



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS
ENDED JANUARY 31, 2011

SULLIDEN GOLD CORPORATION LTD.
65 Queen Street West, Suite 800
Toronto, ON M5H 2M5
Tel: 416-861-5805
Fax: 416-861-8165
www.sulliden.com



**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE NINE MONTHS ENDED JANUARY 31, 2011**

GENERAL

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and future prospects should be read in conjunction with the unaudited Consolidated Interim Financial Statements of Sulliden Gold Corporation Ltd. ("Sulliden" or the "Company") for the three and nine months ended January 31, 2011 and 2010, the Audited Annual Consolidated Financial Statements of Sulliden for the fiscal year ended April 30, 2010 (the "Financial Statements"), which have been prepared in accordance with Canadian generally accepted accounting principles and the Company's Annual Information Form ("AIF"), all of which are available online on the Company's SEDAR profile at www.sedar.com. This discussion covers the three most recently completed quarters of the Company and the subsequent period up to the date of the filing of this MD&A. The MD&A was prepared in accordance with the requirements set out in Multilateral Instrument 51-102 of the Canadian Securities Administrators Continuous Disclosure Obligations. All dollar amounts are stated in Canadian dollars, unless otherwise noted. This MD&A has been prepared as of March 11, 2011.

The 2011 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 where the going concern assumption is inappropriate. These adjustments could be material.

The interim consolidated financial statements are unaudited and have not been reviewed by the Company's auditors.

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 regulations, political stability and support, social and community stability and support, economics and metal prices as well as other factors as more fully discussed in the Risk Factors section of the Company's Financial Statements and AIF.

Stephane Amireault, P.Eng (B.Eng; MscA), Vice-President of Exploration, is the Company's in-house Qualified Person for geology for the purposes of NI 43-101.

Joseph C. Milbourne, FAusIMM, Vice-President Technical Services, is the Company's in-house Qualified Person for all technical materials (except geology) for the purposes of NI 43-101.

DESCRIPTION OF BUSINESS

Sulliden Gold Corporation Ltd. is engaged in the acquisition, exploration and development of mineral properties. The Company's primary focus is on the Shahuindo Gold/Silver Project ("Shahuindo"), located in one of the world's most prolific gold and silver producing districts in northern Peru. World-class gold mines in the region include Barrick Gold's Lagunas Norte Mine, 30 km to the south (1.0 million ounces of gold produced in 2009), and the Yanacocha Mine operated by Newmont Mining Company, 80 km to the north (2.1 million ounces of gold produced in 2009). The Company also holds a 100% interest in the East Sullivan Property in Quebec, Canada.

THIRD QUARTER HIGHLIGHTS

- Based on drilling results of the 30,000 meter exploration program initiated in July 2010 and completed in December 2010, Sulliden continued its exploration success at Shahuindo. Results from the ongoing exploration program continue to indicate an expanding mineral resource in all four zones (West Zone, Central Zone, East Zone, Moyan Alto Zone) and are expected to positively affect the new NI 43-101 mineral resource estimate due before the end of May 2011.
- On December 7, 2010, with the success of the 30,000 meter exploration program, the Company announced plans to undertake approximately 70,000 meters of drilling in 2011 – the largest exploration program ever initiated on this gold project.
- On December 16, 2010, pursuant to the terms of a warrant indenture, the Company issued a notice of accelerated expiry to the holders of approximately 22.8 million share purchase warrants. The expiry of these warrants was accelerated from October 6, 2012 to January 18, 2011. The Company received proceeds of approximately \$22.8 million from the exercise of these share purchase warrants.
- Effective at the open of the TSX on December 20th, 2010, the Company was added to the S&P/TSX Global Mining Index and the S&P/TSX Global Gold Index.
- The Company exited the quarter ended January 31, 2011 with cash and cash equivalents of \$45.4 million, net working capital of \$44.0 million and having a debt obligation of US\$0.5 million (paid after quarter end), representing the last installment of the US\$13.5 million Shahuindo settlement agreement reached in February 2009.

UPDATE ON SHAHUINDO

The Company's primary focus is on the exploration and development of Shahuindo, which is located in one of the world's most prolific gold and silver producing districts in northern Peru. A positive Preliminary Assessment for Shahuindo was completed in December 2009 and a Feasibility Study is currently being prepared. The Company is progressing towards its goal of reaching production in 2013, and a significant focus is being placed on exploration drilling to expand the mineral resource, which remains open in all directions and at depth.

In 2009, a five-year legal dispute that disrupted the Shahuindo development was resolved, and the Company now holds 100 percent ownership of Shahuindo and has secured exploration options on 13 adjoining mining concessions. The Company's debt obligation of US\$13.5 million agreed to as part of the settlement agreement is now fully paid as the last instalment of US\$500,000 was made subsequent to the quarter end.

Shahuindo has a NI 43-101 compliant Mineral Resource Estimation completed by AMEC Americas Limited ("AMEC") in January 2010 that estimates 51.8 million tonnes grading 0.63 grams per tonne gold with 17.9 grams per tonne silver and Inferred Mineral Resources totaling 18.0 million tonnes grading 0.50 grams per tonne gold and 6.1 grams per tonne silver. Indicated and Inferred Mineral Resources consider oxide, transition and sulphide materials. The technical report is filed under the profile of the Company on SEDAR at www.sedar.com.

The Company completed a positive Preliminary Assessment ("PA") and an updated NI 43-101 Mineral Resource Statement for Shahuindo in January 2010. The PA was prepared by AMEC Americas Limited. The results indicate a mining project with estimated cash operating costs of US\$403 per gold equivalent ounce, capital expenditures of \$89.4 million and annual gold production of approximately 105,000 equivalent ounces (see Non-GAAP Measures). At US\$875/oz gold, the study estimates a pre-tax internal rate of return ("IRR") on the pre-production capital investment of US\$90 million to be 43.3%, with a pre-tax Net Present Value (NPV) of US\$119 million (at an 8% discount rate). Please see press release dated February 16, 2010 on the Company's website www.sulliden.com. The PA includes inferred mineral resources that are considered too speculative geologically to have economic consideration applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PA will be realized.

The PA supports an open pit, heap leach mining process for the oxide portion of the Shahuindo deposit. The study omits the transition and sulphide mineralization that exists at Shahuindo, which represents an additional opportunity that will be the subject of future evaluation. Please refer to the press release dated December 8, 2009 on the Company's website www.sulliden.com.

Following the award of a "Category 2" drilling permit by the Peruvian Ministry of Energy and Mines in July 15, 2010, Sulliden announced a 30,000 meter exploration program with a focus on resource growth. The results of drilling initiated since July 2010 have indicated mineral growth in all four zones (West Zone, Central Zone, East Zone, Moyan Alto Zone) that extends beyond the current mineralized envelopes laterally and at depth and are expected to positively affect the updated NI 43-101 resource estimate due before the end of May 2011.

Drilling activities from the 30,000 meter exploration program continued through the third quarter of the year. Specifically, as announced:

- On November 23, 2010, over 110 holes, totaling over 24,000 meters, have been drilled in the Central Corridor and exploration activities continue on track with five drills operating on the site. Drilling successes outlined expanded mineralization along the Central Corridor.
- On December 14, 2010, 22 new drill intersections, representing approximately 5,300 metres of the 30,000 metre exploration program, conducted along the Central Corridor continued to indicate strong mineral resource growth potential; and,
- On February 1, 2011, a day after quarter end, the Company reported on assay results from 27 new drill holes conducted at Shahuindo. These results, which are part of the 30,000 meters of drilling completed in December 2010, once again continue to demonstrate excellent growth potential.

Based on the success of the current drilling campaign, the Company announced plans in December 2010 to undertake the largest exploration program ever initiated at Shahuindo - approximately 70,000 meters of drilling in 2011, almost doubling the total meters drilled since the discovery of the project in 1992.

- Central Corridor - The mineral system still remains open at width and along strike and will continue to be drilled.
- North-West and South-East extensions of the Central Corridor - These areas were discovered via geochemistry and geophysics and could represent a 60% increase to the known Central Corridor strike length.
- Sulphides – Sulliden will be conducting a program of deep drill holes along the Central Corridor to test for mineralization below the known oxide resource. The average drill depth at Shahuindo is approximately 110 metres, however one deep hole was drilled in the West Zone and intersected sulphide mineralization.
- North and South Corridors – These are virtually undrilled mineral structured paralleling the Central Corridor.
- Atimsa Option and North-West Anomaly – Ground exploration work will be conducted on the 7,400 hectare Atimsa option, and on a large geochemical anomaly identified to the North-West of the Central Corridor.

In addition to the continued drilling on the Central Corridor, the 2011 estimated 70,000 meter drilling exploration program will include seven major new target areas designed to expand and identify new mineral resources at Shahuindo.

As previously announced, Kappes, Cassiday & Associates (“KCA”) had been selected to conduct a Feasibility Study to advance the development of Shahuindo. The Feasibility Study will also include an updated mineral resource model, which will incorporate the results from the latest exploration drill program completed in December 2010 and the data from the recent geotechnical drilling program. The Feasibility Study is expected for completion before the end of July 2011. Sulliden expects this portion of the study to demonstrate an expanding mineral resource, which would likely have positive effects on the production figures and the overall economics of Shahuindo. In conjunction with the work being done on the Feasibility Study, other projects expected to be completed before the end of July 2011 include metallurgical testing, environment impact assessment and pit slope studies. For the three and nine months ended January 31, 2011, acquisition and exploration costs in mineral properties primarily relate to the cost incurred on the feasibility study and capitalized interest; acquisition and exploration costs in deferred exploration costs primarily relate to stock-based compensation, consulting fees and drilling, exploration, geological sampling analysis conducted as part of the 30,000 meter exploration program, including future income tax effects thereof.

EAST SULLIVAN PROPERTY

The Company holds a 100% interest in the East Sullivan Property in Quebec, Canada. No work is currently being carried out on the property.

OUTLOOK

Sulliden currently has a strong cash position, and is sufficiently funded to complete the planned exploration activities, engineering studies, required permitting and general administrative costs until a mine development decision.

Sulliden is committed to prudent and disciplined growth and continuous improvement of the value of its Shahuindo project. It will also continue to focus on controlling costs and ensuring the effective management of capital expenditures.

Settlement of Shahuindo Litigation

In February 2009, the Company reached agreements to settle all outstanding issues in the disputes and litigation surrounding Shahuindo. The agreements secure the Company's ownership of Shahuindo.

- a) The Company entered into a Settlement Agreement with Compañía Minera Algamarca S.A. and its subsidiary, Compañía de Exploraciones Algamarca S.A. (collectively “Algamarca”) under which Algamarca has agreed to ratify and confirm the 2002 Transfer Contract and to acknowledge the transfer of the Shahuindo mining concessions, surface lands and mining assets to the Company effective as of the original date of the Transfer Contract.

Algamarca agreed to withdraw and abandon all process and appeals and to abandon all legal proceedings that have been brought against Sulliden, its employees, officers and directors, and to surrender and transfer to the Company the ownership and possession of the surface lands, mining concessions and mining assets.

The Company agreed to abandon all legal proceedings and appeals that have been brought against the Algamarca Group and to refrain from being a party to any other legal proceedings.

- b) The Company also entered into a separate Settlement Agreement with Compañía Minera Andina S.A. and various other Panamanian companies, including Inversiones Mineras Sudamericana SA, Andean Mining Gold SA and Import Export A.C.D.S.A, and their shareholders, whereby these companies have agreed to withdraw and abandon all claims and legal actions that these companies have made against the Company or the Shahuindo property, including the purported transfer of five concessions to Inversiones Mineras Sudamericana SA and eight concessions to Andean Mining Gold SA, the mortgage of US\$50 million in favour of Import Export and the mortgage of US\$80 million in favour of Inversiones Mineras Sudamericana.

In consideration of these companies withdrawing all claims and discontinuing all legal actions against the Company, its employees, officers and directors, or relating to Shahuindo, the Company agreed to:

(1) make payments, in installments, totaling US\$13.5 million, such installments to be payable as follows:

- US\$1,250,000 - February 29, 2009 (paid)
- US\$ 250,000 - May 27, 2009; (paid)
- US\$1,000,000 - August 27, 2009;(paid)
- US\$7,500,000 - April 27, 2010;(paid)
- US\$1,000,000 - May 27, 2010;(paid)
- US\$1,000,000 - August 27, 2010;(paid)
- US\$1,000,000 - November 27, 2010;(paid)
- US\$ 500,000 - February 27, 2011 (paid subsequent to quarter end)

If the Company had missed any of the payments under the Settlement Agreement due on any of the 15, 18, 21 or 24 month, a penalty of 10% would have become payable and if not paid within a further 30 days any remaining payments would have been accelerated and become immediately due and payable in full, together with interest on arrears at LIBOR plus 5%.

The Company has not missed any of the required installment payments on their due dates and has, subsequent to quarter-end, paid the remaining balance of US\$500,000 before the due date of February 27, 2011. The payment of US\$7,500,000 made in fiscal 2010 was secured by a charge on the Shahuindo property, which was released and provided the Company with 100% unencumbered ownership of the property. As of the date of this MD&A, the US\$13.5 million has been paid in full and no further amounts are owing.

(2) Issue 9,575,000 common shares of the Company at a deemed issue price of \$0.50 per share.

In 2009, as part of the settlement, the Company issued 9,575,000 shares at a deemed value of \$0.50 per share for a total amount of \$4,787,500.

(3) Grant a royalty equal to 1.5 percent of Net Smelter Returns (“1.5% NSR”), payable upon production from the Shahuindo property, provided that the Company has the right for a period of three years to buy-back the 1.5% NSR at a price of US\$10 million if exercised within one year, and at a price of US\$10 million plus interest at LIBOR plus 5 percent, if such buy-back right is exercised between the thirteenth and thirty-sixth months; and further provided that if, during the first three years from date of Agreement, the Company sells Shahuindo, or the Board of Directors of Sulliden approves the transfer or issue of more than 52% of its shares, to a third party, the Company must buy back the NSR.

The NSR Agreement provides that if Shahuindo does not start operations within a period of three years from the date of the Agreement an advance NSR royalty in the amount of US\$500,000 per year becomes payable in quarterly installments of US\$125,000 per quarter until the start of operations, with any such advance payments credited as advance payments on account of the NSR, subject to force majeure including material drop in the price of gold or silver, social commotion, strikes, or any other event that could be qualified as an act of God.

c) The Company also entered into an exploration option agreement with a related private Peruvian company which holds 13 mining concessions partly adjoining the Shahuindo property. During the option period, the Company may carry out exploration on the 13 mining concessions and has the option, for a period of three years, to purchase the properties for a purchase price of US\$5,000,000, subject to a 3% NSR royalty.

- d) The Company also agreed to issue to an arm's-length third party 1,250,000 common shares of the Company at a deemed issue price of \$0.50 per share in payment of a success fee for assistance in facilitating and negotiating the settlements. In 2009, the Company issued the 1,250,000 common shares at a deemed issue price of \$0.50 relating to this agreement.

The Board of Directors believes that it was in the best interests of the Company to resolve the Shahuindo litigation and dispute and that, in all the circumstances, the terms of settlement are reasonable. The legal disputes concerning Shahuindo had been ongoing since early 2003. While the Company had been successful in many aspects of the case, and was confident of the eventual legal outcome, the litigation was extremely complex, involving over 40 separate cases, petitions, motions, appeals and administrative and constitutional challenges, all raising formidable legal issues. Settlement of the dispute avoided the substantial costs of further litigation and enabled the Company to get back to exploration and development and finally move the project forward.

In May 2009, the Company issued 750,000 common shares at an issue price of \$0.65 per share in payment of certain outstanding obligations including contingent legal fees arising out of the settlement which had been accrued at April 30, 2009. In November 2009, following the receipt of shareholder approval, the Company also issued 1,200,000 shares, at an issue price of \$0.65 per share, to certain insiders of the Company in settlement of certain outstanding obligations including legal fees and accrued compensation arising out of the Shahuindo litigation and settlement.

RESULTS OF OPERATIONS

The following were key results of operations for the three and nine months ending January 31, 2011:

Three months ended January 31, 2011 compared with the three months ended January 31, 2010

For the three months ended January 31, 2011, the Company reported a net loss of \$5,464,316 or \$0.03 per share compared to a net loss of \$3,582,328 or \$0.03 per share for the three months ended January 31, 2010. The change was mainly due to a higher stock-based compensation expense and professional fees, offset by lower salaries and consulting fees.

Stock-based compensation expense of \$4,212,406 (2010 - \$2,050,134) was primarily related to 3,540,000 (2010 - 3,590,000) share purchase options granted during the quarter. These options vested immediately and the fair value of these options was estimated using the Black-Scholes option valuation model as at the date of grant. Stock-based compensation expense varies due to the calculated Black-Scholes value and related assumptions as described in note 4(c) to the interim consolidated financial statements.

Salaries and consulting fees for the three months ended January 31, 2011 amounted to \$496,374 (2010 - \$1,139,521). This was mainly due to the third quarter of 2010 being impacted by increased management compensations and severance payouts to the former management.

Professional fees include amounts paid for services rendered, including legal, accounting, audit, and director's fees which totalled \$403,313 (2010 - \$199,925). The increase in fees mainly relates to legal and accounting fees incurred in relation to the public offering of 18,400,000 common shares of the Company which closed in October 29, 2010.

Travel and accommodation costs of \$113,553 for the three months ended January 31, 2011 (2010 - \$37,946) related to travel by employees and consultants of the Company to attend meetings, industry conferences and visit project sites. The increase is a reflection of the overall higher level of corporate, marketing and exploration activities as the Company moves forward on the development of Shahuindo.

Investment income of \$39,173 in the three months ended January 31, 2011 (2010 - \$17,659) was derived from the Company's investments related to its excess cash. The Company invests its excess cash primarily in guaranteed investment certificates and high interest savings accounts in schedule one Canadian chartered banks.

For the three months ended January 31, 2011, the Company recorded a future income tax adjustment of \$663,000 (2010 - \$301,000). The current effect of this adjustment would reduce future tax benefits at Shahuindo once the mine is in commercial production. The increase in the future income tax reflects the significant capital expenditures made for mineral properties and exploration costs.

Nine months ended January 31, 2011 compared with the nine months ended January 31, 2010

For the nine months ended January 31, 2011, the Company reported a net loss of \$8,569,329 or \$0.05 per share compared to a net loss of \$4,234,941 or \$0.04 per share for the nine months ended January 31, 2010. The change was mainly due to a higher stock-based compensation expense and a foreign exchange loss compared with a foreign exchange gain in the same period in the prior year. These increases were offset by lower salaries and consulting fees and professional fees.

The stock-based compensation expense for the nine months ended January 31, 2011 of \$5,926,857 (2010 - \$2,248,906) primarily related to 6,730,000 options granted (2010 - 3,590,000 options), all of which vested immediately. During the nine months ended January 31, 2011, at two separate grant dates, 6,345,000 options (August 2010 - 3,190,000 options and November 2010 - 3,155,000 options) were granted to existing management, consultants and directors compared to 2,740,000 options granted on November 2009.

Salaries and consulting fees for the nine months ended January 31, 2011 were \$1,381,635 (2010 - \$2,035,336). The decrease was mainly due to a total of \$665,000 in bonuses paid out in the third quarter of 2010 along with increased management compensations and severance payouts to the former management.

Professional fees totalled \$473,808 for the nine months ended January 31, 2011 (2010 - \$660,690). During the first six months of the prior fiscal year, there were higher fees related to accounting and audit fees due to restatement of the financial results of fiscal 2009 and first quarter financial statements of fiscal 2010 as well as increased financial review in relation to the financing.

Shareholders' Information expenses of \$393,763 for the nine months ended January 31, 2011 (2010 - \$236,018) relates mainly to listing fees, filing fees and other marketing costs. The increase is a result of the significant communication activities relating to the Company's ramp-up in exploration and in securing capital resources.

The change in the value of the Canadian dollar in relation to the US dollar resulted in a non-cash currency exchange loss of \$64,192 for the nine months ended January 31, 2011 compared to an exchange gain of \$1,298,551 in the nine months ended January 31, 2010. The liability related to the Shahuindo settlement agreement is denominated in US dollars (US\$500,000 as at January 31, 2011 compared to US\$11,000,000 as at January 31, 2010). Fluctuations in the exchange rate between the US and Canadian dollars have had a major impact on exchange gains and losses recorded upon translation of the liability into Canadian dollars. Of the total exchange gain reported during the nine months ended January 31, 2010, \$1,219,962 resulted from the stronger Canadian dollar against US dollar which favourably reduced the carrying amount of the US\$11.0 million commitment as at January 31, 2010.

Investment income of \$78,258 for the nine months ended January 31, 2011 (2010 - \$24,718) was derived from the Company's excess cash primarily invested in guaranteed investment certificates and high interest savings accounts in schedule one Canadian chartered banks.

For the nine months ended January 31, 2011, the Company recorded a future income tax adjustment of \$1,508,000 (2010 - \$835,000). The current effect of this adjustment would reduce future tax benefits at Shahuindo once the mine is in commercial production.

SUMMARY OF QUARTERLY RESULTS

	For the quarter ended			
	January 31, 2011	October 31, 2010	July 31, 2010	April 30, 2010
Interest income	\$ 39,173	\$ 14,842	\$ 24,243	\$ 6,763
Net loss	\$ 5,464,316	\$ 2,102,407	\$ 1,002,606	\$ 195,574
Basic and diluted net loss per share	\$ 0.03	\$ 0.01	\$ 0.01	\$ -
	January 31, 2010	October 31, 2009	July 31, 2009 <i>Restated</i>	April 30, 2009 <i>Restated</i>
Interest income	\$ 17,659	\$ 5,716	\$ 1,343	\$ 10,901
Net loss (income)	\$ 3,582,328	\$ 1,222,493	\$ (569,880)	\$ 1,485,840
Basic and diluted net loss (income) per share	\$ 0.03	\$ 0.01	\$ (0.01)	\$ 0.02

The Net loss (income) amounts in the quarterly results table have been adjusted to reflect the transitional adjustment on adoption of new accounting standards as described under the New accounting changes/Goodwill and intangible assets section of Note 2 of the Consolidated Financial Statements for the year ended April 30, 2010.

The gain in the quarter ended July 31, 2009 in contrast to loss in the previous quarters is mainly due to the foreign exchange gain of \$1,275,047.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2011, the Company held cash and cash equivalents of \$45,441,388, compared to \$17,835,389 as at April 30, 2010. The cash equivalent amount as at January 31, 2010 related to funds invested in various guaranteed investment certificates and high interest savings investments. The increase in cash and cash equivalents resulted from net proceeds of \$21,489,616 from the public offering that closed in October 2010, proceeds of \$1,056,850 from exercises of 1,605,000 share purchase options and proceeds of \$25,218,346 from exercises of 25,892,078 warrants (of which 22,763,466 warrants were exercised pursuant to the notice of accelerated expiry further described below).

The net proceeds from the public offering of 18,400,000 Common shares at a price of \$1.25 per common share that closed on October 29, 2010 funded the current quarter's corporate and administrative expenses, acquisition and exploration costs at Shahuindo as well as the repayment of the US\$1.0 million settlement instalment that was due in November 27, 2010.

Accelerated expiry of warrants

22,800,000 warrants, which were issued pursuant to public offerings completed in October 2009 and April 2010, were exercisable to purchase common shares at a price of \$1.00 until October 6, 2012. Pursuant to the terms of a warrant indenture, the expiry of the warrants may be accelerated at any time prior to the expiry of the warrants if the common shares of the Company trade on the Toronto Stock Exchange (the "TSX") at a volume weighted average price of \$1.50 or more for a period of at least twenty (20) consecutive trading days, at which time the Company may give notice to the warrant holders that the warrants will expire on the 30th day following receipt of notice. On December 16, 2010, the Company issued a notice of accelerated expiry to the holders of the share purchase warrants. The warrant holders were advised that the expiry date of the warrants had been accelerated to January 17, 2011. On January 12, 2011 the Company extended the expiry date by one day to January 18, 2011. The Company received proceeds of \$22,763,466 from the exercise of 22,763,466 common share purchase warrants at a price of \$1.00 per common share. This additional capital will be used in part towards the 2011 exploration program announced in December 7, 2010 and to complete all the necessary engineering and permitting studies required to develop Shahuindo.

Accounts receivable, prepaid and deposits totalling \$241,870 are comprised principally of recoverable federal and provincial sales taxes of \$101,048, advances of \$90,497 and other receivables of \$25,133 related to Peruvian operations.

Accounts payable and accrued liabilities totalling \$1,159,950 are comprised primarily of normal trade payables for the Peruvian operations and general and administrative expenses in Canada.

The Company has sufficient cash to continue funding its property maintenance and administrative costs; complete the Feasibility Study and complete the recently announced 70,000 meter drilling program for 2011. The Company will need to raise further funds to undertake future exploration programs and to advance Shahuindo into the construction phase.

As at January 31, 2011, the Company had 201,878,498 common shares issued and outstanding; 10,156,837 warrants outstanding which would raise \$8,093,864 if exercised in full; 210,704 broker warrants, each exercisable for a unit of the Company that, if exercised, including the exercise of the one-half of one warrant included in each unit, would raise \$168,563; and 16,580,000 share purchase options outstanding which would raise \$14,951,000 if exercised in full. The Company does not know when and how much will be collected from the exercise of these convertible securities as this is dependent on the determination of the holder. The Company does not have long-term debt as of the date of this MD&A and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

Management periodically seeks 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. While the Company has been successful in raising capital in the past, there can be no assurance it will be able to do so in the future. Without new funding being available, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in the financial statements.

CASH FLOWS

Cash flows for the three months ended January 31, 2011 and for the three months ended January 31, 2010

Operating

Cash used by operating activities (before net change in non-cash working capital items) amounted to \$1,160,625 for the third quarter of 2011 (2010 - \$1,537,700). The change in non-cash working capital was \$29,636 for the third quarter of 2011 (2010 - \$192,483). The lower use of cash for operating activities in the third quarter of 2011 as compared to same quarter of 2010 was primarily from the overall reduction of salaries and consulting fees in 2011.

Financing

Cash provided from financing was \$23,960,069 for the three months ended January 31, 2011 compared with cash used of \$17,978 for the comparative quarter last year. The increase in cash from financing is a result of the following:

- Proceeds of \$22,763,466 from the exercise of 22,763,466 common share purchase warrants at a price of \$1.00 per common shares as a result of the notice of accelerated expiry described above;
- Proceeds of \$1,358,850 from the exercise of 1,712,412 warrants; and,
- Proceeds of \$856,850 from the exercise of 1,355,000 share purchase options.

During the quarter ended January 31, 2011, the Company also made a loan settlement installment payment for \$1,008,000 (US\$1,000,000). No installment payment was due from this settlement obligation during the third quarter of 2010.

Investing

During the three months ended January 31, 2011, the Company invested a total of \$6,635,157 compared to \$1,833,681 for the three months ended January 31, 2010 in mining properties and exploration and development, including payroll and corporate expenses. These costs relate to updating the mineral resource estimate and are being incurred in conjunction with the Feasibility Study.

Cash flows for the nine months ended January 31, 2011 and for the nine months ended January 31, 2010

Operating

Cash used by operating activities was \$3,192,967 during the nine months ended January 31, 2011 (2010 - \$3,404,314). The change in non-cash working capital used was \$656,214 (2010 - \$340,350).

Financing

Cash provided from financing was \$44,675,107 during the nine months ended January 31, 2011 compared with providing \$18,235,556 during the comparative period last year. The increase cash from financing is a result of the following:

- Proceeds of \$21,469,611 in a public placement financing in October 2010, net of share issue costs compared to \$19,697,931 in private and public financings in May and October 2009;
- Proceeds of \$22,763,466 from the exercise of 22,763,466 common share purchase warrants at a price of \$1.00 per common shares as a result of the notice of accelerated expiry described above;
- Proceeds of \$2,454,880 from the exercise of 3,128,612 warrants compared to no warrants exercised for the comparable nine months ended January 31, 2010;
- Proceeds of \$1,056,850 from the exercise of 1,605,000 share purchase options compared to no share purchase option exercised for the comparable nine months ended January 31, 2010.

During the nine months ended January 31, 2011, the Company also made a loan settlement installment payment for \$3,069,700 (US\$3,000,000). During the same period in the prior year the Company paid \$1,462,375 (US\$1,250,000).

Investing

During the nine months ended January 31, 2011, the Company invested a total of \$14,195,640 (for the nine months ended January 31, 2010 - \$5,106,151) in mining properties and exploration and development, including payroll and corporate expenses. The Company also experienced an increase in exploration accounts payable and accruals during the nine month period ended January 31, 2011 of \$414,465, compared to \$229,165 for same period in the prior year. These expenditures were incurred as the Company advances Shahuindo as discussed earlier.

For the nine months ended January 31, 2010, the Company also redeemed \$3,617,300 in guaranteed investment certificates. The guaranteed investment certificates as at January 31, 2011 have been classified as cash equivalents as they are held for the purpose of meeting short-term cash needs and are readily convertible into cash one month from the date of purchase.



CAPITAL STRUCTURE

At January 31, 2011 and March 11, 2011 the Company had an authorized capital of an unlimited number of common shares of which the following were outstanding:

	<u>January 31, 2011</u>	<u>March 11, 2011</u>
Common Shares	201,878,498	202,176,805
Options	16,580,000	16,580,000
Warrants*	10,156,837	9,858,530

* An aggregate total of 210,704 additional warrants will be issued upon exercising of broker unit warrants

OFF-BALANCE SHEET TRANSACTIONS

The Company has no off-balance sheet transactions except an NSR buy-back option and ATIMMSA property purchase option detailed in Settlement of Shahuindo Litigation section above.

RELATED PARTY TRANSACTIONS

The Company shares its premises with other corporations that have some common directors and officers, and the Company reimburses the related corporations for their proportional share of the expenses. As at January 31, 2011, the Company has advanced \$21,191 to such corporations to cover shared expenses and has included these amounts in accounts receivable, prepaid and deposits (April 30, 2010 - \$31,976).

The Company was charged \$15,000 and \$45,000 for the three and nine months ended January 31, 2011, respectively (\$15,000 and \$45,000 for the three and nine months ended January 31, 2010, respectively) by a company controlled by a director of the Company for administration services.

The Company was charged \$40,500 and \$121,500 for the three and nine months ended January 31, 2011, respectively (\$nil for the three and nine months ended January 31, 2010) by a company controlled by a director of the Company for consulting services.

The Company was charged \$10,505 and \$29,196 for the three and nine months ended January 31, 2011 (\$nil and \$63,500 for the three and nine months ended January 31, 2011), respectively by legal firms in Peru and Canada in which a senior member of management or director is a partner.

As at January 31, 2011, accounts payable and accrued liabilities include amounts for professional fees and general administrative expenses to companies related to the Company's officers in the amount of \$23,783 (April 30, 2010 - \$15,750) related to these expenditures.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

FINANCIAL INSTRUMENTS AND RISK FACTORS

There have been no changes to the risk objectives, policies and procedures from the previous period. The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Financial instruments

The Company has, for accounting purposes, designated its cash and cash equivalents as held-for-trading, which are measured at fair market value. Accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost, Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized costs.



The carrying value of cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long term debt reflected in the consolidated balance sheet approximate fair value because of the relatively short-term maturities.

Cash equivalents of \$43,938,027 are considered to be Level 2.

Interest rate risk

As at January 31, 2011, the Company held guaranteed investment certificates of \$14,799,809 and high interest saving accounts of \$29,138,218, subject to early redemption rights, and earning income at an average rate of 1.50% and 0.7%, respectively (April 30, 2010 - \$3,329,048 guaranteed investment certificates, earning income at an average rate of 0.5%). All other financial assets are non-interest bearing. A 1% increase in interest rates, based on the balance of cash and cash equivalents at January 31, 2011, would result in an increase in annual interest income of approximately \$454,000.

All liabilities are non-interest bearing; however, if the Company misses any of the payments under the Settlement Agreement due on any of the 15th, 18th, 21st or 24th month, a penalty of 10% becomes payable and if not paid within a further 30 days any remaining payments are accelerated and become immediately due and payable in full, together with interest in arrears at LIBOR plus 5%. Subsequent to the quarter end, the last installment payment of US\$500,000 outstanding as at January 31, 2011 was paid before its due date of February 27, 2011.

Foreign currency risk

The Company has operations in Peru with transactions denominated in U.S. dollars and Peruvian Nuevos Soles currency. In addition, the Company's debt obligations related to the Settlement Agreement are denominated in U.S. dollars. The Company has not used derivative instruments to reduce its exposure to foreign exchange fluctuations.

A portion of the Company's expenses are denominated in U.S. dollars and Peruvian Nuevos Soles. Consequently, an amount of US\$16,426,703 and Soles/1,004,614 cash and cash equivalents, Soles/287,941 in amounts receivable, and US\$162,893 and Soles/2,419,426 in accounts payable and accrued liabilities are exposed to fluctuations in foreign exchange rates.

The Company also has debt obligations totaling US\$500,000 that is exposed to fluctuations in foreign exchange rates. A 10% variance in the US\$ exchange rate would impact the value of the debt obligation by \$50,000 based on the balance as at January 31, 2011.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash, guaranteed investment certificates and high interest savings instruments held in financial institutions from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist primary of goods and services tax due from the Federal Governments of Canada.

Liquidity risk

As at January 31, 2011, the Company had net working capital of \$44,028,391, which included cash and cash equivalents of \$45,441,388 and amounts receivable and other of \$241,870, net of current liabilities of \$1,654,867. The current liabilities included the discounted value of the payments due as part of the settlement obligation. In addition to operating expenses and the final long-term debt payments, expenditures over the next twelve month period include expenditures on exploration and development programs. The Company expects to rely on its existing net working capital to finance its ongoing activities. The Company also expects to complete future equity financings, as required and available.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

CONTRACTUAL COMMITMENTS

Settlement of Litigation

In February 2009, the Company entered into certain commitments in connection with the settlement of litigation. The Company is contractually obligated to make future payments as part of the overall settlement of the outstanding litigation matters regarding the Company's Shahuindo property in Peru. The Company agreed to make payments, in installments, to a total US\$13.5 million of which US\$1,250,000 was paid on signing of the Settlement Agreement on February 27, 2009. The balance of the installments were payable as follows:

- US\$250,000 (May 27, 2009); (paid)
- US\$1,000,000 (August 27, 2009); (paid)
- US\$7,500,000 (April 27, 2010);(paid)
- US\$1,000,000 (May 27, 2010);(paid)
- US\$1,000,000 (August 27, 2010); (paid)
- US\$1,000,000 (November 27, 2010); (paid)
- US\$500,000 (February 27, 2011) (paid subsequent to the quarter end)

The installment payment of US\$7,500,000 was completed before the due date of April 27, 2010 and released a mortgage that was held on Shahuindo.

If the Company had missed any of the remaining payments due on any of May 27, 2010 (paid), August 27, 2010 (paid), November 27, 2010 (paid) and February 27, 2011 (paid subsequent to quarter end), a penalty of 10% would have become payable and if not paid within a further 30 days any remaining payments would have been accelerated and become immediately due and payable in full, together with interest on arrears at LIBOR plus 5%. As of the date of this MD&A, all payment installments, in the aggregate of US\$13.5 million have been paid.

The payment of US\$500,000 due on or before February 27, 2011 is classified as a current liability. The US\$500,000 has been discounted to reflect the time value of money based on an imputed interest cost of 12.5% resulting in classified short term debt of \$494,917 (US\$495,412). The balance of the imputed interest cost that will be recognized as capitalized interest expense as incurred over the term of the short and long term debt is calculated at \$1,626,423 (US\$1,628,051) as of January 31, 2011.

Under a NSR Royalty Agreement, if Shahuindo does not start operations within a period of three years from February 27, 2009 an advance NSR royalty in the amount of US\$500,000 per year becomes payable in quarterly installments of US\$125,000 per quarter until the start of operations, with any such advance payments credited as advance payments on account of the NSR, subject to force majeure including material drop in the price of gold or silver, social commotion, strikes, or any other event that could be qualified as an act of God.

The Company has the right for a period of three years from February 27, 2009 to buy-back the 1.5% NSR at a price of US\$10 million if exercised within one year, and at a price of US\$10 million plus interest at LIBOR plus 5%, if such buy-back right is exercised between the thirteenth and thirty-sixth months; and further provided that if, during the three years from February 27, 2009 the Company sells Shahuindo, or the Board of Directors of Sulliden approves the transfer or issue of more than 52% of its shares, to a third party, the Company must buy back the NSR.

Management contracts

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$746,000 and additional contingent payments of approximately \$5,372,000 upon the occurrence of a change of control. As the likelihood of a change of control is not determinable, the contingent payments have not been recorded in these consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION AND CRITICAL ACCOUNTING ESTIMATES

Sulliden's financial statements are the responsibility of the Company's management. The consolidated interim financial statements were prepared by the Company's management in accordance with Canadian generally accepted accounting principles. A description of the Company's significant accounting policies can be found in Note 2 of the Company's annual audited consolidated financial statements for the year ended April 30, 2010.

The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the consolidated financial statements are presented fairly in all material respects. Significant estimates include the carrying amount of mining properties and deferred exploration costs and the valuation of stock-based compensation cost. Actual results may differ from those estimates.

FUTURE ACCOUNTING PRONOUNCEMENTS

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. Sections 1582 replaces section 1581 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 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 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 a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact that the adoption of these new standards will have on the Company's consolidated financial statements.

CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

On February 13, 2008, the AcSB confirmed January 1, 2011 as the mandatory changeover date to IFRS for all Canadian publicly accountable enterprises. Accordingly, the Company plans to adopt IFRS on May 1, 2011. In accordance with IFRS, the Company will be required to report its results commencing with its fiscal year ending April 30, 2012, with the quarter ending July 31, 2011 being the first set of consolidated financial statements prepared under IFRS. Comparative figures for the quarter ended July 31, 2010 also need to be presented, including an opening balance sheet as at May 1, 2010 reconciled from current Canadian GAAP to IFRS. For the year ending April 30, 2011 and comparative year ended April 30, 2010, the Company will continue to report its results in accordance with Canadian GAAP.

The Company has created an implementation team, which consists of internal resources and external consultants. A changeover plan is being established to convert to the new standards within the allotted timeline and is expected to consist of the following three key project phases:

Phase 1: Raise Awareness and Assess

This first phase of the conversion project has two stages focusing firstly on raising awareness within the Company and providing an initial assessment of the impact of the IFRS conversion, and secondly on carrying out a detailed assessment of the impact of the conversion to IFRS.

Differences between Canadian GAAP and IFRS have been reviewed for potential impacts to existing accounting policies, information systems and business processes. An action plan has been developed for each impact area.

Phase 2: Design

Following completion of the assessment phase, the focus of the design phase will build the tools required for the conversion based on management's decisions about accounting options and the related disclosures. During this phase, external consultants will assist the project team in designing the changes to be implemented relating to accounting and consolidation processes, information technology systems and other affected business aspects, including but not limited to, changes to contracts, key performance indicators, internal reporting.

The design phase will also involve revisiting the communication and training strategies to be carried out during the implementation of IFRS and updating the operational and milestone plans, and an issues log for finalization of actions to be taken during the implementation phase.

Phase 3: Implementation

The implementation stage is about execution. The roll-out of the designed changes takes place during this phase. This phase will accomplish:

- Developing the new accounting policies, accounting manuals, guidelines, processes for reporting packages from business units, and consolidation templates;
- Preparing the IFRS financial statements and related disclosures including facilitating and supporting the dry run financial reporting process;
- Developing revised internal control processes, including updating the key controls for NI 52-109 purposes.
- All phases are expected to be completed ahead of July 2011 in order to facilitate comparative reporting for the first quarter of 2012.

The Company has completed its high-level impact assessment on adoption, and has developed a high-level plan for convergence and implementation. Although the Company has not yet finalized the full effects of adopting IFRS, the significant areas identified to date are discussed below. The discussion below should not be regarded as complete account of changes that will result from the IFRS transition but are intended to highlight those areas where the Company believes to be the most significant. Until the preparation of the first set of financial statements under IFRS, the Company will not be able to determine or precisely quantify all of the impacts that will result from the conversion to IFRS.

As the Company progresses further into the design and implementation phases, as decision are made regarding accounting policies and as changes to Canadian GAAP and IFRS standards may occur prior to our changeover date, the areas impacted and the effect may be subject to change. The Company will continue to disclose impacts on our financial reporting, including expected quantitative impacts, systems and processes and other areas of our business in future MD&As as they are determined.

1) *IFRS 1 - First time adoption*

IFRS 1 sets forth guidance for the initial adoption of IFRS. Commencing with the quarter ending July 31, 2011, the Company will restate its financial statements for comparative periods to be consistent with IFRS. In addition, where applicable, the Company will reconcile equity and net income from the previously reported fiscal 2011 Canadian GAAP amounts to the restated IFRS amounts. IFRS generally requires that first-time adopters retrospectively apply all IFRS standards and interpretations in effect at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and optional exemptions. The Company anticipates using the following optional exemptions from full retrospective application of IFRS:

(a) Mineral Property Interests - Capitalization Policy

The Company currently defers/capitalizes its exploration costs under Canadian GAAP, and this policy is permitted to continue under IFRS. The alternate policy would be such that all pre-feasibility exploration costs would be expensed and not deferred. Upon completion of a feasibility study and a production decision being made, additional costs would be capitalized as development costs of the project. If a policy of expensing pre-feasibility exploration is adopted, an exercise would be performed to bifurcate the current carrying value of the mineral property interests into acquisition and exploration costs. It is anticipated that the total acquisition costs will be positively identified, with the residual method being applied in order to estimate the total exploration costs.

Management has recommended to the Audit Committee to continue with the existing policy whereby pre-feasibility exploration costs have been capitalized, which would result in no significant IFRS adoption differences. The Audit Committee agreed with Management's recommendation.

(b) Mineral Property Interests and Property, Plant and Equipment - Fair Value Options

The Company has the option on transition to maintain the value of its mineral property interests and property, plant and equipment at their historical cost, or to re-value these long-term assets at their fair value. If the fair value option was used, the fair value determined as of May 1, 2010 would become the deemed cost for future periods. The Company believes the costs and complexities involved in obtaining a fair value estimate for early stage (or even advanced) development stage resource projects are high relative to the benefits to be gained considering management's current plans with Shahuindo and such fair value determinations are subject to measurement uncertainty.

Management has recommended to the Audit Committee not take the re-value option and to maintain existing mineral property interest and property, plant and equipment at historical cost, which would result in no significant IFRS adoption differences. The Audit Committee agreed with Management's recommendation.

(c) Capitalized Borrowing Costs

The Company has incurred borrowing costs in connection with the financing terms of the 2009 settlement agreement. Such borrowing costs have been capitalized to the carrying value of the interest in mineral properties. The Company may elect, on transition to IFRS, to apply a policy of capitalizing borrowing costs prospectively from the date of IFRS adoption, which is May 1, 2010. The effect will be to reduce the carrying value of the mineral property interests.

Management has recommended to the Audit Committee to continue with the existing policy whereby interest has been capitalized to the carrying value of the interest in mineral properties, without the use of the IFRS transition election regarding previously capitalized borrowing costs, which would result in no significant IFRS adoption differences. The Audit Committee agreed with Management's recommendation.

(d) Business Combinations or Asset Purchases

Acquisition cost relating to the Company's current mineral property interests can be considered as a purchase of a business or an asset. The Company, under Canadian GAAP, recorded these acquisitions as asset purchases. Similarly, such acquisitions may qualify as asset purchases or as business combinations under IFRS. However, under IFRS, the definition of a business has changed. As a result, what qualifies as a business combination also changes under IFRS. Many transactions previously accounted for as asset purchases (such as the acquisition of a property interest) may be considered business combinations under IFRS. If the property acquisitions were determined to be business combinations, the Company would have the option to adopt an IFRS exemption whereby the business combination would not need to be reconsidered under the current provisions of IFRS.

Management has recommended to the Audit Committee, if the property acquisitions were determined to be business combinations, the Company would elect not to re-evaluate such acquisitions, which would result in no significant IFRS adoption differences. The Audit Committee agreed with Management's recommendation.

(e) IFRS 2 – Share-based Payment

Both IFRS 2 – Share-based Payment and CICA 3870 – Stock-based Compensation and Other Stock-based Payments are based on the concept that the fair value of share-based transactions should be recorded in the financial statements. Although these sections are substantially converged, they have certain differences related to how share-based payments are recognized. The most significant differences are:

- Graded vesting – Under IFRS, each vesting period is treated as a separate award with compensation cost for each tranche recognized on a straight-line basis over its own distinctive vesting period. Under Canadian GAAP, the Company currently pools all options within a specific grant and recognizes compensation cost of the entire grant straight-line over the vesting period. This change in recognition pattern may accelerate the expensing of our option grants.
- Forfeitures – IFRS requires that measurement of share-based transactions be based on the best estimate of the number of equity instruments expected to vest at the end of each reporting period, including estimating forfeitures. Under Canadian GAAP, entities have the option of estimating forfeitures each reporting period or recognizing forfeitures as they occur. The Company currently recognizes forfeitures as they occur; and,
- Disclosure – IFRS has expanded disclosure requirements over Canadian GAAP.

IFRS 1 provides an exemption not requiring first-time adopters to apply IFRS 2 to any equity instruments that already vested before the date of transition. In addition, IFRS 2 need not be applied to equity instruments granted on or before 7 November 2002 even if they vest after the date of transition. For all awards granted after the date of transition, the Company is required to apply IFRS 2 in full.

Management is expected to elect to apply the share-based payment exemption.

2) *IAS 1 Presentation of financial statement*

The Company anticipates several changes to the format of our consolidated financial statements and expanded note disclosure upon adoption of IAS 1. In accordance with IAS 1, the Company will be required to present a separate statement of equity, classify our operating expenses by nature or function, adopt new financial reporting terminology, and be required to increase our financial statement disclosure, especially around the basis for measurements and judgments.

3) *IAS 12 – Income taxes*

The Company currently has a significant future income tax balance arising from differences between the carrying value of its interests in mineral properties and their tax base in Peru. The difference arose based on initial acquisition costs, legal settlement costs, and exploration costs that were incurred in the Canadian parent entity. Differences arising at the time of an asset acquisition do not trigger deferred income taxes under IFRS. As a result, it is expected that the future tax liability of the Company, which amounted to approximately \$25.1 million as at January 31, 2011, will be reduced upon transition to IFRS.

4) *IAS 21 – Foreign currency translation*

Presently, the Canadian dollar is the functional and reporting currency of the Company and its subsidiaries. Under Canadian GAAP, functional currency can be assessed in various ways – either considering the functional currency of each entity within the consolidated group, or by considering the consolidated group as a whole. Under IFRS, each entity in the consolidated group will consider its functional currency separately.

It is expected that the Canadian parent will have a Canadian dollar functional currency, on the basis that the majority of its costs, including general and administrative and management costs, are predominantly conducted in Canadian dollars. A more detailed assessment will be required of the subsidiaries, though it is common under IFRS for a subsidiary to have the local currency as their functional currency.

In addition, the Company has a choice in determining its presentation currency (or reporting currency) and is able to make the change to the presentation currency concurrently with the transition to IFRS. The presentation currency is a matter of choice.

The Company is currently reviewing its functional currency, including the functional currency of its various subsidiaries. The functional currency of the Company may change from Canadian to US dollars.

Management has recommended to the Audit Committee to change the presentation (reporting) currency of the Company to US dollars, and to effect this change concurrently with the transition to IFRS. The Audit Committee agreed with Management's recommendation.

5) *IAS 36 – Impairment of assets*

There are no policy choices available under IFRS for impairment of long-lived assets. However, there are differences between Canadian GAAP and IFRS in testing for impairment. Canadian GAAP uses a two-step approach to impairment testing for long-lived assets. Step one of the current Canadian GAAP impairment test, which uses undiscounted cash flows to identify possible impairments, does not exist under IFRS. Instead, IAS 36 uses a one-step approach for both identifying and measuring impairments, which is based on comparing the carrying value to the recoverable amount. The recoverable amount is the higher of fair value less disposition costs and value in use, which is based on discounted cash flows. This approach may result in impairments under IFRS where they do not exist under Canadian GAAP. While not currently permitted under Canadian GAAP, impairment losses recognized under IAS 36 must be reversed if the circumstances resulting in the impairment change and cause the impairment to be reduced.

The Company is currently conducting the transitional impairment test under IFRS. The requirements of IAS 36 could materially impact the consolidated financial statements in the future.

6) *Internal Control over Financial Reporting (ICFR) and Disclosure Controls and Procedures (DC&P)*

As the Company adopts accounting policies under IFRS, management is reviewing the Company's ICFR and DC&P controls to ensure the integrity of such controls will remain under the new IFRS reporting environment. The Company currently expects minimal changes to its ICFR and DC&P upon transition to IFRS.

7) *Information Technology and Data Systems*

Information technology and data system changes may be required to support any changes made to our recognition and measurement of financial information and compilation of disclosure information due to adopting IFRS. The Company currently expects minimal changes will be required to our information technology systems.

8) *Financial Reporting Expertise*

Key finance and operational staff have had initial IFRS awareness training. External consultants have also provided an overview of IFRS and potential implications of IFRS on our business. The Company continues to provide ongoing training and education on IFRS throughout the implementation plan. Regular progress reporting to the Audit Committee on the status of the implementation project is also ongoing.

9) *Business Activities*

Throughout the implementation plan, the Company is considering business activities that may be impacted by the conversion to IFRS, including compensation arrangements and tax planning. At this time, other than the items discussed above, the Company has not discovered any other current or future anticipated business activity significantly impacted by the transition to IFRS. Minimal changes will be required to align our budgeting and forecasting processes and presentation for IFRS requirements.

CRITICAL ACCOUNTING ESTIMATES

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those amounts are based on management's judgement and on information available to the Company at that time. Significant areas where management judgement is applied are the valuation of mineral properties and deferred exploration costs, asset retirement obligations, income tax accounts, contingencies, warrants and stock-based compensation costs valuations. Actual results could differ from these estimates. Both of these estimates mentioned above involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company's recoverability of its recorded value of its mining assets and associated deferred explorations 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 dependent on a number of factors including environmental, legal and political risk, the existence of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

The factors affecting warrant and stock-based compensation valuation include estimates of when stock options and warrants might be exercised and the stock price volatility. The timing for exercise of options and warrants 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 stock-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Sholes model, however the future volatility is uncertain and the model has its limitations.

No change in the critical accounting estimates occurred in the nine months ended January 31, 2011.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in the rules of the Canadian Securities Administrators. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada for external purposes. The Company's internal control over financial reporting includes:

- maintaining records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- providing reasonable assurance that transactions are recorded as necessary for preparation of the Company's financial statements in accordance with generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on the Company's financial statements would be prevented or detected on a timely basis.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

On November 8, 2010, the Company announced the appointment of Denis C. Arsenault, C.A., as the new Chief Financial Officer of Sulliden. For the three months ended January 31, 2011, there have been no significant changes to the established internal controls over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Both the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have evaluated the effectiveness of the Company's disclosure controls and procedures and assessed the design of the Company's internal controls over financial reporting as at January 31, 2011, pursuant to the requirements of National Instrument 52-109.

The Company has very limited administrative staffing and in many instances, the implementation of internal controls relying on segregation of duties is not always possible. The Company relies on senior management review and approval to ensure that the controls are effective. There has been no change in the Company's disclosure controls and procedures during the three months ended January 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

NON-GAAP MEASURES

The Company has identified certain measures that it believes will assist understanding of the performance of the business. As the measures are not defined under Canadian GAAP they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any measures of performance but management has included them as these are considered to be important comparables and key measures used within the business for assessing performance. These measures are explained further below:

a) Working capital

This MD&A refers to working capital, which is not a recognized measure under Canadian GAAP. This non-GAAP performance measure does not have any standardized meaning prescribed by Canadian GAAP and is therefore unlikely to be comparable to a similar measures presented by other issuers. Management uses these measures internally. The use of this measure enables management to better assess performance trends. Management understands that a number of investors and others who follow the Company's performance assess performance in this way. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP.

The definition for working capital and reconciliation of the non-GAAP measure to reported GAAP measures is as follows:

Working Capital	January 31, 2011	April 30, 2010
Current assets		
Cash and cash equivalents	\$ 45,441,388	17,835,389
Accounts receivable, prepaid and deposits	241,870	275,872
	<hr/>	<hr/>
	45,683,258	\$ 18,111,261
Current liabilities		
Accounts payable and accrued liabilities	1,159,950	1,509,936
Current portion of long term debt	494,917	3,394,322
	<hr/>	<hr/>
	1,654,867	\$ 4,904,258
Working capital	<hr/> \$ 44,028,391	<hr/> \$ 13,207,003

b) Cash operating costs

The Company has also included a non-GAAP performance measure, cash operating cost per gold equivalent ounce in this document. In the gold mining industry, this is a common performance measure but does not have any standardized meaning, and is a non-GAAP measure. The Company follows the recommendations of the Gold Institute standard. The Company believes that, in addition to conventional measures, prepared in accordance with GAAP, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

RISK AND UNCERTAINTIES

There were no changes to the Company's exposure to risks and other uncertainties as described in the April 30, 2010 year end "Management's Discussion and Analysis".

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A has been prepared as at March 11, 2011. 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.

CAUTIONARY STATEMENTS

Except for statements of historical fact relating to Sulliden certain information contained herein constitutes forward-looking information. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Corporation's properties; the future price of gold and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Sulliden to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in mineral grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of gold and other minerals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry. Although management of the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.