CuOro Resources Corp.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
NOVEMBER 30, 2012 AND 2011

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
CuOro Resources Corp.

We have audited the accompanying consolidated financial statements of CuOro Resources Corp., which comprise the consolidated statements of financial position as at November 30, 2012, November 30, 2011 and December 1, 2010 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended November 30, 2012 and November 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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, these consolidated financial statements present fairly, in all material respects, the financial position of CuOro Resources Corp. as at November 30, 2012, November 30, 2011 and December 1, 2010 and its financial performance and its cash flows for the years ended November 30, 2012 and November 30, 2011 in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

March 28, 2013

CuOro Resources Corp.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	November 30, 2012 $	November 30, 2011 $ *(Note 14)*	December 1, 2010 $ *(Note 14)*
ASSETS				
Current assets				
Cash		8,008,803	18,191,552	801,923
Amounts receivable	4	97,606	172,423	29,769
Prepaid expenses		82,595	57,419	3,019
Total current assets		8,189,004	18,421,394	834,711
Non-current assets				
Deposits with suppliers		-	105,130	-
Property, plant and equipment	5	471,795	374,472	-
Exploration and evaluation assets	6	10,360,824	3,505,935	-
Total non-current assets		10,832,619	3,985,537	-
TOTAL ASSETS		19,021,623	22,406,931	834,711
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		415,741	447,398	270,483
TOTAL LIABILITIES		415,741	447,398	270,483
SHAREHOLDERS' EQUITY				
Share capital	7	24,089,879	23,872,067	971,271
Share-based payments reserve		3,464,007	3,426,397	574,429
Deficit		(8,948,004)	(5,338,931)	(981,472)
TOTAL SHAREHOLDERS' EQUITY		18,605,882	21,959,533	564,228
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		19,021,623	22,406,931	834,711

Events after the Reporting Period - See Note 13

These consolidated financial statements were approved for issue by the Board of Directors on March 28, 2013 and are signed on its behalf by:

*/s/ **John Seaman***
John Seaman
Director

*/s/ **Nick DeMare***
Nick DeMare
Director

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

CUORO RESOURCES CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	Year Ended November 30 2012 $	2011 $ *(Note 14)*
Expenses			
Accounting and administration		75,464	74,436
Audit fees		61,420	28,050
Corporate development		102,384	55,665
Depreciation		88,665	30,578
Due diligence		-	136,766
General and administrative expenses		295,928	203,402
General exploration		61,514	-
Investment conferences		95,687	123,507
Investor relations		86,299	48,000
IVA tax		51,903	25,504
Legal fees		274,593	259,856
Professional fees		391,958	186,757
Recruitment		-	10,000
Regulatory fees		27,444	28,896
Relocation costs		-	60,556
Rent		142,007	126,932
Salaries and compensation		594,962	304,728
Shareholder communications		39,971	102,821
Share-based compensation	7(d)	60,473	2,092,771
Telephone, website and internet costs		65,768	53,506
Transfer agent		14,468	9,867
Travel and related		364,443	478,049
		2,895,351	4,440,647
Loss before other items		(2,895,351)	(4,440,647)
Other items			
Interest income		136,129	108,943
Foreign exchange loss		(99,961)	(25,755)
Loss on sale of equipment		(1,218)	-
Impairment of exploration and evaluation assets	6(b)	(748,672)	-
		(713,722)	83,188
Net loss and comprehensive loss for the year		(3,609,073)	(4,357,459)
Loss per share - basic and diluted		$(0.12)	$(0.20)
Weighted average number of common shares outstanding - basic and diluted		30,445,543	21,558,752

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

CUORO RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Year Ended November 30, 2012				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance on December 1, 2011	30,304,501	23,872,067	3,426,397	(5,338,931)	21,959,533
Common shares issued for:					
Cash - exercise of warrants	148,354	118,449	-	-	118,449
Finder's fees on Santa Elena Option	75,000	76,500	-	-	76,500
Transfer on exercise of finder's warrants	-	22,863	(22,863)	-	-
Share-based compensation on share options	-	-	60,473	-	60,473
Net loss	-	-	-	(3,609,073)	(3,609,073)
Balance at November 30, 2012	30,527,855	24,089,879	3,464,007	(8,948,004)	18,605,882

	Year Ended November 30, 2011				
	Share Capital				
	Number of Shares	Amount $	Share-Based Payments Reserve $	Deficit $	Total Equity $
Balance on December 1, 2010	11,803,159	971,271	574,429	(981,472)	564,228
Common shares issued for:					
Cash - short-form offering	2,000,000	2,000,000	-	-	2,000,000
Cash - private placements	8,810,000	9,620,000	-	-	9,620,000
Cash - Special Warrants Offering	6,690,000	13,380,000	-	-	13,380,000
Cash - exercise of share options	92,000	30,200	-	-	30,200
Cash - exercise of warrants	23,912	22,516	-	-	22,516
Corporate finance fees	125,000	125,000	-	-	125,000
Finder's fees on private placements	676,680	676,680	-	-	676,680
Finder's fees on Santa Elena Option	83,750	83,750	-	-	83,750
Transfer on exercise of share options	-	22,544	(22,544)	-	-
Transfer on exercise of finder's warrants	-	11,015	(11,015)	-	-
Share-based compensation on share options	-	-	2,092,771	-	2,092,771
Share-based compensation on warrants	-	-	792,756	-	792,756
Less share issue costs	-	(3,070,908)	-	-	(3,070,908)
Net loss	-	-	-	(4,357,459)	(4,357,459)
Balance at November 30, 2011	30,304,501	23,872,067	3,426,397	(5,338,931)	21,959,533

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

CuOro Resources Corp.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended November 30	
	2012 $	2011 $ *(Note 14)*
Operating activities		
Net loss for the year	(3,609,073)	(4,357,459)
Adjustments for:		
Depreciation	88,665	30,578
Loss on sale of equipment	1,218	-
Share-based compensation	60,473	2,092,771
Impairment of exploration and evaluation costs	748,672	-
	(2,710,045)	(2,234,110)
Changes in non-cash working capital items:		
Decrease (increase)in amounts receivable	74,817	(142,654)
Increase in prepaid expenses	(25,176)	(54,400)
Decrease in accounts payable and accrued liabilities	(156,422)	(44,745)
	(106,781)	(241,799)
Net cash used in operating activities	(2,816,826)	(2,475,909)
Investing activities		
Expenditures on exploration and evaluation assets	(7,297,166)	(3,200,525)
Purchases of equipment	(188,699)	(405,050)
Proceeds from sale of equipment	1,493	-
Deposits with suppliers	-	(105,130)
Net cash used in investing activities	(7,484,372)	(3,710,705)
Financing activities		
Issuance of common shares	118,449	25,052,716
Share issue costs	-	(1,476,473)
Net cash generated from financing activities	118,449	23,576,243
Net change in cash	(10,182,749)	17,389,629
Cash at beginning of year	18,191,552	801,923
Cash at end of year	8,008,803	18,191,552
Cash comprises:		
Cash	281,340	3,531,719
Demand deposits	7,727,463	14,659,833
	8,008,803	18,191,552

Supplemental cash flow information - See Note 12.

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

1. Nature of Operations

CuOro Resources Corp. (the "Company") was incorporated as Blue Cove Capital Corp. under the provisions of the B.C. Business Company Act on October 23, 2007. The Company became a publicly listed company pursuant to an initial public offering of its shares on March 31, 2008 and was listed on the TSX Venture Exchange ("TSXV") on April 1, 2008 as a Capital Pool Company ("CPC"). In December 2010 the Company entered into agreements to acquire 100% interests in mineral properties located in Colombia, as described in Note 6. The transactions contemplated in the option agreement on the Santa Elena Project (Note 6(a)) and the $10 million of equity financings (Note 7(b)(i)) constituted the Company's Qualifying Transaction. On April 18, 2011 the Company effected its name change from "Blue Cove Capital Corp." to "CuOro Resources Corp.". On April 20, 2011 the Company closed on its Qualifying Transaction. Effective April 25, 2011 the Company's listing was transferred to Tier 2 of the TSXV under the symbol "CUA". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of precious metals on mineral properties located in Colombia. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs on its existing mineral resource interests for the next twelve months however management recognizes that exploration expenditures may change with ongoing results and, as a result, the Company may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

2. Basis of Preparation and Adoption of IFRS

Adoption of International Financial Reporting Standards ("IFRS") and Statement of Compliance

These are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The Company has applied *First-Time Adoption of International Financial Reporting Standards* ("IFRS 1") on the transition from previous Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS and the impact of the transition is explained in Note 14, including the effects of the transition to IFRS on the Company's financial position, equity, comprehensive loss and cash flows.

Subject to the application of the transition elections described in Note 14, the accounting policies applied in these consolidated financial statements and described below, have been applied consistently to all periods presented, including the opening statement of financial position as at December 1, 2010 (the Company's "Transition Date"), except where the Company applied certain exemptions upon transition to IFRS.

Basis of Preparation

The Company's consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities carried at fair value. The comparative figures presented in these consolidated financial statements are in accordance with IFRS and any changes from figures previously reported under Canadian GAAP have been disclosed in Note 14.

2. Basis of Preparation and Adoption of IFRS (continued)

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3. Summary of Significant Accounting Policies

Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations 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. Inter-company transactions and balances are eliminated upon consolidation. They are de-consolidated from the date that control by the Company ceases.

As at November 30, 2012 and 2011 the Company had one subsidiary, Minera CuOro S.A.S., which is incorporated in Colombia.

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

(i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(ii) Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

3. Summary of Significant Accounting Policies (continued)

(iii) Management is required to assess impairment in respect of intangible exploration and evaluation assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

(iv) Although, the Company takes steps to verify title to exploration and evaluation assets 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.

Estimation Uncertainty

The following are 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:

(i) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

(ii) The assessment of any impairment of evaluation and exploration assets, and property, plant and equipment is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. As a result of this assessment, management has carried out an impairment test on all of the Company's exploration and evaluation assets and an impairment charge of $748,672 was made.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution. As at November 30, 2012 and 2011 the Company did not have any cash equivalents.

Amounts Receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Receivables are classified as loans and receivable. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Accounts Payable and Accrued Liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are classified as other financial liabilities initially at fair value and subsequently measured at amortized cost using the effective interest method.

3. Summary of Significant Accounting Policies (continued)

Exploration and Evaluation Assets

The Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and evaluation of mineral properties and crediting all proceeds received against the cost of the related properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

The Company also accounts for foreign value added taxes which relate to deferred mineral resource expenditures as part of deferred costs. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in the carrying costs of exploration and evaluation assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment are depreciated annually on a straight-line basis over the estimated useful life of the assets, at a rate of 10% for machinery and equipment; 10% for office furniture and equipment; 20% for computers and telephone equipment; and 20% for vehicles.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive income or loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

3. Summary of Significant Accounting Policies (continued)

The Company compares the carrying value of property, plant and equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

Impairment of Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning Provision

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 interest by or on behalf of the Company. Costs for restoration of site damage which is created on an ongoing basis during exploration and evaluation are provided for at their net present values and charged against profits in the period such exploration and evaluation occurs. Discount rates using a pre-tax risk-free rate that reflects the time value of money are used to calculate the net present value. 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. As at November 30, 2012 the Company does not have any decommissioning obligations.

Financial Instruments

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 comprehensive loss. Cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Amounts receivable 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. At November 30, 2012 the Company has not classified any financial assets as available-for-sale.

Transaction costs associated with FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. Summary of Significant Accounting Policies (continued)

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 measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through comprehensive loss. At November 30, 2012 the Company has not classified any financial liabilities as FVTPL.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees the fair value is measured at grant date and each tranche is recognized separately on a straight line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and Deferred Income Taxes

The tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. Summary of Significant Accounting Policies (continued)

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date 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 only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Loss Per Share

Basic loss per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the “if converted” method.

Foreign Currency Translation

Functional and Presentation Currency

The financial statements of each of the Company’s subsidiaries are prepared in the local currency of their home jurisdictions. Consolidation of each subsidiary includes re-measurement from the local currency to the subsidiary’s functional currency. Each subsidiary’s functional currency, being the currency of the primary economic environment in which the subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Exchange rates published by the Bank of Canada were used to translate subsidiary financial statements into the consolidated financial statements. Income and expenses for each statement of comprehensive loss presented are translated using the rates prevailing on the transaction dates. All resulting foreign exchange differences are recognized in comprehensive loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency 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 monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Comparative Figures

Certain of the prior period comparative figures have been reclassified to conform to the current period’s presentation.

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Accounting Standards and Interpretations Issued but Not Yet Adopted

As at the date of these financial statements, the following standards, amendments and interpretations have not been applied in these financial statements.

(i) IFRS 9 *Financial Instruments* (New; to replace IAS 39); effective for annual periods beginning on or after January 1, 2015.

(ii) IFRS 10 *Consolidated Financial Statements*; effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidated - Special Purpose Entities*.

(iii) IFRS 11 *Joint Arrangements*; effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS supersedes the current IAS 31 *Interest in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Ventures*.

(iv) IFRS 12 *Disclosure of Interest in Other Entities*; effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

(v) IFRS 13 *Fair Value Measurements*; to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements).

Management is currently assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

4. Amounts Receivable

	November 30, 2012 $	November 30, 2011 $	December 1, 2010 $
Harmonized sale tax receivable	86,267	138,332	22,098
Other	11,339	34,091	7,671
	97,606	172,423	29,769

(Expressed in Canadian Dollars)

5. Property, Plant and Equipment

Cost:	**Office Furniture and Equipment $**	**Computer and Telephone Equipment $**	**Machinery and Equipment $**	**Vehicles $**	**Total $**
Balance at December 1, 2010	-	-	-	-	-
Additions	77,143	62,695	38,412	226,800	405,050
Balance at November 30, 2011	77,143	62,695	38,412	226,800	405,050
Additions	2,029	24,080	142,114	20,476	188,699
Disposals	-	-	(2,854)	-	(2,854)
Balance at November 30, 2012	79,172	86,775	177,672	247,276	590,895

Accumulated Depreciation::	**Office Furniture and Equipment $**	**Computer and Telephone Equipment $**	**Machinery and Equipment $**	**Vehicles $**	**Total $**
Balance at December 1, 2010	-	-	-	-	-
Depreciation	3,372	6,067	1,921	19,218	30,578
Balance at November 30, 2011	3,372	6,067	1,921	19,218	30,578
Depreciation	7,917	15,803	16,854	48,091	88,665
Disposals	-	-	(143)	-	(143)
Balance at November 31, 2012	11,289	21,870	18,632	67,309	119,100

Carrying Value:	**Office Furniture and Equipment $**	**Computer and Telephone Equipment $**	**Machinery and Equipment $**	**Vehicles $**	**Total $**
Balance at December 1, 2010	-	-	-	-	-
Balance at November 30, 2011	73,771	56,628	36,491	207,582	374,472
Balance at November 30, 2012	67,883	64,905	159,040	179,967	471,795

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets

	Santa Elena Project $	Barranco de Loba Project $	Total $
Balance at December 1, 2010	-	-	-
Exploration Costs			
Assays	103,967	994	104,961
Camp costs	125,334	-	125,334
Casual labour	263,139	-	263,139
Consulting	121,048	-	121,048
Drilling	1,342,050	-	1,342,050
Geological	81,183	-	81,183
Geophysics	68,522	-	68,522
Insurance	17,029	-	17,029
IVA tax	63,800	-	63,800
Payroll	126,914	-	126,914
Rental and transportation	31,953	-	31,953
Repairs and maintenance	15,307	-	15,307
Supplies	39,278	-	39,278
Surface taxes	6,668	-	6,668
Travel	7,653	-	7,653
	2,413,845	994	2,414,839
Acquisition Costs			
Option payments	508,165	243,695	751,860
Finders' fees	83,750	73,380	157,130
Claims, lease and surface costs	128,378	53,728	182,106
	720,293	370,803	1,091,096
Balance at November 30, 2011	3,134,138	371,797	3,505,935
Exploration Costs			
Air survey	147,909	-	147,909
Assays	151,553	67,128	218,681
Camp costs	233,882	63,294	297,176
Casual labour	778,362	40,730	819,092
Community relations	54,690	-	54,690
Consulting	237,406	63,565	300,971
Drilling	3,535,819	-	3,535,819
Geological	260,836	-	260,836
Geophysics	561,552	59,196	620,748
Insurance	1,459	-	1,459
IVA tax	156,633	5,377	162,010
Payroll	292,253	71,929	364,182
Rental and transportation	67,162	333	67,495
Repairs and maintenance	7,714	317	8,031
Supplies	62,979	-	62,979
Travel	40,112	5,006	45,118
	6,590,321	376,875	6,967,196
Acquisition Costs			
Option payments	493,714	-	493,714
Claims, lease and surface costs	66,151	-	66,151
Finder's fees	76,500	-	76,500
	636,365	-	636,365
Impairment	-	(748,672)	(748,672)
Balance at November 30, 2012	10,360,824	-	10,360,824

6. Exploration and Evaluation Assets (continued)

(a) By agreements dated December 22, 2010 and February 16, 2011, and amended March 31, 2011, the Company was granted an option (the "Santa Elena Option") to acquire a 100% undivided interest in two mining concessions (the "Santa Elena Project") located in the Antioquia District, Colombia. To earn the interest in the Santa Elena Project the Company has paid a total of US $1,025,000 and is required to pay a further US $1,000,000 by April 16, 2013 and US $1,000,000 by April 16, 2014 and conduct a total of US$3,000,000 exploration expenditures by April 16, 2014 (completed).

The Company will also pay US $1,000,000 if the Santa Elena Project contains a measured resource of at least 300,000 tonnes of copper. The vendor will also retain a net smelter return royalty of between 2.0% - 3.0%.

The Company has agreed to issue up to 300,000 common shares to an arm's length party as a finder's fee in connection with the Santa Elena Option. The shares are to be issued in stages as follows: 83,750 common shares on closing of the Santa Elena Option (issued); 75,000 common shares on April 20, 2012 (issued); and 141,250 common shares on April 20, 2013 while the Santa Elena Option is in effect.

(b) On December 9, 2010, as amended, the Company entered into a letter of intent (the "Barranco LOI") whereby the vendor agreed to grant an option to the Company to acquire a 100% interest in three mineral concessions located in the Department of Sur de Bolivar, Colombia. Under the terms of the Barranco LOI and subsequent amendments the Company paid a total of $49,127 (US $50,000). The Company and the vendor subsequently renegotiated the terms of the Barranco LOI and, effective August 16, 2011, entered into a formal option agreement (the "Barranco Option") to acquire a 100% interest in one mineral concession (the "Barranco Project"). The Company paid $44,277 (US $44,500) for surface rights fees and was required to conduct US $1,000,000 of expenditures over two years and make option payments totalling US $800,000 (US $200,000 paid) over three years.

The Company did not make the August 16, 2012 option payment and had initiated discussions with the underlying owner of the Barranco Project to amend timing and quantum of the option payments. In October 2012 the Company, having failed to reach an agreement to amend the option terms, determined to terminate the Barranco Option and, accordingly, recorded an impairment expense of $748,672 for exploration and evaluation costs.

7. Share Capital

(a) *Authorized Share Capital*

As at November 30, 2012 and 2011 the Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Reconciliation of Changes in Share Capital*

No financings were conducted by the Company in fiscal 2012.

During fiscal 2011 the following financings were conducted by the Company.

(i) On April 20, 2011 the Company completed equity financings totalling $10 million as follows:

- a short form offering document (the "Short Form Offering") and a brokered private placement (the "Brokered Private Placement" and, together with the Short Form Offering, the "Brokered Financings"). Pursuant to the Short Form Offering, the Company issued 2,000,000 common shares (the "Shares") at a price of $1.00 per Share, for proceeds of $2,000,000. Pursuant to the Brokered Private Placement, the Company issued 3,500,000 units (the "Units") at a price of $1.00 per Unit for proceeds of $3,500,000. Each Unit consisted of one common share and one-half of

7. Share Capital (continued)

one common share purchase warrant, with each whole warrant (a "Warrant") entitling the holder to acquire one common share at a price of $1.30 per share on or before April 20, 2013.

The agent received a commission of 7% of the aggregate proceeds from the sale of Shares and Units sold pursuant to the Brokered Financings. The agent elected to receive a portion of the commission in units (the "Agent's Commission Units"), being 377,500 Agent's Commission Units, at an ascribed value of $377,500, and a portion in cash, being $7,500. Each Agent's Commission Unit comprised one common share and one-half of one common share purchase warrant with each whole warrant (the "Agent's Commission Warrant") entitling the agent to acquire one common share at a price of $1.30 per share on or before April 20, 2013. The Company also issued to the agent 385,000 common share purchase warrants (the "Agent's Warrants"), with each Agent's Warrant entitling the agent to acquire one common share (the "Agent's Warrant Shares") at a price of $1.00 per share on or before April 20, 2013. An additional 125,000 Units (the "Corporate Finance Fee Units") were issued to the agent at an ascribed value of $125,000. Each Corporate Finance Fee Unit consisted of one common share and one-half of one common share purchase warrant (a "Corporate Finance Fee Warrant"), with each Corporate Finance Fee Warrant entitling the holder to acquire one common share at a price of $1.30 per share on or before April 20, 2013. The fair value of the Agent's Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 90.88%; risk-free interest rate of 1.84%; and expected life of two years. The value assigned to Agent's Warrants was $188,311.

- a non-brokered private placement (the "Non-Brokered Private Placement"). Pursuant to the Non-Brokered Private Placement, the Company issued 4,500,000 Units at a price of $1.00 per Unit, for proceeds of $4,500,000. In connection with the Non-Brokered Private Placement, the Company paid certain finders ("Finders") a commission of 299,180 units (the "Finders' Units"), at an ascribed value of $299,180. Each Finders' Unit comprised one common share and one-half of one common share purchase warrant with each whole warrant (the "Finders' Commission Warrant") entitling the Finder to acquire one common share at a price of $1.30 per share on or before April 20, 2013. The Company also issued to the Finders 299,180 common share purchase warrants (the "Finders' Warrants"), with each Finders' Warrant entitling the Finders to acquire one common share at a price of $1.00 per share on or before April 20, 2013. The fair value of the Finders' Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 90.88%; risk-free interest rate of 1.84%; and expected life of two years. The value assigned to the Finders' Warrants was $146,335.

The Company also incurred a total of $226,081 for sponsorship fee, legal costs, filing fees and other costs.

(ii) On May 31, 2011 the Company completed a private placement of 810,000 unit for gross proceeds of $1,620,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire one common share at a price of $2.50 per share on or before May 31, 2013 with the same acceleration provision noted in 7(b)(iii). The Company paid a finder's fee of $113,400.

(iii) On May 31, 2011 the Company completed an offering of 6,690,000 special warrants (the "Special Warrants") at a price of $2.00 per Special Warrant (the "Special Warrant Offering") for gross proceeds of $13,380,000. Each Special Warrant entitled the holder to acquire, for no additional consideration, one unit in the Company on the exercise or deemed exercise of the Special Warrant.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

The underwriters received a $936,600 cash fee on the sale of the Special Warrants. In addition the Company issued to the underwriters 468,300 special warrants (the "Underwriters' Special Warrants") exercisable to acquire, for no additional consideration, 468,300 underwriters' warrants of the Company (the "Underwriters' Warrants") with each Underwriters' Warrant exercisable to acquire one unit of the Company at $2.00 per unit on or before May 31, 2013. The fair value of the Underwriters' Special Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 90.88%; risk-free interest rate of 1.84%; and expected life of two years. The value assigned to the Underwriters' Special Warrants was $458,109.

The Company subsequently filed its final short form prospectus (the "Prospectus") dated June 30, 2011 to qualify the distribution of the 6,690,000 units upon the deemed exercise of the 6,690,000 Special Warrants. On July 6, 2011 (the "Qualification Date") the Company received a receipt for its Prospectus and the Special Warrants were deemed to be exercised. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share, at a price of $2.50 per share on or before May 31, 2013. The Prospectus also qualified the distribution of the Underwriters' Warrants upon the deemed exercise of the Underwriters' Special Warrants, which were also deemed to be exercised on the Qualification Date. As at November 30, 2012, 468,300 Underwriters' Warrants remained outstanding.

In the event that, at any time after October 1, 2011 the volume weighted average trading price of the Company's common shares on the TSXV, for a period of 20 consecutive trading days, exceeds $4.00, the Company may, within five days after such an event, provide notice of early expiry and thereafter, the warrants will expire on the date which is 30 days after the date of such notice.

The Company incurred a total of $192,891 for legal, audit and filing costs associated with the Special Warrant Offering and the Prospectus.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2012 and 2011 and the changes for the years ended on those dates is as follows:

	2012		2011	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of year	8,874,943	1.78	63,835	0.25
Granted	-	-	8,835,020	1.79
Exercised	(148,354)	0.80	(23,912)	0.94
Balance, end of year	8,726,589	1.79	8,874,943	1.78

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at November 30, 2012:

Number	Exercise Price $	Expiry Date
4,345,590	1.30	April 20, 2013
630,999	1.00	April 20, 2013
3,750,000	2.50	May 31, 2013
8,726,589		

See also Note 7(b)(iii).

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(d) *Share Option Plan*

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During fiscal, 2012 the Company granted 36,000 (2011 - 1,885,000) share options to its directors, officers and consultants and recorded compensation expense of $25,968 (2011 - $2,092,771). In addition the Company recorded compensation expenses of $34,505 (2011 - $nil) on the vesting of share options previously granted.

The fair value of share options granted and vested during fiscal 2012 and 2011 has beem estimated using the Black-Scholes option pricing model using the following assumptions:

	2012	2011
Risk-free interest rate	0.98% - 1.54%	1.87% - 2.74%
Estimated volatility	95.49% - 128.8%	74.71% - 90.88%
Expected life	1.50 years - 4.75 years	3 years - 5 years
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%

The weighted average fair value of all share options granted during fiscal 2012 was $0.72 (2011 - $1.21) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at November 30, 2012 and 2011 and the changes for the year ending on those dates, is as follows:

	2012		2011	
	Number of Options Outstanding	Weighted Average Exercise Price $	Number of Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of year	2,906,752	1.12	1,213,752	0.51
Granted	36,000	0.52	1,885,000	1.53
Exercised	-	-	(92,000)	0.33
Cancelled	(220,000)	1.68	-	-
Forfeited	-	-	(100,000)	2.00
Balance, end of year	2,722,752	1.07	2,906,752	1.12

(Expressed in Canadian Dollars)

7. Share Capital (continued)

The following table summarizes information about the share options outstanding and exercisable at November 30, 2012:

Number Outstanding	Exercise Price $	Expiry Date
1,121,752	0.52	November 16, 2013
60,000	2.00	July 7, 2014
50,000	2.10	July 8, 2014
100,000	2.00	July 21, 2014
815,000	1.00	April 20, 2016
515,000	2.00	August 24, 2016
25,000	1.50	November 23, 2016
36,000	0.52	February 16, 2014
2,722,752		

On September 19, 2012 the Company amended the exercise price of 36,000 share options from $1.50 per share to $0.52 per share.

See also Note 13.

(e) *Escrow Shares*

As at November 30, 2012, 702,000 common shares remain held in escrow.

(f) *Transaction Agreement with Pacific Road*

On May 28, 2012, as amended, October 18, 2012, the Company and Pacific Road Resources Fund II and Pacific Road Resources Fund II L.P. (collectively "Pacific Road") entered into a definitive agreement (the "Agreement") with respect to certain investments that may be made in the Company by Pacific Road (the "Transaction").

Under the terms of the Agreement, the Company has granted to Pacific Road two separate options to purchase units of the Company by way of non-brokered private placements, subject to certain terms and conditions as set out in the Agreement. The issuance of the units is subject to the final approval of the TSXV.

The Agreement also provides for Pacific Road to purchase a minimum of two million common shares of the Company in the secondary market within 15 business days from the date the Company completes and delivers to Pacific Road a "New Drilling Report" on the Santa Elena Property.

The first option to purchase units of the Company (the "P1 Units") provides for an investment in the Company by Pacific Road between $5.0 and $7.5 million at a price of $2.00 per P1 Unit, subject to the pricing rules of the TSXV. The first option will be triggered upon the earlier of the delivery of the New Drilling Report or the Company's share price trading at or above $2.00 per share. Each P1 Unit shall consist of one common share and one-half of a common share purchase warrant of the Company. Each whole warrant shall be exercisable for one common share at a price of $2.50 for a period of two years from the date of issue, but will not be exercisable until 65 days after the issue of the P1 Units.

The second option to purchase units of the Company (the "P2 Units") provides for an investment in the Company by Pacific Road of up to $40 million at a price per P2 Unit equal to the 20-day volume-weighted average price of the Company's common shares at the time the second option is exercised, subject to the pricing rules of the TSXV. The second option may be exercised at any time within 45 days of the earlier of the Company completing and delivering to Pacific Road a resource statement and preliminary economic assessment or a pre-feasibility study. Each P2 unit shall consist of one common share and one-half of a common share purchase warrant of the

(Expressed in Canadian Dollars)

7. Share Capital (continued)

Company. Each whole warrant shall be exercisable for one common share at a price equal to 125% of the P2 Unit purchase price for a period of two years from the date of issue.

The final number of units to be issued under each option, if exercised, and the price and expiry dates of the securities to be issued under each option will be announced at the time such option is exercised by Pacific Road. Assuming that all contemplated purchases of securities in the market and exercise of options to purchase units of the Company are made by Pacific Road it is expected that Pacific Road will ultimately become a control person in the Company within the meaning of the TSXV rules and applicable securities laws.

The Agreement contains representations and warranties of the Company and Pacific Road as well as certain conditions precedent and covenants that must be satisfied in connection with the Transaction. The Company has also agreed to grant to Pacific Road certain shareholder rights including representation on the board of directors of the Company, registration rights and preemptive rights conditional upon the completion of the exercise of the first option. The Agreement contains a mutual termination right as well as certain termination rights in favour of the Company and Pacific Road, respectively.

8. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

(i) During fiscal, 2012 and 2011 the following amounts were incurred with or provided to Robert Sedgemore, the Company's former President and Chief Executive Officer and his spouse:

	2012 $	2011 $
Salary and other compensation	504,780	283,306
Secretarial fees	29,152	18,527
Rent for apartment	52,111	31,678
Relocation expenses	-	27,600
Share-based compensation	-	251,781
	586,043	612,892

(ii) During fiscal 31, 2012 and 2011 the following amounts were incurred with respect to the Company's Chief Financial Officer ("CFO"):

	2012 $	2011 $
Professional fees	30,000	17,500
Share-based compensation	-	253,658
	30,000	271,158

In addition, during fiscal 2012, the Company incurred a total of $46,250 (2011 - $53,700) with Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO.

As at November 30, 2012, $9,600 (2011 - $10,100) remained unpaid and has been included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

8. Related Party Disclosures (continued)

(b) *Transactions with Other Related Parties*

During fiscal, 2012 and 2011 the following amounts were incurred with respect to other officers and directors of the Company:

	2012 $	2011 $
Professional fees	176,498	58,500
Share-based compensation	-	879,009
	176,498	937,509

The professional fees have been either expensed to operations or capitalized to exploration and evaluation assets, based on the nature of the expenditures.

As at November 30, 2012, $2,381 (2011 - $3,500) remained unpaid and has been included in accounts payable and accrued liabilities.

9. Income Taxes

A reconciliation of income taxes at the statutory rate with the reported taxes is as follows:

	2012 $	2011 $
Loss for the year	(3,609,073)	(4,357,459)
Expected income tax recovery	(906,000)	(1,162,000)
Changes in statutory and foreign tax	(135,000)	(27,000)
Permanent difference	249,000	664,000
Share issue costs	-	(394,000)
Change in foreign exchange and other	(81,000)	159,000
Change in unrecognized deductible temporary differences	873,000	760,000
Total income tax expense (recovery)	-	-

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2012		2011	
	$	Expiry Date Range	$	Expiry Date Range
Temporary differences				
Property, plant and equipment	37,000	No expiry date	30,000	No expiry date
Share issue costs	898,000	2013 to 2016	1,214,000	2012 to 2015
Non-capital losses available for future period	6,156,000	2014 to 2032	2,672,000	2014 to 2031

Tax attributes are subject to review and potential adjustment by tax authorities.

(Expressed in Canadian Dollars)

10. Segmented Information

Substantially all of the Company's operations are in one industry, the exploration for precious metals. Management reviews the financial results according to expenditures by property. The Company's mineral properties are located in Colombia and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

	As at November 30, 2012		
	Corporate Canada $	Mineral Operations Colombia $	Total $
Current assets	7,980,305	208,699	8,189,004
Exploration and evaluation assets	-	10,360,824	10,360,824
Property, plant and equipment	-	471,795	471,795
	7,980,305	11,041,318	19,021,623

	As at November 30, 2011		
	Corporate Canada $	Mineral Operations Colombia $	Total $
Current assets	17,451,486	969,908	18,421,394
Deposits with suppliers	-	105,130	105,130
Exploration and evaluation assets	-	3,505,935	3,505,935
Property, plant and equipment	-	374,472	374,472
	17,451,486	4,955,445	22,406,931

11. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following four categories: FVTPL; held-to-maturity investments; loans and receivables; and available-for-sale. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	November 30, 2012 $	November 30, 2011 $
Cash	FVTPL	8,008,803	18,191,552
Amounts receivable	Loans and receivables	97,606	172,423
Accounts payable and accrued liabilities	Other liabilities	(415,741)	(447,398)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Management (continued)

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable, and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash under the fair value hierarchy are measured using Level 1 inputs.

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

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at November 30, 2012				
	Less than 3 Months $	3 - 12 Months $	1 - 5 Years $	Over 5 Years $	Total $
Cash	8,008,803	-	-	-	8,008,803
Amounts receivable	97,606	-	-	-	97,606
Accounts payable and accrued liabilities	(415,741)	-	-	-	(415,741)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents bear floating rates of interest. The interest rate risk on cash and short-term investments and on the Company's obligations are not considered significant.

11. Financial Instruments and Risk Management (continued)

(b) Foreign Currency Risk

The Company has operations in Canada and Colombia subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian Dollars and Colombian Pesos and the fluctuation of the Canadian dollar in relation to other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At November 30, 2012, 1 Canadian Dollar was equal to 1,828,15 Colombian Pesos.

Balances are as follows:

	Colombian Pesos	CDN $ Equivalent
Cash	347,728,415	190,207
Amounts receivable	19,800,616	10,831
Accounts payable and accrued liabilities	(261,890,238)	(143,254)
	105,638,793	57,784

Based on the net exposures as of November 30, 2012 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Colombian Peso would result in an increase or decrease of approximately $5,778.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

12. Supplemental Cash Flow Information

Non-cash activities conducted by the Company during fiscal 2012 and 2011, are as follows:

	2012 $	2011 $
Operating activity		
Accounts payable and accrued liabilities related to exploration and evaluation assets	346,425	221,660
Financing activities		
Issuance of common shares for fees	76,500	885,430
Common share issue costs	-	(1,594,435)
Share-based payments reserve	(22,863)	759,196
Transfer on exercise of share options	-	22,544
Transfer on exercise of finder's warrants	22,863	11,015
	76,500	83,750

(Expressed in Canadian Dollars)

12. Supplemental Cash Flow Information (continued)

	2012 $	2011 $
Investing activities		
Shares issued for exploration and evaluation assets	(76,500)	(83,750)
Accounts payable and accrued liabilities related to exploration and evaluation assets	(346,425)	(221,660)
	(422,925)	(305,410)

13. Events after the Reporting Period

Subsequent to November 30, 2012 share options to purchase 801,966 common shares of the Company at prices ranging from $0.52 to $2.00 per share were cancelled.

14. Transition to IFRS

The Company's financial statements for the year ended November 30, 2012 are the first annual financial statements that comply with IFRS and these consolidated financial statements were prepared as described in Note 2, including the application of IFRS 1.

IFRS 1 requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was December 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 November 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. The Company has applied the following exemptions to its opening statement of financial position dated December 1, 2010:

Business Combinations

IFRS1 indicates that a first-time adopter may elect not to apply IFRS 3 'Business Combinations' retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and will apply IFRS 3 to business combinations that occur on or after December 1, 2010. There is no adjustment required to the December 1, 2010 statement of financial position on the transition date.

Share-based Payment

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to December 1, 2010.

IAS 27 - Consolidated and Separate Financial Statements

In accordance with IFRS 1, if a company elects to apply IFRS 3 'Business Combinations' retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company has also elected to apply IAS 27 prospectively.

(Expressed in Canadian Dollars)

14. Transition to IFRS (continued)

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated December 1, 2010:

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of December 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Concurrent with the Company's transition to IFRS, the Company revised its Canadian GAAP accounting policy for cash, whereby redeemable GICs are considered to be demand deposits and classified as cash rather than short term investments. As a result of this change in accounting policy, cash as at November 30, 2011 has been restated by $14,659,833 to $18,191,552 and cash used in investing activities on the statement of cash flow has been reduced by the same amount for the year ended November 30, 2011.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have an effect on the total operating, investing and financing cash flows. The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted for equity and comprehensive income.

Reconciliation of Assets, Liabilities and Equity

	As at December 1, 2010		
	Canadian GAAP $	Effect of Transition to IFRS $	IFRS $
ASSETS			
Current assets			
Cash	801,923	-	801,923
Amounts receivable	29,769	-	29,769
Prepaid expenses	3,019	-	3,019
Total current assets	834,711	-	834,711
TOTAL ASSETS	834,711	-	834,711
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	270,483	-	270,483
TOTAL LIABILITIES	270,483	-	270,483
SHAREHOLDERS' EQUITY			
Share capital	971,271	-	971,271
Share-based payments reserve	574,429	-	574,429
Deficit	(981,472)	-	(981,472)
TOTAL SHAREHOLDERS' EQUITY	564,228	-	564,228
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	834,711	-	834,711

(Expressed in Canadian Dollars)

14. Transition to IFRS (continued)

Reconciliation of Assets, Liabilities and Equity (continued)

	As at November 30, 2011		
	Canadian GAAP $	Effect of Transition to IFRS $	IFRS $
ASSETS			
Current assets			
Cash	18,191,552	-	18,191,552
Amounts receivable	172,423	-	172,423
Prepaid expenses	57,419	-	57,419
Total current assets	18,421,394	-	18,421,394
Non-current assets			
Deposits with suppliers	105,130	-	105,130
Property, plant and equipment	374,472	-	374,472
Exploration and evaluation assets	3,505,935	-	3,505,935
Total non-current assets	3,985,537	-	3,985,537
TOTAL ASSETS	22,406,931	-	22,406,931
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	447,398	-	447,398
TOTAL LIABILITIES	447,398	-	447,398
SHAREHOLDERS' EQUITY			
Share capital	23,872,067	-	23,872,067
Share-based payments reserve	3,378,375	48,022	3,426,397
Deficit	(5,290,909)	(48,022)	(5,338,931)
TOTAL SHAREHOLDERS' EQUITY	21,959,533	-	21,959,533
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	22,406,931	-	22,406,931

(Expressed in Canadian Dollars)

14. Transition to IFRS (continued)

Reconciliation of Comprehensive Loss

	Year Ended November 30, 2011		
	Canadian GAAP $	**Effect of Transition to IFRS $**	**IFRS $**
Expenses			
Accounting and administration	74,436	-	74,436
Amortization	30,578	-	30,578
Audit fees	28,050	-	28,050
Corporate development	55,665	-	55,665
Due diligence	136,766	-	136,766
General and administrative expenses	203,403	-	203,403
Investment conferences	123,507	-	123,507
Investor relations	48,000	-	48,000
IVA tax	25,504	-	25,504
Legal fees	259,856	-	259,856
Professional fees	186,757	-	186,757
Recruitment	10,000	-	10,000
Regulatory fees	28,896	-	28,896
Relocation costs	60,556	-	60,556
Rent	126,932	-	126,932
Salary and compensation	304,728	-	304,728
Shareholder communications	102,821	-	102,821
Stock-based compensation	2,044,749	48,022	2,092,771
Telephone, website and internet costs	53,505	-	53,505
Transfer agent	9,867	-	9,867
Travel	478,049	-	478,049
	4,392,625	48,022	4,440,647
Loss before other items	(4,392,625)	(48,022)	(4,440,647)
Other items			
Interest income	108,943	-	108,943
Foreign exchange loss	(25,755)	-	(25,755)
	83,188	-	83,188
Net loss and comprehensive loss for the year	(4,309,437)	(48,022)	(4,357,459)

14. Transition to IFRS (continued)

IFRS Adjustments

Share Based Options

Previously, under Canadian GAAP, the Company used the straight-line method of calculating vested options and the share-based compensation arising therefrom. Under this method, the fair value of share-based awards with graded vesting was calculated as one grant and the resulting fair value was recognised on a straight line basis over the vesting period.

However, IFRS requires that each tranche of an award with different vesting dates be considered a separate grant for the calculation of fair value, and the resulting fair value is recognised over the vesting period of the respective tranche using the graded vesting method.

During fiscal 2011 the Company would have recorded $2,092,771 as share-based payment versus $2,044,749 share-based compensation under Canadian GAAP. As a result, $48,022 would be adjusted in the share-based payment expense in the statement of operations and the same amount would be adjusted in the equity share-based payments reserve in the statement of equity