property and related contracts are denominated in the U.S. dollar, Mexican peso and Nicaraguan cordoba. The Company's operations in countries other than Canada are normally carried out in the currency of that country and make the Company subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. In addition future contracts may not be denominated in Canadian dollars and may expose the Company to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results of its operations. In addition, the Company is or may become subject to foreign exchange restrictions which may severely limit or restrict its ability to repatriate capital or profits from its properties outside of Canada to Canada. Such restrictions have existed in the past in countries in which the Company holds property interests and future impositions of such restrictions could have a materially adverse effect on the Company's future profitability or ability to pay dividends.

Third Party Reliance

The Company's rights to acquire interests in certain mineral property interests have been granted by third parties who themselves hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

Possible Dilution to Current Shareholders based on Outstanding Options and Warrants

At March 31, 2013, the Company had 59,479,484 common shares and 5,200,400 share purchase options and 1,142,500 share purchase warrants outstanding. The resale of outstanding shares from the exercise of dilutive securities could have a depressing effect on the market for the Company's shares. At March 31, 2013, dilutive securities represented approximately 10.7% of the Company's issued shares. None of these dilutive securities were exercisable at prices below the March 28, 2013 closing market price of $0.03 for the Company's shares.