CAZA GOLD CORP.

Fourth Quarter Report

Management Discussion and Analysis

(stated in Canadian dollars)

Years ended December 31, 2014 and 2013

CAZA GOLD CORP.

(the "**Company**")

Fourth Quarter Report

Management's Discussion and Analysis
For the Year ended December 31, 2014
(expressed in Canadian dollars)

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 audited consolidated statement of financial position as at December 31, 2014 and 2013 and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory information, 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 April 27, 2015 unless otherwise indicated.

Brian Arkell, MSc. Geology, SME Registered, Fellow AusIMM, President and CEO of the Company, is the Qualified Person who reviewed and approved any technical contents of this MD&A.

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 and base 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, if any, 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

Mineral Property Interests:

The Company signed a purchase agreement in December 2014 to acquire a 100% interest in the Los Andes property in Nicaragua, and previously owned or held, directly or indirectly, interests in precious metal properties, known as Moris, Santiago Fraction, El Relampago, Oaxaca and Tecolote in Mexico which were written off in 2013.

Los Andes property (Nicaragua)

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 500,000 common shares and spending US$2.97 million on exploration over a 4 year period. The Company also agreed to issue 50,000 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 0.53 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 April 2012, a shareholder who has a 40% interest in Inecosa became a senior officer of the Company.

On February 3, 2014, the Company issued 189,300 common shares which were issuable for the Los Andes property and the staking of additional properties, at a value of $0.075 per share.

The Company paid US$300,000 in December 2013, and issued 189,300 common shares at a value of $0.075 in February 2014.

In December 2014, the Company entered into a Purchase Agreement with Inecosa, which amended and superseded the prior property option agreement, to acquire a 100% interest in the Los Andes property. The Company issued 7.06 million common shares to Inecosa at a value of $0.04 per share and paid US$300,000 "in trust" to shareholders of Inecosa pending successful transfer of title of the Los Andes property to the Company. In the event that all transfers of title are not completed by December 18, 2015, the Company would, at its option, have the right to: (i) extend the date for the completion of the transfers; (ii) retain such properties as have been transferred together with any part of the final cash payment not yet paid to Inecosa and, subject to certain ongoing requirements, terminate the Purchase Agreement; or (iii) release to Inecosa's shareholders any part of the final cash payment not yet paid to them in conjunction with acquiring 100% of the shares of Inecosa at no additional cost and, subject to certain ongoing requirements, terminate the Purchase Agreement.

The Los Andes property covers 5,338.23 Ha of titled claims and title is pending for 1,181 Ha.

In 2012, the Company completed the Phase 1 drill program at the Pedregal target on the Los Andes property which intersected 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.

Numerous 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 small part of the epithermal gold system mapped at Los Andes.

In 2014, the Company initiated exploration drilling at the San Francisco and Quisaltepe targets. The San Francisco drilling program completed 3 holes totaling 557 meters and three holes were completed in the Quisaltepe zone for a total of 785 meters. Drilling at San Francisco intersected a number of mineralized quartz-carbonate veins with highly anomalous gold values. The Company believes the drilling encountered the upper portion of a low sulfidation vein system, and further work is planned on this target. At Quisaltepe, all drill holes intersected strong silica and clay alteration, strong iron oxidation with sulfide at depth, along with anomalous gold, silver, and trace elements. The Company's geologists interpret the results to indicate the drill holes penetrated the outer edges of a large high sulfidation system, and plan follow up work in the near future.

The Company has identified a number of other targets along the 11 km long Los Andes structural corridor. These targets have been identified by a combination of mapping and sampling, and show hydrothermal alteration as well as anomalous geochemistry. Further work is in progress to fully delineate these prospects.

In April 2015, a high resolution helicopter-borne magnetic and radiometric survey covering some 55 square kilometers over the main Los Andes area was completed. The survey totals approximately 550 line kilometers at 100 meter spacing flown at a 50 meter altitude. Exploration plans for 2015 include reconnaissance prospecting on the early stage targets as well as detailed mapping, sampling, and geophysics on the more advanced targets. Drilling is budgeted for at least three first-pass drilling projects.

Piedra Iman property (Nicaragua)

The Company's Piedra Iman project covers a large alteration zone identifying a porphyry copper-gold system. In June 2013, the Company entered into a letter agreement with B2Gold Corp. ("B2Gold") whereby B2Gold can earn an initial 60% interest in the Company's Piedra Iman copper-gold exploration project by spending US$2.5 million on exploration over 4 years. B2Gold can earn up to a 75% interest by financing and completing a technical report and feasibility study on the project. Title (which is derived from the property option agreement with Inecosa) has been received for 7,947.27 Ha. The Company has issued shares for these properties, and has no further obligation to Inecosa in such respect.

In May 2014, B2Gold terminated its letter of intent to enter into a joint venture with the Company on the Piedra Iman property.

Other Nicaragua Properties

The Company continues to evaluate its additional gold and copper properties in Nicaragua. The Company currently has title to approximately 71,029.13 Ha (outside of the Los Andes property), all of which is derived from the property option agreement with Inecosa. During 2014, the Company performed only reconnaissance and concession maintenance work on these holdings.

In 2015, for the San Francisco project, field work has been completed which included detailed mapping, sampling and first pass of trenching, and resulted in identifying at least four drill targets. Further plans include a phase two program with additional trenching, road construction and drilling.

In 2015, for the Pedregal project, fieldwork has been initiated which include soil, rock sampling and trenching following by drilling later in the year.

Moris, Santiago Fraction, El Relampago, Oaxaca and Tecolote properties (Mexico)

In September 2009, the Company entered into a mineral properties sale and purchase agreement with Exmin Resources Inc. ("Exmin") in which the Company acquired a 100% interest in the Moris and Santiago Fraction properties. Exmin retained a 1% net smelter return ("NSR") which was capped at US$1 million for the Moris properties and US$0.5 million for the Santiago Fraction property. In 2013, the Company decided not to pursue any further exploration efforts on the properties and such properties were written off.

Underlying the mineral properties sale and purchase agreement dated September 24, 2009 with Exmin were property option to purchase agreements, as amended, for El Relampago, Oaxaca and Tecolote properties which were written off in 2013.

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. In 2012, the Company had earned a 100% interest in the property. In 2013, the Company wrote off the El Relampago property. In November 2014, the Company transferred all its rights to the El Relampago property to the property owner of the Oaxaca 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. In 2013, the Company wrote off the Oaxaca property but continued to incur cash obligations of US$2,500 per month. As at December 31, 2013, the Company had accrued US$20,000 in outstanding cash property option payments. In November 2014, the Company entered into a Termination Agreement whereby the Company paid US$11,000 and transferred all the Company's rights to the Oaxaca, El Relampago and certain claims in the Moris properties in full and complete settlement of all obligations owed by the Company to the property owner of the Oaxaca property.

In 2010, the Company earned a 100% interest in the Tecolote property by making total cash option payments of US$50,000. In 2013, the Company wrote off the Tecolote property.

Polygon Mining Opportunity Master Fund:

In July 2013, the Company entered into a loan agreement with Polygon Mining Opportunity Master Fund ("Polygon"), a fund managed by Polygon Global Partners, under which the Company borrowed $200,000 at an interest rate of 12% per annum, compounded and payable quarterly. The loan and any accrued interest were repayable upon the earlier of January 22, 2015 or written demand for repayment after November 19, 2013. The Company had the option for early repayment whereby a minimum of 12 months interest compounded quarterly must be paid if the early repayment was made on or before July 22, 2014 and a minimum of 18 months interest compounded quarterly if early repayment after July 22, 2014 and prior to January 22, 2015. In connection with the loan, Polygon was granted a security interest in the Company's present and after-acquired personal property as well as a negative pledge over all of the Company's assets. In December 2014, the Company repaid the principal along with any interest, and Polygon released and discharged its security interests against the Company.

In October 2013, the Company entered into an Investment Agreement (the "IA") with Polygon, the consummation of which was subject to satisfaction of a number of conditions precedent including shareholder and regulatory approvals. Under the terms of the IA, Polygon agreed to invest $2.5 million to acquire 51.2% of the common shares of the Company on a post-consolidation basis at that time. A special general meeting of shareholders (the "SGM") was held to approve the investment and the creation of a new control person, to seek shareholder approval for a 3:1 share consolidation, and to approve the appointment of two nominees of Polygon to the Board of Directors of the Company. The proceeds of the investment were to be used to fund further exploration on the Company's Los Andes project in Nicaragua (in a manner approved by Polygon) and for working capital. At the Company's SGM held in December 2013, the Company's shareholders approved all matters, specifically as follows:

- By way of a special resolution, approval of the consolidation of all of the Company's issued and outstanding common shares on the basis of three (3) old common shares for one (1) new common share (the "Consolidation"). There has been no change in the Company's name. The new CUSIP number for the Company's common shares is 149798308;

- By way of a disinterested ordinary resolution, the shareholders approved the IA with Polygon, the related private placement and the resulting creation of a new control person. The Company issued to Polygon, on a private placement post-consolidation basis, 20,833,333 units of the Company at $0.12 per unit for total gross proceeds of $2.5 million. Each unit consisted of one common share and one share purchase warrant exercisable for three years at $0.24 per share and with an expiry date of December 13, 2016; and

- By ordinary resolution, approval of an increase in the number of directors from five to seven directors, and the election of Michael J. Humphries and Michael T. Adams to the Board of Directors of the Company.

In August 2014, the Company entered into a loan agreement with Polygon under which the Company borrowed US$600,000 at an interest rate of 12% per annum, compounded and payable each calendar quarter. The loan and any accrued interest were repayable upon the earlier of February 8, 2016 or written demand for repayment after August 8, 2015. The Company had the option for early repayment whereby a minimum of 12 months interest compounded quarterly must be paid if the early repayment was made on or before August 8, 2015 and a minimum of 18 months interest compounded quarterly if early repayment after August 8, 2015 and prior to February 8, 2016. As a bonus for the loan, the Company was to issue common shares to Polygon, subject to applicable approvals. The number of common shares was to equal to 18% of the principal amount of the loan divided by the market price of the Company's common share on the date of the notice of the Company's next shareholders' meeting subject to a minimum price of $0.08 per common share if required by the TSX Venture Exchange. In connection with the loan, Polygon was granted a security interest in the Company's present and after-acquired personal property including the property option agreement under which the Company has a contractual right to acquire a 100% interest in the Los Andes property. Inecosa provided acknowledgement of Polygon's security interest. Polygon also had a negative pledge over all of the Company's assets pursuant to the loan agreement. In December 2014, the Company repaid the principal plus interest, with Polygon waiving make-whole interest from early redemption of the loan and the issuance of bonus shares. Polygon also released and discharged its security interests in the Company's present and after-acquired personal property and its negative pledge over the Company's assets.

On December 30, 2014, the Company closed a private placement with Polygon for 88.16 million units at $0.05 per unit for gross proceeds of $4.4 million. Each unit was comprised of one common share and one share purchase warrant which is exercisable to acquire one common share at an exercise price of $0.05 until December 30, 2019; Polygon is a control person and related party, as defined, to the Company and had a 78.9% interest in the Company at that time (calculated before the exercise of any warrants held by Polygon).

Other:

In February 2014, Mr. James Defer was appointed to the Board of Directors of the Company as well as Chairman of the Audit Committee.

On March 11, 2014, the Company converted the convertible promissory notes with a face value of $120,000 into 800,000 units and paid interest of $1,290. Each unit was comprised of one common share and one common share purchase warrant; each warrant is exercisable to acquire one common share at $0.30 per share until August 7, 2016.

(Stated in Canadian dollars)

On March 24, 2014, the Company granted stock options to purchase up to 2.32 million common shares at an exercise price of $0.15 and an expiry date of March 24, 2019. Stock options for 2.16 million common shares are subject to vesting provisions in which 20% of the stock options vest immediately on the grant date and 20% vest every six months thereafter.

On August 25, 2014, the Company issued 1,874,500 common shares at a value of $0.08 to current and former senior officers pursuant to shares-for-debt settlements for $149,960.

In August 2014, Mr. Brian Arkell replaced Mr. Greg Myers as Chief Executive Officer and President of the Company; Mr. Myers also resigned as a Director of the Company.

On September 25, 2014, the Company granted stock options to purchase up to 500,000 common shares at an exercise price of $0.08 until September 25, 2019. These stock options are subject to vesting provisions in which 20% of the stock options vest immediately on the grant date and 20% vest every six months thereafter.

In April 2015, the Company issued 1.25 million common shares a value of $0.03 per share which were issuable to a senior officer pursuant an employment agreement.

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,		
	2014	2013	2012
Total revenues	$ -	$ -	$ -
Loss before discontinued operations and extraordinary items:			
(i) Total	$ (812,243)	$ (3,511,098)	$ (2,368,462)
(ii) Basic per share	$ (0.02)	$ (0.17)	$ (0.13)
(iii) Diluted per share	$ (0.02)	$ (0.17)	$ (0.13)
Net loss:			
(i) Total	$ (812,243)	$ (3,511,098)	$ (2,368,462)
(ii) Basic per share	$ (0.02)	$ (0.17)	$ (0.13)
(iii) Diluted per share	$ (0.02)	$ (0.17)	$ (0.13)
Total assets	$ 10,469,983	$ 6,912,698	$ 7,346,834
Total long-term liabilities	$ -	$ -	$ -
Dividends per share	$ -	$ -	$ -

1.4 Results of Operations

Fourth Quarter of Fiscal 2014 – Year ended December 31, 2014 compared with December 31, 2013

The Company incurred a net loss of approximately $812,200 for the year ended December 31, 2014 which is lower than the net loss of $3.5 million for fiscal 2013, with commensurately lower operating losses. The Company reduced its discretionary expenses due to ongoing weakness in the capital markets for junior exploration companies. Net losses were impacted by different functional expense items.

The Company has no sources of operating revenues. Operating losses continue to be incurred for ongoing activities of the Company to explore its mineral property interests, although such exploration efforts in 2013 were limited to maintenance of existing personnel and holding costs for mineral property interests, and to pursue mineral properties of merit, and for general administrative and working capital requirements. In 2014, the Company proceeded with its exploration program for the Los Andes property in Nicaragua.

In 2014, the Company engaged the services of an external regional accounting firm in Nicaragua to provide accounting and tax compliance as the Company advanced further exploration efforts for its Nicaraguan project. The Company also engaged external tax auditors in Mexico to assist in tax matters regarding value added tax recoveries and payroll tax liabilities, resulting in the offset of IVA receivables which were written off in prior years against employee income tax withholdings payable to Mexican tax authorities.

The Company disposed of all its exploration vehicles in Mexico in 2013 which reduced amortization in 2014. Proceeds from the disposition provided nominal working capital needed to sustain operating expenses in 2013.

Employee remuneration was lower in 2014 than 2013. Employee remuneration directly related to mineral exploration projects was allocated to those specific projects rather than to operations, in which the Company has active exploration programs for the Los Andes project in 2014, and such expenses were also allocated to property investigation and project generation efforts as warranted. In 2013, the lower allotment to exploration projects would contribute to higher employee remuneration which was offset by the lower staffing of support personnel given the reduced level of corporate and exploration activity for most of 2013. Operations in Mexico ceased due to the write-off of its mineral property interests in 2013. Exploration activities continued in the latter half of fiscal 2014 as the Company was able to raise debt financing of US$600,000 in August 2014.

Legal fees were higher in the current period due to legal services for conversion of convertible promissory notes, granting of stock options, changes to Board members and composition, DTC eligibility, draft option agreement for the Piedra Iman property, settlement of the Oaxaca property option agreement, severance issues for Mexico personnel, demand loan, shares-for-debt settlement with certain related parties, changes in senior management, and purchase of the Los Andes property. Lower legal fees in 2013 reflect the reduction in corporate activity for the early part of that year which became more active in the latter part as the Company closed two debt financings and a private placement which resulted in a new control person.

Office and sundry were lower in the current year than in the prior year. The reduction was attributable to the lapses of certain insurance coverages and reduction of office support facilities during 2014. The withdrawal from Mexico due to the write-off of all Mexican mineral property interests in 2013 was offset by the establishment of the Company's operating presence in Nicaragua. Office and sundry and rent reflect the ongoing minimalistic expenditures for ancillary office support facilities given budgetary and cash constraints on discretionary operating expenses.

There were no efforts expended on property investigation and project generation in 2014 as the primary focus was the exploration and drilling programs for the Los Andes property and a planned airborne geophysics survey in the area. These expenses in 2013 were incurred for Mexico which has since been shut-down along with the termination of all Mexican geological personnel. The expenses were higher in the third quarter of 2013 as there were no active exploration programs on its Mexican properties at that time and were due to severance issues which were settled within the quarter.

Regulatory expenses were lower in 2014 as the Company cancelled the listing of its shares on the OTC-QX at the end of 2013 and reduced associated filing fees. Also sustaining fees were lower from the comparatively lower market capitalization at year end.

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 were either listed or quoted. Costs for shareholders relations were further reduced in second quarter of 2013 by the termination of the part time consultant to reduce discretionary expenses. No shareholders relations activities were performed in 2014 as the Company's main focus was on its exploration program for the Los Andes property and to preserve cash resources.

Share-based payments are for the granting and vesting of stock options. In March 2014, the Company granted 2.3 million stock options of which 155,000 stock options were fully vested and the remaining stock options are subject to vesting provisions in which 20% vest on grant date and 20% vest every six months thereafter. In September 2014, the Company granted 500,000 stock options which are subject to vesting provisions in which 20% of the stock options vest immediately on the grant date and 20% vest every six months thereafter. Forfeitures from the departure of personnel reduced share-based payments. No stock options were granted in 2013.

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

Interest income is earned from the Company's investment in guaranteed investment certificates which bear interest at a discount from the prime rate and are redeemable at any time. Guaranteed investment certificate was redeemed entirely in January 2013. Funds were re-invested in guaranteed investment certificates in the fourth quarter of 2014 from the proceeds of the private placement with Polygon which closed in December 2014.

In 2014, interest expenses are attributable to debt financings comprised of two demand loans with Polygon and convertible promissory notes which were converted into common shares and warrants in March 2014. The period in which the loans were outstanding and the cumulative amount of the loans contributed to higher interest charges in 2014 along with the applicable financing costs including loan bonus which effectively increased the cost of the debt financing terms, although quoted interest rates are comparable. The demand loan of $200,000 from July 2013 was repaid in December 2014 along with the demand loan of US$600,000 from August 2014 including all interests. Polygon waived interest penalties and the loan bonus which was payable in common shares. The early settlement and waivers of the loan from Polygon resulted in a gain of $11,700.

At December 31, 2013, the Company recognized a gain in the fair value change on derivative asset of $74,639 from the convertible promissory notes, net of the liability for the fair value of the warrants in the underlying units from the conversion, given the relative value of the market price of the shares was lower than the conversion price, as the promissory notes were convertible at the sole option of the Company. On March 11, 2014, the Company converted the convertible promissory notes, on which date the market price of its shares was higher than the conversion price, resulting in the recognition of a loss of $74,639 as there was no longer a derivative asset attributable to the convertible promissory notes. The loss was increased by the fair value of the underlying warrants which were issued from the debt conversion.

As a bonus for the loan pursuant to the loan agreement with Polygon in August 2014, the Company was to issue common shares to Polygon on the date of the notice of the Company's next shareholders' meeting subject to a minimum price of $0.08 per common share. The Company recorded a derivative liability in relation to its obligation to issue common shares to Polygon as a loan bonus in the third quarter of 2014, and would recognize gains and losses from derivative fair value changes as the market price of its common shares fluctuates below $0.08. The loan bonus was waived by Polygon in December 2014 which derecognized any derivative liability.

In the third quarter of fiscal 2014, the Company was able to offset value added tax receivables in Mexico against certain payroll withholding taxes payable. The value added tax receivable was previously written off due to uncertainties regarding their cash collectability. However offsets between VAT receivables against payroll withholding taxes payable were accepted by Mexican tax authorities, resulting in the recognition of the VAT recoveries in the quarter. The VAT recoveries in Mexico were in turn reduced by the write-off provision of VAT in Nicaragua due to uncertainty regarding cash collectability.

In August 2014, the Company entered into a settlement agreement with a former executive officer resulting in a gain from debt settlement. Then in December 2014, a law firm in which a senior officer is a partner agreed to forego certain debts in full and complete settlement and payment by the Company of past due amounts.

The Company determined not to pursue any further exploration efforts on the Moris, Santiago Fraction, El Relampago, Oaxaca and Tecolote properties, and wrote-off the properties in 2013. The write-off in 2014 is attributable to transient expenses related to surface taxes for those mineral properties and to ongoing cash option payments being incurred for the Oaxaca property which was subsequently settled in November 2014. These transient expenses were offset by the gain on debt settlement with the vendor of the Oaxaca property.

As at December 31, 2014, the Company has mineral property interests which are comprised of the following:

	Year ended December 31, 2014		
	Nicaragua		
	Los Andes	Other	Total
Acquisition Costs:			
Balance, December 31, 2013	$ 1,071,573	$ -	$ 1,071,573
Option payment	300,536	-	300,536
Funds paid in trust	348,210	-	348,210
Staking	-	479	479
Balance, December 31, 2014	1,720,319	479	1,720,798
Deferred Exploration Expenditures:			
Balance, December 31, 2013	4,045,411	48,680	4,094,091
Advances	(2,044)	-	(2,044)
Aerial, photo and mapping	2,225	(141)	2,084
Assays and surveys	9,993	15,223	25,216
Camp and field supplies	8,948	-	8,948
Community and social	211,500	-	211,500
Drilling	245,356	4,790	250,146
Equipment and systems	263	-	263
Environmental	1,946	-	1,946
Geochemistry	26,704	-	26,704
Geology	36,323	-	36,323
Geophysics	12,985	-	12,985
Roads and access	9,191	-	9,191
Salaries and remuneration	510,391	34,754	545,145
Sundry	37,348		37,348
Surface taxes	110,380	(10,145)	100,235
Transportation and travel	138,432	218	138,650
Balance, December 31, 2014	5,405,352	93,379	5,498,731
Mineral Property Interests:			
December 31, 2013	$ 5,116,984	$ 48,680	$ 5,165,664
December 31, 2014	$ 7,125,671	$ 93,858	$ 7,219,529

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, December 31, 2014. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

(Stated in Canadian dollars)

	2014				2013			
	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31
Total revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loss before discontinued operations and extraordinary items:								
(i) Total	$ (186,799)	$ (23,756)	$ (234,893)	$ (366,795)	$ (2,492,888)	$ (325,187)	$ (336,070)	$ (356,953)
(ii) Basic loss per share [1]	$ -	$ -	$ (0.01)	$ (0.01)	$ (0.10)	$ (0.02)	$ (0.03)	$ (0.02)
(iii) Diluted loss per share [1]	$ -	$ -	$ (0.01)	$ (0.01)	$ (0.10)	$ (0.02)	$ (0.03)	$ (0.02)
Net loss:								
(i) Total	$ (186,799)	$ (23,756)	$ (234,893)	$ (366,795)	$ (2,492,888)	$ (325,187)	$ (336,070)	$ (356,953)
(ii) Basic loss per share [1]	$ -	$ -	$ (0.01)	$ (0.01)	$ (0.10)	$ (0.02)	$ (0.03)	$ (0.02)
(iii) Diluted loss per share [1]	$ -	$ -	$ (0.01)	$ (0.01)	$ (0.10)	$ (0.02)	$ (0.03)	$ (0.02)
Total assets	$ 10,469,983	$ 7,064,544	$ 6,606,251	$ 6,762,607	$ 6,912,698	$ 7,511,358	$ 7,229,969	$ 7,227,875
Total long-term liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Dividends per share	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(1) Comparative quarterly periods have been adjusted for the 3-for-1 share consolidation which was effective December 13, 2013.

The write-off of mineral property interests of approximately $2.29 million for the Moris, Santiago Fraction, El Relampago, Oaxaca and Tecolote properties at December 31, 2013 resulted in significantly higher net losses in the fourth quarter of fiscal 2013.

1.6 Liquidity

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:

(Stated in Canadian dollars)

	December 31, 2014	December 31, 2013
Cash	$ 3,087,528	$ 1,585,758
Working capital	2,602,362	388,579

The Company has no source of operating revenues.

Operating and investing activities continue to reduce cash resources of the Company. Operating activities include employee remuneration, legal, office and sundry, and regulatory. The Company incurred exploration expenditures of $1.36 million for the Los Andes property during the year ended December 31, 2014 (2013 - $270,500).

In July 2013, the Company entered into a loan agreement with Polygon under which the Company borrowed $200,000 at an interest rate of 12% per annum, compounded and payable quarterly. The loan and any accrued interest were repayable upon the earlier of January 22, 2015 or written demand for repayment after November 19, 2013. The Company had the option for early repayment whereby a minimum of 12 months interest compounded quarterly must be paid if the early repayment was made on or before July 22, 2014 and a minimum of 18 months interest compounded quarterly if early repayment after July 22, 2014 and prior to January 22, 2015. In connection with the loan, Polygon was granted a security interest in the Company's present and after-acquired personal property as well as a negative pledge over all of the Company's assets. In December 2014, the Company repaid the principal plus interest, and Polygon released and discharged its security interests against the Company.

In August 2013, the Company arranged convertible promissory notes for $121,060 of which $35,000 were from certain current and former directors. The convertible notes bore an interest rate of 12% per annum compounded annually and payable every second quarter, and would mature on February 7, 2015. The Company may repay any portion of the convertible promissory note at any time without notice, bonus or penalty. The principal and accrued interest can be converted, at the sole option of the Company, into units of the Company with the principal at $0.15 per unit for the first year and at $0.30 per unit for the remaining 6 months, and accrued interest at market price per unit. Each unit was comprised of one common share and one common share purchase warrant; each warrant is exercisable to acquire one common share at $0.30 per share until August 7, 2016. Then on March 11, 2014 the Company converted the promissory notes into 800,000 units.

In October 2013, the Company entered into the Investment Agreement with Polygon which received shareholder and regulatory approvals in December 2013. On December 13, 2013, the Company closed a private placement with Polygon for 20,833,333 units at $0.12 per unit for gross proceeds of $2.5 million. Each unit was comprised of one common share and one share purchase warrant which is exercisable to acquire one common share at an exercise price of $0.24 until December 13, 2016.

In August 2014, the Company entered into a loan agreement with Polygon under which the Company borrowed US$600,000 at an interest rate of 12% per annum, compounded and payable each calendar quarter. The loan and any accrued interest were repayable upon the earlier of February 8, 2016 or written demand for repayment after August 8, 2015. The Company had the option for early repayment whereby a minimum of 12 months interest compounded quarterly must be paid if the early repayment was made on or before August 8, 2015 and a minimum of 18 months interest compounded quarterly if early repayment after August 8, 2015 and prior to February 8, 2016. As a bonus for the loan, the Company was to issue common shares to Polygon, subject to applicable approvals. The number of common shares was to equal 18% of the principal amount of the loan divided by the market price of the Company's common share on the date of the notice of the Company's next shareholders' meeting subject to a minimum price of $0.08 per common share if required by the TSX Venture Exchange. In connection with the loan, Polygon was granted a security interest in the Company's present and after-acquired personal property including the property option agreement under which the Company has a contractual right to acquire a 100% interest in the Los Andes property. Inecosa provided acknowledgement of Polygon's security interest. Polygon also had a negative pledge over all of the Company's assets pursuant to the loan agreement. In December 2014, the Company repaid the principal plus interest, with Polygon waiving make-whole interest from early redemption of the loan and the issuance of bonus shares. Polygon also released and discharged its security interests in the Company's present and after-acquired personal property and its negative pledge over the Company's assets.

On December 30, 2014, the Company closed a private placement with Polygon for 88.16 million units at $0.05 per unit for gross proceeds of $4.4 million. Each unit was comprised of one common share and one share purchase warrant which is exercisable to acquire one common share at an exercise price of $0.05 until December 30, 2019.

The Company may have option agreements, if any, 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 December 31, 2014. The Company will continue to rely upon equity financing as its principal source of financing its projects.

1.7 Capital Resources

As at December 31, 2014, 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:

	Acquisition Payments (US dollars)	Monthly Option Payments (US dollars)	Expenditure Commitments (US dollars)	Number of Shares
Los Andes:				
December 15, 2015 [(1)]	$ 300,000	-	-	-
	$ 300,000	$ -	$ -	-

(1) The Company shall pay US$300,000 to shareholders of Inecosa upon successful transfer of title of the Los Andes property to the Company. In the event that all transfers of title are not completed by December 18, 2015, the Company would, at its option, have the right to: (i) extend the date for the completion of the transfers; (ii) retain such properties as have been transferred together with any part of the final cash payment not yet paid to Inecosa and, subject to certain ongoing requirements, terminate the Purchase Agreement; or (iii) release to Inecosa's shareholders any part of the final cash payment not yet paid to them in conjunction with acquiring 100% of the shares of Inecosa at no additional cost and, subject to certain ongoing requirements, terminate the Purchase Agreement. Such funds have been paid "in trust" for Inecosa, pending transfer of title.

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 was intended to ensure that any entity seeking to acquire control of the Company made an offer that represented fair value to all shareholders and provided 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 entitled 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 were exercisable after the occurrence of specified events set out in the Plan generally related to when a person, together with affiliated or associated persons, acquired, or made a take-over bid to acquire, beneficial ownership of 20% or more of the outstanding common shares of the Company. The Rights expire in 2015. The Company has authority to terminate or abandon the Plan if its Board of Directors determines such cancellation is in the best interest of the Company.

In December 2014, the Company resolved to redeem all of the Rights issued and outstanding under the Company's Plan and otherwise effectively abandon the Plan. The Plan provided that the Company's Board may elect to redeem all, but not less than all, of the Rights at a redemption price of $0.0003 per Right (the "Redemption Price") and/or terminate the Plan. The Company had no obligation to make any payment to any person in the event the aggregate amount owing to such person as a result of the redemption of Rights is less than $15 (ownership of less than 50,000 shares). The effective date of the redemption was the close of business on December 2, 2014 (the "Redemption Date") as of which date the only right of qualifying holders of Rights was to receive the Redemption Price. The Company accrued $2,380 in redemption commitments owed to shareholders as at December 31, 2014 which was paid in 2015.

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 year ended December 31, 2014:

(Stated in Canadian dollars)

	Years ended December 31,		Net balance receivable (payable) as at December 31,	
	2014	2013	2014	2013
Key management compensation:				
Executive salaries and remuneration [1]	$ 482,493	$ 402,907	$ (83,992)	$ (232,249)
Directors fees [2]	43,563	40,196	(80,196)	(60,196)
Share-based payments	123,783	59,837	-	-
	$ 649,839	$ 502,940	$ (164,188)	$ (292,445)
Mineral property expenditures incurred to Inecosa [3]:				
Acquisition costs:				
Funds in trust pending title transfer	$ 348,210	$ -		
Cash property option payments	$ -	$ 317,850		
Number of common shares issued	7,249,300	-		
Exploration expenditures incurred	$ 412,151	$ 181,291		
Legal fees incurred to a law firm in which a director of the Company is a partner [4]	$ 83,101	$ 207,652	$ (20,298)	$ (150,883)
Net office, sundry, rent and salary allocations recovered from (incurred to) company(s) sharing certain common director(s) [5]	$ (460)	$ (160,911)	$ 48,650	$ (13,870)
Gain of debt settlement [6]	$ 119,854	$ -		
Write-off of receivables [7]	$ -	$ 12,992		

[1] Includes key management compensation which is included in mineral property interests and property investigation.

[2] A portion of Directors fees are accrued.

[3] A 40% 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.

[4] Includes legal fees which are included in finance charges and share issuance expenses.

[5] The company(ies) include Aztec Metals Corp. which share certain common director(s), and BYG Ventures Ltd. ("BYG"), Canarc Resource Corp. and Endeavour Silver Corp. which shared a common director until December 17, 2013.

[6] The Company entered into a mutual release agreement with a former director in August 2014 and a settlement agreement with a law firm in which a senior officer is a partner in December 2014, resulting in the recognition of gain from debt settlement.

(7) The Company wrote-off receivables due from BYG in 2013.

The above related party transactions are incurred in the normal course of business.

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 company(ies) with common current and former director(s), and such allocations to the Company are on a full cost recovery basis.

In July 2013, the Company entered into a loan agreement with Polygon under which the Company borrowed $200,000. In October 2013, the Company entered into the Investment Agreement with Polygon under which Polygon provided the Company with an equity investment of $2.5 million in December 2013, representing 51.2% of the common shares of the Company on a post-consolidation, non-diluted basis at that time resulting in Polygon becoming a control person of the Company. In August 2014, the Company entered into a loan agreement with Polygon under which the Company borrowed US$600,000. On December 30, 2014, the Company closed a private placement with Polygon for 88.16 million units at $0.05 per unit for gross proceeds of $4.4 million. All loans owed to Polygon were repaid on December 30, 2014. Items 1.2 and 1.6 provide further details.

In August 2013, the Company arranged convertible promissory notes for $121,058 of which $35,000 are from certain current and former directors. In March 2014 the Company converted the principal of the promissory notes into 800,000 units. Items 1.2 and 1.6 provide further details.

1.10 Fourth Quarter

Items 1.2, 1.4, 1.5, 1.6 and 1.7 provide further details for the fourth quarter of fiscal 2014.

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 derivative assets, stock options granted and warrants issued as finders' fee and from conversion of convertible loans; 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 audited consolidated financial statements for the year ended December 31, 2014 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 and derivative asset component of convertible debt as financial assets at fair value through profit or loss ("FVTPL"),
- receivables as loans and receivables, and
- accounts payable and accrued liabilities, derivative liability, demand loan payable and convertible promissory notes payable 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, accounts payable and accrued liabilities, derivative liability, demand loan payable and convertible promissory note approximate their carrying values due to the short terms to maturity. Cash is measured at fair value using Level 1 inputs. Demand loans and convertible promissory notes are measured 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 debt and equity financings. The Company continues to rely on additional debt and equity 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 2015.

(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 has certain cash and accounts payable stated in United States dollars, mineral property interests which are in Nicaragua and were previously in Mexico, and a portion of its operations are in Nicaragua and were in Mexico, resulting in expenditures subject to foreign currency fluctuations. Fluctuations in the United States dollar, Nicaraguan Cordoba and Mexican peso would impact the losses of the Company and the values of its assets and liabilities as the Company's functional and presentation currencies are the Canadian dollar. The Canadian dollar fluctuates and floats with the United States dollar, Nicaraguan Cordoba and Mexican peso.

At December 31, 2014 and 2013, the Company was exposed to currency risk for its Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	Stated in Canadian Dollars			
	Held in			Total
	United States Dollars	Mexican Pesos	Nicaraguan Cordoba	
Cash	$ 2,792,668	$ 11,281	$ 43,589	$ 2,847,538
Receivables and prepaids	-	51,769	1,255	53,024
Accounts payable and accrued liabilities	(57,680)	(308,735)	(19,513)	(385,928)
Net financial assets (liabilities), December 31, 2014	$ 2,734,988	$ (245,685)	$ 25,331	$ 2,514,634
Cash	$ -	$ 2,104	$ -	$ 2,104
Receivables and prepaids	-	43,593	-	43,593
Accounts payable and accrued liabilities	-	(486,237)	-	(486,237)
Net financial assets (liabilities), December 31, 2013	$ -	$ (440,540)	$ -	$ (440,540)

Based upon the above net exposure as at December 31, 2014 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar relative to the United States dollar, Nicaraguan Cordoba and the Mexican peso could result in a decrease/increase of approximately $251,500 (2013 - $44,100) 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.

(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's financial instruments which fluctuate with market prices include derivative asset, if any, which is recognized when the market price of the Company's common shares is less than the conversion price of the convertible promissory notes and derivative liability, if any, which is payable in common shares of the Company.

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 audited consolidated financial statements for the years ended December 31, 2014 and 2013.

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 the year ended December 31, 2014 are as follows:

	Number of Shares		Amount
Balance at December 31, 2013	40,659,805	$	17,773,987
Issued:			
Private placement, net of share issue costs	88,160,000		3,450,440
Property acquisition	7,249,300		296,598
Conversion of convertible promissory notes	800,000		113,677
Shares-for-debt settlement	1,874,500		149,960
Redemption of shareholders rights plan	-		(2,380)
Balance at December 31, 2014	138,743,605	$	21,782,282

On December 13, 2013, the Company consolidated all of its issued and outstanding common shares on the basis of three (3) old common shares for one (1) new common share resulting in 19,826,472 new common shares issued and outstanding at that time.

At April 27, 2015, there were 139,993,605 common shares issued and outstanding.

At December 31, 2014, the Company had outstanding stock options to purchase an aggregate of 2,831,003 common shares as follows:

	December 31, 2014	
	Number of Shares	Weighted average exercise price
Outstanding balance, beginning of period	1,677,971	$1.03
Granted	2,815,000	$0.14
Forfeited	(965,300)	$0.47
Expired	(708,668)	$1.02
Outstanding balance, end of period	2,819,003	$0.33
Exercise price range	$0.08 - $1.26	

(Stated in Canadian dollars)

At December 31, 2014, 2,819,003 stock options are outstanding of which 1,411,003 stock options are exercisable.

On March 24, 2014, the Company granted stock options to purchase up to 2.32 million common shares at an exercise price of $0.15 and which have an expiry date of March 24, 2019. Stock options for 2.16 million common shares are subject to vesting provisions in which 20% of the stock options vest immediately on the grant date and 20% vest every six months thereafter.

On September 25, 2014, the Company granted stock options to purchase up to 500,000 common shares at an exercise price of $0.08 and which have an expiry date of September 25, 2019. These stock options are subject to vesting provisions in which 20% of the stock options vest immediately on the grant date and 20% vest every six months thereafter.

At April 27, 2015, stock options for 2,807,836 common shares remain outstanding of which 1,835,836 stock options are exercisable.

At December 31, 2014, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at December 31, 2013	Issued	Exercised	Expired	Outstanding at December 31, 2014
$0.60	December 28, 2014	380,834	-	-	(380,834)	-
$0.24	December 13, 2016	20,833,333	-	-	-	20,833,333
$0.30	August 7, 2016	-	800,000	-	-	800,000
$0.05	December 30, 2019	-	88,160,000	-	-	88,160,000
		21,214,167	88,960,000	-	(380,834)	109,793,333

At April 27, 2015, warrants for 109,793,333 common shares remain outstanding.

1.16 Outlook

The Company will continue to depend upon debt and 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 debt and 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

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, Nicaraguan Cordoba and Mexican peso denominated accounts. Certain of the Company's property and related contracts may be 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 may 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 December 31, 2014, the Company had 138,743,605 common shares and 2,819,003 share purchase options and 109,793,333 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 December 31, 2014, dilutive securities represented approximately 81.2% of the Company's issued shares. None of these dilutive securities were exercisable at prices below the December 31, 2014 closing market price of $0.04 for the Company's shares.