

Management's Discussion and Analysis of the Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2017

Minsud Resources Corp.
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**MINSUD RESOURCES CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS**

For the Three Months Ended March 31, 2017

INTRODUCTION

The following is a Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Minsud Resources Corp. (the "Company" or "Minsud") to enable a reader to assess the financial condition and results of operations of the Company for the three months ended March 31, 2017.

This MD&A has been prepared as at May 30, 2017 unless otherwise indicated.

This MD&A should be read in conjunction with the Company's Unaudited Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2017 (the "Financial Statements"), including the related note disclosure. The Financial Statements are presented on a consolidated basis and include the accounts of the Company, its wholly-owned subsidiary Minsud Argentina Inc. ("MAI"), and MAI's subsidiary Minera Sud Argentina S.A. ("MSA"), an Argentinean company in which MAI has a 99.41% ownership interest. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar figures included therein and in the following MD&A are expressed in Canadian dollars unless otherwise indicated.

The Company's head office and principal business address is 340 Richmond Street West, Toronto, Ontario M5V 1X2. The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and trades its common shares on the TSX Venture Exchange (the "Exchange"), under the symbol MSR. Additional information relevant to the Company's activities, including press releases, can be found on SEDAR at www.sedar.com or www.minsud.com.

MANAGEMENT'S RESPONSIBILITIES FOR FINANCIAL REPORTING

The Financial Statements have been prepared by management in accordance with IFRS and have been approved by the Company's board of directors (the "Board"). The integrity and objectivity of these Financial Statements are the responsibility of management. In addition, management is responsible for ensuring that the information contained in the MD&A is consistent where appropriate, with the information contained in the Financial Statements.

The Financial Statements may contain certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the Financial Statements are presented fairly in all material respects.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its audit committee. The members of the audit committee are appointed by the Board and have sufficient financial expertise to assume this role with the Company. The majority of the audit committee members are independent and not involved in the Company's daily operations.

CAUTIONARY NOTE ON FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to: fluctuations in the currency markets (such as the Canadian Dollar, Argentine Peso and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada and Argentina or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of mineral exploration and development (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on mining, including those currently enacted in Argentina; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labour; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses, permits and approvals from government authorities; business opportunities that may be presented to, or pursued by, the Company; challenges to, or difficulty in maintaining, the Company's title to properties; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A and in the Company's Filing Statement dated April 27, 2011 available under the Company's profile at www.sedar.com.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: financing will be available for future exploration, development and operating activities; the actual results of the Company's development and exploration activities will be favourable or at least consistent with management's expectations; operating, development and exploration costs will not exceed management's expectations; all requisite regulatory and governmental approvals for development projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favourable to the Company such as the continuing support for mining by local governments in Argentina; the price of gold and/or other applicable metals and applicable interest and exchange rates will be favourable to the Company or at least consistent with management's expectations; no title disputes will exist with respect to the Company's properties; debt and equity markets and other applicable economic conditions will be favourable to the Company; the availability of equipment and qualified personnel to advance exploration projects and; the execution of the Company's existing plans and further exploration and development programs for its projects, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

CORPORATE OVERVIEW

The Company was incorporated under the *Business Corporations Act* (Ontario) ("OBCA") on October 11, 2007 under the name "Rattlesnake Ventures Inc." and changed its name to "Minsud Resources Corp." on May 10, 2011 upon the completion of its Qualifying Transaction (as defined under the policies of the Exchange through which it ceased being a capital pool company).

As a result of its Qualifying Transaction, the Company acquired all of the issued and outstanding shares of Minsud Resources Inc. ("MSR") by way of a three cornered amalgamation resulting in the amalgamation of MSR and 1830835 Ontario Inc., a wholly owned subsidiary of the Company, to form MAI (the "Minsud Transaction"). At the time of the completion of the Minsud Transaction, MAI became the owner of 95% of the issued outstanding shares of MSA, which was previously held by MSR. As at March 31, 2017, MAI held 91,951,699 of the 92,494,299 outstanding common shares of MSA, representing an ownership interest of 99.41%.

As of the date of this MD&A, the members of the Company's Board of Directors are Alberto Francisco Orcoyen (Non executive - Chairman), Carlos Alberto Massa (President and Chief Executive Officer), Howard Coates (Vice-President-Exploration), Scott White, Diego Perazzo, Hugo Dragonetti (Jr) and Carlos Adamo. As of the date of this MD&A, Mr. Orcoyen, Mr Adamo and Mr. White form the Company's audit committee, and Mr. Orcoyen, Mr Adamo and Mr Perazzo form the compensation committee. All members of the Company's Board of Directors were re-elected as Board members at the annual Shareholders' Meeting held October 21, 2016.

The Board of Director is made up of a majority of independent directors in accordance with the guidance of the Exchange policies. The independent directors are Alberto F. Orcoyen, Scott White, Carlos Adamo and Hugo Dragonetti (Jr).

PRINCIPAL BUSINESS OF THE COMPANY

The Company's principal exploration project is the Chita Valley project consisting of three core contiguous properties, namely, Chita, Brechas Vacas and Minas de Pinto mineral concessions (8,350 ha), and four additional claims adjacent to such properties, in total the company controls an area of 17,400 hectares or 174 square kilometers.

Minsud, through its subsidiary MSA, owns 100% of the Chita property and the four adjacent claims (Chita Este, Brechas Vacas Oeste, Chita Norte, Chita Sur). Minsud is also the beneficial owner of a 50% interest in the respective trusts that own 100% of the Brechas Vacas property and the Minas de Pinto property. The remaining 50% beneficial interest in each of these properties is subject to exclusive and irrevocable purchase option agreement granted in favour of Minsud by the owner of each 50% of the beneficiary rights. All required payments and terms as per the various ownership agreements are up to date.

A 0.6% net smelter return royalty ("NSR") is payable to the Brechas Vacas property owners, with Minsud having the option to purchase a 0.3% NSR at any time for a one-time payment of US\$400,000. A 2% NSR on future production revenue from the Chita Norte and Chita Sur exploration permits is payable to Troy Resources Argentina Ltd. Minsud has the right to purchase one half or 1% of the NSR royalty by paying US\$750,000.

A gap of 6.6 hectares between the Chita property mining concession and Brechas Vacas property mining concession had been claimed by third parties and is currently under dispute with the local mining authority. The Graphic Register of Mines (Registro Gráfico de Minas) has denied registration to this third party's claim. This step is in line with the stance of Minsud in the sense that this claim does not have enough surface area for mineral dissemination nor for vein mineralization, according to the Argentine Mining Code. On September 17, 2013, the Legal Department of the Ministry of Mines of San Juan Province issued a legal opinion denying such third-party claims based on the same reasons argued by Minsud. The issue then progressed up to the Mining Council, which issued the final resolution confirming the denial of the claim of third parties and issuing an order to delete it from the Registro Gráfico de Minas. Minsud has requested the extension of the Chita property mining concession up to the western boundaries with the Brechas Vacas property mining concession to cover the whole area as the Company cannot carry out drilling in this gap until ownership is obtained. Approval is pending.

Thirty hectares within the boundaries of the Chita property mining concession are owned by third parties; however, Minsud does not consider this area as being material to its current exploration activities and is not in the process of acquiring this section.

The Company also owns 100% of the mining rights at the La Rosita (9,970 ha) that this year progressed up to a ready for drilling stage. The La Rosita Property is a gold and silver prospect located within the Deseado Massif in the Area of Special Mining Interest of Santa Cruz Province. The La Rosita Property consists of the Alfa, Alfa II and Alfa III mining concessions, however, the majority of the exploration activity carried out by the Company has been on targets located on the the Alfa II (1,992 ha) mining concession.

Minsud is concentrating efforts in exploring both Chita and La Rosita, but depending of financial availability. It will also intend to be a more active player in the mining business value chain, either looking for JVP for existing properties or acquiring new exceptional properties for new discoveries.

BUSINESS DEVELOPMENTS DURING THE THREE MONTHS ENDED MARCH 31, 2017

Minsud's proposed exploration program at the Chita Valley Project is expected to cost \$1.52 million. The work will be conducted primarily on the Chita South Porphyry where 1,500 metres of diamond drilling is planned to further define the mineral resources and conceptual open pit mine model. The Company is also planning to continue with the bioleach SX-EW testwork to further prepare a scoping study for internal purposes.

In order to complete this program, Minsud awarded a mandate to a capital market firm based in Toronto, to assist management in raising sufficient financing while widening the investor base.

EXPLORATION DEVELOPMENTS DURING THE THREE MONTHS ENDED MARCH 31, 2017

Chita Valley Project

Minsud Resources Corp retained P&E Mining Consultants Inc. of Brampton, ON to complete a NI 43-101 Technical Report and Updated Mineral Resource Estimate on the Chita Valley Project, San Juan Province, Argentina. The report has an effective date of December 18, 2015 and a signing date of February 1, 2016. The reader is referred to this report for both summary and detailed information concerning all technical aspects of the Chita Valley Project as at the effective date of the report. The report may be viewed under the Company's profile at www.sedar.com

In December 2016, Minsud again retained P&E Mining Consultants Inc. to prepare an updated Mineral Resource Estimate. In P&E's opinion, the drilling, assaying and exploration work of the Chita Porphyry supporting this Mineral Resource Estimate are sufficient to indicate a reasonable potential for economic extraction. All Mineral Resources at a 0.3% Cu cut-off were classified as **Inferred category** based on the geological interpretation, semi-variogram performance and drill hole spacing. The Mineral Resource Estimate is tabulated below. The report may be viewed under the Company's profile at www.sedar.com.

CHITA IN PIT MINERAL RESOURCE ESTIMATE STATEMENT ⁽¹⁻⁴⁾					
All Inferred Mineral Resource at 0.3% Cu Cut-off					
Tonnes Mt	Cu %	Contained Cu M lb	Au g/t	Ag g/t	Mo %
37.0	0.44	362.7	0.07	2.2	0.018

- (1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. It is noted that no specific issues have been identified as yet.
- (2) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
- (3) The mineral resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.
- (4) The 0.30% Cu resource cut-off grade was derived from the Nov 30/16 three year trailing average Cu price of US\$2.63/lb, 80% process recovery, 95% smelter payable, US\$0.08/lb refining charge, US\$10/t process cost, and US\$3/t G&A cost. An optimized pit shell was utilized for resource reporting that utilized a US\$2/t mining cost and 45 degree pit slopes.

CHITA PIT CONSTRAINED MINERAL RESOURCE ESTIMATE SENSITIVITY						
Cu Cut-off	Tonnes	Cu %	Contained Cu M lb	Au g/t	Ag g/t	Mo %
0.80%	0.9	0.99	20.5	0.21	11.8	0.012
0.70%	1.8	0.87	34.8	0.20	9.3	0.014
0.60%	3.8	0.75	63.0	0.15	6.53	0.016
0.50%	8.5	0.64	118.8	0.11	4.4	0.017
0.45%	13.0	0.58	166.6	0.10	3.6	0.017
0.40%	19.6	0.53	227.5	0.09	3.0	0.018

0.35%	28.8	0.48	303.5	0.08	2.5	0.018
0.30%	37.0	0.44	362.7	0.07	2.2	0.018
0.25%	40.9	0.43	386.5	0.07	2.1	0.018

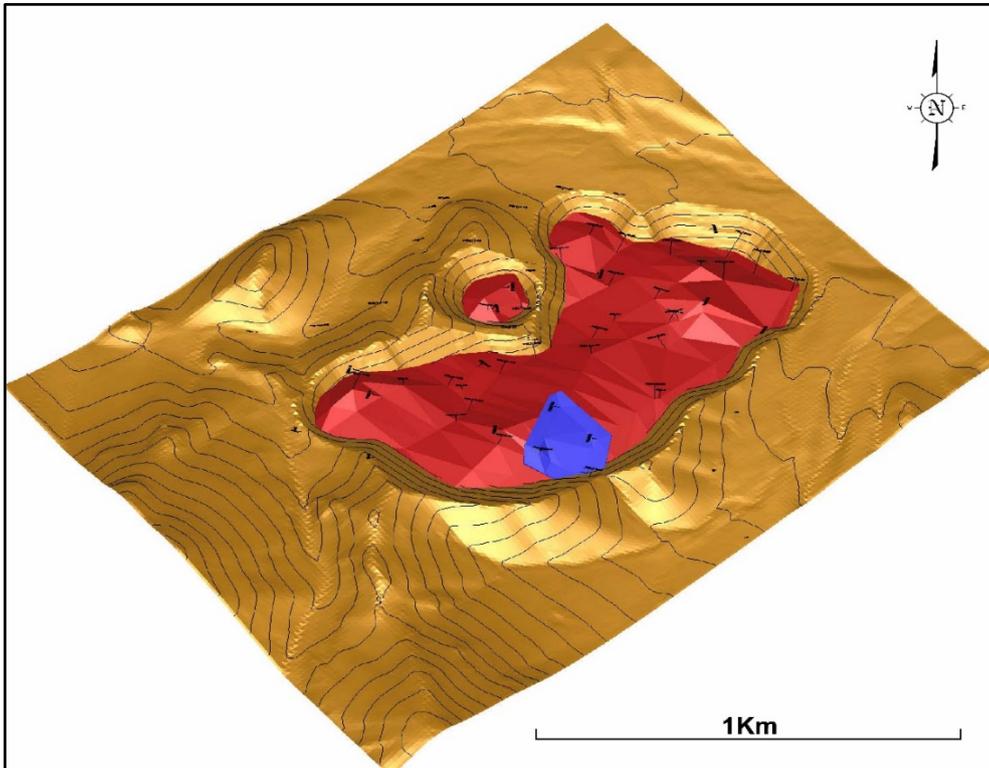


Figure 1: Chita Conceptual Pit Constrained Inferred Resource Diagram (oblique view looking North).

Work Program to March 31, 2017:

During the first month of fiscal 2017 geological and support staff were primarily occupied with updating various maps, sections, databases, QA/QC files with the results of the Q4 2016 drilling program.

Bioleach Solvent Extraction-Electrowinning (“SX-EW”) process testwork on Chita samples is under way at CodelcoTec Sp. A. laboratory in Santiago, Chile. This process results in the production of high quality LME grade copper metal typically at low capital and operating cost. During the first quarter of fiscal 2017, Sample Preparation, Mineral Characterization (chemical, mineralogical and microbiological) and T.E.S (“test of potential of extraction of Cu”) were successfully completed. Work has begun on three 0.60 m Bioleach column tests of representative material with a report expected by mid-2017.

Later in the fiscal quarter, the geological team resumed detailed mapping and sampling various target areas that are accessible by new road construction.

Plans for the remainder of fiscal 2017 (subject to financing) include outline and limited infill drilling in the Chita Deposit area to expand overall resources, particularly at depth, and to upgrade a portion of the Inferred Resources to the Measured and Indicated categories. With the usual mining, processing, infrastructure and environmental studies, etc. the Company intends to assess the economic viability of the deposit as quickly as funding permits. Also as funding becomes available Minsud will advance the other target areas throughout the Chita Valley Project.

La Rosita Project

Field work resumed at La Rosita in the latter part of February 2016. Site reclamation work was completed after a final geological examination of the 51 mechanical trenches. All trenches have been backfilled and the land surface is restored to its original contours.

In May 2016, eleven lines totaling 12 line kilometres of Pole-Dipole IP/Resistivity surveying were completed. The survey identified several target areas that have been assessed in conjunction with previously obtained magnetic, geological, geochemical, structural and alteration data to plan a drilling program. Priority targets with a close spatial relationship with known precious metal mineralization have been identified.

No fieldwork was performed during first quarter of 2017.

Recommendations:

Subject to obtaining specific financing, management recommendations for ongoing work on the La Rosita Properties encompass two main exploration/development objectives:

- The main recommendation is the implementation of a diamond drilling program to test the southwestern part of the La Rosita Property where systematic exploration has been completed. The program is designed as an initial test of specific epithermal veins for Ag-Au mineralization and to further define the basic exploration parameters (lithology, alteration, structure, mineralization, whole rock and trace element geochemistry, geophysical properties, etc.). A ten to twelve-hole program with a cumulative total of 3,000 metres is recommended
- Systematic multidisciplinary exploration is recommended for the remainder of the large area of prospective mineral holdings as funding becomes available.

SELECTED ANNUAL INFORMATION

The following selected financial data for the Company's most recently completed financial periods are derived from the audited financial statements of the Company.

	As at and for the Year Ended December 31, 2016 (\$)	As at and for the Year Ended December 31, 2015 (\$)	As at and for the Year Ended December 31, 2014 (\$)
Other Income	-		420
Net loss for the year	(685,334)	(261,937)	(385,722)
Comprehensive loss for the year	(2,128,467)	(2,150,361)	(1,176,049)
Non-current assets	7,902,515	7,725,085	6,771,490
Current Assets	994,847	629,966	249,648
Non-current liabilities	174,772	380,297	466,981
Current Liabilities	485,695	474,678	515,104
Working Capital	509,152	155,288	(265,456)
Deferred Income Taxes	Nil	Nil	Nil
Share Capital	15,614,345	13,420,207	10,669,507
Shareholders' Equity	8,236,895	7,500,076	6,039,053

PROJECT EXPENDITURES

Project expenditures for the three months ended March 31, 2017 are as follows:

Three months ended March 31, 2017	Chita (\$)	Brechas Vacas (\$)	Minas de Pinto (\$)	La Rosita (\$)	San Antonio (\$)	Other (\$)	Total (\$)
Acquisition costs (a)	(1,891)	NIL	(8,653)	NIL	NIL	NIL	(10,544)
Drilling	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Road	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Assays	33,242	NIL	1,004	NIL	NIL	NIL	34,246
Geophysics	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Labour and Technical Fees	68,549	1,840	764	1,301	NIL	NIL	72,454
Vehicles and Equipment	5,377	NIL	NIL	NIL	NIL	NIL	5,377
Travel and Lodging	11,457	9	NIL	NIL	NIL	NIL	11,466
Project Management	67,845	6,339	3,457	8,351	1,558	NIL	87,550
VAT Paid	2,019	131	333	NIL	NIL	NIL	2,483
Current Expenditures	186,598	8,319	(3,095)	9,652	1,558	NIL	203,032
Currency Translation Adjustment	106,302	23,027	21,053	9,564	37	106	160,089
Write-offs	NIL	NIL	NIL	NIL	(1,595)	NIL	(1,595)
Balance – beginning of period	5,199,684	1,131,428	1,052,360	472,326	NIL	4,892	7,860,690
Balance – end of period	5,492,584	1,162,774	1,070,318	491,542	NIL	4,998	8,222,216

(a) See Chita Valley Project section “Mining rights” discussed previously and Note 6 to the consolidated financial statements.

Project expenditures for the three months ended March 31, 2016 are as follows:

Three months ended March 31, 2016	Chita (\$)	Brechas Vacas (\$)	Minas de Pinto (\$)	La Rosita (\$)	San Antonio (\$)	Other (\$)	Total (\$)
Acquisition costs (a)	24,961	NIL	41,215	NIL	NIL	NIL	66,176
Drilling	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Road Construction	NIL	NIL	NIL	15,134	NIL	NIL	15,134
Assays	9,341	NIL	NIL	526	NIL	NIL	9,867
Geophysics	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Labour and Technical Fees	114,754	2,282	5,486	9,341	133	NIL	131,996
Vehicles and Equipment	9,252	NIL	NIL	904	NIL	NIL	10,156
Travel and Lodging	13,765	NIL	NIL	3,855	NIL	NIL	17,620
Project Management	45,207	6,586	15,066	12,792	1,327	312	81,290
VAT Paid	(14,974)	(56,345)	(2,545)	(9,467)	NIL	NIL	(83,331)
Current Expenditures	202,306	(47,477)	59,222	33,085	1,460	312	248,908
Currency Translation Adjustment	(724,007)	(208,148)	(188,583)	(68,603)	(19,066)	(523)	(1,208,930)
Balance – beginning of period	4,641,784	1,341,527	1,182,955	432,152	118,814	3,022	7,720,254
Balance – end of period	4,120,083	1,085,902	1,053,594	396,634	101,208	2,811	6,760,232

(a) See Chita Valley Project section “Mining rights” discussed previously and Note 6 to the consolidated financial statements.

Chita Valley Project (Chita – Brechas Vacas – Minas de Pinto)

During the three months ended March 31, 2017, the Company spent \$191,822, on the continued exploration of the Chita Valley Project, a decrease of \$22,229 from expenditures of \$214,051 during the three months ended March 31, 2016.

The majority of the exploration expenditures of \$202,366, for the three months ended March 31, 2017 was spent on the Chita property.

Expenditures incurred related to the Chita Valley project during the three months ended March 31, 2017 are primarily related to the following:

- (1) Metallurgical tests: The Company engaged metallurgical tests at Codelco Tech Spa. Laboratory in Santiago, Chile. At present sample preparation, Mineral Characterization (chemical, mineralogical and microbiological) and T.E.S (“test of potential of extraction of Cu”) are successfully completed. Work has begun on three 0.60 m Bioleach column tests of representative material with a report expected by July 2017.
- (2) Labour and technical fees: the Company maintains a full team in the field made up of two geologists and five operators, on a year-round basis. During the three months, ended March 31, 2017, expenditures on labour and technical fees for the Chita Valley project were primarily related to:
 - (i) continued systematic exploration;
 - (ii) Updating detailed mapping as well as long and cross sections in the Chita South sector (PSU);
 - (iii) Planning and coordination of the field work activities for a new drilling campaign;
 - (iv) mapping and sampling for the potential importance of known epithermal Au-Ag veins inside the conceptual pit model.
- (3) Project management includes all operative, administrative and logistical labor costs and expenses that give support to the team on the field represented by the San Juan and Buenos Aires offices.

La Rosita Property

During the three months ended March 31, 2017, the Company spent \$9,652 on its La Rosita poroperty. This is a decrease of \$23,433 when compared to expenditures of \$33,085 incurred during the three months ended March 31, 2016. An agreement with the landowner to access to the property was signed and 51 mechanical trenches were backfilled during the first quarter of fiscal 2016. There was no significant work of note performed during the quarter ended March 31, 2017.

San Antonio Property

During the quarter ended March 31, 2017, the Company spent \$1,558 on the San Antonio property which was also written off during the quarter as the same indicators of impairment existing at December 31, 2016 are still present at March 31, 2017. Management will do its best effort to retain control of the property, considering that San Antonio has exploration potential and is very well located in the Deseado Massif-Santa Cruz Province.

OPERATING ACTIVITIES AND FINANCIAL PERFORMANCE

During the three months and the year ended March 31, 2017, the Company incurred total expenses of \$164,316 representing an increase of \$24,537 when compared to expenses of \$139,779 for the three months ended March 31, 2016. The increase in total expenses is primarily due to an increased amount in stock-based compensation expense (\$14,873), professional fees charged (\$4,569) and an increase in general and administrative expenses (\$4,099).

Cash expenses incurred by the Company of \$100,628 for the three months ended March 31, 2017, represent an increase of \$8,069 when compared to cash expenses of \$92,559 for the three months ended March 31, 2016.

The Company incurred professional and regulatory fees of \$72,547 during the three months ended March 31, 2017. This amount includes management salaries and fees paid for the services of the CEO and CFO, as well as general accounting, audit, legal and regulatory fees. These expenses were higher than the professional and regulatory fees of \$67,978 incurred during the three months ended March 31, 2016, with the difference being the result of increased fees paid to regulators during the quarter ended March 31, 2017.

The Company incurred marketing and communications expenses of \$7,605 during the three months ended March 31, 2017, which were consistent with the same expenses incurred during the three months ended March 31, 2016.

The Company incurred general and administrative expenses of \$14,207 during the three months ended March 31, 2017, representing an increase of \$4,099 when compared to similar expenses of \$10,108 incurred during the three months ended March 31, 2016 which was the result of increased personnel expenses.

During the three months ended March 31, 2017, the Company incurred an expense of \$6,269 for taxes payable related to the ownership of MSA. These expenses were consistent with the three months ended March 31, 2016 with a nominal increase.

The Company also incurred the following non-cash expenses that contributed to the net loss for the three months ended March 31, 2017:

- Expenses related to stock-based compensation for the three months ended March 31, 2017 were \$62,093. Stock-based compensation for the first quarter of fiscal year 2017 increased by \$14,873 when compared to stock-based compensation expense of \$47,220 for the three months ended March 31, 2016. The fluctuations in stock-based compensation year-to-year is a factor of the timing related to the vesting of stock options during the fiscal periods, as well as new stock options granted since March 31, 2016.
- A write-off of exploration expenses during the three months ended March 31, 2017 of \$1,595 related to the San Antonio property, as the Company had no further plans to explore the San Antonio property and had to cut out further expenses on the area. The Company had no such write-offs of its mineral properties during the three months ended March 31, 2016.

Finally, the significant currency translation adjustment that resulted in an accounting gain of \$149,629 during the three months ended March 31, 2017 was due to fluctuations in the value of the Argentine Peso against the US Dollar as well as the fluctuation of the Canadian Dollar against the US Dollar.

It should be noted that, historically, the Company's foreign currency translation in accordance with IFRS has had a negative impact on the Canadian Dollar values of the MSA net assets, and the Company has reported losses related to the foreign currency translation on its consolidated statement of comprehensive loss. This negative impact is the result of the habitual trend in Argentina to devalue its currency due to high internal inflation rates.

The currency translation adjustments discussed above primarily relate to amounts capitalized as mineral properties. The impact of the translation on the Company's liquid assets was minimal.

SELECTED QUARTERLY INFORMATION

The following table shows selected financial information related to the results of the Company's most recent periods. The information contained in this table should be read in conjunction with the Company's financial statements.

Fiscal Year	2017	2016				2015		
	Mar	Dec	Sep	Jun	Mar	Dec	Sep	Jun
For the quarters ended	\$							
Net Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss) for the period	(163,208)	(309,156)	(113,033)	(123,366)	(139,779)	81,132	(108,167)	(109,364)
Comprehensive Income (Loss) for the period	(13,579)	(380,913)	(165,848)	(315,179)	(1,266,527)	(2,095,533)	103,700	(363,231)
Income (Loss) per share, basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Factors affecting quarterly results

Fluctuations in quarterly results are primarily caused by stock-based compensation related to the issuance of stock options and exchange rate fluctuation of the Argentine peso. During the quarter ended March 31, 2017, the revaluation of the Argentine Peso resulted in a gain for accounting purposes that is not consistent with historical results.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of \$196,086 as at March 31, 2017, compared to working capital of \$509,152 as at December 31, 2016. As at March 31, 2017, the Company held cash and cash equivalents of \$532,121 versus \$931,010 as at December 31, 2016.

Mineral exploration companies continue to operate under highly stressed market conditions combined with poor venture capital markets. However, since early 2016, the prices of base and precious metals have improved, therefore, some green shoots encourage prudent but consistent exploration investments.

The Company has been able to ride out the difficult times following the rule of being prudent with the use of funds while continuing to explore its properties to generate asset value. The aftermath is that now the Company is prepared to move forward at a quicker pace according to the availability of financial resources.

Minsud has been able to maintain control of the key properties as well as renegotiating and rescheduling payments as follows:

- (i) The acquisition of the Chita property with medium-term financing. Just the last instalment, payable by September of 2017, is now due to fully complete the acquisition.
- (ii) The acquisition of the 50% interest in the Minas de Pinto Trust through vendor's financing, which has recently been negotiated to extend the term of the payments to 2019, as well as the term for exercising the purchase option for the remaining 50% beneficial interest to 2020; and
- (iii) The re-scheduled staggered payments and the terms of the option payment on the remaining 50% beneficial interest in the Brechas Vacas Trust to 2021.

For more details, please refer to **COMMITMENTS AND CONTINGENCIES** in this MD&A.

After negotiating these key agreements, Minsud's management believes that it is in a much better position to continue with its systematic exploration approach to work on the consolidated Chita Valley Project.

In the long term, the Company is dependent on obtaining future financing for the exploration and development of its properties and for any new projects. The Company's ability to obtain future financings may be affected by several factors including the sustainability of commodity prices and the economic recovery of worldwide capital markets for mining businesses.

It is worth mentioning that, as of the date of this MD&A, the Company has closed eight non-brokered private placements. Management is permanently looking for new potential investors with long term vision to support its intention to continue advancing the Chita Valley Project and La Rosita.

Share Capital

As at the date of this MD&A the Company's share position consists of:

Shares outstanding	121,552,254
Options outstanding	9,585,000
Warrants	47,447,650
Put and Call Option	790,000
TOTAL	179,374,904

Options Outstanding

As at the date of this MD&A the following options are issued and outstanding:

Exercise Price	Options Vested	Options Unvested	Remaining Contractual Life (Years)	Expiry Date
\$0.19	310,000	-	0.22	August 17, 2017
\$0.10	465,000	-	1.35	October 3, 2018
\$0.10	910,000	-	1.95	May 12, 2019
\$0.10	1,010,000	-	2.48	November 20, 2019
\$0.10	2,055,000	685,000	3.55	December 14, 2020
	1,037,500	3,112,500	4.55	December 15, 2021
	5,787,500	3,797,500	3.50	

Warrants Outstanding

As at the date of this MD&A the following warrants are issued and outstanding:

Exercise Price	Warrants Outstanding	Remaining Contractual Life (Years)	Expiry Date
\$0.35	13,124,775	0.22	August 20, 2017
\$0.35	5,780,000	0.30	September 15, 2017
\$0.35	1,789,545	0.56	December 21, 2017
\$0.35	10,000,000	0.89	April 20, 2018
\$0.15	15,192,000	1.26	September 2, 2018
\$0.15	1,561,330	1.48	November 21, 2018
	47,447,650	0.62	

Put and Call Option

Upon completion of the Minsud Transaction, the Company entered into a put and call option agreement with Compañía de Tierras Sud Argentino S.A. in connection with the 542,600 shares of MSA not acquired by the Company (representing 5% of the total number of issued and outstanding shares of MSA) which included an irrevocable covenant to not divest or encumber such shares. The put and call option agreement allows the remaining 542,600 shares of MSA to be exchanged for 790,000 common shares of the Company at the option of either party, at any time.

COMMITMENTS AND CONTINGENCIES

Mineral Property Commitments

A summary of the Company's outstanding mineral property commitments, as of the date of this MD&A is as follows (all amounts are in United States Dollars):

Staggered payments	Year	Options (Contingency payments)		Property acquisition financing			TOTAL
		50% Brechas Vacas Trust		50% Minas de Pinto Trust	100% Chita	Subtotal	
		Cash	Shares				
		US\$	US\$	US\$	US\$	US\$	US\$
	2017	50,000	-	35,000	35,000	70,000	120,000
	2018	60,000	-	70,000	-	70,000	130,000
	2019	85,000	-	70,000	-	70,000	155,000
	2020	125,000	-	-	-	-	125,000
	2021	120,000	-	-	-	-	120,000
Total staggered payments		440,000	-	175,000	35,000	210,000	650,000

Option payments	Year	50% Brechas Vacas		50% Minas de Pinto Trust	100% Chita	Subtotal	TOTAL
		Cash	Shares				
				US\$	US\$	US\$	
	2020			1,335,000		1,335,000	1,335,000
	2022	535,000	200,000	-	-	-	535,000
Total Option payments		535,000	200,000	1,335,000	-	1,335,000	1,870,000
Total payments		975,000	200,000	1,510,000	35,000	1,545,000	2,520,000

The financing of the acquisition of the first 50% interest in the Minas de Pinto Trust is an obligation without recourse. Accordingly, if Minsud cannot satisfy future payments, it will only result in MSA having to return its interest in the Minas de Pinto Trust back to the former owners of the Minas de Pinto properties. After paying 50 % of the required payments related to the acquisition of the first 50% interest in the Minas de Pinto Trust, the return of the interest would be proportional to any unpaid balance. This condition has already been fulfilled.

The financing of the purchase of the Chita property is without recourse against MSA. If MSA cannot satisfy future payment obligations, the purchase agreement stipulates that the Company will retain an ownership interest in the Chita property proportional to the amounts paid versus the total payments required pursuant to the purchase agreement. The purchase agreement requires the residual ownership interest that is proportional to the unpaid amounts to be transferred to the original owners of the Chita Property without any additional recourse against the Company.

Further information is disclosed in Note 6 of the Financial Statements and in the PRINCIPAL BUSINESS OF THE COMPANY section in this MD&A.

Services agreement with the Company's President and CEO:

On March 25, 2015, the Company entered into a new services agreement with its President and CEO. Pursuant to the services agreement, an annual fee of \$140,000 consisting of salary and director's fees of MSA, will be paid in monthly instalments by MSA. The services agreement continues in effect until

December 31, 2015 and provides that the President and CEO may pursue outside business interests or directorships in other industries that do not interfere or conflict with his ability to carry out his duties as an officer and director of the Company and MSA. The services agreement contains a change of control provision, where "change of control" is defined as: (a) the acquisition by a person, group of persons or person acting jointly or in concert, or persons associated or affiliated within the meaning of the Securities Act (Ontario) with any such person, group of persons or any of such persons acting jointly or in concert, of more than 50% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors of the Company; or (b) the election at any meeting of shareholders of a majority of directors not recommended by management. If, within nine months following a "change of control", employment of the President and CEO is terminated by the Company without cause, the President and CEO shall be entitled to a lump sum severance payment of \$280,000 and the immediate vesting of all unvested stock options.

The President and CEO can terminate the agreement without consequence by giving 90 days previous notice to the Company and MSA. Should the Company choose to terminate the agreement without cause, the President and CEO shall be entitled to a payment of \$140,000.

On March 11, 2016, the Company and its President and CEO entered into a new services agreement for an annual fee of \$140,000, consisting of salary and director's fees of MSA, which will be paid in monthly instalments by MSA. The new agreement expired December 31, 2016

During the three months ended March 31, 2017, the Company and the Company's President and CEO entered into a new services agreement for an annual fee of \$140,000, consisting of salary and director's fees of MSA, which will be paid in monthly instalments by MSA. The new agreement expires December 31, 2017 and contains provisions similar to those included in the services agreement that expired December 31, 2016.

Consulting agreement with the Company's Vice-President (Exploration):

During the year ended December 31, 2016, the Company and the Company's Vice-President (Exploration) signed a new semi-annual consulting agreement for a fixed monthly fee of \$7,000 until December 31, 2016. The agreement does not provide for any payments in the event of a change of control or termination.

During the three months ended March 31, 2017, the Company and the Company's Vice-President (Exploration) signed a new consulting agreement for a fixed monthly fee of \$7,000 until December 31, 2017. The agreement does not provide for any payments in the event of a change of control or termination.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2017, the Company incurred the following related party transactions:

i) Transactions

- a. A total of \$35,000 (2016 - \$35,000) was charged by Carlos Massa, the CEO of the Company.
- c. A total salary of \$18,358 (2016 - \$16,195) was charged by Ramiro Massa, an individual related to the Company's CEO, for financial and operational management services in his role as Controller of the Company's subsidiary MSA.
- c. A total of \$9,500 (2016 - \$9,553) of accounting and regulatory compliance fees and \$5,250 (2016 - \$5,250) of CFO fees were charged by Forbes Andersen LLP, an accounting firm in which Paul Andersen, the Company's CFO, is a partner.
- d. A total of \$26,000 (2016 - \$21,000) of professional fees and \$Nil (2016 - \$5,640) of exploration expenses were charged by Howard Coates, the Company's Vice-President (Exploration).
- e. The amount of stock-based compensation expense for the period ended March 31, 2016 related to the continued vesting of stock options issued to key members of management was \$47,383 (2016 - \$33,105).

ii) Period-end Balances

- a. As at March 31, 2017, accounts payable and accrued liabilities included \$15,328 payable to the CEO of the Company.
- b. As at March 31, 2017, accounts payable and accrued liabilities included \$20,108 payable to Forbes Andersen LLP, an accounting firm in which Paul Andersen, the Company's CFO, is a partner.
- c. As at March 31, 2017, accounts payable and accrued liabilities included \$7,910 payable to Howard Coates, the Company's Vice-President (Exploration).
- d. As at March 31, 2017, accounts payable and accrued liabilities included \$59,700 of accrued director's fees payable to members of the Company's Board of Directors.

All related party transactions were in the normal course of operations and all services provided by related parties were made on terms equivalent to those that prevail with arm's length transactions.

SUBSEQUENT EVENTS

Subsequent to the three months ended March 31, 2017:

- a. 9,000,000 warrants expired unexercised.
- b. The Company completed the fifth payment of the Minas de Pinto Trust acquisition of US\$35,000 in accordance with the rescheduled terms of the Minas de Pinto Agreement for the acquisition of the Company's 50% beneficial interest in the Minas de Pinto Trust.

OFF-BALANCE SHEET TRANSACTIONS

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

BASIS OF PRESENTATION

The Company's Financial Statements have been prepared in accordance with IFRS as issued by the IASB.

The Company has not yet established whether its mineral properties contain resources or reserves that are economically recoverable. The recovery of amounts capitalized as mineral properties is dependent upon the discovery of economically recoverable resources or reserves, the ability of the Company to arrange appropriate financing to complete the development of properties, and upon future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain.

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration programs, maintain its mineral properties concession rights and exploration agreements with purchase options, discharge its liabilities as they become due and generate positive cash flows from operations.

These financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business. Accordingly, these financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these financial statements.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates used in the preparation of the Consolidated Financial Statements are related to the recoverable

value of the Company's mineral properties, as well as the value of stock-based compensation. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company records all of its property acquisition costs and direct exploration costs as an asset until the properties are placed into production, sold or abandoned, at which time the costs will either be amortized on a units-of-production basis or fully charged to operations. Management reviews the carrying value of the mineral properties for impairment or permanent declines in the value of the property, such as abandonment, and the related project balances are then written off.

Estimates related to stock-based compensation include the volatility of the Company's stock price, as well as when stock options may be exercised. The timing of exercise of stock options is out of the Company's control and depends on various factors including the market value of the Company's shares and the financial objectives of the holders of stock options.

RISK FACTORS

The Company is engaged in exploring and developing mining projects and as such, it is exposed to a number of risks and uncertainties that affect similar companies that carry out activities in the same industry. Some of these possible risks include:

Commodities Price Risk

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

Environmental Risk and Regulation

The Company should comply with environmental regulations governing water and air quality as well the impact on soils and grant third parties and the government the possibility of environmental claims. Therefore, the Company seeks to operate within environmental protection standards that comply with or exceed existing legal requirements. Current and present environmental regulations could however affect the Company's operations. Likewise, environmental costs could increase in the future due to change in regulations. Exploration programs could then be postponed or banned in some areas. Although to date, environmental remediation costs are minimal, they are a component of exploration expenses.

Licenses and Permits

Company operations require obtaining various licenses and permits from governmental agencies. There is no certainty as to whether the company will obtain those permits and licenses required to continue its exploration and project development activities in the future.

The Company's activities are subject to a wide array of laws and provision that govern, among others, aspects such as health and safety of employees, employment standards, waste disposal, and environmental protection, protection of historic and archeological sites, mine development and preservation of endangered or protected species. Likewise, the Company should obtain a wide range of permits from governmental authorities and enforcement authorities to carry out its activities. These permits virtually refer to each aspect of the mining exploration and exploitation. Changes in some of these regulations or their interpretation could adversely affect the Company's current or future operations.

Exploration and Exploitation Business Risks

Mining exploration and exploitation involve a high-risk level. Only some properties (projects) that are explored end up turning into a productive mine. Unusual or unexpected geological formations, fires, labor claims, floods, explosions, ground movement and the impossibility of obtaining the adequate machinery, equipment or adequate workers are only some of the risks involved in the mining exploration and exploitation activities. Additionally, to establish or determine mineral and resource reserves, significant disbursements are required, such as drilling, developing metallurgic processes to extract the ore and in some

properties (projects) developing accesses and mining infrastructure and production required or upgrading or modernizing the existing infrastructure and accesses. There is no certainty as to whether funds required for exploiting mineral reserves or resources discovered by the Company will be obtained in due course or at some time at all.

Mining Properties

Acquiring the title to the mining property is a very detailed and prolonged process. Title may be challenged or be subject to legal disputes. Although the Company has researched in the most diligent and fullest possible manner the title to its mining properties, there is no certainty that its title will not be disputed or challenged in the future.

Currency Risk

The Company's primary operations are located in Argentina. The Company raises funds in Canadian dollars and pays most of its Argentinean costs in United States Dollars or Argentinean Pesos, and is therefore subject to foreign exchange risk on this payment stream. As the proceeds from financings are often immediately converted to Argentinean Pesos, these cash reserves are subject to foreign exchange risk.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet the obligations associated with its working capital. The Company has sufficient funds to settle its short-term working capital requirements. The Company's ability to manage liquidity risk in the future will be dependent on, but not limited to, its ability to raise financing necessary to fund its exploration programs, defend its mineral properties concession rights, discharge its liabilities as they become due and generate positive cash flows from operations.

Credit Risk Management

The Company's main credit risk arises from its cash deposits with banks. The Company limits its counterparty risk on its deposits by dealing only with financial institutions with high credit ratings. The Company is also exposed to credit risk on its financial assets.

Capital Risk Management

The Company defines capital as total equity. The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs, meet its ongoing administrative costs, property maintenance and option payments.

This is achieved by the Board's review and acceptance of exploration budgets that are achievable using existing resources and the matching and timely release of the next stage of expenditures with the resources made available from private placements or other fundraising. There can be no assurance that the Company will be able to continue using equity capital in this manner.

The Company is not subject to any externally imposed capital requirements.

Additional risk factors relevant to the Company are included in the Filing Statement dated April 27, 2011 which is available under the Company's profile on www.sedar.com

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 9, Financial instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, Financial Instruments: recognition and measurement ("IAS 39"). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of this standard and amendments on its Consolidated Financial Statements.

IFRS 15, Revenue from Contracts and Customers (“IFRS 15”) was issued by the IASB in May 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 15 on its Consolidated Financial Statements.

IFRS 16, Leases (“IFRS 16”) was issued by the IASB in January 2016, and will replace IAS 17 Leases. IFRS 16 specifies the methodology to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases except for short-term leases and leases with low value assets. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been adopted. A lessee will apply IFRS 16 to its leases either retrospectively to each prior reporting period presented; or retrospectively with the cumulative effect of initially applying IFRS 16 being recognized at the date of initial application. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

RECENT ARGENTINE REGULATIONS AND IMPORTANT DEVELOPMENTS

National Framework for Doing Business:

On December 10, 2015, Mr. Mauricio Macri assumed his role as President of Argentina. During the first months of his government, some important measures have been put in force as follows:

- (i) The release of the foreign exchange market that, in the past, was subject to many restrictions such as the import of goods and services and dividend payments amongst the mains.
- (ii) An Argentine Peso devaluation that improves the competitiveness of the country, a measure largely demanded by the market.
- (iii) The elimination of the “export taxes” particularly for the mining industry that was levied at a rate of 10% on concentrates exports and 5 % for the bullion doré.
- (iv) The settlement to the litigators (holdouts) that allowed the country to exit the “Selective Default” A relevant measure in the way of the country to return to the Global Capital Market. The aftermath was the reduction of 700 basis points on the yield of US\$ priced Argentine Bonds which is now approximately 7% annually.
- (v) The challenge now is to focus on reducing the high rate on inflation unleashed as a consequence of the macrodevaluation. Government is targeting a reduced inflation rate for the second semester pointing to an annual rate in the about of 17%.

QUALIFIED PERSONS

The scientific and technical data included in this MD&A has been reviewed by Mr. Howard Coates, Professional Geoscientist, Director and Vice President (Exploration) of the Company and a geological consultant. Mr. Coates is a Qualified Person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that

information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements or fraud. There have not been any changes in the Company's disclosure controls and procedures and the internal control over financial reporting that occurred during the year ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of controls and procedures:

The Company's management believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

ADDITIONAL INFORMATION

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