SULLIDEN EXPLORATION INC

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED APRIL 30, 2009

Date: July 27, 2009

GENERAL

The following discussion of financial condition, results of operations and future prospects should be read in conjunction with the Audited Consolidated Financial Statements of Sulliden Exploration Inc. ("Sulliden" or the "Company") for the fiscal years ended April 30, 2009 and 2008 (the "2009 Financial Statements"), which have been prepared in accordance with Canadian generally accepted accounting principles. This discussion covers the most recently completed financial year of the Company and the subsequent period up to the date of the filing of this Management's Discussion and Analysis ("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.

The 2009 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.

For purposes of this document, Sulliden Exploration Inc., and its wholly owned subsidiaries Minera Sulliden Peru S.A., Minera Sulliden Shahuindo S.A.C. and Sulliden Capital S.A. 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., Minera Sulliden Shahuindo S.A.C. and Sulliden Capital S.A. are in the business of exploring mineral properties in Peru.

Sulliden is primarily focused on the development and exploration of the Shahuindo Gold Project located in northern Peru, one of the world's most prolific gold and silver producing districts. World-class gold mines in the region include Barrick Gold's Lagunas Norte Mine, 30 km to the south, (1.2 million ounces of gold produced in 2008), and the Yanacocha Mine operated by Newmont Mining Company, 70 km to the north (1.8 million ounces of gold produced in 2008).

The Shahuindo Gold Project has a NI 43-101 compliant Mineral Resource Estimation completed by Met-Chem Canada Inc. in 2005 that estimates 38 million tonnes grading 0.95 grams per tonne of gold and 23 grams per tonne of silver of indicated resource (1.2 million ounces gold and 28 million ounce silver) and 17.2 million tonnes grading 0.62 grams per tonne of gold and 12.83 grams per tonne silver in the inferred category (342,000 ounces gold and 7.1 million ounces silver) (See Sulliden Press Release of April 29, 2005 for details regarding the resource estimate). The Mineral Resource Estimation was completed by Met-Chem Canada Inc. in 2005 and is filed on www.sedar.com.

In February 2009, the five-year legal dispute that disrupted the Shahuindo Gold Project was resolved. The Company now holds 100 percent registered and undisputed ownership of the Shahuindo property and has secured exploration options on thirteen adjoining mining concessions.

In April 2009, the Board of Directors appointed a new management team with the focus and ability to develop, finance and operate mining projects. With a strong strategic plan to advance the development of its Shahuindo Project and potential for mineral resource expansion, the Company is positioned to generate value for its shareholders. The Company's objective is to complete a preliminary economic assessment in preparation to move the Project to production.

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.

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

OVERVIEW

During the fiscal year ended April 30, 2009, the Company successfully negotiated the settlement of all outstanding litigation on its Shahuindo property. The Company now holds registered ownership of the Shahuindo property and has secured exploration options on thirteen adjoining mining concessions.

Settlement of Shahuindo Litigation

On February 27, 2009, the Company reached agreements to settle all outstanding issues in the disputes and litigation surrounding the Shahuindo gold/silver property in Peru. The agreements secure the Company's ownership of the Shahuindo property.

(A) The Company entered into a Settlement Agreement with Compañia Minera Algamarca S.A. and its subsidiary, Compañia 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 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 Compañia 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 $50 million in favour of Import Export and the mortgage of $80 million in favour of Inversiones Mineras Sudamericana.

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

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

- US$1,250,000 paid upon signing the Settlement Agreement;
- US$ 250,000 ninety days after signing the Agreement;
- US$1,000,000 six months after signing the Agreement;
- US$7,500,000 fourteen months after signing the Agreement;
- US$1,000,000 fifteen months after signing the Agreement;
- US$1,000,000 eighteen months after signing the Agreement;
- US$1,000,000 twenty-one months after signing the Agreement;
- US$500,000 twenty four months after signing the Agreement.

The payment of US$7,500,000 due fourteen months after signing the Agreement is secured by a charge on the Shahuindo Property. Further, if the Company misses any of the payments under the Settlement Agreement due on any of the 15, 18, 21 or 24 month, a penalty of 10% becomes payable and if not paid within a further 30 days any remaining payments up to a total of US$3,500,000 are accelerated and become immediately due and payable in full, together with interest on arrears at LIBOR plus 5%.

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

(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 the Shahuindo Project, or the Board 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 the Shahuindo property 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.

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 the Shahuindo property 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 Shahuindo property forward.

The total costs of the settlement amounting to $22,170.201 were capitalized to the Shahuindo Mining Properties account. During 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. The Company has also agreed to issue a total of 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, subject to approval by shareholders, which approval will be sought at the next Annual Meeting scheduled for September 17, 2009, and subject to approval of the TSX.

Financial Position

During the year the Company completed a private placement, which combined with proceeds of the exercise of stock options and warrants outstanding generated a total of approximately $9,927,764. At April 30, 2009 the Company held cash, investment receivable and guaranteed investment certificates totaling approximately $6,236,000. Subsequent to the end of the year a further $1,298,753 of gross proceeds was generated through the completion of the second tranche of the private placement. Broker commissions equal to 5% of gross proceeds were paid ($64,938) resulting in net proceeds of $1,233,815.

The Company has sufficient cash to continue funding its property maintenance and administrative costs but will need to raise further funds to undertake its planned exploration programs, make payments due under the Settlement Agreement noted above and complete a preliminary economic assessment in preparation to move the project to production.

SELECTED ANNUAL FINANCIAL INFORMATION

(Financial year ended April 30)		**2009**		**2008**		**2007**
Consolidated statements of operations						
Interest income	$	56,827	$	91,715	$	170,994
Net loss and comprehensive loss	$	1,493,062	$	3,318,428	$	1,538,346
Basic and diluted net loss per share	$	0.02	$	0.05	$	0.02
Dividends	$	Nil	$	Nil	$	Nil
Consolidated balance sheets						
Cash and guaranteed investment certificates	$	3,750,161	$	2,036,470	$	4,989,189
Total assets	$	78,696,893	$	48,968,926	$	49,669,849
Long-term debt	$	3,514,494	$	-	$	-
Short-term debt	$	9,403,017	$	-	$	-
Shareholders' equity	$	63,594,898	$	48,460,352	$	49,376,792

RESULTS OF OPERATIONS

For the year ended April 30, 2009, the Company reported a net loss and comprehensive loss of $1,493,062 ($0.02) per share) compared to a net loss of $3,318,428 ($0.05 per share) for the year ended April 30, 2008. The decrease was primarily as a result of a the write-down of the Vikingo and Torrine properties totalling $1,777,522 in 2008; an exchange gain of $938,907 in 2009 versus a loss of $93,066 in 2008; and lower professional fees of $252,126 in 2009 versus $838,291 in 2008 related to the take-over attempt and litigation in Canada with Century Mining Company, offset by higher stock-based compensation expense in 2009 of $1,623,301 compared to $150,280 in 2008 and higher salaries of $323,400 in 2009 versus $280,791 in 2008.

Interest income of $56,827 in 2009 and $91,715 in 2008 is derived from the guaranteed investment certificates held by a Canadian bank. The decrease is attributable to the lower cash balances available for investment during the current 2009 versus 2008.

Administrative expenses (excluding stock-based compensation, exchange gains (losses) and write-down of mineral properties) totalled $865,495 in 2009 compared to expenses of $1,389,275 in 2008. The decrease was largely attributed to lower legal fees in 2009 compared to 2008, offset partially by higher salaries costs in 2009 versus 2008.

The higher stock-based compensation costs in 2009 of $1,623,301 ($150,280 in 2008) were primarily related to the reconstitution of the Board of Directors during the year with new directors; new management personnel appointments, and compensation recognition for existing management and directors for resolving the outstanding litigation that was prohibiting the development of the Shahuindo property and severely impinging the value of the Company.

The fluxuating value of the Canadian dollar resulted in a non-cash currency exchange gain of $938,907 as of April 30, 2009 compared to an exchange loss of $93,066 in 2008. Since investments and liabilities related to the Shahuindo property are denominated in US dollars and given the quantum of the outstanding payment obligations due in accordance with the Settlement Agreement noted above (US$12,250,000 as at April 30, 2009), significant fluxuations in the exchange rate between the US and Canadian dollars have a major impact on the exchange gain or loss recorded upon translation into in Canadian dollars for reporting purposes. For example, a 10% variance in the US$ exchange rate would impact the value of the debt obligation by $1,225,000.

Professional fees are comprised of amounts paid for services rendered, including, legal, accounting, audit, and directors fees for a total amount of $252,126 in the year ended April 30, 2009 ($838,291 in 2008). The higher amount in 2008 was largely attributed to lower legal fees in Canada of $60,427 in 2009 compared to $452,518 in 2008 due to the litigation in Canada and professional fees of $227,672 incurred in connection with the take-over offer from Century Mining Company in 2008, compared to professional fees of $46,423 in 2009.

General and administrative expenses are mainly comprised of insurance costs for directors and officers liability, civil responsibility and key employee insurance for an amount of $25,500 ($36,930 in 2008), administrative support of

$60,000 ($60,000 in 2008), rent costs of $48,376 ($13,750 in 2008), annual report and general office expenses of $26,547 ($14,628 in 2008), telecommunications costs of $4,098 ($8,514 in 2008) and other charges.

Salaries and consulting fees are mainly comprised of remuneration paid to officers totalling $323,400 ($280,791 in 2008). The increase is attributed to the full year of expenses for additional senior management. Travel and accommodation expenses are mainly comprised of travel between Peru and Canada by the Company's directors and officers and were $37,736 in 2009 ($41,959 in 2008). Shareholders' information expenses are principally comprised of filing costs, press releases, publicity costs, trustee fees and costs paid to regulatory authorities that were lower in 2009 at $78,665 versus $92,979 in 2008.

SUMMARY OF QUARTERLY RESULTS

	For the Three-month Period Ended			
	April 30	**January 31**	**October 31**	**July 31**
Fiscal 2009				
Interest income	$ 10,901	$ 17,849	$ 14,069	$ 14,008
Net loss and comprehensive loss *	$ 1,034,622	$ 135,571	$ 131,754	$ 191,115
Basic and diluted net loss per share	$ 0.01	$ 0.00	$ 0.00	$ 0.00

	For the Three-month Period Ended			
	April 30	**January 31**	**October 31**	**July 31**
Fiscal 2008				
Interest income	$ 9,266	$ 25,033	$ 32,425	$ 30,420
Net loss**	$ 2,465,720	$ 420,837	$ 294,956	$ 251,794
Basic and diluted net loss per share	$ 0.03	$ 0.01	$ 0.01	$ 0.01

* The loss in the 4th quarter of 2009 is higher than the previous three quarters due to the Stock-based compensation costs incurred in the 4th quarter of $1,623,301 partially off-set by the exchange gain of $844,790.

** The loss in the quarter ended April 30, 2008 includes a write down of minerals properties and deferred exploration costs of $1,777,522.

RESULTS OF THE FOURTH QUARTER

The major transactions during the fourth quarter of the year ended April 30, 2009 were the completion of the private placement for net proceeds of $5,794,591 and the successful resolution of the outstanding litigation affecting the Shahuindo property.

LIQUIDITY AND CAPITAL RESOURCES

Operating

Operating activities, including net change in non-cash working capital items, resulted in positive cash flows of $881,784 compared to negative cash flows of $1,111,254 in 2008. Changes in working capital items generated $1,690,382 in 2009 compared to $279,372 generated in 2008.

Investing

During the year ended April 30, 2009, the Company invested a total of $3,482,349 in exploration and development, including costs incurred and paid from Canada and all the costs incurred in Peru including exploration work, payroll, corporate expenses and legal fees. During the year ended April 30, 2008 the Company invested $4,093,173 in exploration development and legal costs in Peru which included drilling activities and associated costs.

During the year, the Company recorded $22,170,201 with respect to the Shahuindo property related to the settlement of the outstanding litigation. The total cost consisted of $1,562,125 in cash (US$1,250,000) paid on closing; payments due within 180 days of $1,590,375 in cash (US$1,250,000); discounted future cash payment obligations of

$12,185,822 (US$9.58 million); 9,575,000 shares at $0.50 per share ($4,787,500); $1,365,000 in legal and management fees (paid in cash and shares at $0.65 per share), and a third party success fee of 1,250,000 shares at $0.50 per share ($625,000); $54,379 in other legal fees and $267,727 in capitalized interest expense related to a portion of the short term debt (US$7.5 million) and the long term debt.

Financing

During the year ended April 30, 2009, the Company completed a non-brokered private placement and issued 9,386,533 units, at a price of $0.65 per unit, comprising one share and one share purchase warrant exercisable at $0.80 per share for a two year period. Gross proceeds from the private placement were $6,101,246. The Agents for the private placement included Wellington West Capital Markets Inc. ("Wellington") who was paid a cash commission of $160,030 and issued 246,200 Broker Warrants; Delano Capital Corp. ("Delano", a limited market dealer in Ontario) who was paid a cash commission of $120,032 and issued 184,665 Broker Warrants and Aberdeen International Inc. who was paid a cash commission of $25,000. Each Broker Warrant entitles the holder to acquire that number of Units of the Company at $0.65 until April 23, 2011.

In addition, a total of 6,885,375 warrants were exercised during the year at a weighted average cost of $0.54 for total gross proceeds of $3,742,518 and common shares totaling 100,000 (85,000 in 2008) were issued upon the exercise of employee stock options for an amount of $84,000 ($24,650 in 2008).

At April 30, 2009, the Company held cash and guaranteed investment certificates of $3,750,161, compared to $2,036,470 at April 30, 2008. The guaranteed investment certificates are held in Canada and bear interest at a weighted average rate of approximately 2.765%. The increase in cash and guaranteed investment certificates is a result of the addition of total proceeds of $9,927,764 in net new private placement funding and exercise of warrants and stock options, off-set partially by the net cash invested in deferred exploration costs and mining properties during the year of $3,482,348 and $2,900,859 respectively.

Receivable of $2,485,861 is comprised principally of the private placement receivable related to the private placement completed at the end of the year ($2,376,361); recoverable federal and provincial sales taxes ($57,850), prepaid balances ($32,213) and accrued interest and receivable from Peru ($19,177).

Accounts payable and accrued liabilities are comprised of amounts due on the Peruvian operations and costs related to payments due to officers and directors for compensation related to the Settlement Agreement, audit fees, work-in-progress legal and professional bills, and directors fees.

Subsequent to the year end of April 30, 2009 the Company completed a second tranche of a private placement with an aggregate of 1,998,082 Units issued at a price of $0.65 per Unit for gross proceeds of $1,298,753 with each Unit consisting of one common share and one share purchase warrant exercisable at $0.80 per share at any time prior to May 2011. The Company paid broker fees equal to 5% of the gross proceeds ($64,938) for net additional proceeds of $1,233,815.

The Company has sufficient cash to continue funding its property maintenance and administrative costs but will need to raise further funds to undertake its planned exploration programs and make the future payments due under the Settlement Agreement.

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 being available, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in the consolidated financial statements.

CAPITAL STRUCTURE

As at April 30, 2009 the Company had an authorized capital of an unlimited number of common shares on which the following were outstanding:

Common Shares	106,233,338
Options	9,565,000
Warrants	9,817,398

As at July 27, 2009 the Company had an authorized capital of an unlimited number of common shares on which the following were outstanding:

Common Shares	108,981,420
Options	9,565,000
Warrants	11,815,480

OFF-BALANCE SHEET TRANSACTIONS

The Company has no off-balance sheet transactions except as noted above (i.e. NSR buy-back option and ATIMMSA property purchase option detailed in Settlement of Litigation section above).

RELATED PARTY TRANSACTIONS

During the year, the Company agreed to pay $355,140 ($382,662 in 2008) in professional fees and general administration expenses to companies with shareholders related to the Company's officers and directors. Amounts of $89,362 incurred in Canada ($340,475 in 2008) and $394,056 in Peru ($106,643 in 2008) were paid as legal fees to legal firms associated to a director and an officer respectively. A total of $196,992 was paid to officers in respect of geological and technical services and was capitalized as deferred exploration costs. The accounts payable and accrued liabilities include amounts due to these companies totaling $65,974 ($80,710 in 2008). In addition, Aberdeen International Inc. was paid a cash commission of $25,000 for services rendered in the private placement completed April 23, 2009. These 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.

The Company has also agreed to issue a total of 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, subject to approval by shareholders, which approval will be sought at the next Annual Meeting scheduled for September 17, 2009, and subject to approval of the TSX.

CONTRACTUAL COMMITMENTS

During the year 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 are payable as follows:

- US$250,000 (paid May 27, 2009);
- US$1,000,000 (August 27, 2009);
- US$7,500,000 (April 27, 2010);
- US$1,000,000 (May 27, 2010);
- US$1,000,000 (August 27, 2010);
- US$1,000,000 (November 27, 2010);
- US$500,000 (February 27, 2011).

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Long Term Debt	CDN$3,514,494	Nil	CDN$3,514,494	Nil	Nil
Short-Term Debt	CDN$9,403,017	CDN$9,403,017	Nil	Nil	Nil
Operating Lease Obligation	$55,000	$55,000			
Total	CDN$12,972,511	CDN$9,458,017	CDN$3,514,494	Nil	Nil

The payment of US$7,500,000 due on or before April 27, 2010, is secured by a charge on the Shahuindo Property. If the Company misses any of the payments due on any of May 27, 2010, August 27, 2010, November 27, 2010 and February 27, 2011, a penalty of 10% becomes payable and if not paid within a further 30 days any remaining payments (up to a total of US$3,500,000) are accelerated and become immediately due and payable in full, together with interest on arrears at LIBOR plus 5%.

The payments totaling US$8,750,000 (CDN $10,537,875) due on or before April 27, 2010 have been classified as short term liabilities. A portion of the short term liabilities (US$7.5 million) 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 $9,403,017 (US$7,737,155) as of April 30, 2009. The balance of the payments due in accordance with the settlement agreement totaling $4,453,050 (US$3,500,000) were also discounted at the same imputed interest cost and classified as long term debt $3,514,494 (US$2,946,142). 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 $1,104,551 (US$868,153) for short term debt and $704,927 (US$554,057) for long term debt as of April 30, 2009.

Under a NSR Royalty Agreement on the Shahuindo Property, if the Shahuindo property 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 the Shahuindo Project, or the Board 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 Company entered into office space arrangements in the ordinary course of business. The rental term does not exceed 5 years and the rental payments in accordance with the existing agreement are approximately $55,000 per annum. The office space sharing arrangement was terminated effective May 1, 2009 and a termination payment of $55,050 was made in May 2009.

USE OF ESTIMATES

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 the successful conclusion or resolution of the Shahuindo litigation, 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

New Accounting Standards

Section 1400, "*General Standards of Financial Statement Presentation*"

In June 2007, the CICA amended Section 1400 to include requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. This new requirement became effective May 1, 2008. The Company already performed such assessment and provided adequate disclosure and the adoption of this standard has had no impact on the consolidated financial statements of the Company for the period ending April 30, 2008 and April 30, 2009.

Sections 3862 and 3863, *"Financial Instruments – Disclosure"* and *"Financial Instruments – Presentation"*

Effective May 1, 2008, the Company adopted the CICA Handbook Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation" which replace Handbook Section 3861 "Financial Instruments – Disclosures and Presentation", revising its disclosure requirements, and carrying forward its presentation requirements. These new sections place increased emphasis on disclosures about the nature of and extent of risks arising from financial instruments and how the entity manages those risks. Section 3862 specifies disclosures that enable users to evaluate: (i) the significance of financial instruments for the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. As a result of the adoption of these standards, additional disclosures on the risks of certain financial instruments have been disclosed in Note 11.

Section 1535, *"Capital Disclosures"*

Effective May 1, 2008, the Company adopted CICA Handbook Section 1535 "Capital Disclosures", which establishes standards for disclosing information about a company's capital and how it is managed to enable users of the financial statements to evaluate the company's objectives, policies and procedures for managing capital, as well as consequences of noncompliance. The Company's capital management disclosure is presented in Note 5.

Impairment Testing of Mineral Exploration Properties

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. This standard was effective for the Company for the quarter ended April 30, 2009. The Company has evaluated the new standard and determined it did not have any impact on its consolidated financial statements.

Future Accounting Changes International Financial Reporting Standards

Section 3064, *"Goodwill and intangible assets"*

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning May 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented companies. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of adopting this standard on its financial statements.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has confirmed that IFRS will replace the current GAAP for publicly-accountable profit-oriented enterprises. These new standards are applicable to fiscal years beginning on or after January 1, 2011 and companies will be required to provide comparative IFRS information for the fiscal year immediately preceding that date. The Company will have to implement this standard in the first quarter of its fiscal year ending April 30, 2012. The Company has not yet determined the impact on its financial statements but expects the transition to IFRS to impact financial reporting, business processes and information systems. The Company will invest in training and resources throughout the transition period to facilitate a timely conversion.

Section 1582 *"Business Combinations"*

Section 1582, "Business Combinations", will be applicable to business combinations for which the acquisition date is on or after fiscal years beginning January 1, 2011. Early adoption is permitted. This Section improves the relevance, reliability and comparability of the information that a reporting entity provides in its consolidated financial statements about a business combination and its effects. The Company is currently evaluating the impact of adopting this standard on its financial statements.

Section 1601 "*Consolidated financial statements"*

Section 1601, "Consolidated financial statements", will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption is permitted. This Section establishes standards for the preparation of consolidated financial statements. The Company is currently evaluating the impact of adopting this standard on its 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 Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures as of April 30, 2009. Based on this evaluation, the Chief Executive Officer and 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

Management is responsible for designing, establishing and maintaining a system of internal controls over financial reporting to provide reasonable assurance that the financial information prepared by the Company is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with GAAP.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and annual financial statements.

All internal controls over financial reporting, including those systems determined to be effective and no matter how well conceived and operated, have 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 not be detected.

There are inherent limitations in the effectiveness of internal controls over financial reporting, including the possibility that misstatements may not be prevented or detected. Accordingly, even effective internal controls over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Furthermore, the effectiveness of internal controls can change with circumstances. 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. The Company has paid particular attention to segregation of duties surrounding its internal controls over financial reporting as the Company has only limited staff resources at the present time such that “ideal” segregation of duties is not feasible. This risk is mitigated by senior management oversight and Board review where appropriate.

In the year ended April 30, 2009, the Company made certain other changes to its system of internal controls over financial reporting. A new management team was appointed effective April 1, 2009 consisting of a new President and CEO (effective September 2009); Executive Vice-President, Business Development; Vice President, Technical Services; and Corporate Secretary. Changes were also made in accounting and administrative staff effective April 1, 2009. During this process, certain potential deficiencies in internal control over financial reporting were identified arising out of the changes in management and for administrative and office support staff. None of these deficiencies individually or cumulatively are considered to be material weaknesses. Due to the limited number of staff in Canada and remoteness of the Company’s Peruvian operations; it is not feasible or cost effective to achieve complete or ideal segregation of duties. These risks are not considered to be significant. The Company’s management has taken such action as it considers appropriate to minimize any potential risks from these deficiencies, including using outside consultants and advisors as deemed appropriate.

The Company’s Chief Executive Officer and Chief Financial Officer have evaluated the design and effectiveness of internal controls over financial reporting and based on this evaluation, as at April 30, 2009, the Company believes that its internal controls over financial reporting were designed and operating effectively to provide reasonable, but not absolute, assurance that the objectives of the control system are met.

RISK FACTORS

Investing in the Company involves risks that should be carefully considered. The operations of the Company are speculative due to the high-risk nature of its business. Investors should be aware that there are various risks, including those discussed below, that could have a material adverse effect on, among other things, the exploration and development of the Shahuindo Property, and the operating results, losses (earnings), business and condition (financial or otherwise) of the Company. See “*Cautionary Statement Regarding Forward-Looking Information*” in the Annual Information Form for the period ended April 30, 2009.

Title to Properties

The ownership of title to resource properties is a very detailed and time-consuming process. The interest of the Company in the Shahuindo Property has been the subject of repeated legal challenge. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired again. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company’s interest in the properties. The Peruvian legal, judicial and court systems are significantly different from the Canadian legal system and legal actions in Peru can be prolonged for a protracted period. Peru is also a location that has had and continues to have issues with small legal and informal miners working outside the law on surface and mineral concessions that are owned by mining companies. The Shahuindo Property has informal miners operating on the extremities of its mining concessions. There may be issues and difficulties that could arise from small illegal and informal miners.

Liquidity Concerns and Future Financings

The Company will require capital to fund capital and operating expenditures in connection with the development and operations of its properties; future payments of US$12.25 million due in accordance with the Settlement Agreement regarding the Shahuindo property, and for working capital purposes. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves. Such estimates are a subjective process, and the accuracy of any mineral resources and mineral reserves estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of recovery of minerals from such deposits may be different. Differences between management's assumptions, including economic assumptions such as mineral prices, market conditions and actual events could have a material adverse effect on the Company's mineral reserve and mineral resource estimates, financial position and results of operations.

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

Political and related legal and economic uncertainties exist in Peru where the Company 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 local or indigenous communities or 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. The Company's title to its mineral properties in Peru has been challenged in the past and resulted in extensive litigation and significant delays. There is no assurance that similar challenges will not arise in the future. The Peruvian legal, judicial and court systems are significantly different from the Canadian legal system and legal actions in Peru can be prolonged for a protracted period.

No Revenues

To date, the Company has not recorded any revenues from operations nor has the Company commenced commercial production on any property. There can be no assurance that the Company has sufficient capital resources to continue as a going concern, that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's expenses and capital expenditures have increased as consultants, personnel and equipment associated with the exploration, and possible development, of the Shahuindo Property has re-commenced. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's properties will continue to require the commitment of substantial resources. There can be no assurance that the Company will continue as a going concern, generate any revenues or achieve profitability.

Nature of Mining, Mineral Exploration and Development Projects

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration and development, including environmental hazards, explosions, and unusual or unexpected geological formations or pressures. Such risks could result in damage to, or destruction of, mineral properties, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral Prices

The ability of the Company to fund its activities and, if it becomes a producing mineral company, the profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Foreign Exchange

Gold and silver are typically sold in U.S. dollars. As a result, the Company is subject to foreign exchange risks relating to the relative value of the U.S. dollar as compared to the Canadian dollar and the Peruvian nuevo sol.
The Company also has short and long term debt obligations totaling US$12.25 million that is exposed to fluctuations in foreign exchange rates that could be significant. For example, a 10% variance in the US$ exchange rate would impact the value of the debt obligation by $1,225,000.To the extent that the Company generates revenues upon commencing production at the Shahuindo Property, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while operating and capital costs will be incurred primarily in Canadian dollars and Peruvian nuevo sol. A decline in the U.S. dollar would result in a decrease in the real value of the Company's revenues and adversely impact the Company's financial performance.

Licences and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill, road, rail and port facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, exploration, development, production, transportation, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time consuming and costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. The Company will be required to obtain additional licences and permits from various governmental authorities to continue and expand its exploration and development activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, or commence construction or operation of mining facilities.

Environmental

The Company's activities are subject to extensive laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, land movements, earth work failures, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company's common shares.

Competition

The Company competes with many other mining companies that have substantially greater resources. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund the Company's operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operations and business.

Dependence on Outside Parties

The Company has relied upon consultants, geologists, engineers and others and intends to rely on these parties for exploration and development expertise. Substantial expenditures are required to construct mines, to establish mineral resources and reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Qualified Personnel

Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company explores and develops its Shahuindo Property, the need for skilled labour will increase. The number of persons skilled in the exploration and development of mining properties is limited and competition for this workforce is intense. The development of the Shahuindo Property and other initiatives of the Company may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel as and when required.

Share Price Fluctuations

The market price of securities of many companies, particularly junior exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur. During the financial year ended April 30, 2009, the Company's share price closed at a high of $1.45 during June 2008 and a low of $0.25 during December 2008.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other mining companies and, 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 such participation.

OUTLOOK

Following the successful settlement of the litigation that has disrupted the development of the Shahuindo property over the past five years, the Company is now in a position to proceed with the development and exploration of its key holding.

In April 2009, the Board of Directors appointed a new Management team with the demonstrated ability to develop, finance and operate mining projects. With a strong strategic plan to advance the development of its Shahuindo Gold Project and potential for mineral resource expansion, the Company believes it is well positioned to increase the value of the Company for its shareholders.

On June 1st, 2009 the Company announced that it had awarded a contract to AMEC for a Preliminary Economic Assessment on the Shahuindo Gold Project. AMEC is a major international mining engineering firm with significant experience in gold heap leach projects throughout North and South America. AMEC will execute the project with support from their Vancouver and Lima offices. Work on the Preliminary Economic Assessment which is currently in progress and is expected to be completed in September 2009.

On July 8th, 2009 the Company further announced that it has re-initiated exploration drilling at its Shahuindo Gold Project in Peru. This is the first significant exploration program since 2004 and follows the successful resolution of all ownership litigation on the project. The Company will begin drilling on the Shahuindo property in August with an initial 3,700 meter program, consisting of approximately 2,850 meters of reverse-circulation drilling and 850 meters of diamond drilling. A program of ground geophysics (magnetometry) is currently being conducted on areas that were previously inaccessible during litigation and a trenching program is currently also underway around the San José and East Zone, North-East extension. The objective of the drilling exploration campaign will be to grow the mineral resources of the Shahuindo Gold Project, and to provide samples for metallurgical testing.

The Shahuindo Gold project contains a large-scale gold/silver system extending to date over an area of 8 kilometers by 4 kilometers and vertically to a depth of at least 400 meters. The mineralization appears to be continuous over 6 kilometers of strike length on the Main Mineralized Corridor (MMC) however the resource is being calculated on only approximately 4 kilometers of strike. The Company is currently preparing its application for an expanded exploration permit to follow the initial 3,700 meter August program. the Company anticipates an expanded fall exploration campaign to further test the extension of the mineralized zone on strike and to support a full Shahuindo feasibility study and to continue to expand the mineral resources.

The Company looks forward to updating shareholders on the results of the third party Preliminary Economic Assessment report and the results of the current drilling program in the fall of 2009.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A has been prepared as at July 27, 2009. 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: political risks arising from operating in certain developing countries; changes in government regulations and policies, including laws and policies; the outcome of litigation, 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.