



MANAGEMENT DISCUSSIONS AND ANALYSIS

FOR THE YEAR ENDED JANUARY 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 28, 2010

This Management Discussion and Analysis ("MD&A") is intended to help the reader understand the Sonora Gold & Silver Corp. ("Sonora") financial statements. The statements are provided for the purpose of reviewing the fourth quarter of fiscal 2010, as well as the fiscal year, and comparing results to the previous period. The MD&A should be read in conjunction with the Company's audited financial statements and corresponding notes for the fiscal years ending January 31, 2010 and 2009. The financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and all monetary amounts are expressed in Canadian dollars. The following comments may contain management estimates of anticipated future trends, activities, or results. These are not a guarantee of future performance, since actual results could change based on other factors and variable beyond management control.

The management of Sonora is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

DESCRIPTION OF BUSINESS AND OVERVIEW

Sonora is a Canadian mineral acquisition and exploration company based in Vancouver, British Columbia, Canada. Its common shares are listed on the TSX Venture Exchange ("TSX.V" or the "Exchange") as a Tier 2 issuer under the symbol "SOC". Sonora is exploring for commercially exploitable mineral deposits in Sonora, Mexico.

The Company was incorporated on November 23, 1983 under the name Southern Star Resources Ltd. After undergoing several earlier name changes, the company changed its name from Alda Industries Corporation to Crux Industries on July 14, 1999. The Company requested to be deemed inactive by the Exchange on March 19, 1996 to complete corporate restructuring. On August 12, 2003, the Company was moved to the NEX, a new and separate board of the TSX Venture Exchange for public companies that are designated "inactive". On March 9, 2004, the

Company was reinstated for trading on NEX. At the September 13, 2005 Annual General Meeting (“AGM”) the Company received approval from the shareholders to change its name from Crux Industries Inc. to Mont Blanc Resources. Subsequently, after receiving approval from the TSX.V, the Company was transferred from NEX to the TSX.V, effective April 7, 2006.

On July 18, 2008, the Company changed its name to Sonora Gold & Silver Corp. after receiving approval from the TSX Venture Exchange and shareholders on June 26, 2008 at the company's previous AGM.

Sonora's recent operational focus has been primarily on the exploration of gold and silver mineral properties with the objective of identifying commercially exploitable mineralization, this has been a divergence from the company's previous focus in oil and gas exploration.

Through much of 2008, and in 2009, the Company continued work on the Los Pavitos claim group, consisting of trenching and mapping of the area. In 2008 and 2009 sampling work was also conducted, which indicated mineralization consisting of silver (Ag), copper (Cu), lead (Pb) and zinc (Zn). The Company did not carry out any direct exploration work on its Los Pavitos claim in 2010 as it assessed the financial markets during the year to determine availability of funding re continued exploration on the Los Pavitos property. .

The Company's business is managed by directors and officers with professional backgrounds. This is augmented by independent financial, geological and mining professionals retained to advise the Company on its exploration programs and business.

This MD&A is prepared to conform with the requirements of National Instrument 51-102F1 and has been approved by the Board of Directors prior to release. The financial statements have been prepared by management and are audited by the Company's auditors, Saturna Group LLP.

OVERALL PERFORMANCE

Sonora (TSX.V – SOC) is a Canadian-based mineral exploration company searching for commercially exploitable mineral deposition in Sonora, Mexico. This region is historically recognized as a gold-silver-copper rich area and is home to many producers operating mines in close proximity to Sonora's current mineral properties. Sonora's strategy is to identify potentially economic resources and acquire further mineral properties in areas that have potential for such discoveries.

2009/2010 Fiscal Year Financial Summary

The company will have to raise additional funds in the near future to continue exploration programs on its current assets. The Company's various properties will require further work to keep advancing them towards a commercially viable state for the purpose of mining.

In the fiscal year ending January 31, 2009, the Company expended \$33,869, primarily on its Los Pavitos property by conducting exploration work consisting sampling, trenching and mapping. While the Company did not undertake any exploration work on Los Povitos during the fiscal year ending January 31, 2010, it did incur travel and investigation costs as it continues to assess its options regarding continued exploration on this property. In consultation with their geological consultants, the Company will outline its plans for this property by mid- year 2010.

During the year ending January 31, 2010, total expenses of the Company amounted to \$218,846 as compared to \$253,036 in 2009. The Company's management fees were \$48,000 in 2010, as compared to \$97,300 in 2009. Professional fees were also down appreciably in 2010 amounting to \$25,615 compared to \$66,160 in 2009. As a result, the Company's net loss for 2010 amounted to \$218,846 compared to \$253,036 for the year ending January 31, 2009. The only significant increase in expenses was the Impairment of mineral property costs of \$53,632 which was the result of the termination of the option agreements on the Christina and the Brenda properties in Mexico.

Investor Awareness

As a result of the financial crisis, which emerged in late 2008 and extended into 2009, Sonora's management reduced its investor awareness initiatives in response to the deterioration in world markets and the consequent decline in effectiveness of such initiatives. As a result of this corporate decision, the company was able to reduce its promotion and shareholder communication costs to \$514 in 2010 from \$5,286 in 2009. It is expected that as world markets improve, the company will gradually increase its investor awareness programs including print and web media advertising to gain a stronger corporate profile.

MINERAL PROPERTIES

On September 11, 2007, the Company entered into an Option Agreement (the "Option") to purchase three separate mineral claim blocks, referred to as the Los Pavitos, the Christina and

the Brenda, all located in the state of Sonora, Mexico and each comprising 10,000 hectares in size.

Under the terms of the Option, the Company paid an initial USD \$50,000 to purchase the two year option on all three claim blocks; however, in order to earn the full 100% interest in each of the underlying properties, the Company is obligated to the following terms:

Los Pavitos	-payment of USD \$50,000 and issue 1,500,000 common shares to the vendors, issued at a fair value of \$0.295 (paid);
Christina	-payment of USD \$50,000 and issue 1,500,000 common shares to the vendors;
Brenda	-issue 3,500,000 shares to the vendors.

There are no expenditure commitments in connection with the options on the properties; however, during the term of the Option, the company is required to keep the Properties in good standing in all respects including the filing of work assessments and payment of taxes. The Company is currently behind in paying property taxes.

All three properties are subject to a 2% Net Smelter Return (“NSR”) should they reach commercial production at any point in the future.

Los Pavitos Property

The Los Pavitos covers 10,000 hectares and is located approximately 35 kilometres southeast of Navojoa, Sonora. Small-scale copper and gold mining have historically taken place throughout the property. The property hosts similar age copper-bearing intrusive as observed at the Piedras Verdes mine located 30 kilometres to the northeast. The Piedras Verdes mine has been in production since October 2006, by Fronterra Copper Corporation.

In February 2008 the Company management, accompanied by two independent geologists, conducted a site inspection of the Los Pavitos mining claims. The inspections included grab sampling and rock-chip sampling and a general assessment of the infrastructure surrounding the mining claims. Assays from the samples identified mineralization for copper, lead and zinc. Based upon the preliminary site inspection, the independent geologists indicated the area had the potential to host a porphyry copper system.

On November 27, 2007, following receipt and analysis of assays from the previous visit to the Los Pavitos claim group, the Company exercised its option to acquire 100 per cent of the Los Pavitos mining claim, by making a cash payment of USD \$50,000 and by issuing 1.5 million

common shares at a fair value of \$0.295 per share. The shares were issued on January 10, 2008.

On March 2, 2009, the Company reported it had contracted an independent geologist to conduct stage-two geology on the Los Pavitos claim. The Company continues to assess its options regarding Los Povitos and delayed any exploration in the past fiscal year until it determined the strength of the capital markets and until they had more clearly defined their program for Los Povitos. This assessment of an ongoing program for Los Povitos will be completed by mid-year.

Christina Property

The Christina Property is located 25 kilometres south-southeast of Alamos, Sonora and also covers 10,000 hectares. The property adjoins Pan American Silver Corporation's Alamo Dorado Mine. The geology of the Christina is similar to that observed at the Alamo Dorado mine.

On September 14, 2009, the Company terminated its Option Agreement and returned the property to its owner.

Brenda Property

The Brenda Property covers 10,000 hectares and is located approximately 35 kilometres northeast of Navojoa, in the state of Sonora. The property adjoins both the Los Pavitos claim block under option by the Company, and the Las Minitas project which is underway by Pershimco Resources Inc.

On September 14, 2009, the Company terminated its Option Agreement and returned the property to its owner.

Exploration Programs

Sonora's exploration programs to date have consisted of geological reconnaissance procedures to locate mineralized zones through systematic soil and rock-chip sampling. The information obtained from the reconnaissance programs will be followed by detailed geological mapping of the mineralized zones. Upon conclusion of geological mapping the Company will determine its go forward plans to potentially drill the Los Pavitos in the fall of 2010.

To facilitate further advancement of the Company's exploration objectives in Sonora, the Company may seek additional equity financing and look to expand its exploration team through

the retention of a management mining professional that can lead the program on the Sonora mining claims.

SCHEDULE OF EXPENDITURES – MINERAL PROPERTIES

The Company has incurred the following expenditures on the Sonora claim group:

	Los Pavitos \$	Brenda \$	Christina \$	2010 \$	2009 \$
Acquisition costs	514,675	19,501	19,501	553,677	553,677
Impairment	-	(19,501)	(19,501)	(39,002)	-
Balance	514,675	-	-	514,675	553,597
Exploration costs	60,290	7,315	7,315	74,920	74,920
Impairment		(7,315)	(7,315)	(14,630)	
	574,965	-	-	574,965	628,597

SELECTED ANNUAL INFORMATION

	Year ended January 31, 2010	Year ended January 31, 2009	Year ended January 31, 2008
Total Revenues	--	--	--
Total Loss and comprehensive loss for the year	(218,846)	(253,036)	(64,995)
Loss from continuing operations	(218,846)	(253,036)	(202,178)
Income (Loss) from discontinued operations	--	--	137,183
Total Assets	641,145	849,219	790,551
Total Working Capital	14,975	164,268	125,433
Shareholder's Equity	601,440	805,165	733,201

RESULTS OF OPERATIONS

Exploration

The Company has not generated any revenues over the past three fiscal years. Generally, the Company's accounting policy for exploration costs requires that exploration spending that does not meet the criteria for mine development is expensed as it is incurred. The Company incurred no exploration costs in 2010 as it contemplated a feasible work program for Los Pavitos going forward. Exploration costs charged to operations during the fiscal period ended January 31, 2009, were \$40,492, or 73% higher than the \$23,275 incurred in fiscal year ended January 31, 2008. Exploration costs were largely attributed to sampling and assaying of the Los Pavitos mining claims.

Corporate and Administrative

Corporate and administrative expenses in 2010 were down significantly from 2009 and amounted to \$165,214 compared to \$248,641 in fiscal 2009 and \$200,956 in 2008. The Company incurred lower professional fees, management fees and general office expenses as the Company focused on a plan for the fiscal year ending January 31, 2011 when they anticipate capital markets being more favourable to their resource exploration activities.

Stock-based Compensation

During the year, the Company granted 450,000 options which vested immediately. A charge of \$15,121 was incurred as stock-based compensation. These options were issued at \$0.10 per share while the market at the time of granting was \$0.04 per share. The Company has a fixed stock-based compensation plan in effect, which provides that up to 10% of the number of shares outstanding may be reserved for stock option grants to eligible optionees. Stock options granted under the plan vest immediately.

SUMMARY OF QUARTERLY RESULTS

Quarter Ending	January 31, 2010 Q4	October 31, 2008 Q3	July 31, 2009 Q2	April 30, 2009 Q1	January 31, 2009 Q4	October 31, 2008 Q3	July 31, 2008 Q2	April 30, 2008 Q1
Loss before discontinued operations and extraordinary items	(51,795)	(86,821)	(37,043)	(43,187)	(47,814)	(86,111)	(67,397)	(51,714)
Loss <u>per share</u> before discontinued operations and extraordinary items	-	(0.01)	-	-	(0.01)	(0.01)	-	-
Income (loss) for the period	(51,795)	(86,821)	(37,043)	(43,187)	(47,814)	(86,111)	(67,397)	(51,714)
Basic and diluted earnings (loss) per share	-	(0.01)	-	-	(0.01)	(0.01)	-	-

CAPITAL RESOURCES AND LIQUIDITY

At January 31, 2010, the Company had \$52,855 in cash compared to \$198,283 in cash as at January 31, 2009. The Company's working capital position decreased to \$14,975 compared to \$164,268 at January 31, 2009.

The Company anticipates completing a private placement in the summer of 2010 as it prepares for exploration work on Los Povitos and continues to seek out other resource properties.

As the Company does not receive any revenues from any of its operations, cash flows are mainly from the Company's financing activities. The Company deems it prudent to continue its limited exploration spending in this current economic climate. The Company will require additional funding in the near term to continue the development of its mineral properties and to pay for general corporate and administrative expenses.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in Canada.

In connection with Exemption Orders issued in November 2007, by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under Multilateral Instrument ("MI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

TRANSACTIONS WITH RELATED PARTIES

During the year ended January 31, 2010, Sonora did not enter into any related party transactions.

FOURTH QUARTER

	2010	2009
Expenses		
Amortization	200	170
Consulting fees	9,000	4,934
Office and miscellaneous	1,871	8,997
Professional fees	-	7,474
Rent	2,151	3,724
Transfer agent and other listing fees	8,370	2,295
Investor relations	203	816
Travel	18,000	-
Management fees	12,000	15,800
Total Expenses	51,795	44,210

CHANGES IN ACCOUNTING POLICY AND PRESENTATION

Effective February 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". This revision establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The adoption of this standard did not have a material impact on the Company's financial statements.

In March 2009, the Company adopted CICA Emerging Issues Committee ("EIC") Abstract 174, "Accounting by Mining Enterprises for Exploration Costs", which replaces EIC 126, "Accounting by Mining Enterprises for Exploration Costs", to provide additional guidance for mining exploration enterprises on the accounting for the capitalization costs and when an impairment test of these costs are required. The adoption of this standard did not have a material effect on the Company's financial statements.

In June 2009, the Accounting Standards Board ("AcSB") further amended CICA Handbook Section 3862, "Financial Instruments – Disclosures" to include additional disclosures about fair value measurements of financial instruments and to enhance risk disclosure. The additional fair value measurement disclosures include classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

These amendments were required to be adopted for the year ended January 31, 2010. The adoption of this section did not have a material effect on the Company's financial statements.

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective February 13, 2008, the Accounting Standards Board announced that publicly accountable entities will be required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011.

The Company is currently performing an analysis of the significant IFRS-GAAP differences with respect to the Company's financial statements and disclosures. The Company will quantify the potential effect of these differences as part of the conversion implementation plan.

FINANCIAL AND OTHER INSTRUMENTS

The fair values of the Company's financial instruments which consist of cash, amounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

RISK FACTORS

Companies involved in the mineral exploration industry are faced with many risk factors. The following selected risk factors are those management views as the most germane to the Company as this stage in the Company's growth. While it is not possible to eliminate all the factors inherent in the mineral exploration business, the Company, through ongoing assessment, strives to mitigate these risks to ensure the protection of its assets.

Exploration and Development Risk

Mineral exploration and development involves a high degree of risk and few properties explored are ultimately developed into producing mines. There is no assurance that any mineral resources identified and defined can be commercially mined. Sonora attempts to mitigate

these risks by conducting exploration programs and studies using qualified contractors and personnel who will make professional recommendations based upon the findings of these studies.

Competitive Risk

The Company's business is intensely competitive, and the Company competes with other mineral exploration companies, many of which have greater resources and experience. Competition in the precious and base metals mining industry is primarily for mineral rich properties which can be developed and produced economically; the technical expertise to find, develop, and produce such properties; the labour to operate such properties; and the capital for the purpose of financing development of such properties. Many competitors not only explore for and mine precious and base metals, but conduct refining marketing on a world-wide basis and many of these companies have much greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire other desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these mineral deposits could have a material adverse effect on the Company's result of operations and business.

Resource/Reserve Calculation Risk

There is a degree of uncertainty attributable to the calculation of mineral resources and mineral reserves and corresponding grades. Until ore is actually mined and processed, quality of mineral resources and mineral reserves and grades must be considered as estimates only. In addition, the quantity of mineral resources or reserves and grades may vary depending upon the prices of the individual commodities contained. Any material change in quantity of mineral resources or reserves, grade, or recovery ratio may affect the economic viability of the Company's project. In addition, there can be no assurances that recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. The Company attempts to mitigate these risks by conducting resource evaluations and studies using qualified contractors and personnel who will make professional recommendations based upon the findings of these evaluations and studies.

Financing Risk

Sonora has limited financial resources and relies upon the issuance of share capital to raise funds. The Company's management is aware that the availability of equity funds at favourable

terms is not certain, so the financial requirements of Sonora's operations are reviewed at least quarterly to allow for timely changes in capital deployment. The Company has been successful in the past in obtaining financing through the placement of equity, however, there can be no assurance that it will obtain adequate financing in the future or that the terms of such financing will be favourable.

Country Risk

The Company conducts exploration in Sonora, Mexico. Mexico is a developing country and obtaining, financing, finding or hiring qualified people or obtaining necessary services for the Company's operations in Mexico may be difficult. Mexico's status as a developing country may make it more difficult for the Company to attract investors or obtain any required financing for its mining projects.

The acquisition of the right to exploit mineral properties is a detailed and time-consuming process. Although the Company is satisfied it has taken reasonable measures to acquire unencumbered rights to explore on and exploit its mineral reserves on the Company's mining claims, no assurance can be given that such claims are not subject to prior unregistered agreements or interests or to undetected or other claims or interests which could be material and adverse to the Company.

Business Cycle Risk

General market conditions and the price of precious and base metals will have an impact on the Company's ability to raise financing in the future to continue the exploration of its properties and further the Company's long term plan. Commodities prices are generally regarded to behave cyclically, however gold has reached a significant high in recent months. There can be no assurance that these conditions will remain over the long-term. The Company can be favourably or adversely affected by a change in cyclical market direction. Any changes in general market conditions are beyond the control of the Company.

OUTSTANDING SHARE DATA

As at January 31, 2010, and at the date of this report, the Company had 25,196,348 common shares outstanding.

Options

Options outstanding at May 28, 2010 are detailed below:

Number	Date of Grant	Exercise Price	Expiry Date	Type
396,000	October 21, 2005	\$0.20	October 21, 2010	Consultant
100,000	October 21, 2005	\$0.20	October 21, 2010	Director
104,000	November 23, 2005	\$0.20	November 23, 2010	Consultant
50,000	March 10, 2006	\$0.50	March 10, 2011	Director
350,000	March 11, 2009	\$0.10	March 11, 2014	Director
1,000,000				

FORWARD-LOOKING STATEMENTS

All statements in this report that do not directly and exclusively relate to historical facts, constitute forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. The Company disclaims any intention or obligation to update or revise such forward-looking statements, as a result of new information, future events or otherwise.

CORPORATE DATA

HEAD OFFICE	REGISTERED OFFICE & SOLICITOR
Suite 2300 – 1066 West Hastings Street Vancouver, BC V6E 3X2 Tel: 604.780.8708 Fax: 604.669.3844 Email: ken@sonoroagoldcorp.com Website: www.sonoragoldcorp.com	AXIUM LAW CORPORATION Suite 3350, Four Bentall Centre 1055 Dunsmuir Street, PO Box 49222 Vancouver, British Columbia V7X 1L2 Telephone: 604-692-4907 Facsimile: 604-692-4900
REGISTRAR AND TRANSFER AGENT	AUDITORS
Computershare Trust Company of Canada 3 rd Floor, 510 Burrard Street Vancouver, BC V6C 3B9	Saturna Group Chartered Accountants LLP Suite 1250- 1066 West Hastings Street Vancouver, BC V6E 3X1
DIRECTORS & OFFICERS	CAPITALIZATION
Ken Churchill, President & CEO, Director	Authorized: 100,000,000
Robert G. Dinning C.A., CFO	Issued: 25,196,348
Michael Resendes, Director	Options: 1,000,000
David George, Director	Warrants: Nil
Ralph Claussner, Director	Fully Diluted: 26,196,348
LISTING	
TSX Venture Exchange: SOC CUSIP: 835651	