MERYLLION BUSINESS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

BACKGROUND

In October 2013, Concordia Resource Corp. ("Concordia") and Meryllion Resources Corporation ("MRC") entered into a vend-in agreement (the "Vend-In Agreement"), whereby MRC issued 17,126 common shares to Concordia in exchange for approximately $4,740 in cash, subject to closing adjustments, and Concordia's 100% interest in Meryllion Minerals Corporation ("MMC"). Through its acquisition of MMC, MRC obtained Concordia's indirect interest in the Providencia and Cerro Amarillo Projects. MRC was incorporated on July 25, 2013 under the Business Corporations Act of British Columbia and upon incorporation was a wholly owned subsidiary of Concordia.

On December 4, 2013, Concordia completed a Plan of Arrangement (the "Arrangement") under the Business Corporations Act of British Columbia whereby it distributed 100% of its interest in MRC, a wholly owned subsidiary, to its shareholders. Concurrently with the completion of the Arrangement, MRC obtained approval to list its common shares on the TSX-V and began trading under the name Meryllion Resources Corporation and the ticker symbol **MYR** on December 6, 2013. Pursuant to the Arrangement, all Concordia common shares were consolidated on a 5:1 basis and each shareholder of Concordia then received one MRC common share for every post-consolidation Concordia common share held as at the effective date of the Arrangement, and exchanged each old common share of Concordia for a new common share of Concordia.

Meryllion Business (the "Business" or the "Company") financial statements reflect the consolidated financial position and consolidated statements of comprehensive loss, changes in equity and cash flows of the related Argentine exploration business of Concordia and MMC. The consolidated statement of comprehensive loss for the year ended September 30, 2013 includes $894 (2012 - $1,145) allocation of Concordia's general and administrative expenses. The allocation of general and administrative expenses was calculated on the basis of the ratio of expenditures incurred on the Providencia and Cerro Amarillo properties as compared to the expenditures incurred on all of Concordia's properties during each quarter.

Management cautions readers of these consolidated financial statements that the allocation of expenses may not be indicative of the actual expenses that would have been incurred, and do not reflect the Company's consolidated results of operations, financial position and cash flows, had the Company been operating as a separate, stand-alone public company for the years presented. The results of operations are not necessarily indicative of the operating results of future years.

This Management's Discussion and Analysis ("MD&A"), prepared as of January 27, 2014, should be read in conjunction with the consolidated financial statements and the notes thereto of Meryllion Business for the years ended September 30, 2013 and 2012 ("Financial Statements"). The Financial Statements for the years ended September 30, 2013 and 2012 have been audited in accordance with Canadian audit standards and prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Refer to Notes 2 and 3 of the Financial Statements for disclosure of the Company's significant accounting policies.

COMPANY OVERVIEW

Meryllion Business is a Canadian based resource company focused on exploration, acquisition and advancement of exploration and evaluation assets. The Company's head office, principal address, and registered and records office is #1100-355 Burrard Street, Vancouver, British Columbia, Canada, V6C 2G8.

All amounts are expressed in thousands of Canadian dollars, unless otherwise stated. All weight and linear amounts are presented as is and are not in thousands. Additional information relating to the Company is available on SEDAR at www.sedar.com.

SIGNIFICANT EVENTS

For the year ended September 30, 2013 and to the Date of this Report

In December 2013, the Concordia shareholders approved the Arrangement for the spin-out of Concordia's interest in MRC to the Concordia shareholders and the common shares of MRC began trading on the TSX Venture Exchange under the name Meryllion Resources Corporation and the symbol **MYR**.

In October 2013, MRC entered into a Vend-In Agreement with Concordia whereby the Company received $4,740 cash from Concordia and Concordia's interest in MMC. The amount of cash transferred from Concordia is subject to post-closing adjustments.

On October 1, 2013 the Company entered into a Definitive Corporate Structure and Administration Agreement (the "Agreement") with Fitzcarraldo Ventures Inc. and Willem Fuchter (combined the "FVI"), whereby FVI agreed to relinquish its right under the previous agreement for a 10% equity interest in the Company upon listing on the TSX Venture Exchange. In exchange, the Company granted FVI a 1% net smelter returns royalty on Providencia and Cerro Amarillo properties. The Company has a right until September 30, 2018 to buy half of the royalty (i.e. 0.5%) for US$500.

In August 2013, MRC held meetings with the federal and provincial mining authorities as well as officials of the city of Malargüe who have all expressed their support for the advancement of exploration on Cerro Amarillo project. The report from the Department of Water Affairs has been completed and all reports are currently being assessed by the Department of Mining.

In May, June and July 2013, various option agreements at the Providencia project were amended allowing the Company longer exploration time periods.

In late 2012, the owners of Cerro Amarillo property applied for an additional and contiguous 2,500 hectares directly to the south of the original property and included this area in the original agreement by signing an addendum to the option agreement.

TRENDS AND OUTLOOK

Market conditions are expected to remain difficult and uncertain generally for mining and resource companies in the near term. Meryllion Business is an exploration company with its focus on South America. It has a highly qualified team of professionals engaged in exploration activities and the search for quality resource opportunities. The Company's goal is to discover and develop mineral projects that can significantly add value to its shareholders while building for the future. The Company has set realistic targets for each of the projects currently under development and will make decisions to progress the properties based entirely on the results generated from those properties and the perceived risks and expenses associated with taking those properties to the next phase of development.

RESOURCE PROPERTIES

Through the Company's wholly-owned subsidiary, Meryllion Argentina SA ("MAS"), the Company controls mineral exploration concessions in Argentina. A brief description of each of the properties is provided below:

Providencia, Argentina

The Providencia Ag-Cu property is located in the Puna region of northwestern Argentina, and comprises mineral concessions situated at 4,200 m above sea level and some 260 km by good road from San Salvador de Jujuy, the capital of the Jujuy Province. The focus on the property has been the mineralization of the La Providencia silver deposit which was discovered in 1969 and produced some five million ounces of silver between 1986 and 1997. More recently, the Company completed a 4,500 m diamond drilling program and contracted independent consultants Roscoe Postle Associates Inc. ("RPA") of Vancouver Canada to prepare a resource estimate.

The Providencia property comprises four mineral titles:

- La Providencia
- M. Tola
- M. Olaroz Chico
- Libertad.

Under the terms of the option agreement on La Providencia and M. Tola entered into in March 2011 and amended in March 2013, MAS has the right to acquire a 100% interest in these titles by making an initial payment of US$50 (paid) with additional escalating option payments amounting to US$1,225 (US$325 paid) paid over the 72 months. The exercise fee is US$950 if less than 50 million ounces of resources have been delineated (as defined by a third-party, independent consultant), or US$1,950 if more than 50 million ounces of silver are defined. The properties are subject to a 1.5% NSR of which the Company can buy out for US$3,000 if less than 50 million ounces of silver resources are defined, or for US$2,000 if more than 50 million ounces of silver resources are defined. The Company, in addition, is committed to exploration expenditures of US$50 and US$100 in the first and second years respectively (fulfilled).

Under the exploration-with-option-to-purchase agreements on M. Olaroz Chico signed effective June 13, 2012, and amended on May 28, 2013, MAS must make option payments of US$954 (US$18 paid) over 81 months in order to earn a 100% interest in the property. The exercise fee is US$954, less any option amount paid at the time of exercise. If all option payments have been paid at the time of exercise, there will be no amount due. The property is subject to a 1% NSR with the Company having the option to buy out the NSR for US$450.

Under the exploration-with-option-to-purchase agreements on Libertad signed effective June 13, 2012, and amended on May 28, 2013, MAS must make option payments of US$106 (US$2 paid) over 80 months in order to earn a 100% interest in the property. The exercise fee is US$106, less any option amount paid at the time of exercise. If all option payments have been paid at the time of exercise, there will be no amount due. The property is subject to a 1% NSR with the Company having the option to buy out the NSR for US$50.

In addition to the core properties of 5,000 hectares, a further exploration-with-option-to-purchase agreement was signed effective July 11, 2012, and amended in July 2013, for some 9,500 hectares spread over the Cerro Galán, Coyaguaima, Coranzulí, Panizos, and Nazarena properties, which are situated in the district (that also hosts Silver Standard's Pirquitas Ag-Sn mine) but are not contiguous to the Providencia property. This agreement stipulates a series of annual option payments amounting to US$270 (US$20 paid) as well as a final purchase price of US$740, over 72 months, in order to earn a 100% interest in the properties. These titles are also subject to a NSR royalty of 1% which can be purchased for US$500. There is an additional work commitment of US$100 during the term of the agreement. In 2011, the Company also applied for two exploration concessions ("cateos") amounting to 15,500 hectares to the south of the core properties of Providencia.

RESOURCE PROPERTIES *(continued)*

Providencia *(continued)*

The focus of the project is the La Providencia silver deposit which was discovered in 1969 and which between 1986 and 1997 produced some five million ounces of silver from ore grading >250 g/t Ag. Mineralization is hosted by a gently dipping, poorly consolidated, green conglomerate unit floored and capped by pink mudstones and white sandstones respectively. Compilation of previous exploration data as well as confirmation mapping and sampling have indicated the presence of a number of mineralized lenses largely within the conglomerate unit, but also in the white sandstone immediately above a set of steeply dipping structures.

The most extensive of these lenses, the Main Lens, is located in the central part of the Upper Conglomerate, and was the primary target of previous mining. Four shallow open pits were developed – the North, Central, South, and West Pits, and mineralization in this lens is open along strike to both the north and south, as well as down-dip to the east within the gently dipping Upper Conglomerate. Additional mineralization has been intersected by previous drilling in conglomerate units located below the pink mudstone, and the objective of the Company's drill program, which was started in late August 2011, was to extend known resources in the near surface environment as well as to test for mineralization at depth with a view arriving at a compliant resource statement.

The drilling was undertaken by Major Perforaciones SA, the Argentine subsidiary of Major Drilling Group International Inc. ("Major"). Major mobilized a UDR200D which is capable of drilling at both "H" and "P" diameters. Because of the poorly consolidated nature of the conglomerates, triple tube core barrels were utilized, and recovery was further enhanced with the addition of bentonite and bio-degradable organic polymers to the drilling fluids.

The program was completed in early February 2012, and some 4,519 m were drilled in 41 holes. Core samples were sent to the accredited facilities of ALS Minerals in Mendoza, Argentina for sample preparation and analysis. Sample shipment was facilitated by an arrangement between ALS Minerals and Andesmar, an Argentine-wide bussing and transport company, which includes formally established chain-of-custody protocols. At the lab, the total sample was crushed and a 1kg portion split-off and pulverized.

From this, Ag was analyzed by a fire assay fusion and gravimetric analysis finish procedure ("FA") on a 50 g nominal sample weight, and an additional 33 elements were analyzed for using inductively coupled atomic emission spectroscopy (ICP-AES) after four acid digestion to dissolve most minerals. Any ICP-AES analytical result for Cu, Pb, or Zn exceeding 10,000 ppm, was re-analyzed by FA procedures on a 30g charge. Quality assurance and quality control ("QA/QC") samples were included with the core samples, and this data has been reviewed by Analytical Solutions Ltd ("ASL") of Toronto, Canada.

The program has confirmed that mineralization continues under the mined areas and peripheral to the pits, extending for up to 150 m down-dip to the east, 600 m along strike and has been intersected over down-hole thicknesses averaging some 17 m (above 25 g/t Ag). Mineralization is open to the north and at depth.

(Expressed in thousands of Canadian dollars, except per share amounts and shares in thousands)

RESOURCE PROPERTIES *(continued)*

Providencia *(continued)*

Significant highlights of the program to date are shown below.

Hole	From (m)	To (m)	Interval (m)	Silver (g/t)
DPR-001	0	19	19	76.5
Including	*5*	*16*	*11*	*101.7*
DPR-002	0	18	18	85.3
Including	*0*	*14*	*14*	*102.2*
DPR-003	0	18	18	73.3
Including	*0*	*12*	*12*	*100.0*
DPR-004	18	27	9	818.9
Including	*22*	*27*	*5*	*1,435.6*
DPR-005	19	26	7	1,788.2
Including	*22*	*26*	*4*	*3,111.5*
DPR-014	31	51	20	54.6
Including	*32*	*35*	*3*	*152.7*
DPR-015	27	44	17	60.2
Including	*27*	*31*	*4*	*159.0*
DPR-016	24	31	7	284.1
Including	*27*	*30*	*3*	*519.0*
DPR-017	19	23	4	131.8
DPR-018	0	3	3	182.0
DPR-019	3	26	23	85.2
Including	*15*	*21*	*6*	*200.9*
DPR-024	15	22	7	99.9
Including	*18*	*21*	*3*	*203.5*
DPR-026	0	4	4	92.3
DPR-027	9	31	22	85.1
Including	*15*	*30*	*15*	*100.6*
DPR-028	13	52	39	51.1
Including	*13*	*19*	*6*	*105.7*
Including	*21*	*24*	*3*	*111.7*
DPR-033	0	44	44	60.2
Including	*9*	*21*	*12*	*104.2*
Including	*32*	*38*	*6*	*104.1*
DPR-034	40	59	19	91.8
Including	*48*	*53*	*5*	*200.4*
DPR-035	48	55	7	81.6
Including	*49*	*52*	*3*	*127.1*
DPR-039	149	183	34	59.7
Including	*168*	*174*	*6*	*107.5*

(Expressed in thousands of Canadian dollars, except per share amounts and shares in thousands)

RESOURCE PROPERTIES *(continued)*

Providencia *(continued)*

The Company retained RPA to review and report on the results of the drilling program. RPA prepared a preliminary National Instrument 43-101 compliant resource estimate for an in-pit and underground resource of 5.4 million ounces of silver in the Inferred category as shown below.

Inferred Mineral Resources - Providencia Project
as at August 31, 2012

	Cut-Off (g/t Ag)	Tonnes	Ag (g/t)	Cu (%)	Ag (oz)	Cu (lb)
In Pit	40	981,000	155	0.074	4,900,000	72,400
U/G	150	32,900	504	0.249	533,000	8,180
Total		1,014,000	166	0.080	5,430,000	80,600

Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at the cut-off grades of 40 g/t Ag for open pit and 150 g/t Ag for underground.
3. Mineral Resources are estimated using a long-term silver price of US$27 per ounce.
4. A nominal minimum mining width of 3 m was used.
5. Bulk density is 2.40 t/m3.
6. Numbers may not add due to rounding.

The estimate was prepared in accordance with NI 43-101 as well as CIM Definition Standards for Mineral Resources and Mineral Reserves (2010), and was based on 41 drill holes completed during the Company's first stage drilling program (press release March 2, 2012) as well as the 26 holes undertaken by Cardero Resource Corp. in 2003 and 2004. Holes were drilled every 50 m along fences 50 m apart. The estimate was prepared from interpreted cross- and longitudinal-sections from which wireframe models of the geology and mineralization were developed. These formed the basis for a block model on which pit shells were subsequently superimposed.

A more detailed account of the Company's exploration activities on the Providencia property can be found in the technical report entitled "Technical Report on the Providencia Silver Project, Jujuy Province, Argentina" dated October 16, 2013 (the "Technical Report") and prepared by David W. Rennie, PEng of RPA. This Technical Report is available on the Company's SEDAR profile at www.sedar.com .

The drilling not only provided the basis for the preliminary estimate but has indicated the potential to expand these resources significantly between the pits by further drilling and extend it along a well mineralized structure trending NW from the two northerly pits. In addition, there are further targets on the property. As a consequence, the Company is planning on conducting additional surface exploration with a view of outlining additional drill targets prior to recommending a second stage drilling program designed to increase and upgrade the known resources on the property.

RESOURCE PROPERTIES *(continued)*

Cerro Amarillo, Argentina

The Company acquired an option to purchase the 16,500 hectare Cerro Amarillo copper-gold property located in the Malargüe District, in the Province of Mendoza, Argentina.

Cerro Amarillo is a copper-gold-molybdenum porphyry project, and lies at the southern end of the highly productive late Miocene – Pliocene magmatic arc that hosts the El Teniente and Los Bronces porphyry deposits in Chile. The property comprises some 16,500 hectares and contains three porphyry prospects referred to by the Company as Cerro Apero (formerly Cerro Amarillo), Cajon Grande, and La Blanca (formerly C4). The three porphyry prospects lie in a northeast-trending corridor with Cerro Apero in the northeast, Cajon Grande in the center, and La Blanca in the southwest of the 14 km x 11 km property.

Under the option agreement on Cerro Amarillo, entered into in October 2010, the Company has the exclusive right to engage in exploration activities on the properties for up to 52 months before exercising its option to acquire a 100% interest in the properties. The option is exercisable by the Company at any time, however, so long as the exploration program is ongoing, the Company will make payments to the owners of the property, which payments will total US$525 (US$300 paid) if the exploration program continues for at least 40 months. In early 2012, an extension of the option for an additional two years was negotiated for further payments of US$175. When the option is exercised, the Company will pay a final purchase price of US$2,500. The owners of the property will also be entitled to a 1% NSR in the event the properties are placed into commercial production, which the Company may purchase for US$3,000. Later in 2012, the owners applied for an additional and contiguous 2,500 hectares directly to the south of the original property and included this area in the original agreement by signing an addendum to the option agreement.

The Company's recently completed 2012 austral summer campaign of detailed mapping and rock sampling within this corridor continues to outline three very prospective, large, porphyry systems with strong indications of copper-molybdenum-gold potential.

The Cerro Apero occurrence prospect in the northeast contains a classical porphyry-style mineralized system that which includes stockwork, disseminated, breccias, skarn, and vein-types of mineralization. These types of mineralization appear zoned, with a central quartz diorite porphyry plug containing abundant well developed quartz-magnetite vein stockworks and together with disseminated chalcopyrite. This plug is surrounded by mineralized hydrothermal breccias with abundant pyrite which may present an excellent supergene trap for leached copper and gold. Skarn mineralization occurs in an almost perfect ring surrounding the porphyry, at the intersection of the vertical cylinder of breccias and the shallow-dipping calcareous sedimentary sequence. At the current level of erosion, almost the entire ring is exposed. Sparse, peripheral veins containing barite, hematite, galena, and sphalerite occur out to a radius of approximately one kilometer.

RESOURCE PROPERTIES *(continued)*

Cerro Amarillo *(continued)*

At Cajon Grande, the porphyry intrusions also exhibit copper-gold-molybdenum mineralization and associated hydrothermal alteration. The alteration includes an early stage potassic (quartz biotite) event with associated copper mineralization. This was immediately followed by an intense stockwork veining and associated sodic-calcic (actinolite albite ± sericite) alteration stage. Most of the copper seems to be associated with this event which is also strongly associated with the appearance of magnetite. In addition, low-temperature, sub epithermal, barite siderite sulphide veins occur distal to the porphyry system.

The La Blanca system in the southwest of the property is believed to have the potential to host large zones of mineralized porphyry and breccia. There is extensive hydrothermal alteration developed over a six kilometer strike. This alteration includes zones of quartz pyrite with argillic overprinting developed over a strike of at least two kilometers, and extending beyond that into shears and peripheral breccia zones. Magnetite, magnetite-actinolite, and specular hematite veins, stockworks and breccias occur below this main phyllic zone, and the alteration can be interpreted as a lower-grade sodic-calcic alteration phase, which could have a possible elongate core of potassic alteration that has not been exposed at surface, telescoped upwards into the strongly developed phyllic zone.

Previous sampling undertaken at the Cerro Apero occurrence by BHP in 1998 returned results ranging up to 1.47% Cu, 0.98 g/t Au, and 550 ppm Mo, while an isolated outcrop of dacite dyke returned a value of 57 g/t Au. The Company's confirmation sampling returned values ranging up to 0.78% Cu and 0.89 g/t Au. At Cajon Grande, historic values from a sampling campaign in 2008 ranged up to 4.35% Cu, 4.23 g/t Au and 1500 g/t Ag while Concordia's samples returned values of 1.51% Cu, 2.41 g/t Au, 765 g/t Ag, and 334 ppm Mo. In addition, samples from epithermal veins of barite-siderite-sulphide distal to the intrusion contained up to 8.21% Cu, 2.48 g/t Au and 100 g/t Ag. The La Blanca sampling gave values up to 0.20% Cu, 170 ppm Mo and 0.15 g/t Au.

In addition to the three well defined prospects, there are an additional four colour/alteration anomalies (C2, C3, La Tienda and Vacas Muertas), and the newly recognized Cerro Choro prospect, a potentially hi-grade gold porphyry system, which are worthy of follow-up work.

The mapping and sampling has indicated the fertility of the systems and has also indicated that each system has a large scale footprint indicating large-tonnage Cu-Mo-Au potential. Moreover, Cerro Amarillo's geological similarity to the world class El Teniente and Los Bronces deposits as well as its the location within the extension of the same Neogene magmatic arc are positive indications for future exploration success. As a consequence, further mapping and sampling of the additionally identified anomalies has been proposed prior to the execution of a first stage target testing drill program for which Meryllion is currently in the process of obtaining the necessary permits and permissions. Towards this end, environmental reports and glaciological studies have been submitted to the Departments of Mining and Environmental Protection for evaluation. Additional sectorial reports from the Department of Water Affairs as well as the Municipality of Malargüe have been completed, and meetings have been held with the federal and provincial mining authorities as well as officials of Malargüe who have all expressed their support for the project. All reports are currently being assessed by the Department of Mining.

Qualified Person

Dr. Willem Fuchter P.Geo, CEO of Meryllion Minerals Corp., a qualified person for the purposes of NI 43-101 and has approved the scientific and technical information in this MD&A.

(Expressed in thousands of Canadian dollars, except per share amounts and shares in thousands)

SELECTED ANNUAL INFORMATION

The Meryllion Business financial results reflect the consolidated financial position and consolidated statements of comprehensive loss, changes in equity and cash flows of the related Argentine exploration activities of Concordia and Meryllion Minerals Corp. The statement of comprehensive loss for the year ended September 30, 2013 include a $894 (2012 - $1,145) allocation of Concordia's general and administrative expenses. The allocation of general and administrative expenses was calculated on the basis of the ratio of expenditures incurred on the Providencia and Cerro Amarillo properties as compared to the expenditures incurred on all of Concordia's properties during each quarter.

Management cautions readers of this report, that the allocation of expenses may not be indicative of the actual expenses that would have been incurred had the Company been operating as a separate, stand-alone public company for the periods presented and do not reflect the Company's consolidated results of operations, financial position and cash flows had the Company been a stand-alone public company during the periods presented. The results of operations are not necessarily indicative of the operating results of future years.

The following table provides a brief summary of the Company's financial operations for the past three years. For more detailed information, refer to the audited consolidated financial statements.

	Year ended September 30,		
	2013	**2012**	**2011**
Total assets	$798	$740	$317
Exploration and evaluation assets	764	562	236
Working capital/(deficiency)	(26)	144	(152)
Total comprehensive loss	(1,546)	(5,275)	(2,305)
Basic and diluted loss per share	(0.09)	(0.34)	(0.19)

Total assets increased in 2013 mainly due to the increase in exploration and evaluation assets offset by a decrease in deposits. Exploration and evaluation assets increased due to the option payments made on the Providencia and Cerro Amarillo properties.

The fluctuation in working capital over the year is due to the timing of payments for accounts payables and large balances in deposits during 2012.

(Expressed in thousands of Canadian dollars, except per share amounts and shares in thousands)

SUMMARY OF SELECTED QUARTERLY RESULTS

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	$798	$851	$844	$752	$740	$678	$649	$410
Exploration and evaluation assets	764	770	733	569	562	440	431	236
Expenses	(379)	(283)	(674)	(302)	(571)	(751)	(1,164)	(2,534)
Net loss	(356)	(260)	(663)	(301)	(582)	(752)	(1,242)	(2,696)
Total comprehensive loss	(371)	(233)	(647)	(295)	(607)	(740)	(1,244)	(2,684)
Basic and diluted loss per share	(0.02)	(0.02)	(0.04)	(0.01)	(0.03)	(0.04)	(0.07)	(0.22)

Note: Quarterly amounts added together may not equal the total reported for the period due to rounding.

Total assets and exploration and evaluation assets increased over the eight quarters mainly due to the option payments made on the Providencia and Cerro Amarillo properties. Expenses and Net loss were higher during the first three quarters of 2012 mainly due to the exploration expenses for the drilling program on Providencia and surface exploration on Cerro Amarillo.

RESULTS OF OPERATIONS – Year ended September 30, 2013

For the year ended September 30, 2013, the Company reported a total comprehensive loss of $1,546 compared to a total comprehensive loss of $5,275 for the year ended September 30, 2012, of which $1,638 (2012 - $5,020) can be attributed to expenses, $58 (2012 – loss of $252) to other items, and $34 (2012 – loss of $3) to unrealized gain on translation to reporting currency. Expenses were significantly lower during the 2013 period due to the completion of drilling on Providencia in 2012 and no significant exploration programs undertaken in 2013.

(Expressed in thousands of Canadian dollars, except per share amounts and shares in thousands)

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Highlights	**Year ended September 30,**	
	2013	**2012**
Cash used in operating activities	$(1,437)	$(5,073)
Cash used in investing activity	(173)	(336)
Cash acquired from financing activities	1,554	5,624
Effect of exchange rate changes on cash	63	(245)
Change in cash	7	(30)
Cash - beginning of year	21	51
Cash - end of year	$28	$21

At September 30, 2013, the Company had cash of $28 and had a working capital deficiency of $26 compared to cash of $21 and working capital of $144 on September 30, 2012. In October 2013, the Company received $4,740 cash, subject to post-closing adjustments, from Concordia in accordance with the Vend-In Agreement. Since inception, the Company has relied on the funding provided by Concordia. Upon completion of the Vend-In Agreement, Concordia's funding is no longer available to the Company.

As a result of the cash received by the Company in accordance with the Vend-In Agreement, the Company has sufficient cash to finance its operations for at least 12 months from the date of approval of this report. The Company will be relying on further equity financing as the most likely source of funds for the advancement of the Company's exploration assets to a resource delineation or feasibility stage.

Except as disclosed, the Company does not know of any trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the Company's exploration programs.

The Company is not now and does not expect in the future, to be engaged in currency hedging to offset any risk of currency fluctuations.

Operating Cash Flow

Cash used in operating activities during the year ended September 30, 2013, was $1,437 compared to $5,073 used during the period ended September 30, 2012. The decrease in operating cash expenditures was primarily due to a decrease in exploration activities in Argentina.

Investing Activities

Investing activities required cash of $173 during the year ended September 30, 2013, compared to $336 used during the period ended September 30, 2012. The cash used in investing activities during the years was primarily due to the property options payments in Argentina.

Financing Activities

Financing activities were solely funded by Concordia and resulted in cash of $1,554 acquired during year ended September 30, 2013, compared to $5,624 acquired during the period ended September 30, 2012.

(Expressed in thousands of Canadian dollars, except per share amounts and shares in thousands)

COMMITMENTS

The Company does not have significant commitments, other than exploration and property retention commitments disclosed elsewhere in this report.

RELATED PARTY TRANSACTIONS

The Company did not have any related party transactions, other than those described in the compensation of key management as follows.

COMPENSATION OF KEY MANAGEMENT

Compensation of key management consist of the amounts of contributions from Concordia representing the allocation of salaries, directors' fees, consulting fees and stock- based compensation of Concordia's key management personnel.

The remuneration of directors and other members of key management included:

	Year ended	
	September 30, 2013	**September 30, 2012**
Salaries and benefits	$110	$260
Directors fees, included in salaries and benefits	38	20
Benefits paid to director, included in salaries and benefits	3	-
Termination benefit included in salaries and benefits	259	-
Consulting fees, included in professional fees	20	-
Stock-based compensation vested during the year	20	240
Total key management compensation	$450	$520

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements other than those disclosed under resource properties.

SHARE DATE INFORMATION

As at the date of this MD&A, there are 17,126 common shares, 1,875 stock options and Nil warrants outstanding.

(Expressed in thousands of Canadian dollars, except per share amounts and shares in thousands)

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

All of the Company's financial instruments are classified into one of two categories: loans and receivables or other financial liabilities. All financial instruments are measured in the statement of financial position at fair value initially. Subsequent measurement and changes in fair value will depend on their initial classification. Loans and receivables and other financial liabilities are measured at amortized cost.

Cash and receivables have been designated as loans and receivables. Cash and receivables are included in current assets due to their short term nature.

Accounts payable and accrued liabilities have been designated as other financial liabilities and are included in current liabilities due to their short-term nature.

	As at September 30,	
	2013	**2012**
Financial assets		
Loans and receivables		
Cash	$28	$21
Receivables	1	2
Total financial assets	$29	$23
Financial liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	$60	$34
Total financial liabilities	$60	$34

Additional financial instruments disclosure is contained in Note 11 of the Company's consolidated financial statements for the years ended September 30, 2013 and 2012.

RISKS AND UNCERTAINTIES

The Company's exploration activities and related results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company seeks to counter this risk as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

A summary of the Company's financial instruments risk exposure is provided in Note 11 of the Company's consolidated financial statements for the years ended September 30, 2013 and 2012. The following are additional risk factors which the Company's management believes are most important in the context of the Company's business. It should be noted that this list is not exhaustive and that other risk factors may apply.

The Company's exploration and mining activities will be in Argentina and will be subject to the risks of political and economic instability associated with this country

Argentina has, from time to time, experienced economic or political instability. The Company may be materially adversely affected by risks associated with conducting exploration and mining activities in Argentina, including: political instability and violence; war and civil disturbance; acts of terrorism; expropriation or nationalization; inequitable treatment of non-domiciled companies; changing fiscal regimes; fluctuations in currency exchange rates; high rates of inflation; underdeveloped industrial and economic infrastructure; and unenforceability of contractual rights.

Argentine regulators have broad authority to shut down and/or levy fines against operations that do not comply with regulations or standards. In addition, factors such as those listed above, the Company's mineral exploration and potential future mining activities in Argentina may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange controls, export controls, taxes, royalties, environmental legislation and mine safety. Regardless of the economic viability of the Company's interest in its properties, and despite being beyond the Company's control, such factors may prevent or restrict mining of some or all of any deposits which the Company may find on its properties.

In May 2012, the government of Argentina re-nationalized Yacimientos Petrolíferos Fiscales ("YPF"), the country's largest oil and gas company. There can be no assurance that the government of Argentina will not nationalize other businesses operating in the country, including the business of the Company.

In addition, provincial governments of Argentina have considerable authority over exploration and mining in their province and there are Argentinean provinces where the provincial government has taken an anti-mining stance by passing laws to curtail or ban mining in those provinces. The current provincial government of Jujuy Province, where the Providencia Project is situated, is supportive of the exploration and mining industry, however such situation may change in the future.

RISKS AND UNCERTAINTIES *(continued)*

Argentina has, in the past, and is currently enduring a period of high inflation which could increase the Company's operating costs relating to work carried out on its properties. The Company will also purchase certain supplies and retain the services of various companies in Argentina to meet its future business plans. It may be difficult to find or hire qualified people in the mining industry who are situated in Argentina or to obtain all of the necessary services or expertise in Argentina or to conduct operations on its Providencia and Cerro Amarillo Projects (the "Projects") at reasonable rates. If qualified people and services or expertise cannot be obtained in Argentina, the Company may need to seek and obtain those services from people located outside of Argentina which will require work permits and compliance with applicable laws and could result in delays and higher costs to the Company to conduct its operations in Argentina. In addition, Argentina's status as a developing country may make it more difficult for the Company to obtain any required financing for its projects. If a dispute arises regarding the Company's interest to its properties, the Company cannot rely on Canadian legal standards in defending or advancing its interests.

As a result, the Company will be subject to various increased economic, political, operational and other risks, any one or more of which could have a material adverse effect on its business, financial condition, and results of operations or prospects.

The development and success of the Projects will be largely dependent on the future price of silver, copper and other metals

Metal price volatility may affect the future production, profitability, and financial condition of the Company. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, global supply and demand, and political economic conditions of major metal consuming countries throughout the world. The price of silver, copper, and other metals has fluctuated widely in recent years, and future material price declines could cause development of, and commercial production from, the Projects to be impracticable or uneconomic.

The metals market also tends to move in cycles. Periods of high demand, increasing profits and high capacity utilization lead to additional capacity through expansion of existing mines and investment in new mines which results in increased production. This growth increases supply until the market is saturated, leading to declining prices and declining capacity utilization until the cycle repeats. This cyclicality in prices can result in supply/demand imbalances and pressures on mineral prices and profit margins which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Depending on the price of silver, copper, and other metals, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue development and may lose its interest in, or may be forced to sell, one or more of the mining properties. Future production from the Company's mining properties will be dependent on metal prices that are adequate to make these properties economically viable. Furthermore, future mine plans using significantly lower metal prices could result in material write-downs of the Company's investment in mining properties.

In addition to adversely affecting the Company's Mineral Resource Estimate for the Providencia project and any future Mineral Reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. If such a reassessment determines that any of the Company's projects are not economically viable, then operations may cease and such projects may never be developed. Even if the projects are ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

RISKS AND UNCERTAINTIES *(continued)*

Meryllion will need substantial additional financing in the future and cannot assure that such financing will be available

To meet its operating costs and to finance its respective future acquisition, exploration, development and operating activities, the Company will require financing from external sources, including from the sale of equity and debt securities, the sale of an interest in one or more of its mineral projects, entering into joint ventures or seeking other means to meet its financing requirements. There can be no assurance that additional funding will be available to the Company or, if available, that such funding will be offered on terms acceptable to the Company. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of the respective company may be diluted. If unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its planned exploration and development activities and may not be able to take advantage of acquisition opportunities. If the Company is unable to complete minimum work obligations on its exploration concessions, the concessions could be relinquished under applicable exploration concession agreements. The failure of the Company to obtain additional financing would have a material adverse effect on its business, financial condition, results of operations or prospects.

The volatility of the capital markets may affect the Company's access to and cost of capital

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility, and the market price of securities of many companies, particularly those in the resource sector, can experience wide fluctuations which are not necessarily related to the operating performance, underlying asset values or prospects of such companies. Increased levels of volatility and resulting market turmoil may adversely impact the Company and its share price. If the Company is required to access credit markets to carry out their respective development objectives, the state of domestic and international credit markets and other financial systems could affect their respective access to, and cost of, capital. If these credit markets were significantly disrupted, as they were in 2007 and 2008, such disruptions could make it more difficult for the Company to obtain, or increase its cost of obtaining capital and financing for its operations. Such capital may not be available on terms acceptable to the Company or at all, which may have a material adverse impact on its business, financial condition, results of operations or prospects.

Currency fluctuations may affect the costs that the Company incurs in its operations

The Company's reporting currency is the Canadian dollar. Any future equity financing activities are expected to be completed in Canadian dollars while a significant portion of operating expenses for the Company will be incurred in Argentine pesos, among other foreign currencies. From time to time, the Company may be required to borrow funds and incur expenditures that are denominated in a foreign currency. In addition, in the event that the Company successfully develops an operating mine, it expects to sell some or all of its products to foreign markets. Metals are sold throughout the world, based principally on a U.S. dollar price, but, a significant portion of the Company's operating expenses are incurred in non-U.S. dollar currencies. The appreciation of the Argentinean peso, the U.S. dollar or any other foreign currency with which the Company operates against the Canadian dollar would increase its cost of operations, which could have a material adverse effect on its business, financial conditions, results of operations and prospects.

Exploration Risk

In addition to the Projects, the Company may engage in the potential acquisition and exploration of other resource properties, an inherently risky business, and there is no assurance that economic mineral deposits will ever be discovered, or if discovered, subsequently put into production. Most exploration activities do not result in the discovery of commercially mineable deposits.

RISKS AND UNCERTAINTIES *(continued)*

Early Stage of Development

The predecessor entity of the Company, Concordia, conducted mineral exploration activities for a relatively short period. There is limited financial, operational and other information available with which to evaluate the prospects of the Company. There can be no assurance that the Company's operations will be profitable in the future or will generate sufficient cash flow to satisfy its working capital requirements.

The Company's prospects depend on its ability to attract and retain qualified personnel

Recruiting and retaining qualified personnel will be critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. The Company believes that it will have the necessary personnel to meet its corporate objectives but, as its business activities grow, it will require additional key financial, administrative, mining and public relations personnel as well as additional staff on the operations side. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Future mining operations and exploration activities are subject to laws and regulations relating to the protection and remediation of the environment

The Company's future mining operations and exploration activities are and will be subject to laws and regulations relating to the protection and remediation of the environment. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. These laws, regulations and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations and changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) could cause additional expense or capital expenditure, or result in restrictions or delays in the Company's development plans.

The Company cannot give any assurance that, notwithstanding its precautions and careful operating practices, breaches of environmental laws, whether inadvertent or not, or some type of environmental problem will not occur. In the event of any such breach, it is possible that the respective regulatory authority can suspend the rights of the Company, as applicable, to develop its mineral interests.

A breach of environmental laws and regulations may allow governmental authorities and third parties, who have an interest in any future mining operations or the consequences of mining operations, to bring lawsuits based upon damages to property and injury to persons resulting from the environmental impact of the Company's potential future operations which could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions and could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

If the Company's environmental compliance obligations were to vary as a result of changes to legislation, or if certain assumptions the Company makes to estimate liabilities are incorrect, or if unanticipated conditions were to arise in their respective future mining operations, the respective company's expenses and other obligations could increase, which could have a material adverse effect on the respective company's business, financial condition, results of operations or prospects.

RISKS AND UNCERTAINTIES *(continued)*

As a participant in the resource extraction industry, the Company may face opposition from local and international groups

There is an increasing level of public concern relating to the effects of mining production on its surroundings, communities, and environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs"), who oppose globalization and resource development and who may not be bound to codes of ethical reporting, can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company will seek to operate in a socially responsible manner, NGOs or local community organizations could direct adverse publicity and/or disrupt its operations in respect of one or more properties, regardless of the Company's successful compliance with social and environmental best practices, due to political factors and/or activities of unrelated third parties on lands in which the Company has an interest or operates. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company, as applicable, or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The costs of complying with applicable laws and governmental regulations may have an adverse impact on the Company's business

The Company's operations and exploration activities will be subject to laws and regulations governing various matters. These include without limitation laws and regulations relating to repatriation of capital and exchange controls, taxation, labour standards and occupational health and safety and historic and cultural preservation.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or the more stringent enforcement thereof, could have a material adverse effect on the Company's business, financial condition, results of operations or prospects by increasing exploration expenses, future capital expenditures or future production costs or by reducing the future level of production, or cause the abandonment of or delays in the development of the Projects.

The Company's insurance coverage may not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured or uninsurable

The Company's business will be subject to a number of risks and hazards (as further described herein). Although the Company will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, such insurance will likely not cover all the potential risks associated with its activities, including any future mining operations. The Company may also be unable to maintain insurance to cover its risks at economically feasible premiums, or at all. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration or production may not be available to the Company on acceptable or any terms. The Company might also become subject to liability for pollution or other hazards which it is not currently insured against and/or in the future may not insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

RISKS AND UNCERTAINTIES *(continued)*

Mining and mineral exploration is inherently dangerous and subject to factors or events beyond the Company's control

The Company's business, and any future development or mining operations, will involve various types of risks and hazards typical of companies engaged in the mining industry. These risks will affect the exploration, development and refurbishment activities of the Company, and will affect its business to an even larger extent once commercial mining operations, if any, commence. Such risks include, but are not limited to: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding and earthquakes; (v) rock bursts; (vi) metals losses; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions; (xii) unanticipated variations in grade and other geological problems, water, surface or underground conditions; (xiii) labour disputes or slowdowns; (xiv) work force health issues as a result of working conditions; and (xv) force majeure events, or other unfavorable operating conditions.

These risks, conditions and events could result in: (i) damage to, or destruction of, the value of, the Projects or their facilities; (ii) personal injury or death; (iii) environmental damage to the Projects or the properties of others; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; and (vi) potential legal liability. Any of the foregoing could have a material adverse effect the Company's business, financial condition, results of operation or prospects.

Directors and officers may be subject to conflicts of interest

Certain directors and officers of the Company are or may become associated with other mining and/or mineral exploration and development companies which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the company with which they serve are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of their respective company. Some of the directors and officers have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner, or to allocate opportunities that they become aware of to the Company, could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Competition in the mining industry may adversely affect the Company

The mining industry is intensely competitive. The Company will compete with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for: (i) properties which can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labour to operate the properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund their respective operations and develop their respective properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are accounting policies that have been identified as being complex or involving subjective judgments or assessments, as follows:

- the point in time that an economic feasibility study has established the presence of proven and probable reserves;
- allocation of expenses from Concordia;
- deferred tax assets not recorded in the consolidated financial statements.

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of Meryllion is the Canadian dollar and the functional currency of the Company's wholly-owned subsidiaries Meryllion Minerals Corp. and Meryllion Argentina SA is US dollars as these are the currencies of the primary economic environment in which the companies operate.

Functional and Presentation Currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian dollars, while subsidiaries have US Dollar functional currencies.

KEY ACCOUNTING POLICIES

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Exploration and Evaluation Assets

Exploration expenditures are expensed as incurred until an economic feasibility study has established the presence of proven and probable reserves, at which time development expenditures incurred on the property thereafter are capitalized. Costs relating to the acquisition and claim maintenance of mineral properties (including option payments and annual fees to maintain the property in good standing) are capitalized and deferred by property until the project to which they relate is sold, abandoned, impaired or placed into production. After recognition, the Company uses the cost model for exploration and evaluation assets.

The Company assesses its exploration and evaluation assets for indications of impairment on a regular basis and when events and circumstances indicate a risk of impairment. An exploration and evaluation assets is written down or written off when the Company determines that an impairment of value has occurred or when exploration results indicate that no further work is warranted.

Although the Company has taken steps to verify title to resource properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, or title may be affected by undetected defects.

KEY ACCOUNTING POLICIES *(continued)*

Impairment of Long-lived Assets

Long-lived assets are assessed for impairment at each reporting date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). These are typically individual mines or development projects.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable loss differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Stock - Based Compensation

The Company may grant stock options to buy common shares of the Company to directors, officers, employees and service providers. The fair value of stock options granted by the Company is treated as compensation costs in accordance with IFRS 2 - Share-based Payment. These costs are charged to the statement of loss or, if appropriate, are capitalized to exploration and evaluation assets over the stock option vesting period. The Company's allocation of share-based payments is consistent with its treatment of other types of compensation for each recipient.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest, by increasing contributed surplus. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

KEY ACCOUNTING POLICIES *(continued)*

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement.

Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. The value attributed to the warrants is recorded as contributed surplus. If the warrants are exercised, the value attributable to the warrants is transferred to share capital.

Foreign Currency Transactions

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) in the consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss). Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Parent and Subsidiary Companies

The financial results and position of operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at the average rate.

Exchange differences are transferred directly to the consolidated statement of comprehensive loss and are reported as a separate component of shareholders' equity titled "Cumulative Translation Adjustment". These differences are recognized in the profit or loss in the period in which the operation is disposed of.

FORWARD LOOKING STATEMENTS

Certain of the statements made and information contained herein are considered "forward-looking information" within the meaning of the British Columbia Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company on its properties and work plans to be conducted by the Company. With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- uncertainties relating to receiving mining and exploration permits in Argentina;
- the impact of increasing competition in gold, silver and copper business;
- unpredictable changes to the market prices for gold, silver and copper;
- exploration and development costs for its properties;
- availability of additional financing or joint-venture partners;
- anticipated results of exploration activities;
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A including, volatility in the market price for minerals; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral exploration; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and/or joint venture partners and unpredictable weather conditions.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.