COLOMBIA CREST
GOLD CORP

Consolidated Financial Statements

For the Year Ended September 30, 2013

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Colombia Crest Gold Corp.

We have audited the accompanying consolidated financial statements of Colombia Crest Gold Corp. and its subsidiaries which comprise the consolidated statements of financial position as at September 30, 2013 and 2012 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended 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 audit 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 entity'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 entity'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 Colombia Crest Gold Corp. and its subsidiaries as at September 30, 2013 and 2012, and the financial performance and its cash flows for the years 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 indicates that the Company has not yet achieved profitable operations and that as at September 30, 2013 the Company had an accumulated deficit of $86,693,861 since inception and has a working capital deficiency of $374,018. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

Restated Comparative Information

Without modifying our opinion, we draw attention to Note 16 to the consolidated financial statements, which explains that certain comparative information for the year ended September 30, 2012 has been restated.

(signed) "BDO Canada LLP"

Chartered Accountants

Vancouver, British Columbia
February 19, 2014

Colombia Crest Gold Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at September 30,	2013 $	(Restated – Note 16) 2012 $
Assets		
Current		
Cash	11,243	1,497,823
Tax recoverable and other receivables	9,874	17,936
Prepaid expenses and deposits - Note 7	5,171	143,428
Current portion of long-term receivable – Note 5	103,000	-
Asset held for sale – Note 15	-	2,301,561
	129,288	3,960,748
Long-term receivable - Note 5	793,000	-
Property, plant and equipment	5,986	108,519
Drilling deposit	-	90,346
Exploration and evaluation assets - Note 6	-	5,309,973
	928,274	9,469,586
Liabilities		
Current		
Accounts payable and accrued liabilities - Note 7	400,456	254,278
Decommissioning and other liabilities - asset held for sale - Note 15	-	163,501
Short-term loan - Note 8	102,850	-
	503,306	417,779
Shareholders' Equity (Deficiency)		
Share capital - Note 9 (b)	79,932,514	79,783,706
Share subscriptions - Note 9 (e)	1,156,000	1,156,000
Contributed surplus - Note 9 (f)	6,030,315	5,991,735
Cumulative translation adjustment	-	35,428
Accumulated deficit	(86,693,861)	(77,915,062)
	424,968	9,051,807
	928,274	9,469,586

Signed on behalf of the Board of Directors by:

"Carl Hansen" Director — *"Hans Rasmussen"* Director
Carl Hansen — Hans Rasmussen

Colombia Crest Gold Corp.
Consolidated Statements of Loss and Comprehensive Loss
For The Years Ended September 30, 2013 and 2012
(Expressed in Canadian Dollars)

	2013 $	(Restated – Note 16) 2012 $
Expenses:		
Accounting and audit	15,228	119,196
Administration - Note 7	108,000	138,000
Advertising	-	15,150
Amortization	2,097	2,300
Bank charges	3,444	4,042
Consulting	20,785	24,356
Corporate development	106,502	198,073
Filing fees	14,006	38,089
Financing fees	6,000	-
Foreign exchange loss (gain)	(116,664)	25,479
Insurance	28,788	33,303
Legal	59,942	32,774
Management fees - Note 7	145,869	199,562
Office and printing	71,954	89,317
Shareholders information	9,476	10,453
Stock-based compensation - Note 9 (c)	34,900	521,385
Transfer agent	8,999	12,108
Travel and promotion	117,986	219,195
General exploration	202,936	296,285
Loss before other items	(840,248)	(1,979,067)
Other items:		
Gain (loss) on property, plant & equipment	1,443	(4,550)
Gain on revaluation of foreign currency denominated warrants	-	27,559
Impairment on receivable – Note 5	(1,253,750)	-
Maintenance of mineral property	-	-
Write-off of exploration and evaluation assets	(6,600,686)	-
Interest income	2,266	34,860
Loss for the year from continuing operations	(8,690,975)	(1,921,198)
Loss for the year from discontinued operations – Notes 5 and 15	(87,824)	(10,509,169)
Net loss for the year	(8,778,799)	(12,430,367)
Other comprehensive income (loss)		
Exchange differences on translating foreign operations	(35,428)	(97,958)
Total comprehensive loss for the year	(8,814,227)	(12,528,325)
Basic and diluted loss per share (continuing operations)	($0.10)	($0.02)
Basic and diluted loss per share (discontinued operations)	($0.00)	($0.12)
Weighted-average number of common shares outstanding	86,923,627	84,604,874

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

Colombia Crest Gold Corp.
Consolidated Statements of Cash Flows
For The Years Ended September 30, 2013 and 2012
(Expressed in Canadian Dollars)

	2013 $	(Restated – Note 16) 2012 $
Cash flows from operating activities		
Net loss for the year	(8,778,799)	(12,430,367)
Adjustments to reconcile loss to net cash used in operating activities:		
Amortization	2,097	2,300
Amortization charged to general exploration	7,477	1,819
Financing fee	6,000	-
Gain on property plant and equipment	(1,443)	(38,456)
Impairment on receivable	1,253,750	-
Loss on sale of subsidiary – discontinued operations	87,824	-
Gain on foreign exchange	(116,664)	215
Gain on revaluation of foreign currency denominated warrants	-	(27,559)
Interest income	(2,266)	(34,860)
Stock-based compensation	34,900	521,385
Write-off of mineral property	6,600,686	10,325,216
Net change in non-cash working capital items:	(906,438)	(1,680,307)
Receivables	11,036	18,654
Prepaid expenses and deposits	230,767	(78,479)
Accounts payable and accrued liabilities	(17,323)	41,365
Cash used in operating activities	(681,958)	(1,698,767)
Investing activities		
Acquisition of property, plant and equipment	-	(77,936)
Proceeds on sale of property, plant and equipment	71,704	49,589
Proceeds from long term receivable	98,600	-
Exploration and evaluation and drilling costs	(1,266,982)	(3,632,423)
Interest received	2,266	34,860
Cash used in investing activities	(1,094,412)	(3,625,910)
Financing activities		
Gross proceeds from shares issuance	146,000	3,420,000
Share issuance costs	(7,000)	-
Short-term loan	101,760	-
Cash from financing activities	240,760	3,420,000
Change in cash in the year	(1,535,610)	(1,904,677)
Cash, beginning of year	1,546,853	3,451,530
Cash, end of year	11,243	1,546,853

Non-cash transactions – Note 14

Colombia Crest Gold Corp.
Consolidated Statements of Changes in Equity
For the Years Ended September 30, 2013 and 2012
(Expressed in Canadian Dollars)

	Share Capital						
	Number of Common Shares	Amount $	Shares Subscribed $	Contributed Surplus $	Cumulative Translation Adjustment $	Deficit $	Total $
Balance - September 30, 2011, restated Note 16	73,524,956	76,337,456	1,156,000	5,465,313	133,386	(65,484,695)	17,607,460
Shares issued for private placement	12,000,000	3,420,000	-	-	-	-	3,420,000
Shares issued for option on property	125,000	26,250	-	-	-	-	26,250
Warrants issued for option on property	-	-	-	5,037	-	-	5,037
Stock-based compensation expense	-	-	-	521,385	-	-	521,385
Other comprehensive income, restated	-	-	-	-	(97,958)	-	(97,958)
Loss for the year, restated	-	-	-	-	-	(12,430,367)	(12,430,367)
Balance - September 30, 2012, Restated Note 16	85,649,956	79,783,706	1,156,000	5,991,735	35,428	(77,915,062)	9,051,807
Shares issued for private placement	9,733,333	146,000	-	-	-	-	146,000
Share issuance costs	-	(7,000)	-	-	-	-	(7,000)
Shares issued for option on property	125,000	4,375	-	-	-	-	4,375
Shares issued - property agreement	180,000	2,700	-	-	-	-	2,700
Shares issued - short-term loan	400,000	6,000	-	-	-	-	6,000
Warrants issued for option on property	-	-	-	413	-	-	413
Warrants issued for finder's fee	-	(3,267)	-	3,267	-	-	-
Stock-based compensation expense	-	-	-	34,900	-	-	34,900
Other comprehensive income	-	-	-	-	(35,428)	-	(35,428)
Loss for the year	-	-	-	-	-	(8,778,799)	(8,778,799)
Balance - September 30, 2013	96,088,289	79,932,514	1,156,000	6,030,315	-	(86,693,861)	424,968

1. Corporate Information

Colombia Crest Gold Corp.'s business activity is the exploration and evaluation of mineral properties in Colombia and Bolivia. In December 2012, Colombia Crest Gold Corp. (the "Company") sold its Bolivian subsidiary, Eaglecrest Exploration Bolivia SA ("EEB"), which had been exploring mineral properties in Bolivia since 1996. During the year ended September 30, 2013, the Company ceased operations in Colombia. As at September 30, 2013, the Company is actively seeking new mineral properties.

The Company was incorporated under the laws of the Province of British Columbia on January 20, 1981 and its common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol CLB, and on the Frankfurt Stock Exchange under the symbol EAT.

The address of the Company's corporate office and principal place of business is Suite 300, 1055 West Hastings Street, Vancouver, BC Canada.

2. Basis of Preparation

a) Statement of compliance

These consolidated financial statements of the Company for the year ended September 30, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These statements were authorized for issue by the Board of Directors on February 19, 2014.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as available for sale which are at fair value, and have been prepared using the accrual basis of accounting.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Basis of Consolidation

The consolidated financial statements include all subsidiaries of the Company. Subsidiaries are entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases. All significant inter-company transactions and balances have been eliminated.

These consolidated financial statements include the accounts of Colombia Crest Gold Corp. (the parent company) and its wholly owned subsidiary Eaglecrest Explorations Panama Corp. ("EEP"), a company incorporated in Panama City, Panama, and EEP's wholly owned subsidiary, Colombiana de Oro SA ("Colombiana"), a company incorporated in Panama City, Panama, as well as the branch office operations of Colombiana located in Colombia. In December 2012, the Company sold its Bolivian subsidiary, EEB. Prior to that time, all consolidated financial statements reported would also include the accounts of EEB.

2. Basis of Preparation – (cont'd)

d) Going Concern of Operations

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. At September 30, 2013, the Company had not yet achieved profitable operations, has an accumulated deficit of $86,693,861, has a working capital deficiency of $374,018 and expects to incur further losses in the development of its business. These conditions indicate the existence of material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing for continuing operations. Realization values may be substantially different from carrying values as shown and accordingly these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

3. **Summary of Significant Accounting Policies**

a) Foreign Currency Translation

The functional and presentation currency of the parent Company is the Canadian dollar. The functional currency of EEB was the US dollar and that of EEP and Colombiana is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

At the transaction date, each asset, liability and expense denominated in a foreign currency is translated into the component's functional currency by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into the component's functional currency by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net loss.

Where the functional currency of a component is different from the presentation currency, the assets and liabilities of that component are translated into Canadian dollars using the exchange rate at the reporting date and profit and loss is translated into Canadian dollars using the average exchange rate for the period. All gains and losses on translation of a component from the functional currency to the presentation currency are charged to other comprehensive income.

b) Financial Instruments

Financial Assets

Financial assets are classified into the following category based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy is as follows:

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

3. Summary of Significant Accounting Policies – (cont'd)

b) Financial Instruments – (cont'd)

Available-for-sale financial assets

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

Financial Instrument Classification

The Company classified its financial instruments as follows:

- Cash is classified as loans and receivables.
- Long term receivable is classified as available for sale.
- Accounts payable and accrued liabilities and short term loans have been classified as other financial liabilities.

3. Summary of Significant Accounting Policies – (cont'd)

b) Financial Instruments – (cont'd)

Fair Value Hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

• Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

• Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

• Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

c) Mineral Exploration and Evaluation Expenditures

Pre-exploration costs

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

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur. The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

3. Summary of Significant Accounting Policies – (cont'd)

d) Property, plant and Equipment

Property, plant and equipment are recorded 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, plant 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, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Amortization is calculated on a declining balance basis at the following annual rates: furniture and equipment – 20%; field equipment – 30%; and vehicles – 30%. Property, plant and equipment acquired in a fiscal year are amortized at one-half of the annual rate.

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

e) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. 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, share subscriptions and warrants denominated in the functional currency are classified as equity instruments.

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

Common shares issued for non-monetary consideration are recorded at their market value based upon the trading price of the Company's common shares on the TSXV on the date of share issuance.

f) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss 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 statement of comprehensive loss over the remaining vesting period.

3. Summary of Significant Accounting Policies – (cont'd)

f) Share-based Payments – (cont'd)

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 the statement of 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 share-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 share-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, in addition to any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

g) Loss per share

Basic loss per common share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

h) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

3. Summary of Significant Accounting Policies – (cont'd)

h) Income taxes – (cont'd)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

i) 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 year 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 properties. 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. As of September 30, 2013, the Company does not have any rehabilitation or restoration obligations.

j) Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

k) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after October 1, 2012 or later years. The following standards and interpretations have been issued but are not yet effective:

New standards, interpretations and amendments effective from October 1, 2012.

None of the new standards, interpretations and amendments, effective for the first time from October 1, 2012 have had a material effect on the financial statements.

3. Summary of Significant Accounting Policies – (cont'd)

k) Standards, Amendments and Interpretations Not Yet Effective – (cont'd)

New standards, interpretations and amendments not yet effective

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The date of which the standard will become effective has yet to be determined. Management is in the process of evaluating the impact of the new standard on the Company.

- IFRS 10 Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Adoption of this policy is not expected to have a material impact on the Company's financial statements.

- IFRS 11 Joint Arrangements

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. Adoption of this policy is not expected to have a material impact on the Company's financial statements.

- IFRS 12 Disclosures of Interests in Other Entities

- IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company intends to adopt the standard no later than the accounting period beginning on October 1, 2013. Adoption of this policy is not expected to have a material impact on the Company's financial statements. IFRS 13 Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on October 1, 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(Expressed in Canadian Dollars)

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Exploration and Evaluation Expenditures and Asset Held for Sale

The application of the Company's accounting policy for exploration and evaluation expenditures 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 period the new information becomes available.

In determining the impairment provision on the San Simon property (Note 6) for the year ended September 30, 2012, the Company estimated fair value by reference to the expected sales proceeds (see Note 5) from the sale of its Bolivian subsidiary holding the property interest.

ii) Long Term Receivable

The Company classified the long term receivable as available for sale as management considers that ultimate collection is dependent on the debtors ability to successfully construct and develop the San Simon mineral property (Note 6). Accordingly the value of the receivable would not exceed the value of the property. At the date the receivable was obtained the Company used the valuation technique as disclosed in Note 5 to determine an appropriate discount rate to apply to the expected cash flows. As at September 30, 2013, the Company re-measured the estimated fair value of the property and provided an impairment provision on the receivable due to estimated decrease in the property value (see Note 5). The value of the mineral property was estimated by reference to the enterprise value per troy ounce of gold equivalent resources for a group of similar stage South American gold exploration companies as calculated from their published gold resource estimates and the market price of their shares

5. Long term receivable

During the year ended September 30, 2013, the Company sold all of the shares in its Bolivian subsidiary (EEB) for consideration of US $5,000,000 to be received over 10 years. As at the date of sale, December 14, 2012, the assets and liabilities disposed of and consideration received were as follows.

Consideration – Fair value of long term receivable	$	2,144,146
Exploration and evaluation asset – asset held for sale – Note 15		2,247,393
Net liabilities – asset held for sale		(15,423)
Net assets sold		2,231,970
Loss on sale of subsidiary	$	(87,824)

The long term receivable is unsecured, non-interest bearing and is repayable in amounts of US $100,000 on signing (received), US $100,000 on December 14, 2013 (subsequently received US $50,000) amounts of US $800,000 on each of December 14, 2014, 2015 and 2016, US $900,000 on December 14, 2017 and amounts of US $300,000 each on December 14, 2018, 2019, 2020, 2021 and 2022.

(Expressed in Canadian Dollars)

5. Long term receivable – (cont'd)

During the year ended September 30, 2013, management initiated discussions with the purchaser to amend the terms of the long term receivable and agreed to accept US $50,000 subsequent to the year regarding the amount due at December 14, 2013. As at the date of approval of the financial statements, amendments to the terms were still being negotiated.

Management considers that the fair value of the long term receivable would not exceed the estimated value of the underlying mineral property interests as the mineral property interest is the only known significant asset of EEB and the purchaser. The value of the mineral property was estimated by reference to the enterprise value per troy ounce of gold equivalent resources for a group of similar stage South American gold exploration companies as calculated from their published gold resource estimates and the market price of their shares.

On initial recognition as at December 14, 2012 based on the Company's most recent estimated and inferred resource estimates, a discount rate of 17.5% was applied to the expected cash flow term of the agreement. As at September 30, 2013 the average enterprise value per troy ounce of the comparable South American companies had declined by 60% between the December 14, 2012 sale date and September 30, 2013. Accordingly the Company recognized an impairment provision to write down its carrying value to 60% of its original value.

Fair value reconciliation of the long term receivable is as follows:

On initial recognition, December 14, 2012	$	2,144,146
Less: payments received		(98,651)
Foreign exchange gain		104,255
Impairment on long term receivable		(1,253,750)
September 30, 2013	$	896,000
Less: current portion of long term receivable		(103,000)
Noncurrent portion of long term receivable	$	793,000

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets

The Company's exploration properties were located in Colombia and Bolivia in South America, and its interest in these resource properties was maintained pursuant to agreements with the titleholders.

In December 2012, the Company sold its Bolivian subsidiary EEB (Note 5), which had been exploring mineral properties in Bolivia since 1996.

Due to cash constraints, the Company ceased exploration activities in Colombia and closed its branch office.

The carrying value of the Company's exploration and evaluation assets are as follows:

	Bolivia	Colombia		Total
	San Simon	Fredonia	Venecia	
Costs:				
Balance - September 30, 2011	13,625,249	1,724,510	365,823	15,715,582
Acquisition costs	6,504	167,467	177,328	351,299
Exploration costs	366,690	883,936	1,990,909	3,241,535
Foreign exchange movement	(97,958)	-	-	(97,958)
Transfer to assets held for sale	(13,900,485)	-	-	(13,900,485)
Balance - September 30, 2012	-	2,775,913	2,534,060	5,309,973
Acquisition costs	-	58,033	20,035	78,068
Exploration costs	-	398,369	814,276	1,212,645
Foreign exchange movement	-	-	-	-
Balance - September 30, 2013	-	3,232,315	3,368,371	6,600,686
Impairment write-offs/disposal:				
Balance - September 30, 2011	(1,327,876)	-	-	(1,327,876)
Write-offs	(10,325,216)	-	-	(10,325,216)
Transfer to assets held for sale	11,653,092	-	-	11,653,092
Balance - September 30, 2012	**-**	**-**	**-**	**-**
Write-offs	-	(3,232,315)	(3,368,371)	(6,600,686)
Balance - September 30, 2013	-	(3,232,315)	(3,368,371)	(6,600,686)
Carrying value - September 30, 2012	-	2,775,913	2,534,060	5,309,973
Carrying value - September 30, 2013	-	-	-	-

6. Exploration and Evaluation Assets – (cont'd)

Bolivia:

San Simon

Pursuant to an agreement (the "San Simon Agreement") executed in fiscal 1999 and subsequently amended, the Company owned the right to acquire 100% of all production from 11 mineral concessions in Bolivia. These 11 mineral concessions were subject to a 3% net smelter returns royalty, of which the Company could purchase 1% for US$500,000 and a second 1% for US$750,000.

In April, 2003, pursuant to an agreement with San Simon Resources Ltd. ("SSR") the Company acquired from SSR an 80% interest in production from 7 non-core mineral concessions and the right to acquire one additional mineral concession (known as the California concession). The Company also entered into a separate agreement in June, 2003 with the underlying owner of the California concession whereby it obtained a 100% interest in this concession.

On December 14 2012, the Company sold all of the outstanding shares of EEB (Note 5) to a Bolivian company. As of September 30, 2012, the Bolivian subsidiary and its assets and liabilities have been accounted for as assets held for sale.

Colombia:

Fredonia

Pursuant to an agreement dated August 13, 2010, the Company had an option to acquire up to a 75% interest in the mineral title of the 15,000 hectare Fredonia Property located in Antioquia, Colombia. As of September 30, 2013, the Company had earned a 50% interest in the mineral title.

In November, 2013, notice was provided to the optionor that the Company had earned a 50% interest in the Fredonia property and that the Company does not have the intention to incur any further exploration or concession expenditures at the present time. Any future expenditures incurred by the optionor and/or other third parties may have the effect of diluting the Company's earned interest. At this stage it is uncertain if any future expenditures will be incurred or if the optionor will maintain the concessions. Therefore, all previously exploration and evaluation assets, totalling $3,232,315, have been written off and expensed as at September 30, 2013.

Venecia

Pursuant to an agreement dated March 30, 2011, the Company had an option to acquire up to a 75% interest in the mineral title of the 1,985 hectare Venecia Property located in Antioquia, Colombia.

On August 29, 2013, the Company terminated the earn-in agreement for the Venecia project for reasons of lack of funds and lack of desired results of geological and exploration data. Deferred exploration expenditures of $3,368,371 were written off and expensed as at September 30, 2013.

(Expressed in Canadian Dollars)

7. Related Party Transactions

Key management personnel are persons responsible for the planning, directing and controlling activities of the entity. The Company's key management personnel included the CEO, CFO, VP of Exploration and VP Business Development and their compensations are as follows:

	For the Years Ended September 30	
	2013	2012
	$	$
Management fees	145,869	199,562
Administration fees	108,000	138,000
Geological consulting fees	180,753	197,457
Total	434,622	535,019

In addition, share purchase options were also granted to key management personnel and directors. Their value, as determined in Note 9 (c), is as follows:

	For the Years Ended			
	September 30, 2013		September 30, 2012	
	Number of Options	Options Valuation $	Number of Options	Options Valuation $
CEO	-	-	900,000	167,400
CFO	-	-	200,000	37,200
Officer	250,000	23,500	300,000	40,600
Directors	-	-	850,000	158,100
Total	250,000	23,500	2,250,000	403,300

Related party liabilities included in trade and other payable are as follows:

	As at September 30	
	2013	2012
	$	$
Amounts due to management:		
Management fees	48,352	-
Administration fees	66,000	12,000
Geological consulting fees	59,499	28,134
Expenses and other	14,215	5,807
Total	188,066	45,941

(Expressed in Canadian Dollars)

7. Related Party Transactions – (cont'd)

Included in the prepaid expenses and deposits are travel expense advances to management:

	As at September 30	
	2013	2012
	$	$
Amounts advanced to management:		
Travel expenses	-	29,674
Total	-	29,674

8. Short-Term Loan

The Company entered into an agreement dated May 28, 2013 for a US$100,000 bridge loan (the "Loan") on the following terms:

The loan is repayable on demand without interest, at any time after December 7, 2013.

As consideration for the Loan, on June 19, 2013, the Company issued 400,000 common shares (valued at $6,000 based on the trading price of the Company's common shares at the time of issuance) to the lender. These shares were subject to a four month hold period.

As security for repayment of the Loan, the Company assigned to the lender the US$100,000 payment which was due to the Company on December 14, 2013, pursuant to the Share Purchase Agreement dated December 14, 2012 between the Company and Steinmar – see Note 5.

Subsequent to the year end, the Company and the lender agreed to extend the due date for the loan to June 7, 2014 with an annual interest rate of 20%, commencing on December 7, 2013.

9. Share Capital

a) Authorized:

Authorized share capital consists of an unlimited number of common shares without par value.

b) Issued:

	Number of Common Shares	Share Capital $
Balance - September 30, 2011	73,524,956	76,337,456
Issued:		
Shares issued via private placement	12,000,000	3,420,000
Shares issued for option on property	125,000	26,250
Balance - September 30, 2012	85,649,956	79,783,706
Issued:		
Shares issued for option on property	125,000	4,375
Shares issued re: amendment of property option agreement	180,000	2,700
Shares issued re: short term loan (note 8)	400,000	6,000
Shares issued via private placement	9,733,333	146,000
Issue costs (i)	-	(10,267)
Balance - September 30, 2013	96,088,289	79,932,514

9. Share Capital – (cont'd)

b) Issued: – (cont'd)

(i) $7,000 in cash was paid and 466,667 agent's warrants valued at $3,267 were issued as a finder's fee.

During the year ended September 30, 2013, the Company issued common shares pursuant to a non-brokered private placement of 9,733,333 units at $0.015 per unit for gross proceeds of $146,000. Each unit was comprised of one common share and one share purchase warrant exercisable to purchase an additional common share at $0.05 expiring July 15, 2014; at $0.10 expiring July 15, 2015; and at $0.15 expiring July 15, 2016. A finder's fee of $7,000 cash was paid and 466,667 warrants each exercisable to purchase one common share at $0.10 expiring July 15, 2015 were issued. All proceeds from the private placement were allocated to share capital with none allocated to warrants.

125,000 common shares valued at $4,375 (based on the trading price of the Company's common shares at the time of issuance) were issued in accordance to the Venecia option agreement – see Note 5.

180,000 common shares valued at $2,700 (based on the trading price of the Company's common shares at the time of issuance) were issued as consideration for amendment of the Venecia option agreement – see Note 5.

400,000 common shares valued at $6,000 (based on the trading price of the Company's common shares at the time of issuance) were issued as payment for the short term loan of US$100,000 – see Note 8.

During the year ended September 30, 2012, the Company issued common shares pursuant to a non-brokered private placement of 12,000,000 units at a price of $0.285 per unit for gross proceeds of $3,420,000. Each unit was comprised of one common share and one-half of a share purchase warrant. Each full warrant is exercisable to purchase one additional common share for $0.35 expiring October 31, 2013. All proceeds from the private placement were allocated to share capital with none allocated to warrants.

125,000 common shares valued at $26,250 (based on the closing trading price of the Company's common shares at the time of issuance) were issued in accordance to the Venecia option agreement.

c) Stock options:

The Company has a stock option plan whereby, the maximum number of common shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. Options vest at the date of grant, unless otherwise noted.

The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

(Expressed in Canadian Dollars)

9. Share Capital – (cont'd)

c) Stock options: – (cont'd)

The continuity of share purchase options is as follows:

	Number of Options	Weighted Average Exercise Price $
Balance - September 30, 2011	5,270,000	0.82
Granted	2,950,000	0.35
Expired	(400,000)	2.70
Cancelled	(100,000)	1.20
Balance - September 30, 2012	7,720,000	0.54
Granted	450,000	0.25
Expired	(1,685,000)	0.61
Cancelled	(750,000)	0.41
Balance - September 30, 2013	5,735,000	0.52

Details of stock options outstanding at September 30, 2013

Number of Options				
Outstanding	Exercisable	Option Price $	Expiry Date	Remaining Life (years)
50,000	50,000	0.60	January 19, 2015	1.30
1,235,000	1,235,000	1.00	January 19, 2015	1.30
250,000	250,000	0.35	May 14, 2015	1.62
1,700,000	1,700,000	0.45	February 8, 2016	2.36
2,250,000	2,250,000	0.35	November 14, 2016	3.13
250,000	250,000	0.25	November 8, 2017	4.10
5,735,000	5,735,000			2.46

During the year ended September 30, 2013, a total of 450,000 options were granted. 250,000 options were granted to an officer of the Company and were vested on the date of the grant. 200,000 options were granted to a consultant and vest over one year with 50,000 options becoming exercisable every three months commencing February 8, 2013. These options granted to the consultant were cancelled in June, 2013, due to termination of the consulting agreement. The fair values were estimated using the Black-Scholes option pricing model:

Date Granted	Number of Options	Exercise Price	Expiry Date	Unit Fair Value
November 8, 2012	200,000	$0.25	November 8, 2014	$0.06
November 8, 2012	250,000	$0.25	November 8, 2017	$0.09

(Expressed in Canadian Dollars)

9. Share Capital – (cont'd)

c) Stock options: - (cont'd)

Black-Scholes option pricing parameters with no dividend yield expected:

Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor
1.08 – 1.30%	2 - 5	91% - 97%

For the year ended September 30, 2013, a total stock-based compensation of $34,900 was recorded.

During the year ended September 30, 2012, the Company granted 2,950,000 options to officers and directors of the Company. The options were vested on the date of the grant and the fair values were estimated using the Black-Scholes option pricing model:

Date Granted	Number of Options	Exercise Price	Expiry Date	Unit Fair Value
November 14, 2011	2,500,000	$0.35	November 14, 2016	$0.28
May 14, 2012	450,000	$0.35	May 14, 2015	$0.21

Black-Scholes option pricing parameters with no dividend yield expected:

Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor
1.69 - 2.89%	3 - 5	138% - 155%

For the year ended September 30, 2012, a total stock-based compensation of $521,385 was recorded, of which, $514,315 pertained to the options granted during the current fiscal year and another $7,070 due to options granted in a prior year, but were vested during the current year.

d) Share Purchase Warrants Outstanding:

The continuity of share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price $
Balance - September 30, 2011	31,052,189	0.51
Warrants issued via private placement	6,000,000	0.35
Warrants issued for option on property	125,000	0.44
Warrants expired	(1,065,400)	0.41
Balance - September 30, 2012	36,111,789	0.49
Warrants issued via private placement	9,733,333	0.05
Warrants issued as finder's fees	466,667	0.10
Warrants issued for option on property	125,000	0.44
Warrants expired	(29,986,789)	0.52
Balance - September 30, 2013	16,450,000	0.17

(Expressed in Canadian Dollars)

9. Share Capital – (cont'd)

d) Share Purchase Warrants Outstanding: – (cont'd)

Details of share purchase warrants outstanding at September 30, 2013:

Number of Warrants	Exercise Price $	Expiry Date	Remaining Life (Years)
6,000,000	0.35	October 31, 2013	0.08
125,000	0.44	March 23, 2014	0.48
125,000	0.44	March 22, 2015	1.48
466,667	0.10	July 15, 2015	1.79
9,733,333	0.05 (i)	July 15, 2016	2.79
16,450,000	0.35		1.75

(i) Exercisable at $0.05 to July 15, 2014; $0.10 to July 15, 2015 and $0.15 to July 15, 2016

Subsequent to the year-end September 30, 2013, 6,000,000 warrants with an exercise price of $0.35 expired.

e) Share Subscriptions

During the year ended September 30, 2001, the Company proposed to enter into a private placement for the issuance of 2,000,000 units at $0.50 per unit for proceeds of $1,000,000, less a 7.5% finder's fee. Each unit consisted of a common share and a two year share purchase warrant to purchase an additional common share at $0.50 per share in the first year and at $0.60 per share in the second year. The Company received subscriptions for 1,983,171 units (proceeds of $925,000, net of related issue costs).

During the year ended September 30, 2001, the Company entered into an agreement with a purchaser for a private placement of 770,000 units at $0.30 per unit to raise $231,000. Each unit was to be comprised of one common share and one share purchase warrant to purchase one common share at $0.30 per share in the first year and at $0.40 per share in the second year. The Company subsequently amended the terms of that private placement to 1,500,000 units at $0.154 (US$0.10) per unit, with each unit comprised of one common share and one share purchase warrant exercisable for two years to purchase one additional common share for $0.154 (US$0.10). The Company received subscriptions for 1,500,000 units for proceeds of $231,000.

(Expressed in Canadian Dollars)

9. Share Capital – (cont'd)

f) Contributed Surplus:

	Stock-based Compensation $	Brokers' Warrants $	Equity Portion of Convertible Debentures $	Options on Properties $	Shares Cancelled $	Total $
Balance - September 30, 2011	4,350,231	316,629	460,000	336,578	1,875	5,465,313
Warrants issued for option on property	-	-	-	5,037	-	5,037
Stock-based compensation	521,385	-	-	-	-	521,385
Balance - September 30, 2012	4,871,616	316,629	460,000	341,615	1,875	5,991,735
Warrants issued for option on property	-	-	-	414	-	414
Finder's fees warrants issued	-	3,267	-	-	-	3,267
Stock-based compensation	34,900	-	-	-	-	34,900
Balance - September 30, 2013	4,906,516	319,896	460,000	342,029	1,875	6,030,316

Contributed Surplus is used to recognize the value of stock options granted and share purchase warrants issued prior to exercise, the equity portion of convertible debentures not converted and value of escrow shares cancelled for no additional consideration.

Accumulated Deficit is used to record the Company's change in deficit from earnings from year to year.

Shares subscriptions are used to record shares for which consideration has been received but which are not issued yet.

Cumulative Translation Adjustment includes the effects of foreign exchange gains and losses incurred on non-monetary assets of subsidiaries with functional currencies that differ from the functional currency of the parent company.

10. Segmented Information

Geographic Information

The Company's operations comprise one reportable segment, being the exploration of mineral resource properties. The carrying value of the Company's assets on a country-by-country basis is as follows:

September 30, 2013	Canada $	Bolivia $	Colombia $	Total $
Current assets	129,288	-	-	129,288
Long-term receivable	793,000	-	-	793,000
Property, plant and equipment	5,986	-	-	5,986
Total Assets	928,274	-	-	928,274

(Expressed in Canadian Dollars)

11. Income Taxes relating to Continuing Operations

Taxation in the Company and its subsidiaries' operational jurisdiction is calculated at the rate prevailing in its respective jurisdiction.

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	September 30 2013 $	(Restated) September 30 2012 $
Loss before income taxes	(8,690,975)	(1,921,198)
Tax charge / (recovery) based on statutory rate of 25.50% (2012: 25.38%)	(2,216,000)	(488,000)
Effect of reduction in statutory rate	(167,000)	5,000
Non-deductible expenses	303,000	148,000
Different tax rates in other jurisdictions	(259,000)	(13,000)
Share issuance costs	(2,000)	-
Disposal of Bolivian subsidiary	4,571,000	-
Temporary differences subject to initial recognition exemption and other	(12,000)	54,000
Change in unrecognized deferred tax assets	(2,218,000)	294,000
Income tax expense /(recovery)	-	-

Effective April 1, 2013, the BC provincial corporate tax rate increased from 10.00% to 11.00% while the Canadian federal corporate tax rate remained at 15.00%.

The tax rate of 25.00% represents the federal statutory rate applicable for the 2013 taxation year for Panama, 25.00% for Bolivia, and 33.00% for a branch in Columbia.

Deferred Tax Assets and Liabilities

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered:

	September 30 2012 $	(Restated) September 30 2012 $
Non-capital losses	3,566,000	3,242,000
Capital losses	109,000	104,000
Un-deducted financing costs	69,000	109,000
Capital assets	58,000	40,000
Exploration and evaluation assets	2,166,000	4,691,000
Unrecognized deferred tax asset	(5,968,000)	(8,186,000)
Deferred tax liability	-	-

(Expressed in Canadian Dollars)

11. Income Taxes relating to Continuing Operations – (cont'd)

As at September 30, 2013, the Company has estimated non-capital losses for Canadian tax purposes of $13,658,000 that may be carried forward to reduce taxable income derived in future years, as summarized below:

Non-capital Canadian tax losses expiring as follows:

	Year of Expiry	Taxable Losses
	2024	1,203,000
	2025	1,177,000
	2026	1,342,000
	2027	1,699,000
	2028	1,826,000
	2029	1,118,000
	2030	1,478,000
	2031	1,485,000
	2032	1,453,000
	2033	877,000
Total		$13,658,000

12. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold excess cash in interest bearing bank accounts.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended September 30, 2013.

13. Financial Instruments and Risk Management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

13. Financial Instruments and Risk Management – (cont'd)

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out below.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and long term receivable. The Company manages credit risk by investing its cash with high credit-worthy financial institutions and completing due diligence on significant counterparties that the Company has entered into contracts.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at September 30, 2013, the Company's financial liabilities, comprised of accounts payable and accrued liabilities and short term loan, exceed its cash on hand. The Company will need to raise additional funds to meet its obligations.

c) Market Risk

Market risk consists of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rate between the Canadian and US dollar or other foreign currencies will affect the Company's operations and financial results. As such the Company has exposure to foreign currency exchange rate fluctuations. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign currency risks.

The following table reflects the Company's foreign currency exposure as of September 30, 2013:

	Canadian dollar $	US dollar $	Colombian peso $	Total $
Financial assets:				
Cash	-	11,243	-	11,243
Receivable	-	896,000	-	896,000
Financial liabilities:				
Accounts payable and accrued liabilities	226,313	174,343	-	400,656
Short term-loan	-	102,850	-	102,850

As at September 30, 2013, with other variable unchanged, a 10% change in US dollar to Canadian exchange rate would result in approximately $63,000 (2012 - $40,000) change in the consolidated statements of comprehensive loss.

13. Financial Instruments and Risk Management – (cont'd)

c) Market Risk – (cont'd)

ii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

The long term receivable (Note 5) is measured at fair value as at September 30, 2013, and is considered to be a level 3 item (Note 3 b). The valuation technique assumes that the fair value of the receivable would not exceed the value of the underlying mineral property. The Company used estimated indicated and inferred gold resources in troy ounces on the San Simon property (note 6) as provided in an NI 43-101 report completed in 2010. The Company's market value per troy ounce of gold resources was determined and compared to the enterprise value per troy ounce resources of other South American gold exploration companies to determine an average enterprise value per troy ounce which was used for fair value determination at December 14, 2012, the date the receivable was acquired. Subsequent decreases in the average enterprise value per troy ounce of the group of South American companies up to September 30, 2013 were applied to determine the impairment provision and estimated fair value at September 30, 2013. The fair value estimate is sensitive to changes in the estimated gold resources for the San Simon property or in the average enterprise value per troy ounce of the comparable exploration companies. A change of 10% in either the estimated gold resources or average enterprise value per troy ounces would change the fair value by $90,000.

14. Non-cash transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the year ended September 30, 2013 and 2012, the following transactions were excluded from the statements of cash flows:

i) Equipment amortization of $nil (2012 - $19,470) was included in resource properties.

ii) The Company issued 305,000 common shares (2012 - 125,000) valued at $7,075 (2011 - $26,250) and 125,000 warrants (2012- 125,000) valued at $414 (2012 - $5,037) pursuant to their option to acquired the Venecia and Fredonia resource properties.

(Expressed in Canadian Dollars)

15. Assets held for sale and discontinued operations

As of September 31, 2012, the Company had initiated a plan to sell its outstanding shares of EEB to a Bolivian company for which management expected to complete the execution of the agreement before September 30, 2013. Comparative figures at September 30, 2012 and for the year than ended have been corrected to classify the assets and liabilities of the Bolivian subsidiary as assets held for sale, and its expenses as discontinued operations. Details of amounts reclassified are disclosed in Note 16. Items related to the Bolivian subsidiary are as follows:

	Sept 30, 2012
Statement of Financial Position	
Current Assets	
Cash	49,030
Tax recoverable and other receivables	2,974
Prepaid expenses and deposits	2,164
Exploration and evaluation assets	2,247,393
Asset held for sale	2,301,561
Current Liabilities	
Accounts payable and accrued liabilities – asset held for sale	83,501
Decommissioning liabilities - asset held for sale	80,000
Current Liabilities - asset held for sale	163,501
Statement of Comprehensive Income	
Write-off of exploration and evaluation assets	(10,325,216)
Maintenance of mineral property	(226,959)
Gain on property, plant & equipment	43,006
Loss from discontinued operations before taxes	(10,509,169)

(Expressed in Canadian Dollars)

15. Assets held for sale and discontinued operations – (cont'd)

Statement of Cash Flows

Operating Activities	
Maintenance of mineral property	(226,959)
Cash used in operating activities - discontinued operations	(226,959)
Investing Activities	
Exploration and evaluation and drilling costs	(366,690)
Cash used in investment activities - discontinued operations	(366,690)

16. Prior Year Restatement

The amount of the impairment provision on the Company's Bolivian mineral property as at September 30, 2012 was retrospectively corrected to $10,325,216 from $4,938,801 previously reported, resulting in an increase of $5,386,415 in the loss for the year ended September 30, 2012 . The impairment provision previously provided was determined using a discount rate that was not risk adjusted which did not reflect an additional impairment loss of $2,342,295 and reflected an inappropriate foreign exchange adjustment on the mineral property which should have been reflected as an additional impairment loss of $3,044,120. The restatement reflects an increase in the applicable discount rate for applicable market risk and the removes the incorrect foreign exchange adjustment.

The cumulative translation adjustment (CTA) and deficit as at October 1, 2011 as shown on the statements of changes in equity were each decreased by $3,044,120 to retroactively correct an amount included in CTA related to a mineral property written off during the year ended September 30, 2011. As a result as at October 1, 2011, the CTA was restated to $133,386 from $3,177,506 and deficit restated to $65,484,695 from $68,528,815. Changes in the cumulative translation account previously shown only in the statement of changes in equity are now presented as other comprehensive income. These adjustments do not impact previously reported assets and liabilities and therefore a comparative statement of financial position at October 1, 2011 has not been reported.

The Bolivian subsidiary was retrospectively restated to correctly classify its assets and liabilities as held for sale as at September 30, 2012. The held for sale condition was determined to have been met as the sale was highly probable and the asset was available for immediate sale in its present condition.

(Expressed in Canadian Dollars)

16. Prior Year Restatement – (cont'd)

Summarized below is the effect of these restatements on the financial statements:

	Previously Stated	Restated	Change
Assets			
Cash	$ 1,546,853	$ 1,497,823	$ (49,030)
Tax recoverable and other receivables	20,910	17,936	(2,974)
Prepaid expenses and deposits	145,592	143,428	(2,164)
Asset held for sale – Note 15	-	2,301,561	2,301,561
Exploration and evaluation assets	9,939,127	5,309,973	(4,629,154)
Liabilities			
Accounts payable and accrued liabilities	337,779	254,278	(83,501)
Decommissioning and other liabilities – asset held for sale – Note 15	-	163,501	163,501
Decommissioning liabilities (non-current)	80,000	-	(80,000)
Shareholder's Equity			
Cumulative translation adjustment	74,894	35,428	(39,466)
Accumulated deficit	(75,572,767)	(77,915,062)	(2,342,295)
Loss and Comprehensive Loss			
Write-off exploration and evaluation assets	4,938,801	-	(4,938,801)
(Gain) loss on sale of Property	(38,456)	4,550	43,006
Maintenance on mineral property	226,959	-	(226,959)
Loss from continuing operations	(7,043,952)	(1,921,198)	5,122,754
Loss from discontinued operations	-	(10,509,169)	(10,509,169)
Net loss for the year	(7,043,952)	(12,430,367)	5,386,415
Exchange differences on translating foreign operations	-	(97,958)	97,958
Total Comprehensive Loss	(7,043,952)	(12,528,325)	5,484,373

Loss per share (continuing operations)	$ 0.08	$ 0.02	$ (0.06)
Loss per share (discontinued operations)	$ -	$ 0.11	$ 0.11

Summarized below is the effect of these restatements on the financial statements as of October 1, 2011:

	Previously Stated	Restated	Change
Shareholder's Equity			
Cumulative translation adjustment	3,177,506	133,386	(3,044,120)
Accumulated deficit	(68,528,815)	(65,484,695)	3,044,120