

SULLIDEN EXPLORATION INC

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED JANUARY 31, 2008

Date: March 14th, 2008

GENERAL

The following discussion of financial condition, results of operations and future prospects should be read in conjunction with the Unaudited Interim Financial Statements for the nine and three months ended January 31, 2008 and the Audited Consolidated Financial Statements of Sulliden Exploration Inc. ("Sulliden" or the "Company") for the fiscal years ended April 30, 2007 and 2006 (the "2007 Financial Statements"), which have been prepared in accordance with Canadian generally accepted accounting principles. This discussion covers the most recently completed financial quarter of the Company and the subsequent period up to the date of the filing of this management's discussion and analysis. All dollar amounts are stated in Canadian dollars, unless otherwise noted.

For purposes of this document, Sulliden Exploration Inc., and its wholly owned subsidiaries Minera Sulliden Peru S.A. and Minera Sulliden Shahuindo S.A.C. are collectively referred to as the "Company" or "Sulliden".

This discussion contains forward-looking statements that involve risks and uncertainties.

DESCRIPTION OF BUSINESS AND CONTINUATION OF THE BUSINESS

Sulliden Exploration Inc., incorporated under the *Companies Act* (Québec), and its wholly-owned subsidiaries, Minera Sulliden Peru, S.A. and Minera Sulliden Shahuindo S.A.C., are in the business of exploring mineral properties in Peru.

Sulliden is focused on the development of its **Shahuindo gold-silver project** located in northern Peru, in one of the world's most prospective gold and silver regions, sitting approximately 25 km north of Barrick's Laguanas Norte-Alto Chicama 1,100,000 oz/gold per year mine; 70km south of Newmont's multi-million oz/gold Yanacocha district and 200 km north of Barrick's Pierina 650,000 oz/gold per year mine.

The Shahuindo resource currently stands at 38 million tonnes grading 0.95 g/t Au and 22.99 g/t Ag, containing 1.2 million oz of gold and 28 million oz of silver (equivalent to 1.6 million oz of gold at a gold to silver ratio of 1:60) in the Indicated Category; and 17.2 million tonnes grading 0.62 g/t Au and 12.83 g/t Ag, containing 342,000 oz of gold and 7 million oz of silver (equivalent to 460,000 oz of gold at a gold to silver ratio of 1:60) in the Inferred Category - (Resource Estimation – Guy Saucier, Eng., General Manager, Corporate Development, Met-Chem Canada Inc., Qualified Person for the purposes of NI 43-101 - April 2005 filed on www.sedar.com).

The Company's rights to the Shahuindo property in Peru are in dispute and are the subject of extensive litigation in Peru, (see Litigation Proceedings discussed below). The Company cannot predict the eventual outcome of the various legal actions or the impact of the litigation on the Company's rights and entitlements to the Shahuindo property.

The financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, and do not reflect the adjustments to the carrying value of assets and liabilities, reported revenue and expenses and the balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The exploration and development of mineral deposits involves significant risks. The success of the Company will be influenced by a number of factors, including risks associated with exploration and extraction, regulatory issues, environmental and other regulations and, in particular, the ongoing litigation with regard to the Shahuindo property.

OVERALL PERFORMANCE

The quarter ended January 31, 2008 was dominated by Century Mining Corporation's abortive take-over bid for all the shares of Sulliden. On October 4, 2007 Century announced its intention to make a take-over bid offer and on November 28, 2007 formally offered to purchase all of the shares of Sulliden on the basis of 0.72 of a Century share for each share of Sulliden.

The Board of Directors of Sulliden raised serious concerns about the Century Offer, including concerns regarding Century's financial condition and also its relationship with the Sanchez family, as set out in the Directors Circular dated December 13, 2007. After a detailed review of the available information the Board subsequently recommended that shareholders reject the Century Offer as fully detailed in the Notice of Change of Directors Circular dated January 24, 2008.

On January 28, 2008 Century withdrew its offer that was set to expire on January 31st 2008. Sulliden understands that an overwhelming majority of Sulliden shareholders had rejected, or intended to reject, and very few, if any, shareholders had tendered to the Offer. It is unclear what involvement Century may continue to have in the affairs of Algamarca.

On December 13, 2007, in a unanimous decision, the Supreme Court of Peru agreed to hear Sulliden's appeal against the decision of the Commercial Chamber of the Superior Court of Lima dated June 27, 2007 which granted Algamarca its nullity petition against the Arbitration Decision of July 2006. Sulliden has been advised by its lawyers that the nullity decision is wrong in law and expects that the decision will be overturned by the Supreme Court of Peru. Sulliden expects the appeal will be heard by the Supreme Court of Peru in mid calendar 2008.

If the decision is not overturned and the nullity is confirmed, the effect will only be to set aside the Arbitration process and nullify the Arbitration Award, based on a legal procedural technicality, which was previously considered and rejected by a majority of the Arbitration Panel. The decision did not address and does affect the validity of the Transfer Contract between Algamarca and Sulliden, which continues in full force and effect and Sulliden will remain as the lawful owner of the Shahuindo property. If the nullity decision of the Commercial Chamber is confirmed and not overturned by the Supreme Court, and the Arbitration process is set aside, the legal dispute on the Transfer Contract would have to be determined by the Courts.

Throughout 2007, Sulliden carried out a further exploration program on Shahuindo in accordance with all legal requirements and with the authorization of the surface owners pursuant to an Exploration Permit issued to Sulliden by the Ministry of Energy and Mines of Peru in April 2007. This program included the drilling of approximately 3,710 meters of diamond drilling in 14 holes. The program successfully extended the known mineralization zone for a further 1.3 kilometres to the North West of the known Principal San Jose Zone that forms the core of the Shahuindo gold and silver deposits (see Sulliden press releases dated November 27, 2007 and January 2, 2008).

RESULTS OF OPERATIONS

Nine months Ended January 31, 2008

For the nine months ended January 31, 2008, the Company reported a net loss of \$967,587 (\$0.01 per share) compared to a net loss of \$1,287,790 (\$0.02 per share) for the same period in the prior year. The decrease is mainly attributable to the non-cash charge with respect to stock-based compensation recorded in the prior period, offset somewhat by higher professional and advisory fees during the current period. The cost of the options previously granted to directors and officers which vested during the nine months ended January 31, 2008 was \$59,493 compared to \$811,674 in the same period in 2007.

Interest income of \$87,878 and \$119,129 in the nine months ended January 31, 2008 and 2007 respectively, is earned on the guaranteed investment certificates held by a Canadian bank, with the decline attributable to the lower balances available for investment.

Administrative expenses (excluding stock-based compensation) increased from \$595,245 to \$995,972 representing a 40% increase for the nine months ended January 31, 2008 compared to the prior period, mainly due to an increase in administrative, professional, advisory and legal fees incurred with respect to the Century Mining Take Over Bid Offer (representing \$234,230 or 22% of the total administrative expenses for the nine month period ending January

31, 2008). Excluding the direct expenses incurred with respect to the take-over bid, total administrative expenses decreased by 12% during the nine month period ending January 31, 2008 compared to the corresponding prior year period.

Salaries and consulting fees are mainly comprised of remuneration paid to officers. Travel and maintenance expenses are mainly comprised of travel to Peru by the Company's directors and officers. Shareholders' information expense principally comprise filing costs, press releases, publicity costs, trustee fees and costs paid to regulatory authorities.

Three Months Ended January 31, 2008

For the three months ended January 31, 2008, the Company reported a net loss of \$420,837 (\$0.005 per share) compared to a net loss of \$236,568 (\$0.003 per share) for the same period in the prior year. The increase is mainly attributable to the administrative and legal costs incurred during the period with respect to the Century Mining take-over bid which totalled \$234,230 or 53% of the total administrative expenses for the three month period ending January 31, 2008.

Excluding stock-based compensation costs and the direct take-over related expenses, the total administrative expenses for the three months ending January 1, 2008 actually decreased by 37% compared to the equivalent prior three month period ending January 31, 2007. The cost of the options granted to directors and officers which vested during the three months ended January 31, 2008 was \$32,375 compared to \$70,995 in the same period in 2007. On December 13, 2007, the Board of Directors approved the grant of 250,000 stock options at an exercise price of \$0.50 per share for a period of five years.

Interest income of \$25,033 and \$59,951 in the three months ended January 31, 2008 and 2007 respectively comes mainly from the guaranteed investment certificates held by a Canadian bank, with the decrease attributable to lower cash balances available for investment.

SUMMARY OF QUARTERLY RESULTS

	Jan '06	April '06	July '06	Oct '06	Jan '07	April '07	July '07	October '07	January '08
	3QR06	4QR06	1QR07	2QR07	3QR07	4QR07	1QR08	2QR08	3QR08
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest Income (net)	20,817	18,449	14,093	45,085	59,951	51,865	30,420	32,425	25,033
Net Loss	176,400	437,780	124,932	926,290	236,568	250,556	251,794	169,705	420,837
Net Loss per share	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01

LIQUIDITY AND CAPITAL RESOURCES

Operating

Operating activities including the net change in non-cash working capital items resulted in negative cash flows of \$540,281 during the nine months period ended January 31, 2008 compared to negative cash flows of \$323,529 in the same period in 2007.

Operating activities including the net change in non-cash working capital items resulted in negative cash flows of \$620,339 in the three months ended January 31, 2008 compared to negative cash flows of \$142,850 in the same period in 2007 with the increase attributable to expenses incurred in connection with the Century Mining take-over bid offer.

Investing

During the nine months ended January 31, 2008, the Company invested a total of \$3,261,862 in exploration and development of the Peru properties, including consulting fees and related travel costs incurred in Canada for geological consultants directly involved in the exploration and development of the projects in Peru and all direct costs incurred in Peru (payroll, corporate expenses, legal/litigation, and others) compared to \$2,520,720 in the same period in 2007.

During the three months ended January 31, 2008, the Company invested a total of \$791,341 in exploration and development of the Peru properties, including consulting fees and related travel costs incurred in Canada for geological consultants directly involved in the exploration and development of the projects in Peru and all direct costs incurred in Peru (payroll, corporate expenses, legal/litigation, and others) compared to \$575,122 in the same period in the prior year.

During 2007 Sulliden carried out a further exploration program on the Shahuindo property.

Cash & Cash Equivalent Balances

At January 31, 2008, the Company held cash of \$58,705 and \$1,152,992 in guaranteed investment certificates, compared to \$214,954 and \$4,774,235 as at April 30, 2007. The decrease in amounts held in guaranteed investment certificates is a result of the expenditure of funds on exploration and development in Peru and general corporate operating expenses. The guaranteed investment certificates are held in Canada and bear interest at a weighted average rate of approximately 4.0%.

Non-cash Working Capital Balances

The accounts receivable and prepaid balance of \$96,421 is comprised principally of recoverable federal and provincial sales tax, interest receivable on the guaranteed investment certificates, and prepaid insurance expenses.

Accounts payable and accrued liabilities of \$563,466 are comprised of amounts due incurred in the Peruvian operations and costs related to the corporate operations in Canada, with the increase representing amounts outstanding at the end of the period.

Financing Activity

Management is periodically seeking additional forms of financing through the issuance of new equity instruments, the exercise of existing warrants for the purchase of common shares and the exercise of stock options to continue its activities as a going concern, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding available, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

CAPITAL STRUCTURE

As at January 31, 2008 and March 14, 2008, the Company has an authorized capital of an unlimited number of common shares of which the following are outstanding:

Common Shares	72,607,144
Options	4,665,000
Warrants	5,906,250

For a detailed breakdown, refer to Note 5 – *Share Capital* to the Consolidated Financial Statements for the year ended April 30, 2007; and Note 3 to the Unaudited Consolidated Financial Statements for the nine months ended January 31, 2008.

OFF-BALANCE SHEET TRANSACTIONS

There are no off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the third quarter ending January 31 of 2008, the Company agreed to pay \$77,500 (\$267,090 in 2007) in professional fees and general administrative expenses to companies with shareholders related to the Company's officers and directors. During the quarter ended January 31, 2008, amounts of \$235,980 and \$24,530 respectively, were paid to legal firms in Canada and Peru in which an officer or director of the Company were partners. These transactions are in the normal course of operations.

CONTRACTUAL COMMITMENTS

The Company has no material contractual obligations. All mineral property agreement commitments are at the option of the Company and the Company can terminate the agreements prior to being required to make payments on any underlying property. (See Note 5 to the interim financial statements January 31, 2008 regarding the Vikingo and Torrine option agreements).

SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mining properties and related deferred exploration costs, as well as the value of stock-based compensation. Both of these estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control.

The Company's recoverability of the recorded value of its mining properties and associated deferred exploration costs is based on market conditions for metals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is subject to a number of risks including the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposal thereof and environmental, legal and political risk.

Factors affecting the value of stock-based compensation include estimates as to the timing of the exercise of stock options and compensation warrants as well as stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors including the market value of the Company's shares and financial objectives of the option holders. The Company has used historical data and market liquidity to determine volatility in accordance with the Black-Scholes model; however, the future volatility is uncertain. The Black-Scholes model has its limitations.

CHANGES IN ACCOUNTING POLICIES

The Company initially adopted various new accounting standards, as described below, during the year ended April 30, 2007.

The Company has adopted three new accounting standards in relation to financial instruments: Section 3855, "Financial Instruments - Recognition and Measurement", Section 3865, "Hedges", and Section 1530, "Comprehensive Income". The Company will adopt these new standards retrospectively on May 1, 2007 and they will not have a significant impact on its consolidated financial statements.

Section 3855 expands on Section 3860, "Financial Instruments - Disclosure and Presentation", by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented in the financial statements.

Section 3865 provides alternative treatments to Section 3855 for entities that choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG-13, "Hedging Relationships", and the hedging guidance in Section 1650, "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530, "Comprehensive Income", introduces a new requirement to temporarily present certain gains and losses outside net income.

The CICA issued a new accounting standard Section 3831, in relation to “Non-monetary Transactions” initiated in periods beginning on or after January 1, 2006.

The main feature of this Section is a general requirement to measure an asset or liability exchanged or transferred in a non-monetary transaction at fair value, unchanged from the requirement in former Section 3830. However, an asset exchanged or transferred in a non-monetary transaction is measured at its carrying amount when:

- the transaction lacks commercial substance;
- the transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange;
- neither the fair value of the asset received nor the fair value of the asset given up is reliably measurable; or
- the transaction is a non-monetary non-reciprocal transfer to owners that represents a spin-off or other form of restructuring or liquidation.

The Company does not anticipate a significant impact on the consolidated financial statements of adopting this Section.

Section 3862 modifies the disclosure requirements of Section 3861 “Financial Instruments – Disclosure and Presentation”, including required disclosure for the assessment of the significance of financial instruments for an entity’s financial position and performance and of the extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks, whereas Section 3863 carries forward the presentation related requirements of Section 3861. The new requirements apply to fiscal years beginning on or after October 1, 2007. The Company is currently evaluating the impact of the adoption of Section 3862 while the Company does not expect the adoption of 3863 to have a significant effect on the consolidated financial statements.

Section 1535 establishes standards for disclosing information about an entity’s capital and how it is managed. The entity’s disclosure should include information about its objectives, policies and processes for managing capital and disclose whether or not it has complied and the consequences of non-compliance with any capital requirements to which it is subject. The new requirements apply to fiscal years beginning on or after October 1, 2007. The Company is currently evaluating the impact of the adoption of this new section on the consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and the Chief Financial Officer, have evaluated the effectiveness of the Company’s disclosure controls and procedures as of January 31, 2008. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that as of the end of the period covered by this Management’s Discussion and Analysis the Company’s disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Company’s Annual and Interim Filings, were effective to provide reasonable assurance that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the Company’s disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures can prevent all errors or mistakes. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding

the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

During fiscal 2007/08, the Company made changes to its systems of internal controls over financial reporting that did not materially affect internal controls over financial reporting. During this process, management identified certain potential deficiencies in internal controls over financial reporting due to the small size of the Company's management team and the location of its principal operations in Peru. The design of a control system must reflect that there are staffing and financial resource constraints, and that the benefits of controls must be considered relative to their costs to the Company. Due to the limited number of administrative and accounting staff at Sulliden and at its subsidiaries in Peru, and the remote location of the Company's operations in Peru, it is not feasible or cost effective to achieve complete segregation of duties within the internal control procedures of the Company. These matters and their related risks are not uncommon in a company of Sulliden's size. These risks are not considered to be significant. The Company's management has taken such action as it considered appropriate to minimize any potential risks from these deficiencies, including the requirement for senior management approval of cash disbursements and substantive review of expenditures against budgets.

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

RISK FACTORS

An investment in the common shares of Sulliden should be considered highly speculative for a variety of reasons. The following is a general description of certain significant risk factors that should be considered:

Legal Proceedings

Uncertainty with respect to title to Shahuindo property may result in loss of mining rights (see 2007 Annual Information Form – Shahuindo Legal Dispute and Note 6 to the unaudited consolidated financial statements of January 31, 2008)

The rights of Sulliden to develop its Shahuindo Property in Peru are founded on an agreement dated November 6, 2002 (the "Agreement"), between Sulliden and Compania Minera Algamarca S.A. ("Algamarca"), pursuant to which Algamarca sold its rights in the Shahuindo Property to Sulliden. New shareholders of Algamarca have since claimed that the Agreement was invalid and commenced numerous legal actions in Peru. In July 2006 an Arbitration Tribunal found in favour of Sulliden but Algamarca refused to accept the decision and filed a Nullity Petition in the Superior Court of Lima seeking to have the Arbitration Award declared invalid. In August 2007, the Commercial Chamber of the Superior Court of Lima accepted Algamarca's Nullity Petition and declared null and void the Arbitration Decision of July 2006 on the grounds that, in executing the Transfer Contract for the sale by Algamarca of the Shahuindo Property to Sulliden the President of Algamarca exceeded his authority including an Arbitration Clause in the Contract.

Sulliden has filed an appeal to the Supreme Court of Peru against the decision to the Superior Court of Lima. On December 13, 2007 the Supreme Court of Peru, by unanimous resolution, agreed to hear Sulliden's appeal. The effect of the appeal is to suspend the order of the Superior Court of Lima pending the outcome of the Appeal. Sulliden expects the appeal by the Supreme Court in mid calendar 2008

In May 2007 Algamarca and other related companies were acquired by Century Mining Corporation. In June 2007 Sulliden filed two law suits in the Canadian Courts against Algamarca, Century Mining, Orlando Sánchez Paredes and others seeking damages of US\$200 million for breach of contract. Sulliden has been advised that the Defendant's intend to take a Motion in the Ontario Court seeking to stay or dismiss the action on the basis of jurisdiction and will argue that the dispute to which this action relates is subject to an agreement between the parties which provides that the dispute shall be governed by the laws of Peru and shall be adjudicated by a Court in Peru, that proceedings are already pending in Peru in connection with the same subject matter and that Ontario is not an appropriate or convenient forum for the hearing of the proceedings.

In October 2007 Century Mining launched a Take Over Bid for all the shares of Sulliden and withdrew the bid on January 28, 2008.

Although it is the opinion of management and its legal advisors that the claims of Algamarca are without legal merit, Sulliden cannot predict with certainty the outcome of the legal actions or the impact of these actions on Sulliden's rights under the Agreement. The Peruvian legal judicial and court system is unpredictable and is significantly different than the Canadian legal system.

Sulliden faces significant risks, inherent in the nature of mineral exploration, in the exploration and development of its mining properties

Mineral exploration and development involve several risks, which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenue from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors, including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes and royalties. Sulliden does not maintain liability insurance with respect to its exploration activities in Peru.

No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered or developed on any of the Company's properties to justify commercial operation.

Uncertainty of mineral reserve and resource estimates

The mining business relies upon the accuracy of determinations as to whether a given deposit has significant mineral reserves or resources. This reliance is important in that reported mineral reserves and resources are only estimates and do not represent with certainty that estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling, and inherently carry the uncertainty that samples may not be representative. Mineral reserve and resource estimates may require revision (either upward or downward) based on new or reinterpreted information or actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and resources uneconomic. Inaccurate estimates may result in a misallocation of resources such that an excess amount could be allocated to a less than economic deposit or, conversely, result in failure to develop a significant deposit. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Sulliden faces potential risks and uncertainties resulting from the location of its properties in Peru

Political and related legal and economic uncertainty exists in Peru where Sulliden operates. Risks to foreign operations may include political unrest, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies, changes to government regulation, unreliable or unpredictable legal or judicial systems, foreign taxation, price and currency controls, delays in obtaining, or the inability to obtain, necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold exports and increased financing costs and other risks not specified here.

Sulliden requires additional funding to develop its properties

Development of the Shahuindo or other properties will require significant financial resources. Sulliden will need to raise significant project financing, debt and additional equity. Failure to obtain such additional funding at critical times could lead to a delay or cause an indefinite postponement in the exploration and development of the project. There is no assurance that such funding will be available or that it will be obtained on favourable terms.

Sulliden's business depends upon a limited number of properties, the loss of any of which will negatively impact its operations

Sulliden's operations at the Shahuindo property in Peru account for most of its current operations. Any adverse development, including any adverse legal ruling, affecting its Shahuindo property, could significantly impact the Company.

Lack of operating profits

Sulliden has incurred operating losses on an annual basis for a number of years, arising out of the costs, including legal costs, related to continued exploration and development of its mineral resource properties. As at July 31, 2007, Sulliden had an accumulated deficit of \$29,983,160. It is anticipated that the Company will continue to experience operating losses for the foreseeable future. There can be no assurance that Sulliden will ever achieve significant revenue or profitable operations.

Dependence on key personnel and Conflicts of Interest

The management and development of Sulliden's business is, and will continue to be, dependent on its ability to attract and retain highly qualified management and mining personnel. Sulliden faces competition for personnel from other employers. Sulliden is dependent on the services of key executives, including the President and Chief Executive Officer and the President of Sulliden's subsidiary Minera Sulliden Shahuindo, and a small number of other skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or Sulliden's inability to attract and retain additional highly skilled or experienced employees may adversely affect its business and future operations.

Certain of the directors and officers of the Company also serve as directors and/or officers of, or have significant shareholdings in, other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving Sulliden Exploration will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act (Quebec)* and other applicable laws.

To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for the approval of such participation or such terms.

From time to time several companies may collectively participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of the Province of Quebec, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Sulliden's operations require environmental and other permits and are subject to extensive regulations

Government regulations may significantly affect Sulliden's operations. Sulliden's exploration and development activities are subject to extensive laws and regulations governing protection of the environment, health and worker safety, waste disposal and other matters. Sulliden generally requires permits from authorities that relate to virtually every aspect of Sulliden's activities.

It is possible that future changes in applicable laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits applicable to Sulliden, which could significantly impact the Company's current operations or projects. Obtaining necessary permits to place a deposit into commercial production can be a complex, time-consuming and expensive process. Sulliden cannot assure whether necessary permits will be obtainable on acceptable terms and in a timely manner. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop, materially delay or restrict Sulliden from proceeding with the development of a project or the placing into commercial production of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of operations or material fines, penalties or other liabilities.

Precious metal price volatility may negatively impact Sulliden

The prices of precious metals can fluctuate widely and are affected by numerous factors, outside the Company's control, including demand, inflation, strength of the U.S. dollar and other currencies, interest rates, sales by central banks, forward sales by producers, global or regional political or financial events and production and cost levels in major producing regions. In addition, the gold price is sometimes subject to rapid short-term changes because of speculative activities. Even if Sulliden discovers commercial amounts of precious metals on the Shahuindo property, it may not be able to place the property into commercial production if precious metal prices are not at sufficient levels.

Currency risk

A substantial portion of Sulliden's activities is carried out in Peru and is expected to be carried on outside of Canada in the future. Such activities are subject to risks associated with fluctuations in the rate of exchange of the Canadian dollar and foreign currencies.

OUTLOOK

Sulliden plans to continue its strategy of ongoing exploration of the Shahuindo property, diligent and strenuous defense of Sulliden's ownership of Shahuindo, and the pursuit of all rational options to end the litigation in a timely manner. Subject to the availability of funds and the grant of permits an aggressive exploration program is contemplated during 2008. Sulliden has three main objectives for the next stages of exploration work at Shahuindo:

1. Bring the Main Zone to the feasibility study stage by implementing a detailed in-fill drilling program that should lead to a more accurate resource calculation and at the same time potentially increase the contained gold and silver. After this work is completed a feasibility study of the Main Zone as a "stand alone" mining operation would be undertaken by a recognized independent consulting firm, which study would form the basis for project financing to facilitate the construction of a mine and the commencement of gold and silver production from Shahuindo.
2. Undertake a systematic drilling campaign in the new NW extension that was identified during the 2007 program. This next stage drilling program would have the objective to add additional gold and silver resources outside the Main Zone. If successful the discovery and identification of additional potential ounces would increase and enhance the "stand -alone" Main Zone mine.
3. Undertake an aggressive follow up exploration program of the new geochemical and geophysical targets that were identified during the 2007 program and which are located outside the Main Zone. This program would consist of systematic trench sampling, detailed geological and geochemical surveys and reconnaissance drilling.

Executing this three-part program in 2008 could open new potential ore zones that would bring Shahuindo project towards or into “world class” status and closer to production, which subject to resolution of the Shahuindo litigation should significantly enhance the value of Sulliden’s shares.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A has been prepared as at March 14, 2008. Additional information on the Company is available through regular filings of press releases, annual and quarterly financial statements and the Annual Information Form on SEDAR (www.sedar.com), or by visiting the Company’s website at www.sulliden.com.

Caution Regarding Forward-Looking Information

Statements contained in this document that are not historical facts are forward-looking statements that involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences, without limiting the generality of the following, include: the outcome of litigation; political risks arising from operating in certain developing countries; changes in government regulations and policies, including laws and policies; failure to obtain necessary permits and approvals from government authorities, volatility and sensitivity to metal prices, impact of change in foreign currency exchange rates and interest rates; inaccuracy in reserve estimates; environmental risks including increased regulatory burdens; unexpected geological conditions; adverse mining conditions; and other development and operating risks.

Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.