

CUORO RESOURCES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2013

Background

This discussion and analysis of financial position and results of operation is prepared as at April 26, 2013 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the three months ended February 28, 2013, of CuOro Resources Corp. ("CuOro" or the "Company"). The Company has adopted International Financial Reporting Standards ("IFRS") and the following disclosure and associated financial statements are presented in accordance with IFRS. Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Statements contained in this MD&A that are not historical facts constitute "forward-looking statements" and are based on expectations, estimates and projections as of the date of this MD&A. Forward-looking statements include, without limitation, possible events, statements with respect to possible events, the future price of gold and silver, the realization of mineral resource estimates and success of exploration activities. The words "is expected" or "estimates" or variations of such words and phrases or statements that certain actions, events or results "may" or "could" occur and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained in this MD&A which may prove to be incorrect, include, but are not limited to, (1) the discovery and expansion of mineral resources on the Company's property being consistent with the Company's current expectations; (2) the implementation of Colombia's mining law and related regulations and policies being consistent with the Company's current expectations; (3) certain price assumptions for gold and silver.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the spot and forward price of gold or certain other commodities; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Colombia or other countries in which the Company does business or may carry on business in the future; business opportunities that may be presented to, or pursued by, the Company; operating or technical difficulties in connection with mining activities; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Although the Company believes that the expectations in the forward-looking statements are reasonable, actual results may vary, and future results, levels of activity, performance or achievements cannot be guaranteed. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Company Overview

The Company is a junior mineral exploration company primarily engaged in the acquisition and exploration of precious metals on mineral properties located in Colombia with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and

exploitation. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange (“TSXV”) under the symbol “CUA”, as a Tier 2 mining issuer.

The Company’s principal office is located #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Corporate Update

In December 2012 Mr. Joseph Belan was appointed to the Company’s board of directors. Mr. Belan is a seasoned mining investment professional having held senior positions at Bank of America, Merrill Lynch, Pala Investments AG and Goldman Sachs International. In addition, Mr. Belan brings direct Colombian mining experience having served as interim CEO and a board member of Coal Corp. Mining Inc. (“Coal Corp.”) from January 2009 to March 2010 where he led the development and implementation of a restructuring plan designed to preserve liquidity, establish a foundation for a viable business and allow the Coal Corp. to pursue strategic alternatives.

The current directors and officers of the Company are as follows:

Mr. John Seaman, Director, interim President and interim Chief Executive Office
Mr. Nick DeMare, Director, Chief Financial Officer
Mr. David Doherty, Director, Vice-President Corporate Development
Mr. Jorge Alberto Uribe, Director
Mr. Joseph Belan, Director
Mr. Iain Kelso, Vice-President Exploration
Mr. Marc Cernovitch, Corporate Secretary

The Company has commenced a review of strategic alternatives for the Company with the objective of enhancing shareholder value. As part of the strategic review process, the Company will be examining a number of alternatives including, but, not limited to, further overhead cost reductions, continued investment in the Santa Elena property, joint ventures, strategic partnerships, investments in new projects, mergers, acquisitions or other corporate transactions to enhance shareholder value.

The Company has an option agreement to acquire a 100% undivided interest in the Santa Elena Project. The option agreement required a payment of US \$1,000,000 which became due on April 16, 2013, and while the Company has the resources available to make this payment, management determined that the payment will not be made until the Company completes its review of strategic alternatives. The Company has until July 17, 2013 to complete its review and determine if the payment will be made. See also “Exploration Projects - Santa Elena Copper and Gold Project”.

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 Project.

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 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.

Exploration Projects

Santa Elena Copper and Gold Project

History

The Company filed a NI 43-101 compliant report, “Technical Report on the Santa Elena Project, Department of Antioquia, Colombia”, dated May 25, 2011, which is available on the website www.sedar.com

The Santa Elena Project consists of two mining exploration concessions, HGLE-02 and HJIG-02 in the Department of Antioquia, Colombia, which comprise a total area of 1,287.5 ha. The property is located approximately 140 km northeast of Medellin and is accessible by paved roads. Infrastructure around the Santa Elena Project is well developed, including paved road access, unpaved secondary roads, two hydroelectric plants within 5 km, abundant water supply and nearby population.

Historical work completed by Noranda Mining and Exploration Inc. (“Noranda Mining”) in 1997 identified outcroppings of volcanogenic massive sulphide (“VMS”)-type, massive-sulphide mineralization within concession HJIG-02. Noranda Mining conducted a surface geophysical transient electromagnetic survey (“TEM”) at fifty-meter and one hundred meter intervals on a selected area of the property with outcropping mineralization. The results demonstrated four strong conductors with good vertical extent.

In early 2011 the Company initiated a work program including geological mapping and systematic sampling over the TEM surveyed area and a continuation of the geophysical survey to the north. In April 2011 the Company completed its Qualifying Transaction and implemented the proposed work programs to advance the exploration and development of the Santa Elena Project.

Exploration

Work completed to date by the Company at the Santa Elena property is summarized in the table below:

Date	Work Completed	Operator
February 2011	Mapping and channel-sampling of mineralized outcrops	CuOro
June 2011	Phase 1 drilling initiated	CuOro / Logan Drilling
October 2011	Heli-borne magnetic and radiometric survey	MPX Geophysics
October 2011	Induced polarization (“IP”) and ground magnetic survey	KTTM Geophysics
February 2012	TEM surveys initiated	Crone Geophysics
October 2012	Phase 1 drilling completed (~24,000 m)	CuOro / Logan Drilling
November 2012	Geological mapping and geochemical sampling of property	CuOro
November 2012	Heli-borne VTEM	Geotech

Drilling has identified two massive sulphide lenses (TEM-1 and TEM-2) and wider, scattered area of stringer-type mineralization in the area that separates TEM-1 and TEM-2. The drilling to date has tested approximately 5% of the project area.

Compositionally, the Santa Elena sulfides are copper-rich, and have typical zinc, gold and silver contents for VMS deposits that formed in deep-water, and at high temperatures. They more closely resemble the deposits in the Cretaceous Tambo Grande region of northern Peru than those in the Eocene strata of Ecuador. VMS deposits of the Santa Elena type typically occur in clusters or camps that consist of one or two super-giants (>35 mt), two or three giants (15-25 mt) and several smaller (1-4 mt) deposits. While exploration in the Santa Elena district is at a very early stage, it has the potential to be a significant camp.

Mapping and Surface Sampling

Prior to the commencement of drilling, the Company had conducted detailed mapping over the massive sulphide outcropping areas, located in an area which represents approximately 10% of the property. Surface mapping and geochemical sampling (of stream sediments and soils over ridges and spurs) was expanded to cover 100% of the property in September 2012. Follow up work over several anomalous areas was completed between November 2012 and February 2013. This surface work ultimately included 78 stream sediment samples, 650 soil samples, 233 rock chip samples, and 30 channel samples.

Channel Sampling

The initial channel sampling program carried out in February 2011 at the TEM-1 (Azufra) outcrops consisted of a total of 46 horizontal channel samples amounting to 39.2 meters. The length weighted average grades of all the samples returned 2.62% Cu, 0.15 g Au/t, 5.1 g Ag/t, and 0.39% Zn.

Channel sampling of the TEM-2 (Arroyo) outcrops in March 2012 consisted of 17 individual saw-cut vertical channel samples totaling 12.49 linear meters over the exposed strike length. The length weighted average grades returned values of 1.63% Cu, 0.18 g Au/t, 13.8 g Ag/t, and 0.33% Zn.

Airborne Magnetic and Radiometric Surveys

On October 20, 2011 the Company received the final data, maps, and report on the airborne magnetometer and radiometric survey which was conducted by MPX Geophysics Ltd (“MPX”) over the Santa Elena Project. The heli-borne magnetometer and radiometric survey covered the entire 1287.5 ha project area. Lines were orientated east-west and flown at a 50 meter spacing with north-south tie lines every 500 meters. A total of 352 line-km of data was collected.

IP and Resistivity Surveys

On October 11, 2011 KTTM Geophysics Ltd., based out of Medellin, Colombia, completed 15 line-km of IP and resistivity surveys over the area of mineralized outcroppings at the Santa Elena Project. The purpose of the geophysical surveys was to investigate several areas identified as potential drill targets that were identified during previous surface mapping and geochemical programs.

TEM Surveys

During the phase 1 drill program, most drill holes were surveyed by Crone Geophysics using a borehole TEM system. The borehole TEM method is a time-domain, down-hole electromagnetic technique capable of detecting conductive mineralization intersected by the drill hole or lying off-hole (within~100 m).

Versatile Time-Domain Electromagnetic (“VTEM”) Survey

In November 2012, the Company completed a 416 line-kilometre, helicopter-borne VTEM survey of the Santa Elena Project. The survey was completed by Geotech Ltd of Aurora, Canada. The final data was delivered to CuOro in January 2013 and a detailed interpretation was completed by Condor Consulting of Lakewood, Colorado.

The objective of the survey was to identify additional, copper-rich massive sulphide zones within the Santa Elena Project. In their final report of March 2013, Condor Consulting outlined a total of 15 target zones with recommendations for follow up work. Six of these zones were ranked as having medium to high priority.

Diamond Drilling

Between June 2011 and October 2012, 122 holes totalling 23,887.3 m were drilled by the Company. Drill-hole depths varied between 36 and 434 m, with the average depth being 198 m. In general, the drill holes were spaced at 50 to 100 meters along the northerly axis of the historic TEM anomalies, which extend approximately 900 m (north-south) by 500 m (east-west). Additional drilling was also carried out around the TEM-2 and TEM-4 anomalies, and north of the TEM-1 anomaly.

The Phase 1 drilling was completed in October 2012. The drill program’s objectives were to define the boundary and extent of mineralization at depth of the TEM anomalies and the massive sulphide outcrops, and to test any new targets generated during the on-going exploration program.

Drill Assay Results

Significant drill results from this Phase 1 drill program are summarized in the table below. Drill holes were spotted at various azimuths and inclinations, and the listed down-hole intervals do not necessarily correspond to true widths of mineralization:

Hole ID	Total Depth (m)	From (m)	To (m)	Interval (m)	Cu (%)
SE-DDH-7	228	35.6	43	7.4	1.18
SE-DDH-9	259.9	76.3	119.3	43	0.31
SE-DDH-18	288.5	12	17	5	2.13
SE-DDH-20	230	51	71	20	1.47
SE-DDH-24	205.85	12.5	21.5	9	2.69
SE-DDH-25	164.5	71	77	6	4.84
SE-DDH-26	212.8	13.8	17.9	6.9	1.94
SE-DDH-29	182.3	103	117	14	0.37
SE-DDH-37	202.5	125	146	21	1.61
SE-DDH-39	150	30.6	133.5	102.9	1.44
SE-DDH-47	250	156	160	4	1.78
SE-DDH-53	250	100.65	111.5	10.85	0.45
SE-DDH-62	250	37	47	10	0.86
SE-DDH-69	218	112	130.5	18.5	0.58

Hole ID	Total Depth (m)	From (m)	To (m)	Interval (m)	Cu (%)
SE-DDH-79	155.8	42	52	10	3.21
SE-DDH-81	99.5	72.5	81.5	9	1.51
SE-DDH-83	82.5	28	40	12	4.28
SE-DDH-84	106.6	56	62	6	4.93
SE-DDH-88	314.5	145.5	213	67.5	0.22
SE-DDH-99	177.5	4.0	19.1	15.1	0.92
SE-DDH-102	107	77.5	89.5	12.0	0.49
SE-DDH-112	220	81	99.5	18.5	0.50
SE-DDH-115	62	20.5	25.0	4.5	3.36

Drill core samples were submitted to SGS Colombia for analysis. Once in the custody of SGS sample preparation was completed at their Medellín, Colombia facility and sample pulps were thereafter shipped to their Lima, Perú facility for analysis by fire assay and ICP. Analyses of some samples from later in the drill program (after August, 2012) were completed at SGS Colombia's newly opened analytical facility in Medellín. Reference materials and blank samples were inserted into the sample stream to monitor laboratory performance.

Exploration Review

The exploration work completed at Santa Elena between September 2012 and Q2 2013 has generated a number of targets on both concessions that warrant follow up work.

An option payment of US \$1,000,000 was due on the Santa Elena property April 16, 2013. In April 2013, the Company announced that its Board of Directors has commenced a strategic review process. While the Company has the resources available to make this option payment, the Board has determined that the payment will not be made until the Company completes a review of the exploration results (that have generated targets on both concessions) and a review of strategic alternatives.

The Company has until July 17, 2013 to complete its review and determine if the payment will be made to maintain the property in good standing.

Barranco de Loba Gold Project

Historical

The Company has completed its initial assessment of the Barranco de Lobo Project ("Barranco Project") in the Department of Bolívar, Colombia. After review, it was concluded the work program produced mixed results, with some positive indications of gold mineralization. Overall the results did not fully meet expectations.

The Barranco Project was held pursuant to an option agreement that called for near-term cash payments of US \$600,000. Negotiations with the underlying owner seeking an amendment of the quantum and timing of the option payments were not successful. The option agreement was cancelled in October 2012 and the Company recorded an impairment charge of \$748,672 for exploration and evaluation costs which had been capitalized.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

Three Months Ended	Fiscal 2013	Fiscal 2012				Fiscal 2011		
	Feb. 28, 2013 \$	Nov. 30, 2012 \$	Aug. 31, 2012 \$	May 31, 2012 \$	Feb. 29, 2012 \$	Nov. 30, 2011 \$	Aug. 31, 2011 \$	May 31, 2011 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(518,836)	(918,166)	(649,047)	(762,213)	(565,925)	(563,420)	(1,725,912)	(1,878,298)
Net loss	(473,521)	(1,645,307)	(702,100)	(673,732)	(587,934)	(528,358)	(1,676,453)	(1,876,717)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet								
Working capital	7,038,808	7,773,263	9,769,648	12,257,639	15,812,521	17,973,996	20,636,100	22,490,565
Total assets	18,245,605	19,021,623	20,567,404	21,406,491	21,806,157	22,406,931	22,779,610	23,635,132
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

During the three months ended February 28, 2013 (the “2013 period”) the Company reported a net loss of \$473,521 (\$0.02 per share) compared to a net loss of \$587,934 (\$0.02 per share) for the three months ended February 29, 2012 (the “2012 period”), a decrease in loss of \$114,413. The decrease in loss was mainly due to a decrease of \$65,937 in share-based compensation. During the 2013 period the Company did not grant any share options. During the 2012 period the Company granted 36,000 share options and recorded compensation expense of \$35,517. In addition during the 2012 period the Company recorded compensation expense of \$30,420 (2013 - \$nil) on the vesting of share options previously granted.

Excluding the share-based compensation expense, general and administrative expenses increased \$18,848 from \$499,988 during the 2012 period to \$518,836 for the 2013 period.

The primary factors for the increase were:

- (i) \$110,140 (2012 - \$39,568) for professional fees. During the 2013 period the Company incurred \$44,880 for salary paid to the general manager in the Colombian office, who was hired in October 2012. During the 2013 period the Company also incurred \$65,260 (2012 - \$39,568) for fees billed by third parties for corporate advisory services;
- (ii) \$36,939 (2012 - \$18,200) for accounting and administration. During the 2013 period the Company incurred \$7,700 (2012 - \$10,150) with Chase Management Ltd. (“Chase”), a private corporation owned by Mr. Nick DeMare, a director and the CFO of the Company for bookkeeping, accounting, administration and corporate filing services provided by Chase personnel. In addition the Company incurred \$29,239 during the 2013 period an increase of \$21,189 from the 2012 period of \$8,050. The increase was due to additional tax and accounting services incurred in the 2013 period;
- (iii) \$46,410 (2012 - \$20,000) for audit fees. The increase in the 2013 period was due to the timing of billings of the Company’s year-end financial statements;
- (iv) \$15,827 (2012 - \$1,142) for filing fees. The increase in the 2013 period was due to filing fees paid for listing on the OTC and review fees of the recent appointment of directors and officers; and
- (v) \$39,235 (2012 - \$35,545) for rent. During the 2013 period the Company incurred \$30,235 (2012 \$35,545) for office, warehouse and apartment rents in Colombia. During the 2013 period the Company incurred \$9,000 (2012 - \$nil) for office rent in Canada.

The increase in expenses was partially offset by decreases in the following items:

- (i) \$2,231 (2012 - \$35,362) for corporate development. During the 2012 period the Company engaged in several marketing campaigns in North America and Europe. Advertising was significantly curtailed during the 2013 period;

- (ii) \$13,150 (2012 - \$25,163) for investor relations. During the 2013 period the Company engaged two firms to provide marketing and investor relations services for the Company. See “Investor Relations Activities” for detailed descriptions of investor relations activities;
- (iii) \$7,693 (2012 - \$30,063) for legal costs. Significant legal services were incurred during the 2012 period, primarily for preparation and submission of the Agreement with Pacific Road. Legal costs incurred during the 2013 were for general corporate matters;
- (iv) \$62,455 (2012 - \$93,083) for officer and director compensation and fees. The 2012 period amount included \$56,483 for salary and other compensation paid to Robert Sedgemore, the former President and CEO of the Company. In October 2012 Mr. Sedgemore resigned as the Company’s President and CEO and Mr. John Seaman was appointed as the interim President and CEO. Mr. Seaman was paid \$15,000 during the 2013 period for his services as the Company’s interim President and CEO. See also “Related Party Disclosures”; and
- (v) \$2,710 (2012 - \$13,612) for shareholder communications. The decrease was due to reduced communications activities during the 2013 period.

During the 2012 period the Company received \$55,536 from the exercise of warrants. During the 2013 period no warrants were exercised.

During the 2013 period the Company recorded \$24,304 (2012 - \$28,060) interest income from demand deposits held. The decrease in interest income was due to higher levels of cash held during the 2012 period.

During the 2013 period the Company incurred \$7,327 (2012 - \$7,803) for acquisition costs and \$341,909 (2012 - \$1,466,620) for exploration activities on the Santa Elena Project and incurred \$nil (2012 - \$59,196) for exploration activities on the Barranco de Loba Project. During fiscal 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 which had been capitalized. See also “Exploration Projects”.

Financial Condition / Capital Resources

Since inception the Company’s capital resources have been limited to amounts raised from the sale of common shares in the Company.

As at February 28, 2013, the Company had working capital of approximately \$7,038,808. The Company believes that it currently has sufficient financial resources to meet anticipated corporate administration costs for the upcoming twelve month period. However, in light of the recent exploration results from the recent drill program conducted at the Santa Elena Project, the Company has determined to not make the \$1,000,000 option payment which was due on April 16, 2013. The Company has until July 16, 2013 to remedy the default. The Company will not make its final decision until it completes its review of strategic alternatives. The Company will be examining a number of alternatives including, but not limited to, further overhead cost reductions, continued investment in the Santa Elena Project, joint ventures, strategic partnerships, investments in new projects, mergers, acquisitions or other corporate transactions. Any of these alternatives may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise. In light of the current financial market conditions, management will monitor all exploration programs, activities and corporate overheads and make adjustments where it is prudent to do so.

The Company has also entered into the Agreement with Pacific Road. See “Transaction Agreement with Pacific Road”.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the November 30, 2012 consolidated financial statements.

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	February 28, 2013 \$	November 30, 2012 \$
Cash	FVTPL	7,016,648	8,008,803
Amounts receivable	Loans and receivables	79,061	97,606
Accounts payable and accrued liabilities	Other liabilities	(113,244)	(415,741)

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.
- 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 February 28, 2013					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	7,016,648	-	-	-	7,016,648
Amounts receivable	79,061	-	-	-	79,061
Accounts payable and accrued liabilities	(113,244)	-	-	-	(113,244)
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.

(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 February 28, 2013, 1 Canadian Dollar was equal to 1,760.56 Colombian Pesos.

Balances are as follows:

	Colombian Pesos	CDN \$ Equivalent
Cash	127,245,321	72,275
Amounts receivable	138,672	79
Accounts payable and accrued liabilities	(78,442,127)	(44,555)
	<u>48,941,866</u>	<u>27,799</u>

Based on the net exposures as of February 28, 2013 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 \$2,780.

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.

Changes in Accounting Policies

There are no changes in accounting policies.

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*

In October 2012 Robert Sedgemore resigned as the Company's President and Chief Executive Officer ("CEO") and John Seaman was appointed as the interim President and CEO. Iain Kelso was also appointed as the Company's Vice-President of Exploration.

- (i) During the three months ended February 28, 2013 the Company incurred \$15,000 for Mr. Seaman's services as the Company's interim President and CEO.
- (ii) During the three months ended February 29, 2012 the Company paid \$56,483 salaries to Mr. Sedgemore and \$7,780 secretarial fees to his spouse. In addition the Company paid \$12,613 for apartment rental in Colombia provided for Mr. Sedgemore and his family.
- (iii) During the three months ended February 28, 2013 the Company incurred \$7,500 (2012 - \$7,500) for Nick DeMare's services as the Company's Chief Financial Officer ("CFO");

In addition, during the three months ended February 28, 2013, the Company incurred a total of \$7,700 (2012 - \$10,150) 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.

- (iv) During the three months ended February 28, 2013 the Company incurred \$45,085 for Mr. Kelso's services as the Company's Vice-President of Exploration, of which \$10,800 was expensed to operations and \$34,285 was capitalized to exploration and evaluation assets.

As at February 28, 2013, \$12,523 (2012 - \$23,311) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Transactions with Other Related Parties*

During the three months ended February 28, 2013 the Company incurred \$29,155 (2012 - \$29,100) for professional services provided by other officers and directors of the Company.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Colombia is home to South America's largest and longest running political insurgency, and over the past two decades has experienced significant social upheaval and criminal activity relating to drug trafficking. While the situation has improved dramatically in recent years, there can be no guarantee that the situation will not again deteriorate. As such, the Company is subject to governmental, political, economic, and other uncertainties, including, but not limited to, expropriation of property without fair compensation, changes in policies or the personnel administering them, nationalization, currency fluctuations and devaluations, exchange controls and royalty increases, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, economic sanctions and the imposition of specific obligations and the other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities, insurrections, the actions of national labour unions, terrorism and abduction. Additionally, the continued perception that matters have not improved in Colombia may hinder the Company's ability to access capital in a timely or cost effective manner.

Investor Relations Activities

On May 1, 2011, the Company engaged Apex Capital Corp. ("Apex") to provide marketing and investor relations services for the Company at \$8,000 per month, for a term of twelve months. Effective August 1, 2011 the arrangement was amended to \$6,000 per month and, effective September 1, 2012, the arrangement was amended to \$2,500 per month. During the 2013 period, the Company paid \$7,500 (2012 - \$18,000) to Apex for investor relations services.

On November 1, 2011 the Company engaged Accent Marketing GmbH ("Accent") to provide marketing and investor relations services for the Company at EUR 1,500 per month, for a term of six months. Effective May 1, 2012 the engagement of Accent is on a month to month basis. During the 2013 the Company was billed \$5,650 (2012 - \$7,163) by Accent for investor relations services.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at April 26, 2013 there were 30,527,855 issued and outstanding common shares, 1,920,786 stock options outstanding to purchase common shares at exercise prices ranging from \$0.52 to \$2.10 per share, 3,750,000 warrants outstanding to purchase common shares at an exercise price of \$2.50 per share and 468,300 Underwriters' Warrants outstanding to purchase units at an exercise price of \$2.00 per unit.