ANTIOQUIA GOLD INC.

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Form 51-102F1
Management Discussion and Analysis
For
Antioquia Gold Inc.
June 30, 2010

For the Year Ended March 31, 2010

The following management discussion and analysis of the financial position of Antioquia Gold Inc. (the "Company" or "Antioquia") should be read in conjunction with the audited financial statements for the years ended March 31, 2009 and 2010. This MD & A is effective as of August 30, 2010.

The accompanying financial statements are presented in accordance with Canadian generally accepted accounting principles.

Forward Looking Information

Certain statements contained in the following Management Discussion and Analysis constitutes forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results and achievements expressed or implied by such forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are also advised to consider such forward-looking statements while considering the risks set forth below.

Caution Regarding Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of gold; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, “believes”, or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results “may”, “could", "would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

• The Company’s goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic gold;
• Management’s assessment of future plans for the Company’s Cisneros Project;
• Management’s economic outlook regarding future trends;
• The Company’s expected plans regarding the exploration plans for The Cisneros Project, and in particular, the availability of skilled labour, timing and the amount of the expected exploration budget ;
• The Company’s ability to meet its working capital needs at the current level in the short term;
• Expectations with respect to raising capital;
• Sensitivity analysis on financial instruments may vary from amounts disclosed; and
• Governmental regulation and environmental liability.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Corporate Background

On July 30, 2008, Antioquia Gold Inc. (formerly High American Gold Inc.) (the "Company") completed a transaction with Am-Ves Resources Inc. ("Am-Ves") a company which was incorporated under the laws of Alberta on January 19, 2006. The company acquired 100% of the outstanding shares of Am-Ves. This transaction has been accounted for as a reverse takeover as the control of Antioquia Gold Inc. was acquired by the shareholders of Am-Ves. Prior period results and comparatives are those of Am-Ves and its subsidiaries. On March 31, 2009 Antioquia Gold Inc. and Am-Ves were amalgamated under the laws of Alberta, and are now one company operating under the name Antioquia Gold Inc. The company owns 100% of Antioquia Gold Ltd., a Barbados company, which in turn has a branch registered to do business in Colombia, South America. On December 2, 2009 the company completed the 100% acquisition of Ingenieria Y Gestion Del Territorio S.A. ("IGTER") a company incorporated under the laws of Colombia. All the mineral exploration activities of the company are in Colombia.

Antioquia Gold Inc. (formerly High American Gold Inc.) changed its name from High American Gold Inc. to Antioquia Gold Inc. on July 29, 2008. High American Gold Inc. was formed pursuant to an Amalgamation Agreement dated April 25, 1997 involving Stromatalite Resource Corp. and Intex Mining Company Limited.

On October 18, 2007, Am-Ves entered into a purchase option agreement (the "**Guayabito Purchase Agreement**") to acquire 100% interest of the Guayabito Project (the "**Guayabito Project**") located in the Antioquia Department of Colombia. The Guayabito Project is made up of two divisions totalling 178 hectares and the Company will obtain mining rights for gold, silver and associated minerals. The payment terms of the Guayabito Purchase Agreement, totalled US$1,600,000 plus 500,000 Am-Ves common shares and the retention of a 1% royalty. The related percentage of interest acquired once payment is made are as follows:

1.	October 18, 2007	US$100,000	non-refundable advance to be applied to last payment, - paid on October 11, 2007
2.	December 15, 2007	US$150,000	20% ownership acquired, paid on January 16, 2008
3.	June 15, 2008	US$250,000	this scheduled payment was subsequently amended as follows:
	a) June 15, 2008	US$75,000	paid on June 20, 2008
	b) July 15, 2008	US$25,000	paid with 2% monthly interest accrued starting June 16, 2008
	c) September 15, 2008	US$150,000	paid with 2% monthly interest accrued starting June 16, 2008. 20% ownership acquired for a 40% total interest
4.	December 31, 2008	US$300,000	this scheduled payment was subsequently

			amended as follows:
	a) February 15, 2009	US$ 20,000	Paid on February 17,2009 to acquire 20% 20% ownership held in trust until an additional US$280,000 is paid
	b) July 15, 2009	US$42,000	Payment of accrued interest from December 31, 2008 to defer payment of US$300,000 and negotiate a new payment schedule on remaining interests
	c) September 16, 2009	US$22,000	Interest paid up to September 15, 2009 on the US$300,000 due. Payments scheduled for October 1, November 1 and December 1, 2009, of US$100,000 each, were paid on time.
5.	December 31, 2009	US$400,000	20% ownership acquired through the issuance of US$400,000 in common stock equivalent.
6.	February 23, 2010	US$200,000	A payment of US$200,000 was paid to register the last 20% ownership to make 100% ownership. The final US$200,000 will be paid once the 100% is registered in the Colombian National Mining Registry in the name of AGD. This payment was made in August 2010.

In addition the Guayabito Purchase Agreement required the Company to:

(i) Issue 500,000 Am-Ves common shares at a price of $0.20 to the vendors of the Guayabito Project, prior to the Exchange Agreement. The Am-Ves common shares were issued on October 17, 2007;

(ii) Pay 1% in royalties from net production from the Guayabito Project lands; and

(iii) Spend US$2,000,000 in a comprehensive exploration and development program with the objective of producing a bankable feasibility study that would allow for a mine development decision to be made by December 15, 2011.

The Guayabito Purchase Agreement also provided the Company with the option to acquire further lands from private sources ("**La Manuela Property**"), and this option was exercised resulting in the addition of 101 hectares near the Guayabito Project lands. The final La Manuela Property option payment of US$65,000 was extended to the end of September 2009 at which time it was paid with interest at 2% per month.

On July 30, 2008, the Company closed the Am-Ves Transaction. Pursuant to the terms of the Am-Ves Transaction, the Company acquired all of the issued and outstanding common shares and warrants of Am-Ves in consideration for the issue of common shares and warrants of the Company. As part of the Am-Ves Transaction, the former shareholders of Am-Ves received 23,603,000 common shares of Antioquia, of which 6,129,100 are subject to an escrow period of 3 years with 10% of the shares being released from escrow upon the completion of the Am-Ves Transaction and 15% of the balance of the shares being released every 6 months thereafter. In addition, a four-month TSX Venture Exchange ("**TSXV**") hold period was imposed on 6,930,000 common shares of Antioquia that were held by certain founders of Am-Ves pursuant to section 10.7 of the TSXV Policy 5.4.

Concurrent with the completion of the Am-Ves Transaction, the Company also closed a brokered private placement (the "**Brokered Private Placement**") of 4,380,000 units (the "**Units**") at $0.20 per Unit for gross proceeds of $876,000, with one Unit comprised of one common share and one half of a warrant (a "**Unit Warrant**"), with one full Unit Warrant entitling the holder to purchase one common share at $0.30 per share for 18 months from closing of the Brokered Private Placement.

Macquarie Private Wealth Inc. ("**Macquarie**", formerly Blackmont Capital Inc.) acted as agent for the Brokered Private Placement. In consideration of its services in connection with the Brokered Private Placement, Macquarie received a corporate finance fee of $40,000 (plus applicable taxes) and shared a cash commission of $87,600 and 438,000 broker warrants with members of the selling group. The broker warrants allow their holders to purchase, at any time until the 18-month anniversary of the closing of the Brokered Private Placement, 438,000 Units at $0.20 per Unit.

Concurrent with the Brokered Private Placement, Am-Ves also completed a non-brokered private placement (collectively with the Brokered Private Placement, the "**Private Placements**") of 1,140,000 Units for gross proceeds of $228,000. Total finders fees of $1,500 were paid in connection with the closing of the non-brokered private placement.

The Company announced on October 17, 2008, and on April 17, 2009, the purchase agreement (the "**BHC Agreement**") with Bullet Holding Corp. ("**BHC**"), a private company with a large portfolio of mining concessions in Colombia, to acquire a 90% interest in two concessions, totaling 5,243 hectares, adjacent to Antioquia's existing Guayabito Property in the Cisneros area of Antioquia, Colombia. This agreement was amended and allowed Antioquia to acquire up to 90% interest in the subject BHC concessions (Santo Domingo Properties) by October 9, 2010, in exchange for up to 1,062,500 Antioquia common shares and 531,250 Antioquia warrants, where each warrant entitles the holder to purchase one Antioquia common share at a price of $0.40 per share exercisable for 24 months from the date of issue. Under the BHC Agreement, the Company is also obligated to fulfill US$2 million in exploration expenditures by October 9, 2010. All of the conditions of the acquisition of 90% have been met and paid for. Antioquia is awaiting final registry of its 90% in the Colombian National Mining Registry.

On November 11, 2009, the Company's wholly owned subsidiary Antioquia Gold Ltd. acquired Ingeniería y Gestión del Territorio S.A. ("IGTER") of Medellin, Colombia. IGTER from its shareholders for cash payments totaling US$ 300,000 and the issuances on December 2, 2009 of two million common shares. The acquisition of IGTER provides a permanent presence in Colombia and supplies a dedicated team of core Colombian professionals. The acquisition also provides a large inventory of exploration targets throughout Colombia for future growth of Antioquia.

On June 2, 2010 the Company took possession of 31,997 hectares of prime exploration lands comprising six project areas from Sociedad Soratama, Sucursal Colombia ("Soratama"), a wholly-owned subsidiary of Barrick Gold Corporation ("Barrick") pursuant to a pre-existing agreement between Soratama and Ingeniería y Gestión del Territorio S.A. ("IGTER"), the Company's wholly-owned subsidiary. Soratama retains a back-in option if more than 2 million ounces of proven and probable ounces of gold equivalent are quantified on a given project. If the back-in option is exercised, Soratama would retain 75% of the property for a multiple of three times expenditures to date plus a modest fee for each ounce quantified, and the Company would retain 25% of the project. If the back-in option is not exercised, Sorotama would then be entitled to a 2% net smelter return (NSR) under certain conditions. There are no minimum earn-ins or exploration expenditures required from the Company to maintain 100% ownership of the concessions.

As a result of changes to mining laws in Colombia, mining companies became obligated to pay a claim fee by May 8, 2010 on proposals for any concession that was subject to certain technical conditions or claims status. Since the lands subject to the Soratama-IGTER agreement fell under those stipulations, the two companies reviewed their respective interests to determine what would be kept by IGTER. In all, IGTER/Antioquia vetted over 200,000 hectares of land that was subject to the agreement, and accepted possession and control of 31,983 hectares. To retain these concessions and keep them current, Antioquia paid the claim fees due, which amounted to US$270,500, by the stipulated date.
The following leases were acquired,

Project Area	**Department**	**Hectares**
Concordia-Betulia	Antioquia	12,387
Caicedo	Antioquia	3,156
Jerico	Antioquia	3,105
Gavia	Antioquia	2,887
Manizales Norte	Caldas	10,091
Aquadas	Caldas	371
TOTAL		31,997

Overall Performance

The Company is a mineral exploration company with no producing properties and therefore no source of income. The objective of the Company is to explore for and hopefully discover economic reserves in Colombia. Capital is raised from shareholders to fund the Company's activities and operations.

Antioquia has been successful in establishing a substantial presence in Colombia, through the acquisition of 37,622 hectares of mineral leases, the hiring of highly competent professionals and staff, the establishment of offices facilities in Medellin, and the successful exploration program at the Company's Cisneros Project described more fully below. The Company balances the planned expenditures to planned fund-raising.

Colombia is seeing a major increase in mining exploration activities from international mining companies after having been largely ignored because of the risks of doing business in Colombia. Colombia has changed markedly for the better and Antioquia being one of the first companies to see the new opportunities, is positioned to pursue these opportunities.

Selected Annual Information

The summary below highlights key financial and performance results, in dollars:

	Three Months Ended Jun 30, 2010	Year Ended Mar 31, 2010	Year Ended Mar 31, 2009
Total Revenues	$57,875	$1,287	$1,126
Net Loss	$259,458	$1,652,024	$610,375
Loss per share	$0.004	$0.03	$0.03

	As at Jun 30, 2010	As at Mar 31, 2010	As at Mar 31, 2009
Cash	$214,424	$1,664,509	$14,259
Total Assets	$8,460,929	$8,374,602	$2,007,366
Total Liabilities	$709,553	$401,547	$438,097
Shareholders' Equity	7,751,376	$7,973,055	$ 1,569,269

Results of Operations

The Company incurred a loss of the three months ended June 30, 2010 of $259,458 (2009 - $115,998) and a loss of $1,652,024 for the year ended March 31, 2010, compared to a loss of $610,375 for year ended March 31, 2009. The increased loss reflects the increased business activity of the Company as it acquired the Guayabito and La Manuela properties in Colombia, commenced exploration activities in Colombia and raised capital needed to fund its activities. Exploration expenditures during the three months ended June 30, 2010 were $1,365,825 and were $2,485,999 for the year ended March 31, 2010.

Antioquia Business

Antioquia is a mineral exploration company with headquarters in Calgary, Canada and operations in Colombia. The company trades on the Toronto Venture Exchange under the symbol AGD.

Antioquia has been successful in establishing a substantial presence in Colombia, through the acquisition of 37,622 hectares of mineral leases including 5,630 Hectares at its flagship Cisneros Project, and by the hiring of highly competent professionals and staff, and the establishment of offices facilities in Medellin,

Cisneros Project

The Company’s principal asset, its Cisneros Project,is located 55 kilometers northeast of Medellin in the Department of Antioquia, Colombia. The Cisneros Project consists of 9 contiguous mineral dispositions covering 5,630 Hectares.

The property is located geologically on a large granodiorite intrusive called the Antioquia Batholith, where mineralization is structurally controlled and mesothermal. A structural interpretation of the structure, provided by Bob Casaceli suggests that the Nus structure has acted as a left-lateral strike-slip fault that has locally created en echelon dilational jogs with maximum extension having been developed along secondary north-south faults, such as the Guaico structure, where attendant low-pressure zones favoured fluid injection and subsequent gold deposition. This interpretation explains why higher gold grades at Cisneros tend to occur along north-south faults, and along east-west faults near intersections with north-south faults. This interpretation also provides better targeting parameters for ongoing exploration.

The Cisneros Project is comprised of the following properties,

Area	Ownership Status	Hectares	Acres
Guayabito	100% owned	178.35	440.7
La Manuela	100% owned	100.46	248.2
Santo Domingo	90%/10% JV	5,242.89	12,955.0
Pacho Luis	100% owned	103.72	256.3
Trocito	100% owned	4.74	11.7
Total Cisneros Project Lands		5,630.16	13,911.9

Exploration work completed by the Company on the Cisneros Project to date includes:

- geological mapping and of the property at 1:5,000 scale, with detailed scale mapping of specific prospects, structures and artisanal tunnels (There are at least 60 historic artisanal tunnels in the area where locals extracted gold for over 100 years).
- Geochemistry programs consisting of rock samples (surface and artisanal tunnels), soil and stream sediment sampling, and trenching (on going)
- Ground Magnetometer, VLF EM and IP Geophysics (ongoing)
- Core drilling
- Preliminary metallurgical testing and analysis

The exploration work resulted in the identification of more than a dozen high quality drill targets (prospects), 5 of which have been the target of drilling to date and are described below.

To date the company has drilled 67 core holes totaling approximately 9,300m on the Cisneros Project. Drilling on the Cisneros project is ongoing and results from 61 holes have been publically released, with assays pending on the remaining holes.

Five prospects (mineralized structures/zones) have been drilled on the Cisneros Project – the Guayabito Prospect, the Chapulin Prospect, the Manuela Prospect, and the Guaico Prospect (containing the Guaico and Nus structures).

The Guayabito and Guaico prospects have been the focuss of the majority of drilling to date, with 2,264 meters (20 core holes) on the Guaico – Nus structures and 3,114 meters meters (17 core holes) on the Guayabito prospect.

Highlights of the drilling program can be found on the Antioquia website www.antioquiagoldinc.com and on Sedar in the press releases.

In addition, geochemical surveys, trenching and surface and artisanal tunnel sampling are ongoing, on both a detailed and property scale, bringing the total number of geochemical samples on the property to over 2,300 (excluding drill core samples).

Activities During the Three Months Ended June 30, 2010

Thoughout the quarter Antioquia continued drilling on its phase 2 drill program, adding 26 new drill holes (PC10-06 through PC10-32) totalling 3,993m. Twelve of the new holes totalling 2,124m were drilled on the Guayabito prospect and fourteen, totalling 1,887m were drilled on the Guaico prospect (Guaico and Nus structures).

The company released assay results on 21 drill holes on June 14, PC-10-01 through PC10-20 in the Guaico Nus prospect area and PC10-21 from the Guayabito prospect area

Highlights of the Guaico Nus assay results include:

- Guaico structure - up to 4.4 metres @16.6 g/t Au, including 1.0 metres @ 61.8g/t Au;
- Nus structure - up to 24 metres @ 2.6 g/t Au, including 11.2 metres @ 5.4g/t Au and 1.6 metres @16.7 g/t Au.
- Guayabito 37.2 metres at 4.5 g/t Au, including 5.3 metres at 9.0g/t Au, 7.8 metres at 5.9 g/t Au and 7.3 metres at 9.3 g/t Au

The Company has now drilled 12 intercepts in the Guaico structure (8 new and 4 previous holes from the 2009 drill program) over a strike length of 200 metres and to a vertical depth of 120 metres. The structure is open to depth and to the north.

Antioquia Gold has drilled 14 intercepts in the Nus structure (10 new drill holes and 4 drill holes from the 2009 drill program) over a strike length of about 450 metres and to a vertical depth from surface of 100 metres. The Nus structure remains open at depth and along strike, to both the east and the west. In addition, Antioquia Gold has surface channel samples (Trapiche Channel) within the Nus structure, with values up to 8 g/t Au, located 500 metres east of the current drilling program, for a total defined strike length of about 950 metres.

The company has also continued with aggressive surface trenching, sampling programs and ground geophysics throughout the period.

Exploration subsequent to June 30, 2010

From June 30 to date the company drilled an additional 5 holes for an additional 990 meters on the Guayabito Prospect.

On August 9, 2010 the company released assay results on 11 more drill holes (PC10-21-PC10-31) from the Guayabito prospect area. Highlights of this report include drill hole PC10-26 encountering 5.1 meters at 9.3 g/t gold, including 1.0 m at 39.0 g/t gold and PC10-24 encountering 25.9 meters at 1.6 g/t gold including 0.30m at 28.8 g/t gold and 0.6 meters at 17.3 g/t gold. Results are pending on six drill holes in the Guayabito area.

The company is currently working on refining the geological model and structural correlation to be used as a basis for preliminary resource estimates at both Guayabito and Guaico.

Surface trenching, sampling programs and ground geophysics continued since the end of the quarter.

Future Exploration Activities

Future exploration activities at Cisneros are expected to be split between further detailed evaluation of known near surface mineralized structures and geophysical targets centered on the Guayabito and Manuela lands and more regional exploration on the overall Cisneros Project for additional high grade targets and a potentially larger mineralized system.

Surface drilling will continue to complete the planned 10,000 meter Phase 2 program (Approximately 5,000m remains).

Planning will commence on one or more underground exploration tunnels to enhance grade control at the Guayabito and Guaico prospects.

In addition, as the result of the acquisition of six projects covering 31,997 hectares as described above, the company will be evaluating these lands and developing exploration programs for each project.

To June 30, 2010 the Company has spent $6,518,157 on acquisition of properties and exploration in Colombia.

Liquidity

The Company had working capital of $175,406 at June 30, 2010 (2009 – deficiency of $508,021) and working capital of $1,564,910 as at March 31, 2010 versus a working capital deficiency of $357,844 as at March 31, 2009.

The working capital results from cash infusions from additional equity financing activities, as noted above, and the use of that capital in exploration programs. Equity financings brought in gross cash of $6,545,975 in the year ended March 31, 2010.

Capital Resources

The Company's resources consist of net cash provided from financing activities mentioned above, GST receivable, prepaid expenses and subscriptions receivable, which total $2,164,457 at March 31, 2010, and $884,959 at June 30, 2010 (2009 - $98,251).

Financing Activities

As at June 30, 2010 the Company had a total of 64,683,205 common shares outstanding.

On July 24, 2009, the Company announced the closing, subject to TSX Venture Exchange ("TSX-V") approvals, of a private placement pursuant to TSX-V Policy 4.1 and shares for debt settlement pursuant to TSX-V Policy 4.3.

The Company issued 8,009,058 units under the private placement at $0.10 per unit for cash consideration of $800,905.83 where one unit is comprised of one common share and one half of one common share purchase warrant where a full warrant entitles the holder to purchase one additional common share for $0.30 per share for a period of 24 months expiring on July 25, 2011.

Pursuant to the shares for debt arrangement the Company issued 2,573,906 units at $0.10 per unit for conversion of convertible loans plus accrued interest in the amount of $257,390.61 where one unit is comprised of one common share and one half of one common share purchase warrant where a full warrant entitles the holder to purchase one additional common share for $0.30 per share for a period of 24 months expiring on July 25, 2011; and issued 666,701 common shares to a Director at $0.10 per share for conversion of convertible loans plus accrued interest in the amount of $66,670; and issued 714,423 common shares to two Officers at $0.10 per share for settlement of some of the debt owed to the Officers in the amount of $71,442.30.

The Company announced the completion of a private placement on August 27, 2009. The Company issued 1,250,000 units at a price of $0.20 per unit for total gross proceeds of $250,000, the price having been reserved with the TSX-V on August 6, 2009. Each unit was comprised of one Antioquia common share and a half warrant. Each full warrant entitled the holder to purchase one Antioquia common share at a price of $0.30 per share exercisable for 24 months from the date of close.

The Company announced the completion of a private placement on September 25, 2009. The Company issued 3,748,355 units at a price of $0.20 per unit for total gross proceeds of $749,671, the price having been reserved with the TSX-V on August 28, 2009. Each unit was comprised of one Antioquia common share and a half warrant. Each full warrant will entitle the holder to purchase one Antioquia common share at a price of $0.30 per share exercisable for 24 months from the date of close.

The Company announced the completion of a private placement on October 27, 2009. Antioquia issued 7,142,000 units at a price of $0.25 per unit for total gross proceeds of $1,785,500, the price having been reserved with the TSX-V on September 23, 2009. Each unit is comprised of one Antioquia common share and a half warrant. Each full warrant will entitle the holder to purchase one Antioquia common share at a price of $0.40 per share exercisable for 18 months from the date of close.

On August 13, 2010, the Company closed a non-brokered private placement with Desafio Minero S.A.C (the "**Desafio Financing**") pursuant to which the Corporation issued to Desafio: (i) 12,128,101 Shares of the Company at a price of Cdn. $0.20 per Share for gross proceeds to the Company of Cdn. $2,425,620.20; and (ii) a special warrant (the "**Special Warrant**") at a price of Cdn. $808,540 that is convertible into 4,042,700 Shares of the Company at no additional consideration upon the receipt of the approval of the Shareholders and the TSXV for Desafio becoming a "control person" (as such term is defined in the policies of the TSXV) of the Company. The Cdn. $808,540 is currently being held in escrow pending the approval of the Control Person Resolution. If approval for Desafio becoming a "control person" of the Company is not obtained, the escrowed funds will be returned to Desafio.

In connection with the Desafio Financing, the Company also entered into a strategic alliance agreement (the "**Strategic Alliance Agreement**") with Desafio pursuant to which Desafio has been granted certain rights, including the right to maintain its percentage equity ownership interest in the Company, the ability to nominate at least one director to the Company's board as long as Desafio's ownership interest remains above 10%, and a right of first refusal in respect of the sale by the Company of any of its mineral property assets. Desafio will be considered a preferred joint venture partner in any future potential joint ventures especially as they relate to any asset sale or the Company's 32,000 hectare Strategy Properties portfolio. The Company will be considered by Desafio as a preferred joint venture in future opportunities they develop in Colombia. A copy of the Strategic Alliance Agreement has been filed on SEDAR on August 20, 2010 and can be accessed under the Company's profile at www.sedar.com. Subsequent to the Desafio Financing and in compliance with the terms of the Strategic Alliance Agreement, Mr. Felix Navarro-Grau Hurtado, the General Manager of Desafio, was appointed to the Board.
Desafio has advised the Company that, prior to the Desafio Financing, Desafio owned no Shares or convertible securities of the Company. With the closing of the Desafio Financing, Desafio owns and controls 15.79% of the issued and outstanding Shares of the Company. If the Special Warrant is converted into Shares, Desafio will own and control 19.99% of the issued and outstanding Shares of the Company and as such, in accordance with the policies of the TSXV, shareholder approval is required for Desafio becoming a "control person" of the Company.

Desafio is the exploration arm of Consorcio Minero Horizonte S.A. ("**Horizonte**"), the fifth largest gold producer and second largest underground gold producer in Peru. Horizonte and Desafio are both privately held and controlled by the Navarro-Grau Group in Peru.

At the date of this report the company has 76,811,306 common shares outstanding.

Transactions with Related Parties

Related Parties are the Directors and Officers of the Company. The Related Parties provided services as outlined below;

	Three Months Ended June 30, 2010	Year Ended March 31, 2010	Year Ended March 31, 2009
Consulting services			
General & administrative	$66,580	$353,614	$289,928
Exploration expenses	$45,000	$165,300	$186,227
Legal fees	-	-	$ 47,686
TOTAL	$152,080	$518,914	$523,841

The amount payable to related parties at June 30, 2010 was $50,924. As at the March 31, 2010 the amount payable to related parties was $57,520 (2009 - $231,271) that includes services and unpaid expenses incurred on the Company's behalf.

Proposed Transactions

Other than the planned ongoing exploration programs, the Company does not now have any proposed transactions except for,

1 – the completion of the Desafio Financing financing as described above under Financing Activities,
2 – the possibility of Sociedad Soratama, Sucursal Colombia ("Soratama"), a wholly-owned subsidiary of Barrick Gold Corporation ("Barrick") exercising their back-in as described above under General, and,
3 – future financings as may be required to fund ongoing operations and exploration activities.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of assets and useful lives for depreciation and amortization. Financial results as determined by actual events could differ from those estimates.

Changes in Accounting Policies Including Initial Adoption

Accounting policies used during the year are consistent with those used in prior periods.

In April 2005, the Accounting Standards Board issued three new accounting standards dealing with the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income, together with many consequential amendments throughout the CICA Handbook. These new standards are effective and will be adopted in the Company's interim and annual financial statements beginning April 1, 2007:

i. Financial Instruments – Recognition and Measurement, Section 3855
   This standard prescribes when a financial assets, financial liability, or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based measures are to be used to measure the recorded amounts. It also specifies how financial instrument gains and losses are to be presented.

The fair value of financial instruments presented in current assets and liabilities approximates their book value because of their forthcoming maturity.

ii. Hedges, Section 3865
The Company has no hedges in effect so this new standard will have no impact on the Company’s financial results.

iii. Comprehensive Income, section 1530
This new standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Currently, the Company has no components that would cause comprehensive income to differ materially from the Company’s statement of operations.

International financial Reporting Standards ('IFRS")

In 2006, the Canadian Accounting Standards Board *("* AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian public companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five year transitional period. In February, 2008, the AcSB announced that January 1, 2011, is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP, affecting interim and annual financial statements relating to fiscal years after this date. These new standards will be applicable as of January 1, 2011. Accordingly, the Company's first consolidated financial statements prepared under IFRS will be presented for its June 30, 2011 first quarter. However, this will also necessitate the restatement of comparative figures for the 2010 comparative period. As such, the Company's effective date of transition will be April 1, 2010.

The Company continues to assess the impact of the convergence of Canadian GAAP with IFRS on the results of its operations, financial position and disclosures. The Company's management will continue to monitor the transitional developments and provide disclosures of the key elements of our plan, including accounting policies, financial reporting, information technology, and progress as information becomes available during the transition period. To transition to IFRS, the Company must apply "IFRS 1- First Time Adoption of IFRS" which sets out the rules for first time adoption. In general, IFRS 1 requires an entity to comply with each IFRS effective at the reporting date for the entity's first IFRS consolidated financial statements. IFRS 1 contains certain mandatory and optional exemptions that the Company is currently assessing. As an update to our previously filed annual and quarterly MD&As, an external consultant will commence a comprehensive review of the impact of IFRS on the Company's financial statements. The objective of this review will be to highlight all potential differences that are significant to the Company. Some of the areas to be examined and possibly changed are described below:

Mining interests
IFRS 1 permits a Company to revalue individual items included under mining interests at their fair value as at the date of transition to IFRS. The Company is currently evaluating this option. The requirements under IFRS 6 are also being considered, however, at this time the application of this standard is not expected to impact the Company.

Business Combinations
IFRS 1 provides an exemption that allows Companies transitioning to IFRS to not restate business combinations entered into prior to the date of transition. The Company currently plans to take this exemption.

Share-based payments
IFRS 1 provides an exemption that allows Companies not to apply IFRS 2 Share-based Payment to options granted before November 2002, as well as to options granted after November 2002, but vested prior to transition. The Company currently plans to take this exemption.

Impairment of Assets
The Company is currently assessing whether there may be additional impairment charges that need to be recorded under IFRS, specially the need to factor in discounting in its impairment analysis of mining interests.

Income taxes
Under IFRS, a deferred tax asset is recognized if it is probable that it will be realized. "Probable" in this context is not defined and one would generally look at the overall framework under IFRS, which states that the concept of probability is used in the recognition criteria to refer to the degree of uncertainty that the future economic benefits associated with the item will flow to or from the entity. The Company is currently assessing whether the deferred tax asset recorded would also meet the recognition criteria under IFRS.

Provisions
The Company is currently assessing the requirements of **IAS 37**, "Provisions, Contingent Liabilities and Contingent Assets", to determine whether all its provisions meet the "probable" recognition criteria under IFRS, and whether any additional provisions are required.

Risks and Uncertainties

The company’s principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environment, metal prices, political and economical.

The Company has no significant source of operating cash flow and no revenue from operations. The Company has not determined whether its mineral properties contain mineral reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

The property interests that the company has or has an option to earn an interest in are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. Since the Company operates in Colombia, it is subject to political and other risk associated with operating in a foreign jurisdiction.

The Company is in the business of metals exploration and as such, its prospects are largely dependent on movements in the price of various metals. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

Evaluation of Disclosure Controls

The Company has basic internal controls in place. Management intends to develop a more comprehensive system of internal controls and disclosure controls as the Company evolves to achieve its business plans.

Share Data

The authorized capital of the Company consists of an unlimited number of common shares. As at March 31, 2010 there were 64,683,205 common shares outstanding and at the date of this report 76,811,306 common shares are issued and outstanding.