Condensed Interim Consolidated Financial Statements

For the Nine Months Ended June 30, 2012

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Colombia Crest Gold Corp. discloses that the accompanying unaudited condensed interim consolidated financial statements for the nine months ended, June 30, 2012, were prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The unaudited condensed interim consolidated financial statements of Colombia Crest Gold Corp. (the "Company") are the responsibility of the Company's management and they have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements. Management acknowledges responsibility for the preparation and presentation of these unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. In the opinion of management, these unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence, that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of, and for the period presented by, the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee, which is comprised of non-management directors, assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Company's Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

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

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

As at,	June 30 2012 $	September 30 2011 $	October 1 2010 $
Assets			
Current			
Cash - Note 3	3,461,229	3,451,530	853,679
Receivables - Note 4	53,486	39,564	32,221
Prepaid expenses and deposits - Note 5	374,595	67,113	27,491
	3,889,310	3,558,207	913,391
Property, plant and equipment - Note 6	86,434	65,520	39,427
Exploration and evaluation assets - Note 7	16,218,081	14,387,706	36,826,263
	20,193,825	18,011,433	37,779,081
Liabilities			
Current			
Accounts payable and accrued liabilities	465,564	296,414	585,674
	465,564	296,414	585,674
Asset retirement obligation - Note 2	80,000	80,000	80,000
Warrants denominated in a foreign currency - Note 9 (d)	33,775	27,559	966,970
	579,339	403,973	1,632,644
Shareholders' Equity			
Share capital - Note 9 (a)	79,783,706	76,337,456	70,230,435
Share subscriptions - Note 9 (e)	1,156,000	1,156,000	1,156,000
Contributed surplus - Note 9 (f)	6,298,092	5,465,313	4,481,337
Cumulative translation adjustment	2,955,044	3,177,506	-
Accumulated deficit	(70,578,356)	(68,528,815)	(39,721,335)
	19,614,486	17,607,460	36,146,437
	20,193,825	18,011,433	37,779,081

Nature of operations – Note 1

Signed on behalf of the Board of Directors by:

“Thomas Pladsen”	Director	*“Carl Hansen”*	Director
Thomas Pladsen		Carl Hansen	

Colombia Crest Gold Corp.
Condensed Interim Consolidated Statements of Comprehensive Loss
For the Three Months and Nine Months Ended June 30, 2012 and 2011
(Expressed in Canadian Dollars - unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
	2012	2011	2012	2011
	$	$	$	$
Expenses:				
Accounting and audit	26,731	12,500	94,196	49,330
Administration - Note 8	36,000	30,000	102,000	90,000
Advertising	374	-	15,150	-
Amortization	575	1,128	1,725	3,383
Bank charges	901	679	2,918	2,445
Consulting	1,500	15,164	3,120	117,485
Corporate development	46,207	60,079	163,830	148,257
Filing fees	4,784	3,753	37,189	48,759
Foreign exchange loss (gain)	(44,787)	(56)	(47,134)	19,739
Insurance	12,946	6,683	26,492	15,096
Legal	4,949	36,465	27,832	117,130
Management fees - Note 8	51,519	43,545	148,829	133,080
Office and printing	25,643	9,717	68,595	52,588
Shareholders information	2,802	2,400	9,726	7,063
Stock-based compensation - Note 9 (c)	97,418	40,920	827,742	600,270
Transfer agent	3,747	3,116	10,655	12,326
Travel and promotion	57,973	35,395	175,978	100,885
General explorations	91,453	45,501	224,205	68,858
Loss before other items	(420,735)	(346,989)	(1,893,048)	(1,586,694)
Other items:				
Due diligence on mineral property	-	-	-	(131,646)
Maintenance of mineral property - Note 7	(61,375)	-	(183,338)	-
Gain on property, plant & equipment	1,596	-	6,313	177,247
Gain (loss) on revaluation of foreign currency denominated warrants	4,200	204,542	(6,216)	734,870
Interest income	10,226	9,124	26,748	16,446
Net loss and comprehensive loss for the period	(466,088)	(133,323)	(2,049,541)	(789,777)
Loss per common share - Note 2	($0.01)	$0.00	($0.02)	($0.01)
Weighted-average number of common shares outstanding	85,649,956	73,407,374	84,253,971	64,591,669

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

Colombia Crest Gold Corp.
Condensed Interim Consolidated Statements of Cash Flows
For The Nine Months Ended June 30, 2012 and 2011
(Expressed in Canadian Dollars - Unaudited)

	2012 $	2011 $
Cash flows from operating activities		
Net loss income for the period	(2,049,541)	(789,777)
Adjustments to reconcile loss to net cash used in operating activities:		
Amortization	1,725	3,383
Gain on property plant and equipment	(6,313)	(177,247)
Loss/(gain) on revaluation of foreign currency denominated warrants	6,216	(734,870)
Interest income	(26,748)	(16,446)
Common shares issued for corporate finance fees	-	30,000
Stock-based compensation	827,742	600,270
	(1,246,919)	(1,084,687)
Net change in non-cash working capital items:		
Receivables	(13,922)	(26,087)
Prepaid expenses and deposits	(307,482)	(39,148)
Accounts payable and accrued liabilities	169,150	(65,232)
Cash used in operating activities	(1,399,173)	(1,215,154)
Investing activities		
Property, plant and equipment expenditures	(47,109)	(40,504)
Sale of property, plant and equipment	17,446	182,913
Exploration and evaluation costs	(2,005,858)	(1,277,965)
Interest received	26,748	16,446
Cash used in investing activities	(2,008,773)	(1,119,110)
Financing activities		
Proceeds from common shares issuance	3,420,000	6,298,778
Costs of issue of shares	-	(454,571)
Subscription receivable	-	134,000
Cash from financing activities	3,420,000	5,978,207
Effect of exchange rate change on cash	(2,355)	-
Change in cash and cash equivalents in the period	9,699	3,643,943
Cash and cash equivalents, beginning of period	3,451,530	853,679
Cash and cash equivalents, end of period	3,461,229	4,497,622

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

Colombia Crest Gold Corp.
Condensed Interim Consolidated Statements of Changes in Equity
For the Nine Months Ended June 30, 2012 and 2011
(Expressed in Canadian Dollars - Unaudited)

	Share Capital				Cumulative		
	Number of Common Shares	Amount $	Shares Subscribed $	Contributed Surplus $	Translation Adjustment $	Deficit $	Total $
Balance - October 1, 2010	51,031,190	70,230,435	1,156,000	4,481,337	-	(39,721,335)	36,146,437
Shares issued for private placement	21,442,594	6,432,778	-	-	-	-	6,432,778
Shares issued for option on property	569,922	200,871	-		-	-	200,871
Shares issued for corporate financing fees	100,000	30,000	-	-	-	-	30,000
Shares issued for finders' fees	400,000	200,000	-	-	-	-	200,000
Warrants issued for option on property	-	-	-	35,400	-	-	35,400
Expiry of escrow shares cancelled	(18,750)	(1,875)	-	1,875	-	-	-
Issue costs	-	(754,753)	-	-	-	-	(754,753)
Agents' warrants issued	-	-	-	300,182	-	-	300,182
Stock-based compensation	-	-	-	600,270	-	-	600,270
Currency translation adjustment	-	-	-	-	(2,337,717)	-	(2,337,717)
Loss for the period	-	-	-	-	-	(789,777)	(789,777)
Balance - June 30, 2011	73,524,956	76,337,456	1,156,000	5,419,064	(2,337,717)	(40,511,112)	40,063,691
Stock-based compensation	-	-	-	46,249	-	-	46,249
Currency translation adjustment	-	-	-	-	5,515,223	-	5,515,223
Loss for the period	-	-	-	-	-	(28,017,703)	(28,017,703)
Balance - September 30, 2011	73,524,956	76,337,456	1,156,000	5,465,313	3,177,506	(68,528,815)	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	-	-	-	827,742	-	-	827,742
Currency translation adjustment	-	-	-	-	(222,462)	-	(222,462)
Loss for the period	-	-	-	-	-	(2,049,541)	(2,049,541)
Balance - June 30, 2012	85,649,956	79,783,706	1,156,000	6,298,092	2,955,044	(70,578,356)	19,614,486

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

1. Nature of Operations and Going Concern

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").

The Company is in the development stage and is in the process of exploring and developing its resource properties in Bolivia and Columbia and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

Management has estimated that the Company will have adequate funds from existing working capital to meet corporate, development, administrative and property obligations for the coming year. As at June 30, 2012, the Company had $3,461,229 in cash and cash equivalents, working capital of $3,423,746 and no long-term debt.

The Company will require additional financing from time to time, and while the Company has been successful in raising equity financing through the issuance of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

2. Significant Accounting Policies

Statement of compliance and conversion to International Financial Reporting Standards

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent 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"). Accordingly, these unaudited condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year end reporting purposes.

These are the Company's first IFRS condensed interim consolidated financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ended September 30, 2012. Previously the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

The preparation of these condensed interim consolidated financial statements resulted in changes to the accounting policies as compared to the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented in these interim consolidated financial statements. They also have been used in preparing an opening IFRS balance sheet at October 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, "First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from Canadian GAAP to IFRS is explained in Note 12.

The unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 24, 2012.

2. Significant Accounting Policies – (cont'd)

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain derivative financial instruments, and have been prepared using the accrual basis of accounting. The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Areas requiring a significant degree of estimation relate to the determination of the useful lives of property and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities.

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. and its wholly owned subsidiaries Eaglecrest Exploration Bolivia SA ("EEB"), a company incorporated in Bolivia, 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.

Foreign Currency Translation

The Company's functional and reporting currency is the Canadian dollar. The functional currency of EEB is the US dollar and the Colombian peso for the branch office operations of Colombiana. EEP and Colombiana are holding companies with no other operations or activities. 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.

Exchange rates published by the Bank of Canada were used to translate the subsidiaries and the Colombia branch's financial statements into the Canadian dollar in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). The foreign exchange differences on translation of the Colombian branch are recognized in other comprehensive loss.

Foreign currency transactions are translated into the relevant functional currency of each entity using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of unsettled monetary assets and liabilities denominated in foreign currencies are recognized in net income.

2. Significant Accounting Policies – (cont'd)

Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and receivables or at fair value through profit or loss ("FVTPL"). Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. FVTPL has two categories: designated and held for trading. The Company's cash and short-term money market investments are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans-and receivables. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. The Company does not have any derivative financial assets.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives such as those relating to warrants denominated in a foreign currency are also classified as FVTPL unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For unlisted shares classified as available for sale ("AFS"), a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable and assets that are assessed not to be impaired indirectly are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

2. Significant Accounting Policies – (cont'd)

Impairment of Financial Assets – (cont'd)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Exploration and Evaluation Assets and Expenditures

Currently, all mineral properties of the Company are at exploration stage. Pre-exploration costs are expensed in the period in which they are incurred.

The Company records its interests in mineral properties at cost. Exploration expenditures relating to these interests are capitalized until the properties to which they relate are placed into production, sold or abandoned. These expenditures will be amortized over the estimated useful life of the related property using the unit-of-production basis following commencement of production, or written-off if the mineral properties are sold or abandoned. General exploration expenditures are expensed as incurred.

The amounts shown for mineral properties represent costs to date, and do not necessarily represent future values as they are entirely dependent upon the economic recovery of current and future reserves.

The Company reviews capitalized costs on its mineral properties on a periodic basis and will recognize impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future probability of profitable revenues from the property or from sale of the property. Management's assessment of the property's estimated current fair market value is also based upon management's review of other property transactions that have occurred in the same geographic area as its properties.

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Property, Plant and Equipment

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

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The company's cash and cash equivalents are invested with major financial institutions in business accounts and term deposits which are available on demand by the Company for its exploration programs and administrative expenses, and are not invested in any asset backed securities.

2. Significant Accounting Policies – (cont'd)

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 fair market value based upon the trading price of the Company's common shares on the TSXV on the date of share issuance.

Stock-based Payment Transactions

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.

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, adjusted for 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

2. Significant Accounting Policies – (cont'd)

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 income per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred.

Income taxes

The Company accounts for and measures future tax assets and liabilities in accordance with the liability method under which future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely that not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. The Company has taken a valuation allowance for the full amount of all potential tax assets.

Current income tax, if any, is the expected amount payable or receivable on the taxable income or loss for the period, calculated in accordance with applicable taxation laws and regulations, using income tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to amounts payable or receivable relating to previous years.

Deferred income taxes are provided using the liability method based on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using income tax rates and income tax laws and regulations that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the losses or temporary differences can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Asset Retirement Obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

2. Significant Accounting Policies – (cont'd)

Asset Retirement Obligation – (cont'd)

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after October 1, 2011 or later years. The following standards and interpretations have been issued but are 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 standard is effective for annual periods beginning on or after January 1, 2015. 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. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

- 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. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

- 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 is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

  IFRS 13 Fair Value Measurement

- There are no other IFRSs or IFRIC interpretations that are not

  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 January 1, 2013.

2. Significant Accounting Policies – (cont'd)

Asset Retirement Obligation – (cont'd)

- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

  In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation yet effective that would be expected to have a material impact on the Company.

Critical Accounting Estimates and Judgments

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

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

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

- Exploration and Evaluation Expenditures

  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.

- Title to Mineral Properties

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

- Income Taxes

  Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

(Expressed in Canadian Dollars – Unaudited)

2. Significant Accounting Policies – (cont'd)

Critical Accounting Estimates and Judgments – (cont'd)

- Income Taxes – (cont'd)

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

- Rehabilitation Provisions

  Rehabilitation provisions have been determined to be $Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

3. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	June 30, 2012 $	September 30, 2011 $	October 1, 2010 $
Cash	342,532	410,582	853,679
Short-term deposits	3,118,697	3,040,948	-
	3,461,229	3,451,530	853,679

The cash and cash equivalents are denominated in the following currencies:

	June 30, 2012 $	September 30, 2011 $	October 1, 2010 $
Canadian dollar	3,291,113	3,188,264	247,822
US dollar	144,336	198,147	577,447
Boliviano	12,484	17,113	28,410
Colombian peso	13,296	48,006	-
	3,461,229	3,451,530	853,679

(Expressed in Canadian Dollars – Unaudited)

4. Amounts Receivable

	June 30, 2012 $	September 30, 2011 $	October 1, 2010 $
Harmonized sales tax	20,530	27,375	25,546
Other	32,956	12,189	6,675
	53,486	39,564	32,221

The Company's accounts receivable are denominated in the following currencies:

	June 30, 2012 $	September 30, 2011 $	October 1, 2010 $
Canadian dollar	20,530	27,375	25,546
US dollar	-	-	-
Boliviano	4,129	6,734	6,675
Colombian peso	28,827	5,455	-
	53,486	39,564	32,221

5. Prepaid Expenses and Deposits

	June 30, 2012 $	September 30, 2011 $	October 1, 2010 $
Prepaid insurance	23,244	16,339	11,135
Prepaid consulting fees	-	8,625	11,100
Prepaid rent	4,500	2,200	1,950
Prepaid travel expenses	52,713	30,089	-
Rental deposits	4,138	3,335	3,306
Deposit with drillers	290,000	-	-
Show booth deposit	-	6,525	-
	374,595	67,113	27,491

The carrying amounts of prepaid expenses and deposits are denominated in the following currencies:

	June 30, 2012 $	September 30, 2011 $	October 1, 2010 $
Canadian dollar	80,457	37,164	13,887
US dollar	-	26,614	10,298
Boliviano	4,138	-	-
Colombian peso	290,000	3,335	3,306
	374,595	67,113	27,491

(Expressed in Canadian Dollars – Unaudited)

6. Property, Plant and Equipment

	Furniture & Equipment $	Field Equipment $	Vehicles $	Total $
Cost				
As at October 1, 2010	105,408	40,964	73,748	220,120
Additions	3,808	-	40,280	44,088
Disposition	(906)	-	(4,760)	(5,666)
As at September 30, 2011	108,310	40,964	109,268	258,542
Additions	6,980	-	36,698	43,678
Disposition and write-offs	(18,935)	-	(17,640)	(36,575)
Foreign exchange movement	345	-	5,528	5,873
As at June 30, 2012	96,700	40,964	133,854	271,518
Accumulated depreciation				
As at October 1, 2010	83,946	39,894	56,853	180,693
Additions	5,682	321	6,326	12,329
As at September 30, 2011	89,628	40,215	63,179	193,022
Additions	3,071	169	12,732	15,972
Disposition and write-offs	(13,368)	-	(11,057)	(24,425)
Foreign exchange movement	25	-	490	515
As at June 30, 2012	79,356	40,384	65,344	185,084
Net book value				
As at October 1, 2010	21,462	1,070	16,895	39,427
As at September 30, 2011	18,682	749	46,089	65,520
As at June 30, 2012	17,344	580	68,510	86,434

7. Exploration and Evaluation Assets

The Company’s exploration properties are located in Bolivia and Colombia, South America and its interest in these resource properties is maintained pursuant to agreements with the titleholders. The Company is satisfied that evidence of title to each of its resource properties is adequate and acceptable by prevailing Bolivian and Colombian standards with respect to the current stage of exploration on these properties, however, recoverability of amounts shown for resource properties are subject to confirmation of the Company’s interest in the underlying resource properties.

(Expressed in Canadian Dollars – Unaudited)

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

The Company's exploration and evaluation assets are as follows:

	Bolivia		Colombia		Total
	San Simon	Dona Amelia	Fredonia	Venecia	
Costs:					
Balance - October 1, 2010	12,853,618	24,516,781	822,762	-	38,193,161
Acquisition costs	27,842	50,944	469,249	150,228	698,263
Exploration costs	610,403	383,431	432,499	215,595	1,641,928
Foreign exchange movement	133,386	3,044,120	-	-	3,177,506
Balance - September 30, 2011	13,625,249	27,995,276	1,724,510	365,823	43,710,858
Acquisition costs	6,687	-	116,832	130,850	254,369
Exploration costs	295,242	-	458,591	1,044,765	1,798,598
Foreign exchange movement	(234,371)	-	5,517	6,262	(222,592)
Balance - June 30, 2012	13,692,807	27,995,276	2,305,450	1,547,700	45,541,233
Impairment write-offs:					
Balance - October 1, 2010	(1,313,474)	(53,424)	-	-	(1,366,898)
Write-offs	(14,402)	(27,941,852)	-	-	(27,956,254)
Balance - September 30, 2011	(1,327,876)	(27,995,276)	-	-	(29,323,152)
Write-offs	-	-	-	-	-
Balance - June 30, 2012	(1,327,876)	(27,995,276)	-	-	(29,323,152)
Carrying values:					
Carrying value - October 1, 2010	11,540,144	24,463,357	822,762	-	36,826,263
Carrying value - September 30, 2011	12,297,373	-	1,724,510	365,823	14,387,706
Carrying value - June 30, 2012	12,364,931	-	2,305,450	1,547,700	16,218,081

Bolivia:

San Simon and Dona Amelia

Pursuant to an agreement (the "San Simon Agreement") executed in fiscal 1999 and subsequently amended, the Company owns the right to acquire 100% of all production from 11 mineral concessions. These 11 mineral concessions are subject to a 3% net smelter returns royalty, of which the Company can 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.

These concessions are subject to a 3% net smelter returns royalty, of which the Company can purchase 1% for US$500,000 and a second 1% for US$1,000,000.

(Expressed in Canadian Dollars – Unaudited)

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

Bolivia: - (cont'd)

San Simon and Dona Amelia – (cont'd)

During the year ended September 30, 2010, certain concessions on San Simon and Dona Amelia Zones were abandoned and $1,313,474 and $53,424 in related deferred costs were written off, respectively.

During the year ended September 30, 2011, $27,935,204 in deferred costs were written off on the Dona Amelia Zone. However, no further concessions on the San Simon and Dona Amelia Zones were abandoned.

During the nine months ended June 30, 2012, $183,338 expended in up-keeping and maintaining Dona Amelia were expensed as the entire property was written off during fiscal 2011.

Colombia:

Fredonia

Pursuant to an agreement dated August 13, 2010, the Company has an option to acquire up to a 75% interest in the mineral title of the 15,000 hectare Fredonia Area located in Antioquia, Colombia, as follows:

Date	Expenditures US$		Common Shares / Warrants Issued	Cash US$	Interest Earned
Upon signature of agreement	52,500	(cash paid)	-	10,000 (paid)	-
By September 28, 2010	97,500	(paid via issuance of 319,922 shares)	1,000,000 shares and 1,000,000 warrants (i) (issued)	-	-
By October 28, 2010	32,500	(ii)	319,922 shares (issued)	-	-
By March 28, 2011	47,500	(incurred)	-	50,000 (paid)	12.5%
By September 28, 2011	-		-	27,500 (paid)	25.0%
By March 28, 2012 (iii)	902,500	(incurred)	-	-	-
By March 28, 2013 (iii)	1,100,000		-	-	50.0%
By March 28, 2014 (iii)	600,000		-	-	50.0%
Total	2,832,500			87,500	50.0%
By March 28, 2019, upon completion of a positive feasibility study					75.0%

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

Colombia: - (cont'd)

Fredonia - (cont'd)

(i) Each warrant exercisable to purchase an additional common share at $0.40 per share expiring September 28, 2012.

(ii) Reimbursement to optioner for taxes paid. By agreement with both parties, time for payment was extended to January, 2011 (paid).

(iii) By an amendment agreement dated August 16, 2011, time stipulated was extended for six months.

In the event that any of the above-noted expenditures are not made within the timeframe specified above, the Company will be required to pay the portion of expenditures unspent directly to the optionor in cash.

By June 27, 2014 (extended by six months by an amendment agreement dated August 16, 2011) the Company must deliver to the optionor written notice (the "Study Notification") of the Company's intention to fund the preparation of a feasibility study, which must be completed by June 27, 2019 (extended by six months by an amendment agreement dated August 16, 2011). In order to maintain its right to earn a 75% interest, the optionor must incur a minimum in exploration expenses of US$250,000 during each one year period after the Study Notification until the earlier of: (i) completion of the Feasibility Study; or (ii) the end of such five year period.

In the event the Company does not meet this expenditure requirement in any such one year period, the Company may maintain its right to earn a 75% interest by issuing common shares to the Optioner with a value equivalent to the difference between the amount spent during that year and the US$250,000 minimum, provided that such common shares shall be valued at the closing price on the TSXV on the last trading day before the applicable anniversary of the Study Notification date.

After completion of a detailed feasibility study (National Instrument 43-101 compliant), each party will be required to fund its pro-rata share of development costs. During the duration of the agreement, the Company will be responsible for all expenditures related to concession maintenance, including canon payments and insurance policies.

Upon acquisition of a 75% interest in the Fredonia Property, the parties will form a 75/25 joint venture and funding of further exploration and development of the project will be based on the parties' percentage interest. If the optionor chooses not to contribute to funding such work its interest will be diluted, based on an industry standard dilution formulae, to a minimum 2.5% net smelter royalty.

(Expressed in Canadian Dollars – Unaudited)

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

Colombia: - (cont'd)

Venecia

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

Date	Expenditures US$	Common Shares / Warrants Issued	Cash US$	Interest Earned
Upon signature of the LOI (September 30, 2010 - paid)	-		30,000 (i)	-
By April 14, 2011	50,000 (incurred)	-	-	-
By April 21, 2011		250,000 shares and 250,000 warrants (ii) (issued)	-	12.5%
By March 30, 2012	950,000 (incurred)	125,000 shares and 125,000 warrants (ii) (issued)	80,000 (paid)	25.0%
By March 30, 2013	1,000,000	125,000 shares and 125,000 warrants (iii)	75,000	37.5%
By March 30, 2014	1,000,000	125,000 shares and 125,000 warrants (iii)	375,000	75.0%
Total	2,832,500		535,000	75.0%

(i) By agreement with both parties, time for payment was extended to December 20, 2011 (paid).

(ii) Warrants have an unit exercise price of $0.4375 with 250,000 expiring April 15, 2013 and 125,000 expiring March 23, 2014.

(iii) Each warrant will have an exercise price equal to the greater of the closing price of the Company's common shares at the date of execution or $0.4375. The warrants will have an expiry date of two years after their date of issue.

In the event that any of the above-noted expenditures are not made within the timeframe specified above, the Company will be required to pay the portion of expenditures unspent directly to the optionor in cash.

Upon acquisition of a 75% interest in the Venecia Project, the parties intend to form a 75/25 joint venture and funding of further exploration and development of the project will be based on the parties' percentage interest. Or, the optionor can choose to sell its interest in the project at its fair market value or have the Company fund the optionor's share of expenses, in which event, the Company will receive 100% of proceeds from production until it has been repaid such funds plus interest at the US prime rate plus 5%.

(Expressed in Canadian Dollars – Unaudited)

8. Related Party Transactions

The following cash remuneration paid or accrued to key management personnel for the following services:

	For the nine months ended June 30	
	2012	2011
	$	$
Management fees	148,828	133,080
Administration fees	102,000	90,000
Corporate development	-	12,000
Geological consulting fees	118,657	96,664
Total	369,485	331,744

In addition to cash remunerations accrued or paid above, options were also granted to management and directors with the following option valuations:

	For the nine months ended June 30, 2012		For the nine months ended June 30, 2011	
	Number of Options	Options Valuation $	Number of Options	Options Valuation $
CEO	900,000	253,440	400,000	118,920
CFO	200,000	56,320	200,000	59,460
Officer	300,000	69,580	250,000	34,410
Directors	850,000	239,360	1,100,000	327,030
Total	2,250,000	618,700	1,950,000	539,820

Related party assets and liabilities:

Amounts due to related parties are unsecured, non-interest bearing and due on demand.

	As at June 30	
	2012	2011
	$	$
Amounts due to management:		
Administration fees	12,000	10,000
Geological consulting fees	28,774	11,722
Expenses and other	13,237	5,066
Total	54,011	26,788

(Expressed in Canadian Dollars – Unaudited)

8. Related Party Transaction – (cont'd)

Travel expense advances:

	As at June 30 2012 $	2011 $
Amounts advanced to management:		
Travel expenses	30,382	19,768
Total	30,382	19,768

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 - October 1, 2010	51,031,190	70,230,435
Shares issued via private placement	21,442,594	6,432,778
Shares issued for finders' fees	400,000	200,000
Shares issued for corporate financing fees	100,000	30,000
Shares issued for option on property	569,922	200,871
Escrow shares cancelled	(18,750)	(1,875)
Issue costs	-	(754,753)
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 - June 30, 2012	85,649,956	79,783,706

During the nine months ended June 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 above private placement were allocated to share capital with none allocated to warrants.

125,000 common shares fair 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.

(Expressed in Canadian Dollars – Unaudited)

9. Share Capital – (cont'd)

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.

The continuity of share purchase options is as follows:

	Number of Options	Weighted Average Exercise Price $
Balance - October 1, 2010	2,400,000	1.36
Granted	3,100,000	0.45
Cancelled/expired	(230,000)	1.29
Balance - September 30, 2011	5,270,000	0.82
Cancelled/expired	2,950,000	0.35
Cancelled/expired	(500,000)	2.40
Balance - June 30, 2012	7,720,000	0.54

(Expressed in Canadian Dollars – Unaudited)

9. Share Capital – (cont'd)

c) Stock options: – (cont'd)

Details of stock options outstanding at June 30, 2012:

Number of Options					
Outstanding		Exercisable	Option Price $	Expiry Date	Remaining Life (years)
85,000		85,000	1.80	January 8, 2013	0.52
250,000		250,000	0.45	February 8, 2013	0.73
200,000	(i)	200,000	0.45	February 9, 2013	0.73
200,000		200,000	1.20	May 29, 2013	0.91
550,000		550,000	0.45	June 13, 2013	0.95
200,000	(ii)	200,000	0.45	June 13, 2013	0.95
150,000		150,000	0.45	August 25, 2013	1.15
50,000	(iii)	37,500	0.24	August 25, 2013	1.15
50,000		50,000	0.60	January 19, 2015	2.55
1,335,000		1,335,000	1.00	January 19, 2015	2.55
450,000		450,000	0.35	May 14, 2015	2.87
1,700,000		1,700,000	0.45	February 8, 2016	3.73
2,500,000		2,500,000	0.35	November 14, 2016	4.38
7,720,000		7,707,500			3.06

(i) Vested over one year - 50,000 options exercisable every three months commencing May 9, 2011.
(ii) Vested over one year - 50,000 options exercisable every three months commencing September 13, 2011.
(iii) Vested over one year - 12,500 options exercisable every three months commencing November 25, 2011.

During the nine months ended June 30, 2012, the following stock options, which vested immediately were granted and valued 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 nine months ended June 30, 2012, a total stock-based compensation of $827,742 was recorded, of which, $797,195 pertain to the options granted during the current nine-month period and another $30,547 due to options granted in prior periods, but were vested during the current period.

9. Share Capital – (cont'd)

d) Share Purchase Warrants Outstanding:

Warrants with exercise price in US dollars:

	Number of Warrants	Exercise Price US$	Expiry Date
Balance - at October 1, 2010, September 30, 2011 and June 30, 2012	4,481,900	1.00	August 13, 2012

Warrants denominated in a foreign currency different from the functional currency of the Company meet the definition of a financial liability and accordingly are presented as such on the Company's consolidated statements of financial position and are fair valued at each period using the binomial option valuation model. At June 30, 2012 the financial liability was estimated using the binomial option valuation model with the following assumptions: risk-free interest rate - 1.15%; expected stock price volatility - 105.25%; expected life - 0.62 year; and expected dividend yield - nil.

As at June 30, 2012, the weighted average remaining contractual life of US$ denominated warrants is 0.12 year (2011: 1.12 years)

Warrants with exercise price in Canadian dollars:

	Number of Warrants	Weighted Average Exercise Price $
Balance - October 1, 2010	7,764,356	0.70
Warrants issued via private placement	23,287,833	0.45
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	(65,400)	0.50
Balance - June 30, 2012	37,111,789	0.49

9. Share Capital – (cont'd)

d) Share Purchase Warrants (exercise price in Canadian dollars) Outstanding:

Details of purchase warrants outstanding at June 30, 2012:

Number of Warrants	Exercise Price - $	Expiry Date	Remaining Life (Years)
1,000,000	0.40	September 28, 2012	0.24
1,100,000	0.75	December 04, 2012 (i)	0.43
1,060,000	0.75	December 24, 2012 (ii)	0.48
12,176,351	0.45	December 30, 2012 (iii)	0.50
10,064,336	0.45	February 4, 2013 (iii)	0.60
797,146	0.45	February 4, 2013	0.60
250,000	0.44	April 15, 2013	0.79
4,538,956	0.75	May 10, 2013 (iv)	0.86
6,000,000	0.35	October 31, 2013	1.34
125,000	0.44	March 23, 2014	1.46
37,111,789	0.49		0.70

(i) Original expiry date of December 4, 2011, amended to December 4, 2012.

(ii) Original expiry date of December 24, 2011 amended to December 24, 2012.

(iii) Provided that at any time the Company's common shares have a closing trading price of $0.75 or higher per share for a period of 20 consecutive trading days on the TSXV, the Company may issue a notice that the warrants must be exercised within the 21 days of the date of the notice or they will expire at the end of the 21 day period.

(iv) Provided that at any time the Company's common shares have a closing trading price higher than $1.10 per share for a period of 20 consecutive trading days on the TSXV, the Company may issue a notice that the warrants must be exercised within the 21 days of the date of the notice or they will expire at the end of that 21 day period. These warrants' original expiry date of May 10, 2012, amended to May 10, 2013.

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).

(Expressed in Canadian Dollars – Unaudited)

9. Share Capital – (cont'd)

e) Share Subscriptions – (cont'd)

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 has received subscriptions for 1,500,000 units for proceeds of $231,000.

f) Contributed Surplus:

	Stock-based Compensation $	Brokers' Warrants $	Equity Portion of Convertible Debentures $	Options on Properties $	Shares Cancelled $	Total $
Balance - October 1, 2010	3,703,712	16,447	460,000	301,178	-	4,481,337
Agents' warrants issued	-	300,182	-	-	-	300,182
Stock-based compensation	600,270	-	-	-	-	600,270
Expiry of escrow shares	-	-	-	-	1,875	1,875
Balance - June 30, 2011	4,303,982	316,629	460,000	301,178	1,875	5,383,664
Stock-based compensation	46,249	-	-	-	-	46,249
Warrants issued for option on property	-	-	-	35,400	-	35,400
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 expense	827,742	-	-	-	-	827,742
Balance - June 30, 2012	5,177,973	316,629	460,000	341,615	1,875	6,298,092

Contributed Surplus' is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

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.

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

(Expressed in Canadian Dollars – Unaudited)

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:

June 30, 2012	Canada $	Bolivia $	Colombia $	Total $
Current assets	3,470,588	86,599	332,123	3,889,310
Property, plant and equipment	8,658	2,648	75,128	86,434
Explorations & evaluation reserves	-	12,364,931	3,853,150	16,218,081
Total Assets	3,479,246	12,454,178	4,260,401	20,193,825

September 30, 2011	Canada $	Bolivia $	Colombia $	Total $
Current assets	3,328,426	176,320	53,461	3,558,207
Property, plant and equipment	12,234	11,910	41,376	65,520
Explorations & evaluation reserves	-	12,297,373	2,090,333	14,387,706
Total Assets	3,340,660	12,485,603	2,185,170	18,011,433

October 1, 2010	Canada $	Bolivia $	Colombia $	Total $
Current assets	359,497	553,894	-	913,391
Property, plant and equipment	16,745	22,682	-	39,427
Explorations & evaluation reserves	-	36,003,501	822,762	36,826,263
Total Assets	376,242	36,580,077	822,762	37,779,081

11. Income Taxes

No income tax expense or recovery arises due to the losses incurred in the period. As at September 30, 2011, the Company had estimated non-capital losses of $ 11,244,000, expiring between 2014 - 2030. The potential benefits of these carry-forward losses has not been recognized in these unaudited condensed interim consolidated financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

12. First Time Adoption of International Financial Reporting Standards ("IFRS")

The Company's consolidated financial statements for the year ended September 30, 2012 will be the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was October 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be September 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian GAAP.

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

The accounting policies in Note 2 have been applied in preparing the unaudited condensed interim consolidated financial statements for the nine months ended June 30, 2012, the comparative information for the nine months ended June 30, 2011, the financial statements for the year ended September 30, 2011 and the preparation of an opening IFRS statement of financial position on the Transition Date, October 1, 2010.

The guidance for the first time adoption of IFRS is set in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for the first time adopters of IFRS. The Company has elected to take the following optional IFRS 1 exemptions.

IFRS 3 - Business combinations

Upon transition to IFRS, a company must adjust its accounting for business combinations carried out prior to transition to comply with IFRS. IFRS 1 provides an exemption which allows companies to carry forward their Canadian GAAP accounting for business combinations prior to transition date. The Company has utilized this exemption.

IAS 21 - Cumulative translation differences

The Company has elected to take the IFRS 1 exemption to deem cumulative translation adjustments arising on consolidation of foreign operations to be zero at the date of transition to IFRS.

IFRS 2- Share based payments

IFRS 1 permits the application of IFRS 2 Share Based Payments only to equity instruments that had not vested by the date of transition to IFRS. The Company has applied this exemption and will only apply IFRS 2 for equity instruments that had not vested by October 1, 2010.

IAS 32 - Compound Financial Instruments

The Company has elected not to retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the date of transition to IFRS.

12. First Time Adoption of International Financial Reporting Standards ("IFRS") – (cont'd)

IFRIC 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities

The Company has elected to apply the exemption from full retrospective application of decommissioning provisions as allowed under IFRS 1 and assessed the required provision at October 1, 2010.

IAS 23 - Borrowing Costs

The Company has elected to apply the transitional provisions of IAS 23 Borrowing Costs which permits prospective capitalization of borrowing costs on qualifying assets from the Transition Date.

The Company has applied the following mandatory IFRS 1 exemptions:

Derecognition of Financial Assets and Liabilities

The Company has applied the derecognition requirements in IAS 39 Financial Instruments: Recognition and Measurement prospectively from the Transition Date. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

Reconciliation to previously reported financial statements

A reconciliation of the above noted changes is included in the following balance sheets, statements of comprehensive profit and loss and statements of cash flows of the dates noted below.

(Expressed in Canadian Dollars – Unaudited)

12. First Time Adoption of International Financial Reporting Standards ("IFRS") - (cont'd)

Reconciliation of Assets, Liabilities and Equity as at October 1, 2010:

	Canadian GAAP $	IFRS Adjustments $	Notes	IFRS $
Assets				
Current				
Cash	853,679	-		853,679
Receivables	32,221	-		32,221
Prepaid & deposits	27,491	-		27,491
	913,391	-		913,391
Property, plant and equipment	39,427	-		39,427
Other deferred property charges	6,642	(6,642)	b	-
Exploration and evaluation assets	62,012,705	(46,512)	b	36,826,263
		(17,737,000)	c	
		(7,402,930)	d	
	62,972,165	(25,193,084)		37,779,081
Liabilities				
Current				
Accounts payable and accrued liabilities	585,674	-		585,674
Future income tax liability	16,537,000	(16,537,000)	c	-
Asset retirement obligation	80,000	-		80,000
Warrants denominated in a foreign currency	-	966,970	e	966,970
	17,202,674	(15,570,030)		1,632,644
Shareholders' Deficiency				
Share capital	71,060,057	(829,622)	e	70,230,435
Share subscriptions	1,156,000	-		1,156,000
Contributed surplus	4,481,337	-		4,481,337
Cumulative translation adjustment	-	-	d	-
Accumulated deficit	(30,927,903)	(53,154)	b	(39,721,335)
		(1,200,000)	c	
		(137,348)	e	
		(7,402,930)	d	
	45,769,491	(9,623,054)		36,146,437
	62,972,165	(25,193,084)		37,779,081

(Expressed in Canadian Dollars – Unaudited)

12. First Time Adoption of International Financial Reporting Standards ("IFRS") – (cont'd)

Reconciliation of Assets, Liabilities and Equity as at June 30, 2011:

	Canadian GAAP $	IFRS Adjustments $	Notes	IFRS $
Assets				
Current				
Cash	4,497,622	-		4,497,622
Receivables	58,309	-		58,309
Prepaid & deposits	66,639	-		66,639
	4,622,570	-		4,622,570
Property, plant and equipment	66,377	-		66,377
Exploration and evaluation assets	63,669,733	(184,800)	b	36,007,286
		(17,737,000)	c	
		(9,740,647)	d	
	68,358,680	(27,662,447)		40,696,233
Liabilities				
Current				
Accounts payable and accrued liabilities	320,442	-		320,442
Future income tax liability	16,537,000	(16,537,000)	c	-
Asset retirement obligation	80,000	-		80,000
Warrants denominated in a foreign currency	-	232,100	e	232,100
	16,937,442	(16,304,900)		632,542
Shareholders' Deficiency				
Share capital	77,167,078	(829,622)	e	76,337,456
Share subscriptions	1,156,000	-		1,156,000
Contributed surplus	5,419,064	-		5,419,064
Cumulative translation adjustment	-	(9,740,647)	d	(2,337,717)
		7,402,930	d	
Accumulated deficit	(32,320,904)	(184,800)	b	(40,511,112)
		(1,200,000)	c	
		597,522	e	
		(7,402,930)	d	
	51,421,238	(11,357,547)		40,063,691
	68,358,680	(27,662,447)		40,696,233

(Expressed in Canadian Dollars – Unaudited)

12. First Time Adoption of International Financial Reporting Standards ("IFRS") – (cont'd)

Reconciliation of Assets, Liabilities and Equity as at September 30, 2011:

	Canadian GAAP $	IFRS Adjustments $	Notes	IFRS $
Assets				
Current				
Cash	3,451,530	-		3,451,530
Receivables	39,564	-		39,564
Prepaid & deposits	67,113	-		67,113
	3,558,207	-		3,558,207
Property, plant and equipment	65,520	-		65,520
Exploration and evaluation assets	25,752,336	(184,800)	b	14,387,706
		20,980,798	c	
		(7,402,930)	d	
		(27,935,204)	c	
		3,177,506	d	
	29,376,063	(11,364,630)		18,011,433
Liabilities				
Current				
Accounts payable and accrued liabilities	296,414	-		296,414
Future income tax liability	1,764,000	(1,764,000)	c	-
Asset retirement obligation	80,000	-		80,000
Warrants denominated in a foreign currency	-	27,559	e	27,559
	2,140,414	(1,736,441)		403,973
Shareholders' Deficiency				
Share capital	77,167,078	(829,622)	e	76,337,456
Share subscriptions	1,156,000	-		1,156,000
Contributed surplus	5,459,209	6,104	a	5,465,313
Cumulative translation adjustment	-	(7,402,930)	d	3,177,506
		3,044,120	d	
		133,386	d	
		7,402,930	d	
Accumulated deficit	(56,546,638)	(6,104)	a	(68,528,815)
		(184,800)	b	
		22,744,798	c	
		(27,935,204)	c	
		802,063	e	
		(7,402,930)	d	
	27,235,649	(9,628,189)		17,607,460
	29,376,063	(11,364,630)		18,011,433

(Expressed in Canadian Dollars – Unaudited)

12. First Time Adoption of International Financial Reporting Standards ("IFRS") – (cont'd)

Reconciliation of Loss and Comprehensive Loss for the Three Months Ended June 30, 2011:

	Canadian GAAP $	IFRS Adjustments $	Notes	IFRS $
Expenses:				
Accounting and audit	12,500	-		12,500
Administration	30,000	-		30,000
Amortization	1,128	-		1,128
Bank charges	679	-		679
Consulting	15,164	-		15,164
Corporate development	60,079	-		60,079
Filing fees	3,753	-		3,753
Foreign exchange loss (gain)	(56)	-		(56)
Insurance	6,683	-		6,683
Legal	36,465	-		36,465
Management fees	43,545	-		43,545
Office and printing	9,717	-		9,717
Shareholders information	2,400	-		2,400
Stock-based compensation	40,920	-		40,920
Transfer agent	3,116	-		3,116
Travel and promotion	35,395	-		35,395
General exploration	45,501	-		45,501
Loss from operations	(346,989)	-		(346,989)
Other items:				
Gain on revaluation of foreign currency denominated warrants	-	204,542	e	204,542
Interest income	9,124	-		9,124
Net (loss) income and comprehensive (loss) income for the period	(337,865)	204,542		(133,323)
Income (loss) per common share - basic	0.00	-		0.00
Weighted average number of common shares outstanding - basic	73,407,374			73,407,374

(Expressed in Canadian Dollars – Unaudited)

12. First Time Adoption of International Financial Reporting Standards ("IFRS") – (cont'd)

Reconciliation of Loss and Comprehensive Loss for the Nine Months Ended June 30, 2011:

	Canadian GAAP $	IFRS Adjustments $	Notes	IFRS $
Expenses:				
Accounting and audit	49,330	-		49,330
Administration	90,000	-		90,000
Amortization	3,383	-		3,383
Bank charges	2,445	-		2,445
Consulting	117,485	-		117,485
Corporate development	148,257	-		148,257
Filing fees	48,759	-		48,759
Foreign exchange loss (gain)	19,739	-		19,739
Insurance	15,096	-		15,096
Legal	117,130	-		117,130
Management fees	133,080	-		133,080
Office and printing	52,588	-		52,588
Shareholders information	7,063	-		7,063
Stock-based compensation	600,270	-		600,270
Transfer agent	12,326	-		12,326
Travel and promotion	100,885	-		100,885
General exploration	68,858	-		68,858
Loss from operations	(1,586,694)	-		(1,586,694)
Other items:				
Due diligence on general mineral property	-	(131,646)	b	(131,646)
Gain on property, plant and equipment	177,247	-		177,247
Gain on revaluation of foreign currency denominated warrants	-	734,870	e	734,870
Interest income	16,446	-		16,446
Net (loss) income and comprehensive (loss) income for the period	(1,393,001)	603,224		(789,777)
Income (loss) per common share - basic	(0.02)	-		(0.01)
Weighted average number of common shares outstanding - basic	64,591,669			64,591,669

(Expressed in Canadian Dollars – Unaudited)

12. First Time Adoption of International Financial Reporting Standards ("IFRS") – (cont'd)

Reconciliation of Loss and Comprehensive Loss for the Year Ended September 30, 2011:

	Canadian GAAP $	IFRS Adjustments $	Notes	IFRS $
Expenses:				
Accounting and audit	61,830			61,830
Administration	120,000	-		120,000
Advertising	6,999			6,999
Amortization	4,511	-		4,511
Bank charges	3,339	-		3,339
Consulting	119,235	-		119,235
Corporate development	237,247	-		237,247
Filing fees	48,859	-		48,859
Foreign exchange loss (gain)	19,560	-		19,560
Insurance	22,492	-		22,492
Legal	130,768	-		130,768
Management fees	177,190	-		177,190
Office and printing	66,497	-		66,497
Shareholders information	8,870	-		8,870
Stock-based compensation	640,415	6,104	a	646,519
Transfer agent	13,759	-		13,759
Travel and promotion	154,057	-		154,057
General explorations	85,584			85,584
Loss from operations	(1,921,212)	(6,104)		(1,927,316)
Other items:				
Due diligence on general mineral property	-	(184,800)	b	(131,646)
		53,154	b	
Gain on revaluation of foreign currency denominated warrants	-	137,348	e	939,411
		802,063		
Write-off of exploration and evaluation reserves	(38,832,798)	38,832,798	c	(27,935,204)
		(27,935,204)	c	
Gain on property, plant and equipment	217,957	-		217,957
Interest income	29,318	-		29,318
Loss before income taxes	(40,506,735)	11,699,255		(28,807,480)
Recovery of future income taxes	14,888,000	(14,888,000)	c	-
Net loss and comprehensive loss for the year	(25,618,735)	(3,188,745)		(28,807,480)
Loss per common share - basic	(0.38)			(0.43)
Weighted average number of common shares outstanding - basic	66,843,347			66,843,347

(Expressed in Canadian Dollars – Unaudited)

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)

Reconciliation of Cash Flows for the Nine Months Ended June 30, 2011:

	Canadian GAAP $	IFRS Adjustments $	Notes	IFRS $
Cash flows from operating activities				
Net loss for the period	(1,393,001)	603,224		(789,777)
Adjustments to reconcile loss to net cash used in operating activities:				
Amortization	3,383	-		3,383
Gain on property, plant and equipment	(177,247)	-		(177,247)
Gain on revaluation of foreign currency currency denominated warrants	-	(734,870)	e	(734,870)
Interest income	(16,446)	-		(16,446)
Common shares issued for corporate finance fees	30,000	-		30,000
Stock-based compensation	600,270	-		600,270
	(953,041)	(131,646)		(1,084,687)
Changes in non-cash working capital items:				
Amounts receivable	(26,087)	-		(26,087)
prepaid expenses and deposits	(39,148)	-		(39,148)
Accounts payable and accrued liabilities	(65,232)	-		(65,232)
Cash from (used) in operating activities	(1,083,508)	-		(1,215,154)
Investing activities				
Property, plant and equipment expenditures	(40,504)	-		(40,504)
Sale of property, plant and equipment	182,913	-		182,913
Exploration and evaluation costs	(1,409,611)	131,646	b	(1,277,965)
Interest received	16,446	-		16,446
Cash used in investing activities	(1,250,756)	131,646		(1,119,110)
Financing activities				
Proceeds from common share issuance	6,298,778	-		6,298,778
Costs of issue of shares	(454,571)	-		(454,571)
Subscription receivable	134,000	-		134,000
Cash from by financing activities	5,978,207	-		5,978,207
Change in cash and cash equivalents in the period	3,643,943	-		3,643,943
Cash and cash equivalents, beginning of period	853,679	-		853,679
Cash and cash equivalents, end of period	4,497,622	-		4,497,622

(Expressed in Canadian Dollars – Unaudited)

12. First Time Adoption of International Financial Reporting Standards ("IFRS") – (cont'd)

Reconciliation of Cash Flows For The Year Ended September 30, 2011:

	Canadian GAAP $	IFRS Adjustments $	Notes	IFRS $
Cash flows from operating activities				
Net loss for the year	(25,618,735)	(3,188,745)		(28,807,480)
Adjustments to reconcile loss to net cash used in operating activities:				
Amortization	4,511	-		4,511
Gain on property, plant and equipment	(217,957)	-		(217,957)
Gain on revaluation of foreign currency denominated warrants	-	(939,411)	e	(939,411)
Recovery of future income taxes	(14,888,000)	14,888,000	c	-
Common shares issued for corporate finance fees	30,000	-		30,000
Stock-based compensation	640,415	6,104	a	646,519
Write-off of exploration and evaluation costs	38,832,798	(38,832,798)	c	27,935,204
		27,935,204	e	
	(1,216,968)	(131,646)		(1,348,614)
Changes in non-cash working capital items:				
Amounts receivable	(7,343)	-		(7,343)
Prepaid and deposits	(39,622)	-		(39,622)
Accounts payable and accrued liabilities	(89,259)	-		(89,259)
Cash from (used) in operating activities	(1,353,192)	-		(1,484,838)
Investing activities				
Property, plant and equipment expenditures	(44,088)	-		(44,088)
Proceeds on sale of property plant and equipment	223,623	-		223,623
Exploration and evaluation costs	(2,206,699)	131,646	b	(2,075,053)
Cash used in investing activities	(2,027,164)	131,646		(1,895,518)
Financing activities				
Proceeds from common share issuance	6,432,778	-		6,432,778
Costs of issue of shares	(454,571)	-		(454,571)
Cash from financing activities	5,978,207	-		5,978,207
Change in cash and cash equivalents in the year	2,597,851	-		2,597,851
Cash and cash equivalents, beginning of year	853,679	-		853,679
Cash and cash equivalents, end of year	3,451,530	-		3,451,530

12. First Time Adoption of International Financial Reporting Standards ("IFRS") – (cont'd)

Notes to Reconciliations:

a) Share-based Payments

IFRS 2 is effective for the Company as at October 1, 2010 and is applicable to:

- New grants of stock-based payments subsequent to October 1, 2010;
- Equity-settled stock-based compensation awards granted subsequent to November 7, 2002 and that vest after October 1, 2010; and
- Awards that are modified on or after October 1, 2010, even if the original grant of the award was not accounted for in accordance with IFRS 2.

Pre-changeover Canadian GAAP allows the Company to calculate the fair value of the stock-based compensation on awards granted with graded vesting as a single award and recognize the expense from the date of grant over the vesting period on a straight-line basis. IFRS 2 requires each tranche in an award with graded vesting features to be treated as a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. The Company determines the fair value of stock options granted using the Black-Scholes option pricing model.

As there were no unvested stock options at the transition date, there was no effect on equity at October 1, 2010. However share-based payment awards granted in the year ended September 30, 2011 have been amended, with a resulting increase in the expense and contributed surplus of $6,104 for that year.

b) IFRS 6 - Exploration for and evaluation of mineral resources

Capitalization of pre-acquisition expenditures

IFRS 6 is effective for the Company as of October 1, 2010 and is applicable to the accounting for exploration and evaluation of mineral resources. In terms of IFRS 6 and the company's accounting policy, once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. Pre-exploration costs are expensed in the year in which they are incurred.

As of October 1, 2010, the Company has expensed $53,154 (June 30, 2011, $131,646; September 30, 2011, $184,800) of pre-exploration costs incurred prior to obtaining the acquisition rights, of which $6,642 (June 30, 2011, $nil; September 30, 2011, $nil) was recorded as other deferred property charges while the remaining $46,512 (June 30, 2011, $131,646; September 30, 2011, $184,800) was recorded as exploration and evaluation assets. These expenditures had previously been capitalized under Canadian GAAP.

12. First Time Adoption of International Financial Reporting Standards ("IFRS") – (cont'd)

c) Reversal of deferred tax liability

The Company capitalized certain mineral property exploration costs incurred by the parent company on behalf of its foreign entities. Under Canadian GAAP, a future income tax liability was recognized and measured in accordance with CICA section 3465 Income Taxes, with a corresponding increase to the carrying value of mineral property assets. Under IAS 12 Income Taxes, this deferred tax liability and the related gross-up in the carrying value of exploration and evaluation assets would not be recognized, and at October 1, 2010 $16,537,000 (June 30, 2011, $16,537,000; September 30, 2011 $1,649,000) has therefore been reversed.

Also, future income tax liability at October 1, 2010 has been reduced $Nil (June 30, 2011, $Nil; September 30, 2011, $115,000) to account for the write-off of a mineral property previously adjusted at transition for the effect of deferred taxes, with $Nil (June 30, 2011, $Nil; September 30, 2011, $115,000)

Furthermore, $1,200,000 recovery of future income tax liability during the year ended September 30, 2010 (June 30, 2011, $1,200,000: September 30, 2011 $1,200,000) has been reversed against deficit.

As a result of the reversal of deferred tax liability and its impact on write-offs, the mineral property assets were adjusted at October 1, 2010 by $Nil (June 30, 2011, $Nil; September 30, 2011 $20,980,798) to back out a write-off of deferred taxes already adjusted for. The write-off of mineral properties was accordingly adjusted to back out the initial amount set up of $Nil (June 30, 2011 $Nil; September 30, 2011 $38,832,798) and set up the actual amount of $Nil (June 30, 2011, $Nil; September 30, 2011, $27,935,204).

In addition, as a result of the transition to IFRS the carrying amounts of various assets and liabilities have been adjusted (see (a) and (b) above). There has not been a corresponding change to the tax basis of these assets and liabilities. This will not impact the deferred taxes recognized. However, this will impact the disclosure of individual temporary differences.

d) Foreign currency translation - Functional currency

The cumulative translation adjustment records the exchange difference arising on consolidation of foreign operations which is recognized in other comprehensive income or loss. Due to a change in the functional currency of the Company's foreign operations in Bolivia and Colombia, the translation of transactions and balances relating to these foreign operations into the Company's functional currency, as described in the accounting policy in note 2, results in different amounts for non-monetary assets compared to those under Canadian GAAP. This change has resulted in a reduction in exploration and evaluation assets as at October 1, 2010 of $7,402,930 (June 30, 2011, $9,740,647; September 30, 2011, $4,225,424) of which $7,402,930 was charged to deficit at transition to IFRS, while the difference was offset to cumulative translation adjustment (June 30, 2011, $2,337,717; September 30, 2011, $3,177,506).

e) Warrants – Denominated in a foreign currency

Under Canadian GAAP, both Canadian and US dollar denominated warrants were accounted for as equity instruments. IFRS requires that warrants denominated in a currency other than the functional currency of the issuer be classified as liabilities and fair valued each period unless they are part of a pro rata issue to all existing shareholders, in which case they would be classified as equity. As a result of the adoption of IFRS, the Company's US dollar denominated warrants were therefore classified as warrant liabilities rather than equity and revalued to their fair value at each period end. Subsequent changes in the fair value of the warrants are recorded in net income. The effect of this adjustment is a reduction of $829,622 in share capital at October 1, 2010 (June 30, 2011, $829,622; September 30, 2011, $829,622), an increase in warrant liability of $966,970 at October 1, 2010 (June 30, 2011 $232,100; September 30, 2011 $27,560) and a corresponding increase of $137,348 in deficit at October 1, 2010 (June 30, 2011, $597,522 decrease; September 30, 2011, $802,062 decrease).