

ESPERANZA SILVER CORPORATION
(An Exploration-Stage Company)

Management's Discussion and Analysis

Three Months Ended March 31, 2010

This discussion and analysis of financial position and results of operations is prepared as at May 14, 2010 and should be read in conjunction with the interim consolidated financial statements of Esperanza Silver Corporation (the "Company" or "Esperanza") for the three months ended March 31, 2010 and the related notes thereto. Those interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and as result, do not contain all disclosures required under generally accepted accounting principles for annual financial statements. Therefore readers may want to refer to the Company's December 31, 2009 and 2008 annual audited consolidated financial statements and the accompanying notes. These documents and other information with respect to the Company's activities are available for viewing on SEDAR at www.sedar.com. All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in Canadian dollars except where noted.

FORWARD-LOOKING INFORMATION

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Esperanza's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties identified elsewhere in this MD&A, actual results may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

Esperanza is a mineral exploration company dedicated to the future development of its two advanced exploration-stage projects: Cerro Jumil and San Luis. It has entered into a joint-venture on its San Luis project in Peru and continues to hold 100% of the Cerro Jumil project in Mexico. The Company continues to identify and explore new precious metal projects in Mexico and Peru. Additional information is available at the Company's website at www.esperanzasilver.com.

EXPLORATION REVIEW

Cerro Jumil, Mexico

The Company is continuing its drilling program which began in the fourth quarter of 2009 and was designed to evaluate areas of the property where limited or no previous drilling had been completed. This current drill program should be finished by early summer and a revised resource estimate will be completed shortly thereafter. Concurrent with the on-going drill program, Esperanza has selected sites for bulk metallurgical samples. A comprehensive series of advanced tests have been planned by Esperanza's consulting metallurgist in conjunction with Esperanza geologists and will begin once final sample locations are defined.

San Luis Project, Peru

The property is currently held 55% by Silver Standard Resources Inc. ("Silver Standard") and 45% by the Company. On March 26, 2007, Silver Standard elected to exercise its option to earn up to 70% of the San Luis project in Peru by funding all activities necessary to complete a feasibility study. Silver Standard also became the operator of the project.

On May 10, a study was delivered by Silver Standard to Esperanza. The Company is now conducting a review of that study to assure that it meets all requirements of a Feasibility Study as defined by the joint-venture agreement. Providing that the Feasibility Study is satisfactory and all contractual requirements are met, Esperanza's interest in the project would decrease from 45% to 30%.

Silver Standard expects that the joint venture will meet to consider and approve the Feasibility Study in no sooner than three months and no later than six months. If the Feasibility Study is approved by the joint venture, Silver Standard will have 60 days following approval to increase its interest to 80% by paying all costs to place the project into production.

Pucarana, Peru

On March 5, 2007 the Company announced it had reached an agreement on the Pucarana, Peru mineral property with Canadian Shield Resources Inc. Pursuant to the agreement, Esperanza has an option to earn a 51% interest by expending US\$650,000 over a two year period commencing upon receipt of drill permits, with a commitment to fund US\$200,000 in exploration expenditures in the first year. Esperanza also has the option to earn a subsequent 9% interest (for a total of 60%) by making additional exploration expenditures of US\$650,000 over a two year period. A cash payment of US\$30,000 was paid on signing of a definitive agreement and a second payment of US\$50,000 is due if Esperanza elects to exercise the right to earn the additional 9% interest. The expenditure commitments are contingent upon Esperanza receiving exploration and drilling permits.

Esperanza has completed a first phase of trenching and sampling over potential mineral zones. An application for drill permits is now being prepared.

Other Exploration

The Company has an active prospecting program in Mexico and Peru. In Mexico it controls three properties totaling 35,000 hectares in the Guerrero-Morelos gold belt. All properties are early-stage exploration with work focusing on the definition of new drill targets. In Peru the Company controls nine projects totaling 23,700 hectares. Drill targets have been defined and permits are being sought on two of these.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2010

The Company recorded a loss of \$623,775 for the three months ended March 31, 2010 (2009 - \$513,541). The loss for the current quarter was higher than for the prior comparative quarter due to increased costs for: exploration, investor relations and accounting and legal costs partially offset by lower administration and office costs. The loss for the current quarter was also higher due to lower interest income earned. Exploration costs were higher than in 2009 because the Company was more active in grassroots exploration in Mexico and Peru in order to acquire more exploration projects. Investor relations expenditures were higher due to spending more on investor relations consultants and due to a greater amount of staff time being devoted to this activity. Professional fees were higher in 2010 due to increased costs in Mexico and Peru. The lower administration and office costs were due to lower costs for the Denver office as a result of both less staff time being charged to administration activities and due to a significantly lower translation rate for the US dollar. Interest income was lower in 2010 due to the significantly lower interest rates and due to lower cash available for investment.

LIQUIDITY AND CAPITAL RESOURCES

The Company started 2010 with working capital of \$5,598,144 and had working capital of \$9,687,929 at March 31, 2010. The increase in working capital was from funds received from two private placements and stock option exercises. This was partially offset by cash used in operations and cash invested in mineral properties. Working capital includes a receivable from the Mexican government for value added tax in the amount of approximately \$262,000. The Company is in the process of filing claims for this amount and expects that the full amount will be recoverable. As the result of the completion of two private placements in the first quarter of 2010, Esperanza has sufficient working capital to fund its exploration and administrative expenditures for the next twelve months.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements or obligations that are not disclosed in the financial statements.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2010 the Company paid \$49,200 (2009 - \$49,500) to Seabord Services Corp. ("Seabord"), a management company with two officers in common, for services which include: a chief financial officer, a corporate secretary, accounting staff and office space. March 31, 2010 the Company was indebted to Seabord in the amount \$2,310 (2009 - \$Nil). At March 31, 2010 Esperanza had a deposit for future services with Seabord amounting to \$10,000 which was included in prepaid expenses. These transactions were in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties. All balances due to related parties are included in accounts payable and accrued liabilities.

MANAGEMENT COMPENSATION

During the three months ended March 31, 2010, Esperanza recorded the following amounts as salaries to senior management: Bill Pincus, President - \$39,054, Steve Zuker, Vice-President - \$28,640, Bill Bond, Vice-President - \$28,640 and Paul Bartos, Vice-President - \$28,640. David Miles, the chief financial officer and Kim Casswell, the corporate secretary, are employees of Seabord and received no management compensation directly from Esperanza. Esperanza's directors who are not part of management are paid directors' fees. For the three months ended March 31, 2010 the following directors' fees were accrued or paid: George Elliott - \$5,500, Brian Bayley - \$5,375, Mike Halvorson - \$5,000 and Steve Ristorcelli - \$5,625.

QUARTERLY INFORMATION

	2010	2009	2009	2009
Quarter Ended	Mar. 31	Dec. 31	Sept. 30	June 30
Operating expenses	\$ 634,512	\$ 692,211	\$ 575,412	\$ 905,915
Loss for the period	(623,775)	(678,337)	(562,378)	(854,657)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.02)

	2009	2008	2008	2008
Quarter Ended	Mar. 31	Dec. 31	Sept. 30	Jun. 30
Operating expenditures	\$ 575,581	\$ 703,980	\$ 534,226	\$ 481,479
Loss for the period	(513,541)	(2,844,589)	(480,046)	(396,045)
Loss per share (basic and diluted)	(0.01)	(0.06)	(0.01)	(0.01)

2010

For the quarter ended March 31, 2010 both operating expenses and the loss for the quarter were lower than for the prior quarter. These items were lower in 2010 mainly due to a management bonus for

Denver staff which was accrued for the December 31, 2009 quarter whereas there was no comparable amount recorded in the quarter ending March 31, 2010.

2009

For the quarter ended December 31, 2009 both operating expenses and the loss for the quarter were higher than for the prior quarter due to higher costs for administration, exploration and investor relations partially offset by lower foreign exchange. Administration costs were higher due to a higher allocation of management time to that category and due to a portion of year-end bonuses accrued to Denver staff being allocated to administration. Exploration expenses were higher due to a higher level of activity on general reconnaissance work than for the prior quarter. Investor relations costs were higher due to higher activity at investor conferences. The foreign exchange loss was much lower than in the prior quarter as the Mexican peso was stable in the quarter whereas in the prior quarter the peso dropped by 9%.

For the quarter ended September 30, 2009 both operating expenses and the loss for the quarter were lower than for the prior quarter because stock-based compensation was significantly lower.

For the quarter ended June 30, 2009, both operating expenses and the loss for the period were higher than for the prior quarter because stock-based compensation expense was significantly higher.

For the quarter ended March 31, 2009, operating expenditures were lower than in the previous quarter mainly due to lower exploration costs. Exploration expenditures are costs directed towards new project generation and there was a lower level of activity for these types of expenditures in the first quarter of 2009. The loss for the first quarter was much less than for the previous quarter because in the fourth quarter there was a mineral property write-off of \$2,236,319 and there was no corresponding write-off in the first quarter.

2008

For the quarter ended December 31, 2008, operating expenditures were higher than in the prior quarter due to higher exploration expenses as a result of allocating more resources to finding new properties as opposed to working on projects already owned or under option agreements. The loss for the quarter ended December 31, 2008 was much higher than in the prior quarter because Esperanza wrote off a significant amount of capitalized mineral property costs in Mexico and Peru whereas in the prior quarter there was only a minor write-off pertaining to the Atocha property.

For the quarter ended September 30, 2008, operating expenditures were higher than in the prior quarter due to: an unfavourable foreign exchange variance and higher exploration expenses partially offset by lower investor relations and lower stock-based compensation costs. The unfavourable exchange variance was mainly due to the weakening of the Mexican peso against the Canadian dollar in the quarter, whereas the peso strengthened against the Canadian dollar in the prior quarter. Exploration expenses were higher than in the prior quarter due to an increase in regional exploration in Peru. Investor relations costs were lower in the current quarter due to attending fewer trade shows. Lower stock-based compensation costs in the current quarter were the result of the Company's lower share price which reduced the values generated by the Black-Scholes option pricing model.

NEW ACCOUNTING PRONOUNCEMENTS

Business Combinations and Related Sections

CICA Handbook Section 1582, "Business Combinations", Section 1601 "Consolidations" and Section 1602, "Non-Controlling Interests", replace Sections 1581, "Business Combinations" and 1600, "Consolidated Financial Statements" respectively and establish a new section for accounting for a non-controlling interest in a subsidiary. The new standards revise guidance on the determination of the carrying amount of assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. These standards are effective January 1, 2011 prospectively, with early adoption permitted. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. These new sections effectively bring Canadian GAAP into line with IFRS. The Company does not expect to adopt these new CICA Handbook sections prior to January 1, 2011. At that point, the Company will begin reporting its financial results under IFRS and therefore does not expect that these new Handbook sections will have any impact on the Company's financial statements in the interim period.

Convergence with International Financial Reporting Standards ("IFRS")

As disclosed in the year-end MD&A, Esperanza has made significant progress with respect to its transition to IFRS. The Company has completed the following steps:

- Determined the functional currencies for each of its reporting entities
- Determined the majority of its IFRS accounting policies
- Chosen which of the optional exemptions that it will take, on the initial transition to IFRS
- Determined that only minor changes to internal controls and disclosure controls will be required in order implement IFRS.

The Company is currently working on and expects to complete the following steps by the end of the third quarter:

- Documentation of the remainder of its IFRS accounting policies
- Preparation of a draft transition balance sheet as at January 1, 2010
- Preparation of draft note disclosures for equipment, mineral properties and shareholders' equity

RISKS AND UNCERTAINTIES

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit, although Esperanza has published a PEA, which indicates that Cerro Jumil may be shown to have a commercial ore deposit upon completing a pre-feasibility or feasibility study. The main operating risks include: ensuring ownership of and access to mineral properties by confirmation that option agreements, concessions and leases are in good standing and obtaining permits for drilling, other exploration activities and/or extraction.

One of the Company's projects is near a known archeological site. The Company is working with appropriate government authorities to assess any archeological value within the Company's proposed areas of operation. It is possible that certain areas may be excluded from mining activities.

Esperanza is currently earning an interest in one of its properties through an option agreement and acquisition of title to the property is only completed when the option conditions have been met. These conditions generally include making property payments and incurring exploration expenditures on the properties. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property.

Commodity Price Risk

Esperanza is exposed to commodity price risk. Declines in the market price of gold, silver and other metals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

Esperanza has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Recently, the securities markets have experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies such as Esperanza, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on Esperanza's ability to raise additional funds through equity issues.

Political and Currency Risks

The Company is operating in countries that currently have varied political environments. Changing political situations may affect the manner in which the Company operates. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in local currencies or in US dollars. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the US dollar, Mexican peso or Peruvian sole could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration and development of and extraction of ore from mineral properties, the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in the damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability, result in increased costs, have a material adverse effect on the Company's financial results and cause a decline in the value of the securities of the Company.

Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

Environmental Risks and Hazards

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect Esperanza's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

OUTSTANDING SHARE DATA

As at May 14, 2010 there were 52,772,021 common shares issued and outstanding. There were also 3,109,300 stock options outstanding with exercise prices ranging between \$0.40 and \$1.91 per share. All of the outstanding options have vested. The Company had 4,500,000 common share purchase warrants outstanding with an exercise price of \$1.75 per share, of which 4,000,000 expire on February 16, 2012 and 500,000 expire on March 4, 2012.