Cayden RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

Dated: November 26, 2014

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

Highlights of the nine months ended September 30, 2014 and up to November 26, 2014:

- On September 8, 2014, the Company entered into an agreement pursuant to which Agnico Eagle Mines Limited will acquire 100% of the Company's issued and outstanding common shares, including shares issuable under outstanding stock options and share purchase warrants, under a plan of arrangement (the "Arrangement"). Under the Arrangement, the Company's shareholders will be entitled to receive 0.09 of an Agnico Eagle share and C$0.01 for each Company common share held.

  On October 27, 2014, the shareholders and other security holders of the Company approved the Arrangement at the Company's special meeting. On October 29, 2014, the Supreme Court of British Columbia issued its final order approving the Arrangement and on November 13, 2014, the Company received Mexican anti-trust approval.

  The final closing of the Arrangement remains subject to the satisfaction of certain closing conditions customary in a transaction of this nature. It is currently expected that the transaction will be completed by the end of November 2014.

- Throughout first three quarters of 2014, Cayden released the results from its highly successful initial drill programs on the Azteca, Peña de Oro and Angostura targets at the El Barqueño project. Selected highlights from each program are as follows:

Azteca Drill Results						
Hole ID	From	To	Width	Au (g/t)	Ag (g/t)	Cu %
BDD0002	**48**	**107**	**59**	**2.2**	**6.2**	**0.13**
BDD0003	**9**	**29**	**20**	**4.26**	**6.2**	**0.06**
BDD0010	**10**	**20**	**10**	**5.88**	**5.5**	**0.03**
BDD0014	**30**	**46**	**16**	**5.89**	**5.3**	**0.05**
BDD0014	**59**	**66**	**7**	**7.83**	**11.6**	**0.04**
BDD0015	**38**	**73.5**	**35.5**	**1.62**	**214**	**0.66**
BDD0037	**44**	**88**	**44**	**2.34**	**11.1**	**0.15**

Peña de Oro Drill Results						
Hole ID	From	To	Width	Au (g/t)	Ag (g/t)	Cu %
BDD0043	**0**	**27**	**27**	**4.46**	**1.7**	**0.09**
BDD0052	**77**	**115**	**38**	**1.74**	**3.2**	**0.67**
BDD0054	**86**	**156**	**70**	**0.80**	**4.3**	**0.49**
BDD0065	**10**	**78**	**68**	**0.91**	**3.1**	**0.27**
BDD0072	**61**	**115**	**54**	**1.36**	**5.0**	**0.52**
BDD0076	**59**	**104**	**45**	**4.06**	**8.3**	**0.39**
BDD0054	**45**	**64**	**19**	**4.98**	**3.5**	**0.26**

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

Highlights of the nine months ended September 30, 2014 and up to November 26, 2014 (continued):

Angostura Drill Results						
Hole ID	From	To	Width	Au (g/t)	Ag (g/t)	Cu %
BDD0084	**44**	**56**	**12**	**2.78**	**8.2**	**0.20**
BDD0085	**1**	**13**	**12**	**4.60**	**10.1**	**0.10**
BDD0086	**89**	**144**	**55**	**0.92**	**12.9**	**0.30**
BDD0091	**37**	**45**	**8**	**16.14**	**14.5**	**0.21**
BDD0096	**74**	**83**	**9**	**7.67**	**6.7**	**0.11**

Note: the above results are for summary purpose only; please refer to section 1.2.2 for the official results and the requisite inclusions for each interval.

So far, the results indicate that the Company has the possibility to discover a significant open pit gold-mining district throughout a large land position, located in one of the more favorable mining jurisdictions in Mexico. As of the date of this Management Discussion and Analysis, drilling continues with the majority of surface and geophysical targets still untested.

- On May 15th, 2014, the Company acquired the Shamba-la concession for gross proceeds of $251,000 cash and 150,000 common shares of the Company. The Shamba-la claim is approximately 400 hectares and lies directly along strike to the northeast of Azteca and Peña de Oro on the El Barqueño project.

- On April 1, 2014, the Company completed a bought-deal prospectus offering whereby the Company raised gross proceeds of C$9.0 million by issuing 5,301,500 common shares at a price of C$1.70 per common share.

- On February 18th, 2014, the Company acquired the Shangri-la claim for gross proceeds of $100,000. The Shangri-la claim lies adjacent to the Peña de Oro target on the northern boundary of El Barqueño.

1.1 Date and forward-looking statements

This Management Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in the consolidated financial condition and results of operations of Cayden Resources Inc. ("Cayden" or "the Company") as at September 30, 2014 and for the three and nine months then ended. This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company and related notes thereto as at and for the three and nine months ended September 30, 2014 and 2013. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2013. The effective date of this MD&A is November 26, 2014.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

These statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability, uncertainty related to the resolution of legal disputes and lawsuits; actual results of current exploration activities, unanticipated reclamation expenses; fluctuations in prices of gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates, as well as other factors. Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com and on the Company's web-site at www.caydenresources.com.

The Company has and continues to disclose in its MD&A and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

1.2 Over-all performance

1.2.1 Description of business

Cayden is a junior exploration company focused on the acquisition, exploration and development of mineral resource properties. The Company is primarily focused on its El Barqueño gold project located in Jalisco state, Mexico and its Morelos Sur gold project located in Guerrero state, Mexico.

The Company was incorporated under the Business Corporations Act (British Columbia) on September 10, 2008 under the name Vistech Capital Corp. Effective September 24, 2010, the Company changed its name to Cayden Resources Inc. The Company's shares trade on the TSX Venture exchange ("TSX-V") as a Tier 1 mineral and exploration development company under the Symbol "CYD" and on the OTCQX under the symbol "CDKNF".

As at September 30, 2014, the Company held two mineral exploration projects, the El Barqueño gold project and the Morelos Sur gold project, both located in Mexico.

On September 8th, 2014, the Cayden entered into an agreement pursuant to which Agnico Eagle will acquire 100% of Cayden's issued and outstanding common shares, including shares issuable under outstanding options and warrants, under a plan of arrangement. The Arrangement is expected to close on or around the end of 2014.

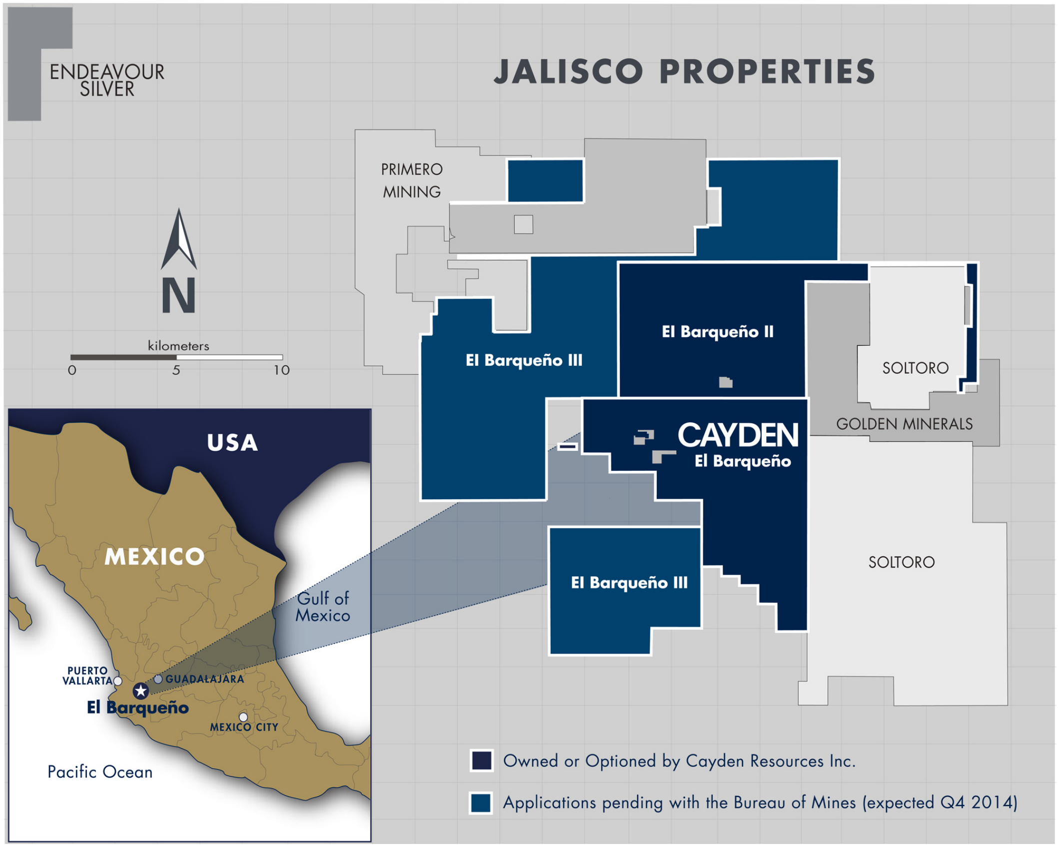
1.2.2 El Barqueño Gold Project, Mexico

The El Barqueño Gold Project is located in the heart of a historical mining district, 100 km east of Guadalajara in the state of Jalisco, Mexico. The El Barqueño property contains significantly underexplored areas of gold mineralization near areas of past production and other deposits. The geology consists of andesitic volcanic rock, which hosts Au-Ag-(Cu-Pb-Zn) mineralization in an extensive network of veins with very large and pervasive alteration halos. The structures hosting these veins, trend from E to NE and cover an known area of over 13 km in an EW direction by over to 4 km wide in a NS direction.

The Council of Mineral Resources, a branch of the government of Mexico, undertook exploration and mining activities in the mid 1980's, producing approximately 250,000 ounces of gold through a heap leach operation from two separate small pits that make up only a very small portion of the mapped mineralization.

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

1.2.2 El Barqueño Gold Project, Mexico (continued)



Regional map showing the location of the El Barqueño project concessions, representing 41,126 hectares, as at November 26, 2014.

Acquisition and Option Agreement

On April 17, 2012, the Company entered into an option agreement (the "Barqueño Option") with Industrial Minera Mexico, S.A. de C.V., ("IMMSA") to earn a 100% interest in the 9,800-hectare El Barqueño Gold property. The property is approximately 110 km west of Guadalajara city in the state of Jalisco, Mexico. Under the Barqueño Option, Cayden can acquire 100% of El Barqueño by making the following option payments, plus value added tax, ("VAT"), to IMMSA (a subsidiary of Grupo Mexico) over a three-year period:

Due dates	Option Payments	Valued Added Tax (16%)
Upon signing (paid)	$ 150,000	$ 24,000
October 17, 2012 (paid)	200,000	32,000
April 17, 2013 (paid)	750,000	120,000
October 17, 2013 (paid)	1,000,000	160,000
April 17, 2014 (paid)	1,500,000	240,000
October 17, 2014 (paid)	2,000,000	320,000
April 17, 2015	2,400,000	384,000
	$ 8,000,000	$ 1,280,000

1.2.2 El Barqueño Gold Project, Mexico (continued)

The Barqueño Option is subject to a 4% net smelter return ("NSR") (1.5% on a portion of the property) and an annual advance royalty obligation of $200,000 that becomes effective 24 months after the option exercise if commercial production has not commenced. A finder's fee is payable to Ing. Antonio Berlanga for the equivalent of approximately 5.5% of the value of the Barqueño Option, which is payable in common shares of the Company.

Acquisition of mineral interests

In June of 2013, the Company submitted an application to the Bureau of Mines to acquire 27,200 hectares surrounding to the north and west both the original El Barqueño claims and El Barqueño II. On July 1, 2014, the Company amended its application excluding approximately 5,800 hectares of the original application that were granted to a third party ahead of Cayden's claim. The Company has received receipt of its application and is currently waiting for delivery of the final claim numbers, which are expected in the second half of 2014. The Company does not expect any further changes to its application.

On May 15th, 2014, the Company acquired the Shamba-la concession for gross proceeds of $251,000 cash and 150,000 common shares of the Company. The Shamba-la claim is approximately 400 hectares and lies directly along strike to the northeast of Azteca and Peña de Oro on the El Barqueño project.

Under the terms of the acquisition, Cayden will pay $251,000 and issue 150,000 common shares for a 100% interest in the claim. Cayden paid $51,000 on the signing of the agreement and subsequently issued and delivered the 150,000 common shares. The remaining payment of $200,000 is due once the title for the concession is registered in the Company's name, which Management estimates will occur during the first quarter of 2015. The Shamba-la concession is subject to a 2.5% NSR payable to the vendor and buyable at anytime for $500,000.

On February 18th, 2014, the Company acquired the Shangri-la claim located within El Barqueño project, which is fully optioned by Cayden. The Shangri-la claim lies adjacent to the Peña de Oro target on the northern boundary of El Barqueño.

Under the terms of the acquisition, Cayden will pay a total of $100,000 for a 100% interest in the claim, which carries a 1.5% NSR royalty payable to a third party. On signing the agreement Cayden paid $20,000 and the remaining cash balance of $80,000 will be paid once the title for the claim is registered to the Company, which Management estimates will occur during the first quarter of 2015.

The Shangri-la Claim is also subject to a 2.5% NSR payable to the vendor and buyable for $250,000.

On June 20, 2013, the Company entered in to a letter agreement (the "Letter Agreement") with Compañia Minera de Atengo, S. de R.L. de C.V., ("CMA") whereby it can earn a 100% interest in the La Luz III Fracc II concession located adjacent and directly to the north of the El Barqueño Fraccion II concession. This concession is hereafter referred as to Barqueño II. Effective September 30, 2014, the Company completed a definitive agreement with CMA under Mexican Law

Under the Letter Agreement, Cayden paid CMA an amount of $25,000 and committed to 3 years of concession tax payments to total approximately $87,500. Under the Definitive Agreement, Cayden has the option to complete the 100% earn-in by incurring expenditures totaling $1,400,000 on the concession and making a final payment (cash or common shares) on or before September 30, 2017 of $5,000,000. The property will be subject to a 2.5% NSR payable to the underlying owners of the concession.

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

1.2.2 El Barqueño Gold Project, Mexico (continued)

El Barqueño Exploration Results

2014 Angostura Drill Program

During the third quarter of 2014, the Company has been drilling its initial holes at the Angostura target, located approximately 1 km northwest of Azteca. The Azteca program can only test a small portion of the target as available drill pads and limited by the Company's current permits.

The following is a summary of selected intercepts[1] from the Angostura Drill Program representing the top 7 holes of the 25 completed and assayed to date.

Hole_ID	From	To	Width	Au(g/t)	Ag (g/t)	Cu %
BDD0084	44	56	12	2.78	8.2	0.20
BDD0085	**1**	**13**	**12**	**4.60**	**10.1**	**0.10**
BDD0086	**89**	**144**	**55**	**0.92**	**12.9**	**0.30**
BDD0091	**37**	**45**	**8**	**16.14**	**14.5**	**0.21**
BDD0092	**36**	**46**	**10**	**1.49**	**6.3**	**0.09**
BDD0096	**74**	**83**	**9**	**7.67**	**6.7**	**0.11**
BDD0107	**166**	**181**	**15**	**1.53**	**5.8**	**0.04**

2014 Peña de Oro Drill Program

During the first and second quarters of 2014, the Company drilled approximately 6,000 meters over 41 holes at Peña de Oro. The Peña de Oro program has targeted a strike length of over 400 meters and remains open to the north, northeast and southwest. Drilling has tested a maximum vertical depth of 200 meters at certain points along the strike length.

[1] Refer to the Company's website for a complete table of the results from the Angostura Program and drill hole locations

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

1.2.2 El Barqueño Gold Project, Mexico (continued)

El Barqueño Exploration Results (continued)

The following is a summary of selected intercepts[2] from the Pena de Oro Drill Program representing the top 9 holes of the 41 completed and assayed to date:

Hole_ID	From	To	Width	Au(g/t)	Ag (g/t)	Cu %
BDD0043	0	27	27	4.46	1.7	0.09
including	17	19	2	43.35	6.1	0.05
BDD0050	55	81	26	2.35	31.8	0.18
including	59	61	2	20	7.9	0.05
including	80	81	1	0.27	771	0.86
BDD0052	**77**	**115**	**38**	**1.47**	**3.2**	**0.67**
including	**101**	**102**	**1**	**21**	**22.9**	**2.03**
BDD0054	**86**	**156**	**70**	**0.8**	**4.3**	**0.49**
BDD0065	10	78	68	0.91	3.1	0.27
including	50	51	1	17.6	26	1.89
BDD0069	27	70	43	0.95	3.5	0.47
including	56	57	1	11.2	10.7	1.16
BDD0072	61	115	54	1.36	5	0.52
BDD0076	**59**	**104**	**45**	**4.06**	**8.3**	**0.39**
including	**99**	**101**	**2**	**63.25**	**119.4**	**2.21**
including	**103**	**104**	**1**	**13.9**	**14.7**	**0.99**
BDD0078	56	86	30	1.7	2.9	0.88
BDD0080	**45**	**64**	**19**	**4.98**	**3.5**	**0.26**
including	**61**	**62**	**1**	**17.2**	**12.8**	**1.45**

2013 – 2014 Azteca Drill Program

Throughout the fourth quarter of 2013 and fiscal 2014, the Company conducted a phase I drilling program at the Azteca Zone (comprising the Azteca I, Azteca II and Zapoteca structures). This was completed in February 2014 with a total of 41 diamond drill holes drilled, totaling 6,336.2 meters. The Azteca drill results indicate continuous mineralization throughout multiple structures along with several areas that contain significant grades at the location of structural intersections. The Azteca target remains open along strike in both directions and at depth. A second phase of diamond drilling and/or RC (Reverse Circulation) drilling is being designed to test the mineralization along the projected strike length.

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[2] Refer to the Company's website for a complete table of the results from the Peña de Oro Program and drill hole locations

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

1.2.2 El Barqueño Gold Project, Mexico (continued)

El Barqueño Exploration Results (continued)

The following is a summary of selected intercepts[3] from the Azteca Drill Program representing the top 9 holes from the 41-holes drilled:

Hole ID	From	To	Width	Au (g/t)	Ag (g/t)	Cu %
BDD0002	**48**	**107**	**59**	**2.2**	**6.2**	**0.13**
including	51	53	2	16.7	16.7	0.02
including	65	66	1	20.9	17.5	0.1
BDD0003	**9**	**29**	**20**	**4.26**	**6.2**	**0.06**
including	11	12	1	23	14.4	0.01
BDD0010	**10**	**20**	**10**	**5.88**	**5.5**	**0.03**
Including	12	13	1	28.6	11.3	0.0054
BDD0014	**30**	**46**	**16**	**5.89**	**5.3**	**0.05**
Including	31	33	2	38.05	25.6	0.1
BDD0014	**59**	**66**	**7**	**7.83**	**11.6**	**0.035**
Including	64	65	1	44.3	31	0.24
BDD0015[4]	**38**	**73.5**	**35.5**	**1.62**	**214**	**0.66**
BDD0021	65	83	18	3.38	18.3	0.23
Including	75	78	3	12.9	59.7	0.36
BDD0028	59	82	23	2.43	3.5	0.03
BDD0037	**44**	**88**	**44**	**2.34**	**11.1**	**0.15**
BDD0041	8	28	20	1.70	14.6	0.17

Subsequent to the completion of the initial 41 holes at Azteca, Cayden drilled 8 mores holes testing extension of the known structures that were identified through geophysical surveys conducted during the third quarter. Results from this subsequent program include:

Hole ID	From	To	Width	Au (g/t)	Ag (g/t)	Cu %
BDD0110	**106**	**231**	**125**	**0.76**	**11.3**	**0.69**
BDD0111	9	21	12	1.48	8.5	0.06
BDD0114	**30**	**52**	**22**	**2.96**	**9.14**	**0.05**
BDD0114	202	236	34	2.22	22.3	0.62

The results at Angostura, Peña de Oro and Azteca confirm the existence of mineralization at depth at three of the nine target areas identified to date on the El Barqueño property. The Company will continue to systematically explore these areas with the goal of discovering a significant open pit gold-mining district.

[3] Refer to the Company's website for a complete table of the results from the Azteca Program and drill hole locations
[4] Hole BDD0015 encountered no recovery from the interval 48.5m to 51m. To represent the width of the potential of the zone, the interval was included in the calculation however values of 0 were used for Au, Ag, and Cu.

1.2.2 El Barqueño Gold Project, Mexico (continued)

El Barqueño Exploration Results (continued)

Azteca Metallurgical Testing

During the first quarter of 2014, the Company conducted a series of base level metallurgical tests comprised of whole-ore cyanidation and rougher floatation on 5 composite samples taken throughout the Azteca target. The test program was conducted at ALS Metallurgy under the supervision of metallurgical consultant Thomas Shouldice (Qualified Person).

The whole ore cyanidation tests were performed at a nominal 100um K80 grind size with a cyanide dosage of 2000 ppm solution strength. Gold recoveries across all the composites exceeded 90% with the exception of a single composite taken from rare fault gouge mineralogy.

The rougher flotation tests were performed at a nominal 90 um K80 grind size and a circuit pH of 9. These results showed significantly higher copper and silver recoveries while gold recoveries were between 72.5% and 82.4%. When leaching was performed on the rougher tails, overall the gold recovery range across the samples increased to between 85% and 89%.

The results suggest very promising potential to produce gold and other metals using a standard leach plant, through a floatation plant or a hybrid process that would maximize the extraction of gold, copper and silver. Even though the results are preliminary and little optimization has yet been performed they clearly afford the Company flexibility in how to develop the project.

2014 Exploration Program

Management's objectives for the 2014 exploration program is to advance the El Barqueño project through extensive drilling and target generation in order to establish the potential for a multi-deposit near surface gold district. During 2014, the Company intends to conduct a multi-component exploration program focused on drilling at least 4 of the project's most advanced targets and advancing 4 to 5 other targets on the property to a drill ready state.

Specific objectives for this program include:

- The drilling of 10,000 to 30,000 meters across the Azteca, Peña de Oro, Zapote and Angostura targets. (Approximately 19,000 meters complete)
- The conducting of geological mapping, trench sampling programs and soil analysis at the Poncho East, Poncho West, El Corcel, and San Diego Targets to advance them to a drill ready state.
- The conducting of a CSAMT Geophysical survey over the areas of recent drilling at Azteca. This survey will help interpret the mineralization and structures to determine their extent at depth and along strike. (Complete)
- Perform base level metallurgical testing to evaluate the leachability of the mineralized intercepts discovered at the Azteca target. (Complete)
- Complete a VTEM survey over the concession areas of El Barqueño II and III. (Complete – results pending analysis)
- Complete regional mapping over other areas of the concessions to identify new targets. The unmapped areas are predominantly to the north throughout El Barqueño II and III.

1.2.3 Morelos Sur Gold Property, Mexico

The Morelos Sur Gold property is located in the Nukay mining district of Central Guerrero State in southern Mexico, approximately 230 kilometers south of Mexico City. The district currently hosts significant operating gold mines and other development projects, and provides an excellent platform for exploration.

Pursuant to the mining concession assignment agreement between LC Mines, S.A. de C.V. ("LC Mines"), a wholly owned subsidiary of the Company, and Industrial Minera Mexico, S.A. de C.V. ("IMMSA"), the Company holds a 100% undivided interest in the Morelos Sur Gold property subject to a remaining royalty.

Royalty Buy-out Agreement

On January 31, 2013, the Company entered into an amending agreement with IMMSA whereby the existing royalty on the Morelos Sur Gold property was subdivided into three separate areas with individual buy-out options as follows:

A. Morelos Sur – This area is subject to a 2.5% net smelter return ("NSR") royalty payable to the Servicio Geologico Mexicano ("SGM") and a 2% NSR royalty payable to IMMSA. The 2% NSR royalty payable to IMMSA can be purchased for $7 million on or before January 30, 2016 or for $20 million anytime thereafter.

B. Las Calles – This area is subject to a 2.5% NSR royalty payable to SGM and a 2% NSR royalty payable to IMMSA. The royalty payable to IMMSA can be purchased on or before January 30, 2016 for $3 million.

C. Morelos East – This area which is comprised of an east block and a west block and surrounds Goldcorp's Los Filos and El Bermejal mines, is subject to a 2.5% NSR royalty payable to SGM and a 1% NSR payable to IMMSA. However, the royalty obligation with IMMSA has been purchased for $10,000 effective January 31, 2013 and the corresponding area subject to this royalty sold to Desarrollos Mineros San Luis, S.A. de C.V. ("DMSL") effective February 1, 2013.

The entire concession is subject to an advance royalty payment of $200,000 until such time that all the buy-out provisions have been exercised or the remaining property abandoned.

Morelos Sur Gold – Land Sale

On February 1, 2013, the Company entered into an agreement (and subsequently amended[5]) for the sale of the eastern portion of the Morelos Sur concession "Morelos East" representing 3,997 hectares of the 17,076 hectare concession (See Map).

Cash consideration for the concession area was $15,744,000 of which 50% was paid on February 28, 2013 with the balance paid on December 19, 2013 when the subdivided title of Morelos East was delivered to DMSL for registration.

In addition to the cash consideration, DMSL will acquire the concession area Morelos East subject to a reserved royalty in favor of LC Mines plus the existing 2.5% royalty payable to SGM. The reserved royalty to LC Mines is a sliding scale royalty commencing after the extraction of the first 250,000 ounces of gold, starting at 0.75% and up to 1.75% when the price of gold is over $2,500 per ounce.

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[5] See Company's press release dated December 19, 2013 whereby the land sale area was increased from 2,492 hectares to 3,997 hectares.

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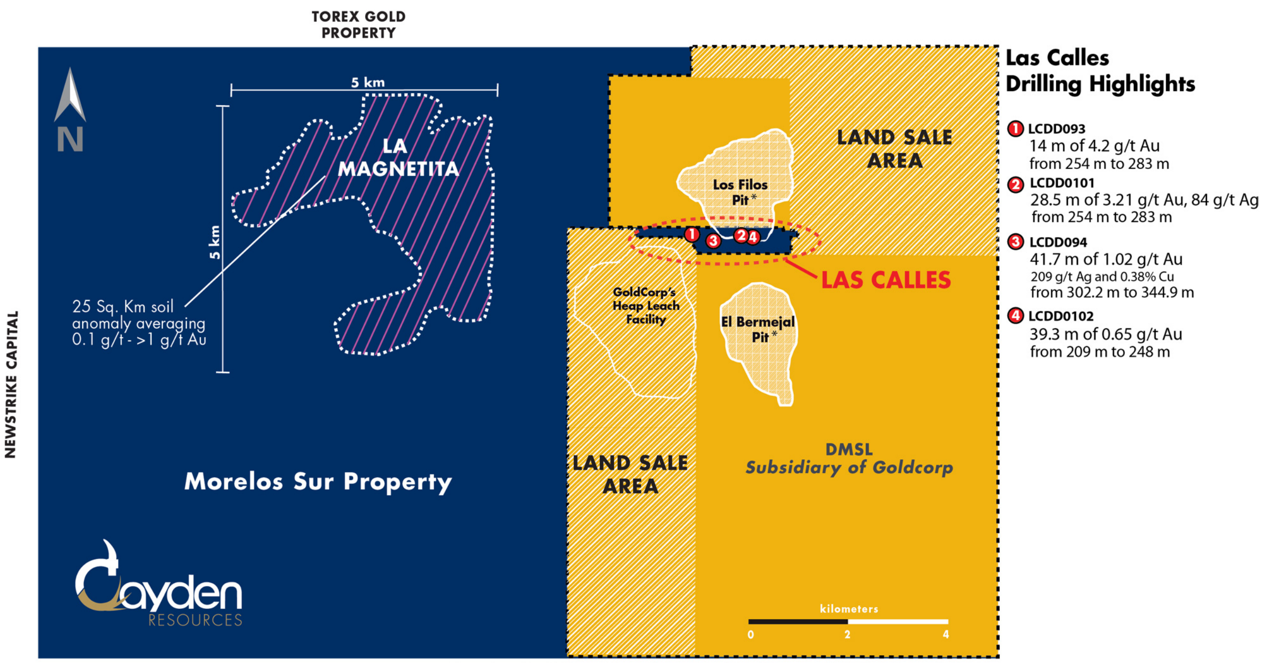
1.2.3 Morelos Sur Gold Property, Mexico (continued)

The sale of Morelos East provided Cayden with significant non-dilutive financing and clarity on the Company's ability to release value from the Morelos Sur project. The remaining concession consists of the well mineralized and strategically located Las Calles target area, Mina Verde and the highly prospective Magnetita target.

Included in the consolidated statement of comprehensive income (loss) for the year ended December 31, 2013, is a gain of sale of mineral property interests of $3,564,660. Reconciled a follows:

Gross proceeds from Sale	$ 15,744,000
Acquisition costs	5,109,539
Exploration and evaluation costs	2,794,364
Goodwill	4,275,437
Gain on sale of minerals interests	$ 3,564,660



* Based on the Goldcorp Deposit Location Plan NI 43-101 Technical Report Feb. 2013

Partial view of the Morelos Sur Concession showing the land sale area, a depiction of the La Magnetita + 100ppb gold-in-soil anomaly and selected drill-hole locations and assay results (for a complete list of holes and locations, refer to the Company's website).

1.2.4 Qualified Persons and Technical Disclosures

David Hladky, P. Geo., is the Qualified Person with respect to NI 43-101 at Morelos Sur. All core is drilled at HQ or NQ diameter and is sawed or split into equal halves on site. All samples are assayed using standard 30 grams fire assay with atomic absorption finish by Acme Labs in Vancouver, British Columbia. QA/QC programs using internal standard samples, field and lab duplicates, re-assays, and blanks indicate good accuracy and precision in a large majority of standards assayed. Intercepts were calculated using a minimum of a 0.2 g/t cut off at beginning and end of the intercept and allowing for no more than six consecutive samples (six meters) of less than 0.2 g/t Au.

David Hladky, P. Geo. is the Qualified Person with respect to NI 43-101 at Barqueño. All core is drilled at HQ diameter and is sawed or split into equal halves on site. All samples are assayed using standard 30 gram fire assay with atomic absorption finish by Acme Labs in Vancouver, BC. QA/QC programs using internal standard samples, field and lab duplicates, re-assays, and blanks indicate good accuracy and precision in a large majority of standards assayed. As the mapped mineralized corridors strike EW to ENE, the drill holes were designed to have azimuths perpendicular or close to perpendicular to the strike. As this is the first drill program by Cayden, the dips of the mineralized structures are not entirely known. However, based on mapping and previous drilling, all intercepts released herein are believed to be 30-100% of true width. Intercepts are calculated assuming a bulk-mining scenario, with a width cutoff of 5 meters and grade cutoff of 0.5 g/t Au for Azteca, Peña de Oro and Angostura.

At Azteca, no intercepts were reported that averaged less than 0.5 g/t Au. The intercepts have no more than five consecutive meters of less than 0.2 g/t, at which time two intercepts are composited. Copper intercepts were calculated using Cu as the main element of interest. A 0.45% Cu cutoff was used for the entire intercept. No intercepts were reported that averaged below 0.5% Cu. The intercepts have no more than five consecutive meters of less than 0.2% Cu.

At Peña de Oro and Angostura, no intercepts were reported that averaged less than 0.5 g/t Au and/or 0.2 % Cu and no intercepts have more than six consecutive meters of less than 0.2 g/t and/or 0.2% Cu, or begin or end with values less than 0.2 g/t and/or 0.2% Cu.

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

1.2.5 Exploration expenditures

The following represents the exploration expenditures incurred on the Morelos Sur and El Barqueño exploration properties during the nine months ended September 30, 2014:

	Morelos Sur	El Barqueño	Total
Exploration and evaluation costs			
Assaying	-	599,036	599,036
Exploration drilling	-	1,439,298	1,439,298
Camp costs, equipment & field supplies	20,523	98,403	118,926
Geological consulting services	4,589	769,623	774,212
Geophysical analysis	-	547,070	547,070
Metallurgy	-	64,772	64,772
Permitting and community costs	146,104	354,407	500,511
Salaries and wages	44,658	378,974	423,632
Share-based compensation (note 5 (c))	-	58,574	58,574
Travel	16,231	147,290	163,521
Royalties	150,450	-	150,450
Total	$ 382,555	$ 4,457,447	$ 4,840,002

1.3 Selected Annual Information

The following represents selected information of the Company for the most recently completed financial years:

	2013 $	2012* $	2011 $
Net loss for the year	(373,744)	(6,892,565)	(4,750,901)
Basic and diluted loss per share	(0.01)	(0.18)	(0.16)
Total assets	47,670,782	46,553,626	49,744,119
Total long term liabilities	5,633,738	5,976,207	5,159,726
Cash dividends per share	-	-	-

** Fiscal 2012 is a fifteen month period.*

The Company generated no revenues from operations during the fiscal periods ended December 31, 2013, December 31, 2012 and September 30, 2011.

1.4 Results of Operations

The nine months ended September 30, 2014 and 2013

During the nine months ended September 30, 2014, the Company reported a comprehensive loss of $5,725,236 compared to a comprehensive income of $3,440,670 during the nine months ended September 30, 2013.

1.4 Results of Operations (continued)

The nine months ended September 30, 2014 and 2013 (continued)

Significant factors affecting comprehensive income (loss) for the periods include:

- During the nine months ended September 30, 2014, the Company incurred 594,260 in expenses related to the Arrangement with Agnico Eagle. These costs primarily consisted of legal expenses and amounts paid to financial advisors in relation to the rendering of fairness opinions.
- The Company recorded an expense of $2,033,910 associated with the revaluation of the warrants liability with exercise prices denominated in Canadian dollars during the nine months ended September 30, 2014. Comparatively, during the nine months ended September 30, 2013, the Company incurred in a recovery of $152,978. The recovery in 2013 was attributed to the expiry of 3,436,250 non-broker warrants in that period.
- During the nine months ended September 30, 2013, the Company recorded a current income tax expense of $319,171 and a deferred income tax recovery of $949,105. These amounts reflected taxes payable on the gain on sale of the Morelos East concession and the reduction of future income tax assets utilized to reduce taxable income in one of our Mexican subsidiaries.
- General and administrative expenses were consistent period over period. In period in 2014, costs related to office and administration and travel, promotion and investor relations increased but this was off-set by decreases in costs related to profession fees and share-based compensation.

The three months ended September 30, 2014 and 2013

During the three months ended September 30, 2014, the Company reported a comprehensive loss of $2,934,949 predominately relating to corporate, administration, marketing, transaction costs of $594,260, current and deferred income tax expenses incurred and a warrant revaluation expense of $1,439,721. During the three months ended September 30, 2013, the Company reported a comprehensive loss of $1,149,578 related to current and deferred income tax recoveries in connection to the utilization of non-capital losses in Canadian within the Mexican subsidiaries on consolidation.

1.5 Summary of Quarterly Results

The following results are for the quarterly periods up until September 30, 2014:

Quarter ended	Interest and other income (expense)	Income (Loss) and total comprehensive income (loss)	Income (Loss) per share
	$	$	$
September 30, 2014	16,219	(2,254,746)	(0.06)
June 30, 2014	(123,370)	(937,762)	(0.02)
March 31, 2014	144,155	(1,852,524)	(0.04)
December 31, 2013	952	(3,814,414)	(0.09)
September 30, 2013	2,704	(1,149,578)	(0.03)
June 30, 2013	16,808	2,616,200	0.06
March 31, 2013	3,035	1,974,048	0.05
December 31, 2012	7,331	(3,992,985)	(0.11)

1.5 Summary of Quarterly Results (continued)

Quarter on Quarter trend analysis

The Company has incurred continued annual losses since its incorporation as it has yet to bring a mining project into production. The fluctuations seen from quarter-to-quarter predominately relate to changes in non-cash charges including the revaluation of warrant liability denominated in Canadian dollars, deferred income tax expenses and share-based compensation. The higher than typical periods of loss for the Company include Q3, 2014, Q4, 2013 and Q4, 2012. During the three months ended September 30, 2014, the Company's increased comprehensive loss related to transaction costs of $594,260 and a warrant revaluation expense of $1,439,721. During the three months ended December 31, 2013, the Company's increased comprehensive loss due to a one-time charge for the reduction in gain on sale of the Morelos East concession due to change in the number of hectares sold and a deferred income tax expense of $2,432,733. During the three months ended December 31, 2012, the Company's increased comprehensive loss related to a one-time charge in connection with the write-down of mineral property interests of $2,679,644 relating to the Quartz Mountain and Wildcat Properties.

1.6 Liquidity and Capital Resources

The Company finances its operations primarily by raising capital in the equity markets. For the foreseeable future, the Company will need to rely on the sale of its securities to provide working capital and to finance its mineral property acquisition and exploration activities. During the year to date, the Company has been able to raise $11.8 million from the sale of common shares. There can be no assurance that in the future the Company will be able to conduct similar transactions or obtain revenues from any other sources.

Although the Company has been successful in the past in obtaining financing through the sale of its securities, there can be no assurance that the Company will be able to obtain adequate financing in the future in light of factors such as the market demand for its securities, the general state of financial markets and other relevant factors. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with a possible loss of some properties and reduction or termination of operations.

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

1.6 Liquidity and Capital Resources (continued)

As at September 30, 2014, the Company had cash resources of $8,957,735 and working capital of $9,171,619 compared to cash resources of $7,849,587 and working capital of $7,032,884 as at December 31, 2013. This represents an increase in cash resources of $1,108,148 and an increase in working capital of $2,128,735.

During the nine months period ended September 30, 2014, the Company spent net cash of $4,562,511 in operating activities compared to $2,827,830 during the nine month period of the previous year. This increase in cash used is the result of changes in working capital and higher expenditures relating to investor relations, legal and accounting fees and transaction costs.

During the nine month period ended September 30, 2014, the Company generated net cash in financing activities of $11,784,519 from equity financing and the exercise of warrants and stock options compared to $37,403 during the same period in the previous year.

<u>2014 Prospectus Offering</u>

On April 1, 2014, the Company completed its previously announced short form prospectus offering of 5,301,500 common shares, which includes 691,500 common shares issued on exercise of the over-allotment option, at an issue price of C$1.70 per share for gross proceeds of $8,173,482 (C$9,012,550) (the "Offering"). The Offering was conducted by a syndicate of underwriters led by Beacon Securities Limited and including Canaccord Genuity Corp. (the "Underwriters").

Under the Offering, the Underwriters received a total cash commission of $572,144 or 7% of the gross proceeds raised, and 159,045 common share purchase warrants entitling the Underwriters to purchase, within 24 months after closing of the Offering, common shares of the Company at C$1.70 per common share.

Total share issue costs for the Offering was $994,013.

The following is a reconciliation up until September 30, 2014 of the use of proceeds under the Offering:

Available Funds	**Amount**
Approximate cash on hand as at April 1st, 2014	$ 5,100,000
Net Proceeds from Offering	7,300,000
Total	**$ 12,400,000**

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

1.6 Liquidity and Capital Resources (continued)

Use of proceeds: Proposed 12 month budget	**Proposed**	**Actual to date**
El Barqueño project costs phase 1:		
Drilling and assaying	$ 3,750,000	$ 1,500,000
Road construction and drill pads	400,000	20,000
Camp costs, equipment and field operations	400,000	165,000
Geological consulting services	350,000	890,000
Rock and soil sampling	450,000	320,000
Permitting and community costs	200,000	260,000
Local labour	250,000	315,000
Total El Barqueño project costs	**$ 5,800,000**	**$ 3,470,000**
El Barqueño option payments – 12 months	3,500,000	1,600,000
Morelos Sur holding costs – 12 months	350,000	125,000
General working capital – 12 months	2,250,000	2,100,000
Total allocated capital	**$ 11,900,000**	**$ 7,295,000**
Unallocated capital	**$ 500,000**	**$ 5,105,000**

Although the Company intends to use the proceeds from the Offering as set forth, the actual allocation of the net proceeds may vary depending on future developments in the Company's mineral properties or unforeseen events.

As at September 30, 2014, other sources of funds potentially available to the Company are through the exercise of outstanding stock options and warrants as follows:

Stock options:

	Outstanding			Exercisable		
Expiry date	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
October 18, 2015	1,661,250	C$ 2.00	0.20	1,661,250	C$ 2.00	0.20
June 23, 2016	450,000	2.86	0.20	450,000	2.86	0.20
May 1, 2017	975,000	1.40	0.20	975,000	1.40	0.20
July 17, 2018	575,000	0.90	0.20	575,000	0.90	0.20
Oct 17, 2018	100,000	1.58	0.20	100,000	1.58	0.20
Dec 3, 2018	80,000	1.10	0.20	80,000	1.10	0.20
	3,841,250		0.20	3,841,250		0.20

1.6 Liquidity and Capital Resources (continued)

Share purchase warrants:

Number of warrants	Exercise price	Expiry date
31,809	1.70	01-Apr-16

There can be no assurance that any of these outstanding securities will be exercised.

During previous years, issuing common shares has primarily funded the Company's operations. The Company has and may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund its future operations, the Company may be required to seek additional financing.

Although the Company has been successful in raising capital, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company is in the process of acquiring and exploring its interests in resource properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The continued operations of the Company and the recoverability of expenditures incurred to earn an interest in its resource properties are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, and upon future profitable production or proceeds from disposition of the resource properties.

Management believes that the Company has sufficient working capital to meet its current operating needs.

1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

1.8 Transactions with Related Parties

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Three months ended September 30, 2014	**Three months ended September 30, 2013**
Rock-on Exploration Company [1]	$ 61,620	$ 50,370
Universal Mineral Services Ltd. [2]	299,137	301,815

	Nine months ended September 30, 2014	**Nine months ended September 30, 2013**
Rock-on Exploration Company	$ 184,860	$ 140,370
Universal Mineral Services Ltd.	803,804	872,660
Paradex, Inc. [3]	-	7,900

1. Rock-on Exploration Ltd., is a company controlled by a director of the Company that provides geological consulting services. As at September 30, 2014, the outstanding payable to this company was $20,540 (December 31, 2013 - $24,965).
2. Universal Mineral Services Ltd., ("UMS") is a private corporation of which the Company holds a 25% non-voting interest and has a common director and an officer. UMS bills the Company for reimbursement of administrative, geological and marketing services and out-of-pocket expenses on a cost recovery basis. As at September 30, 2014 included in payables was $77,048 (December 31, 2013 - $88,075) and prepaid expenses and deposits was $47,321 (December 31, 2013 - $49,831).
3. Paradex, Inc., is a company controlled by a director of the Company that provides geological consulting services. As at September 30, 2014, the outstanding payable to this company was $nil (December 31, 2013 - $nil).

1.9 Subsequent Events

On October 14, 2014, the Company paid an amount of $2,320,000 to IMMSA as part of the Barqueño Option agreement and issued 33,003 common shares of the Company in connection to the El Barqueño finder's agreement.

Subsequent to September 30, 2014, a total of 31,809 share purchase warrants issued to brokers were exercised with an exercise price of C$1.70 for gross proceeds of $48,208 (C$54,075) and a total of 3,541,250 stock options were also exercised for gross proceeds of $5,250,000 (C$5,880,000).

1.10 Proposed Transactions

None

1.11 Critical Accounting Estimates

This section is not required as the Company is a Venture Issuer, as the term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*.

1.12 Financial Instruments and Other Instruments

Credit risk

Credit risk is the risk that a third party fails to discharge its obligations under the terms of the financial contract and causes a financial loss for the Company. The Company's credit risk is primarily attributable to its current assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalent balances in Canadian highly rated financial institutions. The Company considers the risk of loss associated with cash and cash equivalents to be low.

The Company also has credit risk exposure in relation to its amounts receivable. The majority of this balance relates to value added taxes receivable from the Mexican government, which management is confident that its carrying values are recoverable in full.

Currency risk

The Company is exposed to currency risk where entities have balances and transactions denominated in currencies that are not the same as their functional currency; foreign exchange gains and losses in these situations impact the statement of comprehensive income (loss). The Company has offices in Canada and Mexico and some of the operating costs are denominated in local currencies that is, Canadian dollar and Mexican peso. The Company also holds share purchase warrants denominated in Canadian dollars.

The Company is exposed to currency risk through the following financial assets and liabilities denominated in foreign currencies:

	September 30, 2014		December 31, 2013	
	Canadian dollar	Mexican peso	Canadian dollar	Mexican peso
Cash and cash equivalents	$ 4,967,829	$ 170,919	$ 646,175	$ 1,140,966
Amounts receivable	94,120	1,506,643	204,998	352,374
Accounts payable	(395,616)	(132,737)	(167,506)	(1,320,562)
Current income taxes	-	-	-	(142,087)
Warrant liability	-	-	(380,752)	-
Net exposure	$ 4,666,333	$ 1,544,825	$ 302,915	$ 30,691

A 10% appreciation or depreciation of the above mentioned currencies compared with the US dollar would result in a corresponding increase or decrease in net assets of approximately $621,116, as at September 30, 2014 (December 31, 2013 – $33,361).

The Three and Nine Months Ended September 30, 2014 and 2013 Expressed in US Dollars

1.13 Other Requirements

1.13.1 Capital Structure

A. Shares

Authorized

Unlimited number of common shares.

Issued and Outstanding

As at September 30, 2014 there were 50,325,961 common shares issued and outstanding and as at November 26, 2014, there were 53,932,023 common shares issued and outstanding.

B. Stock options – Outstanding as at November 26, 2014

	Outstanding			Exercisable		
Expiry date	Number of options	Exercise price	Remaining contractual life (years)	Number of options	Exercise price	Remaining contractual life (years)
June 23, 2016	300,000	2.86	0.01	300,000	2.86	0.01
	300,000		0.01	300,000		0.01

C. Share purchase warrants – Outstanding as at November 26, 2014

Nil.

1.13 Other Requirements (continued)

1.13.2 Disclosure Controls and Procedures

As defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, have evaluated the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting as required by Canadian securities laws, and have concluded that such procedures are adequate to ensure accurate and complete disclosures in public filings.

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the twelve months ended December 31, 2013.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible 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.

Note: As a Venture Issuer, the Company is not required to certify the design and evaluation of the issuer's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") and has not completed such an evaluation; and there are inherent limitations on the ability of Management to design and implement on a cost effective basis DC&P and ICFR for the Company which may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports required under securities legislation.

Additional disclosures pertaining to the Company's Management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors,

"Ivan Bebek"
Ivan Bebek
President and Chief Executive Officer
November 26, 2014