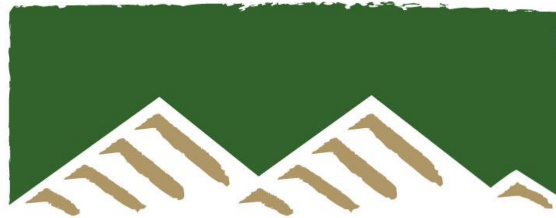

ANTIOQUIA

GOLD INC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

(Expressed in Canadian dollars)

(audited)

ANTIOQUIA GOLD INC.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

December 31, 2012

The accompanying consolidated financial statements of Antioquia Gold Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the consolidated financial statements together with other financial information. An Audit Committee, whose members include two of three members who are not officers of the Company, assists the Board of Directors in fulfilling this responsibility. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the consolidated financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Signed: "Felix Navarro-Grau Hurtado"

Director

Signed: "JoAnne Dorval-Dronyk"

Chief Financial Officer

April 25, 2013

SIEVERT & SAWRANTSCHUK LLP
CHARTERED ACCOUNTANTS

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Toronto, Ontario M5E 1E3
Tel: (416) 979-7444 Fax: (416) 979-8432
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Antioquia Gold Inc.:

We have audited the accompanying consolidated financial statements of Antioquia Gold Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2012 and December 31, 2011, and the consolidated statements of loss, comprehensive loss and deficit, changes in shareholders' equity and cash flows for the year ending December 31, 2012 and the period nine months ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Antioquia Gold Inc. and its subsidiaries as at December 31, 2012 and December 31, 2011, and their financial performance and their cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Antioquia Gold Inc.'s ability to continue as a going concern.

April 25, 2013
Toronto, Canada

Sievert & Sawrantschuk LLP
Chartered Accountants, Licensed Public Accountants

ANTIOQUIA GOLD INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

	Notes	**December 31, 2012** **$** **(audited)**	December 31, 2011 $ (audited)
Assets			
Current			
Cash and cash equivalents		**191,675**	1,687,572
Investment certificates	*5*	**9,290**	8,663
Accounts receivable		**39,340**	41,668
Taxes recoverable		**42,009**	71,585
Prepaid expenses		**22,976**	27,621
		305,290	1,837,109
Exploration assets	*6*	**2,612,554**	2,768,318
Evaluation assets	*6,10,18*	**11,841,588**	8,385,190
Property, plant and equipment	*7,18*	**976,230**	488,692
Goodwill	*4*	–	1,048,507
		15,735,662	14,527,816
Liabilities			
Current			
Accounts payable and accrued liabilities	*10*	**589,408**	472,973
		589,408	472,973
Going concern	*2*		
Commitments and contingency	*14*		
Subsequent events	*17*		
Shareholders' Equity			
Share capital	*8(b)*	**22,335,296**	18,652,667
Warrants	*8(c)*	**2,168,418**	1,813,465
Contributed surplus	*9*	**2,066,192**	2,042,558
Accumulated other comprehensive loss		**81,984**	–
Deficit		**(11,505,636)**	(8,453,847)
		15,146,254	14,054,843
		15,735,662	14,527,816

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board

Signed: "*James H. Decker*"

Signed: "*Ernesto Bendezu*"

ANTIOQUIA GOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Expressed in Canadian Dollars

For the year ended December 31, 2012 and the nine months ended December 31, 2011

	Share Capital		Warrants		Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
	Shares Outstanding	$	Warrants Outstanding	$	$	$	$	$
Balance, Mar 31, 2011	**100,626,326**	**18,618,167**	**12,980,252**	**1,813,465**	**1,503,480**	–	**(6,170,456)**	**15,764,656**
Net loss and comprehensive loss for the period							(2,283,391)	(2,283,391)
Stock based compensation					539,078			539,078
Share capital issued for mining property (Note 6(c))	150,000	34,500						34,500
Warrants expired			(12,131,285)					
Balance, Dec 31, 2011	**100,776,326**	**18,652,667**	**848,967**	**1,813,465**	**2,042,558**	–	**(8,453,847)**	**14,054,843**
Net loss and comprehensive loss for the period							(3,051,789)	(3,051,789)
Cumulative translation Adjustment						81,984		81,984
Stock based Compensation					23,634			23,634
Share capital issued	37,775,048	4,059,846						4,059,846
Share issue costs		(22,264)						(22,264)
Warrants issued		(354,953)	18,887,525	354,953				
Warrants expired			(848,967)					
Balance, Dec 31, 2012	**138,551,374**	**22,335,296**	**18,887,525**	**2,168,418**	**2,066,192**	**81,984**	**(11,505,636)**	**15,146,254**

The accompanying notes are an integral part of these consolidated financial statements.

ANTIOQUIA GOLD INC.

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

Expressed in Canadian Dollars

For the year ended December 31, 2012 and the nine months ended December 31, 2011

	Notes	Year ended December 31, **2012** **$**	9 months ended December, 2011 $
Expenses:			
Management fees	*10*	**469,730**	313,702
Professional fees	*10*	**431,816**	346,045
Office and administration	*10*	**609,284**	676,923
Promotion and shareholder costs		**296,625**	277,697
Stock based compensation	*8(d),10*	**23,634**	539,078
Depreciation	*7*	**57,310**	36,900
Impairment: Exploration assets		–	125,795
		1,888,399	2,316,140
Other income			
Consulting		–	2,669
Interest		**11,617**	30,080
		11,617	32,749
Impairment of Goodwill	*4*	**1,048,507**	–
Settlement of legal action	*14*	**126,500**	–
		1,175,007	–
Net loss and comprehensive loss for the period		**3,051,789**	2,283,391
Deficit, beginning of period		**8,453,847**	6,170,456
Deficit, end of period		**11,505,636**	8,453,847
Loss per share, basic and diluted		**$0.03**	$0.02
Weighted average number of shares outstanding (basic)		**117,563,762**	100,705,230

The accompanying notes are an integral part of these consolidated financial statements.

ANTIOQUIA GOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

For the year ended December 31, 2012 and the nine months ended December 31, 2011

	Year ended December 31, 2012	9 months ended December 31, 2011
	$	$
Operating activities		
Net loss for the period	**(3,051,789)**	(2,283,391)
Items not affecting cash:		
Stock-based compensation	**23,634**	539,078
Depreciation	**57,310**	36,900
Impairment: Exploration assets	–	125,795
Impairment: Goodwill	**1,048,507**	–
Change in non-cash working capital		
Accounts receivable	**2,328**	148,035
Taxes recoverable	**29,576**	54,926
Prepaid expenses	**4,645**	(20,957)
Accounts payable and accrued liabilities	**116,435**	21,495
Cash used in operating activities	**(1,769,354)**	(1,378,119)
Investing activities		
Exploration assets	–	(1,802,031)
Evaluation assets	**(3,214,358)**	(2,254,204)
Property, plant and equipment purchases	**(564,385)**	(106,121)
Property, plant and equipment dispositions	**15,245**	–
Investment certificates	**(627)**	6,191,337
Cash from (used) in investing activities	**(3,764,125)**	2,028,981
Financing activities		
Issuance of share capital	**4,037,582**	–
Cash from financing activities	**4,037,582**	–
Net decrease in cash and cash equivalents during the year	**(1,495,897)**	650,862
Cash and cash equivalents position, beginning of the year	**1,687,572**	1,036,710
Cash and cash equivalents position, end of year	**191,675**	1,687,572
Supplemental cash flow information:		
Cash paid for interest	–	–
Cash paid for taxes	–	–

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF BUSINESS

The registered address of Antioquia Gold Inc. is 200, 625 – 4th Avenue SW, Calgary, Alberta, Canada, T2P 0K2. The Company is listed on the Toronto Venture Exchange ("TSX-V" under the symbol "AGD". The Company commenced trading on the OTCQX, the U.S. Over-The-Counter ("OTC") market's highest tier on September 8, 2011 under the symbol "AGDXF".

Antioquia Gold Inc. (formerly High American Gold Inc.) completed a transaction with Am-Ves Resources Inc. ("Am-Ves") on July 20, 2008. Am-Ves was incorporated under the laws of Alberta on January 19, 2006. The transaction to acquire 100% of the outstanding shares of Am-Ves was accounted for as a reverse takeover as the control of Antioquia Gold Inc. was acquired by the shareholders of Am-Ves. On March 31, 2009 Antioquia Gold Inc. and Am-Ves were amalgamated under the laws of Alberta, and the Company began operating under the name Antioquia Gold Inc. (the "Company"). The Company owns 100% of Antioquia Gold Ltd., a Barbados company, which in turn has a branch registered to conduct business in Colombia, South America. All mineral exploration and evaluation activities of the Company are carried out in Colombia. On December 2, 2009 the Company completed the 100% acquisition of Ingenieria Y Gestion Del Territorio S.A. ("IGTER") a management company incorporated under the laws of Colombia.

The Company is engaged in the acquisition, exploration and development of mineral resource properties internationally, with a current focus in Colombia. The Company considers itself to be in the process of exploring its mineral properties and has not yet determined whether they contain reserves that are economically recoverable. The success of the Company's exploration and development of its mineral properties will be influenced by significant financial risks, legal and political risks, fluctuations in commodity prices and currency exchange rates, varying levels of taxation and the ability of the Company to discover recoverable reserves and to bring such reserves into production on an economic basis. The Company will be required to obtain additional financing to develop its resource properties. While the Company seeks to manage these risks, many of these factors are beyond its control.

The Company received approval for and changed its year-end from March 31 to December 31 in 2011. Management believes that the new year-end better enables the Company to fulfill its reporting responsibilities with its subsidiaries whose year-end dates are December 31. As a result, the comparative numbers are stated for the nine month period ended December 31, 2011.

2. GOING CONCERN

These consolidated financial statements have been prepared using International Financial Reporting Standard ("IFRS") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from December 31, 2012. At December 31, 2012, the Company had a cumulative deficit of $11,505,636 (December 31, 2011 – $8,453,847) and a working capital deficiency of $284,118 (December 31, 2011 – working capital of $1,364,136). The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations, generate sufficient funds and continue to obtain sufficient capital from investors to meet its current and future obligations. The recoverability of amounts shown for exploration properties is dependent on several factors. These factors include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable operations or proceeds from disposition of mineral interests. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these audited consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses

2. GOING CONCERN (CONT'D)

and consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance it exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements:

Basis of presentation

Statement of Compliance

These audited consolidated financial statements have been prepared in accordance with IFRS, *International Financial Reporting Standards.* The policies applied in these audited consolidated financial statements are based on IFRS issued and outstanding as of April 25, 2013, the date of approval by the Company's Board of Directors.

Basis of measurement

These audited consolidated financial statements have been prepared on the historical cost basis, except for financial instruments designated at fair value through profit and loss, which are stated at their fair value. The Company operates in one segment defined as the cash generating unit ("CGU") which is Colombia.

Basis of consolidation

These audited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries; Antioquia Gold Ltd., a Barbados company ("AGD Barbados") and Ingenieria Y Gestion Del Territorio S.A. ("IGTER"). AGD Barbados operates in Colombia as Antioquia Gold Ltd. ("AGD Colombia"). Intercompany transactions and balances are eliminated on consolidation.

Presentation and functional currency

The Company's presentation currency and functional currency is the Canadian Dollar.

Foreign currency translation

The functional currency of AGD Colombia and IGTER is the Colombian Peso and the functional currency of AGD Barbados is the United States Dollar. Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rate in effect at the statement of financial position date and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in Consolidated Statements of Loss, Comprehensive Loss and Deficit. All resulting exchange differences are recognized in other comprehensive income and accumulated in a cumulative translation reserve under shareholders' equity.

Related party transactions

Related party transactions conducted in the normal course of operations are measured at the exchange value. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments
Financial assets and financial liabilities are recognized when the Company becomes party to a contractual agreement.

Financial assets are initially measured at fair value and classified into one of the following specified categories: fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), available-for-sale ("AFS") and loans and receivables. HTM instruments and loans and receivables are measured at amortized cost. AFS instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the Consolidated Statement of Loss, Comprehensive Loss and Deficit for the year.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the Consolidated Statement of Loss, Comprehensive Loss and Deficit for the period. Other financial liabilities, including borrowings, are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities recorded at fair value through loss for the year are recognized immediately in the Consolidated Statement of Loss, Comprehensive Loss and Deficit for the year.

Financial assets and financial liabilities are offset and reported on the Consolidated Statement of Financial Position only if there is an enforceable legal right to offset the recognized amounts, and an intention to realize the asset and settle the liability simultaneously.

The fair value of financial instruments traded in active markets (such as FVTPL and AFS securities) is based on quoted market prices at the date of the Consolidated Statement of Financial Position. The quoted market price used for financial assets held by the Company is the current bid price.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issuance costs.

Financial instruments recognized in the Consolidated Statement of Financial Position include cash and equivalents, sales taxes recoverable, interest receivable, investments held for trading, and accounts payable and accrued liabilities. The respective accounting policies are described below.

Cash and cash equivalents
Cash and cash equivalents consists of cash on hand, cash held in a financial institution or investments having a maturity of ninety days or less at acquisition, that are readily convertible to the contracted amounts of cash. Cash and equivalents are classified as held-for-trading and measured at fair value.

Investment certificates
Cash invested with a maturity greater than ninety days and less than one year are recognized and disclosed as investment certificates. Investments held for trading are recorded at fair value with the difference between fair value and cost being recorded as unrealized gain or loss in value of investments on the Consolidated Statement

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

of Loss, Comprehensive Loss and Deficit. In the case of securities listed on stock exchanges, the fair value means the latest bid price. Investments available for sale are measured at fair value with changes in fair value reported in other comprehensive income until the financial asset is disposed of, or becomes impaired. Investments for which reliable quotations are not readily available are valued at their fair value using a valuation model and market inputs.

Accounts payable and accrued liabilities
Accounts payable and accrued liabilities are initially recognized at fair value and classified as other financial liabilities measured at amortized cost.

The Corporation has classified its financial instruments as follows:

Financial instrument	Classification
Cash and cash equivalents	Held for trading
Investment certificates	Held for trading
Account receivable	Loans and receivables
GST receivable	Loans and receivables
Notes Receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Customer deposits	Other financial liabilities

Pre-exploration costs
Pre-exploration costs are expensed in the period in which they are incurred.

Exploration assets
Exploration expenditures relating to resource properties in which a legal right to explore has been obtained and an interest is retained, are deferred and are carried as an asset until the results of the projects are known. If a project is unsuccessful or if exploration has ceased because continuation is not economically feasible, the cost of the property is written off. The fair value of resource properties acquired in exchange for the issuance of the Company's shares is determined by the trading price of the Company's shares on a three day average trading price before and after the shares are issued.

Option payments paid by the Company are capitalized against resource property costs when paid. Options payments received by the Company are deducted from resource property costs when received. No gain or loss on disposition of a partial interest is recorded until all carrying costs of the interest have been offset by proceeds of sale or option payments received/paid.

Evaluation assets
Evaluation expenditures relating to the evaluation of resource properties are capitalized until properties are brought into production, when costs are amortized on a unit-of-production basis over economically recoverable reserves, abandoned or the interest is sold.

If a project is successful and production has occurred, the exploration expenditures and related deferred evaluation expenditures are amortized by charges against income from future mining operations.

Exploration and evaluation expenditures, which are general in nature and cannot be associated with a specific group of mining claims, and general administrative expenses, are expensed in the year in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment

Recognition and measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Major maintenance and repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Depreciation

Depreciation is recognized in profit or loss and is calculated as follows:

Plant and warehouse	5% declining balance
Office equipment	10% declining balance
Computer equipment	20% declining balance
Vehicle	20% declining balance

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the Consolidated Statement of Loss, Comprehensive Loss and Deficit over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the Consolidated Statement of Loss Comprehensive loss and Deficit on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

Impairment of financial assets

The Company assesses at the end of each year end or when events or circumstances indicate that a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Impairment of non-financial assets

Available for sale

If an available for sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from other comprehensive loss to profit or loss.

When events and circumstances indicate that an impairment may have occurred, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of a non-financial asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined has no impairment loss been recognized for the asset (or CGU) in prior years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortization on a straight-line basis over their useful lives and any accumulated impairment losses. Internally generated intangible assets are not capitalized and the expenditure is reflected in Consolidated Statement of Loss, Comprehensive Loss and Deficit in the year in which the expenditure is incurred. Gains or losses arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Consolidated Statement of Loss, Comprehensive Loss and Deficit when the asset is de-recognized.

Goodwill

Goodwill typically arises on the Company's acquisitions due to: (i) the ability of the Company to capture certain synergies through management of the acquired operation within the Company; and (ii) the requirement to record a deferred tax liability for the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed.

Impairment of Goodwill

Goodwill is not amortized. The Company performs an impairment test for goodwill on an annual basis and when events or changes in circumstances indicate that the related carrying amount may not be recoverable. If the carrying amount of a CGU to which goodwill has been allocated exceeds the recoverable amount, an impairment loss is recognized for the amount in excess. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU to nil and then to the other assets of the CGU based on the relative carrying amounts of those assets. Impairment losses recognized for goodwill are not reversed in subsequent years should the value recover. Upon disposal or abandonment of a CGU, the carrying amount of goodwill allocated to that CGU is derecognized and included in the calculation of gain or loss on disposal or abandonment.

An impairment charge of $1,048,507 was recorded at December 31, 2012 (nil – December 31, 2011) (Note 4, 16).

Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

The Company did not have a rehabilitation provision as at December 31, 2012 or December 31, 2011.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. If the Company is virtually certain that some or all of a provision will be reimbursed, for example under an insurance contract, such reimbursement is recognized as a separate asset. Provisions may be discounted using a current pre-tax rate that reflects the risks specific to the liability. The expense relating to any provision is presented in the Consolidated Statement of Loss, Comprehensive Loss and Deficit.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, stock options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

Stock based payments

Where equity-settled stock options are awarded to employees, the fair value of the stock options are measured at the date of grant using the Black-Scholes option pricing model and is charged to the Consolidated Statement of Loss, Comprehensive Loss and Deficit over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Loss, Comprehensive Loss and Deficit over the remaining vesting period. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the stock based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. All equity-settled stock based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The fair value of stock options, subject to a vesting schedule, is recognized using the accelerated method and is measured using Black Scholes and assumptions at the time of vesting. The applicable fair value of any stock options which are exercised are transferred from contributed surplus to share capital. Management is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to management's estimate on forfeitures, if any, is recognized during the period.

Purchase warrants and broker compensation options
Purchase warrants are classified as equity and measured at fair value on the date of issue using the Black-Scholes option pricing model. Broker compensation options are classified as issuance costs and a deduction from equity and measured at fair value on the date of issue using the Black-Scholes option pricing model. The fair value of the purchase warrants and broker compensation options are not subsequently revalued.

Income recognition
Income associated with consulting are realized when all significant acts have been completed and when collection is reasonably assured. Interest income is accrued as earned.

Comprehensive income
Comprehensive income is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a year except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income for the period and other comprehensive income. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "other comprehensive income" until it is considered appropriate to recognize into net earnings.

The Company had no comprehensive income or loss transactions, other than its net loss, presented in the Consolidated Statements of Loss and Comprehensive Loss and Deficit, nor has the Company accumulated other comprehensive income during the periods that have been presented.

Income (loss) per share
Basic income (loss) per share is calculated by dividing net income (loss) and comprehensive income (loss) by the weighted average number of common shares outstanding for the period. The computation of diluted income (loss) assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted income (loss) per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. In years when the Company reports a comprehensive loss, the effect of potential issuances of shares under options and warrants would be anti-dilute, and therefore, basic and diluted loss per share are the same.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income taxes
Income taxes are calculated using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for timing differences between the tax and accounting basis of assets and liabilities, and for the recognition of accumulated capital and non-capital losses, which in the opinion of management, are more likely than not to be realized before expiry. Deferred tax assets and liabilities are presented as a non-current item and measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The effect on deferred income tax assets and liabilities resulting from a change in enacted tax rates is included in income in the period in which the change is enacted or substantively enacted.

Flow-through shares
Companies will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax expense for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

The Company has not issued any flow-through shares as at December 31, 2012 (nil – December 31, 2011).

Related party transactions
All transactions with related parties are in the normal course of business and are measured at the exchange amount.

Recent accounting pronouncements
The Company is currently evaluating the impact on its consolidated financial statements of recent accounting pronouncements, as follows:

IFRS 9 Financial Instruments
IFRS 9, Financial Instruments was issued by the IASB and will 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 through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 10 Consolidated Financial Statements
IFRS 10, Consolidated Financial Statements was issued by the IASB to replace IAS 27, Consolidated and Separate Financial Statement and SIC-12, Consolidation - Special Purpose Entities. IFRS 10 requires an entity to consolidate an investee when it has power over the investee, 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 is effective for annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements
IFRS 11, Joint Arrangements supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities -Non-monetary Contributions by joint venture partners. IFRS 11 requires a joint venture partner 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 joint venture partners 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 is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosures of Interests in Other Entities
IFRS 12 Disclosures of Interests in Other Entities was issued by the IASB to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates including the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurement
IFRS 13, Fair Value Measurement 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 does not always reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

IAS 19 Employee Benefits
In June 2011, the IASB issued amendments to IAS 19 - Employee Benefits that introduced changes to the accounting for defined benefit plans and other employee benefits. The amendments include elimination of the option to defer, or recognize in full in earnings, actuarial gains and losses and instead mandates the immediate recognition of all actuarial gains and losses in other comprehensive income and requires use of the same discount rate for both the defined benefit obligation and expected asset return when calculating interest cost. Other changes include modification of the accounting for termination benefits and classification of other employee benefits. The Company does not anticipate the application of the amended IAS 19 to have a material impact on its consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of estimates
The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements 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 income 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.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Rehabilitation provision
The rehabilitation provision is based on internal estimates. Assumptions, based on the current economic environment, are made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the recognized rehabilitation provisions may be higher or lower than currently provided for.

The Company did not have a rehabilitation provision at December 31, 2012.

Exploration and evaluation assets
The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year that the new information becomes available.

Title to mineral property interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Income taxes
Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8(d).

4. BUSINESS ACQUISITION

Ingenieria Y Gestion Del Territorio S.A. ("IGTER")
During the year ended March 31, 2010 the Company completed a transaction which resulted in the 100% equity acquisition of IGTER, a company incorporated under the laws of Colombia, for US$300,000 (CDN$316,110) and 2,000,000 common shares with a value of $810,000. The primary reason of the acquisition was to obtain an established human resource infrastructure with specialist knowledge of the Colombia mining industry. The value assigned to goodwill represents the expected synergies from the acquisition with intangible assets that do not qualify for separate disclosure.

The following summarizes the fair value of the assets and liabilities acquired in this transaction:

Cash assumed	$ 8,620
Accounts receivable	55,223
Exploration property	90,211
Property and equipment	10,998
Accounts payable	(84,433)
Legal reserve	(3,016)
Value assigned to goodwill	1,048,507
Total consideration	$1,126,110

An impairment charge of $1,048,507 had been recorded at December 31, 2012 (nil – December 31, 2011).

5. INVESTMENT CERTIFICATES

Investments certificates are redeemable on demand and earn a fixed percentage of interest per annum. The following amounts were held in investment certificates:

December 31, 2012	9,290
December 31, 2011	8,663

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Colombia	Exploration Assets	Evaluation Assets (Note 17)	Total
	$	$	$
Balance at March 31, 2011	1,057,582	6,376,242	7,433,824
Additions	1,836,530	2,008,948	3,845,478
Disposals	–	–	–
Impairment	(125,794)	–	(125,794)
Translation adjustment	–	–	–
Balance at December 31, 2011	2,768,318	8,385,190	11,153,508
Additions	–	3,214,358	3,214,358
Disposals	–	–	–
Impairment	–	–	–
Translation adjustment	(155,764)	242,040	86,276
Balance at December 31, 2012	**2,612,554**	**11,841,588**	**14,454,142**

(a) Guayabito Project

On October 18, 2007, the Company entered into a purchase option agreement ("Purchase Agreement") to acquire 100% interest of the Guayabito Project located in the Antioquia Department of Colombia. The payment terms of the Purchase Agreement totalled $1,600,000 USD plus 500,000 Am-Ves common shares and the retention of a 1% royalty. The $1,600,000 was paid in a series of payments beginning on October 18, 2007 with the final payment made in August 2010 when 100% ownership of the property was registered with the Colombian National Mining Registry in the name of the Company. The 500,000 Am-Ves common shares were issued on October 17, 2007**.** The Purchase Agreement also required the Company to incur $2,000,000 USD on a comprehensive exploration and development program. This commitment was met.

(b) Bullet Project

On April 9, 2009 the Company signed a contract (the "Contract") with Bullet Holding Corp. ("BHC") for the purchase of a 90% interest in certain mining titles in Colombia adjacent to the core Cisneros Project. The terms of the amended Contract required the Company to issue 1,062,500 common shares and 531,250 warrants (each warrant entitled the holder to purchase 1 additional common share for $0.40 per share prior to expiry on November 12, 2011). All common shares and warrants were issued on November 12, 2009. The Contract also required the Company to incur $2,000,000 USD in exploration expenditures by October 9, 2010 on any of the Company's Cisneros Project. This commitment was met. The Contract provided BHC with a 10% free carried interest until December 30, 2011 (extended from December 31, 2010). BHC was given an extension to January 31, 2012 to evaluate the geology report and data collected during 2011. BHC converted the 10% interest into a 1% net smeltor return (NSR) on January 31, 2012.

(c) Pacho Luis Property

On May 19, 2010 the Company entered into a purchase contract for a mining title known as the Pacho Luis lands, a part of the Cisneros Project in Colombia. The acquisition cost was comprised of a cash deposit of $50,000 USD and 150,000 common shares to be issued upon title registration. The common shares were issued on June 22, 2011 upon registration of 100% of the mining title at the Colombia National Mining Registry (note 8(b)). The value of the shares was determined to be $34,500, based on the trading price of the Company's shares three days before and three days after the shares were issued.

Impairment of $125,795 for the period ended December 31, 2011 represents impairment of other minor properties.

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Plant & Warehouse $ (Note 17)	Land $ (Note 17)	Office & Computer Equipment $ (Note 17)	Vehicle $	Total $
Balance at March 31, 2011	–	–	123,416	99,900	223,316
Additions	160,384	84,872	74,941	31,180	106,121
Translation adjustment	–	–	–	–	–
Balance at December 31, 2011	160,384	84,872	198,357	131,080	574,693
Additions	524,248	–	36,395	3,742	564,385
Dispositions	–	–	–	(15,245)	(15,245)
Translation adjustment	–	–	(4,292)	–	(4,292)
Balance at December 31 , 2012	684,632	84,872	230,460	119,577	1,119,541
Depreciation					
Balance at March 31, 2011	–	–	32,475	16,626	49,101
Depreciation for the period	–	–	17,294	19,606	36,900
Translation adjustment	–	–	–	–	–
Balance at December 31, 2011	–	–	49,769	36,232	86,001
Depreciation for the period	7,942	–	25,756	23,612	57,310
Translation adjustment	–	–	–	–	–
Balance at December 31, 2012	7,942	–	75,525	59,844	143,311
Carrying amounts					
Balance at March 31, 2011	–	–	90,941	83,274	174,215
Balance at December 31, 2011	160,384	84,872	148,588	94,848	488,692
Balance at December 31, 2012	**676,690**	**84,872**	**154,935**	**59,733**	**976,230**

In February 2012, the Company acquired crushing, grinding and flotation equipment (O'Brien Gold Mill) situated in Cadillac, Quebec. The Company is expecting delivery of the O'Brien Gold Mill to its site in Colombia.

8. SHARE CAPITAL

(a) Authorized: Unlimited common shares

(b) Common shares issued:

	Shares	Amounts
Balance at March 31, 2011	100,626,326	$18,618,167
Acquisition of mining title (note 6(c))	150,000	34,500
Balance at December 31, 2011	100,776,326	18,652,667
Issued pursuant to private placement (iv)	23,658,000	2,365,800
Share issue costs pursuant to private placement (iv)		(11,287)
Black-Scholes on warrants issued (iv)		(53,822)
Issued pursuant to private placement (v)	14,117,048	1,694,046
Share issue costs pursuant to private placement (v)		(10,977)
Black-Scholes on warrants issued (v)		(301,131)
Balance at December 31, 2012	**138,551,374**	**$22,335,296**

(c) Warrants issued:

	Warrants	Amounts
Balance at March 31, 2011	12,980,252	$1,813,465
Expiry of warrants	(12,131,285)	–
Balance at December 31, 2011	848,967	1,813,465
Issued pursuant to a private placement (iv)	11,829,000	53,822
Issued pursuant to a private placement (v)	5,537,692	267,609
Issued pursuant to a private placement (v)	1,520,833	33,522
Expiry of warrants	(848,967)	–
Balance at December 31, 2012	**18,887,525**	**$2,168,418**

The following table summarizes warrants outstanding at December 31, 2012:

Date of expiry	Warrants Outstanding	Exercise price
November 15, 2013	11,829,000	$0.20
March 30, 2013	5,537,692	$0.25
April 15, 2013	1,520,833	$0.25

8. SHARE CAPITAL (CONT'D)

(d) Stock options

The Company has a stock option plan that provides for the issuance to its directors, officers, employees and consultants options to purchase from treasury a number of common shares not exceeding 10% of the common shares that are outstanding from time to time which is the number of shares reserved for issuance under the plan. Options granted under the plan vest at the time of the grant. The options are non-transferable if not exercised. The following tables summarize information regarding stock options for the period ended December 31, 2012:

	Number	Weighted average exercise price
Balance, March 31, 2011	6,475,280	$0.36
Granted	4,612,500	0.40
Expired	(2,219,430)	0.30
Cancelled/Forfeited	(37,500)	0.34
Balance at December 31, 2011	8,830,850	0.39
Expired	(1,778,350)	0.43
Cancelled/Forfeited	(770,000)	0.40
Balance at December 31, 2012	**6,282,500**	**$0.38**

Date of grant	Number of options outstanding	Exercise price	Remaining life *(yrs)*	Date of Expiry	Exercisable Options
Apr 12, 2010	30,000	$0.34	0.28 years	Apr 12, 2013	30,000
Sep 14, 2010	150,000	$0.25	0.70 years	Sep 14, 2013	150,000
Oct 26, 2010	980,000	$0.35	2.82 years	Oct 26, 2015	980,000
Nov 11, 2010	400,000	$0.35	2.86 years	Nov 11, 2015	400,000
Feb 3, 2011	300,000	$0.365	3.09 years	Feb 3, 2016	300,000
Mar 23, 2011	250,000	$0.32	3.23 years	Mar 23, 2016	250,000
May 11, 2011	100,000	$0.40	3.36 years	May 11, 2016	100,000
Jun 8, 2011	250,000	$0.40	3.44 years	Jun 8, 2016	250,000
Nov 1, 2011	3,822,500	$0.40	3.84 years	Nov 1, 2016	3,822,500
Total	**6,282,500**				**6,282,500**

(i) On May 11, 2011, the Company granted 100,000 stock options to consultants conducting investor relations activities for the Company. These stock options vest as to 25% every three months after the date of grant such that that the consultant will be able to exercise 100% of the option upon the conclusion of twelve months from the date of grant. These stock options expire in five years from the date of grant. The following assumptions were used to estimate the fair value ($17,562) of these stock options: dividend yield – nil; expected volatility – 129%; risk free rate of return 2.0%; weighted average life – 5 years; forfeiture rate – 12.7%.

8. SHARE CAPITAL (CONT'D)

(ii) On June 8, 2011, the Company granted 250,000 stock options to a director of the Company. These stock options vest immediately and expire in five years from the date of grant. The following assumptions were used to estimate the fair value ($40,445) of these stock options: dividend yield – nil; expected volatility – 129%; risk free rate of return 1.5%; weighted average life – 5 years; forfeiture rate – 13.5%.

(iii) On November 1, 2011, the Company granted 4,262,500 stock options at an exercise price of $0.40 per share. The stock options expire five years from the date of grant. The options were granted to various individuals as follows:

Officers and directors	3,225,000
Employees	487,500
Consultants	300,000
Investor relations consultants	250,000
Total	4,262,500

Options granted to investor relations consultants vest in accordance with the terms of the Company's stock option plan (25% at the end of each quarter after the date of grant). All other options vest immediately. All options expire in five years from the date of grant. The following assumptions were used to estimate the fair value ($472,397) of these stock options: dividend yield – nil; expected volatility – 122-160%; risk free rate of return 1-1.1%; weighted average life – 5 years; forfeiture rate – 10.4%.

(iv) On May 15, 2012 the Company issued 23,658,000 common shares at $0.10 per share for cash consideration of $2,365,800 less share issue costs of $11,287 pursuant to a non-brokered private placement of units. Each unit consisted of one common share and one-half of one common share purchase warrant exercisable at $0.20 for a period of six months from the date of issuance. The exercise period was extended for one year on November 7, 2012 and the warrants have a new expiry date of November 15, 2013. The fair value of the warrants issued was determined using the Black-Scholes options pricing model with the following assumptions: dividend yield – NIL, expected volatility – 104%, risk free rate of return – 1.29% and a life of six months.

(v) On October 30, 2012 the Company issued 11,075,383 common shares at $0.12 per share for cash consideration of $1,329,046 less share issue costs of $10,977 pursuant to a non-brokered private placement of units. Each unit consisted of one common share and one-half of one common share purchase warrant exercisable at $0.25 for a period of six months from the date of issuance. The fair value of the warrants issued was determined using the Black-Scholes options pricing model with the following assumptions: dividend yield – NIL, expected volatility – 202%, risk free rate of return – 1.10% and a life of six months.

(vi) On December 13, 2012 the Company issued 3,041,665 common shares at $0.12 per share for cash consideration of $365,000 pursuant to a non-brokered private placement of units. Each unit consisted of one common share and one-half of one common share purchase warrant exercisable at $0.25 for a period of six months from the date of issuance. The fair value of the warrants issued was determined using the Black-Scholes options pricing model with the following assumptions: dividend yield – NIL, expected volatility – 206%, risk free rate of return – 1.12% and a life of six months.

9. CONTRIBUTED SURPLUS

The following table presents changes in contributed surplus:

Balance at March 31, 2011	$1,503,480
Stock based compensation	539,078
Balance at December 31, 2011	$2,042,558
Stock based compensation	23,634
Balance at December 31, 2012	**$2,066,192**

10. RELATED PARTY TRANSACTIONS

The following table summarizes the Company's related party transactions:

	Year Ended December 31, 2012	Nine months Ended December 31, 2011
Management fees [1]	469,730	313,702
Evaluation assets [2]	57,000	162,000
Professional fees [3]	–	44,000
Stock options issued to officers and directors	–	3,475,000

[1] Paid to companies owned by four officers of the Company. During the year ended December 31, 2012, $226,600 was paid to three companies owned by current officers of the Company and $243,130 was paid to one company owned by a former officer of the Company. There was $4,200 in accounts payable and accrued liabilities at December 31, 2012 ($39,674 at December 31, 2011). There was no amount owing to the company of the former officer at December 31, 2012.

[2] Paid to a company owned by an officer of the Company. There was no amount recorded in accounts payable and accrued liabilities at December 31, 2012 ($19,000 at December 31, 2011).

[3] Paid to the relative of the former General Manager of AGD Colombia. There was no amount recorded in accounts payable and accrued liabilities at December 31, 2012 ($3,712 at December 31, 2011).

These amounts incurred are in the normal course of business and are measured at the exchange amount.

11. SEGMENTAL REPORTING

The Company operates in one geographic centre and is organized into business units based on mineral properties. It has one reportable operating segment, being that of exploration and evaluation activities in Colombia.

12. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base with the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company ensures as much as possible that it will have sufficient liquidity to meet liabilities when due. The Company considers its capital structure to include working capital, and common share capital. In order to maintain or adjust the capital structure, the Company may from time to time issue common shares or other securities, sell assets or adjust its capital spending to manage current and projected working capital levels. The Company has not changed its policy from prior years.

Due to long lead times on several of the Company's exploration and development projects, from time to time the Company secures capital to fund its investments in mineral projects in advance which results in a net working capital balance. As exploration projects progress the Company expects the net working capital balance to significantly decrease from current levels, and additional capital will be required to fund additional projects. If the Company is unsuccessful in raising additional capital, the Company may have to sell, farm out or forfeit rights to some or all of its mineral properties. The Company is not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, market risk, foreign currency risk, commodity price risk, interest rate risk and fair value.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework and monitors risk management activities. Management identifies and analyzes the risks faced by the Company and may utilize financial instruments to mitigate these risks.

Credit risk
Cash and cash equivalent consist of bank balances and short term deposits maturing in less than one year. The Company manages the credit exposure related to short term investments by selecting counterparties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset backed commercial paper. At December 31, 2012 cash deposits were concentrated at one major Canadian Chartered bank.

The carrying amount of accounts receivable and cash and cash equivalent represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts as at December 31, 2012, and did not provide for any doubtful accounts nor was it required to write off any receivables during the nine months ended December 31, 2012.

Market risk
Market risk is the risk that changes in market factors, such as foreign exchange rates, commodity prices, and interest rates, and liquidity will affect the Company's net income or the value of financial instruments. The objective of market risk management is to mitigate risk exposures within acceptable limits, while maximizing returns.

13. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company is exposed to foreign currency fluctuations as certain transactions are denominated in Colombian Pesos and United States of America dollars. Foreign exchange expense for the year ended December 31, 2012 was $81,984.

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars and US dollars. The Company funds major exploration expenses in Colombia pesos. If the Colombian peso appreciated by 10%, the Company's net loss would increase by approximately $66,708 and total assets would increase by approximately $917,503. If the Colombian peso depreciated by 10%, the Company's net loss would decrease by approximately $60,644 and total assets would decrease by approximately $834,094. The Company does not manage its foreign currency risk.

The Company had no forward exchange rate contracts in place as at or during the year ended December 31, 2012 (nil – 2011).

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions without incurring unacceptable losses, relinquishment of properties or risking harm to the Company's reputation.

The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary to provide current cash flow estimates. The Company also utilizes authorizations for expenditures on projects to further manage capital expenditures. To facilitate the capital expenditure program, the Company has raised capital through the issuance of common shares. Additional financing will be required to complete planned capital programs. The Company's financial liabilities as at December 31, 2012, consist of accounts payable and accrued liabilities.

Commodity price risk
Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Significant changes in commodity prices can materially impact the Company's financial results. Lower commodity prices can reduce the Company's ability to raise capital. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand.

Commodity prices, and in particular gold spot prices, fluctuate and are affected by factors outside of the Company's control. The current and expected future spot prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements.

Interest rate
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no interest-bearing outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

13. FINANCIAL INSTRUMENTS (CONT'D)

Fair value
Fair value is determined using the following methods and assumptions:
The carrying value of cash and cash equivalents, accounts receivable, GST receivable, accounts payable and accrued liabilities, and customer deposits approximate their fair value due to the relatively short periods to maturity of these instruments.

All financial instruments that are measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the comparable asset or liability, either directly or indirectly.
Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments

The Corporation's only instrument that is carried at fair value is cash and cash equivalents and is considered Level 1 in the hierarchy.

Sensitivity analysis
Instruments held for trading
The Company believes that the movements in investments held for trading that are reasonably possible over the next twelve-month period will not have a significant impact on the Company. The Company believes that its cash position and short-term investments provide adequate liquidity to meet all of the Company's near-term obligations.

14. COMMITMENTS AND CONTINGENCY

The Company has the following commitments under agreements entered into before December 31, 2012:

(a) The Company had four service contracts in place with companies owned by three officers of the Company providing consulting services to the Company and one consultant providing consulting services to the Company. The total commitment under these contracts at December 31, 2012 was $55,000 per month. Three contracts, for amounts of $40,000 per month were terminated in March, 2013.

(b) On July 19, 2010, the Company entered into an office lease agreement for approximately $6,500 per month for a period of five years commencing September 1, 2010 and ending August 31, 2015. The Company sublet the office space effective February 1, 2011 for the duration of the lease at a net loss of $212 per month.

14. COMMITMENTS AND CONTINGENCY (CONT'D)

(c) Effective March 1, 2010 the Company adopted a resolution whereby each non-contracted Director be paid a $1,500 per month fee to be earned at the time that any stock options or warrants are exercised by the director. The Director will be required to pay for the stock options or warrants exercised in full at the time of exercise. Upon exercise and payment of the stock options or warrants, the Director will then receive payment for contingent Directors' fees to date, which amount shall not exceed the amount of the exercise of stock options or warrants. This amount represents a contingent liability and will only be paid to a Director under the following conditions; 1) they continue to be a Director, 2) they pay for the options and warrants exercised in full at the time of exercise, and 3) they exercise their options and warrants. The potential commitment at December 31, 2012 is $144,000 (December 31, 2011 - $121,500).

In December 2010, the Company was served an action started by a former consultant. The Company settled and paid the claim in December 2012 for $126,500.

15. INCOME TAX

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the net loss and comprehensive loss due to the following:

	December 31 2012	December 31 2011
Statutory Rate	25.0%	25.0%
Loss before income taxes	$(370,161)	$ (436,566)
Non-deductible portion of meals and entertainment	–	1,623
Stock based compensation	5,909	134,770
Share issue costs	5,566	–
Valuation allowance	358,686	300,174
Income tax (recovery) expense	–	–

The tax effect of temporary differences that would give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2012 was as follows:

	December 31 2012	December 31 2011
Statutory Rate	25%	25%
Non-capital losses available	$1,810,784	$ 1,157,449
Share issue costs	179,778	198,038
Deferred income tax assets	1,990,482	1,355,487
Deferred income tax liabilities	(510,275)	(1,286,931)
	1,480,208	68,557
Less: Valuation allowance	(1,480,208)	(68,557)
Net deferred income tax assets and liabilities	–	–

15. INCOME TAX (CONT'D)

The Company has placed a full valuation allowance on its excess tax assets due to a lack of past taxable profits. It does not believe significant income tax obligations will occur in the near future. At December 31, 2012, the Company has the following unused tax losses available for tax carry-forward purposes in Canada:

Expiry	Amount
2014	$ 24,000
2015	24,000
2026	24,000
2028	215,542
2029	475,459
2030	1,776,536
2031	1,790,085
2032	1,432,549
2033	1,480,644
	$7,242,815

As at December 31, 2012 the unused tax losses available for tax carry forward purposes was $7,242,815 (December 31, 2011 - $5,762,171). The estimated taxable income for the year ended December 31, 2012 is $Nil (December 31, 2011: $Nil). It cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by an equivalent estimated taxable temporary difference valuation adjustment. The estimated taxable temporary valuation allowance will be adjusted in the period in which it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

16. GOODWILL

The following table presents changes in goodwill:

Balance at March 31 & December 31, 2011	$1,048,507
Impairment of goodwill	(1,048,507)
Balance at December 31, 2012	**$ -**

The value assigned to goodwill represented the expected synergies from the acquisition IGTER. The human resource infrastructure acquired on acquisition is no longer in place and there is no further value recognizable. As a result, the full value of the goodwill was impaired at December 31, 2012.

17. SUBSEQUENT EVENTS

(a) On February 19, 2013 the Company announced closing of a non-brokered private placement (the "Private Placement") for aggregate gross proceeds of $250,000 via the issuance of 2,083,334 units (the "Units") at $0.12 per Unit (the "Offering") less share issue costs of $2,554. Each unit consisted of one common share and one-half of one common share purchase warrant exercisable at $0.25 for a period of six months from the date of issuance.

(b) The Company signed a service contract for $20,000 USD per month with an officer who will be providing services to the company effective April 1, 2013.

18. RECLASSIFICATION

During the year, the company reclassified certain comparative figures to provide information that is more reliable and more relevant. Therefore, certain comparative figures were reclassified to conform with the current presentation. As a result of the reclassification, the following changes were made for the year ended December 31, 2012 Evaluation assets decreased by $245,256 and Property, plant and equipment increased by $245,256.