TriMetals Mining Inc.

Third Quarter Ended September 30, 2014

Management's Discussion & Analysis ("MD&A")

November 7, 2014

Introduction

The following information, prepared as of November 7, 2014, should be read in conjunction with the unaudited condensed interim consolidated financial statements of TriMetals Mining Inc. ("TMI" or the "Company") for the three and nine months ended September 30, 2014, as well as the audited consolidated financial statements for the year ended December 31, 2013 and the related management's discussion and analysis (the "Annual MD&A"). The unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All amounts are expressed in U.S. dollars unless otherwise indicated.

The Company's significant accounting policies and risk factors as disclosed in the Annual MD&A have remained substantially unchanged and are still applicable to the Company unless otherwise indicated.

This MD&A contains forward looking statements. For a description of the assumptions made in developing the forward-looking statements and the material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see the "Cautionary notes" and "Risks and uncertainties" sections in the Annual MD&A and below.

General

On December 20, 2013, the Company completed a statutory plan of arrangement under the British Columbia Business Corporations Act (the "Arrangement"). Under the Arrangement, the Company exchanged each of its common shares for one new TMI common share and one TMI Class B share, and acquired all of the issued and outstanding shares of High Desert Gold Corporation ("HDG") that it did not already own in an all-share transaction. Shareholders of HDG (other than TMI) received 0.275 of a new TMI common share for each HDG common share previously held.

The new TMI common shares carry voting, dividend and liquidation rights similar to TMI's former common shares. The TMI Class B shares carry redemption and retraction rights and rights on liquidation which entitle the holders collectively to 85% of the net cash, if any, (after deducting all costs, taxes and expenses and the third party funder's portion thereof) received by TMI from an award or settlement in relation to TMI's wholly-owned subsidiary South American Silver Limited's arbitration proceeding against the State of Bolivia for the expropriation of the Malku Khota project. The Class B shares are non-voting and non-participating in regards to dividends and on liquidation other than as described above.

All references to the Company include TMI and its subsidiaries unless the context requires otherwise and all references to the business of the Company include the business conducted by TMI and its wholly-owned subsidiaries, currently and prior to incorporation or the Arrangement.

Projects

Gold Springs gold project, USA

The Company holds a 100% interest in the 74 square kilometre Gold Springs gold project located in western Utah and eastern Nevada. HDG completed rock chip sampling, preliminary mapping, soil sampling, stream sediment sampling, and a property-wide LIDAR, aero-magnetic and ZTEM geophysical survey. The geological work identified 18 surface targets within the project area, all of them include outcropping gold mineralization.

As of the effective date of this MD&A, the Company has completed 178 drill holes at Gold Springs including 37 holes in the 2014 drill program (55 holes - 2013) for a total of 24,994 metres with most of the drilling focused on the Jumbo and Grey Eagle Zones. These two targets represent only two of the eighteen outcropping targets identified so far in the 74 sq. km Gold Springs District.

The gold-silver mineralization, at both the Jumbo and Grey Eagle Zones, remains open to expansion laterally and to depth as the drilling to date has typically only penetrated the top 150 metres vertically below the surface at Jumbo, and 200 metres below the surface at Grey Eagle. The ZTEM geophysical survey, completed in 2011, indicates that the gold-silver bearing geological/geophysical setting that has been drilled at the Jumbo may continue for approximately 8 kilometres along strike, much of which remains untested.

On February 26, 2014, the Company announced the completion of an updated resource estimate for the Jumbo and Grey Eagle Zones and on May 1, 2014 announced the completion of an initial preliminary economic assessment of the Gold Springs project. On July 8, 2014, the Company announced the filing on SEDAR of an amended Preliminary Economic Assessment ("PEA") of the Gold Springs project (NR14-15, July 8, 2014).

The amended PEA restates the resource estimate for Gold Springs ("Resource Estimate") as the previously disclosed Measured Resource at the Grey Eagle area was re-categorized as Indicated Resource. This resulted in the Indicated Resource increasing by the same amount as the Measured Resource decreased. The amount of resource re-categorized was 3,337,000 tonnes @ 0.64 g/t Au and 7.1 g/t Ag for a contained 69,000 ounces of gold and 767,000 ounces of silver using a cut-off grade of 0.20 Au g/t. This equates to 82,000 oz AuEq[2] @ 0.77 g/t AuEq[2]. The Resource Estimate includes the assay information from drill holes completed up to 2013.

The PEA base-case [1] assumes contractor mining, uses a price of gold of $1,300/oz and a price of silver of $21/oz, and projected metal recovery rates of 75% for gold at both Grey Eagle and Jumbo, 25% for silver at Grey Eagle, and 45% for silver at Jumbo. The base-case supports a 9 year, 10,000 tonne-per-day, "heap-leach", open-pit, operation using the Merrill-Crowe metal-recovery process. The PEA yields a pre-tax NPV5% of US$162 million, a pre-tax IRR of 57.5%, cash operating cost of US$614/AuEq[2] oz and total cost of US$749/AuEq[2] oz. As the existing Resource Estimate that supports the PEA mainly includes assay information of only 2 of the 18 identified outcropping gold targets at Gold Springs, additional drilling has the potential to expand the Resource Estimate, and enhance project economics, significantly.

The Gold Springs Updated Resource Estimate as of February 26, 2014*:

Grey Eagle plus Jumbo Zones							
Resource		**Gold**		**Silver**		**Gold Equivalence [2]**	
Cutoff Au g/tonne	**Tonnes**	**Troy oz**	**Grade g/t**	**Troy oz**	**Grade g/t**	**Troy oz AuEq**	**Grade g/t AuEq**
Indicated							
0.2	21,289,000	339,000	0.50	6,687,000	9.8	456,000	0.67
0.30	13,724,000	279,000	0.63	5,158,000	11.7	369,000	0.84
Inferred **							
0.2	16,674,000	214,000	0.40	4,857,000	9.1	299,000	0.56
0.30	8,771,000	150,000	0.53	3,329,000	11.8	208,000	0.74

** The mineral resource estimate on the Gold Springs Project was derived from the Preliminary Economic Assessment on the Gold Springs Property, Utah/Nevada, USA dated April 30, 2014, as amended on July 8, 2014, authored by Lane and Associates, Deepak Malhotra and Kurt Katsura. Lane and Associates prepared the mineral resource estimate and preliminary economic assessment in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101). Ms. Terre Lane, President of Lane and Associates is a "qualified person", as defined in NI 43-101, and is "independent" of the Company, as defined in NI 43-101. The amended NI 43-101 compliant Technical Report supporting the mineral resource estimate and preliminary economic assessment was filed on SEDAR on July 8, 2014.*

*** The Inferred resource is in addition to the indicated resource*

Numbers have been rounded, which may lead to some numbers not adding up exactly.

During 2014, 22 drill holes were completed at Jumbo (12 holes in 2013), 9 were completed at Grey Eagle (43 holes in 2013) and 6 were completed at Etna (Nil in 2013). The major outcome of this year's drilling is an expansion of the footprint of the mineralization beyond the boundaries used for the Resource Estimate and they also further confirm the continuity of the higher-grade mineralization located by the 2013 drill program. As in the previous year, the drilling was conducted to expand the estimated resource, to provide samples for further metallurgical studies and to improve the understanding of the structural setting.

Jumbo Zone

At the Jumbo target, RC hole J-14-011 (NR14-17, August 1, 2014) intersected 38.1 metres of 1.01 g/t AuEq[2] including 7.6 metres of 3.21 g/t AuEq[2] to the east of the center portion of the Jumbo resource block where previous drilling was done in this sector. Further drilling will be needed to better understand the relationship of this mineralization to that to the North and to the South due to east-west faulting in the area. The indications, however, are that this intercept extends the 200m long higher-grade southern Jumbo zone, which includes the 67m@1.03 g/t AuEq[2] intersected in hole J-14-004 (NR14-16, July 11, 2014) for an additional 100 metres to the north.

Hole J-14-004 intersected 67 metres of 1.03 g/t AuEq[2] in the southern portion of the Jumbo resource block which grouped with holes J-14-001, 002 and 003 (NR14-16, July 14, 2014) successfully extend the mineralization located by the 2013 RC holes J-13-005 and 006, along strike and down dip as well as support the continuity of the higher-grade mineralization first located by the 2013 drill program. This higher grade block of mineralization extends for approximately 200 metres north-south and is open for expansion to the north and east. RC holes J-14-005 to 010 all contained additional mineralization except for J-14-007 which was un-mineralized as it was drilled in post mineral rocks above a fault. Hole J-14-010 is noteworthy in that it is located approximately 100 metres north of the Jumbo resource area and intersects what is interpreted as a new zone of mineralization east of the main trend. This hole intersected 25.9 metres at 0.65 g/t AuEq[2].

Assay results from the last 11 holes at Jumbo are still pending and will be reported when results are received.

In 2013, at the Jumbo target there were two noteworthy developments. Firstly, hole J-13-007 indicated that mineralization continues beyond the eastern margin of the Jumbo resource block and secondly, that a new zone of strong mineralization was found south of the Jumbo resource area which is located within the larger "Jumbo Trend" that now stretches for approximately 8 km in a north-south direction. This mineralization included an interval within hole J-13-005 averaging 1.8 g/t AuEq[2] over 26 metres. The hole was lost while still in mineralization due to intersecting a void. J-13-005 (inclination -45°) was drilled from the same drill pad as hole J-13-006 (inclination -65°) which included similar mineralization within a wider 57 metre intersection averaging 0.9 g/t AuEq[2].

Grey Eagle Zone

At the Grey Eagle target, the drilling in 2014 was conducted to explore the potential on the south end of the Grey Eagle resource area. 9 drill holes were completed at Grey Eagle (NR14-19, August 27, 2014) and results indicate that the immediate southern extension of the mineralized zone seen in the holes drilled in 2013 is weaker because faulting has offset the stronger mineralization or it has been eroded prior to the deposition of the post mineral cover. These results confirm the shape of the mineralized zone but limit its expansion potential to the immediate south. This does not however, preclude expansion potential further to the west or north.

In 2013, the best results obtained from the first six holes of the 2013 drill program at the Grey Eagle target were within GE-13-005 (HDG's NR13-16, July 10, 2013), confirming the extension to the Grey Eagle mineralized zone in the SW direction. GE-13-005 included an interval of 20 metres averaging 2.84 g/t AuEq[2] within 61 metres averaging 1.07 g/t AuEq[2] and the hole ended in mineralization.

Results from the next series of five holes drilled in 2013 along the Grey Eagle Trend continued to expand the mineralized zone both to depth and to the southwest. The Grey Eagle Zone starts at the surface in the east and dips at approximately 50 degrees to the northwest. Mineralization at Grey Eagle has been drilled over a strike length of 670 metres, including the North, Main and South Zones.

Results from three of the holes (GE-13-008, GE-13-009 and GE-13-021) (HDG's NR13-21, August 20, 2013) in the centre of the Main Zone at Grey Eagle expand the mineralized zone down dip and further to the northwest of previously reported holes GE-13-003 and 004 (HDG NR's 13-16, July 10, 2013). These holes show excellent continuity of good grade from near surface to a depth of 140 metres. GE-13-021, a near vertical hole, located northwest of the GE-13-009 drill intercept, intersected a vertical column of 111 metres grading 0.6 g/t AuEq[2] starting 36 metres below the surface. These three holes are located approximately 150 metres southwest of the original discovery holes, GE-12-001 and 002, which included the near surface intersection of 21 m of 5.6 g/t gold within 63 m of 2.1 g/t gold.

Approximately 150 metres further southwest from GE-13-008 and GE-13-009, hole GE-13-023 intersected mineralization at approximately 100 metres below surface and represents the down-dip extension of the mineralized zone. Hole GE-13-024 on the same drill section intersected 3.1 g/t AuEq[2] over 7.6m within 50 metres of 0.6 g/t AuEq[2]. The hole ended in mineralization.

Results from six more drill holes completed in 2013 from the Main Zone at Grey Eagle, one from the North Zone and two from the down-faulted South Zone were reported in September 2013. The Main Zone is the best understood and demonstrates the most consistent mineralization found to date at Grey Eagle. The Main Zone is approximately 300 metres long with a width of 150-200 metres which is open to expansion to the west.

On September 10, 2013, HDG issued NR13-24 which included the results for hole GE-13-033 which again demonstrated the good grade continuity that has been found in the 2013 drill program. GE-13-033 includes 86.9 metres averaging 1.06 g/t AuEq[2] starting 18.3m below the surface. The final 2013 drilling news release (NR13-26) included hole GE-13-036 which continued to demonstrate good continuity within the Grey Eagle Zone.

Etna Zone

In 2014, Etna was chosen as a third drilling target because of extensive outcrops of gold mineralization and hence 6 RC holes have been completed in the 2014 drilling season. The Etna target is located approximately 2 km south of the Jumbo Resource Block.

RC hole E-14-001 (NR14-17, August 1, 2014) intersected mineralization over 106.7 metres @ 0.49 AuEq[2] and included 29 metres of 1.03 g/t AuEq[2]. This broad zone relates to RC hole E-12-001 drilled in 2012 approximately 50 metres to the north which intersected 125 metres of 0.35 g/t AuEq[2] including 39.6 metres of 0.64 g/t AuEq[2]. More drilling is required to further define this new zone and its extensions which have the potential to be substantial because of the large intercept widths.

The remaining five holes completed at Etna were exploratory in nature and intersected weak mineralization often over broad widths, (see results in NR14-17, August 1, 2014). Further geological and geophysical analysis and additional drilling is required in the Etna zone to follow the extensions of the mineralized body found in E12-001 and E14-001.

Metallurgical Testing

As part of its overall exploration program at Gold Springs, the Company is continuing its metallurgical testing program during 2014. These tests, which use coarse material increasing up to an inch in diameter, will lead to a series of column tests using similar size material to that which would be used in a "heap leach" mine. Three bulk samples of coarse broken mineralized rock from the Grey Eagle trench have been collected for metallurgical testing and have been sent to the metallurgical laboratory for bottle roll and column testing. Also a metallurgical test program designed to enhance silver extraction has been set up using existing RC (reverse circulation) chip samples as well as trench samples.

In early September 2013, HDG announced the results from a series of metallurgical tests designed to assess gold and silver extraction from coarse grained material by bottle roll testing using cyanidation. These tests were conducted on 7 samples collected from the RC chips from the 2012 drill program at the Grey Eagle and Jumbo targets. Tests were carried out on the coarse RC chips rather than pulverized material as had been used in previous metallurgical tests. (See HDG's NR 10-17, October 18, 2010, HDG's NR13-01, January 28, 2013, and HDG's NR13-23, September 9, 2013).

Five kg samples were subjected to bottle roll agitation for one minute every hour for 40 days. Six samples gave consistent results. The average gold extraction in the Grey Eagle target (Nevada) was 78.8% (range: 74%-83%) for fine to medium grained material (P_{80} 0.07 to 0.24 inches) and 88.5% (range: 88%-89%) for Jumbo (Utah) (P_{80} 0.03 to 0.14 inches). Gold grades for test samples ranged between 0.15 g/t and 5.3 g/t.

Silver extractions for the same samples were much more variable and lower as was expected from previous work. There is a significant difference in silver extraction between Grey Eagle and Jumbo with much higher extractions coming from Jumbo. The average silver extraction from Grey Eagle was 19% and from Jumbo was 53.5%. Further testing will be needed to determine why these are different. Tests on these same samples using pulverized material (P_{80} of 0.075 mm) gave silver extractions in the range of 10%-60% for Grey Eagle and 71%-99% for Jumbo.

Samples in this test series came from the same drill holes, GE-12-001, GE-12-002, J-12-004 and J-12-005, as used in the prior tests. (See HDG's NR13-01, January 28, 2013).

Metallurgical testing at Jumbo shows that up to 57.2 % of the gold is recoverable by gravity means. (HDG's NR10-17, October 18, 2010).

Permitting

On March 27, 2014, the US Bureau of Land Management (BLM) Caliente Office of the State of Nevada accepted TMI's Environmental Assessment ("EA") covering the Nevada portion of the Gold Springs project (NR14-07, April 3, 2014). The acceptance of the EA means that the Company's exploration and resource expansion activities are now authorized to proceed in Nevada. The Company envisions staged exploration activities focused on the expansion of the Grey Eagle resource estimate and the future exploration of 13 of the 18 identified outcropping gold targets that are located in Nevada.

TMI has submitted a Plan of Operations (PoO) to the Cedar City, Utah BLM office which triggered the requirement of completing an Environmental Assessment on the Utah portion of the project area. TMI has completed biological and cultural studies as components of the EA and expects the Utah BLM acceptance of the EA and the approval of the PoO in Q4 2014. The Company is already operating under a PoO on the Nevada side of the project.

Exploration Budget

On August 21, 2014 the budget for Gold Springs' exploration was increased to $2,400,000 from $1,900,000 to continue with the drill program at Gold Springs during the second half of 2014. The revised program for the full year includes, among other things, completion and filing of Technical Reports that include the updated 2014 resource estimate and the PEA (see the amended Technical Report filed on SEDAR on July 8, 2014), the drilling program of 36 RC drill holes designed to expand the mineral resource estimate, 2-4 diamond drill holes on both the Jumbo and Grey Eagle resource blocks to provide metallurgical, density and detailed geological information, continuation of permitting activities including environmental and cultural studies, metallurgical test-work and other exploration activities throughout the year. During the nine months ended September 30, 2014 the Company completed 37 RC holes (36 were planned) and spent $1,774,125 of this year's exploration program at Gold Springs.

Escalones copper-gold project, Chile

The Escalones copper-gold project is located in the world-class central Chilean mining district which includes the nearby El Teniente deposit – the world's largest underground copper mine. The project is accessible by road and is approximately 100 kilometres south-east of Santiago.

On August 12, 2013, the Company filed a NI 43-101 Technical Report which was later amended and refiled on July 11, 2014 that includes an updated resource estimate for Escalones (See News Releases 13-13 dated June 28, 2013 and 13-17 dated August 12, 2013) showing a significant increase in copper, molybdenum and gold resources as well as a category upgrade of approximately a third of the resource to Indicated from Inferred. The updated resource estimate, which was prepared by Jeffrey Choquette and Jennifer J. Brown, both of Hard Rock Consulting, LLC, who are both "qualified persons" as defined in NI 43-101 and "independent" of the Company as defined in NI 43-101, is based on 24,939 metres of drilling carried out on Escalones to date and is as follows (note that Indicated resource is in addition to the Inferred resource):

- An Indicated resource of 232.6 million tonnes of mineralized material containing 1.6 billion lbs. of copper, 498,012 oz. of gold, 4.9 million oz. of silver and 31.9 million lbs. of molybdenum, at a grade of 0.31% copper, 0.07 g/t gold, 0.66 g/t silver and 0.006% molybdenum using a 0.25% Cu Equivalent cut-off grade. This is a copper-equivalent[3] content of 1.9 billion lbs. of copper grading 0.38%.

- An Inferred resource of 527.7 million tonnes of mineralized material containing 4.0 billion lbs. of copper, 609,437 oz. of gold, 14.4 million oz. of silver and 79.5 million lbs. of molybdenum at a grade of 0.34% copper, 0.04 g/t gold, 0.85 g/t silver and 0.007% molybdenum using a 0.25% Cu Equivalent cut-off grade. This is a copper-equivalent[3] content of 4.7 billion lbs. of copper grading 0.40%.

The Escalones deposit remains open to expansion laterally and at depth. Interpretation of ZTEM resistivity and aeromagnetic surveys show several large areas of untested conductivity and magnetic anomalies which may represent areas of potential additional mineralization.

The 2013 drilling program was completed to fill gaps in the resource model in order to expand resources in the porphyry and skarn environments. The 2013 drilling season (November 2012-May 2013) ended on May 2, 2013 and in spite of progress falling behind schedule after a severe storm cut off road access to the property for approximately four weeks in February 2013 (see News Release NR 13-03 dated February 13, 2013 and NR 13-05 dated March 7, 2013), a total of 9,070 metres of diamond drilling were completed (over 10,000 metres of diamond drilling were planned for the 2013 drilling season).

Effective June 27, 2013 (see News Release 13-15 dated July 17, 2013), the Company extended for 5 years the terms of its Option Agreement to acquire the remaining portion of the Escalones property. Under the revised terms the Company was required to pay $600,000 in Q2 2013 (paid), followed by four payments of $500,000 on each of June 30, 2014 (paid), 2015, 2016 and 2017 and a final payment of $3 million on June 30, 2018 to complete the purchase of the property. The remaining terms of the option agreement are unchanged.

Metallurgical testing on a range of Escalones drill core samples continued through October 2013. The program focused on the recovery of the copper, gold, silver and molybdenum by conventional flotation and conventional sulphuric acid leaching. A total of six samples were studied and reported in April 2013. Four of the six samples produced excellent flotation results with concentrate grades averaging greater than 25% Cu. In selected cases, the sulphide tails were further floated to recover oxide copper mineralization with overall copper recovery ranging from 79.3 to 94.7%. Gold recovery to the sulphide concentrates ranged from 43 to 70% while molybdenum recovery ranged from 23 to 66%. The other two samples showed that they were amenable to bulk sulphide flotation followed by a standard sulphuric acid leach of the flotation tailings yielding copper recovery ranging from 73.9 to 84.9%.

A further three samples were tested and reported in October 2013. Flotation of a "gold skarn" sample produced a concentrate of 270 g/t Au at a recovery of 68%. Flotation of the two other samples, both of mixed oxide and sulphide mineralogy, produced copper concentrates from 27.7 to 31.3% Cu. The sulphide flotation tails were further floated to recover oxide copper mineralization, achieving 82% overall recovery of copper in both samples. The results of the flotation and leaching work are being carefully reviewed by the Company and its metallurgical consultants in order to plan next steps on the metallurgical development.

Work has been in progress since December 2012 to obtain the necessary permits for future drilling seasons. Environmental baseline data collection is complete and permit applications were submitted in Q3 2013, with approvals for three drilling seasons now expected in Q4 2014. Management currently expects the required permits will be received no later than November 2014.

The budgeted exploration cost at Escalones for 2014 amounts to $1,000,000 which includes further analysis of existing data and core samples, the continuation of environmental and permitting activities and metallurgical testing, and a $500,000 payment under its Option Agreement. During the nine months ended September 30, 2014, $926,216 in exploration costs were incurred at Escalones.

The Company believes that it needs a partner to develop this project due to its large size. Companies have been approached to gauge their level of interest in joint venturing the property. Reviews are ongoing.

Arbitration claim against the Bolivian government for the expropriation of the Malku Khota project

The Malku Khota project is located approximately 200 kilometres north of Potosi, Bolivia. Malku Khota is one of the world's largest silver, indium and gallium resources with a NI43-101-qualified Indicated Resource of 255 million tonnes of mineralized material containing 230.3 million ozs of silver, 1,481 tonnes of indium and 1,082 tonnes of gallium at a grade of 28.7 g/t silver, 5.8 g/t indium and 4.3 g/t gallium (43.8 g/t silver equivalent[4]), and an additional Inferred Resource of 230 million tonnes containing 140 million ozs of silver, 935 tonnes of indium, and 1,001 tonnes of gallium at a grade of 18.9 g/t silver, 4.1 g/t indium and 4.3 g/t gallium (33.0 g/t silver equivalent[4]).

Exploration commenced at Malku Khota in 2003 and work on the Project continued through to the expropriation in August 2012. After completing a total of 42,700 metres of drilling in 121 diamond core holes, and undertaking metallurgical testwork, process development and engineering design, a Preliminary Economic Assessment study was published in May 2011 showing a bulk-mineable heap leach operation with the potential to be one of the largest new silver, indium and gallium producing mines in development with over 13.2 million ounces of silver production annually over the first 5 years.

The Preliminary Economic Assessment showed a Pre-tax Net Present Value (NPV) for the project, using a 5% discount rate, of $1.5 billion and an Internal Rate of Return (IRR) of 63% at the "middle price case" of $25.00 per ounce of silver.

After the publication of the Preliminary Economic Assessment, the pre-feasibility study (PFS) phase was started in June 2011. The ongoing work program, which was designed to expand mineral resources and enhance project economics, included the development of social and community programs to benefit indigenous communities, baseline studies for the environmental review and assessment program, exploration, metallurgical testwork, flowsheet development, engineering design and preparations to construct a modern 150 person exploration camp near the exploration site. The planned work programs including the PFS were not completed due to the expropriation.

On July 10, 2012, the Bolivian government announced to the media its intention to nationalize the Malku Khota project and on August 1, 2012, issued Supreme Decree No.1308 nationalizing the Malku Khota project. On October 23, 2012 the Company's wholly-owned subsidiary, South American Silver Limited ("SASL"), delivered a formal letter to the Bolivian government notifying it of an investment dispute between SASL and Bolivia. The dispute has arisen as a result of acts and omissions of the Government of Bolivia including the issuance of Supreme Decree No.1308 which revoked mining concessions held by Compañia Minera Malku Khota S.A. (CMMK), a wholly-owned subsidiary of SASL, without any compensation.

SASL is a company incorporated in the Bermuda Islands, an overseas territory of the United Kingdom, which through its wholly owned Bahaman subsidiaries, Malku Khota Ltd., G.M. Campana Ltd. and Productora Limited., owns one hundred per cent of the outstanding shares of CMMK. SASL is a protected investor under the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Bolivia for the Promotion and Protection of Investments ("Treaty"), and the actions and omissions of the Bolivian Government are in violation of the Treaty and of international law. Bolivia has breached the Treaty's requirement to provide full protection and security to foreign investors and their investments, as well as the Treaty's protections against, among other things, expropriation without just and effective compensation, unfair and inequitable treatment, and less favorable treatment than afforded to Bolivian nationals or nationals of third states. Notification of the investment dispute triggered a six-month cooling-off period during which the disputing parties could negotiate a settlement.

Arbitration provides the forum for the Company to pursue fair value compensation for the expropriation of the Malku Khota project. Since the expropriation Supreme Decree, the Company has appointed the international legal firm, King & Spalding, to prepare and handle the claim. King & Spalding is being supported by prominent local counsel in Bolivia. Financial experts to assess the value of the damages have also been appointed.

On August 1, 2012, September 4, 2012, December 12, 2012, January 16, 2013 and February 14, 2013, SASL delivered letters to the Bolivian Government reiterating its willingness to attend meetings with Bolivian Government representatives to resolve the dispute amicably. The Government of Bolivia finally responded on February 21, 2013 requesting a meeting with SASL representatives on April 17, 2013 to discuss a potential amicable resolution to the dispute to which SASL responded on March 4, 2013 expressing its willingness to meet but subject to certain conditions. These conditions were not met by the Bolivian Government hence on April 12, 2013 SASL notified the Bolivian Government that its attorneys would be attending the April 17 meeting as the only representatives of SASL. On April 17, 2013 the meeting was held but no resolution was reached and no compensation was offered.

The cooling-off period ended on April 23, 2013 and on April 30, 2013 the Company announced in News Release 13-09 that its wholly-owned subsidiary, SASL had commenced international arbitration proceedings against the Government of Bolivia under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) pursuant to the Treaty seeking compensation based on fair market value of the Malku Khota project. Concurrent with the Notice of Arbitration issued to Bolivia, SASL appointed its arbitrator to the Arbitral Tribunal. On June 28, 2013, the Bolivian Government responded to the Notice of Arbitration and appointed its own arbitrator. Each party challenged the appointment of the other party's arbitrator on grounds of justifiable doubts as to his independence and impartiality but the challenges were ultimately rejected by the Permanent Court of Arbitration (PCA). The appointed arbitrators could not agree on the appointment of a third arbitrator to act as president of the three-person Arbitral Tribunal so on January 22, 2014 the Secretary General of the PCA appointed the presiding arbitrator (see News Release NR14-01 dated February 3, 2014).

On May 13, 2014, SASL attended its first Procedural Meeting with representatives of the Government of Bolivia and the three members of the Arbitral Tribunal, Messrs. Eduardo Zuleta Jaramillo (President), Francisco Orrego Vicuña and Osvaldo Guglielmino, at the Center of Arbitration and Conciliation of the Bogota Chamber of Commerce in Bogota, Colombia under the oversight of the Permanent Court of Arbitration (see News Release NR14-12 dated May 14, 2014).

On June 3, 2014, SASL received Procedural Order No. 1 from the Arbitral Tribunal (Tribunal's binding decisions on procedural matters). With Procedural Order No. 1 the Tribunal fixed the place of arbitration at The Hague, the Netherlands (where the arbitration is considered held from a legal point of view) and stated that the meetings and hearings will take place in Bogota (Colombia) or Washington DC (U.S.A.), to be determined by the Tribunal after consultation with the Parties before each hearing or meeting. Procedural Order No. 1 also includes a procedural schedule with two rounds of pleadings (4 months to each party for the first round and 3 months to each party for the second round, with an additional 1 month to SASL for a potential rejoinder on jurisdiction). The Tribunal also limited the document production phase to approximately 5 months. Based on the procedural calendar, SASL's statement of claim and memorial on the merits was filed on time on September 24, 2014. SASL seeks monetary compensation for damages in the amount of US$385.7 million (NR14-21, September 25, 2014), which includes US$307.2 million for all of its losses caused by Bolivia's breaches of the UK-Bolivia Treaty, plus US$78.5 million in pre-award interest but excludes fees and costs incurred in connection with the arbitration proceeding. Alternatively, SASL seeks restitution of the Malku Khota project along with monetary damages in the amount of US$176.4 million, including pre-award interest. The hearing on the merits will take place between April and May 2016 and will last for approximately 10 days. The Tribunal held that any justifiable extension that may be granted upon request of the Parties would not affect the dates fixed for the hearing or other meeting although it is possible that the hearing dates could change, but only upon request of the parties and for good cause.

Orders of the Tribunal, including any awards, and pleadings (but not exhibits, witness statements or expert reports) will be posted on the Permanent Court of Arbitration's website at www.pca-cpa.org. A copy of the Procedural Order No. 1, which includes the procedural calendar, and of the statement of claim and memorial on the merits is posted on www.pca-cpa.org.

Based on the procedural schedule included in Procedural Order No.1, and unless there is a negotiated settlement of the dispute, it is expected that any actual cash award, if there is one, would not be received until after May 2016.

On May 23, 2013, the Company entered into an agreement (the "Arbitration Costs Funding Agreement") with a third party funder (the "Fund") pursuant to which the Fund will cover most of SASL's future costs and expenses related to its international arbitration proceedings against Bolivia. The Fund will not cover the salaries or travel expenses of the employees and executives of the Company when working on arbitration related matters. The non-brokered funding is on a non-recourse basis and includes costs and expenses of the enforcement of any award rendered by the Arbitral Tribunal. The Fund specializes in the funding of international arbitration proceedings and in providing assistance in connection with the enforcement of arbitration awards.

Under the terms of the privileged Arbitration Costs Funding Agreement, the Company has given certain warranties and covenants to the Fund and has provided security for its obligations. In consideration for the funding, SASL and the Company have agreed to pay to the Fund a portion of any recoveries received by SASL pursuant to the arbitration proceedings or any settlement with Bolivia. SASL continues to have control over the conduct of the international arbitration proceedings and to have the right to settle with Bolivia, discontinue proceedings, pursue the proceedings to trial and take any action it considers appropriate to enforce any resulting judgment or award.

A large majority of the costs of the arbitration to be incurred by SASL or the Company are payable only in the event there is an award in favour of SASL and will be paid out of the proceeds of any such award. These costs include certain fees and other expenses incurred in connection with the arbitration, including the Fund's portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia, the contingent success fee payable to SASL's lead arbitration counsel and other commitments. These fees, costs and expenses will be paid out of any such award, thus potentially reducing funds received by SASL by as much as one-third of the amount of any award in its favour.

San Antonio property, Mexico

The Company is seeking a joint venture partner at this property. No exploratory work was conducted at San Antonio during 2012 or 2013 as HDG's priority was to focus its exploration efforts on the Gold Springs project. The Company currently has no plans to conduct exploratory work at San Antonio in 2014. The majority of work at San Antonio was done in 2011 when the Company completed an 11-hole 1,500-metre reverse-circulation drill program which tested both structural and stratigraphic targets associated with gold mineralization at surface. Drilling results from San Antonio were announced on May 11, 2011. These results included 26 metres at 1.4 g/t gold. The purpose of the program was to evaluate mineralization in a historic "cut" (trench) on the property and to complete reconnaissance holes in other parts of the large, 4,230 hectare property from which geochemically anomalous surface gold-silver and base metal samples had been collected.

In the late summer of 2011, HDG announced that it had identified two new areas of high-grade gold/silver and base metal mineralization, and a third area of skarn mineralization.

With this work the Company has demonstrated that the precious and base metal system at San Antonio is much more extensive than the area which was drilled in 2011 and has the potential to host large, high-grade systems.

Canasta Dorada property, Mexico

The Company owns a 26.8% equity interest comprised of 10.7 million shares of Highvista Gold Inc. ("HGI"), a Canadian public company that trades on the TSX Venture Exchange under the trading symbol of HVV. These shares were subject to a time-released regulatory escrow agreement entered into by HDG and during October 2014, the final 4.3 million shares were released from escrow. This ownership followed a series of transactions with Norvista Resources Corporation during 2011 which resulted in the exchange of all of HDG's interests in the Canasta Dorada property in Mexico for shares of HGI. The Canasta Dorada property is in an excellent location within the Sonoran Gold Belt and is adjacent to AuRico Inc.'s El Chanate gold mine. HGI entered into an option and joint venture agreement with AuRico Inc. where AuRico Inc. has the option to earn up to 70% interest in a portion of the Canasta Dorada property.

Results of operations

Nine month results

During the nine months ended September 30, 2014, the Company reported net earnings of $2,898,889 ($0.02 per share) compared to a loss of $6,281,775 ($0.05 per share) reported in the nine months ended September 30, 2013.

The 2014 nine-month earnings include non-cash income amounts of $3,865,269 (2013 - $nil) in respect of the change in fair value of the Company's Class B shares, $156,922 (2013 - $nil) in respect of the change in fair value of warrants exercisable into Class B and common shares, and $987,627 (2013 - $nil) in respect of the change in fair value of stock options exercisable into Class B and common shares. Under IFRS, the Class B shares are considered to be financial instruments, not equity instruments, and warrants and stock options exercisable into Class B and common shares are considered to be derivative liabilities. The Class B shares and derivatives are measured at fair value at each period-end, and changes in fair values are included in the determination of earnings/loss.

The comparative 2013 nine-month loss included an impairment loss of $1,412,597 and an equity loss of $632,741 in respect of the Company's investment in HDG. During that period, the Company determined that the fair value of its investment in HDG had decreased significantly and accordingly, the Company wrote down its investment to the quoted value. During 2014, the results of HDG are consolidated in the Company's accounts.

General and administrative expenses decreased from $4,303,198 to $2,121,551 as throughout 2013 the Company took a number of initiatives to re-focus its activities and streamline its operations. The Company significantly reduced its work force in South America and Canada, reduced executives' salaries and closed its main office in Vancouver, Canada in December 2013. As a result, wages and benefits expense decreased from $1,798,036 to $430,900 and office and administration expense decreased from $480,307 to $278,424. Professional fees were also reduced from $791,697 to $415,590 as the comparative 2013 amount had mainly included significant legal costs incurred as a consequence of the nationalization of Malku Khota. Shareholder information and investor relations expense decreased from $187,350 to $124,165 reflecting reduced attendance at investor meetings and conferences, and the cancellation of various contracts with investor relations consultants.

During the nine months ended September 30, 2014, the Company incurred direct costs associated with the arbitration process amounting to $224,778 (2013 - $434,456). The nine-month 2014 costs are net of recoveries from the Fund amounting to $1,268,819 (2013 - $451,104).

The 2014 nine-month earnings also include share-based payments expense of $183,758 (2013 - $260,165) representing non-cash charges incurred in connection with the vesting of stock options. The fair values of all stock options are recorded as a charge to operations or to deferred property costs over the vesting period. Non-cash share-based payments expense tends to fluctuate significantly between quarters in accordance with the timing of stock option grants and the Company's share price, among other factors.

Reconnaissance and sundry exploration costs of $158,259 (2013 - $17,645) include holding costs associated with the Company's Mexican properties acquired through the acquisition of HDG and severance payments of $45,683 as a result of a reduction of personnel in Mexico associated to those properties. These properties were attributed $nil value on acquisition and the Company is expensing various holding costs to keep the properties in good standing.

Expenses were offset by interest and other income of $91,379 (2013 - $108,283). The Company also recorded a foreign currency gain of $10,395 (2013 – loss of $39,791), and a non-cash equity loss of $91,152 (2013 – $nil) on its investment in HGI.

The Company holds a significant portion of its funds in Canadian currency and, as a result of the depreciation of the Canadian dollar against the U.S. dollar during the nine-month period, has recognized a currency translation loss of $274,581 (2013 – $342,268) on the accounting translation to U.S. dollars. This unrealized charge has been recorded as other comprehensive loss and has not been included in the determination of net loss for the year. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

Three month results

During the three months ended September 30, 2014, the Company reported net earnings of $5,255,718 ($0.04 per share) compared to a loss of $2,041,625 ($0.02 per share) reported in the third quarter of 2013. Under IFRS, the Company's Class B shares are considered to be financial instruments and the 2014 third quarter earnings include non-cash income amounts of $5,470,562 (2013 - $nil) in respect of the change in fair value of the Class B shares and $286,717 (2013 - $nil) in respect of the change in fair value of stock options exercisable into Class B and common shares. The comparative 2013 third quarter loss included an impairment loss of $410,730 and equity loss of $183,203 in respect of the Company's investment in HDG.

General and administrative expenses decreased from $1,465,925 in the third quarter of 2013 to $518,061. Significant variances include wages and benefits expense which decreased from $734,388 to $96,451, reflecting staff and salary reductions and additionally the comparative amount had included severance of $192,519. Professional fees decreased from $305,553 to $107,798 and office and administration decreased from $125,956 to $78,666 as the Company has closed its Vancouver office. Share-based payments expense representing non-cash charges incurred in connection with the vesting of stock options decreased from $59,380 to $9,525.

During the third quarter, the Company also incurred direct arbitration costs associated with its international arbitration case amounting to $85,945 (2013 - $101,999). These arbitration costs are net of recoveries from the Fund amounting to $993,536 (2013 - $240,985).

Expenses were offset by interest and other income of $24,407 (2013 - $29,866). The Company also reported a foreign currency gain of $16,636 (2013 – loss of $10,479); and a non-cash equity loss of $24,543 (2013 – $nil) on its investment in HGI.

The Company holds a significant portion of its funds in Canadian dollars and recognized a currency translation loss during the third quarter of $193,875 (2013 – gain of $160,160) on the accounting translation to U.S. dollars. This gain has been recorded as other comprehensive income and has not been included in the determination of net loss for the period.

Capital expenditures

Total exploration spending for the nine months ended September 30, 2014 decreased to $2,700,341 from $6,645,005 incurred in the nine months ended September 30, 2013. The 2014 nine-month costs included $1,774,125 incurred at Gold Springs, including $391,912 in direct drilling costs as well as costs associated with the updated resource estimate for the Jumbo and Grey Eagle Zones, and the PEA. At Escalones, the Company incurred costs of $926,216, including a $500,000 cash option payment as well as costs associated with further analysis of existing data and core samples, the continuation of environmental and permitting activities and metallurgical testing.

The comparative 2013 nine-month costs were incurred at Escalones where a 9,070-metre drill program was completed. Costs included direct drilling costs of $3,342,459, trenching costs of $216,965, and associated camp costs of $208,773. The Escalones costs also included a cash option payment of $600,000 paid in the second quarter. During the first quarter of 2013, the Company also purchased an additional 497,000 common shares of HDG at a cost of $89,326.

Financing activities

During each of the nine-month periods ended September 30, 2014 and 2013, the Company completed no financings.

Summary of quarterly results (unaudited)

Three months ended	Sept. 30, 2014	June 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sept. 30, 2013	June 30, 2013	Mar. 31, 2013	Dec. 31, 2012
Total revenues	$nil	$nil	$nil	$nil	$nil	$nil	$nil	$nil
Deferred exploration costs	$943,395	$1,270,878	$486,068	$123,273	$310,926	$2,643,089	$3,690,990	$1,233,154
Net earnings (loss)	$5,255,718	($550,024)	($1,806,805)	($712 ,402)	($2,041,625)	($2,579,249)	($1,660,901)	($1,912,015)
Total comprehensive income (loss)	$5,061,843	($401,926)	($2,035,609)	($935,281)	($1,881,465)	($2,872,679)	($1,869,899)	($2,073,298)
Net earnings (loss) per share (Basic and diluted)	$0.04	($0.00)	($0.01)	($0.01)	($0.02)	($0.02)	($0.01)	($0.02)

Net loss and total comprehensive loss have been volatile for the eight most recent quarters. During Q3 2014, the Company recognized a non-cash income amount of $5,470,562 (Q1 2014 – charge of $1,541,928) in respect of the change in fair value of the Company's Class B shares. During Q3 2014, the Company also recognized an income amount of $286,717 (Q1 2013 – $574,728) in respect of the change in fair value of stock options exercisable into Class B and common shares. During Q3 and Q2 2013, the Company wrote down its investment in HDG, recognizing impairments of $410,730 and $1,001,867, respectively. During Q4 2013, prior to completion of the Arrangement, the Company reversed a portion of this write down, recognizing a recovery of $705,943. The Company also recognized equity losses in respect of this investment amounting to $205,370, $183,203, and $455,043 during Q4 2013, Q3 2013 and Q2 2013, respectively. Quarterly results have also been impacted by non-cash share-based payments expense which fluctuated significantly between quarters in accordance with the timing of stock option grants and the Company's share price, among other factors. A reduction trend in net loss can be observed as a result of the Company re-focusing its activities starting Q3 2012, implementing cut-backs and overall reduction in general and administrative expenses.

Deferred exploration costs have also been volatile as exploration activities have fluctuated significantly on a quarterly basis. In Q2 2014, a drilling program started at Gold Springs. In Q4 2012, a drilling program started at Escalones and concluded in Q2 2013. In Q2 2014 and Q2 2013, respectively, $500,000 and $600,000 in cash option payments were made at Escalones.

Liquidity and capital resources

The Company's aggregate operating, investing and financing activities during the nine months ended September 30, 2014 resulted in a net cash outflow of $5,596,595. As described under Results of Operations, the Company has undertaken a number of cost-saving initiatives including closing its main office in Vancouver in Q4 2013, and a significant staff reduction. In a further effort to preserve cash, the Company has entered into the Arbitration Costs Funding Agreement with the Fund pursuant to which the Fund covers on a non-recourse basis most of the costs and expenses related to the Company's international arbitration proceedings against Bolivia in consideration for a portion of any recoveries received by the Company pursuant to the arbitration proceedings or any settlement with Bolivia.

The exploration budget at Gold Springs for 2014 was revised upwards on August 21, 2014 to continue with the drill program at Gold Springs during the second half of 2014. Hence the estimated working capital requirements of the Company for the full year of 2014, per the Company's amended plan, amount to $6,200,000 (previously $5,700,000). Of this amount $2,550,000 are for general and administrative expenses (operating activities) and $3,650,000 (previously $3,150,000) are for investing activities which mainly include exploration work at Gold Springs and Escalones. This is a significant reduction from 2013 and 2012 operating and investing activities as shown in the Company's consolidated statements of cash flows for those years. As at September 30, 2014 the Company has spent $4,720,784 of the $6,200,000 working capital requirements planned for 2014. As at September 30, 2014 the Company had working capital of $5,341,761, including cash and cash equivalents of $6,050,547. The Company remains in a strong financial position to continue activities at its Escalones and Gold Springs projects, to fund the costs and expenses related to its international arbitration proceedings against Bolivia that are not otherwise covered by the Fund, and to meet its other working capital requirements for 2014.

Contractual obligations

The Company has the following contractual obligations as at September 30, 2014:

		Payments Due by Period		
	Total due over next 5 years	Less than 1 year	1-3 years	3-5 years
Lease agreements for office premises *(1)*	$248,000	$142,000	$106,000	$nil
Option payments for Escalones (2)	$4,700,000	$500,000	$1,000,000	$3,200,000
Total	$4,948,000	$642,000	$1,106,000	$3,200,000

(1) The Company has sublet its main office in Vancouver and will recover a large portion of these costs.

(2) The Company is contractually obliged to make these payments only and as long as it is willing to exercise its option to acquire the Escalones property. The Company has the option to acquire the Escalones property by making total option payments aggregating $4,500,000, in stages, including a final option payment of $3,000,000 on June 30, 2018. Once Escalones is acquired and until exploitation begins the Company is

required to make annual advance royalty payments of $200,000 for the first two years (increases to $300,000 annually thereafter).

Contingencies

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

Under the terms of the privileged Arbitration Costs Funding Agreement, the Company has given certain warranties and covenants to the Fund and is obliged to pledge at least 35% of the shares of the Company's subsidiary in Chile, beneficiary of the Escalones property, as security for its obligations. In consideration for the funding, the Company has agreed to pay to the Fund a portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia. As at September 30, 2014, the arbitration has not been settled and the amount of the contingent payment is deemed to be indeterminable. Accordingly $nil has been accrued for the Fund's portion of any recoveries in the arbitration.

The Company has agreed to a contingent success fee to its lead arbitration counsel to be determined based on the outcome of the arbitration. As at September 30, 2014, the arbitration has not been settled and accordingly the success fee is deemed to be indeterminable and accordingly $nil has been accrued.

A large majority of the costs of the arbitration to be incurred by SASL or the Company are payable only in the event there is an award in favour of SASL and will be paid out of the proceeds of any such award. These costs include certain fees and other expenses incurred in connection with the arbitration, including the Fund's portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia, a contingent success fee payable to SASL's lead arbitration counsel and other commitments. These fees, costs and expenses will be paid out of any such award, thus potentially reducing funds received by SASL by as much as one-third of the amount of any award in its favour.

Outlook

The priorities of the Company are to (i) continue with the exploration program at Gold Springs; (ii) seek an appropriate joint venture partner for the Escalones copper-gold porphyry project in Chile whilst continuing permitting activities and metallurgical testing; (iii) continue international arbitration proceedings against Bolivia to recover full compensation based on the fair market value for the Malku Khota project; and (iv) diligently continue managing the Company's cash resources.

Related party transactions

The Company's related parties consist of the Company's officers or companies under controlling or significant influence and Gowling Lafleur Henderson LLP which is a legal firm in which Tina Woodside, a director of the Company, is a partner. The Company incurred the following expenditures during the three and nine months ended September 30, 2014 and 2013 that were charged by related parties. All transactions with related parties have occurred on terms equivalent to those that prevail in arm's length transactions.

	Three months ended Sept. 30, 2014 $	Three months ended Sept. 30, 2013 $	Nine months ended Sept. 30, 2014 $	Nine months ended Sept. 30, 2013 $
Officer fees charged to operations *(1)*	19,423	3,871	44,569	22,534
Legal fees for general corporate matters *(2)*	38,152	118,955	204,096	422,755
Officer fees included in mineral property costs *(1)*	15,653	41,797	60,725	114,748
	73,228	164,623	309,390	560,037

(1) paid to Felipe Malbran and to a company owned by David Dreisinger as compensation to serve as officers of the Company.

(2) paid to Gowling Lafleur Henderson LLP.

Included in accounts payable at September 30, 2014 is an amount of $63,222 (December 31, 2013 - $380,085) due to related parties. The 2014 amounts include amounts payable to Gowling Lafleur Henderson LLP for legal services, to David Dreisinger and Felipe Malbran for accrued compensation as officers of the Company, to directors of the Company for their most recent directors' fees, and to officers of the Company for reimbursement of expenses incurred. These amounts are non-interest bearing and have no specific terms of repayment.

Key management includes the current and former Chief Executive Officers, the former Chief Operating Officer, the Executive Chairman and all the directors. The compensation paid or payable to key management for services is as follows:

	Three months ended Sept. 30, 2014 $	Three months ended Sept. 30, 2013 $	Nine months ended Sept. 30, 2014 $	Nine months ended Sept. 30, 2013 $
Directors' fees	26,250	40,653	101,258	149,653
Wages and benefits	58,750	133,750	176,250	401,652
Share-based payments	4,025	45,049	163,361	159,870
	89,025	219,452	440,869	711,175

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, Class B shares, and stock options exercisable into Class B shares and common shares. Cash equivalents consist of term deposits with investment terms of less than three months at acquisition. The majority of the Company's cash and cash equivalents is held through a major Canadian chartered bank. The Company also maintains deposits for ongoing working capital at major banks in the jurisdictions in which its foreign subsidiaries operate.

A portion of the Company's financial assets and liabilities is denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. The Company is exposed to currency exchange rate risks to the extent of its activities in the U.S., Bolivia, Chile and Mexico. The Company's currency risk is presently related to approximately $1,500,000 of financial assets and liabilities denominated in U.S. dollars which are owned by the Canadian parent, or denominated in Bolivian Bolivianos, Chilean pesos, or Mexican pesos. Based on this exposure as at September 30, 2014, a 5% change in exchange rates would give rise to a change in net loss of approximately $75,000. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

Off-balance sheet arrangements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Disclosure controls and procedures and internal controls over financial reporting

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, engaged external consultants to evaluate the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting as at December 31, 2013. Based on this evaluation, management concluded that these disclosure and internal controls and procedures over financial reporting were effective.

As of the date of this report, management is not aware of any change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

It should be noted that all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Critical accounting estimates

The accounting estimates considered to be significant to the Company include the carrying values of mining claims and exploration and Malku Khota project, the carrying value of investments, the computation of share-based payments expense and warrants, and the computation of derivative liabilities and Class B shares which are disclosed as non-current liabilities.

Management reviews the carrying values of its mining claims and exploration and other deferred costs on at least an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mining claims amounted to $24,000,077 as at September 30, 2014. These costs may not be recoverable and there is a risk that these costs may be written down in future periods.

In July 2012 the Malku Khota project was expropriated by the State of Bolivia. The Malku Khota mining concessions were held by the Company's Bolivian subsidiary, CMMK, a wholly-owned subsidiary of SASL. A Bolivian Supreme Decree (the "Decree") revoked the applicable mining concessions and indicated the Bolivian Government would contract an independent company to conduct a valuation of CMMK's investments to establish an amount and conditions under which the Bolivian Government will recognize and compensate CMMK for the investment previously made at the Malku Khota project. Prior to the expropriation the Company had capitalized approximately $18.7 million as mining claims and deferred exploration costs. The Company has determined that the Decree revoking the mining concessions and indicating that compensation will be forthcoming does not represent a financial instrument under IFRS. However, an asset exists for the compensation expected from the State of Bolivia. SASL has initiated an international arbitration to seek compensation. Management regularly reviews the carrying amount of the Malku Khota project asset by comparing the carrying value to the amount of expected proceeds from the arbitration. If SASL is unsuccessful in the arbitration the Malku Khota project asset will be written down.

In 2013 the Company entered into an Arbitration Costs Funding Agreement whereby a third party (the "Fund") has agreed to cover most of SASL's costs and expenses related to the international arbitration, including the costs and expenses of the enforcement of any award rendered by the arbitration tribunal, in exchange for a portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia. No amounts are recognized in the Company's financial statements for most of the costs and expenses related to the arbitration because they are deemed to be the cost of the Fund to receive a portion of the recoveries.

A large majority of the costs of the arbitration to be incurred by SASL or the Company are payable only in the event there is an award in favour of SASL and will be paid out of the proceeds of any such award. These costs include certain fees and other expenses incurred in connection with the arbitration, including the Fund's portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia, a contingent success fee payable to SASL's lead arbitration counsel and other commitments. These fees, costs and expenses will be paid out of any such award, thus potentially reducing funds received by SASL by as much as one-third of the amount of any award in its favour.

Management reviews the carrying values of its investments on at least an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. Under the Arrangement to acquire HDG, the Company acquired 10.7 million shares of Highvista Gold Inc. ("HGI") which were valued at their quoted value of $250,813 on acquisition. As at September 30, 2014, the HGI shares had a book value at equity of $159,661 and a quoted value of $190,779. The Company's investment in HGI may not be recoverable and there is a risk that the investment may be written down in future periods.

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options and awards granted is measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the share-based payments costs being less than or greater than the amount recorded. During the nine months ended September 30, 2014, the Company granted stock options, the estimated fair value of which totaled $150,293. The Company recorded share-based payments costs of $203,195 (2013 - $260,165) in accordance with the vesting provisions of stock options.

Under the Arrangement, the Company exchanged each of its common shares for one new common share and one Class B share. The Class B shares carry redemption and retraction rights and rights on liquidation which entitle the holders collectively to 85% of the net cash, if any, (after deducting all costs, taxes and expenses and the third party funder's portion thereof) received from an award or settlement in relation to SASL's arbitration proceeding against the State of Bolivia for the expropriation of the Malku Khota project. As at September 30, 2014, the Class B shares have been determined to have a fair value of $11,420,771, based on the closing price of a Class B share on the TSX (Cdn. $0.11 per Class B share). The estimated fair value of the derivative liability related to stock options exercisable into common shares and Class B shares amounts to $344,539 as at September 30, 2014 and is measured using estimates for the expected value of the stock, the expected life of options and warrants, and an estimated risk-free rate.

Outstanding share data

Authorized Capital:

An unlimited number of common shares without par value and up to 127,328,790 Class B shares without par value.

Issued and outstanding as at November 7, 2014: 135,738,714 common shares and 116,278,647 Class B shares

Fully diluted as at November 7, 2014: 144,169,362 common shares

Outstanding options and warrants as at November 7, 2014:

Type of Security	Number	Exercise Price Cdn. $	Expiry date
Stock options *(1)*	125,000	$2.09	November 30, 2014
Stock options *(1)*	500,000	$1.71	November 30, 2014
Stock options *(1)*	400,000	$0.69	June 8, 2015
Stock options *(1)*	608,734	$0.63	September 16, 2015
Stock options *(1)*	1,000,000	$2.09	April 15, 2016
Stock options *(1)*	1,050,000	$1.71	November 14, 2016
Stock options *(1)*	133,333	$0.34	October 10, 2017
Stock options *(1)*	1,233,333	$0.44	October 21, 2018
Stock options	160,875	$1.80	April 15, 2016
Stock options	200,750	$1.05	March 29, 2017
Stock options	658,625	$0.65	October 22, 2018
Stock options	600,000	$0.365	January 28, 2019
Warrants *(2)*	38,499	$0.73	January 31, 2015
Warrants	1,133,000	$0.84	December 28, 2015
Warrants *(3)*	550,000	$0.84	January 31, 2016

(1) Each option is exercisable into one common share and once Class B share.

(2) Each broker warrant is exercisable until January 31, 2015 into one unit comprising one common share and one share purchase warrant exercisable to acquire one common share at a price of Cdn. $0.84 per share until January 31, 2016.

(3) In the event that the Company's common shares trade on the TSX at a price of not less than Cdn. $1.27 per share for a period of 10 consecutive trading days, the Company is entitled to accelerate the exercise period of these warrants to a period ending at least 30 days from the date notice of such acceleration is provided to the warrantholders.

Changes in accounting policies including initial adoption

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2014.

The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

- IAS 36, *Impairment of Assets,* seeks to ensure that an entity's assets are not carried at more than their recoverable amount. The IASB has made small changes to the disclosures required by IAS 36 when recoverable amount is determined based on fair value less costs of disposal. The IASB has amended IAS 36 as follows:
  - to remove the requirement to disclose the recoverable amount when a cash generating unit ("CGU") contains goodwill or indefinite lived intangible assets but there has been no impairment;
  - to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and
  - to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed.
- IFRIC 21, *Levies,* provides guidance for the accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.
- IAS 32, *Financial Statements: Presentation*, has been amended to clarify some of the requirements for offsetting financial assets and liabilities on the balance sheet.

Accounting standards issued but not yet applied

The following new standard**s** ha**ve** been issued by the IASB but not yet applied:

- IFRS 9*, Financial Instruments, was* issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement,* except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This new standard is effective for annual periods beginning on or after January 1, 2015 with earlier application permitted. The Company has not assessed the impact of this standard.

- IFRS 15, *Revenue from Contracts with Customers*, was issued in May 2014 and establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The required adoption date for IFRS 15 is the annual period beginning on or after January 1, 2017, with early adoption permitted. The Company has not assessed the impact of this standard.

Risks and uncertainties

The Company's business involves a high degree of risk due to the nature of exploring for and developing mineral resources, as well as pursuing new opportunities and the realization of value from the expropriated Malku Khota project in Bolivia through an arbitration process. Certain risk factors relate to the mineral exploration industry in general while others are specific to the Company. For a discussion of these risk factors, please refer to Annual MD&A and the Company's most recently filed Annual Information Form, which are available for viewing on SEDAR at www.sedar.com and at the Company's website at www.trimetalsmining.com.

About TriMetals Mining Inc.

TriMetals Mining Inc. is a growth focused mineral exploration company creating value through the exploration and development of the 100% owned, near surface, Gold Springs gold-silver project in mining friendly Nevada and Utah in the U.S.A.; the advancement of the large scale Escalones copper-gold project in Chile, and realization of value from the expropriated Malku Khota project in Bolivia through the arbitration process. The Company's approach to business combines the team's track record of discovery and advancement of large projects, key operational and process expertise, and a focus on community relations and sustainable development. Management has extensive experience in the global exploration and mining industry. The Company's common shares and Class B shares are listed on the Toronto Stock Exchange under the symbols "TMI" and "TMI.B" and the common shares and Class B shares are listed on the OTCQX market under the symbols "TMIAF" and "TMIBF". Additional information related to TriMetals Mining Inc. is available at www.trimetalsmining.com and on SEDAR at www.sedar.com.

Mr. Ralph Fitch, President and Chief Executive Officer of the Company, is the "qualified person" who supervised the preparation of and approved the technical information herein regarding Escalones and Malku Khota and Mr. Randall Moore, Executive Vice-President of the Company, is the "qualified person" who supervised the preparation of and approved the technical information herein regarding Gold Springs and San Antonio.

Cautionary notes

Forward-looking statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "will", "may", "budgeted", "expand", "continue", "estimated", "potential", "develop", "plan", "future", "indications", "further", "could", "would', "expected", "believes", "envisions", "proceed", "ongoing", "possible", "creating", "advancement", "realization" and "pursuing" and similar expressions. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates, preliminary economic assessments, and the interpretation of exploration programs and drill results may also be considered as a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present and economically mineable if and when a project is actually developed.

Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, uncertainties associated with the arbitration proceeding against Bolivia, including the response of the Bolivian Government to the statement of claim, the advancement of the international arbitration process in a customary manner and in accordance with Procedural Order No. 1, the outcome of the international arbitration process including the timing and the quantum of damages to be obtained, management's expectation with regard to the final amount of costs, fees and other expenses and commitments payable in connection with the arbitration, and any inability or delay in the collection of the value of any award or settlement, and risks of the mineral exploration industry which may affect the advancement of the Escalones or Gold Springs projects, including possible variations in mineral resources or grade, metal prices, capital and operating costs, and the application of taxes, availability of sufficient financing to fund further required work in a timely manner and on acceptable terms, timely receipt of required permits, availability of equipment and qualified personnel, failure of equipment or processes to operate as anticipated, changes in project parameters as plans continue to be refined; and other risks more fully described in the Company's Annual Information Form filed and publicly available on SEDAR at www.sedar.com. The assumptions made in developing the forward-looking statements include: the ability of the Company to realize value from its investments in Bolivia, the arbitration proceeding along the timeline included in Procedural Order No. 1 issued by the Arbitral Tribunal, and the Fund honoring its contractual commitments; the accuracy of current resource estimates and the interpretation of drill, metallurgical testing and other exploration results; the timely receipt of required permits; the continuing support for mining by local governments in Nevada, Utah and Chile; the availability of equipment and qualified personnel to advance exploration projects; and execution of the Company's existing plans and further exploration and development programs for its projects, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason. Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of November 7, 2014.

Readers are also cautioned that the preliminary economic assessments in this MD&A are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the results indicated in the preliminary economic assessments will or could be realized. Mineral resources that are not mineral reserves do not have economic viability.

Cautionary note regarding reserve and resource estimates

The material in this MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all resource and reserve estimates included in this press release have been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission ("SEC"), and resource and reserve information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. The estimation of *quantities of resources and reserves is complex, based on significant subjective assumptions and forward-looking information, including assumptions that arise from the evaluation of geological, geophysical, engineering and economic data for a given ore body. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different economic conditions. Changes in data and/or assumptions could cause reserve estimates to substantially change from period to period. No assurance can be given that the indicated level of mineral will be produced. Actual production could differ from expected production and an adverse change in mineral prices could make a reserve uneconomic to mine. Variations could also occur in actual ore grades and recovery rates from estimates.*

Other information

Additional information related to the Company, including the Company's Annual Information Form, is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.trimetalsmining.com.

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[1] *The information was derived from the Amended Preliminary Economic Assessment on the Gold Springs Property, Utah/Nevada, USA dated April 30, 2014 and amended on July 8, 2014, authored by Lane and Associates, Deepak Malhotra and Kurt Katsura. Lane and Associates prepared the economic analysis in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101). Ms. Terre Lane, President of Lane and Associates is a "qualified person", as defined in NI 43-101, is "independent" of the Company, as defined in NI 43-101. The NI 43-101 compliant Technical Report supporting the Amended PEA was filed on SEDAR on July 8, 2014.*

[2] *Gold equivalent calculations reflect gross metal content using a metal price ratio of 57.14 Au/Ag and have not been adjusted for metallurgical recoveries.*

[3] *Copper equivalent (Cu Eq %) calculations reflect gross metal content using approximate 3 year average metals prices as of June 25, 2013 of $3.71/lb copper (Cu), $1549/oz gold (Au), $30.29/oz silver (Ag), and $14.02/lb molybdenum (Mo) and have not been adjusted for metallurgical recoveries. An economic cut-off grade of 0.25% copper equivalent was assumed. Contained metal values may vary from calculated values due to rounding.*

[4] *Silver equivalent calculated using total contained metal using base case metal pricing (Ag at $18/oz, In at $500/kg, Ga at $500/kg, Cu at $3/lb, Pb at $0.90/lb, and Zn at $0.90)*