



# CORDOBA

## MINERALS CORP.

(formerly Wesgold Minerals Inc.)

(the “Company”)

### **MANAGEMENT’S DISCUSSION AND ANALYSIS** **For the nine months ended January 31, 2013**

#### **General**

This Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the unaudited condensed interim financial statements of the Company for the nine months ended January 31, 2013. The following information, prepared as of March 28, 2013, should be read in conjunction with the Company’s unaudited condensed interim financial statements for the nine months ended January 31, 2013 and the related notes contained therein. In addition, the following information should be read in conjunction with the financial statements of the Company for the year ended April 30, 2012 and the related MD&A. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS34”) *Interim Financial Reporting*. All amounts are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Forward Looking Statements**

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 “will”, “may”, “should”, “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.

Forward-looking statements are statements that are not historical facts, and include but are not limited to:

- a) Estimates and their underlying assumptions;
- b) Statements regarding plans, objectives and expectations with respect to the effectiveness of the Company’s business model, future operations, the impact of regulatory initiatives on the Company’s operations, and market opportunities;
- c) General industry and macroeconomic growth rates;
- d) Expectations related to possible joint or strategic ventures; and

e) Statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

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, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events 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 except as required by securities law.

## **Description of Business**

The Company is a Vancouver-based mineral exploration company focused on the acquisition and exploration of gold and copper projects in Colombia. Effective April 30, 2012, the Company changed its name from Weggold Minerals Inc. to Cordoba Minerals Corp.

## **Exploration Review**

### Cordoba Property, Colombia

Pursuant to an agreement signed in June 2011 and re-stated in July 2011, the Company acquired from Minatura International LLC (“Minatura”) an initial 11% interest in a Colombian mineral property known as the Cordoba Property, in consideration of the payment to Minatura of \$2,030,000 cash and forgiveness of a \$2,000,000 loan (for a total cash cost of \$4,030,000) plus warrants to purchase up to 5,000,000 shares of the Company at \$0.40 per share with a fair value of \$400,000. Pursuant to a further agreement with Minatura signed in March 2012, the Company has the option to increase its ownership to a 51% interest. The Cordoba Property consists of eight granted mining concessions, one pending concession agreement, and seven concession applications covering approximately 26,000 hectares in the Department of Cordoba, Colombia, 200km north of the city of Medellin.

A copy of the Company’s option agreement with Minatura is available for viewing on SEDAR.

### *The Property*

The Cordoba Property is located in the Municipality of Puerto Libertador, in the Department of Cordoba, Colombia. The Property lies adjacent to the San Pedro River and covers approximately 26,000 hectares of under explored marine volcano-sedimentary and intrusive rocks. The target rocks are part of the Cretaceous Calima terrane, which is believed to be highly prospective for Iron-Oxide-Copper-Gold (IOCG), porphyry and skarn type deposits. Numerous artisanal gold workings occur throughout the Cordoba Property which has seen small scale artisanal production for over 30 years. Recent gold discoveries in Colombia, including AngloGold Ashanti’s La Colossa gold porphyry, have highlighted the world-class potential of the country.

The Property is at an early stage, however the discovery of a robust quartz/magnetite stockwork system hosted by porphyry intrusive and volcanic rocks, returning significant copper-gold grades and situated along an inferred extension of the Middle Cauca Gold Belt of Colombia, indicates this large property has excellent potential. This belt is known to be highly prospective for copper-gold mineralization, with over 50 million ounces of gold being discovered in just the last five years. The Cordoba Property has never been drilled tested or seen any methodical exploration until now.

Work completed to date includes regional soil sampling and a regional airborne Magnetometer and Radiometric survey covering 216 square kilometres of the northern half of the Property, and detailed hand trenching and rock sampling in the central Montiel target area. Initial trench results in this area (see news release of March 1, 2012) returned significant values such as: 18 metres of 1.35 g/t gold with 0.54% copper; 21 metres of 1.76 g/t gold with 0.32% copper; and 17 metres of 0.94 g/t gold with 0.69% copper. Additional trench sampling in the area (see news release of October 22, 2012) returned wider intercepts such as 48m of 1.8 g/t gold and 0.34 % copper, and 111m of 0.46 g.t gold and 0.48 % copper in deeply weathered saprolitic rock and soils.

Exploration work on the Property has been proceeding on a restricted basis, consisting of low impact prospecting, soil and rock sampling and hand trenching, until such time as individual concession applications are formally approved. The Company is not aware of any issues which would prevent final government approval of the concessions and ultimately expects such approvals. Once a concession has been approved, exploration work can be ramped up on that ground, which could include machine trenching, additional geophysical surveying and drilling.

In February 2013, the Company announced that ongoing soil sampling has identified a significant new copper-gold anomaly, which is currently being trenched and potentially constitutes a second drill target for the Cordoba project. The new soil geochemical anomaly is located in the Costa Azul area, some 2400m south of the main Montiel target. It currently extends over an area of 300 by 400 meters east-west, and consists of gold values in the 100 to 400 ppb range, and copper values in the 200 to 1450 ppm range. Samples were collected from 50 meter stations on 100m spaced grid lines.

Follow up prospecting has identified felsic intrusive rocks cut by quartz-magnetite veinlets and carrying disseminated pyrite, chalcopyrite and bornite, in both float and subcrop, over the general area and extending some 300m west of the existing anomaly. Additional soil sampling has been completed to the west and sample results are pending.

A detailed trench sampling program has started on the new anomaly, with initial trench exposures confirming mineralized and veined porphyry host rocks, apparently oriented along an east-west structural trend. Trench mapping is ongoing, samples are being submitted for multi-element analysis and results will be reported as soon as they have been received and interpreted.

In October 2012, a key concession over the Montiel copper-gold porphyry target was granted (see news release of October 22, 2012), and water use permits have recently been issued. Additional water permits have been applied for in regard to the new Costa Azul target.

In preparation for drilling, the Company commenced in February 2013 a detailed ground-based magnetic geophysical survey to help define any structural or lithologic controls on mineralization. The survey was completed in March and consisted of approximately 100 line kilometers of data acquisition, covering roughly 10 square kilometers of ground over the Montiel and Costa Azul drill targets, and several other prospective areas as well. Results are pending.

As of January 31, 2013, the Company has incurred a total of \$2,046,221 of its \$5,000,000 commitment in exploration expenditures on the Cordoba Property.

*Qualified Person: The Company's President, Peter Thiersch, M.Sc. P.Geo. (APEGBC), is a Qualified Person as defined by National Instrument 43-101, and is responsible for the accuracy of the technical information in this MD&A.*

## Selected Quarterly Information

The following table provides information for the eight fiscal quarters ended January 31, 2013:

	Jan. 31, 2013 (\$)	Oct. 31, 2012 (\$)	Jul. 31, 2012 (\$)	Apr. 30, 2012 (\$)	Jan. 31, 2012 (\$)	Oct. 31, 2011 (\$)	Jul. 31, 2011 (\$)	Apr. 30, 2011 (\$)
Exploration expenditures	301,258	301,224	358,938	1,055,280	9,204	20,348	24,087	1,564
General and administrative expenses	172,767	482,265	98,279	416,501	118,310	344,488	61,558	216,238
Net loss	477,100	786,833	446,893	1,489,858	123,376	365,170	276,716	217,802
Loss per share - basic and diluted	0.02	0.04	0.03	0.15	0.01	0.06	0.05	0.04
Total assets	8,362,609	5,282,516	5,738,826	6,222,873	2,899,830	3,021,298	2,302,084	359,816
Total liabilities	55,109	88,835	126,347	163,501	1,109,247	3,039,102	2,238,936	30,952
Shareholders' equity (deficiency)	8,307,500	5,193,681	5,612,479	6,059,372	1,790,583	(17,804)	63,148	328,864

The Company had minimal exploration activity during the first four quarters shown. Exploration costs significantly increased in the most recent four quarters due to exploration activity on the Cordoba Property in Colombia. General and administrative expenses, excluding share-based compensation charges and financing costs, has trended higher over the past eight quarters as the Company became more active with property investigation, exploration and corporate activities. The general and administrative expenses amount for the quarters ended October 31, 2012 and April 30, 2011 include a share-based compensation charge of \$325,679 and \$164,408 respectively while the amounts for the quarters ended April 30, 2012 and October 31, 2011 include \$300,000 and \$200,000 respectively in finance costs which is the value of shares issued as part of loan agreements.

Total assets have been significantly higher since the quarter ended April 30, 2011 due to \$4.63 million in capitalized acquisition costs for the Cordoba Property recorded during the 2012 fiscal year and approximately \$3.64 million in gross proceeds raised from private placements during the most recent quarter. Total liabilities were significantly higher during the three quarters ended January 31, 2012 due to a convertible debenture issuance and a short term loan. Both liabilities were either converted to shares or fully settled by April 30, 2012.

## Results of Operations

### *Three Month Period Ended January 31, 2013*

For the three month period ended January 31, 2013, the Company recorded a net loss of \$477,100 compared to \$123,376 for the quarter ended January 31, 2012, an increase of \$353,724. During the current quarter, exploration costs totalled \$301,258 compared to \$9,204 in the comparative quarter, an increase of \$292,054. The current quarter exploration expenditures were based on a higher level of Cordoba Property activities while exploration activity in the comparative period was minimal on both the Cordoba Property and the formerly held Snowcap property.

General and administrative costs during the current quarter totalled \$172,767 compared to \$118,310 in the comparative quarter, an increase of \$54,457. The most notable increases in costs for the current quarter were in office and administration, management fees, shareholder communications, and salaries and benefits. Management fees are higher due to the fees paid to the President of the Company who started providing services in April 2012. His monthly compensation is allocated between management fees and geological fees. Shareholder communications, office and administration costs, and salaries and benefits were higher due to business and promotional activities and administrative requirements being greater during the current quarter. As well, in the second quarter of the current year, office and administration costs included a premium for directors' and officers' insurance. The current quarter also had property investigation costs

recorded compared to none in the comparative quarter. The only significant decrease in the current quarter over the comparative quarter was travel costs.

#### *Nine Month Period Ended January 31, 2013*

For the nine month period ended January 31, 2013, the Company recorded a net loss of \$1,710,826 compared to \$765,262 for the comparative period, an increase of \$945,564. During the current period, exploration costs totalled \$961,420 compared to \$53,639 in the comparative period, an increase of \$907,781. As noted in the quarterly comparison, the Company has increased exploration activity on its Cordoba Property compared to limited exploration activity during the comparative period. The comparative period also included a write-off of \$191,000 regarding the formerly held Snowcap property. There were no write-offs or write-downs of mineral property carrying costs during the current period.

General and administrative costs during the current period totalled \$753,311 compared to \$524,356 in the comparative period, an increase of \$228,955. Once again, the Company was more active from a corporate standpoint during the current period and its general and administrative costs included a share-based expense of \$325,679 compared to only \$26,436 in the comparative period. On the other hand, the comparative period included finance and interest costs of \$200,000 and \$56,860 respectively whereas the current period did not. While there were increases in most general and administrative expenses, the most notable increases were for office and administration, management fees, shareholder communications, and salaries and benefits, the reasons for which are the same as in the quarterly comparison.

#### **Financial Condition, Liquidity and Capital Resources**

As at January 31, 2013, the Company had current assets totaling \$3,701,420 (including cash of \$3,258,914) and current liabilities totaling \$55,109, resulting in working capital of \$3,646,311. The Company is in the exploration stage and therefore has no cash flow from operations. Its sources of funds during the previous fiscal year were from the issuance of convertible debentures for proceeds of \$2.0 million, two short term bridge loans of \$1.0 million and US\$1.5 million, and two private placements totalling \$5.15 million in gross proceeds. Prior to the April 30, 2012 year end, all outstanding debentures were converted to common shares and the two bridge loans were settled in full. During the period ended January 31, 2013, the Company closed a private placement consisting of two tranches, one for 7,208,890 units at \$0.45 per unit for gross proceeds of \$3,244,000 and the other for 888,889 units at \$0.45 for gross proceeds of \$400,000. These funds are expected to be used towards exploration of the Company's Cordoba Property and for general working capital purposes.

In January 2013 the Company received certain drill permits for the Cordoba Property. As a result, the Company now has a firm commitment to incur \$5 million in exploration expenditures by January 10, 2014, of which \$2,046,221 has been incurred as of January 31, 2013. Due to the remaining commitment of \$2,953,779, the Company does not expect its current capital resources to be sufficient to carry its operating costs and carry out its exploration activities through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including the progress of the Company's business activities and current economic and financial market conditions.

#### **Financial Instruments and Risk Management**

The Company is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks

and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

### General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

#### (a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and other receivables. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash invested in asset-based commercial paper. For other receivables, the Company estimates, on a continuing basis, the probable losses and provides a provision for losses based on the estimated realizable value. The Company is not exposed to significant credit risk as the majority of the balance is due from government agencies.

#### (b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At January 31, 2013, the Company had cash of \$3,258,914 (April 30, 2012: \$1,337,889) available to apply against short-term business requirements and current liabilities of \$55,109 (April 30, 2012: \$163,501). All of the Company's financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

#### (c) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other market prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

##### i) Currency Risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and Colombia. A portion of the Company's expenses are incurred in US dollars and Colombian pesos. A significant change in the exchange rate between the Canadian dollar relative to the US dollar or Colombian peso could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at January 31, 2013, the Company had the Canadian equivalent of cash totalling \$711,429 (April 30, 2012: \$587,800) held in US dollars and liabilities totalling \$5,566 (April 30, 2012: \$240) owed in US dollars.

Based on the above net exposure as at January 31, 2013, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$71,000 (April 30, 2012: \$58,800) in the Company's net loss and comprehensive loss for the period.

ii) Interest Rate Risk

Interest rate risk consists of two components:

- A. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- B. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company considers interest rate risk to be immaterial.

iii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to any other price risk.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for accounts payable and accrued liabilities and due to related parties approximate fair values due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at January 31, 2013, the Company's financial instruments are comprised of cash and cash equivalents, due from related parties, accounts payable and accrued liabilities, and due to related parties. With the exception of cash and cash equivalents, all financial instruments held by the Company are measured at amortized cost.

**Related Party Transactions**

The Company had transactions during the nine month period ended January 31, 2013 with related parties who consisted of directors, officers and the following companies with common directors or officers:

<b>Related party</b>	<b>Nature of transactions</b>
Radius Gold Inc. ("Radius")	Shared office, administration and personnel costs
Gold Group Management Inc. ("Gold Group")	Shared office, administration and personnel costs
Voyager Gold Corp. ("Voyager")	Shared personnel costs
Focus Ventures Ltd. ("Focus")	Shared administrative costs
Iron Creek Capital Corp. ("Iron Creek")	Shared administrative costs
Mill Street Services Ltd. ("Mill Street")	Management services

During the nine month period ended January 31, 2013, the Company paid or made provision for the future payment of the following amounts to related parties:

- i) \$34,462 (2012: \$122,361) in general and administration costs to Radius, a company with common directors and officers, and consisting of \$7,680 (2012: \$28,162) for office and administration, \$13,879 (2012: \$68,801) for salaries and benefits, \$5,749 (2012: \$9,436) for shareholder communications, \$4,059 (2012: \$10,445) for travel, and \$3,095 (2012: \$5,517) for regulatory fees. Salary and benefits include those for the Chief Financial Officer and Corporate Secretary. Radius was reimbursed by the Company for these shared costs and other business related expenses paid by Radius on behalf of the Company. The Company also reimbursed Radius for leasehold improvement costs of \$3,778 (2012: \$Nil). Although Radius may continue to share some administrative expenses with the Company, effective July 1, 2012 the Company entered into an arrangement with Gold Group, a company controlled by the Chief Executive Officer of the Company, to coordinate the majority of shared administrative costs and other business related expenses paid by Gold Group on behalf of the Company.
- ii) \$159,180 (2012: \$Nil) in general and administration costs to Gold Group, consisting of \$44,825 (2012: \$Nil) for office and administration, \$70,734 (2012: \$Nil) for salaries and benefits, \$18,534 (2012: \$Nil) for shareholder communications, \$22,786 (2012: \$Nil) for travel, and \$2,301 (2012: \$Nil) for regulatory fees. Salary and benefits include those for the Chief Financial Officer and Corporate Secretary;
- iii) \$31,500 (2012: \$22,500) in management fees to Mill Street, a company controlled by the Chief Executive Officer of the Company. These management fees are included in the key management compensation schedule below; and
- iv) \$45,000 (2012: \$Nil) in management fees and \$35,833 (2011: \$Nil) in geological fees to the President of the Company. These management fees are included in the key management compensation schedule below.

Prepaid expenses and deposits as of January 31, 2013 include a prepaid expense amount of \$11,283 (April 30, 2012: \$Nil) paid to Gold Group for shared expenses and deposits totalling \$61,000 (April 30, 2012: \$Nil) paid to Gold Group for the new administrative cost sharing arrangement.

The amount due from related parties as of January 31, 2013 consists of \$1,875 (April 30, 2012: \$Nil) due from Focus, \$1,875 (April 30, 2012: \$Nil) due from Radius, and \$Nil (April 30, 2012: \$1,579) due from Voyager (all these companies have common directors and/or officers). The balances were the result of shared administrative costs and are unsecured, due on demand and do not bear interest.

Amounts due to related parties as of January 31, 2013 consist of \$20,075 (April 30, 2012: \$Nil) due to Gold Group for shared administrative costs, \$17,500 (April 30, 2012: \$17,500) due to a director and former president of the Company for management fees, and \$Nil (April 30, 2012: \$33,600) due to Mill Street for management fees. The balances are unsecured, due on demand and do not bear interest.

These transactions are in the normal course of operations and are measured at the fair value of the services rendered.



## Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. For the three and nine month periods ended January 31, 2013 and 2012, key management compensation comprises:

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Management fees	\$ 25,500	\$ 7,500	\$ 76,500	\$ 22,500
Salaries and benefits	4,859	4,999	13,109	12,332
Geological fees	35,000	-	105,833	-
Share-based payments	-	-	202,220	-
	<b>\$ 65,359</b>	<b>\$ 12,499</b>	<b>\$ 397,662</b>	<b>\$ 34,832</b>

Total share-based payments to directors not specified as key management personnel during the nine month period ended January 31, 2013 was \$31,929 (2011: \$Nil).

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the nine month periods ended January 31, 2013 and 2012.

## Other Data

Additional information related to the Company is available for viewing at [www.sedar.com](http://www.sedar.com).

## Share Position and Outstanding Warrants and Options

The Company's outstanding share position as at March 28, 2013 is 26,221,722 common shares and the following share purchase warrants and incentive stock options are currently outstanding:

<b><u>WARRANTS</u></b>		
<b><u>Expiry Date</u></b>	<b><u>Number of warrants</u></b>	<b><u>Exercise price</u></b>
<sup>(1)</sup> March 15, 2014	1,200,000	\$0.50
March 15, 2014	131,250	\$1.00
<sup>(1)</sup> April 10, 2014	1,056,597	\$0.50
April 10, 2014	1,389,634	\$1.00
December 19, 2014	4,040,441	\$0.50
January 20, 2015	466,666	\$0.50
<sup>(2)</sup> September 30, 2015	5,000,000	\$0.40
	<b>13,284,588</b>	

- (1) The exercise price of these warrants was amended on February 14, 2013 from a price of \$1.00 per share to \$0.50 per share.
- (2) The expiry date for these warrants issued pursuant to the Cordoba Property Option Agreement was fixed at September 30, 2015, due to drilling permits for the Property being issued on January 11, 2013. These warrants become exercisable when certain conditions of the Cordoba Property Option agreement are met. As of January 31, 2013, these warrants were not exercisable.

**STOCK OPTIONS**

<b><u>Expiry Date</u></b>	<b><u>Number of Options</u></b>	<b><u>Exercise Price</u></b>
February 28, 2021	425,000	\$0.37
July 3, 2021	25,000	\$0.60
July 31, 2022	765,000	\$0.50
	<b>1,215,000</b>	

**Critical Accounting Estimates**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- i) The determination of the Company's functional currency;
- ii) The recoverability of other receivables and prepaid expenses and deposits;
- iii) The carrying value of the investment in exploration and evaluation costs and the recoverability of the carrying value;
- iv) The inputs and probabilities used in accounting for the fair value of share-based payment transactions;
- v) The inputs in determining the bifurcation of unit offerings into the different equity components; and
- vi) The inputs in determining the bifurcation of convertible debenture instruments into its liability and equity components.

The key estimate applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- i) The provision for income taxes and recognition of deferred income tax assets and liabilities.

**Accounting Standards, Amendments and Interpretations Not Yet Effective**

The following new standards and interpretations have been issued by the International Accounting Standards Board ("IASB"), but are not yet effective:

*IFRS 9 Financial Instruments*

IFRS 9 is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains, but simplifies, the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for the Company beginning on May 1, 2015. The Company is in the process of evaluating the impact of the new standard.

### *IFRS 10 Consolidated Financial Statements*

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard beginning on May 1, 2013.

### *IFRS 11 Joint Arrangements*

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard beginning on May 1, 2013.

### *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off-balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard beginning on May 1, 2013.

### *IFRS 13 Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard beginning on May 1, 2013.

## **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, the Company's property does not have a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

### *Title to Mineral Property Risks*

Certain of the Company's rights to the Cordoba Property are subject to the terms of an Option Agreement which requires the Company to make certain payments in order to obtain and secure a further interest in the Property. The Company may fail to, or may choose not to, make such payments, in which case it will forfeit

its interest in the Property. Any failure by the Company to obtain or secure title to the Property could have a material adverse effect on the Company and the value of the Company's common shares.

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has submitted concession applications to the Colombian authorities and the timing of granting such concessions is at the discretion of the Ministry of Mines and Energy. There is ongoing risk that such governmental processes will not be completed on a timely basis. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to properties it acquired will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mineral properties.

#### *Commodity Price Risk*

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of its mineral property to a third party.

#### *Financing and Share Price Fluctuation Risks*

The Company 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 the Company's project 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 project which could result in the loss of its property.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, 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 the Company's ability to raise additional funds through equity issues.

#### *Political, Economic and Currency Risks*

Although Colombia has a long-standing tradition respecting the rule of law, which has been bolstered in recent years by the present and former government's policies and programs, no assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Colombia. The Company's property interests and proposed exploration activities in Colombia are subject to political, economic and other uncertainties, including the risk of expropriation, nationalization, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions, and changing political conditions and international monetary fluctuations. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company.

The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in Colombian pesos and US dollars. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the Colombian peso or US dollar could have an adverse impact on the amount of exploration conducted.

#### *Regulatory Risks*

The mining industry in Colombia is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Company will be unable to predict

what additional legislation or amendments may be enacted. Amendments to current laws, regulations and permits governing operations and activities of mining companies, including environmental laws and regulations which are evolving in Colombia, or more stringent implementation thereof, could cause increases in expenditures and costs, affect the Company's ability to expand or transfer existing operations or require the Company to abandon or delay the development of its properties.

#### *Insured and Uninsured Risks*

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks 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 damage to the Company's properties 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 and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

#### *Environmental and Social Risks*

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 the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are fairly significant in Colombia. Colombia is home to South America's largest and longest running insurgency. While the situation has improved dramatically in recent years, there can be no guarantee that it will not deteriorate in the future. Any increase in kidnapping, gang warfare, homicide and/or terrorist activity in Colombia generally may disrupt supply chains and discourage qualified individuals from being involved with the Company's operations.

#### *Competition*

The Company competes 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.