



(formerly Angel Bioventures Inc.)

**Management's Discussion and Analysis**  
**Six months ended June 30, 2017**  
(Expressed in Canadian Dollars)

**ABRAPLATA RESOURCE CORP.**  
**Management's Discussion and Analysis**  
**Six months ended June 30, 2017**  
*(In Canadian Dollars unless otherwise stated)*

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*This Management's Discussion and Analysis ("MD&A") of AbraPlata Resource Corp. should be read in conjunction with the Company's unaudited consolidated financial statements and related notes for the six months ended June 30, 2017. The Company's condensed interim consolidated financial statements for the six months ended June 30, 2017 have been prepared in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board ("IASB"). All dollar amounts included therein and in this MD&A are expressed in Canadian Dollars unless otherwise noted. The information contained within this MD&A is current to August 28, 2017.*

## **1. OVERVIEW**

AbraPlata Resource Corp. (formerly Angel Bioventures Inc.) (the "Company") was incorporated on August 31, 1993 under the Alberta Business Corporations Act. On September 30, 2015, the Company's incorporation jurisdiction was moved to British Columbia. The Company's registered office is located at Suite 303, 750 West Pender Street, Vancouver, BC, V6C 2T7. The Company was a resource exploration company in the business of acquiring and exploring mineral properties until August 28, 2013 when the Company changed its name to Angel Bioventures Inc. On March 23, 2017, the Company changed its name to AbraPlata Resource Corp.

On September 16, 2016, the Company signed a binding Letter of Intent ("LOI") with Huayra Minerals Corporation ("Huayra"). The LOI sets out the key terms of the proposed acquisition by the Company of 100% of the issued and outstanding securities of Huayra.

Huayra is a mineral exploration and development company engaged in the acquisition, exploration and development of mineral resource properties in Argentina. Huayra has an agreement (the "SSRM Agreement") with SSR Mining Inc. ("SSR Mining") to acquire an indirect 100% interest in the Diablillos and Aguas Perdidas (previously known as "M-18") properties in Salta and Chubut Provinces, Argentina. Huayra also has rights in the Cerro Amarillo property in the Province of Mendoza, Argentina and the Samenta property in the Province of Salta, Argentina.

On November 15, 2016, the Company and its wholly-owned subsidiary, 1096494 BC Ltd., entered into a definitive merger agreement (the "Merger Agreement") with Huayra. As per the terms of the Merger Agreement, Huayra and 1096494 BC Ltd. amalgamated (the "Amalgamation") and the amalgamated company became a wholly-owned subsidiary of the Company. The Amalgamation was an arm's length transaction and constituted a "reverse takeover" pursuant to the policies of the TSX Venture Exchange (the "Exchange"). Pursuant to the terms of the Merger Agreement, the Company undertook a concurrent financing of some \$2,800,000 to meet the initial listing requirements of the Exchange (the "Concurrent Financing").

Prior to the implementation of the Amalgamation, the Company continued from Alberta to British Columbia (the "Continuation"). Pursuant to the Amalgamation, the Company acquires all of the issued and outstanding Class A common shares of Huayra in exchange for a like number of common shares of the Company.

The Amalgamation became effective on April 24, 2017. In this regard, the Company entered into an agreement with SSR Mining (the "SSRM Agreement") providing for the Company's assumption of all of Huayra's obligations under the SSRM Agreement. Such obligations include, but are not limited to, SSR Mining's right under the SSRM Agreement to: (i) a free carried equity interest in the Company until the completion of a public offering of US\$5,000,000 million or more; (ii) participate in future equity financings to maintain its ownership level in the Company for as long as SSR Mining continues to hold more than ten percent of the then issued and outstanding shares of the Company on a non-diluted basis; (iii) receive cash payments of approximately US\$1,500,000 over the first two years and US\$12,500,000 over the following three to five years; and (iv) a 1% net smelter returns royalty on production from each of the properties. The Company also proposes to list as a Tier 2 Mining Issuer on the Exchange.

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As a condition precedent to the Amalgamation, the Company undertook the Concurrent Financing and raised \$2,863,100 in order for the Company to meet the initial listing requirements of the Exchange. The securities issued in the Concurrent Financing consist of 9,543,663 subscription receipts of the Company at a price of not less than \$0.30 per share.

## **2. EXPLORATION AND EVALUATION**

### **Diablillos Project**

The Diablillos property covers an area of some 79km<sup>2</sup> and hosts epithermal precious metal mineralization in eight mineral occurrences. One of these, the Oculito Deposit, contains all the Indicated Resources known from the property which, as recently estimated by Roscoe Postle Associates Inc ("RPA"), amounts to 27.7m tonnes at a grade of 91.2g/t Ag and 0.85g/t Au and containing 81.3m oz Ag and 755k oz Au (ie, 135m oz AgEq or 1.9m oz AuEq). In addition, the Company is currently drilling-off additional mineralization at the Fantasma Mineralized Zone some 800m west of Oculito with a view to further defining and expanding the existing resource base from the property. This will allow AbraPlata to establish the parameters necessary for undertaking a Preliminary Economic Assessment ("PEA") which will be completed by RPA and GR Engineering Services ("GRES") over the next three to four months.

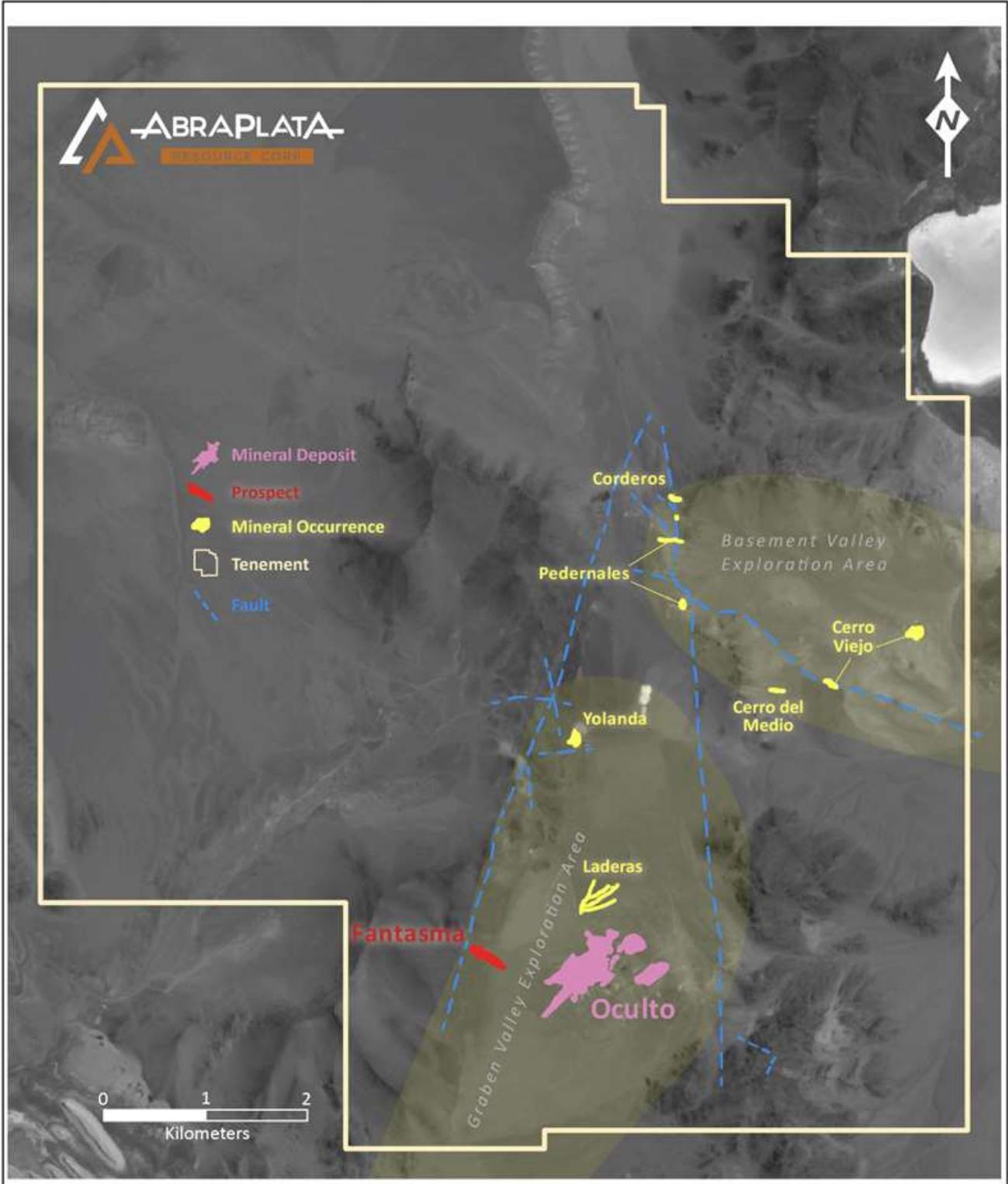
The PEA to be prepared by RPA and GRES will cover all aspects of the Diablillos project that would typically be addressed in a scoping study. More specifically, RPA will be responsible for preparing land and permit requirements, geology and resources (including a new resource estimate for the property), all mining aspects (including mine design and optimization, mining methods and equipment, and waste rock disposal procedures), and life-of-mine plan. GRES will provide inputs with respect to preliminary process design criteria, process flow diagrams, general arrangement drawings, mechanical equipment lists, material take-offs, leach pad and tailings storage facility, and supporting infrastructure (roads, power, water, buildings, etc). The report will also include after-tax cash flow forecasts and cash flow sensitivity to key inputs.

### **Fantasma**

The Fantasma Mineralized Zone is one of eight mineral occurrences on the property (Figure 1), and lies some 800m west of the Oculito Deposit which currently hosts all the indicated resources reported for the property to date (see 43-101 Technical Report dated November 2, 2016 prepared by RPA which is filed under the Company's profile on SEDAR). Silver-rich mineralization at Fantasma outcrops at surface beneath a thin veneer of alluvium, and was identified by SSR Mining Inc in 2012 from sampling done in five trenches over the Fantasma area. They followed up with three diamond drill holes angled at 60° (Figure 2,) and intersected mineralization in all three holes. This mineralization appeared to be confined to two gently dipping, stacked layers some 20m and 10m in thickness respectively as indicated by hole DDH-12-126 which intersected 24.1m @ 117.6g/t Ag in the upper zone and 11.7m @ 185.6g/t Ag in the lower zone. AbraPlata's hole DDH-17-128, which was drilled vertically and intersected mineralization grading 98.3g/t Ag over 52.0m, indicates that the two stacked layers may be merging to the west.

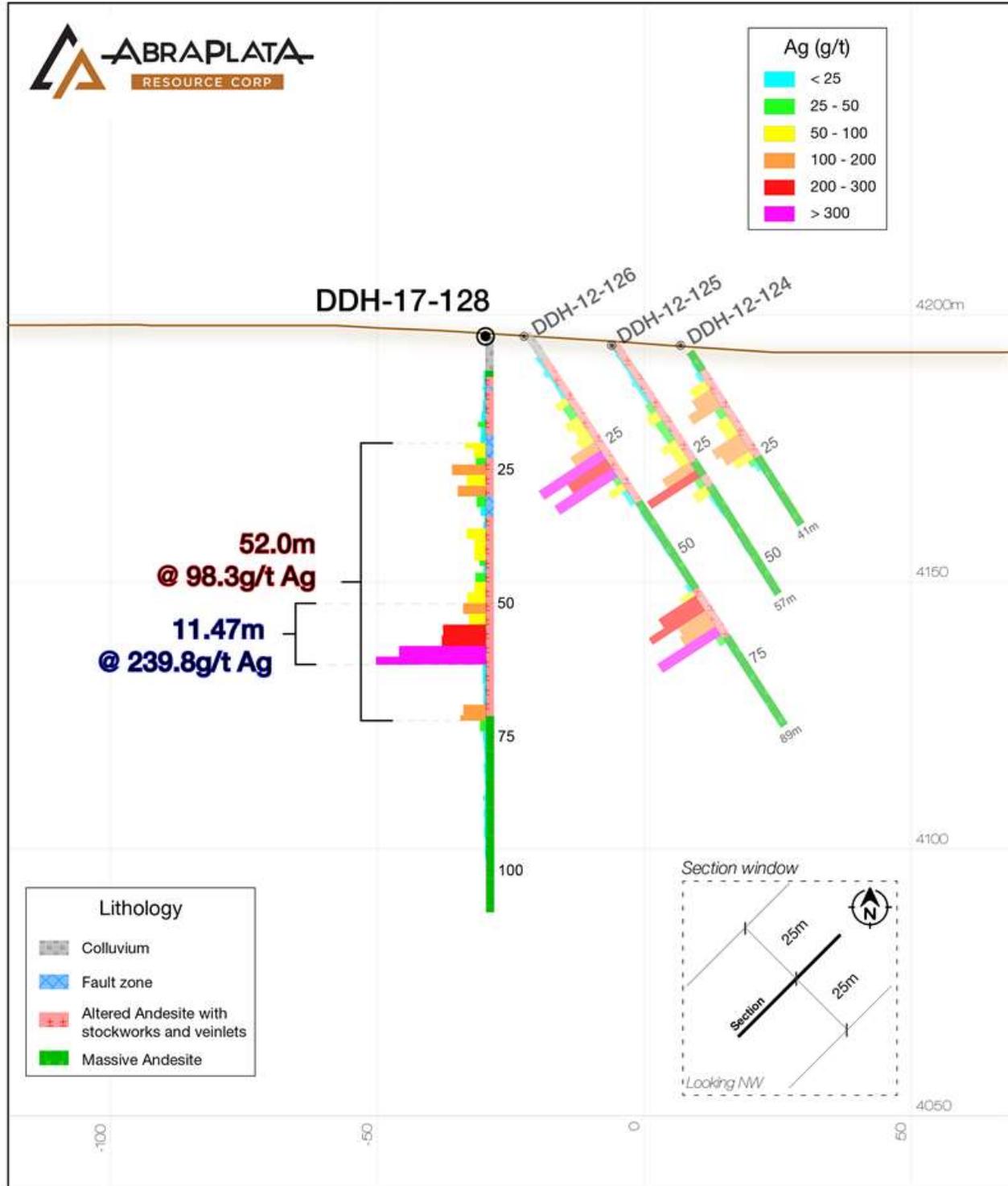
The focus of the current drill program is to extend mineralization at Fantasma with a view to expanding the existing resources outlined at Oculito and to establish the parameters necessary for completing a Preliminary Economic Assessment study. The implication of bringing the Fantasma mineralization into a resource category, however, goes beyond merely growing the global resource at Diablillos; rather, the near surface mineralization at Fantasma could go a long way to mitigating the effects of a pre-strip that would be required in bringing the buried Oculito deposit into production. The current program of 2000m is expected to be completed by late July - early August, and comprises 15 holes ranging from 100m to 350m in depth.

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**Figure 1 - The Diablillos Ag-Au property showing the various mineralized occurrences, including the Oculito Deposit, which hosts the current indicated resources reported for the property.**

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**Figure 2** - Cross section through diamond drill hole DDH-17-128 indicating lithology and silver values. Note the results of the three previous drilled holes (2012) to the left of DDH-17-128.

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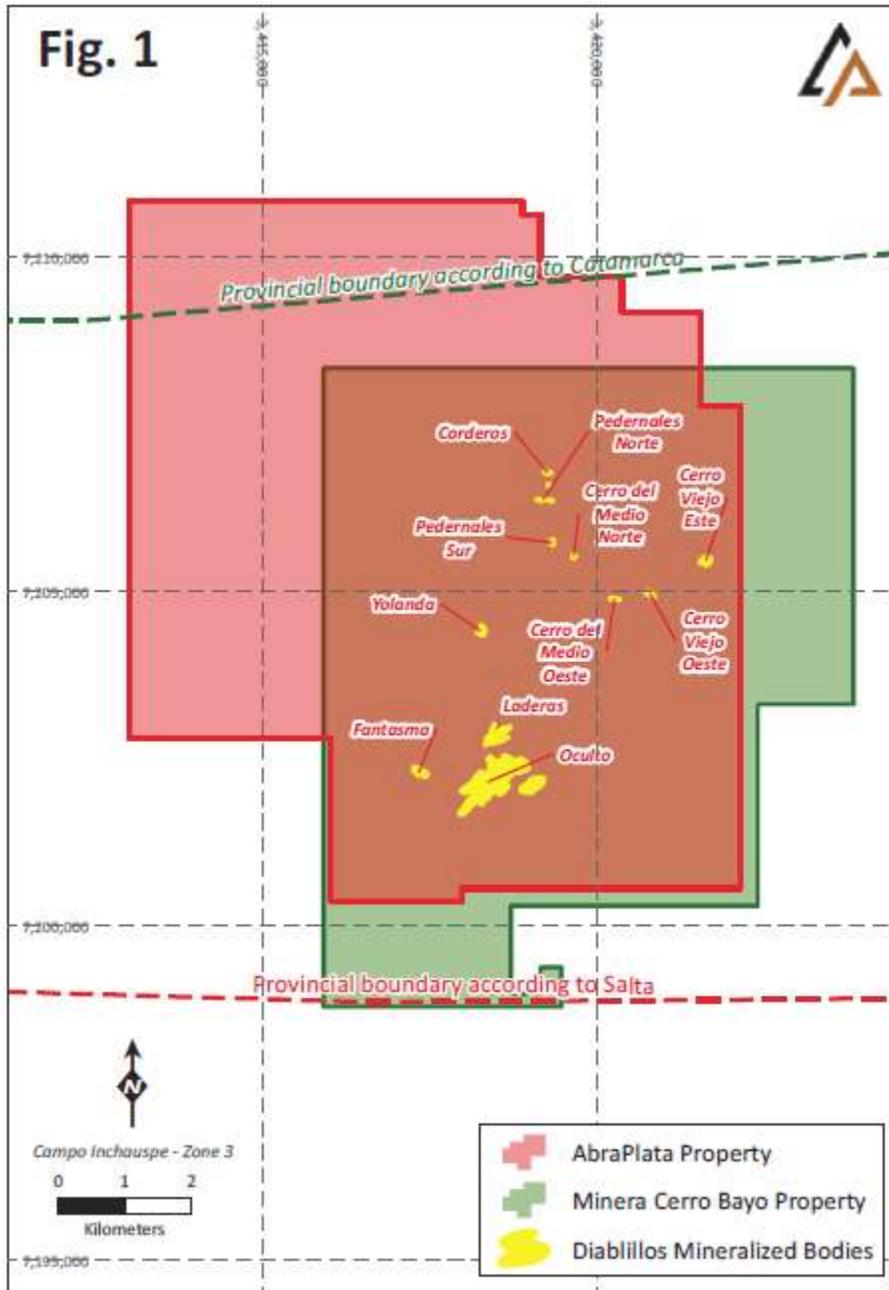
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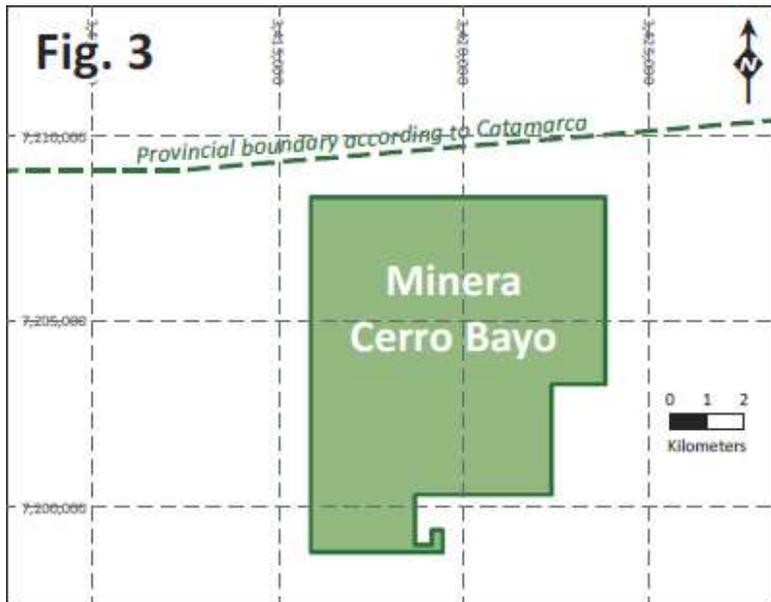
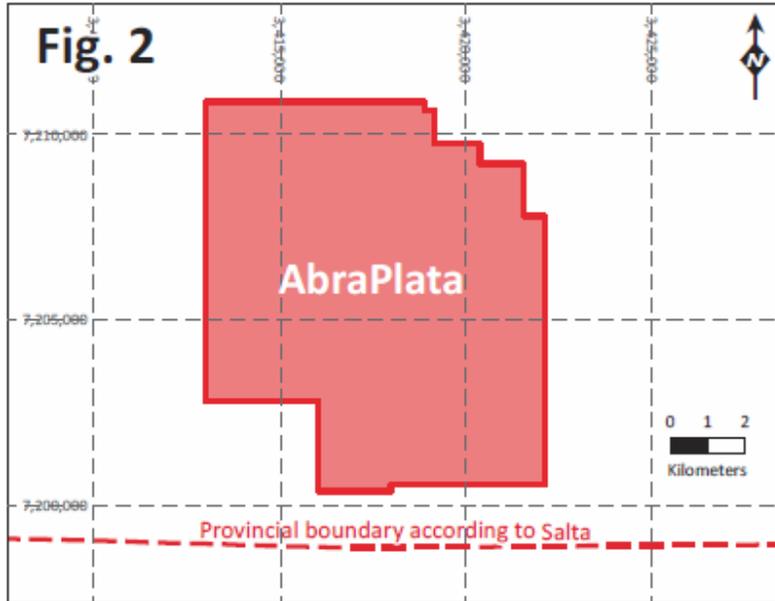
The Diablillos property lies within the border zone between the Province of Salta and the Province of Catamarca. For many years, the definitive border line between Salta and Catamarca has been in dispute and the Diablillos property falls within territory claimed by both provinces. In 1984, the government of Salta granted mineral rights to the Diablillos property to one of the Company's predecessors-in-title (see Figure 2 below). In the early 2000s, the government of Catamarca granted to a third party mineral rights in the same area (see Figure 3 below), some of which overlapped with the Diablillos mineral rights previously granted by the government of Salta, thereby creating the potential for conflicting titles pending the resolution of the border dispute, a matter falling within the jurisdiction of the federal government under the Constitution of Argentina. Additional details respecting the provincial border dispute and the potentially conflicting titles to the Diablillos property can be found in the Company's Filing Statement dated March 1, 2017, a copy of which is filed under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

The Company has reached an agreement with the shareholders of Minera Cerro Bayo SA ("Cerro Bayo" or "MCB"), the owner of the conflicting mineral rights granted by the government of Catamarca, to acquire a 100% equity interest in Cerro Bayo, thereby indirectly acquiring ownership and control of the conflicting mineral interests. As consideration, the Company will pay US\$ 3.325 million in cash and issue 500,000 common shares of the Company to the shareholders of Cerro Bayo in instalments over a five year period. The agreement is subject to approval by the TSX Venture Exchange as well as legal due diligence and negotiation of definitive documentation.

"We are extremely pleased to finally resolve the overlapping claims situation at Diablillos" commented Hernan Zaballa, Executive Chairman of AbraPlata, adding that "...the uncertainty created by the provincial border dispute has confounded previous operators in the past and, by owning the overlapping rights on both sides of the dispute, we have effectively removed a key obstacle to the further development of the Diablillos project".

Despite the Company's belief that its existing title to the Diablillos property should ultimately prevail once the provincial border dispute is finally decided by the federal government of Argentina, resolution of the dispute may take many years and, as long as the dispute remains ongoing, uncertainty as to the integrity of the Company's title would otherwise continue to exist, thereby hampering the Company's efforts to develop the project. The Company is aware of other mining companies operating in the vicinity of the Diablillos property who, in the face of similar potential title risks resulting from the provincial border dispute, have used the same strategy as AbraPlata to mitigate the risks by acquiring and effectively consolidating ownership and control of any and all overlapping and potentially conflicting mineral rights granted by both Salta and Catamarca.





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**3. SELECTED ANNUAL INFORMATION**

For the years ended September 30, 2016, September 30, 2015 and 2014:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
Revenue	\$ -	\$ -	\$ -
Net (loss) income for the period	\$ 2,012,022	\$ (762,574)	\$ (2,398,760)
Basic and diluted loss per share	\$ 0.10	\$ (0.11)	\$ (0.34)
Total assets	\$ 613,876	\$ 71,004	\$ 390,096
Total liabilities	\$ 776,160	\$ 373,523	\$ 2,210,682
Cash dividends declared	\$ -	\$ -	\$ -

The Company has no revenue to report for the years ended December 31, 2016, 2015 and 2014.

**4. RESULTS OF OPERATIONS**

The operating results of junior mining companies can fluctuate significantly from period to period. The Company is in the exploration stage and has no revenue from operations.

**Six months ended June 30, 2017 ("YTD 2017") compared to the six months ended June 30, 2016 ("YTD 2016")**

The Company recorded a net loss of \$4,309,301 for YTD 2017, as compared to a net income of \$1,909,016 for YTD 2016. The increase in the loss of \$6,218,317 from YTD2016 to YTD2016 was attributable to the following material differences:

- During the YTD2017 the Company completed a reverse-take-over transaction with Angel Bioventures Inc. and recorded \$2,080,072 as listing fee;
- During the YTD 2016 a debt in the amount of \$2,194,229 was forgiven;
- Evaluation and exploration expenses were \$679,722 for YTD 2017 as compared to \$156,656 for YTD 2016. This increase of \$501,558 was due to the increased level of exploration activities related to Diablillos property;
- All other expenses increased as the Company closed a reverse-take-over transaction and significantly increased its activities in YTD 2017 compared to YTD 2016.

**Three months ended June 30, 2017 ("QTD 2017") compared to the three months ended June 30, 2016 ("QTD 2016")**

The change from a net loss of \$4,026,321 in QTD2017 to income of \$1,993,716 in QTD2016 is due to the following material differences:

- During the YTD2017 the Company completed a reverse-take-over transaction with Angel Bioventures Inc. and recorded \$2,080,072 as listing fee;
- During the QTD 2016 a debt in the amount of \$2,194,229 was forgiven.
- Evaluation and exploration expenses were \$441,026 for QTD 2017 as compared to \$42,722 for QTD 2016. This increase of \$376,796 was due to the increased level of exploration activities related to Diablillos property;

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- All other expenses increased as the Company closed a reverse-take-over transaction and significantly increased its activities in QTD 2017 compared to QTD 2016.

#### **4. MINERAL INTERESTS**

Through the Company's wholly-owned subsidiary, the Company controls, or controlled, exploration concessions in Argentina classified by the Company into the Diablillos, Cerro Amarillo Project, Samenta Project. All acquisition costs and option payments related to these exploration concessions are capitalized as mineral interests and are incurred in US dollars and translated to Canadian dollar, the presentation currency for the Company.

On November 1, 2016, the Company closed a Share Purchase Agreement dated August 23, 2016, as amended and restated on March 31, 2017, with SSR Mining Inc. ("SSRM") and Fitzcarraldo Ventures Inc. pursuant to which HMC has agreed to purchase certain exploration concessions in Salta and Chubut Provinces, Argentina (the "Diablillos Concessions" and the "M-18 Concessions").

Cash consideration payable to SSR Mining Inc. during the first year consists of the following:

- US\$00,000 on closing, ie, US\$200,000 for the Diablillos and US\$100,000 for Aguas Perdidas (paid)
- US\$300,000 to be paid on or before February 15, 2017 (paid)
- US\$500,000 to be paid on 180<sup>th</sup> day after closing (paid)
- US\$50,000 to be paid on or before December 30, 2017
- US\$5,000,000 to be paid on the earlier of:
  - The 3<sup>rd</sup> anniversary of closing
  - The date on which the Company obtains a feasibility study in respect of all or any part of the property covered by the Diablillos Concessions
- US \$7,000,000 to be paid on the earlier of:
  - The 5<sup>th</sup> anniversary of closing
  - The date on which construction of mining facilities commences on all or any part of the property covered by the Diablillos Concessions

Equity consideration consists of Class B common shares of the Company (issued) which will automatically convert into a number of HMC Class A Shares that, upon the completion of the Transaction, results in SSRM holding common shares of the Resulting Issuer representing 19.9% of the Resulting Issuer's then outstanding common shares.

The royalty consideration payable to SSRM consists of a 1% net smelter returns royalty. SSRM is entitled to receive advance royalty payments totalling US\$1,000,000 over 4 years. These advance royalty payments will be deducted and set off against the first \$1,000,000 of net smelter returns royalty payments otherwise payable in respect of the Diablillos Concessions.

As security for the above obligations the Company has pledged to SSRM all the share the Company acquired in two entities which hold interest to the Diablillos concessions..

During the year ended December 31, 2015 the Company's wholly owned Argentine subsidiary acquired the option to purchase the Samenta Cu-Mo porphyry prospect located in the province of Salta in northwestern Argentina. The Company signed exploration-with-option-to-purchase agreements on two separate but contiguous claim groups, Cerro Samenta Norte and Cerro Samenta Sur, comprising the Samenta Project. The Company made a US\$30,000 payment upon completion of the due diligence.

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The Company paid US\$50,000 in February 2017 (as amended by agreement dated December 30, 2016), US\$70,000 in August 2017, and will pay US\$90,000 in July 2018 and US\$130,000 in July 2019. An exercise fee of US\$4,230,000 will be due at the end of July 2020. The underlying owners are also entitled to a 1.5% NSR royalty of which 0.5% can be purchased back for US\$1,000,000.

For the Cerro Amarillo Project, the Company is awaiting the ratification of the appropriate permits to undertake, subject to financing, a stage one drilling campaign. On December 1, 2014, the Company announced that during the congressional deliberations that took place in November 2014, it was determined that any decision regarding the ratification of the drill permit should be delayed pending the completion of an inventory of glaciers in or near the project to be conducted by *Instituto Argentino de Nivología Glaciología y Ciencias Ambientales* ("IANIGLA"), the federal body charged with conducting the inventory under the Protection of Glaciers Law 26.639. IANIGLA has completed the inventory, and is expected to submit this to Congress in 2017..

Due to uncertainty of the timing for the completion of the glaciers inventory and the ratification of the permits, the Company wrote down the Cerro Amarillo property by \$408,913 to \$1 during the year ended December 31, 2015.

**5. 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 consolidated 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.

The Company has designated its cash and accounts receivable as loans-and-receivables and accounts payable and accrued liabilities as other-financial-liabilities. Cash and cash equivalents and accounts receivable are included in current assets due to their short-term nature. Accounts payable and accrued liabilities are included in current liabilities due to their short-term nature.

The Company's financial instruments as at June 30, 2017 and December 31, 2016 are as follows:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 1,444,504	\$ 150,946
Accounts receivable	42,779	19,838
<b>Total financial assets</b>	<b>\$ 1,487,283</b>	<b>\$ 170,784</b>
<b>Financial liabilities</b>		
Other financial-liabilities		
Accounts payable and accrued liabilities	\$ 799,629	\$ 375,226
Loan payable	-	400,934
<b>Total financial liabilities</b>	<b>\$ 799,629</b>	<b>\$ 776,160</b>

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Additional financial instruments disclosure, including an analysis of risks associated with financial instruments, is contained in Note 4 of the Company's consolidated interim financial statements for the six months ended June 30, 2017.

**6. LIQUIDITY AND CAPITAL RESOURCES**

**(a) Liquidity**

The Company's working capital as at June 30, 2017 was \$719,894 as compared to working capital deficiency of \$605,376 at December 31, 2016. Included in working capital were cash of \$1,444,504 (December 31, 2016 - \$150,946).

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 and the Company's ability to raise additional capital as required.

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.

**(b) Capital Resources**

The Company's focus for the recently completed fiscal period and going forward is the advancement and development of its exploration projects. The major expenses that will be incurred by the Company in the next twelve months will be costs associated with its exploration activities and general and administrative activities. The Company does not believe its current working capital is sufficient to maintain its core operations for the next twelve months, and additional funding will be required by the Company to complete its strategic objectives and continue as a going concern.

The Company depends on external financing to fund its activities and there can be no guarantee that external financing will be available at terms acceptable to the Company. The Company will be relying on further equity financing, debt financing, strategic partnerships or joint-venture partnerships as the most likely source of funds for the advancement of the Company's exploration assets to a resource delineation or feasibility stage. In the future the Company may also receive additional funds through the exercise of stock options. If adequate funds are not available when required, the Company may, based on the Company's cash position, delay, scale back or eliminate various programs.

There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that future additional financing will be available to the Company at acceptable terms. The inability to obtain additional financing may cast substantial doubt on the Company's ability to continue as a going concern.

**(c) Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements other than those disclosed under mineral interests.

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**(d) Commitments**

Effective June 1, 2017, the Company has agreed to pay a monthly fee of \$10,000 to the management company for provision of management and administrative services. The agreement may be terminated by the Company with 60 days' written notice.

The Company also has minimum rental and operating expense payments for the Company's office space in Buenos Aires where the lease expires on August 31, 2019.

	2017	2018	2019	2020	After 2020
<b>Mineral interest commitments</b>					
Cerro Amarillo	\$ 32,443	\$ 32,443	\$ 32,443	\$ 32,443	\$ 3,244,250
Samenta	155,724	116,793	168,701	5,489,271	-
Diablillos	1,103,045	-	6,488,500	-	9,083,900
<b>Total mineral interest commitments</b>	<b>1,291,212</b>	<b>149,236</b>	<b>6,689,644</b>	<b>5,521,714</b>	<b>12,328,150</b>
Minimum office rental payments in Argentina	4,173	4,173	4,173	4,173	4,173
<b>Total commitments</b>	<b>\$ 1,295,385</b>	<b>\$ 153,409</b>	<b>\$ 6,693,817</b>	<b>\$ 5,525,887</b>	<b>\$ 12,332,323</b>

**7. RELATED PARTY TRANSACTIONS**

Key Management includes personnel having the authority and responsibility for planning, directing and controlling the Company and includes the directors and current executive officers. Expenses incurred for Key Management compensation are summarized as:

	Six months ended June 30,	
	2017	2016
Directors fee	\$ 225,000 <sup>(1)</sup>	\$ 26,771
Administration	\$ 35,000	\$ 30,000
Consulting fee	\$ 35,000 <sup>(1)</sup>	\$ -
Share based compensation	\$ 267,859	\$ -
	<b>\$ 619,109</b>	<b>\$ 56,771</b>

<sup>(1)</sup> 50% of these fees were deferred until the completion of qualified financing of US\$5 million

As at June 30, 2017 \$130,000 (2016 - 11,172) was payable to directors of the Company, \$nil (2016 - \$5,250) to a management company of which employees are officers of the Company. These amounts are unsecured, non-interest bearing and have no specific terms of repayment. During the six months ended June 30, 2016 three directors of the Company advanced non-interest-bearing loans totaling US\$27,894. During the period ended September 30, 2016 debt in the amount of \$180,210 was settled by issuing shares of the Company.

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**8. OUTSTANDING SHARE DATA**

The Company is authorized to issue an unlimited number of common shares without par value. As at August 28, 2017, the Company had 59,985,255 common shares issued and outstanding.

As at August 28, 2017 the Company has the following warrants outstanding and exercisable:

Number of warrants	Exercise Price	Expiry Date
	\$0.30 first six months	
763,497	\$0.50 second six months	April 24, 2018
1,600,000	\$ 0.25	October 31, 2017
	\$0.30 first six months	
164,213	\$0.50 second six months	May 16, 2018
	\$0.40 first six months	
317,742	\$0.60 second six months	August 4, 2018

As at August 28, 2017 the Company has the following share purchase options outstanding:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
2,350,000	587,500	\$0.63	June 22, 2022
350,000	350,000	\$0.50	July 1, 2019

**9. 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: receiving required permits in Argentina, exploration results, 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 4 of the Company's consolidated interim financial statements for the six months ended June 30, 2017. 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.

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

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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 cyclicity 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 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.

***AbraPlata 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.

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***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.

***Exploration Risk***

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.

***Early Stage of Development***

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

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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 the Company's future mining operations, the Company's expenses and other obligations could increase, which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

***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.

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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.

***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.

***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 being 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.

***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;

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(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.

**10. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company's management is required to make judgements in the process of applying the Company's accounting policies in the preparation of its financial statements. In addition, the preparation of the financial statements in accordance with IFRS requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. While management believes the estimates are reasonable, actual results could differ from these estimates and could impact future results of operations and cash flows. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

**(a) Critical Estimates in Applying Accounting Policies**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the determination of environmental obligations and the recoverability of mineral interests.

**(b) Critical Judgements in Applying Accounting Policies**

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The critical accounting judgements used in the preparation of the audited consolidated financial statements are discussed below. Please note this list is not exhaustive.

***Functional currency***

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

***Impairment of property, plant and equipment and mineral interests***

Assets or cash generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's property plant and equipment and mineral interests. External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affect the recoverability of its mining assets. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

If any indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

***Going concern risk assessment***

The assessment of the Company's ability to continue as a going concern involves significant judgement. Refer to our discussion in Note 2 of the audited consolidated financial statements.

**11. 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

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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:

- the impact of currency fluctuations 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; and
- 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 above and elsewhere in this MD&A including, uncertainties relating to receiving mining and exploration permits in Argentina; 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.