SAMARANTA
MINING CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended March 31, 2012
Report dated May 24, 2012

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INTRODUCTION

The following information, prepared as of May 24, 2012, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Samaranta Mining Corporation (the "Company" or "Samaranta") for the three months ended March 31, 2012.

These statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's audited consolidated financial statements for the year ended December 31, 2011 except for adoption of IFRS 7 which is further explained in the significant accounting policy section of this MD&A.

These interim statements do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and therefore should be read together with the audited annual financial statements for the year ended December 31, 2011.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

The following discussion and analysis may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth in the following discussion.

GENERAL

Samaranta was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008 and was continued into BC under the Business Corporations Act (British Columbia) on February 18, 2011. Effective May 20, 2011, Samaranta Mining Corporation completed a Plan of Arrangement ("the Plan") with Legion Resources Corp., a publicly traded Canadian company, to effect an amalgamation of the two companies, pursuant to which Legion and Samaranta agreed to merge the companies under the name "Samaranta Mining Corporation". At that date Legion's shares ceased trading on the TSX Venture Exchange and trading in the shares of Samaranta commenced under the symbol "SAX". Additional information related to Samaranta is available at www.samaranta.ca and on SEDAR at www.sedar.com.

MANAGEMENT AND DIRECTORS

A description of the background and experience of the Company's management and directors can be found on the corporate website.

DESCRIPTION OF BUSINESS

Samaranta is in the business of acquiring, exploring and developing mineral properties, primarily located in Colombia, South America. The Company holds its interests in its Colombian mineral interests through a wholly-owned Colombian subsidiary, Grupo Mineros del Caribe, S. A. S. ("Grupo") which was incorporated on April 19, 2010, under the laws of Colombia.

The Company also owns a 96.5% interest in Guinean Global Resources SA ("GGA") which has an 80% ownership interest in Group Guinea Investment SA ("GGI"), both Guinea, West Africa companies. Pursuant to an October, 2011 share purchase option agreement the Company has agreed to sell the Company's remaining shares in GGR in three tranches with final settlement expected October 1, 2014.

The Company also owns the mineral rights for one small property located in British Columbia, Canada.

MINERAL PROPERTY INTERESTS

Guadalupe Mineral Property

Description
Currently the Guadalupe Property in Colombia is Samaranta's most significant mineral property comprised of two thirty-year mineral exploration concession contracts granted on April 20, 2005. The property consists of approximately 786 hectares located in the Municipality of Segovia, Colombia adjacent to the northern boundary of the Frontino Gold Mines in Antioquia, Colombia. On June 8, 2010, the Company entered into an assignment of mining rights agreement to acquire an undivided interest in the rights to these contracts in exchange for cash of US$700,000 (paid) and agreeing to be responsible for surface rental and environmental insurance policy payments.

Pursuant to a participation in production agreement dated June 4, 2010, the Company has committed to pay a 15% net production royalty to a third party in exchange for finder's fees related to the property acquisition. The agreement also contains a US$500,000 penalty provision for any default therein, subject to a force majeure exception. The Company can reduce this royalty to nil in exchange for a cash payment of US$5,000,000 to be paid before June 4, 2015.

An alluvial minerals and NSR participation agreement dated April 23, 2010 continues to be in effect for this property whereby all of the alluvial minerals extraction rights are owned by the vendor, subject to a 15% net production royalty in favour of the Company.

Also pursuant to this agreement, the vendor has been granted a variable 1% to 4% net smelter royalty ("NSR") on all non-alluvial production, with actual NSR rates dependent upon the US$ price of gold. The agreement contains a US$10,000,000 penalty provision for any default therein.

Concession contracts related to exploration and mining in Colombia are governed by Colombian mining laws and have three phases which commence upon its registration in the National Mining Registry (Registro Minero Naciónal): exploration, construction and exploitation. The contracts are currently in the exploration phase which is expected to terminate on April 25, 2016. Concessions ground fees (also known as "canons" in Colombia) are payable during the exploration and construction phases.

<u>Exploration</u>
As at March 31, 2012 the Company has incurred $609,280 in exploration expenditures with respect to this property and $748,333 for option payments. Exploration in 2010 included rock and soil sampling. In August, 2011 the Company completed a 501 line-kilometer Helicopter Magnetometer and Gamma Spectrometer (Radiometrics) survey on the Guadalupe property, but also covered three other small peripheral properties. In January, 2012 the Company received a detailed geological compilation and air photo interpretation and initial sample results from the Phase 1 field program. The main goals of the interpretation were to identify potential structures supportive of gold mineralization, identify areas of alteration possibly related to such structures and further define potential target areas for ground follow-up.

On May 10, 2012, the Company announced that a 13.5 line kilometer Induced Polarization ("IP") survey had been completed on the property. SJV Geophysics of Delta BC was contracted to run the survey to cover two discreet target areas. The survey was undertaken on East -- West lines to best intersect regional N20E to N30E structural trends that host high grade vein mineralization that has been the focus of historic mining on contiguous claims.

The IP survey is intended to add further detail to the December 2011 geological - geophysical compilation report that generally identified the most prospective drill targets. More recently, soil samples taken from the trench walls of test pits in select target areas returned anomalous gold-lead-zinc values from ten of twenty pits sampled. Given the limited outcrop in the general Segovia area the tightly spaced 3D IP survey was designed to help more precisely locate subsurface mineralized structures, that if successful, will allow for more precise drill collar locations and drill hole azimuths.

Target Area 2
The southernmost grid covered what is referred to as Target Area 2 and includes the projected extensions of the Cristales and San Nicholas vein structures, both of which were the subject of historic mining efforts. Gold mineralization at San Nicholas and Cristales is reported to be associated with variable concentrations of pyrite-galena-sphalerite and these veins are reported to strike N20E to N30E and dip 30^{o} to the East. Given the orientation of the veins relative to the survey lines and the tenure of mineralization, the projected extensions of the Cristales and San

Nicholas veins are likely to be detectable by the IP survey provided the mineralized veins are not too far below surface. Also in the Target 2 Area, an extensive area of hydrothermal alteration has been identified that will also be covered by the IP survey. Here, the objective is to identify any conductors that may represent concentrations of pyrite or other sulphides below the alteration zone. Four lines of 1.8 km in length plus a fifth of approximately 1 kilometer have been completed in the Target 2 area.

Middle Target Area
Approximately one kilometer north of the Target 2 area interpretation of the 2011 magnetic-radiometric airborne survey identified a target area associated with intrusive rocks known to host gold mineralization elsewhere in the Segovia area. In addition if the projections of the San Nicholas and Cristales vein structures continue along the projected trends they would pass through this middle target area. Three lines of approximately 1.25 kilometer and two shorter lines have been completed in this middle area.

With the field survey now completed, the data is being processed and a report detailing the survey findings is expected in about four weeks' time.

Mr. Derrick Strickland, P. Geo., was retained by Samaranta to prepare a NI 43-101 independent technical evaluation report on the Guadalupe Property. This report has been filed on Sedar.

Manila 2 Mineral Property

Pursuant to a mining concessions assignment agreement dated May 31, 2010, the Company has the right to acquire a 98% interest in an area comprising of approximately 5,749 hectares located in Segovia and Remedios, Colombia commonly referred to as the Manila 2 property in exchange for a cash payment of US$104,500 due on future as yet unspecified Colombian regulatory approval dates. The Manila 2 property is subject to a variable 1% to 4% NSR on all non-alluvial production, with actual NSR rates dependent upon the US$ price of gold. The alluvial mining extraction rights relating to the Manila 2 property remain with the vendor, subject to a variable 1% to 4% NSR in favour of the Company with actual NSR rates dependent upon the US$ price of gold.

As at March 31, 2012, exploration expenditure of $23,384 has been incurred with respect to this property.

Small Frontino Mineral Property

Pursuant to a dispute settlement agreement dated December 3, 2010 and subsequently renegotiated in January, 2011, the Company agreed to acquire two mineral concessions located in Colombia known as the Small Frontino properties in exchange for cash.

As at March 31, 2012, $121,167 has been incurred in exploration expenditures on this property, primarily for option payments.

Frontino operations contract

The Company has entered into a four-year exclusive management contract pursuant to which it was granted the right to develop and implement a sustainable management plan and to manage the Frontino Gold Mine mineral properties in exchange for a variable 5% to 10% production fee. This contract will commence only if and when the legal ownership of the property has been established to the benefit of the contractor.

Siguiri, West Africa Mineral Property

In June, 2011, the Company acquired a Guinean subsidiary which effective September 21, 2011, through its 80% ownership interest in another Guinean company, acquired the mineral rights to a property covering approximately 14,300 hectares located in Guinea, West Africa.

Shortly after this acquisition Management was approached with a proposal for the disposal of their Guinean interest. After further discussion it was decided that disposing of this interest was in agreement with the Company's objectives.

As a result effective October 1, 2011 and amended October 21, 2011 the Company entered into a share purchase option agreement with Siguiri Gold Mining Corp ("Siguiri") and Siguiri Mining Guinea Ltd.("SMG") whereby Siguiri agreed to purchase the Company's shares in its wholly owned Guinean subsidiary, Guinean Global Resources SA ("GGR").

As at March 31, 2012 the initial payment of $180,000 due on signing consisting of $125,000 plus $55,000 of costs associated with the acquisition of the Property is recorded as a receivable as the funds are held in escrow pending confirmation of the initial GGR share transfer of 3.5%. Subsequent to March 31, 2012 the share transfer was completed and the cash and shares payment was received.

The fair value of the Siguiri shares was determined to be nil due to the early stage of development of the Property and because the fair value of the Siguiri shares could not be reliably determined.

Pursuant to the terms of the agreement the GGR shares will be transferred in four tranches in exchange for:

	SMG Cash Payment	Siguiri Share Issuance	SMG Exploration expenditures to be incurred	GGR % of shares Acquired	GGR Cumulative % of shares Acquired
October 1, 2011	125,000	100,000		3.5%	3.5%
October 1, 2012		200,000	500,000	14.5%	18%
October 1, 2013		200,000	1,000,000	31.5%	49.5%
October 1, 2014		1,000,000(1)	1,000,000	51.5%	100%
	125,000	1,500,000	2,500,000		

(1) At SMG's sole option this payment may be either cash of $1,000,000 or 1,000,000 Siguiri shares

The agreement specifies that SMG is also required to complete a NI 43-101 compliant technical report. In addition, prior to or concurrent with the final payment, Samaranta will be granted a 2% NSR on the Property, one-half of which (1% NSR) may be purchased at any time by SMG for $1,000,000.

RESULTS OF OPERATIONS

Other than minimal interest income the Company did not record any revenues during the fiscal period under review. The Company's cash position at March 31, 2012 was $542,985 contributing to working capital of $700,394.

The net loss for the three months ended March 31, 2012 of $273,471 represented expenditures incurred to maintain offices in both Colombia and Canada and ongoing efforts to continue the Company's exploration program.

The net loss for the comparative three months ended March 31, 2011 of $387,244 also represented expenditures of a similar nature but also included approximately $90,000 of fees associated with the Plan's reorganization. The cumulative translation adjustment arises from conversion of the Colombian subsidiary's Colombian peso functional currency into the Canadian dollar financial statement presentation currency.

Total assets as at March 31, 2012 of $2,497,485 decreased from the December 31, 2011 amount of $2,864,053 due to administrative expenditures offset by further exploration on Guadalupe mineral property.

QUARTERLY FINANCIAL REVIEW

The following table is a summary of selected financial data from the Company's unaudited quarterly financial statements for the eight most recently completed quarters.

During the 2010 time period the Company was still in the process of determining the adjustments required to convert from accounting policies required under pre-convergence GAAP to those policies required under IFRS. These adjustments had been finalized by the end of December 31, 2010 but may not have been correctly allocated over the 2010 quarters. It is believed that any adjustment arising from reallocating the IFRS adjustment over all 2010 quarters would not have been significant for purposes of the presenting this quarterly review.

There were no significant revenues, long term liabilities or cash dividends declared in any of the reported periods. The amounts do not include results from Legion's operations.

	Q1 - 2012 March 31, 2012 $	Q4 - 2011 Dec 31, 2011 $	Q3 - 2011 Sept 30, 2011 $	Q2 - 2011 June 30, 2011 $
Net loss for the period	(273,471)	(229,295)	(375,867)	(4,181,459)
Basic loss per share (note 1)	($0.01)	($0.01)	($0.01)	($0.21)
Total assets	2,497,485	2,864,053	3,051,900	3,437,462
Working capital (deficiency)	700,394	1,028,082	1,533,033	2,290,243

	Q1 - 2011 March 31, 2011 $	Q4 - 2010 December 31, 2010 $	Q3 - 2010 September 30, 2010 $	Q2 - 2010 June 30, 2010 $
Net loss for the period	(387,245)	(573,864)	(664,551)	(443,474)
Basic loss per share (note 1)	($0.02)	($0.01)	($0.06)	($0.08)
Total assets	1,469,268	1,001,502	630,592	935,978
Working capital (deficiency)	(384,738)	(583,058)	(648,404)	87,015

Note 1 – Fully diluted calculations have not been provided due to the anti-dilutive effect of outstanding warrants and options.

<u>Net loss</u>

The following table reflects the amount of normalized loss after excluding expenses arising from the Plan reorganization and share-based payments for the quarters ending in 2011.

	Q4 - 2011 Dec 31, 2011 $	Q3 - 2011 Sept 30, 2011 $	Q2 - 2011 June 30, 2011 $	Q1 - 2011 Mar 31, 2011 $
Net loss before the following	(225,995)	(308,367)	(344,988)	(297,245)
Share-based payment on reorganization	-	-	(3,118,619)	-
Share-based payments for compensation	(3,300)	(67,500)	(656,110)	-

Fees associated with amalgamation	-	-	(70,000)	(90,000)
Net loss for the period	(229,295)	(375,867)	(4,189,717)	(387,245)

As per the above table the amount of normalized loss for the three months ended March 31, 2012 of $273,471 was consistent with all four quarters ending in 2011. In 2010 the comprehensive loss per quarter averaged higher than those included in 2011 due to the higher number of mineral property acquisitions that were being pursued in 2010. The quarter ended December 31, 2010 also included an expense of $128,000 relating to a settlement of a legal dispute and the third quarter of 2010 included accruals for most of the severance payments paid to several consultants.

The more significant expenses incurred in the quarter ended March 31, 2012 included:

	Q1 - 2012 March 31, 2012 $
Accounting and audit fees	39,308
Legal	49,115
Office and administration	53,682
Travel	43,666

The more significant expenses in each 2011 quarter included:

	Q4 - 2011 December 31, 2011 $	Q3 - 2011 September 30, 2011 $	Q2 - 2011 June 30, 2011 $	Q1 - 2011 March 31, 2011 $
Accounting and audit fees	28,058	78,173	30,905	25,559
Consulting	7,404	54,392	18,804	53,975
Legal	21,672	19,165	132,337	35,783
Office	54,412	51,613	67,675	36,929
Project generation (recovery)	(28,721)	-	(42,786)	50,001
Transfer and filing fees	-	478	24,494	-

The more significant expenses in the three 2010 quarters included:

	Q4 - 2010 December 31, 2010 $	Q3 - 2010 September 30, 2010 $	Q2 - 2010 June 30, 2010 $
Accounting and audit fees	53,945	46,713	11,100
Consulting	13,737	243,356	164,830
Legal	142,228	81,469	65,118

Accounting and audit in Q1-2012 related to services provided as part of 2011's annual audit. Q3 -2011 includes an adjustment for audit fees related to the 2010 fiscal year as well as an increase in the 2011 audit accrual due to the increased level of exploration activity. The amounts recorded in Q 3 and 4 – 2010 include catch up services as the private company prepared for the Plan reorganization.

Consulting fees increased in Q3 – 2011 due to expertise required for Guinean and Colombian exploration as well as an increase in emphasis on investor relations and related subscriptions. The amounts recorded in Q1, 2 and 3 – 2010 related to agreements in place during that time period with Q3 – 2010 also reflecting most of the severance payments paid to consultants during the year.

Legal expenses were incurred in both Q1 - 2012 and Q2 -2011 for legal agreements required by the Company with respect to its mineral property interests as the Company pursued additional mineral property prospects in Colombia and Guinea. Legal expenses were high throughout 2010 as the affairs of the Company became more organized in preparation for the Plan reorganization.

Office expenditures were consistent between 2011 quarters and relate to one office maintained in each of Canada and Colombia.

Pursuing these prospects also gave rise to project generation costs in the three months ended March 31, 2011 although some of these costs were later deferred to mineral properties in the three months ended June 30, 2011. Q4 -2011 project recoveries arose from a reversal of amounts over-accrued in the prior year.

Transfer and filing fees were incurred in Q2 -2011 commensurate with the issue of shares.

Travel expenses are incurred primarily for visits to Colombia and for meetings with potential investors by Company representatives.

Total assets

Total assets which had increased as a result of the Q2 - 2011 financing were drawn down in the most recent three quarters due to general and administrative expenses. Total assets in Q2 and Q4 – 2010 also increased due to smaller financings occurring in those quarters.

Working Capital

Working Capital which had also improved with the May 20, 2011 financing was drawn down in the three most recent quarters due to exploration expenditures and general and administrative expenses. The increase in working capital arising from the Q 2 and Q4 - 2010 financings was partially offset by administrative expenditures.

FINANCING ACTIVITIES

On February 11, 2011 the Company issued 508,750 pre-consolidation common shares valued at $0.05 per share in exchange for consulting services provided and recorded in the 2011 fiscal year.

On February 11, 2011, the Company issued 1,400,000 pre-consolidation common shares at $0.05 per share in a private placement for which funds had been received in 2010 and the Company entered into a shares-for-debt agreement in which 300,000 pre-consolidation common shares valued at $0.05 per share were issued to a related party in exchange for legal services of $15,000.

On February 17, 2011, the Company completed a private placement of 16,235,319 pre-consolidation common shares at $0.047 per share for gross proceeds of $763,060. In connection with the private placement, finder's fees were paid consisting of cash of $61,045 and 1,298,825 pre-consolidation share purchase warrants. Each warrant prior to amalgamation was exercisable at a price of $0.05 per common share with an expiry of February 17, 2012. These warrants expired on February 17, 2012.

On May 20, 2011 the common shares of Samaranta Privco and Legion were exchanged on a 6.5:1 and 4:1 basis respectively for common shares of the Company as part of the Plan.

Also on May 20, 2011, after completion of the reorganization, Samaranta undertook a brokered private placement of 10,000,000 units issued at $0.35 per unit for gross proceeds of $3,500,000, each unit comprised of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at $0.50 per share until expiry on May 20, 2013. In connection with the private placement, finder's fees were paid consisting of cash of $340,000 and 800,000 share purchase warrants.

On May 20, 2011 all of the Class C Super Voting shares were redeemed for cash of $50.

CAPITAL EXPENDITURES

Other than a minimal amount of equipment purchases and expending funds on mineral properties the Company did not incur any significant capital expenditures during the three months ended March 31, 2012.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on private investors as its primary source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements imposed by a regulator.

The Company's aggregate operating, investing and financing activities for the three months ended March 31, 2012, resulted in a cash decrease of $455,823. As at March 31, 2012, the Company had cash of $542,985 and working capital of $700,394 which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding. The Company has announced its intention to undertake a non-brokered private placement. While the Company has been successful in securing financings in the past, there is no assurance that the maximum amount of financing offered will be received. These conditions cast significant doubt on the Company's ability to continue as a going concern.

SUBSEQUENT EVENTS

In April, 2012 the Company amended the exercise price of 5,000,000 warrants from $0.50 to $0.12 per warrant.

In April, 2012, the Company issued 150,000 options to an investor relations consultant, exercisable at $0.16 per share for a period of ten years, such options to vest equally at three month intervals over one year.

On March 23, 2012 the Company announced that, subject to regulatory approval it intended to undertake a brokered private placement of up to 6,000,000 units issued at $0.10 per unit for gross proceeds of up to $600,000, each unit comprised of one common share and one-half common share purchase warrant. Each whole warrant would entitle the holder thereof to purchase one common share at $0.15 per share until expiry in two years. In connection with the private placement it is intended that finder's fees will be paid consisting of cash of $48,000 and 480,000 share purchase warrants exercisable at $0.15 for a period of eighteen months.

FUTURE OUTLOOK

The Company continues its focus on exploring the mineral prospects of the Guadalupe mineral property and will continue to pursue other mineral property prospects as they arise. In addition they are continuing the process of trying to reduce administrative expenditures in an effort to preserve capital.

In order to execute its business plan the Company expects that future financings will likely be required although the ability to complete such on terms acceptable to the Company is uncertain, in particular in view of recent stock market volatility. Management has assessed and will continue to address the implications of recent events in order to ensure that the Company can continue to achieve its long term objectives.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company incurred charges to directors and officers, or to companies associated with these individuals as follows:

	Three months ended March 31, 2012	2011
	$	$
Accounting	29,025	40,937
Consulting	7,000	
Management fees to key management	24,000	24,000
	60,025	64,937

Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties.

Key management of the Company includes the President, Chief Financial Officer and the Directors. Compensation in respect of services provided by key management consists of management fees of $8,000 per month for all periods reflected, and accounting and consulting fees paid to a company with which a director and officer are associated. Other than these fees there were no other transactions with related parties or other compensation paid or payable to key management for employee services for the reported periods.

Due to related parties at March 31, 2012 includes $15,642 payable for accounting services to an entity with which a director and an officer are associated. There were no amounts due to related parties at December 31, 2011.

CAPITALIZATION

As at May 24, 2012, the Company's share capital was as follows:

Authorized: Unlimited common shares without par value
Unlimited Class B non-voting preference shares without par value
Unlimited Class C Super Voting shares without par value

Issued and Outstanding: 36,872,147 common shares

Stock options outstanding:

Number of shares	Exercise Price	Expiry Date
312,500	$0.60	May 13, 2015
25,000	$0.60	June 29, 2015
25,000	$0.60	July 27, 2015
2,570,000	$0.35	May 20, 2016
185,000	$0.355	June 7, 2016
30,000	$0.35	October 4, 2016
150,000	$0.16	April 16, 2022
3,147,500		

As at May 24, 2012, there were 5,000,000 share purchase and 800,000 agent warrants outstanding exercisable at $0.12 and $0.50 respectively, which are due to expire May 20, 2013.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by Management during their preparation.

Management considers the areas currently requiring a significant degree of estimation and assumption to be the carrying value of and title to exploration and evaluation assets, fair value measurements for financial instruments and share-based compensation.

The process of estimating the recoverability of mineral properties involves both judgement and uncertainty as it relies on both an interpretation of technical geological data as well as economic considerations including current and estimated future commodity prices and exploration costs.

As new data or information is received these estimates may change. Management reviews the carrying values of its mineral properties on an annual periodic basis to determine whether an impairment of carrying value should be recognized. In addition, capitalized costs related to abandoned properties are written off as soon as the abandonment decision is made.

The Company uses the fair-value method of accounting for share-based compensation related to incentive stock options granted, modified or settled. Under this method, compensation cost attributable to all incentive stock options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as estimated forfeiture rate and an estimated discount rate. Changes to these estimates could result in the fair value of the share-based compensation being different than the amount recorded.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2012 the Company adopted IFRS 7, Financial Instruments: Disclosures which was amended to include additional disclosure requirements in the reporting of transfer transactions and risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. Adoption of this standard had no impact on the financial results or disclosures.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

In addition to the new standards disclosed in the Notes to Consolidated Financial Statements as of December 31, 2011, the following amendments to standards have been issued. The Company has not yet assessed the impact of these amendments and standards or determined whether it will early adopt them.

IFRS 7 Financial Instruments

This is an amended standard which provides additional information about the effect or potential effect of offsetting of financial assets and financial liabilities. Application is mandatory for annual periods beginning on or after January 1, 2013.

IAS 32 Financial Instruments

This is an amended standard which further clarifies the offsetting of financial assets and financial liabilities as well as related disclosure requirements. Application is mandatory for annual periods beginning on or after January 1, 2014. Earlier application is permitted when applied with the corresponding amendment to IFRS 7.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Company's financial instruments consist of cash, restricted cash, other receivables, investment in Siguiri and accounts payable and accrued liabilities and amounts due to related parties. Cash and restricted cash, other receivables, and accounts payable and accrued liabilities are measured at their amortized cost, which approximates their fair value due to their short-term nature. The investment in Siguiri is measured at fair value.

The Company has classified the fair value of the financial assets according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The investment in Siguiri is classified as level 3 in the hierarchy and determined to have a fair value of zero as at March 31, 2012.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as best as possible, that it will have sufficient cash to meet its liabilities when due, under both normal and stressed conditions.

As at March 31, 2012 the Company had cash of $542,985 and working capital of $700,394 which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding. The Company has announced its intention to undertake a non-brokered private placement in order to have sufficient capital to meet its financial obligations. There is no assurance that funds will be received from this or future financings and Management is currently considering other financing alternatives as well as cost reduction measures.

Management believes that as at March 31, 2012 it is not exposed to significant credit, interest, or currency risks arising from these financial instruments.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its commercial obligations. The majority of the Company's cash is held through a major Canadian chartered bank, and accordingly, the Company's maximum exposure to credit risk is the carrying amount of its financial assets. The other receivable of $180,000 was received in May, 2012.

Interest rate risk

Interest rate risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss is limited because at present the Company holds all of its surplus cash in an interest bearing account and has an insignificant balance held in a term deposit with no other interest bearing financial assets or liabilities.

Currency risk

The Company's currency risk is presently limited to approximately $42,000 of financial assets and liabilities denominated in US dollars and $19,000 denominated in Colombian pesos ("COP"). Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements and this accompanying MD&A as at March 31, 2012 (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include: the Company may not be able to find and develop reserves economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental law and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, there are significant risks and hazards related to mining that are beyond the Company's control, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Financial risks include commodity prices, interest rates and fluctuating foreign exchange rates, all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company has not had significant revenue from operations in either of its last two financial periods, the following is a breakdown of the material costs incurred:

	Three Months Ended March 31,	
	2012	2011
	$	$
Deferred exploration expenditures	49,209	138,749
Administrative expense	273,471	387,244

Administrative expenses are provided by category of major expense items in the Consolidated Statements of Comprehensive Loss included in the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2012.