



**Management Discussion & Analysis
for the period ended February 28, 2010**

Prepared as at: April 13, 2010

Management's discussion and analysis ("MD&A") provides a discussion of the Company's financial and operating results for the quarter and the nine month period ended February 28, 2010 with comparisons to previous quarters.

This MD&A accompanies, and should be read in conjunction with, the un-audited interim financial statements and accompanying notes of Orosur Mining Inc. ("OMI" or "Company") for the three and nine month period ended February 28, 2010. All amounts are expressed in thousands of US dollars, unless otherwise indicated. The reader should also refer to the audited financial statements for the two years ended May 31, 2009 and 2008 and the related Management Discussion and Analysis ("MD&A"), both of which are available on the Company's website at www.orosur.ca and on SEDAR at www.sedar.com. The Company's financial statements and the financial data presented in this document have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A is effective as of April 13, 2010.

1. KEY RESULTS

Financial and operational highlights for the period ended February 28, 2010 include:

- Production at 12,742 ounces of gold was 200 oz above this quarter's expectations due to higher tonnes processed. However, when compared to last year, the production is significantly lower (Q3 08/09 – 19,371 ounces).
- Cash costs per ounce of gold for the quarter were \$ 984 compared to \$ 547 for same quarter last year. The main reason for the increase is lower gold production, but they are also affected by lower silver by-product credits and the elimination of the export refund.
- The realized gold price was \$ 1,110 per ounce for the quarter compared to \$ 822 per ounce same quarter last year.
- The pre-tax loss for the quarter is \$2,346 compared to \$1,117 in Q3 2009. Lower production was only partially offset by lower amortization.
- Cash flow used in operations for the quarter was \$ (112), and the Company's cash position at the end of the quarter was \$ 7,150, with net working capital (current assets less current liabilities) of \$ 15,688. The cash balance was reduced during the quarter by \$ 2,241, after investing \$ 3,383 in capital and exploration expenditure.
- The updated Arenal Deepes resource estimate was published on time during early March 2010. The resource was modeled and estimated by Mine Development Associates and is NI 43-101 compliant. The resource resulted in an increase in measured and indicated resource grade, from 2.21 g/t Au in the previous resource estimate to 3.61 g/t Au in the revised estimate using a 1.5 Au g/t cutoff. Overall measured and indicated ounces at 249,000 oz have increased from 224,000 oz in the previous estimate.
- As announced on 25 February 2010 AMEC has been appointed to complete a feasibility study for Arenal Deepes and have already visited the San Gregorio Mine site to commence this work which is expected to be finished in the third calendar quarter of 2010.
- On January 7th, the Company announced the completion of the plan of arrangement by which UME acquired all of the issued and outstanding common shares of Fortune Valley Resources. This is a major step in the growth aspirations of the Company and into a recognized mining market such as Chile. OMI's exploration team has been established already in Chile and has commenced exploration in Pantanillo.
- Following this acquisition drilling commenced early in February 2010 at Pantanillo in Chile with all of the first 9 holes intersecting mineralization including PNN-10-04 and PNN-10-06 which intercepted 107 meters at 1.21 g/t from 150 meters and 118 meters at .79 g/t from 8 meters respectively

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- The common shares in the Company commenced trading under the name Orosur Mining Inc. with effect from January 8, 2010 for shares quoted on the TSX Venture Exchange and with effect from January 11, 2010 for shares quoted on the AIM market of the London Stock Exchange. The new TIDM of the Company on the London Stock Exchange and symbol on the TSX Venture Exchange is 'OMI'.

2. OUTLOOK AND STRATEGY

For the fiscal year to 31 May 2010, and following the production performance for this Quarter in line with expectations, Orosur maintains a total gold production guidance between 55,000 and 57,500 ounces of gold. Cash cost per ounce forecast remains at \$US 825.

The Company's medium term objective is to grow its gold production profile in South America. The Company currently has one producing asset, San Gregorio, mining from open pits with approximately three years of remaining mine life. The Company is currently completing feasibility work to commence underground operations at the adjacent Arenal Deeps deposit, with the objective of extending mine life, increasing grade and therefore reduce cash cost. During the remainder of the 2010 financial year, OMI will focus on progressing the Arenal Deeps feasibility study, and on a planned exploration and development program at Pantanillo and on an exploration program at Anillo in Chile.

A major milestone in the Company's growth objective was reached through the Fortune Valley acquisition which is explained below in section 3.

3. FORTUNE VALLEY ACQUISITION

In January, 2010, the Company announced the completion of the Plan of Arrangement pursuant to which The Company acquired all of the issued and outstanding common shares of Fortune Valley in consideration of 0.4534 of a OMI common share plus C\$0.001 in cash for each common share of Fortune Valley.

Pursuant to the Arrangement, the Company acquired 34,772,025 issued and outstanding common shares of Fortune Valley (representing 100% of Fortune Valley's outstanding common shares) in consideration for the issuance of 15,765,638 common shares in OMI and cash consideration in the aggregate amount of C\$ 34,772. In addition, holders of Fortune Valley options are entitled to receive 1,008,815 OMI common shares on exercise of 2,225,000 Fortune Valley options.

The 15,765,638 new common shares in the Company issued pursuant to the Arrangement were admitted to trading on AIM and on the TSX Venture Exchange. As a result of this issue of new shares pursuant to the Arrangement, the Company's share capital consists of 64,432,706 common shares. The Company does not hold any shares in treasury.

Fortune Valley has optioned the Pantanillo property in the Maricunga Belt in Chile from Anglo American. As reported by Fortune Valley in their press release dated October 5, 2009 historical geological work on the Pantanillo property by Anglo American (1985-1998) and Kinross Gold (2005-2008) has defined a potential mineral deposit estimated to be in the range

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of 82 to 125 million tonnes grading 0.73 to 0.83 g/t gold, using a 0.6 to 0.5 g/t gold cut-off for the lower and higher tonnage estimates respectively, which is equivalent to 2.18 to 2.95 million ounces of contained gold. This preliminary assessment was made by Kinross Gold in 2007 and was estimated based on a total of 8,398 meters of reverse circulation drilling and diamond drilling. The potential quantity and grade of the potential mineral deposit is conceptual in nature as there has been insufficient exploration to define a mineral resource in accordance with disclosure guidelines in National Instrument 43-101 Standards of Disclosure for Mineral Projects and it is uncertain if further exploration will result in the target being delineated as a mineral resource. The objective is to develop a second producing asset in Chile for Orosur within 4 years.

4. OVERVIEW OF FINANCIAL RESULTS

4.1 Loss before taxes

Results for the quarter and year to date show a loss before taxes of \$ (2,346) and \$ (5,416) respectively, compared to \$ (1,117) and \$ (11,043) for the corresponding periods of the previous year.

When compared to the same quarter last year, lower sales volumes, were only partially offset by the increase in the gold price.

Table 1 - Profit and Loss

	Ref.	Q 3 09/10	Q3 08/09	YTD 09/10	YTD 08/09
		\$000's	\$000's	\$000's	\$000's
Revenue	4.2	13,152	17,125	40,461	46,505
Operating expenses	4.4	(12,173)	(11,071)	(36,389)	(38,225)
Contribution Margin		979	6,054	4,072	8,280
Amortization	4.5	(2,228)	(4,600)	(7,865)	(13,571)
Operating loss		(1,249)	1,454	(3,793)	(5,291)
Fair value of derivatives	5.5	0	(901)	464	(1,696)
Exploration expenses written off	5.3	(11)	(775)	(382)	(775)
Other gains (expenses)	4.6	(1,086)	(895)	(1,705)	(3,281)
Loss before taxes		(2,346)	(1,117)	(5,416)	(11,043)

4.2 Operating revenues

Revenues include gold and silver sales, as well as export related tax refunds as shown in Table 2. Total sales of gold for the quarter were \$ 12,948 compared to \$ 16,440 for the corresponding period of the previous year. The average gold price for the quarter increased to \$ 1,110 per ounce from \$ 822 in the third quarter of the previous year. For the nine month period ended February 28, 2010, total sales were \$ 39,540 with an average gold price of \$ 1,026 per ounce compared to sales of \$ 43,657 and gold price of \$ 841 for the corresponding period of the previous year.

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On a quarter and year-to-date basis, the increase in gold price was not sufficient to compensate for the decrease in the number of gold ounces sold.

As the pits from which the Company is currently producing have a lower silver content, silver sales have declined on a quarter-to-quarter and year-to-date basis.

The export tax refunds were granted at a rate of 2% of the FOB value of dore exports, and are therefore directly proportional to the corresponding sales amounts. The Uruguayan government cancelled this tax benefit on October 1, 2009. As a result, the benefit is nil in for the current quarter and has been reduced on a year to date comparison from \$ 914 to \$ 294.

Table 2 - Sales composition

Q3 – 09/10	\$000's	Oz	\$ per oz
Gold	12,948	11,662	1,110
Silver	204	11,907	17
Export refund	0		
Total Sales	13,152		

Q 3 – 08/09	\$000's		
Gold	16,440	20,002	822
Silver	367	30,923	12
Export refund	318		
Total Sales	17,125		

Year to date – 09/10			
Gold	39,540	38,528	1,026
Silver	627	39,181	16
Export refund	294		
Total Sales	40,461		

Year to date – 08/09			
Gold	43,657	51,938	841
Silver	1,934	141,204	14
Export refund	914		
Total Sales	46,505		

4.3 Production statistics

During the Quarter production was affected by heavy rainfall (total 680mm) particularly in February when 403mm fell during the month. Access into existing pits was restricted and the development of the new Castrillon pit was delayed. Due to these restrictions, areas of lower grade ore were mined during the quarter and low grade stockpiles were processed to make up for the shortfall in higher grade ore. The current production forecast for the year at 55,000 – 57,500 oz anticipated these constraints and actual production for this quarter was 1.5% above forecast (200 oz higher). Table 3 summarizes the quarterly production. Mill throughput and gold recoveries for the current quarter and year to date are higher than the corresponding periods of the previous year when harder, more abrasive Arenal ore was being processed.

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Table 3 - Production statistics	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	May-08	Aug-08	Nov-08	Feb-09	May-09	Aug-09	Nov-09	Feb-10
Ore processed (tonnes)	310,370	335,832	303,740	332,704	389,341	384,195	362,416	389,136
Grade processed (g/t Au)	2.25	1.67	1.72	1.96	1.58	1.15	1.25	1.09
Recovery (%)	92.3%	91.4%	94.2	92.5	92.8	92.9	93.6	93.5
Gold produced (ounces)	20,668	16,439	15,837	19,371	18,500	13,173	13,580	12,742

4.4 Operating expenses

Total operating costs were \$ 12,173 for the quarter equivalent to cash cost per ounce of \$ 984, compared to \$ 11,071 and \$ 547 per ounce for the corresponding quarter of the previous year. For the nine month period ended February 28, 2010, total operating costs were \$ 36,389 equivalent to cash cost per ounce of \$ 910 compared to \$ 38,225 or cash cost per ounce of \$ 706 for the corresponding period of previous year. Table 4 reconciles operating costs to cash cost per ounce. Cash cost is a non – GAAP measure which is explained in section 11 of this MD&A document.

Cash cost increased mainly as a consequence of lower gold production, lower silver by-product credits and the elimination of the export refund.

Table 4 - Reconciliation of Operating costs to cash cost per ounce

	Q3 09/10 \$000`s	Q3 08/09 \$000`s	YTD 09/10 \$000`s	YTD 08/09 \$000`s
Operating expenses	12,173	11,071	36,389	38,225
Movement in non ore inventories	651	(587)	654	(918)
Deferred stripping in depreciation	0	558	0	1,975
Other costs	(88)	247	(166)	31
Export refund and silver credits.	(203)	(685)	(921)	(2,848)
Total cash costs basis	12,533	10,604	35,956	36,465
Gold production in ounces	12,742	19,371	39,495	51,647
Total cash costs per ounce	984	547	910	706

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4.5 Amortization

Amortization expense was \$ 2,228 for the current quarter compared to \$ 4,600 in the corresponding quarter of the prior year. For the nine month period ended February 2010, amortization expense was \$ 7,865 compared to \$ 13,571. Depreciation includes straight line depreciation of fixed assets and the depreciation of mine properties based on contained ounces of gold in ore mined.

Table 56 - Amortization composition

	Q 3 09/10	Q3 08/09	YTD 09/10	YTD 08/09
	\$000's	\$000's	\$000's	\$000's
Fixed Assets	884	1,346	3,314	4,336
Mine properties	1,344	2,247	4,551	6,415
Deferred stripping	0	558	0	1,975
Asset retirement obligation	0	449	0	845
Total depreciation	2,228	4,600	7,865	13,571

Depreciation of fixed assets includes the depreciation of heavy equipment and major spare parts, plant facilities, tailings dam facilities and other site infrastructure. Mine properties includes pre-stripping to access ore bodies and capitalized exploration expenditure incurred to discover and outline pits reserves and resources.

Deferred stripping included under previous year numbers relates to deferred waste removal costs for Arenal pit.

4.6 Other gains and expenses

Other gains and expenses for the quarter resulted in a loss of \$ 1,086 compared to a loss of \$ 895 for last year corresponding quarter. For the nine month period ended February 2010, the total loss was \$ 1,705 compared to a loss of \$ 3,281 for the corresponding period in previous year. A breakdown of such gains and expenses is provided in Table 6.

Table 6 - Other revenues and expenses composition

	Q3 09/10	Q3 08/09	YTD 09/10	YTD 08/09
	\$000's	\$000's	\$000's	\$000's
Corporate overheads	845	793	2,282	2,726
Capital tax	90	150	259	310
Severance provision	0	(33)	0	137
Stock based compensation	73	(50)	377	236
Foreign exchange loss (gain)	73	(13)	84	(37)
Net interest loss (gain)	43	74	190	(25)
Assets sales and other gains	(38)	(26)	(1,487)	(66)
Total loss (gain)	1,086	895	1,705	3,281

Corporate overheads include corporate administration costs in Canada and , Uruguay, holding structures costs, listing and regulatory expenses, director's fees, and executive corporate salaries and benefits.

During the nine month period ended February 28, 2010, the Company completed the sale of Montevideo's headquarter offices for total proceeds of \$ 2,300 and an associated cost of \$ 1,176.

Compared to last year, corporate overheads increased due to severance payments and rental costs of the Montevideo office while moving to the new headquarter's offices.

5. FINANCIAL POSITION

5.1 Cash and other liquid resources

Table 7 summarizes the main components of cash variation.

Cash flow from operations includes the result from the San Gregorio operation less the cost of general and administrative expenses, interest and income taxes. As shown in table 7, during the quarter cash flow from operations before working capital movements was \$ (112) compared to \$4,953 for the corresponding quarter of the previous year. For the nine month period ended February 28, 2010, cash flow from operations before working capital movements was \$ 1,678 compared to \$ 6,766 for last year corresponding period.

Table 7 - Cash increase (decrease)

	Reference	Q3 09/10	Q3 08/09	YTD 09/10	YTD 08/09
		\$000's	\$000's	\$000's	\$000's
Cash flow from (used) in operations before working capital investment		(112)	4,953	1,678	6,766
Working capital investment (realization)	5.2	1,220	(862)	4,214	(3,477)
Exploration investment	5.3	(2,200)	(1,896)	(5,574)	(8,304)
Capital expenditure net of assets sales	5.3	(1,183)	(537)	(2,668)	(4,994)
Funding	5.4	34	(46)	4	(541)
Cash increase (decrease)		(2,241)	1,612	(2,346)	(10,550)
Cash at beginning of the period		9,391	6,439	9,496	18,601
Cash at the end of the period		7,150	8,051	7,150	8,051

While for the quarter, there is still 126 \$/oz margin between cash cost (at 984 \$/oz) and sales price (at 1,110 \$/oz), the cash flow from operations did not benefit fully, as sales volumes (affecting the cash from operations) for the quarter were lower than production volumes (taking into account to calculate cash costs) due to timing differences.

5.2 Working capital items

As shown in Table 8, during the quarter and nine month period ended February 28, 2010, \$ 2,279 and \$ 5,273 respectively of working capital was released compared to a working capital investment of \$ 862 and \$ 3,477 respectively for the corresponding periods of the previous year.

During the nine month period ended February 28, 2010 quarter, the Company has reduced the high and medium grade stockpiles by over 160,000 tonnes. Tax credits and other debt include the cancellation of cash advances to Fortune Valley prior to its acquisition documented in promissory notes and a convertible debenture. As part of this acquisition, as detailed in Note 3 of the Financial Statements, the Company acquired accounts receivables for \$ 20 and accounts payables for \$ 1,079. Higher payables include also the annual pending payment of royalties to the Uruguayan government. Prepayments have been reduced significantly during the current year.

Table 8 - Working capital movements

	Q3 09/10	Q3 08/09	YTD 09/10	YTD 08/09
	\$000's	\$000's	\$000's	\$000's
Cash flow from (used) in operations before working capital investment	(112)	4,953	1,678	6,766
Warehouse inventories	238	513	187	(1,378)
Stockpile	463	(1,633)	1,784	(1,000)
Finished and in process inventories	(651)	589	(654)	919
Supplier's net of prepayments	53	(498)	3,288	(561)
Severance payments provisioned	0	0	(250)	0
Tax credits and other debt	1,117	167	(141)	(1,457)
Total working capital movements	1,220	(862)	4,214	(3,477)
Cash flow from (used) in operations after working capital investment	1,108	4,091	5,892	3,289

5.3 Capital Expenditure

Capital expenditure on property, plant and equipment for the quarter was \$ 1,191 compared to \$ 537 for the corresponding quarter of the prior year, and \$ 5,240 year to date compared to \$ 4,994 in the prior financial year. Assets sales for the nine month period ended February 28, 2010 includes \$ 2,300 for the sale of Montevideo's headquarters offices.

Exploration expenditure (adding up to \$14,286) includes the non cash consideration for Fortune Valley at \$ 8,712 and \$358 in Fortune Valley acquisition costs. Table 9 summarizes expenditure on exploration by main areas year to date.

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Table 9 – Exploration expenditure by areas

Project Area	Balance 31 May 2009	Expenditure 09/10	Indirect costs distribution	Transfer to mine properties	Write off	Balance 28 February 2010
Uruguay projects						
Isla Cristalina Belt	2,937	3,863	104	(1,058)	(143)	5,703
South Uruguay	5,335	310	8	0	(9)	5,644
Lascano	4,165	121	3	0	0	4,289
Other	0	90	0	0	(90)	0
Total Uruguayan projects	12,437	4,384	115	(1,058)	(242)	15,636
Chile Projects	0	9,602	45	0	0	9,647
Other Latin America acquisitions	0	136	4	0	(140)	0
Indirect overheads	0	164	(164)	0	0	0
Total	12,437	14,286	0	(1,058)	(382)	25,283

5.4 Funding

During the quarter and half year of the current and prior financial year no employee stock options were exercised. As at November 30, 2009 the Company had 3,458,295 outstanding stock options (May 31, 2009 – 3,172,250) at a weighted average exercise price of CDN\$ 1.82 (May 31, 2009 – 2.98), of which 2,351,422 (May 31, 2009 – 1,818,750) were vested at a weighted average exercise price of CDN\$ 2.24 (May 31, 2009 – 3.57).

Except for a short term liability for leasing facilities for \$ 41, the Company is debt free, and no warrants, promissory or convertible notes are outstanding.

5.5 Financial instruments

The Company does not enter into financial instruments for trading or speculative purposes. The level of derivatives contracts that the Company has entered into in the past has been consistent with forecast production.

As at February 28, 2010, the company has no derivatives obligations. Early March, the Company contracted with Macquarie Bank a put option on 10,000 ounces of sales for the period till the end of May 2010. The strike price (minimum guaranteed) is 1065 \$/oz, \$ 50 below the spot price at the moment of the contract. The premium is 109, which means a cost of 11 \$/oz hedged.

5.6 Contractual obligations and commitments

The Company's contractual obligations and commitments are as follows

	Total	Less than 1 Year	1-2 Years	2-3 years	3-4 years
Finance Lease	41	41	-	-	-
Asset Retirement Obligations	2,975	550	121	1,173	1,131
Total	3,016	591	121	1,173	1,131

During the current period the following new agreements have been entered into:

i) On January 8, 2010 the Company entered into an Option Agreement with Gladiator Resources Limited ("Gladiator"), an ASX listed mineral exploration and development company, which gives Gladiator the right to earn up to an 80% interest in the iron ore, manganese ore and base metal assets in the Company's tenements located in the Isla Cristalina Belt.

During the option period Gladiator is committed to spend \$ 150 on evaluation work and produce a report covering the iron ore and manganese resource potential of the area together with a conceptual development plan. Gladiator must complete its report and may exercise the option to proceed on or before April 30, 2010 by entering into a definitive agreement by which Gladiator will issue to the Company the equivalent of \$AUD 100,000 in fully paid shares in Gladiator at market value.

Following this initial payment, Gladiator will be entitled to earn a 20% interest by spending \$1,000 on work programs. Gladiator may, at its option, earn a further 31% by spending a further \$4,000 taking its total interest to 51%. Gladiator may then elect to earn a further 29% taking its interest to 80% by producing a bankable feasibility study on or before December 31, 2014.

ii) As a result of the acquisition of Fortune Valley referred to in Note 3 of this MD&A, the Company has acquired an option agreement signed on January 10, 2008 with Corporación Nacional del Cobre de Chile (Codelco) to acquire 65% interest in the Anillo property located Region II of Chile. The Company must spend \$ 3,000 over four years and complete a bankable feasibility study within a further two years in order to earn a 65% interest in the property. Following the completion of the bankable feasibility study, Codelco and the Company will establish a joint venture company. The agreement includes an option for Codelco to place up to 20% of the capital stock in the new joint venture company with the public, provided that the Company retains the right to maintain its ownership interest. In the event the Company discovers a copper deposit on the Anillo property, Codelco will have a back-in right to increase its ownership interest by up to 35% to 70% by reimbursing the Company for its expenditures. The back-in right will not apply to the discovery of a gold deposit.

iii) As a result of the acquisition of Fortune Valley referred to in Note 3 of this MD&A, the Company has acquired an option agreement signed with Anglo American Norte S.A., a subsidiary of Anglo American plc. Under the agreement, the Company must spend \$ 4,000 on development work and make cash payments of \$ 850 over a period of three years to acquire 100% interest in the Pantanillo property, located in Region III of Chile. The vendor will receive a 3.5% net smelter

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return royalty on future production from the property. An annual minimum royalty of \$ 300 is payable in years four and five, increasing to \$ 1,000 from year six.

On May 22, 2007 the Company executed with Banco Santander (Uruguay) S.A. a guarantee letter by which a line of credit of \$ 2,500 was granted to the Company to be used for trade facilities, leasing, issuance of guarantees and general purposes. As of February 28, 2010 \$ 41 was drawn for vehicle leasing and \$ 1,127 was used for the issuance of guarantees for exploration permits.

Uruguayan mining and environmental legislation requires environmental obligations to be supported by guarantees. As a result, a rehabilitation guarantee letter of credit of \$ 1,500 has been provided by HSBC Uruguayan local branch.

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6. QUARTERLY RESULTS

	Qtr 4 May 2008	Qtr 1 Aug 2008	Qtr 2 Nov 2008	Qtr 3 Feb 2009	Qtr 4 May 2009	Qtr 1 Aug 2009	Qtr 2 Nov 2009	Qtr 3 Feb 2010
Gold sold (ounces)	22,911	18,182	13,754	20,002	19,353	13,188	13,678	11,662
Average sales price (\$/oz)	926	895	796	822	841	912	1,065	1,110
Cash operating cost (\$/oz)	540	792	811	547	702	880	871	984
Operating revenues	22,408	17,721	11,659	17,125	16,871	12,498	14,811	13,152
Operating expenses	(12,033)	(14,803)	(12,351)	(11,071)	(13,129)	(11,861)	(12,355)	(12,173)
Contribution Margin	10,375	2,918	(692)	6,054	3,742	637	2,456	979
Administration expenses	(1,392)	(1,234)	(1,315)	(860)	(745)	(838)	(1,074)	(1,003)
Amortization and depletion	(4,866)	(3,000)	(5,971)	(4,600)	(6,355)	(2,593)	(3,044)	(2,228)
Fair value of derivatives	0	(1,528)	733	(901)	1,232	464	0	0
Exploration write off	(11,103)	0	0	(775)	(1,919)	0	(371)	(11)
Interest expense and debt accretion	(50)	(75)	(63)	(80)	(25)	(71)	(76)	(43)
Foreign exchange difference	184	(152)	176	13	11	(17)	6	(73)
Interest earned and other income (expenses)	212	192	85	32	68	252	1,199	33
Income Tax	2,903	25	(860)	19	1,495	8	1,580	(574)
Net income (loss) for the period	(3,737)	(2,854)	(7,907)	(1,098)	(2,496)	(2,158)	676	(2,920)
Basic earnings (loss) per share	(0.08)	(0.06)	(0.16)	(0.02)	(0.05)	(0.08)	0.014	(0.05)
Cash flow from (used in) operations	9,129	1,152	(1,954)	4,091	3,760	2,659	2,125	1,108
Cash from (used for) financing	(1,152)	(448)	(47)	(46)	(35)	(21)	(9)	34
Cash invested	(4,318)	(6,954)	(3,911)	(2,433)	(2,280)	(3,976)	(883)	(3,383)
Cash on hand	18,601	12,351	6,439	8,051	9,496	8,158	9,391	7,150
Total Assets	83,359	79,155	71,655	70,742	63,516	62,665	65,044	70,857
Shareholders Equity	66,960	63,742	56,084	54,936	52,549	50,485	51,371	56,176

7. RISKS AND UNCERTAINTIES

The Company's net earnings in the near-term are affected principally by its mining operations and, in the longer term, will be affected primarily by the success or failure of its exploration and development activities. The Board recognizes that the exploration and development of natural resources is a speculative activity that involves a large numbers of uncertainties, and a degree of financial risk. Accordingly the Board considers the risks to which the Corporation is exposed as part of its regular operations, and keeps these under review.

The principal risks are considered to be those set out below.

Sensitivity to commodity prices and foreign exchange rates

The Company's revenues, net earnings and cash flow from operations are affected materially by changes in the price of gold. Gold has historically been subject to large price fluctuations, and is affected by factors which are unpredictable, including international economic and political conditions, speculative activities, the relative exchange rate of the US dollar with other currencies, inflation, global and regional levels of supply and demand and the gold inventory levels maintained by producers and others.

The Company's gold sales are priced in US dollars while its operating costs are predominantly incurred in US dollars, Canadian dollars and Uruguayan pesos. The Company has financial exposure to foreign exchange fluctuations in the Uruguayan peso and the Canadian dollar relative to the US dollar.

Key Personnel Risks

Recruiting and retaining qualified personnel is critical to The Company's success. The number of skilled mining and exploration professionals in Uruguay is limited and competition for such persons is intense in the global mining industry.

As the Company's business activity continues to grow, it will be required to hire additional personnel and retain the services of key personnel. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Exploration, Mining and Operational Risks

The Company's longer term strategy depends to a certain extent on its ability to find commercial quantities of minerals, and to obtain and retain appropriate access to these minerals. The Board cannot guarantee that it will be able to identify appropriate properties, or negotiate acquisitions, on favorable terms.

The Company currently has one producing asset, the San Gregorio project. As more of its projects mature, the Board expects that more projects will develop into producing assets. In common with all mining operations, there is uncertainty, and therefore risk, associated with operating parameters and costs. Whilst costs can be budgeted with a reasonable degree of confidence, operating parameters can be difficult to predict and are often affected by factors outside the Group's control. In addition, other risks, including cuts in electricity supply, fuel supply shortages, industrial accidents, technical failures, labour disputes and environmental hazards are also beyond the Group's control.

(Thousands of United States Dollars, except where indicated)

The nature of resource and reserve quantification studies means that there can be no guarantee that estimates of quantities and grades of minerals will be available to extract. The figures for reserves and resources estimates are determined in accordance with National Instrument 43-101, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and resources

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate or adequately mitigate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. There is no assurance that commercial quantities of ore will be discovered on any of the Company's exploration properties. There is no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. In addition, assuming discovery of a commercial ore-body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. The Company's business activities are also affected to varying degrees by government regulations respecting, among other things, tax, royalties, utilities service supply, mining legislation and environmental legislation changes.

Title Risks

Individual titles expire from time to time and the Company manages the process of retaining its rights by re-application or conversion to other forms of title relevant to each stage of development. The process of re-application involves some risk however, as released titles must fall open before they can be re-applied for.

There can be no guarantee that the State in the jurisdictions in which the Company operates will continue to grant or respect mining titles, and that the titles of the properties will not be challenged or negated for political or legal reasons.

Political and Economic Risks

Political conditions in the countries where the Company operates are stable. Changes may however occur in political, fiscal and legal systems that might affect the ownership or operation of the Group's interests, including inter alia, changes in exchange control regulations, expropriation of mining rights, changes of government and in legislative and regulatory regimes.

8. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may vary from related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Economic lives of mining assets and recoverable value

The economic lives of the Company's mining operation and development assets is based upon the individual mine's mineral reserves. The Company's resources and reserves are calculated in accordance with mining standards and in compliance with NI 43-101 requirements. The Company reviews and re-evaluates the estimated future discounted net cash flows of its mines and development properties on a regular basis, to ensure that they exceed the carrying value for each property. These calculations rely on estimated reserves and/or resources, estimated future commodity price and production cost.

Inventory

The value assigned to ore stockpiles, in process inventories and finished metal inventories are based on estimated volumes and grades. Volume and grade estimates are made relying on assays and other sampling tests.

Asset retirement obligation

The fair value of the liability is determined based on the net present value of estimated future costs estimated by management based on feasibility and engineering studies on a site by site basis. The discounted value of these asset retirement obligations was as at February 28, 2010 \$ 2,975 and is included in the mine closure and site restoration liability. While care was taken to estimate the retirement obligations, these amounts are estimates of expenditures that are not due until future years;

Share based compensation

The Company has chosen to use the fair value method to account for stock-based employee compensation plans. The calculation of this benefit relies on estimates of the anticipated life of the option and the volatility of the company's share price;

Net future income tax assets and liabilities

Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the carrying amount of future income taxes;

Exploration and evaluation expenditure

The recoverability of amounts shown for capitalized exploration and evaluation expenditure is dependant upon the discovery of economically recoverable reserves.

9. CHANGES IN ACCOUNTING POLICIES

Goodwill and Intangible Assets

The Canadian Institute of Chartered Accountants ("CICA") issued accounting standard Section 3064 – Goodwill and Intangible Assets which replaces Section 3062 – Goodwill and Other Intangible Assets, Section 3450 – Research and Development and EIC27 – Revenues and Expenditures during the Pre-operating Period. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The adoption of this standard has no impact on the Company's financial statements.

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract in 2009 and there was no impact on its financial statements as a result of applying this abstract.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company evaluated the requirements of the new standards and concluded that its adoption will have no impact on its financial statements.

Section 1582, "Business Combinations" replaces section 1581, "Business Combinations", and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling interests", together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

10. DISCLOSURE CONTROLS, PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's system of disclosure controls and procedures includes, but is not limited to, our Continuous Disclosure Policy Procedure, our Code of Business Conduct and Ethics, our Insider Trading Policy and Share Trading Code and Price Sensitive Information Policy, our Whistleblower Policy, Release of Public Information Policy and the effective functioning of the Audit Committee and Board of Directors.

As at the end of the period covered by this MD&A, management of the Corporation, with the participation of the President and CEO and the CFO, does not expect that the Corporation's Disclosure Controls will prevent or detect all error and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud and error, if any, within the Corporation have been detected.

(Thousands of United States Dollars, except where indicated)

As at the end of the period covered by this MD&A, management of the Corporation, with the participation of the CEO and the CFO, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and CEO and the CFO have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Controls over Financial Reporting

Multilateral Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR"), as defined therein, for the Corporation, that the ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, and that the Corporation has disclosed any changes in its ICFR during its most recent interim period that has materially affected, or is reasonably likely to materially affect its financial reporting.

As discussed above, the inherent limitations in all controls systems are such that they can provide only reasonable, not absolute, assurance that all controls issues and instances of fraud or error, if any, within the Corporation have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

During the period covered by this MD&A, the Corporation's senior management, including CEO and CFO, evaluated the existence and design of the Corporation's ICFR and confirm there were no changes to the ICFR that have occurred during the quarter which materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

11. NON GAAP MEASURES

Cash flow from operations, contribution margin and cash cost per ounce are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non GAAP measures. Therefore these measures may not be comparable to similar measures presented by other issuers. These measures have been presented in this MD&A as additional information regarding the Company's financial performance and financial position. Cash flow from operations is calculated by adding back non-cash items to net earnings. Contribution margin has been calculated by deducting operating expenses from sales. Operating expenses include movements in inventories but exclude operating amortization and depletion. Cash cost per ounce are determined according to the Gold Institute Standard and consist of site costs for all mining, processing, administration, royalties, refining charges, silver credits and inventory adjustments relating to metal production. Capital expenditure, depletion and amortization, corporate costs and financing costs are not included. Cash costs are total cash costs divided by gold ounces produced.

12. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board (“AcSB”) announced that changeover for publicly-listed companies to adopt IFRS, replacing Canada’s own GAAP, will be effective for interim and annual financial statements of the Company relating to fiscal years beginning on or after June 1, 2012. The transition date of June 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended May 31, 2011.

During 2010, the Company plans to undertake an IFRS diagnostic study with a view to assessing the impact of the transition to IFRS on the Company’s accounting policies and to establish a project plan to implement IFRS. A number of key accounting areas where IFRS differs from current accounting policies and accounting alternatives in those and other key accounting areas will be identified and reviewed. Over the course of 2011, the Company will evaluate the alternatives and analyze the impact upon the implementation of IFRS.

The IFRS diagnostic study will also identify key system and business process areas that will be addressed as part of the conversion project. These include: the development of an accounting policy manual that defines the Company’s IFRS accounting policies; identification of the significant financial data required from the Company’s financial systems in order to define the transition adjustments and produce IFRS financial statements on an on-going basis; possible system modifications; and maintenance of effective disclosure controls and controls over financial reporting throughout the IFRS transition period.

13. FORWARD LOOKING STATEMENTS

Certain information contained in this Management Discussion and Analysis constitutes “forward- looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and forward looking information under applicable Canadian Securities Legislation. Such forward-looking statements or information, included but not limited to those with respect to prices for gold, estimated future production, estimated costs of production, the Company’s hedging policy involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information. Important factors that could cause actual results to differ materially from those in the forward looking statements contained herein include among others, gold price, weather, exploration results, development and mining activities, geotechnical assumptions, environmental approvals and the availability of technical personnel.