

BLUE COVE CAPITAL CORP.

FILING STATEMENT

**Concerning the Qualifying Transaction
Involving the Acquisition by Blue Cove Capital Corp.
of certain mineral properties located in Colombia**

Dated as of March 31, 2011

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this filing statement

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GLOSSARY OF TERMS

The following is a glossary of certain defined terms used frequently throughout this Filing Statement. Terms and abbreviations used in the financial statements of the Issuer are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“\$”	Means Canadian dollars.
“Acquisition”	Means the acquisition by the Issuer of the Property from the Vendors.
“Affiliate”	Means a company that is affiliated with another company as described below: a company is an “Affiliate” of another company if: (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. a company is “controlled” by a Person if: (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. a person beneficially owns securities that are beneficially owned by: (a) a company controlled by that Person, or (b) an Affiliate of that person or an Affiliate of any company controlled by that Person.
“Agent’s Corporate Finance Shares”	Means the 125,000 Blue Cove Shares comprising the Agent’s Corporate Finance Units.
“Agent’s Corporate Finance Units”	Means the 125,000 units in the capital of the Issuer issued to the Agent as compensation for its services in connection with the Brokered Financings, comprised of the Agent’s Corporate Finance Shares and the Agent’s Corporate Finance Warrants.
“Agent’s Corporate Finance Warrants”	Means the 62,500 share purchase warrants exercisable to purchase an aggregate of 62,500 Blue Cove Shares at an exercise price of \$1.30 per Blue Cove Share for a period of two years from Completion of the Qualifying Transaction, comprising the Agent’s Corporate Finance Units.

“Agent’s IPO Options”	Means the 200,000 share purchase warrants exercisable to purchase an aggregate 200,000 Blue Cove Shares at an exercise price of \$0.10 per Blue Cove Share for a period of 24 months from the day on which the Blue Cove Shares were listed on the Exchange. None of the Agent’s IPO Options were exercised and have expired.
“Agent’s QT Warrants”	Means the 385,000 share purchase warrants exercisable to purchase an aggregate of 385,000 Blue Cove Shares at an exercise price of \$1.00 per Blue Cove Share for a period of two years from Completion of the Qualifying Transaction, issued to the Agent as compensation for its services in connection with the Brokered Financings.
“Agent”	Means Canaccord Genuity Corp.
“Aggregate Pro Group”	Has the meaning set out in the policies of the Exchange.
“Associate”	Means, when used to indicate a relationship with a person or company: <ul style="list-style-type: none">(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;(b) any partner of the person or company;(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity; or(d) in the case of a person, a relative of that person, including:<ul style="list-style-type: none">(i) that person’s spouse or child, or(ii) any relative of the person or of his spouse who has the same residence as that person;
	but
	(e) where the Exchange determines that two persons will, or will not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination will be determinative of their relationships in the application of Rule D (as defined in applicable Exchange Policies) with respect to that Member firm, Member corporation or holding company.
“Auditor”	Means the Issuer’s auditor, Davidson & Company LLP.
“Author”	Means Michel Rowland, P.Geo., author of the Technical Report.
“BCBCA”	Means the British Columbia <i>Business Corporations Act</i> , S.B.C. 2002, c. 57, as from time to time amended, and including any regulations promulgated thereunder.

“Blue Cove Charitable Option”	Means the option to purchase 42,000 Blue Cove Shares exercisable at \$0.10 per Blue Cove Share until March 28, 2018 held by Christian Outreach of Canada, an eligible charitable organization.
“Blue Cove Principals”	Currently means Robert Sedgemore, Nick DeMare, Dave Doherty and Craig Taylor and upon Completion of the Qualifying Transaction shall mean Robert Sedgemore, Nick DeMare, Dave Doherty, John Seaman and Marc Cernovitch.
“Blue Cove Shareholders”	Means the shareholders of the Issuer.
“Blue Cove Shares” or “Common Shares”	Means common shares in the capital of the Issuer.
“Blue Cove” or “Issuer”	Means Blue Cove Capital Corp.
“Board”	Means the board of directors of Blue Cove.
“Brokered Financings”	Means the Brokered Private Placement and the Short Form Offering.
“Brokered Private Placement”	Means the brokered private placement of up to 3,500,000 QT Units at a price of \$1.00 per QT Unit, to be completed concurrently with the Completion of the Qualifying Transaction.
“CEO”	Means each individual who served as Chief Executive Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
“CFO”	Means each individual who served as Chief Financial Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.
“Change of Name”	Means the proposed change of the name of Blue Cove to CuOro Resources Corp., or such other name as the Board may, in their discretion, determine.
“Closing Date”	Means the date of Closing.
“Closing”	Means the closing of the Acquisition and the concurrent closing of the QT Financing.
“company”	Unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
“Completion of Qualifying Transaction”	Means the date the Final Exchange Bulletin is issued by the Exchange with respect to the closing of the Qualifying Transaction.
“Control Person”	Means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“CPC”	Means a corporation: <ul style="list-style-type: none">(a) that has been incorporated or organized in a jurisdiction in Canada; and(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy.
“CPC Policy”	Means Exchange Policy 2.4 <i>Capital Pool Companies</i> .
“Designated Hold Purchaser”	Means a purchaser under the SFOD that is an Insider or Promoter of Blue Cove, the Agent or the Aggregate Pro Group as defined in National Instrument 33-105 <i>“Underwriting Conflicts”</i> .
“Escrow Agent”	Means Valiant Trust Company.
“Escrow Securities”	Means collectively, IPO Escrow Securities and QT Escrow Securities.
“Escrow Transfer”	Means the transfer within escrow of 325,000 Escrow Securities held by current directors and officers of Blue Cove to incoming directors and officers of the Resulting Issuer.
“Exchange”	Means the TSX Venture Exchange Inc.
“Executive Officer”	Means an individual who is the Chairman or Vice-Chairman of the Board, the President, a Vice-President in charge of a principal business unit, division or function including sales, finance or production, an officer of the Issuer or its subsidiary who performed a policymaking function in respect of the Issuer, or any other individual who performed a policymaking function in respect of the Issuer.
“Filing Statement”	Means this filing statement dated March 31, 2011, together with all Schedules hereto.
“Final Exchange Bulletin”	Means the Exchange bulletin issued following closing of the Qualifying Transaction and the submission of all required documentation, which evidences the final Exchange acceptance of the Qualifying Transaction.
“Finder’s Fee Agreement”	Means the finder’s fee agreement between the Issuer and the Finder relating to the Finder’s Fee.
“Finder’s Fee”	Means up to 300,000 Resulting Issuer Shares to be issued to the Finder pursuant to the Finder’s Fee Agreement as a finder’s fee in connection with the Qualifying Transaction.
“Finder’s Warrants”	Means the 63,835 share purchase warrants exercisable to purchase an aggregate 63,835 Blue Cove Shares at an exercise price of \$0.25 per Blue Cove Share until November 17, 2012.
“Finder”	Means Access Capital Corp., an arm’s-length party to the Issuer.
“Initial Listing Requirements”	Has the meaning ascribed to such term in Exchange Policy 2.1 – <i>Initial Listing Requirements</i> .

“Insider”	<p>If used in relation to a company, means:</p> <ul style="list-style-type: none">(a) a director or officer of the company;(b) a director or officer of the company that is an Insider or subsidiary of the company;(c) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the company; or(d) the company itself if it holds any of its own securities.
“IPO Agency Agreement”	<p>Means the agency agreement dated February 28, 2008 between the Issuer and the Agent entered into in connection with the Issuer’s initial public offering.</p>
“IPO Escrow Agreement”	<p>Means the Exchange Form 2F CPC Escrow Agreement for Tier 2 issuers dated January 18, 2008, as amended, among the Issuer, Transfer Agent and certain shareholders, pursuant to which the IPO Escrow Securities are currently held in escrow.</p>
“IPO Escrow Securities”	<p>Means the 1,100,000 Blue Cove Shares currently subject to escrow under the IPO Escrow Agreement.</p>
“Letter of Intent”	<p>Means the letter of intent dated December 22, 2010 between Blue Cove and the Vendors.</p>
“Member”	<p>Has the meaning set out in the policies of the Exchange.</p>
“Ministry of Mines”	<p>Means the Insituto Colombiano de Geologia y Minería of the Republic of Colombia.</p>
“Named Executive Officers”	<p>Means:</p> <ul style="list-style-type: none">(a) each CEO;(b) each CFO;(c) each of the Issuer’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000 per year; or(d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Issuer at the end of the most recently completed financial year.
“NEX”	<p>Means the NEX Board of the Exchange.</p>

“NI 43-101”	Means National Instrument 43-101 <i>Standards of Disclosure for Mineral Projects</i> .
“Non Arm’s Length Party”	Means, in relation to a company, a promoter, officer, director, other Insider or Control Person of Party” that company and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.
“Non Arm’s Length Parties to the Qualifying Transaction”	Has the meaning set out in the policies of the Exchange.
“Non Arm’s Length Qualifying Transaction”	Has the meaning set out in the policies of the Exchange.
“Non Brokered Private Placement”	Means the non brokered private placement of up to 4,500,000 QT Units at a price of \$1.00 per QT Unit, to be completed concurrently with the Acquisition.
“Options”	Means options granted under the Stock Option Plan to acquire Blue Cove Shares or Resulting Issuer Shares, as applicable.
“Person”	Means a company or individual.
“Property” or “Santa Elena Project”	Means the exploration stage property that covers an area of approximately 1,287.5 hectares, located in the Department of Antioquia, Republic of Colombia, and is comprised of the Santa Elena Concessions.
“Purchase Agreement”	Means the purchase and sale agreement dated February 16, 2011, among the Issuer and the Vendors relating to the Acquisition, as amended effective April 1, 2011, a copy of which is attached as Schedule “D” hereto.
“QT Agency Agreements”	Means the agency agreements between Blue Cove and the Agent to be dated April 8, 2011 with respect to the Brokered Private Placement and the Short Form Offering.
“QT Escrow Securities”	Means the 460,000 Blue Cove Shares to be subject to the IPO Escrow Agreement upon Completion of the Qualifying Transaction.
“QT Financing”	Means the Brokered Financings and the Non Brokered Private Placement.
“QT Units”	Means the 8,000,000 units in the capital of the Issuer issued to the purchasers in connection with the QT Financing. Each QT Unit will consist of one Blue Cove Share and one half of one QT Warrant, with each full QT Warrant entitling the holder to purchase one additional Blue Cove Share for a period of two years from Completion of the Qualifying Transaction at an exercise price of \$1.30 per Blue Cove Share.
“QT Warrants”	Means the 4,000,000 share purchase warrants exercisable to purchase an aggregate of 4,000,000 Blue Cove Shares at an exercise price of \$1.30 per Blue Cove Share for a period of two years from Completion of the Qualifying Transaction, issued to the subscribers in connection with the QT Financing and comprising the QT Units.

“Qualified Person”	Means an individual who: <ul style="list-style-type: none">(a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;(b) has experience relevant to the subject matter of the mineral project and the technical report; and(c) is in good standing with a professional association and, in the case of a foreign association listed in Appendix A of NI 43-101, has the corresponding designation in Appendix A of NI 43-101.
“Qualifying Property”	Means the Property, the property Blue Cove is relying upon to establish that it meets Initial Listing Requirements.
“Qualifying Transaction”	Means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.
“Related Parties”	Means the promoters, officers, directors, other insiders of a company, and Associates or Affiliates thereof.
“Resulting Issuer Options”	Means Options to acquire Resulting Issuer Shares granted under the Stock Option Plan.
“Resulting Issuer Shares”	Means common shares in the capital of the Resulting Issuer.
“Resulting Issuer Warrants”	Means common share purchase warrants in the capital of the Resulting Issuer.
“Resulting Issuer”	Means the Issuer, which was formerly a CPC, that exists upon issuance of the Final Exchange Bulletin, and under the new name CuOro Resources Corp.
“Santa Elena Concessions”	Means the underlying concession contracts identified with code numbers HJIG-02 and HGLE-02 granted by the Ministry of Mines to the Vendors.
“SFOD”	Means the Short Form Offering Document which qualifies for distribution 2,000,000 Blue Cove Shares pursuant to Exchange Policy 4.6 <i>“Public Offering by Short Form Offering Document”</i> .
“Short Form Offering”	Means the brokered financing up to 2,000,000 Blue Cove Shares at a price of \$1.00 per Blue Cove Share, to be completed concurrently with the Acquisition pursuant to the SFOD.
“Significant Assets”	Means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

“Sponsor”	Has the meaning specified in Exchange Policy 2.2 – <i>“Sponsorship and Sponsorship Requirements”</i> .
“Stock Option Plan”	Means the existing incentive stock option plan of the Issuer or the Resulting Issuer, as applicable.
“Technical Report”	Means the NI 43-101 compliant technical report on the Property dated March 28, 2011 by Michel Rowland, P.Ge., titled “Technical Report on the Santa Elena Project, Department of Antioquia, Colombia”.
“Transfer Agent”	Means the Issuer’s transfer agent and registrar, Valiant Trust Company.
“US”	Means the United States of America.
“US\$”	Means US dollars.
“Vendors”	Means Colombia Mines S.A.S.

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain technical terms used in this Filing Statement with respect to the Property.

“Ag”	Means silver.
“Airborne”	Means a survey made from an aircraft to obtain photographs, or measure magnetic properties, radioactivity, electromagnetic, etc.
“Alteration”	Means any change in the mineralogical composition of a rock that is brought about by physical or chemical means.
“Andesitic”	Means an intermediate volcanic rock composed of andesine and one or more mafic minerals.
“Anomaly”	Means having a geochemical or geophysical character which deviates from regularity; in the case of gold, it refers to abnormally high gold content (i.e., 70.5 g per tonne); any deviation from conformity or regularity; a distinctive local feature in a geophysical, geological, or geochemical survey over a larger area; an area or a restricted portion of a geophysical survey, such as a magnetic survey or a gravity survey, that differs from the rest of the survey in general.
“Argillic”	Means pertaining to clay or clay minerals, especially argillic alteration in which certain minerals of a rock are converted to minerals of the clay group.
“Assay”	Means in economic geology, to analyze the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.
“Au”	Means gold.
“background”	Means traces of elements found in sediments, soils, and plant material that are unrelated to any mineralization and which come from the weathering of the natural constituents of the rocks.
“basalts”	Means fine grained, sometimes glassy, igneous rock that is almost always very dark grey, rarely very dark brownish grey or greenish grey, composed mainly of calcic plagioclase and pyroxenes.
“Basement”	Means the undifferentiated complex of rocks that underlies the rocks of interest in an area; in many places the rocks of the complex are igneous and metamorphic and of Precambrian age, but in some places they are Paleozoic, Mesozoic, or even Cenozoic.
“breccia”	Means rock consisting of more or less angular fragments in a matrix of finer-grained material or cementing material.
“Chalcopyrite”	Means copper iron sulphide mineral (CuFeS ₂), a common copper ore.
“Chlorite”	Means a green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks, or as an alteration

product.

“Claim”	Means a portion of land held either by a prospector or a mining company.
“Clastic”	Means a sedimentary rock composed of fragments from pre-existing rock.
“crushing”	Means process during mining which reduces ore to gravel size.
“Cu”	Means copper.
“Deposit”	Means a mass of naturally mineral material, proven by drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical, and economic factors have been resolved.
“diamond drill”	Means a type of rotary drill in which the cutting is done by abrasion using diamonds embedded in a matrix rather than by percussion. The drill cuts a core of rock which is recovered in long cylindrical sections.
“Dill core”	Means a solid, cylindrical sample of rock produced by an annular drill bit, generally rotatively driven but sometimes by percussive methods.
“dip”	Means geological measurement of the angle of maximum slope of planar elements in rocks. Can be applied to beddings, jointing, fault planes, etc.
“Fault”	Means a fracture in a rock along which there has been relative movement between the two sides either vertically or horizontally; a break in the continuity of a body of rock.
“gangue”	Means term used to describe worthless minerals or rock waste mixed in with the valuable minerals.
“Geochemistry”	Means the study of the relative and absolute abundances of the elements and their nuclides (isotopes) in the earth.
“Geophysical survey”	Means the exploration of an area by exploiting differences in physical properties of different rock types. Geophysical methods include seismic, magnetic, gravity, induced polarization and other techniques, and geophysical surveys can be undertaken from the ground or from the air.
“Grade”	Means the amount of valuable metal in each tonne of ore, expressed as grams per tonne (g/t) for precious metals, as percent (%) for copper, lead, zinc and nickel.
“horst”	Means an elongated block of rock uplifted along roughly parallel faults.
“Host”	Means a rock or mineral that is older than rocks or minerals introduced into it.
“Hydrothermal”	Means pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.

“Intrusion”	Means the process of emplacement of magma in a pre-existing rock. Also, the igneous rock mass so formed.
“IP”	Means induced polarization method.
“m”	Means meters (3.28 feet).
“metamorphic”	Means any rock which is altered within the earth's crust by the effects of heat and/or pressure and/or chemical reactions.
“mineral claim”	Means a legal entitlement to minerals in a certain defined area of ground.
“Mineral resource”	Means the estimated quantity and grade of mineralization that is of potential merit. A resource estimate does not require specific mining, metallurgical, environmental, price or cost data, but the nature and continuity of mineralization must be understood to a specific degree of knowledge.
“Mineralization”	Means the concentration of metals and their chemical compounds within a body of rock; The process or processes by which a mineral or minerals are introduced into a rock, resulting in a valuable or potentially valuable deposit.
“ore”	Means a natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated.
“outcrop”	Means an exposure of rock at the earth's surface.
“oz/t or opt”	Means ounces per ton.
“Porphyry”	Means a felsic intrusive or subvolcanic rock with larger crystals set in a fine groundmass.
“Potassic”	Means a type of alteration containing secondary orthoclase and biotite as the dominant minerals, with lesser amounts of chlorite and sericite.
“Ppb”	Means parts per billion.
“ppm” or “parts per million”	Means a unit of measurement which is 1000 times larger than ppb (1 ppm = 1000 ppb).
“Pyrite”	Means a sulphide mineral of iron, FeS ₂ .
“Pyroclastic rock”	Means a rock formed when small particles of magma are blown from the vent of a volcano by escaping gas.
“replacement deposit”	Means a deposit formed by progressive substitution of constituents, in a rock e.g. mineralization that penetrates and replaces rock material.
“reserves”	Means a natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

“reverse circulation drill”	Means a rotary percussion drill in which the drilling mud and cuttings return to the surface through the drill pipe.
“sample”	Means small amount of material that is supposed to be absolutely typical or representative of the object being sampled.
“sedimentary”	Means a rock formed from cemented or compacted sediments.
“Strike”	Means direction or trend of a geologic structure; the course or bearing of the outcrop of an inclined bed, vein, or fault plane on a level surface; the direction of a horizontal line perpendicular to the direction of the dip.
“Vein”	Means a thin sheet-like intrusion into a fissure or crack, commonly bearing quartz.
“Volcanic”	Means descriptive of rocks originating from volcanic activity.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Filing Statement are forward-looking statements or information (collectively “forward-looking statements”) within the meaning of applicable securities legislation. We are hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking information in this Filing Statement includes, but is not limited to:

- statements related to the completion of the Acquisition and the events related thereto and contingent thereon;
- information with respect to our future financial and operating performance and that of our affiliates and subsidiaries;
- our management’s skill and knowledge with respect to the exploration and development of mining properties in Colombia, and the relevance of that skill and knowledge to the Property;
- our plan to pursue the exploration of the Property;
- our ability to successfully obtain any necessary environmental licenses;
- our ability to successfully obtain any required extensions of the exploration phase of the Santa Elena Concessions;
- future exploration and development activities, and the costs and timing of those activities;
- timing and receipt of approvals, consents and permits under applicable legislation;
- our assessment of potential environmental liabilities;
- results of future exploration and drilling;
- estimation of metallurgical response of ores to processing methods;
- metals prices;
- adequacy of financial resources;
- forward-looking information attributed to third party industry sources; and
- statements related to our expected executive compensation.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected

developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: our ability to carry on exploration and development activities, the timely receipt of required approvals, the price of metals, our ability to operate in a safe, efficient and effective manner and our ability to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or the Resulting Issuer, that could influence actual results include, but are not limited to: limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; title to the properties; risks of foreign operations; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and licenses and permits; management inexperience in developing mines; conflicts of interest of management; uninsurable risks; exposure to potential litigation; dividends; and other factors beyond the control of the Issuer or the Resulting Issuer. See "Risk Factors".

Our forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Filing Statement. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws.

SUMMARY

The following is a summary of information relating to the Issuer, the Property and the Resulting Issuer (assuming completion of the Acquisition and the QT Financing) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

This Filing Statement is prepared in accordance with the CPC Policy in connection with the Issuer's Qualifying Transaction.

The Issuer

The Issuer is a company incorporated under the BCBCA and is a CPC established in accordance with the rules and policies of the Exchange. Upon completion of the Acquisition and the QT Financing, the Resulting Issuer anticipates having 22,011,909 issued and outstanding Resulting Issuer Shares, 63,835 Finder's Warrants, 2,243,752 Resulting Issuer Options, 4,000,000 QT Warrants, 385,000 Agent's QT Warrants and 62,500 Agent's Corporate Finance Warrants to purchase Resulting Issuer Shares. See "Information Concerning the Resulting Issuer — Fully Diluted Share Capital".

At present, the Issuer does not own any assets other than cash. Since its incorporation, the sole activities of the Issuer have been to identify, evaluate, and acquire assets, properties or businesses which could constitute a Qualifying Transaction. See "Information Concerning the Issuer".

Summary of Qualifying Transaction

The Issuer has entered into the Purchase Agreement whereby it will acquire the Vendors interest in certain mineral exploration properties located in the Department of Antioquia, Colombia. The Acquisition includes the assignment of all of the Vendors right, title and interest in the Property. Pursuant to the Purchase Agreement, as consideration for the Property, Blue Cove will pay to the Vendors an aggregate of US\$3,025,000 and incur expenditures on the Property totalling US\$3,000,000 over three years. The Vendors will retain a net smelter royalty between 2.0% and 3.0% on the sale of all minerals produced from the Property (the "NSR Royalty"). In addition, the Issuer has agreed to make cash payments to the Vendors totalling up to US\$1,000,000 if certain conditions are satisfied. The Issuer paid US\$25,000 as a non-refundable payment upon signing the Letter of Intent. See "Information Concerning the Issuer – The Acquisition".

The Acquisition is intended to constitute the Issuer's Qualifying Transaction and the Property will constitute Blue Cove's Qualifying Property under the policies of the Exchange.

QT Financing

Concurrent with the closing of the Acquisition, the Issuer expects to complete the QT Financing (consisting of the Brokered Financings and the Non Brokered Private Placement) for a total of up to 2,000,000 Blue Cove Shares at \$1.00 per Blue Cove Share and up to 8,000,000 QT Units at \$1.00 per QT Unit, for gross proceeds of up to \$10,000,000. Each QT Unit will consist of one Blue Cove Share and one-half of one QT Warrant, with each full QT Warrant entitling the holder to purchase one additional Blue Cove Share for two years at an exercise price of \$1.30 per Blue Cove Share.

Agent for Brokered Financings	The Issuer has appointed the Agent to act as its agent for the Brokered Financings, subject to the terms and conditions of the QT Agency Agreements. See “Information Concerning the Issuer – QT Financing” for details regarding the compensation to be issued to the Agent for its services in connection with the Brokered Financings.
Finder’s Fee	Pursuant to the Finder’s Fee Agreement, the Issuer will issue up to 300,000 Blue Cove Shares to the Finder as payment of a finder’s fee in connection with the Acquisition.
Arm’s Length Transaction	The Acquisition will be carried out by parties dealing at arm’s length to one another and therefore will not be a Non-Arm’s Length Qualifying Transaction.
Directors and Management	<p>Following the completion of the Acquisition, the Board of Directors of the Issuer is anticipated to consist of Robert Sedgemore, John Seaman, Nick DeMare and Dave Doherty. Robert Sedgemore will be the President and Chief Executive Officer, Nick DeMare will be the Chief Financial Officer and Marc Cernovitch will be the Corporate Secretary.</p> <p>See “Information Concerning the Resulting Issuer — Directors, Officers, and Promoters”.</p>
The Property	The Property is an exploration stage property that covers an area of approximately 1,287.5 hectares, located in the Department of Antioquia, Republic of Colombia. See “Information Concerning the Property — The Property”.
Reason for the Transaction	The Acquisition will enable the shareholders of the Resulting Issuer to participate in a company whose primary business is the exploration for mineral resources in Colombia. The Acquisition will result in the acquisition of an interest in mineral properties with exploration and development potential, being managed by directors and officers who have experience in: (i) the mining industry; (ii) financing in public markets; and (iii) operation of a public company. The Acquisition will also enable the Issuer to list as a Tier 2 issuer on the Exchange.
Approval of Directors	The board of directors of the Issuer has reviewed and approved the terms and conditions of the Acquisition and has concluded that they are fair and reasonable and are in the best interests of the Issuer.
Interests of Insiders, Promoters or Control Persons	<p>The Blue Cove Principals currently hold 1,575,000 Blue Cove Shares, 575,000 of which were issued at a price of \$0.05 per Blue Cove Share. The Blue Cove Principals also currently hold Options to purchase up to 936,966 Blue Cove Shares at a price of \$0.52 per Blue Cove Share and, together with incoming directors and officers, are expected to be granted 485,000 Options to purchase up to 485,000 Blue Cove Shares at a price of \$1.00 per Blue Cove Share upon Closing of the Qualifying Transaction.</p> <p>Craig Taylor, currently a director of the Issuer, anticipates subscribing for 75,000 QT Units in the QT Financing. On the Closing Date, Mr. Taylor will resign as a director.</p>

Marc Cernovitch, an incoming officer of the Resulting Issuer, anticipates subscribing for 50,000 QT Units in the QT Financing

In accordance with the CPC Policy, all Blue Cove Shares purchased by the Blue Cove Principals prior to the Issuer's initial public offering are subject to escrow. Upon Completion of the Qualifying Transaction, 10% of the Blue Cove Shares held by Blue Cove Principals in escrow will be released and the remaining Blue Cove Shares held in escrow will be released in six equal tranches of 15% every six months following the Closing.

See "Escrowed Securities" and "Pro Forma Consolidated Capitalization" for additional information.

Funds Available

Upon completion of the Acquisition and the QT Financing, and based on the Issuer having estimated working capital of \$275,000 as at February 28, 2011 the Resulting Issuer will have approximately \$9,194,327 of available funds (after deduction of estimated costs of \$1,080,673 to complete the Acquisition and QT Financing). It is the Resulting Issuer's intention to use these funds for a period of twelve months after the Completion of the Qualifying Transaction as follows:

Use of Available Funds

Remaining costs to complete the Qualifying Transaction	\$210,000
Fees payable in connection with the QT Financing	\$385,000
Cash Payments payable to the Vendor	\$485,673
Costs relating to undertaking work program on the Property and keeping Property in good standing	\$3,120,932
General and Administrative costs for the next 12 months (including legal and accounting fees)	\$1,200,000
Unallocated Working Capital	\$4,873,395
Total	\$10,275,000

Assuming completion of the QT Financing, the Issuer's working capital will be sufficient to meet its general and administrative costs for the next 12 months. See "Available Funds and Principal Purposes".

Pending utilization of the net proceeds of the available funds, the Resulting Issuer intends to invest the funds in short term, interest bearing instruments.

The Resulting Issuer intends to use the available funds as indicated above. There may be circumstances where, for sound business reasons a reallocation of funds may be necessary. See "Available Funds and Principal Purposes".

Selected Pro Forma Consolidated Information

The following table sets forth pro forma financial information of the Resulting Issuer as of November 30, 2010 after giving effect to the Acquisition and the QT Financing and should be read in conjunction with the pro forma consolidated financial statements attached as Schedule “C”.

	Resulting Issuer Pro Forma as at November 30, 2010 (\$)
Current Assets	\$9,606,923
Mineral Property Interests	\$400,000
Total Assets	\$10,039,711
Total Liabilities	\$270,483
Shareholders’ Equity	\$9,961,271
Contributed Surplus	\$849,429
Deficit	(\$1,041,472)

Market for Securities

On July 6, 2010, Blue Cove, as a result of not being able to complete its Qualifying Transaction in a timely manner and pursuant to the policies of the Exchange, started trading on NEX and cancelled 1,100,000 common shares held by directors in escrow. The Blue Cove Shares are currently listed on NEX under the trading symbol BCV.H. The price of the Blue Cove Shares on the last day the Blue Cove Shares traded prior to the announcement of the Transaction on December 10, 2010 was \$0.77. The Blue Cove Shares were halted from trading on the Exchange on December 11, 2010 and resumed trading on March 9, 2011. See “Stock Exchange Price” for more information.

Upon Completion of the Qualifying Transaction, the Resulting Issuer Shares will be listed on the Exchange under the name “CuOro Resources Corp.” and under the trading symbol CUA.

Conflicts of Interest

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with other companies involved in natural resource development. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. As of the date of this Filing Statement, to the best of its knowledge, the Issuer is not aware of the existence of any conflicts of interest between Issuer and any of the directors or officers of the Issuer.

Sponsor for the Qualifying Transaction

The Issuer has chosen to obtain a Sponsor in connection with the Proposed Qualifying Transaction. Canaccord Genuity Corp. has agreed to act as sponsor with respect to the proposed Acquisition. Upon the Completion of the Qualifying Transaction, the Sponsor will receive a fee equal to \$50,000 plus HST (of which \$25,000 plus HST has been paid to the Sponsor) and will be reimbursed for reasonable expenses.

Promoters	Robert Sedgemore is the promoter of the Issuer and the Resulting Issuer. The number of Resulting Issuer Shares that will be owned, controlled or directed by Mr. Sedgemore is disclosed under the heading “Information Concerning the Resulting Issuer - Directors, Officers and Promoters”. Mr. Sedgemore will act as President, Chief Executive Officer and a director of the Resulting Issuer.
Exchange Approval	The Exchange has conditionally accepted the Acquisition subject to the Issuer fulfilling all of the requirements of the Exchange on or before July 7, 2011.
Interests of Experts	To the best of the Issuer’s knowledge, no direct or indirect interest in the Issuer is held or will be received by any expert. Refer to “Experts” for more information.
Risk Factors	An investment in the Resulting Issuer following completion of the Acquisition involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Issuer and the Resulting Issuer. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or the Resulting Issuer, that could influence actual results include, but are not limited to: limited operating history; mineral exploration, development and operating risks; substantial capital requirements and liquidity; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; regulatory requirements; financing risks and dilution to shareholders; title to properties; risks of foreign operations; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations and licenses and permits; management inexperience in developing mines; potential conflicts of interest of management; uninsurable risks; uncertainty as to foreign government regulations and policies; exposure to potential litigation; dividends; and other factors beyond the control of the Issuer or the Resulting Issuer. For a detailed description of certain risk factors relating to the Acquisition and the ownership of Resulting Issuer Shares, which should be carefully considered before making an investment decision, see “Risk Factors”.
Currency	<p>All references to “\$”, “Cdn dollars” or “dollars” are to the lawful currency of Canada, and all references to US\$ are to the lawful currency of the US.</p> <p>In this Filing Statement, unless otherwise specified, all monetary amounts are expressed in Canadian dollars. Where such amounts represent the Canadian dollars equivalent of a stated \$US, the amounts have been converted into Canadian dollars at March 30, 2011 at the closing rate published by the Bank of Canada, being \$1.00 = US\$1.0295.</p>

RISK FACTORS

The following are certain factors relating to the business of the Issuer assuming completion of the Acquisition and the QT Financing, which factors investors should carefully consider when making an investment decision concerning the Blue Cove Shares. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently deems immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

An investment in the Resulting Issuer is speculative. An investment in the Resulting Issuer will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Resulting Issuer.

Completion of the Acquisition

The completion of the Acquisition is subject to several conditions under the Purchase Agreement, including acceptance by the Exchange. There can be no assurance that Exchange approval will be obtained. If any of those conditions are not satisfied or waived, the Acquisition will not be completed. If the Acquisition does not complete, the Issuer will continue to search for other opportunities; however, it will have incurred significant costs associated with the Acquisition.

Trading Suspension and Possible Delisting

Effective April 7, 2010, trading in Blue Cove Shares was suspended because the Issuer did not complete a Qualifying Transaction by April 6, 2010. The Issuer was placed on notice to either complete its Qualifying Transaction by July 6, 2010 or file all of the documentation required to transfer to NEX on or before July 6, 2010 or the Exchange would delist the Issuer. The NEX comprises listed issuers that do not meet the Exchange's Tier 2 tier maintenance requirements (including suspended CPC's which have not completed a Qualifying Transaction. On July 6, 2010, the Issuer, as a result of not being able to complete its Qualifying Transaction in a timely manner and pursuant to the policies of the Exchange, started trading on NEX and cancelled 1,100,000 common shares held in escrow. Pursuant to the TSX Venture Exchange Bulletin dated December 13, 2010, trading in the Issuer's securities was halted. The Blue Cove Shares resumed trading on March 9, 2011. Upon the completion of the Issuer's Qualifying Transaction, the Issuer will graduate from the NEX onto the Exchange.

Limited Operating History

The Issuer is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Issuer was incorporated on October 23, 2007 and has yet to generate a profit from its activities. The Resulting Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Resulting Issuer anticipates that it may take several years to achieve positive cash flow from operations.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot

conditions. mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Resulting Issuer's resource base.

The Resulting Issuer's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Resulting Issuer.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Resulting Issuer's current and planned mining operations will be required. No assurances can be given that the Resulting Issuer will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Resulting Issuer may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Resulting Issuer or at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Resulting Issuer's control including, commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Property.

Regulatory Requirements

The current or future operations of the Resulting Issuer require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Resulting Issuer may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Resulting Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and

permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Financing Risks and Dilution to Shareholders

The Resulting Issuer will have limited financial resources, no operations and no revenues. If the Resulting Issuer's exploration programs on the Property are successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Resulting Issuer's shareholders.

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Issuer will obtain a title opinion in respect of the Vendors interest in the Property, the Issuer cannot give an assurance that title to such property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Vendors or the Resulting Issuer, as the case may be, does not have title to the Property could cause the Resulting Issuer to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Requirement for Permits and Licenses

While the Resulting Issuer believes that the Vendors currently have all permits and licences necessary to carry on their current exploration activities on the Property, a substantial number of additional permits and licenses may be required should the Resulting Issuer proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Resulting Issuer will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Resulting Issuer will compete with other mining companies, many of which have greater financial, technical and other resources than the Resulting Issuer, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Resulting Issuer is currently largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Resulting Issuer's business and prospects. The Resulting Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Resulting Issuer can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

No Mineral Reserves or Mineral Resources

The Property is considered to be in the early exploration stage only and does not contain a known body of commercial minerals. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production

experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Resulting Issuer's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Licenses and Permits

The activities of the Resulting Issuer are subject to Canadian and Colombian approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Resulting Issuer believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Resulting Issuer. Further, the licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Resulting Issuer's investments in such projects may decline.

Risks of Foreign Operations

The Property is located in Colombia. 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 Resulting Issuer will be 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 Resulting Issuer'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 Resulting Issuer's ability to access capital in a timely or cost effective manner.

The Resulting Issuer's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with the Resulting Issuer's operations in Colombia, the Resulting Issuer may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Resulting Issuer may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Resulting Issuer's exploration, development and exploration activities in Colombia could be substantially

affected by factors beyond the Resulting Issuer's control, any of which could have a material adverse effect on the Resulting Issuer.

The Resulting Issuer may in the future acquire resource properties and operations outside of Colombia and Canada, which expansion may present challenges and risks that the Resulting Issuer has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Resulting Issuer.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the Property could be subject to resistance from local residents that could either prevent or delay exploration and development of the Property.

Management Inexperience in Developing Mines

The proposed management of the Resulting Issuer will have some experience in exploring for minerals, but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Without adequate training or experience in these areas, management may not be fully aware of many of the specific requirements related to working within the mining industry and their decisions and choices may not take into account all available and necessary engineering or managerial approaches that experienced mine operating companies commonly use to successfully develop a mine. Consequently, the Resulting Issuer's operations, earnings and ultimate financial success could be materially adversely effected.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Resulting Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Resulting Issuer's results of operations and financial condition and could cause a decline in the value of the Resulting Issuer Shares. The Resulting Issuer does not intend to maintain insurance against environmental risks.

Litigation

The Resulting Issuer and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Dividends

To date, the Issuer has not paid any dividends on their outstanding shares. Any decision to pay dividends on the shares of the Resulting Issuer will be made by its board of directors on the basis of the Resulting Issuer's earnings, financial requirements and other conditions.

INFORMATION CONCERNING THE ISSUER

Corporate Structure

The full corporate name of the Issuer is "Blue Cove Capital Corp." The Issuer's head office is located at Suite 1305 – 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7. The registered office is c/o McMillan LLP, Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

The Issuer was incorporated under the BCBCA on October 23, 2007.

General Development of the Business

The Issuer is a CPC and the sole business of the Issuer since incorporation has been to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and once identified and evaluated, to negotiate an acquisition or participation subject to any approvals as required under applicable corporate and securities laws and subject to acceptance by the Exchange so as to complete a Qualifying Transaction. Until the Completion of the Qualifying Transaction, the Issuer will not have a business, business operations or any material assets other than cash and currently has no written or oral agreements in principle for the acquisition of an asset or business other than the Purchase Agreement.

The Issuer pursued a previous transaction that was intended to constitute the Issuer's Qualifying Transaction. The transaction was terminated effective February 19, 2010 following the inability to obtain necessary financing.

The Acquisition

On December 22, 2010, the Issuer entered into the Letter of Intent and subsequently, on February 16, 2011 entered into the Purchase Agreement, as amended effective March 31, 2011, with the Vendors to acquire the Property. The Acquisition is not a Non-Arm's Length Qualifying Transaction as the Vendors do not have a relationship to the Issuer or its Affiliates and Associates.

At Closing, the Issuer will acquire all of the Vendors' right, title and interest in the Property. The Vendors will retain a sliding-scale net smelter return royalty varying between 2.0% and 3.0% on the Property. Pursuant to the Purchase Agreement, as consideration for the Property, the Issuer has agreed to pay the Vendors in cash as follows:

- (a) US\$25,000 upon signing the Letter of Intent (which payment has been made);
- (b) an additional US\$250,000 on the Closing Date;
- (c) an additional US\$250,000 on or before three months from the Closing Date;
- (d) an additional US\$500,000 on or before 14 months from the Closing Date;
- (e) an additional US\$1,000,000 on or before 26 months from the Closing Date; and
- (f) an additional US\$1,000,000 on or before 38 months from the Closing Date.

In addition, the Issuer has also agreed to incur qualifying expenditures on the Property of \$3,000,000 and all other expenditures needed to keep the Property in good standing in accordance with Colombian mining law requirements, as follows and subject to acceleration in the Issuer's discretion:

- (a) US\$500,000 on or before one year from the Closing Date;

- (b) an additional US\$1,000,000 on or before two years from the Closing Date (for cumulative expenditures of US\$1,500,000); and
- (c) an additional US\$1,500,000 on or before three years from the Closing Date (for cumulative expenditures of US\$3,000,000).

Subject to Exchange approval, the Issuer has agreed to pay an additional US\$1,000,000 to the Vendors if a NI 43-101 compliant report is prepared during the term of the Purchase Agreement that establishes the existence of at least 300,000 tonnes of copper categorized as 'measured resources' (as such term is defined in NI 43-101) on the Property.

The Purchase Agreement may be terminated at any time prior to the Completion of the Qualifying Transaction by: (a) mutual agreement; (b) the Issuer, if any of the conditions set forth in the Purchase Agreement have not been fulfilled or waived at or prior to the Closing Date or any obligation or covenant of the Vendors to be performed at or prior to the Closing Date has not been observed or performed by such time; (c) the Issuer upon providing no less than 30 days written notice to the Vendors; or (d) the Vendors, if any of the conditions set forth in the Purchase Agreement have not been fulfilled or waived at or prior to the Closing Date or any obligation or covenant of the Issuer to be performed at or prior to the Closing Date has not been observed or performed by such time.

The Acquisition is made subject to certain conditions, including: (i) the Issuer obtaining all necessary regulatory approvals; and (ii) the absence of any injunctions, order or decree which would constitute a material adverse effect.

Upon Completion of the Qualifying Transaction and pursuant to the Finder's Fee Agreement, the Issuer will issue up to 300,000 Resulting Issuer Shares to the Finder as payment of a finder's fee in connection with the Acquisition.

QT Financing

Concurrent with the closing of the Acquisition, the Issuer expects to complete the QT Financing, consisting of the Brokered Financings and the Non Brokered Private Placement, of up to 2,000,000 Blue Cove Shares (pursuant to the Short Form Offering) at a price of \$1.00 per Blue Cove Share and up to 8,000,000 QT Units (pursuant to the Brokered Private Placement and Non Brokered Private Placement) at \$1.00 per QT Unit, for gross proceeds of up to \$10,000,000. Each QT Unit will consist of one Blue Cove Share and one-half of one QT Warrant, with each full QT Warrant entitling the holder to purchase one additional Blue Cove Share for two years at an exercise price of \$1.30 per Blue Cove Share. The closing of the QT Financing will occur concurrently with the Completion of the Qualifying Transaction.

The Issuer has appointed the Agent to act as its agent for the Brokered Financings, subject to the terms and conditions of the QT Agency Agreement. The Agent will receive in aggregate a commission of 7% of the aggregate gross proceeds from the sale of Blue Cove Shares and QT Units sold pursuant to the Brokered Financings, which commission may be payable in QT Units at the option of the Agent. For purposes of this Filing Statement, it is assumed that the Agent's commission will be paid in cash. The Issuer has also agreed to issue the number of Agent's QT Warrants equal to 7% of the Blue Cove Shares and the QT Units sold pursuant to the Brokered Financings and issue 125,000 Agent's Corporate Finance Units. In addition, the Issuer will pay the Agent's legal fees, estimated at \$35,000 plus disbursements and taxes and any other reasonable expenses of the Agent in connection with the Brokered Financings. The Issuer may also pay certain finders a cash commission of 7% (which commission may be payable in QT Units at the option of such finder) and issue finder's warrants equal to 7% of the number of QT Units sold by such finder pursuant to the Non-Brokered Private Placement. For the purposes of this Filing Statement, it is assumed that any such finder's fees will be paid in cash.

The obligations of the Agent under the QT Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets, and may also be terminated on the occurrence of certain events as stated in the QT Agency Agreement.

Deposits, Loans and Advances

In accordance with Exchange policies, the Issuer advanced US\$25,000 to the Vendors on December 22, 2010 as a non-refundable deposit.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Overall Performance

Since its incorporation, the Issuer has incurred costs in carrying out its initial public offering, in seeking, evaluating and negotiating a potential Qualifying Transaction, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the Exchange.

The Issuer is classified as a CPC. The Issuer was listed on the Exchange on April 1, 2008 and failed to complete a Qualifying Transaction as required by to the policies of the Exchange within twenty-four months of listing. As a result, trading in the stock of the Issuer was suspended on April 7, 2010. On July 6, 2010, the Issuer was transferred to NEX.

Information to November 30, 2010

The following table sets forth selected financial information to November 30, 2010. Such information is derived from the Issuer's financial statements and should be read in conjunction with such financial statements. See Schedule "A" – Audited annual financial statements of Blue Cove Capital Corp. as at and for the years ended November 30, 2010, November 30, 2009 and November 30, 2008.

Expenses to November 30, 2010

<u>Expenses</u>	<u>As at and for the year ended November 30,2010 (\$)</u>	<u>As at and for the year ended November 30,2009 (\$)</u>	<u>As at and for the year ended November 30,2008 (\$)</u>
Net Loss and Comprehensive Loss	\$(674,858)	\$(242,372)	\$(53,320)
Loss per Blue Cove Share (basic and diluted)	\$(0.12)	(0.06)	\$(0.01)
Total Assets	\$834,711	\$57,699	\$193,896
Total Liabilities	\$270,483	\$106,378	\$15,239
Share Capital	\$971,271	\$231,644	\$231,644
Contributed Surplus	\$574,429	\$26,261	\$11,255
Deficit	\$(981,472)	\$(306,614)	\$(64,242)

As at November 30, 2010, the Issuer has a cash balance of \$801,923.

The Issuer estimates that its additional cash expenditures in closing the Acquisition, including legal fees, filing fees and audit fees will be approximately \$210,000. The Issuer expects that if the Acquisition is not completed, it will have sufficient cash remaining to pursue another Qualifying Transaction, as many of these costs will not be incurred if the Acquisition is not completed.

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Issuer as at and for the year ended November 30, 2010, 2009 and 2008 is attached to this Filing Statement as Schedule "B". The management's discussion and analysis of the Issuer should be read in conjunction with the Issuer's audited financial statements, as at and for the year ended November

30, 2010, 2009 and 2008, together with the notes thereto, incorporated by reference and attached to this Filing Statement as Schedule "A".

A pro forma balance sheet for the Resulting Issuer, which gives effect to the Acquisition and the closing of the QT Financing as at November 30, 2010, is attached to this Filing Statement as Schedule "C".

Description of the Securities

Common Shares

Blue Cove is authorized to issue an unlimited number of common shares without par value of which, as at the date of this Filing Statement, 11,803,159 Blue Cove Shares are issued and outstanding, 63,835 are reserved for issuance pursuant to the Finder's Warrants, and 1,213,752 are reserved for issuance pursuant to stock options issued under the Blue Cove Stock Option Plan.

In addition, Blue Cove proposes to issue up to 10,000,000 Blue Cove Shares, 300,000 Finder's Shares, 4,000,000 QT Warrants, 385,000 Agent's QT Warrants, 125,000 Agent's Corporate Finance Shares and 62,500 Agent's Corporate Finance Warrants pursuant to the QT Financing. The securities issued in connection with the QT Financing will be subject to a hold period under Canadian securities legislation and the policies of the Exchange and may not be traded for a period of four months following the closing of the QT Financing except when a purchaser of Blue Cove Shares has acquired no more than \$40,000 of securities under the SFOD unless such purchaser is a Designated Hold Purchaser or except as otherwise permitted by Canadian securities legislation and the Exchange. Blue Cove also proposes to grant new stock options to acquire up to 1,000,000 Blue Cove Shares to directors, officers and consultants under the Blue Cove Stock Option Plan following completion of the Qualifying Transaction. See "Information concerning the Resulting Issuer — Options and Offer Rights to Purchase Securities".

The holders of Blue Cove Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Blue Cove and each common share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of Blue Cove. The holders of Blue Cove Shares are also entitled to dividends if, as and when declared by the directors, and, upon dissolution, to share equally in such assets of Blue Cove as are distributable to the holders of the Blue Cove Shares.

There are no pre-emptive rights or conversion rights attached to the Blue Cove Shares. There are also no redemption or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to modification, amendment or variation of any such rights or provisions attached to the Blue Cove Shares.

Warrants

Upon closing of the QT Financing, the Issuer will issue 4,000,000 QT Warrants to purchase 4,000,000 Blue Cove Shares at a price of \$1.30 per Blue Cove Share. The QT Warrants expire two years from Closing.

In consideration of the services provided by the Agent in connection with the Brokered Financings, which are expected to be completed concurrently with closing of the Acquisition, the Issuer will grant the Agent 385,000 Agent's QT Warrants exercisable to purchase an aggregate of 385,000 Blue Cove Shares at an exercise price of \$1.00 per Blue Cove Share for a period of two years from Closing. The Issuer will also grant to the Agent 62,500 Agent's Corporate Finance Warrants.

In consideration of the services provided by the Agent in connection with the initial public offering of the Issuer, which was completed on March 28, 2008, the Issuer granted the Agent 200,000 Agent's IPO Warrants exercisable to purchase an aggregate of 200,000 Blue Cove Shares at an exercise price of \$0.10 per Blue Cove Share for a period of 24 months from April 1, 2008, the day on which the Blue Cove Shares were listed on the Exchange. The Agent's IPO Warrants expired on April 1, 2010. None of the Agent's IPO Warrants were exercised prior to expiration.

Stock Option Plan

The board of directors of the Issuer may from time to time, in its discretion, and in accordance with the rules and regulations of the Exchange, grant to directors, officers, employees or consultants of the Issuer non-transferable Options to purchase Blue Cove Shares for a period of up to five years from the date of the grant; provided, that the number of Blue Cove Shares reserved for issuance may not exceed 10% of the issued and outstanding Blue Cove Shares at the time of grant. Upon Completion of the Qualifying Transaction, the shareholders of the Resulting Issuer may approve a resolution at a meeting of the shareholders of the Resulting Issuer adopting a new Stock Option Plan.

The purpose of the Stock Option Plan is to advance the interests of the Issuer by encouraging the directors, officers, employees and consultants of the Issuer to acquire shares in the Issuer, thereby increasing their proprietary interest in the Issuer, encouraging them to remain associated with the Issuer and furnishing them with additional incentive in their efforts on behalf of the Issuer in the conduct of their affairs.

As at the date of this Filing Statement, the Stock Option Plan permits the Issuer to issue Options to acquire up to a maximum of 1,180,315 Blue Cove Shares until completion of the Acquisition (not including the Blue Cove Charitable Options) and thereafter up to 10% of the issued and outstanding Resulting Issuer Shares. The aggregate number of Blue Cove Shares to be delivered upon the exercise of all Options granted under the Stock Option Plan will not exceed the maximum number of Blue Cove Shares permitted under the rules of any stock exchange on which the Blue Cove Shares are then listed or the rules of any other regulatory body having jurisdiction over the Blue Cove securities. If any Option granted under the Stock Option Plan expires or terminates for any reason without having been exercised in full, the unpurchased shares subject thereto will again be available for the purpose of the Stock Option Plan. Each Option granted under the Stock Option Plan is non-assignable and non-transferable.

No participant, while the Issuer is listed on any stock exchange, will be granted an Option which exceeds the maximum number of shares permitted under any stock exchange on which the Blue Cove Shares are then listed or other regulatory body having jurisdiction.

The maximum number of Blue Cove Shares subject to an Option granted to a participant who is a Consultant is presently limited to an amount equal to 2% of the then issued and outstanding Blue Cove Shares (on a non-diluted basis) in any 12 month period. The number of Options granted to all persons in aggregate who are employed to perform Investor Relations Activities is presently limited to an amount equal to 2% of the then issued and outstanding Blue Cove Shares (on a non-diluted basis) in any 12 month period. Options granted to Consultants performing Investor Relations Activities must vest in stages over a 12 month period with no more than 25% of the Options vesting in any three month period.

The exercise price of the Blue Cove Shares covered by each Option will be determined by the board of directors or a committee authorized and directed thereby. The exercise price will not be less than the price permitted by any stock exchange on which the Blue Cove Shares are then listed or other regulatory body having jurisdiction. Currently, the Exchange requires that the exercise price of the Options must be equal to or greater than the Discounted Market Price (as defined in the policies of the Exchange). The exercise price of Options is solely payable in cash.

If a participant ceases to be a director, officer, employee or consultant, as the case may be, of the Issuer for any reason (other than death), he may, but only within the 90 days next succeeding his ceasing to be a director, officer, employee or consultant, exercise his Option to the extent that he was entitled to exercise it at the date of such cessation provided that, in the case of a participant who is engaged in Investor Relations Activities on behalf of the Issuer, this 90 day period referenced herein will be shortened to 30 days. In the case of an optionee's death, the optionee's heirs or administrators can exercise any portion of the Options for up to one year from the optionee's death. Nothing contained in the Stock Option Plan, nor in any Option granted pursuant to the Stock Option Plan, will confer upon any participant any right with respect to continuance as a director, officer, employee or consultant of the Issuer or of any Affiliate.

The Issuer is required to obtain disinterested shareholder approval of any decrease in the exercise price of Options previously granted to Insiders. Additionally, the Issuer must obtain disinterested shareholder approval of Options if the Stock Option Plan, together with all of the Issuer's previously established and outstanding Stock Option Plans or

grants could result at any time in the grant to Insiders, within a 12 month period, of a number of Options exceeding 10% of the issued shares of the Issuer. In order to obtain disinterested shareholder approval, the proposed grant or Stock Option Plan must be approved by a majority of the votes cast by all shareholders of the Issuer at a shareholders' meeting excluding the votes attached to shares that are beneficially owned by Insiders and Associates of Insiders.

The Issuer has granted Options to persons eligible to receive Options under the Stock Option Plan. As of the date of this Filing Statement, the Issuer had 1,213,752 Options outstanding, which Options entitle the holder to acquire 1,171,752 Blue Cove Shares at \$0.52 per Blue Cove Share until November 16, 2013 and 42,000 outstanding Blue Cove Charitable Options which entitle the holder to acquire 42,000 Blue Cove Shares at \$0.10 per Blue Cove Share until March 28, 2018.

On the Closing Date, Craig Taylor will resign as a director. Mr Taylor's 50,000 Options will expire 90 days after the Closing Date.

Name	Securities Under Options Granted (#) ⁽¹⁾	Exercise Price (\$/Resulting Issuer Share)	Expiry Date
Robert Sedgemore	586,966	0.52	November 16, 2013
Nick DeMare	100,000	0.52	November 16, 2013
Dave Doherty	200,000	0.52	November 16, 2013
Craig Taylor	50,000	0.52	November 16, 2013
Frank Taggart	234,786	0.52	November 16, 2013
Christian Outreach of Canada	42,000	\$0.10	March 28, 2018
Total	1,213,752		

Notes:

- (1) If any holder exercises his Options prior to the Closing Date, the Blue Cove Shares issuable upon such exercise will be deposited into escrow in accordance with the terms of the IPO Escrow Agreement. See "Information Concerning the Resulting Issuer – Escrowed Securities".

Prior Sales

Since the date of incorporation, 12,903,160 Blue Cove Shares have been issued as follows:

Date	Price (\$)	Number of Blue Cove Shares
October 23, 2007	0.01	1 ⁽¹⁾
November 30, 2007	0.05	2,200,000 ^{(2) (3)}
March 28, 2008	0.10	2,000,000 ⁽⁴⁾
August 18, 2010	0.05	6,639,324 ⁽⁵⁾
November 17, 2010	0.25	2,000,000 ⁽⁶⁾
November 17, 2010	0.25	63,835 ⁽⁷⁾
Total Currently Outstanding	11,803,159	

Notes:

- (1) This Blue Cove Share was repurchased by the Issuer and subsequently cancelled.
- (2) These Blue Cove Shares were issued to Insiders of the Issuer and are held in escrow pursuant to the IPO Escrow Agreement. See "Information Concerning the Resulting Issuer - Escrowed Securities".
- (3) On July 6, 2010 the Issuer transferred to NEX as it had not completed its qualifying transaction within the required time period. In connection with this transfer, the Issuer cancelled 1,100,000 Blue Cove Shares.

- (4) These Blue Cove Shares were issued pursuant to Blue Cove's initial public offering prospectus dated February 28, 2008.
- (5) These Blue Cove Shares were issued pursuant to a private placement which closed August 18, 2010.
- (6) These Blue Cove Shares were issued pursuant to a private placement which closed November 17, 2010.
- (7) These Blue Cove Shares were issued as finder's fees in connection with the private placement which closed November 17, 2010.

Stock Exchange Price

The Blue Cove Shares are currently listed on NEX under the symbol BCV.H. The following table shows the monthly high, low and closing prices and average trading volume of the Blue Cove Shares since the quarter ended February 28, 2009, being the information on a monthly basis for each month of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

Period	High(\$)	Low(\$)	Close(\$)	Volume
March, 2011 ⁽¹⁾	\$2.38	\$1.36	\$2.25	3,244,784
February, 2011 ⁽¹⁾	Not trading	Not trading	Not trading	Nil
January, 2011 ⁽¹⁾	Not trading	Not trading	Not trading	Nil
December, 2010 ⁽¹⁾	\$0.85	\$0.67	\$0.77	156,000
November, 2010	\$0.88	\$0.51	\$0.76	516,600
October, 2010	\$0.54	\$0.29	\$0.50	352,000
September, 2010	\$0.30	\$0.26	\$0.29	82,000
Quarter Ended August, 2010	\$0.30	\$0.04	\$0.25	281,000
Quarter Ended May, 2009	\$0.05	\$0.05	\$0.05	77,000
Quarter Ended February, 2009 ⁽²⁾	Not trading	Not trading	Not trading	Not trading
Quarter Ended November, 2009 ⁽²⁾	Not trading	Not trading	Not trading	Not trading
Quarter Ended August, 2009	\$0.25	\$0.10	\$0.25	66,500
Quarter Ended May, 2009	\$0.14	\$0.05	\$0.14	507,500
Quarter Ended February, 2009	\$0.10	\$0.03	\$0.05	466,000

Notes:

- (1) The trading of the Blue Cove Shares was halted on December 10, 2010 following the filing of a news release announcing the Qualifying Transaction. Trading in the Blue Cove Shares resumed on March 9, 2011.
- (2) Trading of the Blue Cove Shares was halted on August 19, 2010 following the filing of a news release announcing a proposed qualifying transaction. The transaction was terminated effective February 19, 2010.

Arm's Length Transaction

The proposed Transaction is not a Non-Arm's Length Transaction.

Legal Proceedings

There are no material pending legal proceedings to which the Issuer is or is likely to be a party, or of which any of its property is the subject matter.

Auditor, Transfer Agent And Registrar

Auditor

The auditor of the Issuer is Davidson & Company LLP, of 1200 – 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, British Columbia, V7Y 1 G6.

Transfer Agent and Registrar

The transfer agent and registrar for the Issuer is Valiant Trust Company, of 600 – 750 Cambie Street, Vancouver, B.C. V6B 2P2. Transfers of the Blue Cove Shares may be recorded in Vancouver, British Columbia.

Material Contracts

The Issuer has not entered into any contracts material to investors in the Blue Cove Shares since incorporation other than contracts in the ordinary course of business, except:

1. Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated as of January 3, 2008, between the Issuer and the Transfer Agent.
2. IPO Escrow Agreement dated January 18, 2008 among the Issuer, Transfer Agent and certain shareholders of the Issuer (see “Information Concerning the Resulting Issuer - Escrowed Securities”).
3. IPO Agency Agreement dated January 28, 2008 between the Issuer and the Agent (see “Information Concerning the Resulting Issuer - Fully Diluted Share Capital”).
4. Stock Option Plan adopted by the Board on June 14, 2010.
5. Finder’s Fee Agreement dated February 26, 2011 between the Issuer and the Finder (see “Information Concerning the Issuer – The Acquisition”).
6. Letter of Intent dated December 9, 2010 between the Issuer and Luis Angel Consuegra and Camilo Torres, as amended December 23, 2010 and March 2, 2011 (see “Information Concerning the Resulting Issuer – Narrative Description of the Business - Principal Business”).
7. Purchase Agreement dated February 16, 2011, as amended effective April 1, 2011, between the Issuer and the Vendors (see “Information Concerning the Issuer — General Development of the Business”).
8. QT Agency Agreement (Brokered Private Placement) to be entered into between the Issuer and the Agent (see “Information Concerning the Issuer – The Transaction”).
9. QT Agency Agreement (Short Form Offering) to be entered into between the Issuer and the Agent (see “Information Concerning the Issuer – The Transaction”).
10. Sponsorship Agreement to be entered into between the Issuer and the Agent (see “General Matters – Sponsorship”).

Copies of these agreements may be inspected without charge during regular business hours at the offices of the Issuer’s counsel, McMillan LLP, 1500 - 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7 until 30 days after the Completion of the Qualifying Transaction and may be found on SEDAR at www.sedar.com.

INFORMATION CONCERNING THE PROPERTY

The Property

The Purchase Agreement

On December 22, 2010, the Issuer entered into the Letter of Intent and subsequently, on February 16, 2011 entered into the Purchase Agreement, as amended effective March 31, 2011, with the Vendors to acquire the Property. See “Information Concerning the Issuer — Narrative Description of the Business — The Acquisition”.

The Technical Report

The Issuer commissioned Michel Rowland, P.Geo. to complete the Technical Report on the Property. The Technical Report, a report compliant with NI 43-101, is dated effective March 28, 2011 and has been filed on SEDAR at www.sedar.com in conjunction with this Filing Statement. The following information concerning the Property is derived from the Technical Report.

The author of the Technical Report, Michel Rowland, P.Geo., is an independent Qualified Person under NI 43-101.

Property Description and Location

The Santa Elena Project is located in the municipalities of Guadalupe, in the Department of Antioquia, approximately 140 km by road northeast of the Medellin (Figure 4-1).

The approximate geographic coordinates of the midpoint of the Property center on 6°51'00" North Latitude and 75°13'30" West Longitude (Colombian Gauss-Kruger coordinate system, Bogota Observatory datum).

The concessions lie within a generally hilly zone with elevations ranging from less than 600 meters ASL in the valleys to approximately 2000 meters ASL in the higher hills. The slopes of the hills are variably gentle to locally steep. The pertinent topographic map sheet is number 186-II-A, available from the Instituto Geográfico Agustín Codazzi.



Land Tenure

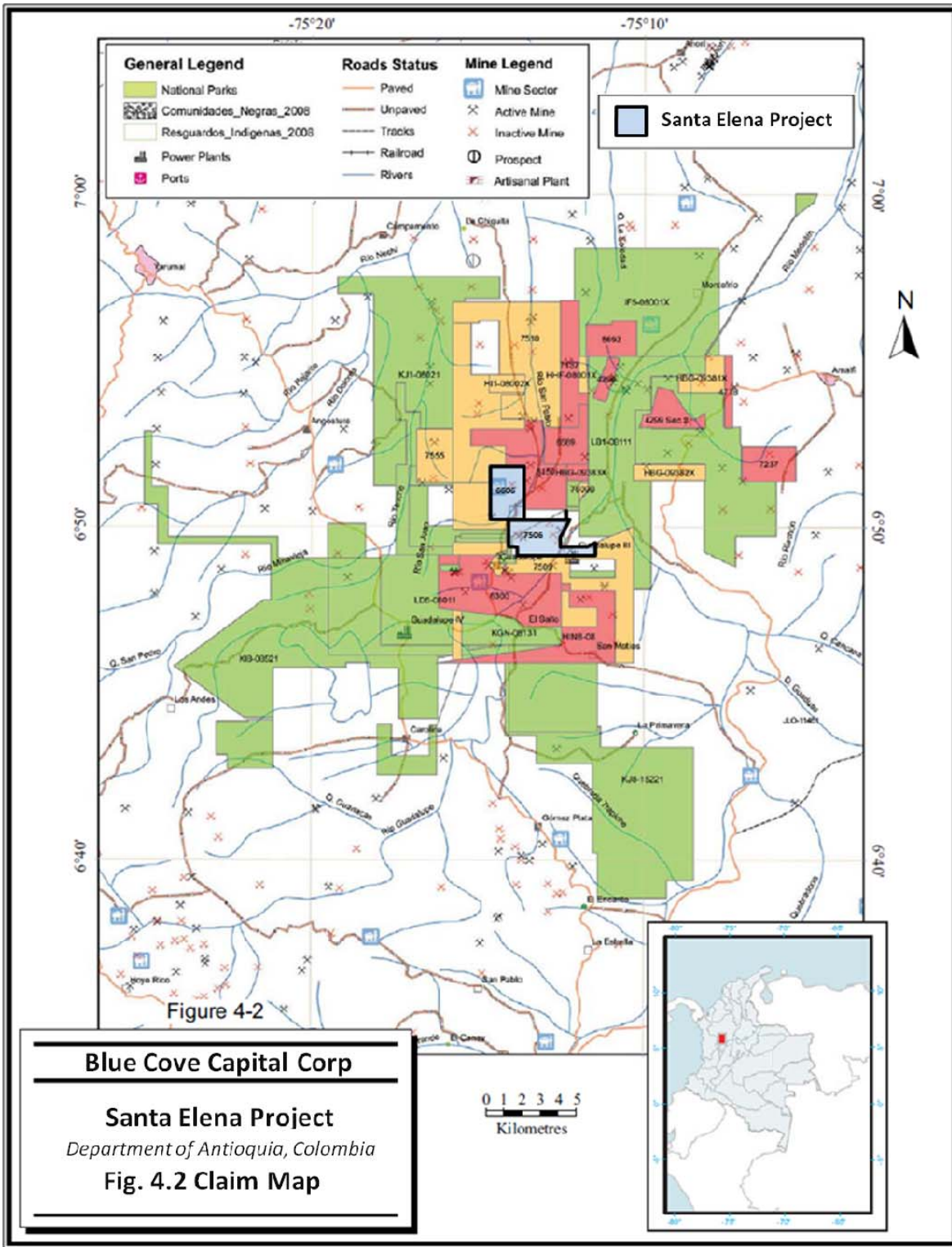
The Santa Elena Project consists of 2 mining titles, 7506 (HJIG-02 registry code) and 6606 (HGLE-02 registry code) which encompass 1,287.5 hectares. A definitive agreement was executed between Blue Cove and Colombia Mines S.A.S. on February 16, 2011 granting Blue Cove 100% ownership of the mining titles, known as the Santa Elena Project.

The Mining Titles, 7506 and 6606, are defined as Exploration Concession Contracts and were issued under Mining Law 685 of 2001. The new Mining Code was enacted as Law 1382 in 2010.

INGEOMINAS (Instituto Colombiano de Geología y Minería) is responsible for granting and administering all mining titles. The predecessor of INGEOMINAS was Empresa Nacional Minera Ltda.- MINERCOL.

TABLE 1 SANTA ELENA PROJECT MINING TITLES

Mining Title No.	Code of Mining Registry	Area (ha)	Mining Registry Date	Expiry Date
7506	HJIG-02	694.4	7/05/2009	6/05/2039
6606	HGLE-02	593.5	24/06/2007	23/06/2037



Legal Survey

No legal surveys were carried out on the Property to date and are generally not required during the exploration stage.

Mineral Rights

Mineral rights in Colombia are reserved to the federal government and governed by the Colombian Mining Code. The Colombian Mining Code has been changed and amended on several occasions. The oldest version relevant to the Santa Elena Project is Decree 2685 of 1988 (the Previous Mining Code), which has been replaced and superseded in its entirety by Law 685 of 2001, as amended by Law 1382 of 2010. However, exploration licenses that comprise the Santa Elena Project are still governed by the previous Mining Code.

Mining public policy and the administration of the mining law resides with the Ministry of Mines and Energy which has delegated the administrative duties to the Regional Government of the Department of Antioquia and to INGEOMINAS. The Secretary of Mines of the Regional Government of Antioquia and the Medellin branch of INGEOMINAS are the mining authorities that have jurisdiction over the Santa Elena Project.

Under Colombian mining law, mineral concessions are map staked and hence do not have physical boundaries. All mineral concessions are drawn using the local Colombian coordinate system.

In Colombia, mining concession agreements consist of three phases, namely, the exploration, construction and exploitation phases, and are governed by Law 685 of 2001 as modified by Law 1382 of 2010. Under the Modified Mining Code, the exploration phase is for a three-year period, which can be extended for up to four additional two year periods for a maximum of eleven years. During the exploration phase, annual surface payments (“Cánon Superficial”) are payable to the Colombian government on the basis of one minimum daily salary per hectare. The current cánon rate is COP17,166 per hectare (approximately US\$9.01/ha). The surface payment is calculated as one minimum daily wage per contracted hectare per year for the first five years of the exploration phase. During years six and seven of the exploration phase, the payment increases to 1.25 minimum daily wages per contracted hectare per year, and in years eight to eleven it increases to 1.5 minimum daily wages per contracted hectare per year. Upon completion of the exploration phase of a concession, the construction phase is for a period of three years, and may be extended for a period of one year, after which it enters its exploitation phase, in which cánon fees are no longer payable but are replaced by a production royalty payable to the Colombian government. The mining concession agreement is granted for an initial term of 30 years. The term may be extended by means of an agreement negotiation procedure (said renegotiation is not required for agreements that predate Law 1382 of 2010).

The main obligations undertaken in the agreement are: (i) the payment of the surface tax (cánon fees) during the exploration, construction and installation phases, (ii) the implementation of a mining-environmental insurance policy (private insurance) covering environmental risks, and (iii) the payment of royalties to the State during the operation stage (replacing the cánon fees).

Regulation of Exploitation Licences, on the contrary, is not divided into three phases but consists of an initial ten-year period, that can be extended for a single equivalent or converted into concession agreements before their expiration, in which exploitation can take place, and in which production royalties are payable to the Colombian government on the basis of grams extracted. Exploitation Licences are always preceded by Exploration Licences. Under these, the title holder is entitled to explore the area for the purpose of determining the existence of mineral reserves, for a term of one to five years, depending on the area to be explored. Upon expiry of the Exploration Licence, the title holder has a right to an Exploitation Licence. Exploitation Licences are granted for small-scale mining not exceeding 250,000 m³ of extraction per year per licence.

The application process for concessions and their granting and registration into the National Mining Registry is a lengthy process. Once an application is submitted to the applicable mining authority, the mining authority will undertake a technical study to determine the amount of free ground that is actually available within the area requested in the application. Once the technical study is completed, the mining authority may decrease or amend the area to be granted within the application. This determination and report is provided to the applicant and the applicant may either accept or reject such determination. If the applicant is willing to proceed, the mining authority will proceed with drafting the concession agreement which will be signed by the parties upon completion. Upon execution of the concession agreement, the concession agreement must then be registered at the National Mining Registry. Once an applicant has agreed to proceed with the area provided in the technical study, the applicant has an exclusive right to the concession, as long as the concession agreement is duly signed and concession fees are paid in a timely manner.

Holding Costs

The annual cost to maintain the Property in good standing, including the Cánon Superficial, annual licence fees and insurance payments is approximately US\$20,000.

- Canon Payment on mining title 6606 was due on February 25, 2011. Payment was made on February 18, 2011 for the amount of US\$6,328.
- Canon Payment on mining title 7506 is due on May 6, 2011 for the amount of US\$7,534.

Royalties and Other Encumbrances

Upon production the government of Colombia requires the payment of a 4% gross royalty on gold and silver production, based on 80% of the closing price of the London Bullion Market for an effective rate of 3.2%. The royalty on copper and metal minerals is 5%.

Surface Rights

The surface rights are held by various third party landowners and communities. Exploration access easements will have to be negotiated and agreed upon with the surface rights holders.

Permitting

Early stages of exploration including geological mapping and stream or soil geochemistry do not require permitting. However, exploration activity involving soil disturbance including trenching and road and drill pad construction requires an environmental management plan or an environmental license approved by the regional environmental authority, CORANTIOQUIA. Drilling will require a water use and return permit, which may be included in the environmental license granted for the project. All exploration projects require environmental insurance which must be purchased on an annual basis during the entire life of the Concession Contract.

As far as the Author can determine, there are no known environmental liabilities associated with the Santa Elena Project at this time. On February 19, 2011 an illegal gold mining operation was discovered on the Property. At this time no information regarding the potential environmental impact is known.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility

The Santa Elena Project is located approximately 140 km by road from Medellin, the capital city of the Department of Antioquia, which has a population of approximately 3,500,000 in its metropolitan area. Medellin is serviced by several daily flights from Bogota as well as international destinations including Miami, New York, Lima, Caracas, Quito, and Panama City. The drive to the Property takes approximately 2.5 hours on a paved road to the gate access of the Santa Elena Project. Access within the project area is by dirt roads, foot paths, and horse trails.

Climate

The Property lies within the cool temperate moist forest zone of the Holdridge Life Zone classification. The climate in the region varies with altitude. The average temperature is 20°C. Two rainy seasons occur, from October to November and from April to May. The average annual precipitation in the region is variable depending on location but can be greater than 2,000 mm to 3,000 mm. Exploration activities can be conducted year round.

Local Resources

Limited services are available in the town of Guadalupe which is the closest town located 10 km from the Santa Elena Project, and provides temporary accommodations, emergency health services, fuel, and unskilled labour.

Guadalupe has daily bus service to Medellin. According to the Departamento Administrativo Nacional de Estadística (DANE) census of 2005, Guadalupe had a population of 6,191. A greater range of services are available in Medellin. Any mining development on the Property would have access to hydroelectric power from the national transmission grid and sufficient water for any mining operation can be readily developed.

Physiography

The Property is largely covered with dense tropical vegetation, with occasional slopes being deforested and utilized for grazing by the native cattle. Hydroelectric power generation and farming are the principal economic activities in the area.

The Property is located in steep, mountainous and relatively rugged terrain at elevations between 900 m to greater than 2000m ASL in the northern portion of the Central Cordillera.

The infrastructure around the Santa Elena Project is extremely well developed including:

- paved road access to Santa Elena Project gate;
- a new two lane bridge over the Porce River;
- three Hydroelectric plants within 5 km from Santa Elena Project site with sub station;
- abundant water supply with rivers and dams; and
- nearby towns with available labor pool.

History

Historical Colombian Gold Production

Colombia has produced an estimated 85 million ounces of gold since the Spanish conquest in 1514. There is no reliable estimate of the gold produced prior to, and during the Spanish conquest. In 1937, estimated production was over 49 million ounces of gold during the post conquest period from 1514 to 1937, making Colombia the largest producer in South America during that time frame.

Recent production has earned Colombia a ranking which has ranged from second to fifth largest gold producer in South America, and 12th to 20th largest in the world (Ministerio de Minas y Energía, Colombia, 1999-2006). In 2000, additional production of 30 million ounces of gold for the period 1937 to 2000 was documented. For the years 2000 to 2004, the U.S. Geological Survey documents additional production of 4.95 million ounces of gold. The Dow Jones Business News Service reported on August 15, 2006 that Colombia had produced 1.5 million ounces of gold in 2005. Approximately two thirds of Colombian gold production has been from placer deposits in the Department of Antioquia, in which the Santa Elena Project occurs.

Historical Colombian Copper Production

Colombia has several porphyry copper deposits that are similar to porphyry-type mineralization elsewhere in the Cordillera of North America and South America.

In 2009, copper production increased by 9% to 5,700 metric tons (t) from a revised 5,248 t in 2008 which is assumed to have been from Minas El Roble Ltda.'s El Roble Mine in Choco Department, the only producing copper mine in Colombia.

Santa Elena Project

Previous work on the Property has been conducted by past owners including Minercol (1969 to 1972), Grupo de Bullet S.A. – Mineraes de Eneseneda S.A. (1997 to 1998), Noranda Mining and Exploration Inc. (1997 to 1998) and Colombia Mines S.A.S (1998 to 2011).

The area was first noted in a 1973 Ingeominas geochemical exploration program for Sb, Au and Ag in the town of Guadalupe that reported values of 0.4 g / t Au, 7.6 g / t Ag, 0.008% Ni, 2.68% Cu, 0.003% Pb and 0.29% Zn in the outcrop of the Azufral gorge.

In 1998 a surface geophysical TEM survey at fifty meter intervals was conducted on a selected area of the Property with outcropping mineralization by VAL D'OR Geophysics for Noranda Mining and Exploration Inc. The results demonstrated four strong conductors with good vertical extent which remains completely open to the north. Two of the conductors are coincident with outcropping volcanogenic massive sulphide (VMS) beds – Azufral and Arroyo. The VMS mineralization is primarily composed of pyrrhotite, chalcopyrite and pyrite, and the VMS deposit is classified as a Beshi-Type VMS, based on geological and geochemical characteristics. Average copper grades across the four anomalies is estimated at 1.8% Cu based on assays from surface sampling of the outcrops and underground workings with some individual samples from Azufral grading up to 6.5% Cu and 2.2 gpt Au (Mineales de Eneseneda S.A. 1998 technical report).

A technical study was carried out on the Property by Colombia Mines S.A.S and by the Grosso Group of Golden Amera Resources Inc in 2008. The technical report completed by both studies re-sampled the known areas and indicated very comparable and elevated levels of Cu and other metals returning up to 3.4% Cu. (May 2008, Site Visit Technical Report, Grosso Group assay).

From July 24, 2007 to April 5, 2010, Compania Servicios Logísticos de Colombia Ltd. (“CSL”) owned the mining concessions on the Santa Elena Project. This company was a subsidiary of Colombia Mines S.A.S. and provided exploration services on the Santa Elena Project. CSL carried out extensive geological work on the Property including surface and under-ground sampling, geological mapping as well as geochemical and geophysical surveys. The company CSL is no longer in business and the historical information on the Santa Elena Project is not available.

Colombia Mines S.A.S. over the last year has completed the following work program on the Santa Elena Project:

- updated geological mapping and digitizing topographic sheets;
- social relationships regular visits to site to maintain community relationships;
- evaluation and interpretation of geological information by consulting senior geologist;
- tunnel work, maintenance, and excavation;
- Santa Elena Project Technical Report completed by Colombia Mines S.A.S;
- mineralogy classification and microscopy analyses conducted by SGS.

The Author is not aware of any documentation related to exploration activities, including diamond drilling, available for any of the subject licenses prior to 1998.

Previous Work

A surface geophysical TEM survey at fifty meter intervals was conducted on a selected area of the Property with outcropping mineralization by VAL D'OR Geophysics for Noranda Mining and Exploration Inc. The anomaly is completely open to the North.

The exploration program conducted by Minerales de Ensenada S.A. consisted of geological mapping and systematic sampling over an area measuring 3000m by 2000m. Geological cross sections were drawn to illustrate planned drilling.

In May 2008, Colombia Mines and Golden Amara Resources Inc. conduct a site visit and took 14 field samples, returning positive results with up to 3.41% Cu.

Historical Resource

A historical resource estimate was developed by Minerales de Ensenada S.A. in August 1998. The Resource estimate was based on the Transient Electromagnetic Survey of the Santa Elena Property conducted by Val D'Or Geofisica (dated Jan, April, and July, 1998) and the basis of these results were used to determine the possible resource potential. The non-compliant NI43-101 resource is estimated at 27,816,000 tonnes at 1.88% Cu, which is equivalent to 524,123 tonnes of Cu.

The Santa Elena Project has been entered into the Geological Survey of Canada global VMS deposits, location Colombia, Type Mafic backarc, resource 28 M tonnes at 1.88% Cu and 9.8 g/t Ag, reference source Cortes, in year 2000.

Additional information on this deposit can be found by following the link to the Geological Society of Canada web page at: http://gsc.nrcan.gc.ca/mindep/synth_dep/vms/index_e.php#app

For the purpose of the resource calculation:

Each four VMS zones have strike lengths and depths based on the TEM survey. The thickness of the two (Azufra and Arroyo) VMS zones were determined by measuring the thickness of the mineralized outcrop. TEM 3 assumed to have the same thickness and grade as Azufra and TEM 4 assumed to have the same thickness and grade as Arroyo

Ten channel samples over one meter lengths were taken (perpendicular to stratigraphy) on the Azufra outcrop, the average copper grade was 2.03% with a range from 1% to 3%. The specific gravity 4.33 was measured at Azufra and used for all VMS targets. For the Arroyo zone three channel samples were taken over 1m length (perpendicular to stratigraphy) on the Arroyo outcrop, the average copper grade was 1.65% with a range from 1.2% to 2% Cu

The data collected from the Transient Electromagnetic Survey (TEM) was used to calculate historical resource estimates. Electrical properties of sulfide minerals, combined with large sulfide mineral concentrations in VMS deposits, make this type of mineral deposit a particularly favorable target for location by a variety of geophysical techniques. Self-potential, induced polarization, and a wide range of electromagnetic methods have been successfully used to locate buried VMS deposits. Pyrrhotite-rich and magnetite-bearing massive sulfide deposits can be easily located by detailed magnetic surveys which is the case at the Property.

The VMS resource calculation is calculated as a simple horizontal, rectangular block, in the plain of the dip. The calculation is strike length x dip length x thickness x density = tonnes.

These estimates are historical in nature and were compiled prior to the implementation of NI 43-101 reporting standards. Blue Cove has not completed sufficient exploration to verify the estimates and is not treating them as NI 43-101 defined resources or reserves verified by a Qualified Person; the historical estimate should not be relied upon and the following points should be noted:

- **the potential quantity and grade is conceptual in nature;**
- **there has been insufficient exploration to define a mineral resource; and**
- **it is uncertain if further exploration will result in discovery of a mineral resource.**

Please see “Interpretation and Conditions” on relevance and reliability of this historical resource.

TABLE 2 SANTA ELENA HISTORICAL RESOURCE

VMS Zone Name	TEM Conductor	Strike Length (M)	Down-Dip (M)	Thickness (M)	Density (s.g.)	Tonnes	Average Cu %	Tonnes Contained Copper
Azufral	TEM-1	550	400	11	4.33	10,479,000	2.03%	212,724
Arroyo	TEM-2	650	280	8	4.33	6,304,000	1.65%	104,016
TEM-3	TEM-3	500	280	11	4.33	6,668,000	2.03%	135,360
TEM-4	TEM-4	450	280	8	4.33	4,365,000	1.65%	72,023
TOTAL						27,816,000	1.88%	524,123
~28MT at 1.88% Cu equivalent contained Copper is estimated at 1,153,070,600 lbs								

Geological Setting

Regional Geology

The Antioquia Batholith (Ksta) is the core of the Cordillera Central. It consists of tonalite and two subordinate facies, felsic and other gabroids. These rocks are made up by plagioclase, potassium feldspar, quartz, biotite, hornblende, zircon, apatite and magnetite.

The Property is located near the north end of the Andes mountains, in the department of Antioquia one of the most important mining regions of Colombia. The area is dominated by marine sediments and volcanics, and continental arc related intrusive. Santa Elena is in a region not previously recognized for VMS or major Cu potential. The sedimentary sequence (Kap), which hosts the VMS outcrops at the Santa Elena Project, occurs extensively to the north.

The major structural trend in the west of Colombia is parallel to the western coast, the mountain ranges and the subduction trench off the coast. The major north striking faults that pass through the concession block are parallel to the general course of the Porce River. The marine sedimentary and volcanic units in the concessions also trend north. Contact metamorphism is evident where the sedimentary and volcanic units are in contact with the tonalite of the Antioquia batholith.

The geological district has a varied geology consisting of metamorphic, intrusive bodies, volcanics, and sedimentary formations.

Local Geology

The geology of the Guadalupe region is dominated by the regional contact between the Middle to Upper Cretaceous-aged Antioquia Batholith to the south and a mixed series of metamorphic, sedimentary, and volcanic rocks ranging from Paleozoic through Cretaceous age to the north. The intercalated metamorphic and volcano-sedimentary (San

Pablo Formation) sequences are arranged in broadly north-south striking belts, extending northwards from this roughly east-west striking contact. Contacts within the Cretaceous-aged volcano-sedimentary sequence are considered conformable, whilst those separating Cretaceous strata from the Paleozoic amphibolite grade metamorphic rocks are fault interpreted. Sill-like gabbro through peridotite bodies within the mafic portions of the volcano-sedimentary San Pablo Formation suggest ophiolite affinities.

Additional late granitoid “cataclastic” dikes within the volcano-sedimentary sequence are likely related to the emplacement of the Antioquia Batholith. The San Pablo Formation has been divided into two units. The volcanic dominated “Metabasalt” unit is considered slightly older and is composed mostly of massive flows and submarine basalts with lesser amounts of flow breccias and tuffs. All have suffered great tectonism, which in part masks regional metamorphic effects. The upper part of the unit is interbedded with a clastic sedimentary sequence dominated by a fine to medium grained quartz arenite facies and a less important conglomerate facies, interbedded with quartz arenites. Contact metamorphism as a result of the intrusion of the Antioquia Batholith has produced a hornfelsing of the arenitic facies. In summary, the San Pablo Formation is considered to represent “flysch” deposits in geosynclines in coastal basins.

The Antioquia Batholith is a large, typically acid to intermediate intrusive body that dominates the Central Cordillera of Antioquia. Typically granodioritic in composition, it includes a number of more local variants and its overall genesis is still poorly understood, as is its role in the formation of gold mineralizing systems.

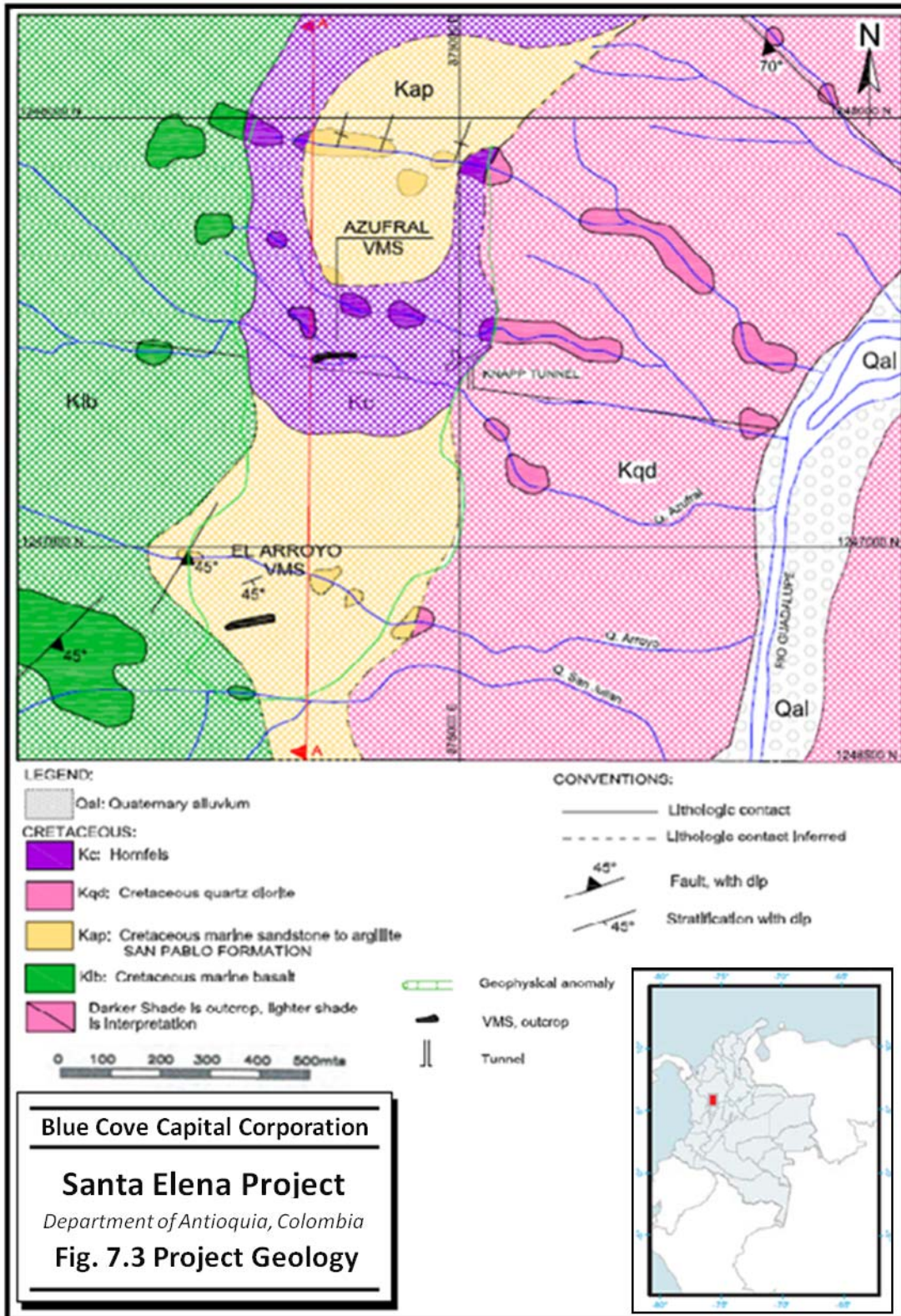
Project Geology

The mineralization of the Azufral and El Arroyo VMS deposits is massive to locally laminated (sheared), fine to medium grained mineralization primarily composed of pyrite, pyrrhotite, and chalcopyrite and has been classified as a Beshi-Type VMS deposit based on geological and geochemical characteristics. The Santa Elena Project is situated near the north end of the Antioquia batholiths, in a sequence of Cretaceous marine sediments and basaltic volcanic and is hosted by hornfelsed Cretaceous sandstone and argillite of the San Pablo Formation. The San Pablo Formation is in contact with the quartz dioritic Antioquia Batholith immediately to the east of the mineralized outcrops. The mineralization appears to be fault controlled and strikes perpendicular to the local and regional geological trend. The mineralization occurs in two main areas, namely, the El Azufral and El Arroyo outcrops.

There appears to be a marked regional zonation pattern with respect to the proximity to the contact with the Antioquia Batholith. This zonation includes the proximal Au dominated mesothermal veins, grading outwards (northwards) through Cu (Mo-Au-Ag-Zn) to Pb-Zn and to Zn-Sb-Ag dominated mineralization.

At El Azufral, the mineralization strikes at N70°W and dips vertically. The mineralization outcrops over a strike length of over 100 m and is up to 11 m in true thickness, although the fault system that hosts it can be traced for over six kilometres. Sampling indicates that the average grade is in the range of 2.0% Cu.

At El Arroyo, located some 500m south of El Azufral, the mineralization also strikes at N70°W and has been traced over a distance of 20m. It has a true thickness of up to eight metres. The average Cu grade at El Arroyo appears to be less than 2.0%.



Deposit Types

Volcanogenic Massive Sulphide (VMS) Deposits

The Santa Elena Project is located along the contact between the Cretaceous-aged, subalkalic Antioquia Batholith to the south and San Pablo Formation, a mixed series of metamorphic, sedimentary, and volcanic rocks ranging from Paleozoic through to Cretaceous age, in the north. Mineralization within the Antioquia Batholith is thought to belong to the “Intrusion Related” gold deposit type. There appears to be a marked regional zonation pattern with respect to the proximity to the contact with the Antioquia Batholith. This zonation includes the proximal Au dominated mesothermal veins, grading outwards (northwards) through Cu (Mo-Au-Ag-Zn) to Pb-Zn and to Zn-Sb-Ag dominated mineralization.

According to Franklin et al. (2005), volcanogenic sulphide deposits are stratabound accumulations of sulphide minerals that precipitated at or near the sea floor. All volcanogenic sulphide deposits occur in terrains dominated by volcanic rock, although individual deposits may be hosted by volcanic or sedimentary rock that form part of the overall volcanic complex (Franklin, 1996). Volcanogenic sulphide deposits, as noted by Hart et al. (2004), primarily occur in subaqueous, rift related environments (i.e. oceanic, fore-arc, back-arc, continental margins or continental) and hosted by bi-modal mafic felsic successions, where the felsic volcanic rocks have specific geochemical characteristics and are referred to as FI, FII, FIII, and FIV based on the REE classification scheme of Lesher et al. (1986). As noted by Höy (1991) and Franklin et al. (2005), a typical volcanogenic sulphide deposit consists of a concordant, synvolcanic lens or body of massive sulphides that stratigraphically overlies a cross cutting, discordant zone of intense alteration and stockwork veining. The discordant alteration and stockwork-veining zone is interpreted to be the channel-way or conduit for hydrothermal fluids that precipitated massive sulphides at or near the seafloor. A heat source such as a subvolcanic intrusion is required to induce the water-rock reactions that result in metal leaching from the surrounding rocks and create the hydrothermal convection system (Franklin et. al, 2005). The massive sulphide body is generally in sharp contact with the overlying sedimentary or volcanic stratigraphy (hanging wall stratigraphy), while the massive sulphide body may be in sharp or gradational contact with the underlying stringer and alteration zone (footwall stratigraphy) (Höy, 1991).

Most VMS deposits, including Archean VMS deposits, are surrounded by alteration zones which are spatially much larger than the deposits themselves. As noted by Höy (1991), a number of alteration zones are commonly recognized: the footwall alteration pipe; alteration within the ore zone and a large semi-conformable zone beneath the ore zone. The core of the alteration pipe can be up to two kilometres in diameter and is reflected mineralogically by a strong chloritic core surrounded by sericitic and chloritic alteration.

Chemically, the alteration pipe zone is represented by additions of silica, potassium, magnesium and iron and depletions in calcium and sodium. According to Franklin (1996), alteration zones adjacent to the main alteration pipe are not well defined. Franklin (1996) also noted that sodium depletions are laterally extensive, but are confined only to a few hundred metres vertically in this type of deposit. As further noted by Franklin (1999), virtually all alteration pipes are characterized by sodium depletion and the resulting alkali depletion common with many alteration zones is manifested as abundant aluminosilicate minerals.

Classification

Volcanogenic sulphide deposits can be grouped based on base metal content, gold content, and host-rock lithology. The deposits can be grouped into three categories: copper-zinc, zinc-copper and zinc-lead-copper (Franklin et al., 1981). The copper-zinc and zinc-copper categories for Canadian deposits were further refined by Morton and Franklin (1987) into Noranda and Mattabi types respectively, by including the character of their host rocks (mafic versus felsic, effusive versus volcanoclastic) and characteristic alteration mineral assemblages (chlorite-sericite-dominated versus sericite-quartz carbonate rich). The zinc-lead-copper category was added by Large (1992) in order to more fully represent the volcanogenic sulphide deposits of Australia. Poulsen and Hannington (1995) created a simple bimodal definition of “normal” versus “Aurich” versus “silver-rich” volcanogenic sulphide deposits. This originally was meant to identify deposits that are transitional between volcanogenic and epithermal deposits (e.g., Sillitoe et al., 1996). Further research has indicated a more complex spectrum of conditions for the generation of gold-rich volcanogenic deposits related to water depth, oxidation state, the temperature of the metal-depositing fluids and possible magmatic contributions (e.g., Hannington et al., 1999). In the classification of Poulsen and

Hannington (1995) gold-rich volcanogenic deposits are arbitrarily defined as those in which the concentrations of gold in parts per million (“ppm”) is greater than the combined base metals (zinc plus copper plus lead in weight percent).

A third classification is a fivefold grouping suggested by Barrie and Hannington (1999) to indicate dominant host-rock lithology. Host-rock lithologies include strata up to 3,000m below the deposit and up to 5,000 metres along strike. The five groups are mafic-dominated, bimodal mafic, bimodal-felsic, siliciclastic-mafic, and bimodal-siliciclastic. The order of this grouping reflects not only a progressive change from a less effusive to a more volcanoclastic-dominated environment, but also one in which felsic volcanic rocks become generally more prominent. These lithological groupings generally correlate with different tectonic settings. The groups associated with mafic volcanic and volcanoclastic strata are more common in oceanic arcs and spreading centres, whereas the two groups dominated by felsic strata are more common in arc-continent margin and continental arc regimes.

Mineralization

Colombia Mines S.A.S. had three samples from the Azufral outcrop analyzed by SGS using an optic microscope to determine the mineralization in October 2010.

A characteristic common to the three samples is the chalcopyrite presence whose proportions spread to be similar varying between 20 and 30%. The marcasite is presented intimately associated to the pyrrhotite and it has been interpreted as product of alteration of the pyrrhotite, conforming crossed colloidal textures.

TABLE 3 MINERALIZATION EL AZUFRAL

Mineral	Sb Sb2S3	Py FeS2	Po Fe1-xS	Ma FeS2	Cpy CuFeS2	Sph (Zn,Fe)S	He Fe2O3
Sample P1	55%	15%	1%	-	20%	5%	4%
Sample P2	-	8%	45%	15%	30%	2%	-
Sample P3	-	3%	70%	-	23%	2%	2%

Exploration

Blue Cove contracted Mataje Colombia S.A.S. to provide local technical support on the ground in Colombia during its initial stages of exploration. As part of the due diligence process the technical opinion and information collected by geologist Carlos Alberto Mendez during a site visit to Santa Elena Project in June 2009 was relied on.

A total of ten rock chip samples were collected from the Property. Table 4 lists the Cu, Au, Ag, and Zn results from the field samples.

The samples were submitted to Inspectorate in Medellin. Gold was analyzed by fire assay followed by an atomic absorption spectrophotometry (AAS). The samples were also analyzed by inductively coupled plasma atomic emission spectroscopy (ICP-AES) and inductively coupled plasma mass spectroscopy (ICP-MS) for a suite of 32 elements.

TABLE 4 MATAJE SAMPLING RESULTS

Sample	East	North	Size (m)	Cu (%)	Au (g/t)	Ag (g/t)	Zn (ppm)	Pb (ppm)
101816	874873°	1247409°	L=7	0.33	0.173	2.1	422	13

Sample	East	North	Size (m)	Cu (%)	Au (g/t)	Ag (g/t)	Zn (ppm)	Pb (ppm)
101817	874873°	1247409°	L=5	0.35	0.028	2	871	20
101818	874873°	1247409°	e=2	1.26	0.031	7.7	8186	12
101819	874873°	1247409°	L=3	0.0071	0.017	<0.3	131	8
101820	874694°	1247459°	e=6.2	3.68	0.089	5	8738	10
101821	874651°	1247463°	e=5.5	1.11	0.005	2.5	498	4
101822	874651°	1247463°	L=4.6	0.0049	0.02	<0.3	113	6
101823	874578°	1247492°	L=5	0.0028	<0.005	<0.3	44	<3
101824	876086°	1243549°	e=2.3	0.0031	4.417	13.9	40	7
101825	874689°	1245293°	e=2.5	0.0003	0.483	2.2	8	7

Channel Sampling

As part of its due diligence process Blue Cove conducted a channel sampling program on the mineralized VMS outcrops at the Santa Elena Project from February 12 to 18, 2011.

Channel sampling was conducted over the four TEM anomalies (targets) identified by Noranda Mining and Exploration Inc. during its 1998 a surface geophysical Transient electromagnetic (TEM) survey carried out on the Property by VAL D'OR Geophysics. The geophysical anomalies identified in the 1998 survey as TEM-1 (Azufra), TEM-2 (Arroyo), TEM-3, and TEM-4, respectively are the basis for the 1998 historical resource.

The program included 51 saw-cut channel samples totalling 1.66 linear meters forming 15 composite channels across the exposed outcrops. All channels were cut perpendicular to stratigraphy and sent to Inspectorate Laboratory in Medellin for assaying.

Drilling

As of the effective date of the Technical Report, Blue Cove has not carried out any drilling on the Property.

Sampling Method and Approach

Quality control measures are set in place to ensure the reliability and trustworthiness of exploration data. This includes written field procedures and independent verifications of aspects such as drilling, surveying, sampling and assaying, data management and database integrity. Appropriate documentation of quality control measures and regular analysis of quality control data are important as a safeguard for project data and form the basis for the quality assurance program implemented during exploration.

Blue Cove routinely inserts duplicates, field blanks and certified reference material samples into the samples collected in the field and core samples, typically at a rate of one every tenth sample.

Site Visit

Independent random samples were taken of stream sediments and rock chip samples on the Santa Elena Property. Inspectorate Certificate QC Data details the standards and duplicate samples used for the quality control measures conducted on the January 13, 2011 site visit by the Author.

Channel Sampling

The following describes the detailed technical methods used in the field work, and the preparation and calculation of the data pertaining to the Santa Elena Project channel sampling program.

The exposed outcrops were cleaned of debris and plant matter with a high pressure water sprayer. Channels were clearly marked in bright orange spray paint and intervals at one meter lengths were numbered. Due to the limitations of natural outcroppings nominal spacing was adjusted to fit local conditions. Sawn channels were then cut using a gas powered saw and the resulting channel samples broken from the cut using a chisel. Care was taken so that no samples fell to the ground in order to avoid any possible contamination. Channel samples were cut perpendicular to stratigraphy, or parallel to the ground.

Sample Preparation, Analyses and Security

As of the effective date of the Technical Report, Blue Cove has not carried out any significant sampling on the Santa Elena Project beyond the sampling done during their January 2011 Property visit mentioned in “Data Verification” below and the channel sampling conducted by Blue Cove in February 2011, mentioned in “Exploration” above.

Channel Sampling

After cutting, bagging and labeling the channel samples the field crew packaged and transported the samples daily from the field by horse back to the base camp where they were stored in a locked warehouse.

When the program was completed the samples were transported and delivered to Inspectorate laboratory in Medellin by Blue Cove personnel.

Data Verification

The Author visited the project on January 13, 2011. During the visit, he examined outcrops, confirmed the geological setting, and sampled typical mineralized structures.

The samples consisted of stream sediments, rock chip samples and semi-continuous chips taken perpendicular to the strike of the mineralized Azufral and Arroyo outcropping structures. A total of 17 samples were taken. The samples were bagged, tagged, and sealed in a larger plastic bag and remained in the Author’s possession for the trip from the project area to Medellin. The Author personally delivered the samples to Inspectorate an ISO and ASTM certified laboratory sample preparation facility in Medellin. The samples were prepared crushed, split, pulverized and dried and shipped to Inspectorate’s ISO certified analytical facility in Nevada, USA, for analysis. A multiple element ICP analysis was performed to determine copper values, fire assays were done for Gold and Silver.

TABLE 5 COPPER ASSAY RESULTS JANUARY 13, 2011 SITE VIST
(Inspectorate 11-338-00211-01)

Area	Sample No.	Coordinates		
		X	Y	Cu %
Random	MR 02 021	874887	1246859	0.06
Random	MR 03 022	874684	1246734	0.497

Area	Sample No.	Coordinates		
		X	Y	Cu %
Random	MR 03 023	874475	1246716	0.087
Random	MR 03 001	874186	1246689	0.15
Random	MR 03 002	874186	1246714	0.059
Random	MR 03 003	874186	1246716	0.048
Random	MR 03 004	874186	1246718	0.042
Random	MR 03 005	874186	1246720	0.066
Random	MR 02 006	874186	1246722	0.006
Arroyo	MR 03 007	874604	1246999	2.07
Arroyo	MR 03 008	874604	1246999	1.55
Arroyo	MR 03 009	874604	1246999	1.96
Azufral	MR 03 010	874647	1247465	1.2
Azufral	MR 03 011	874650	1247465	0.924
Azufral	MR 03 012	874654	1247465	0.856
Azufral	MR 03 013	874658	1247465	1.52
Azufral	MR 03 014	874662	1247465	2.17

The Author's sampling confirms that significant copper mineralization exists on the Santa Elena Project and provides conclusive agreement with the expected values without any limitations.

Adjacent Properties

The Author has not verified the information relating to adjacent properties detailed below and the information related to these properties is not necessarily indicative of the mineralization on the Property.

La Bramadora

La Bramadora mine is located approximately 11 km northeast of the town of Guadalupe and approximately 8Km northeast of the Santa Elena Project. Historically, the mine processed approximately 10 tonnes of ore per day, producing free Au and Pb and Zn concentrates as by-products. The mine is reported to have produced in the order of 500,000 ounces of gold. The mine is located within the projected reservoir of the Porce IV hydroelectric power project and was therefore officially closed in 1996.

The mineralization occurs as a northwest striking sub-parallel dyke-stockwork system, hosted in quartz-sericite schists, with a wide range of sulphides. At least three different stages of mineralization have been identified. Since 1996, La Bramadora has been mined informally.

El Hoyo

The El Hoyo target is located approximately 5Km to the south of the Santa Elena Project and the area covers an 8 km long, north to northeast trending area hosted in the Cretaceous volcano-sedimentary sequence near the contact with the Antioquia

Batholith. Two distinct centres within the El Hoyo target area have been identified:

- Petronilla Mine area: This mine is reported to have over 2 km of underground workings, however, only 80m of workings are currently accessible. Historical sampling yielded results of up to 10.45 g/t Au, 18 g/t Ag, and 2.28% Sb over 0.4 m as well as 5.74 g/t Au, 8.79 g/t Ag, and 2.01% Sb over 1.0 m. It is difficult to distinguish clear mineralizing structures in the mine, rather the altered, green, sheered, porphyritic host rock appears to be cut by quartz and antimony veins up to 5 cm wide and sulphide rich veinlets, typically trending 190°/60°.
- The Malabrigo area: Located at the northern end of the El Hoyo area, this area is presently defined by the occurrence of a number of float and outcrop samples. Two inactive underground mines were located and one was sampled, returning 1.44 g/t Au, 7.87 g/t Ag, and 170 ppm Sb from a grab sample. Other samples returned 0.80 g/t Au, 1.29 g/t Ag, and 38 ppm Sb and 0.83 g/t Au, 39 g/t Ag, and 2,065 ppm Sb. The typical outcrop in the area is a dark basalt, however, this can be intensely altered to the point of losing all original structure and producing fine pyrite clusters and kaolin. Evidence of stockworking was also seen in the float, as well as a number of quartz-pyrite veins up to 10 cm wide.

Cascajeros

The Cascajeros target area is located approximately 6Km southwest of the Santa Elena Project and is underlain by the Cretaceous aged Antioquia Batholith. It is characterized by a group of small, mostly abandoned underground workings as well as La Esperanza mine, which had been developed over 45 m in a generally north-south direction. Typically these abandoned mines contain quartz veins less than 20 cm wide and sampling completed by the company showed only anomalous levels of gold mineralization.

La Esperanza mine is developed along a 50 cm wide quartz vein that returned 42.9 g/t Au. Gold mineralization was encountered in the footwall, related to a narrow dike where a one metre sample returned 10.1 g/t Au.

In addition, a large anomalous area has been defined by gold in pan concentrate results that highlight the area as meriting significant follow-up work.

San Juan

The San Juan area is adjacent and located due south of the Santa Elena Project and this area has returned anomalous results for precious metals as well as for copper and zinc.

Mineral Processing and Metallurgical Testing

No mineral processing or metallurgical testing has been done on any mineralized samples from the Santa Elena Project by Blue Cove.

Mineral Resource and Mineral Reserve Estimates

As of the effective date of the Technical Report there has not been a compliant NI 43-101 resource and mineral reserve estimate established for the Santa Elena Project.

Other Relevant Data and Information

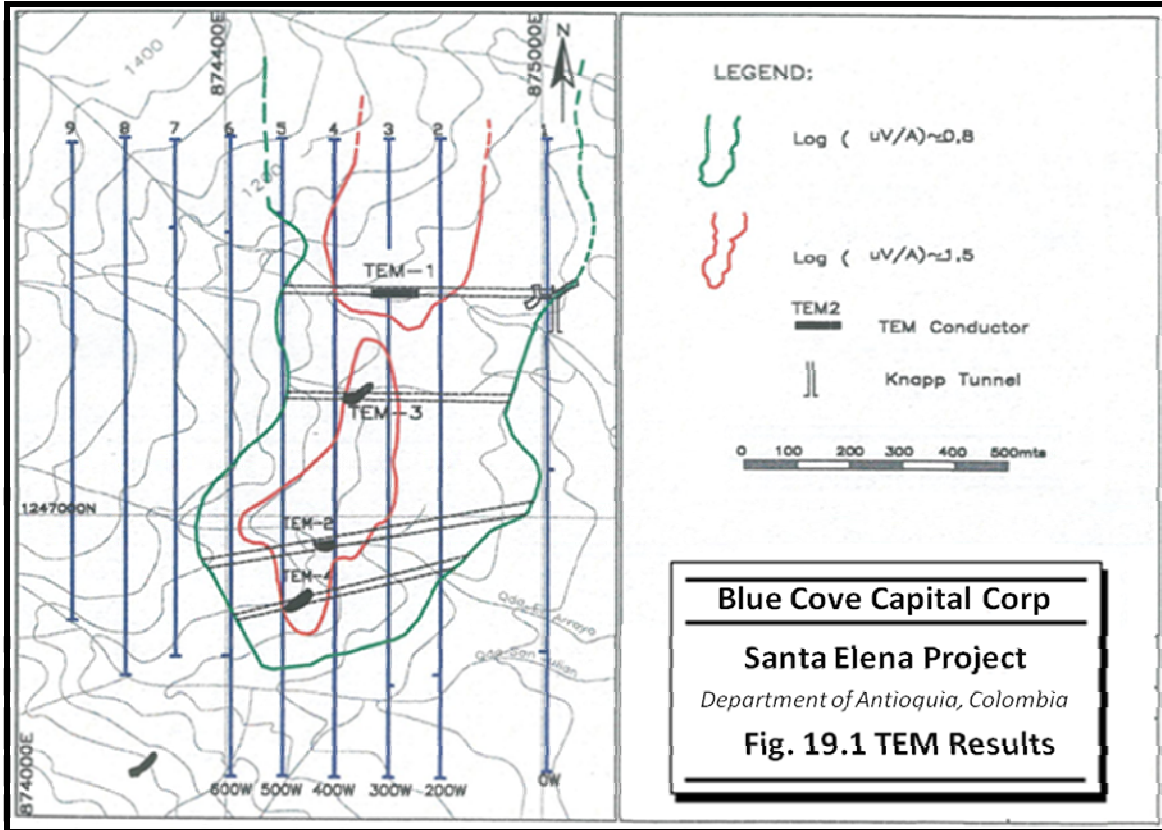
Paramo Ecosystem

Law 1382 of 2010 which reforms the existing Mining Code requires that mining and exploration activity must be excluded from the "Paramo" ecosystem. Paramo is an ecosystem above 3,200m elevation consisting of glacier-formed valleys and plains with lakes, peat bogs, and wet and dry grasslands intermingled with shrub lands and forest patches.

All of the mining titles comprising the Santa Elena Project are located below the Paramo ecosystem and, therefore, are not affected by the new legislation.

Interpretation and Conclusions

The Santa Elena Project is drill ready. The geophysical TEM survey conducted by Val D'Or identified four large anomalies which correlate with the El Azufral and El Arroyo mineralized outcrops. This physical correlation provides us with very apparent drill targets.



Based on observations and physical facts the following interpretations and conclusions have been made specific to the Santa Elena Project:

- a) a geochemical anomaly with significant copper and secondary metal values covering a very large area exists on the Property;
- b) a geophysical (TEM) anomaly contained within the above-mentioned geochemical anomaly that indicates a deposit +/- 400 meters wide and +900meters long which is open and becomes wider to the north. Recent interpolation of the raw data of the TEM survey suggests that the main anomaly is located 50 to 100m north of the Azufral mineralized outcrop;
- c) surface outcrops (Azufral and Arroyo) are found within the geophysical anomaly;
- d) underground workings have exposed mineralization, sheared and brecciated mineralization with up to 50% sulfides, +2% copper, plus 1% zinc, along with minor values of gold and silver. The tunnel is 50 meters below surface and is located to the eastern flank of the 450 meter TEM1 anomaly width. The crosscut that exposed these values cuts 60 meters of quartz diorite containing traces of pyrite and validates mineralization at depth;
- e) microscopic analysis of three samples from the Azufral massive sulfide outcrop determined that the mineralization at surface contains high values of pyrrhotite which is magnetic. This physical property

increases the reliability of the TEM survey which data was used to calculate the historical resource potential. Assuming that the grades are consistent with the outcropping mineralization there is a high probability that a copper resource exists at the Property. However the anomalies must be drilled and a full exploration program completed to define the potential of any mineral resource;

- f) the TEM survey was conducted at 50 meter interval to improve target resolution;
- g) the main mineralization of the Azufral outcrop is chalcopyrite which contains copper; in addition to the copper value several other economic minerals are present including zinc, which could potentially have substantial economic value. A full exploration program would need be completed to define the economic potential of these secondary metals;
- h) Phase I of the recommended work program includes a detailed geochemical and geophysical study to cover 100% of the Property. This work program is required to identify other potential anomalies and drill targets that may exist on the Property before starting Phase II drill program; and
- i) the presence of an exhalative horizon is a good indicator that the Property may belong to a broader system where other zones of sulphide enrichment can be found. Due to the thick forest coverage on the Property a fast and effective way to track down such zones would be by performing airborne TEM. The flight lines should be N-S in order to intersect the structures.

Recommendations

Blue Cove plans to explore the Property with the intention of developing one, or more, potentially economic resources. The character and mineralization of the El Azufral & El Arroyo VMS deposits clearly justifies additional exploration and development expenditures.

Phase I - Exploration

Recommended Phase I work will beginning immediately, and includes:

- continue channel sampling of the mineralized outcrops;
- shallow hand core drilling of the mineralized outcrops and exploration tunnel;
- the acquisition of satellite imagery and a digital elevation model,;
- a property wide geological mapping and sampling program;
- establishing cut grids over airborne geophysical or geological targets;
- a combined airborne magnetic, electromagnetic, and radiometric survey at 200m line spacing across the Property;
- detailed Induced Polarization (IP)/resistivity and magnetic surveying over anomalous areas; and
- environmental applications.

The proposed Phase I work program does not require environmental permitting.

Phase II of the work program is not contingent on positive results of Phase I. However, Phase I must be completed prior to Phase II in order to identify all possible drill targets and anomalies on the Property.

Phase II - Diamond Drilling

- first stage of reconnaissance drilling 10,000 meters to establish boundaries and validate mineralization of one or more deposit.

The 2011 budget to complete Phase I and Phase II of the recommended work program is US\$3,160,000.

INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

The Resulting Issuer intends to change its name to “CuOro Resources Corp.” upon the Completion of the Qualifying Transaction in accordance with its articles of incorporation, which change will not require shareholder approval. The head office of the Resulting Issuer will remain located at Suite 1305, 1090 West Georgia Street, Vancouver British Columbia V6E 3V7 and the registered and records office of the Resulting Issuer will be located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7. The Resulting Issuer will be governed by the BCBCA.

Narrative Description of the Business

Principal Business

After Completion of the Qualifying Transaction, the Resulting Issuer will be a natural resource company engaged in the acquisition, exploration and development of mineral properties, with its primary focus on the Property. The Resulting Issuer will be an exploration stage company with no producing properties and consequently no current operating income cash flow or revenues and will not provide any products or services to third parties. There is no assurance that a commercially viable mineral deposit exists on the Property.

Upon the issuance of the Final Exchange Bulletin, the Resulting Issuer will target the milestones and conduct the recommended exploration program for the Property. See “Information Concerning the Property – Technical Report – Recommendations” for additional information.

The Resulting Issuer may also complete additional property acquisitions. On December 9, 2010, the Issuer entered into a non-binding letter of intent, as amended December 23, 2010 and March 2, 2011, to acquire a 100% interest in the Barranco de Loba Gold & Silver Project, located in the Department of Sur de Bolivar, in the Republic of Colombia, as more particularly described in a news release dated January 10, 2011 and available on SEDAR at www.sedar.com. As of the date of this Filing Statement, the Issuer continues to evaluate the possible acquisition of the Barranco de Loba Project.

Markets and Marketing

There is a global market into which any minerals produced on the Property could be sold and as a result, the Resulting Issuer would not be dependent on a particular purchaser, if any, with regard to the sale of any minerals produced. As the Resulting Issuer is not yet producing, it is not marketing and does not require a marketing plan or strategy.

Environmental Conditions

All aspects of the Resulting Issuer’s field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. With the Property at the exploration stage, the financial and operational impact of environmental protection requirements is minimal. Should any projects advance to the test mining or feasibility stage, considerably more time and money would be involved in satisfying environmental protection requirements.

Competitive Conditions

The Resulting Issuer will compete with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral tenements, claims, leases and other mineral interests for

exploration and development projects. The Resulting Issuer will also compete with other mining companies for investment capital with which to fund such projects and for the recruitment and retention of qualified employees.

The ability of the Resulting Issuer to acquire additional mineral properties in the future will depend on its ability to operate and develop the Property and also on its ability to select and acquire suitable producing properties or prospects for development or exploration.

Stated Business Objectives

The Resulting Issuer expects to use its available working capital to finance exploration and development on the Property, and for general working capital, including complementary acquisitions. The Resulting Issuer's immediate short-term objectives will be to:

- (a) complete the recommended work program on the Property pursuant to the Technical Report; and
- (b) acquire and evaluate additional complementary mineral properties to expand the Resulting Issuer's portfolio.

The Resulting Issuer's long-term objectives will be to:

- (a) determine if an economic mineral deposit exists on the Property;
- (b) find one or more economic mineral deposits and bring them to commercial production; and
- (c) deliver a return on capital to shareholders.

Milestones

The principal milestones that must occur for the stated short-term business objectives described above to be accomplished are as follows:

Milestone	Target Date	Cost (US\$)
Phase I Work Program on the Property	Months 1 – 4	\$615,000
Phase II Work Program on the Property	Months 5 – 12	\$2,545,000

Please see "Information Concerning the Property - Technical Report – Recommendations" for a description of the work programs.

Exploration and Development

The Resulting Issuer intends to complete the exploration activities as recommended in the Technical Report commencing in April, 2011 with the Phase I work program on the Property.

Description of the Securities

Resulting Issuer Shares

The authorized capital of the Resulting Issuer will consist of an unlimited number of common shares without par value.

Following Completion of the Qualifying Transaction, 22,011,909 Resulting Issuer Shares will be issued and outstanding. The holders of Resulting Issuer Shares will be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Resulting Issuer and each Resulting Issuer Share will confer the right to one vote

in person or by proxy at all meetings of the shareholders of the Resulting Issuer. The holders of Resulting Issuer Shares will also be entitled to dividends if, as and when declared by the directors, and, upon dissolution, to share equally in such assets of the Resulting Issuer as are distributable to the holders of the Resulting Issuer Shares.

There will be no pre-emptive rights or conversion rights attached to the Resulting Issuer Shares. There also will not be any redemption or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to modification, amendment or variation of any such rights or provisions attached to the Resulting Issuer Shares.

Resulting Issuer Warrants

Following Completion of the Qualifying Transaction, the following Resulting Issuer Warrants will be outstanding:

Warrants	Resulting Issuer Warrants After Giving Effect to the Acquisition and QT Financing(#)	Exercise Price (\$)
Finder's Warrants ⁽¹⁾	63,835	\$0.25
QT Warrants ⁽²⁾	4,000,000	\$1.30
Agent's QT Warrants ⁽³⁾	385,000	\$1.00
Agent's Corporate Finance Warrants ⁽⁴⁾	62,500	\$1.30
Total	4,511,335	

Notes:

- (1) The Finder's Warrants expire on November 17, 2012.
- (2) The QT Warrants expire two years from the Closing Date.
- (3) The Agent's QT Warrants expire two years from the Closing Date.
- (4) The Agent's Corporate Finance Warrants expire two years from the Closing Date.

Options to Purchase Securities

Concurrently with the Closing, the Issuer will issue 1,030,000 Options. The following table sets forth all Options to purchase securities of the Resulting Issuer that will be held upon completion of the Acquisition:

Persons who will Receive Options (as a group)	Number of Resulting Issuer Shares Under Option	Purchase Price of Resulting Issuer Shares Under Option	Expiration Date
Executive officers ⁽¹⁾	686,966	\$0.52	November 16, 2013
	345,000 ⁽²⁾	\$1.00	5 years from Closing
Directors (who are not also executive officers) ⁽³⁾	250,000 ⁽⁴⁾	\$0.52	November 16, 2013
	140,000 ⁽²⁾	\$1.00	5 years from Closing
Consultants and Employees	234,786	\$0.52	November 16, 2013
	545,000 ⁽²⁾	\$1.00	5 years from Closing
Other ⁽⁵⁾	42,000	\$0.10	March 28, 2018
Total	2,243,752		

Notes:

- (1) Consists of Robert Sedgemore (President, CEO and a director), Nick DeMare (CFO and a director) and Marc Cernovitch (Corporate Secretary).
- (2) These options will be granted on Completion of the Qualifying Transaction.
- (3) Consists of Dave Doherty, John Seaman and Craig Taylor (Mr. Taylor will be resigning on the Closing Date).
- (4) Consists in part of 50,000 Options held by Craig Taylor which expire 90 days from the Closing Date.
- (5) Consists of the Blue Cove Charitable Options.

Following the closing of the Acquisition, the Stock Option Plan as disclosed under the heading “Stock Option Plan” will remain in effect. The shareholders of the Resulting Issuer may approve a resolution at a meeting of the shareholders of the Resulting Issuer adopting a new Stock Option Plan or amending the existing Stock Option Plan.

Pro Forma Consolidated Capitalization

The following table sets out the capitalization of the Resulting Issuer after giving effect to the Acquisition and the QT Financing:

<u>Designation of Security</u>	<u>Amount authorized or to be authorized</u>	<u>Amount outstanding after giving effect to the Acquisition and the QT Financing</u>
Common Shares	Unlimited	22,011,909 ⁽¹⁾⁽²⁾

Notes:

- (1) On an undiluted basis. Does not include the 2,243,752 Resulting Issuer Shares reserved for issuance upon the exercise of Options (including the 42,000 Resulting Issuer Shares reserved for issuance upon exercise of the Blue Cove Charitable Options), 4,000,000 Resulting Issuer Shares reserved for issuance upon exercise of the QT Warrants, 63,835 Resulting Issuer Shares reserved for issuance upon exercise of the Finder’s Warrants, 385,000 Resulting Issuer Shares reserved for issuance upon exercise of the Agent’s QT Warrants or 62,500 Resulting Issuer Shares reserved for issuance upon exercise of the Agent’s Corporate Finance Warrants.
- (2) See “Information Concerning the Issuer – General Development of the Business – Financing”.

Fully Diluted Share Capital

The Resulting Issuer will have 1,171,752 Options outstanding to purchase 1,171,752 Resulting Issuer Shares at a price of \$0.52 per Resulting Issuer Share and 1,030,000 Options outstanding to purchase 1,030,000 Resulting Issuer Shares at a price of \$1.00 per Resulting Issuer Share, all of which will be held by directors, officers, consultants and employees of the Resulting Issuer. In addition, the Resulting Issuer will have 42,000 outstanding Blue Cove Charitable Options which entitle the holder to acquire 42,000 Blue Cove Shares at \$0.10 per Blue Cove Share until March 28, 2018. None of the Options have been exercised as of the date of this Filing Statement.

Upon closing of the QT Financing, the Issuer will issue 4,000,000 QT Warrants to purchase 4,000,000 Resulting Issuer Shares at a price of \$1.30 per Resulting Issuer Share. The QT Warrants expire two years from Closing.

In consideration of the services provided by the Agent in connection with the Brokered Financings, which are expected to be completed concurrently with closing of the Acquisition, the Issuer will grant the Agent 385,000 Agent’s QT Warrants exercisable to purchase an aggregate of 385,000 Resulting Issuer Shares at an exercise price of \$1.00 per Resulting Issuer Share for a period of two years from Closing. The Issuer will also grant to the Agent 62,500 Agent’s Corporate Finance Warrants exercisable to purchase an aggregate of 62,500 Resulting Issuer Shares at an exercise price of \$1.30 per Resulting Issuer Share for a period of two years from Closing.

The following table states the fully diluted share capital of the Resulting Issuer after giving effect to the Acquisition and the QT Financing:

Description of Security	Number of Securities (#)	Percentage of Total⁽¹⁾
Blue Cove Shares issued as at the date of this Filing Statement	11,803,159 ⁽¹⁾	40.7%
Blue Cove Shares to be issued to the Finder as the Finder's Fee	300,000 ⁽²⁾	1.0%
Blue Cove Shares to be issued to purchasers in connection with the QT Financing	10,000,000	34.5%
Agent's Corporate Finance Shares	125,000	0.4%
Resulting Issuer Shares reserved for issuance upon exercise of Options	2,201,752 ⁽³⁾	7.6%
Resulting Issuer Shares reserved for issuance upon exercise of Blue Cove Charitable Options	42,000	0.1%
Resulting Issuer Shares reserved for issuance upon exercise of QT Warrants	4,000,000	13.8%
Resulting Issuer Shares reserved for issuance upon exercise of Agent's QT Warrants	385,000	1.3%
Resulting Issuer Shares reserved for issuance upon exercise of Agent's Corporate Finance Warrants	62,500	0.2%
Resulting Issuer Shares reserved for issuance upon exercise of the Finder's Warrants	63,835	0.2%
Total	28,983,246	100%

Notes:

- (1) 1,100,000 of these Resulting Issuer Shares are subject to escrow trading restrictions pursuant to policies of the Exchange. See "Escrowed Securities".
- (2) Upon Closing of the Qualifying Transaction the Issuer will issue 83,750 Blue Cove Shares to the Finder. An additional 216,250 Blue Cove Shares may be issued to the Finder pursuant to the terms of the Finder's Fee Agreement.
- (3) 1,030,000 Resulting Issuer Options are exercisable at \$1.00 for 5 years from the Closing Date and 1,171,752 Resulting Issuer Options are exercisable at \$0.52 until November 16, 2013.

Available Funds and Principal Purposes

Funds Available

The following table sets forth the estimated working capital of the Resulting Issuer after giving effect to the Acquisition and the QT Financing as at February 28, 2011, the most recent month end prior to the date of this Filing Statement:

Item	Estimated Working Capital
Estimated working capital position of the Issuer as at February 28, 2011	\$275,000
Net proceeds from the QT Financing after giving effect to the Acquisition and the QT Financing	\$8,919,327 ⁽¹⁾
Total funds available to the Resulting Issuer after giving effect to the Acquisition and the QT Financing	\$9,194,327

Notes:

- (1) Based on the Issuer raising gross proceeds of \$10,000,000 less \$385,000 in commissions (assuming the Agent elects for its commission to be paid fully in cash), \$485,673 cash paid to the Vendors pursuant to the Purchase Agreement (amount converted from US\$) and \$210,000 in estimated additional costs to complete the Acquisition. See "Information Concerning the Issuer – General Development of the Business - Financing".

A pro forma consolidated balance sheet of the Resulting Issuer as at November 30, 2010, giving effect to the Acquisition and the QT Financing is attached to this Filing Statement as Schedule "C".

The Resulting Issuer intends to spend the funds available to it upon Completion of the Qualifying Transaction to further the Resulting Issuer's stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Dividends

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Resulting Issuer Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any. The directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid.

Principal Purposes of Funds

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use its available consolidated working capital on Completion of the Qualifying Transaction and the QT Financing. The table does not include any proceeds that may be available to the Issuer through the exercise of QT Warrants, Agent's QT Warrants, Agent's Corporate Finance Warrants, Finder's Warrants or Options. See "Stated Business Objectives".

Principal Use of Funds for the Following 12 months

Item	Approximate Amount (\$)
Remaining costs to complete the Qualifying Transaction ⁽¹⁾	\$210,000
Fees payable in connection with the QT Financing ⁽²⁾	\$385,000
Cash Payment payable to the Vendors on the Closing Date and during the next 12 months ⁽³⁾	\$485,673
General and Administrative costs for the next 12 months (including legal and accounting fees) ⁽⁴⁾	\$1,200,000

Item	Approximate Amount (\$)
Costs relating to Phase I work program on the Property ⁽⁵⁾	\$597,377
Costs relating to Phase II work program on the Property ⁽⁵⁾	\$2,472,074
Costs associated with keeping the Property in good standing ⁽⁵⁾	\$51,481
Unallocated Working Capital	\$4,873,395
Total	\$10,275,000

Notes:

- (1) The remaining costs to complete the Qualifying Transaction include the following approximate expenditures: \$10,000 for accounting and auditing services; \$110,000 for legal fees; \$50,000 for sponsorship fees; and \$40,000 for regulatory fees.
- (2) See “Information Concerning the Issuer – QT Financing”. The Agent’s commission may be payable in QT Units, at the option of the Agent.
- (3) Amount converted from US\$. See “Information Concerning the Issuer – The Acquisition”.
- (4) The general and administration expenses for the next 12 months include executive officer, employee and consultant compensation and travel expenses, rent, office and administrative fees, accounting and auditing services and legal fees related to operations.
- (5) Amount converted from US\$. See “Information Concerning the Property – Exploration and Development”.

The Resulting Issuer intends to spend the funds available to it upon Completion of the Qualifying Transaction to further the Resulting Issuer’s stated business objectives. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Principal Securityholders

To the knowledge of the Issuer’s directors and senior officers, upon completion of the Acquisition, no person is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, Resulting Issuer Shares carrying more than 10% of all voting rights attached to the outstanding Resulting Issuer Shares.

Directors, Officers and Promoters

The following table sets out the name, municipality and province of residence, position with the Resulting Issuer, current principal occupation, period during which served as a director or officer, and the number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer’s directors and officers following completion of the Acquisition.

Name, Municipality of Residence and Proposed Position with the Resulting Issuer	Principal Occupation During Last Five Years	Period during which Proposed Director of Resulting Issuer has served as a Director of the Issuer	Anticipated Number and Percentage of Resulting Issuer Shares owned or controlled on completion of the Transaction and QT Financing ⁽¹⁾
Robert Sedgemore Santiago, Chile President, CEO & Director	Senior Industry Mining Specialist of World Bank – International Finance Corporation (July, 2009 to June, 2010), Director of Norcast Ltda. (February, 2008 to March, 2009), Project Manager for African Energy Resources and Exco Resources (July, 2007 to February, 2008), Senior Study Manager for Mirabela Nickel and GRD Minproc Limited (2006 - 2007).	From June 14, 2010 to present	600,000 ⁽²⁾ 2.7%
Nick DeMare Burnaby, B.C. CFO & Director	President, Chase Management Ltd. (May, 1991 to Present)	From June 14, 2010 to present	185,000 ⁽³⁾ 0.8%
John Seaman Thunder Bay, Ontario Director	President and CEO of Apex Investigations & Security Inc. (August, 1992 to present), CFO of Premier Gold Mines Limited (August, 2006 to present)	On Completion of the Qualifying Transaction	Nil ⁽⁴⁾ N/A
Dave Doherty Vancouver, B.C. Director	President of Inform Capital Corp. (October, 2007 to Present), Investment Advisor, Canaccord Capital (March 1997 to September, 2007).	From June 14, 2010 to present	250,000 ⁽⁵⁾ 1.8%
Marc Cernovitch Toronto, Ontario Corporate Secretary	Chairman of Halo Resources Ltd. (March, 2007 to Present), President and CEO of Halo Resources Ltd. (February, 2005 to February, 2007).	On Completion of the Qualifying Transaction	450,000 ⁽⁶⁾ 2.0%

Notes:

- (1) Based on the total of 22,011,909 Resulting Issuer Shares expected to be outstanding following completion of the Acquisition and the QT Financing, on an undiluted basis.
- (2) Excludes 656,966 Options to be held by Mr. Sedgemore. See “Information Concerning the Resulting Issuer – Escrowed Securities”.
- (3) Excludes 200,000 Options to be held by Mr. DeMare. See “Information Concerning the Resulting Issuer – Escrowed Securities”.
- (4) Excludes 70,000 Options to be held by Mr. Seaman. See “Information Concerning the Resulting Issuer – Escrowed Securities”.

- (5) Excludes 270,000 Options to be held by Mr. Doherty. See “Information Concerning the Resulting Issuer – Escrowed Securities”.
- (6) Includes 50,000 Blue Cove Shares Mr. Cernovitch anticipates acquiring in the QT Financing. Excludes 175,000 Options to be held by Mr. Cernovitch. See “Information Concerning the Resulting Issuer – Escrowed Securities”.

On Completion of the Qualifying Transaction, the directors and officers of the Resulting Issuer as a group will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 1,485,000 Resulting Issuer Shares, representing approximately 6.7% of the issued and outstanding Resulting Issuer Shares (on an undiluted basis). Each director’s term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.

The Resulting Issuer’s audit committee will be made up of Mssrs. Seaman, DeMare and Doherty. Mr. DeMare is not an independent member as he will serve as chief financial officer of the Resulting Issuer. Mssrs. Seaman and Doherty are independent members. All members are considered financially literate. The Resulting Issuer’s compensation committee will be made up of Mssrs. Seaman, DeMare and Doherty. There are no other committees of the Board at this time.

The directors and officers will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Resulting Issuer. None of the officers have entered into a non-competition or non-disclosure agreement with Blue Cove nor do they propose to do so. See also “Management” below.

Management

Additional biographic information about the proposed directors and officers of the Resulting Issuer is provided below.

Robert Sedgemore (Age 45) — President, Chief Executive Officer and Director

Mr. Sedgemore has served as President, CEO and a Director of the Issuer since June 14, 2010. Mr. Sedgemore has over 25 years of international operating and project experience in senior management positions for Engineering, Procurement and Construction Management Companies, Junior Exploration & Mining Operations covering a diverse range of commodities including gold, silver, nickel, uranium and copper projects throughout North and South America, Africa and Australia. Previously Mr. Sedgemore was working with the IFC – International Finance Corporation, the private sector of the World Bank, as the Senior Industry Mining Specialist providing technical and economic valuation on global mining investments. Past experience includes Chief Engineer for Zaldivar a Placer Dome operation, General Manager for Outokumpu, Aisco System, and Chief Engineer for BHP at Minera Escondida. Major Greenfield studies include Mirabela Nickel in Brazil, Chirundu Uranium Project in Zambia, Westmoreland Uranium project in Australia, Cloncurry Copper Project in Australia, Mt Margret copper and Uranium project in Australia. Other significant EPCM projects include Codelco Copper Refinery Modernization Project in Chile, BHP Tintaya Copper Oxide Project in Peru, Piedras Verde Copper project in Mexico, CAL Energy Zinc Project in California, Escondida phase 3, Escondida phase 3.5, and Escondida Oxide project in Chile.

Mr. Sedgemore received a C.E.T designation in Instrument Engineering from ISA in 1989 and also received an Instrumentation Engineering Diploma from the Haileybury School of Mines in May, 1987.

Mr. Sedgemore will devote the time necessary to perform the work required in connection with the management of the Resulting Issuer.

Nick DeMare (Age 56) — Chief Financial Officer and Director

Mr. DeMare has served as CFO, Corporate Secretary and a Director of the Issuer since June 14, 2010. Since May 1991, Mr. DeMare has been the President of Chase Management Ltd., a private company which provides promotional, administrative, management and financial services to private and public companies engaged in mineral exploration and development, gold and silver production, oil and gas exploration and production and venture capital. He also currently serves as an officer and director of other public reporting companies.

Mr. DeMare holds a Bachelor of Commerce degree from the University of British Columbia and is a member in good standing of the Institute of Chartered Accountants of British Columbia.

Mr. DeMare will devote the time necessary to perform the work required in connection with acting as a director of the Resulting Issuer.

John Seaman (Age 43) — Director

Mr. Seaman will become a director of the Issuer on the Closing Date. Mr Seaman has been involved with several successful mining projects and is currently the CFO for Premier Gold Mines Limited and previously held the position of CFO of Wolfden Resources Inc. from October, 2002 until its sale in June, 2007. Mr. Seaman is also the President and CEO for Apex Investigation & Security Inc. (private security firm) since 1992 and CEO for QRS an exploration company developing projects in Mexico.

Mr. Seaman will devote the time necessary to perform the work required in connection with the management of the Resulting Issuer.

Dave Doherty (Age 38) — Director

Mr. Doherty has served as a Director of the Issuer since June 14, 2010. Director; Mr. Doherty brings over 13 years of investment and finance experience to the Company. Mr. Doherty is Founder and President of Inform Capital Corp, offering merchant banking and Corporate Advisory services to a number of companies across many sectors. Prior to joining, he was an investment advisor with Canaccord Capital Corporation, Canada's largest independent securities dealer covering the North American capital markets specializing in developing, restructuring, and financing Venture and Natural Resource companies. Mr. Doherty is a Director of Doca Capital Corp, and was a founding member of Dagilev Capital (now Astur Gold).

Mr. Doherty holds a Bachelor of Arts Degree from Simon Fraser University, with a major in Finance.

Mr. Doherty will devote the time necessary to perform the work required in connection with acting as a director of the Resulting Issuer.

Marc Cernovitch (Age 38) — Corporate Secretary

Mr. Cernovitch will become the Corporate Secretary of the Issuer on the Closing Date. Since March 2007, he has served as Chairman of Halo Resources Ltd., a junior resource company. From February 2005 to February 2007 he served as President and Chief Executive Officer of Halo Resources Ltd. and from September 2004 to February 2005 he served as its Vice-President, Corporate Development. Mr. Cernovitch started his career in the financial services sector in October 1996 with Georgia Pacific Securities Corporation where he acted as an investment advisor and subsequently has been a self-employed consultant in both Montreal and New York, served as Vice President, Investor Relations for Synergy Technologies Corporation and was a consultant for Stone Canyon Resources Ltd. He also currently serves as an officer and director of several other public reporting companies.

Mr. Cernovitch will devote the time necessary to perform the work required in connection with acting as the Corporate Secretary of the Resulting Issuer.

Promoters

Robert Sedgemore is considered to be the promoter of the Issuer and will be the promoter of the Resulting Issuer in that he took the initiative in founding and organizing the Issuer. Mr. Sedgemore will hold 600,000 Resulting Issuer Shares, or approximately 2.7% of the issued and outstanding shares of the Resulting Issuer on an undiluted basis, and Stock Options to purchase an additional 656,966 Blue Cove Shares, all are more particularly described elsewhere in this Filing Statement. See "Stock Option Plan", "Principal Security Holders", "Directors Officers and Promoters" and "Options to Purchase Securities" for additional information. Except as disclosed in this Filing

Statement, Mr. Sedgemore has not and will not receive from or provide to the Resulting Issuer anything of value, including money, property, contracts, Options or rights of any kind directly or indirectly.

No other person will be or has been within the two years preceding the date of this Filing Statement a Promoter of the Resulting Issuer.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, as at the date of this Filing Statement and within the ten years before the date of this Filing Statement, no director, officer or promoter of the Resulting Issuer is or has been a director, officer or promoter of any person or company (including the Resulting Issuer), that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Nick DeMare, a director and officer of the Resulting Issuer, was an independent director of Andean American Resources Limited (“Andean American”) from August, 2002 until January, 2011. On August 2, 2007, Andean American was issued a cease trade order by the British Columbia Securities Commission for deficiencies in Andean American’s continuous disclosure material related to its resource properties for deficiencies in a previously filed National Instrument 43-101 technical report. On October 22, 2007, Andean American filed an amended technical report and issued a clarifying release. The cease trade order was lifted and the shares resumed trading on October 24, 2007.

Mr. DeMare, is also a director of Salazar Resources Limited (“Salazar”). On September 10, 2010, Salazar was issued a cease trade order by the British Columbia Securities Commission for deficiencies in Salazar’s continuous disclosure material related to its resource properties for deficiencies in a previously filed National Instrument 43-101 technical report. On October 14, 2010, Salazar filed an amended technical report and issued a clarifying release. The cease trade order was lifted and the shares resumed trading on October 18, 2010.

John Seaman, a director of the Resulting Issuer, has been a director of MBMI Resources Inc. (“MBMI”) since June 12, 2007. On September 21, 2007, MBMI was issued a cease trade order by the British Columbia Securities Commission for deficiencies in MBMI’s previously filed National Instrument 43-101 technical report. On October 5, 2007, MBMI filed an amended technical report and issued a clarifying news release. The cease trade order was lifted and the shares resumed trading on November 8, 2007.

Marc Cernovitch, the Corporate Secretary of the Resulting Issuer, was an officer of Synergy Technologies Corporation (“Synergy”) from March, 2000 until August, 2002. On November 13, 2002, Synergy and its wholly-owned subsidiary Carbon Resources Limited each filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code. During March, 2003, Synergy sold substantially all of its assets. On July 30, 2003 the Bankruptcy Court confirmed Synergy’s Plan of Reorganization, as accepted by Synergy’s creditors and equity interest holders in accordance with the United States Bankruptcy Code. The Plan of Reorganization became effective on August 11, 2003.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has:

- (a) been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of such persons, has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Resulting Issuer holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA or other applicable corporate legislation.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
Nick DeMare	Aguila American Resources Ltd. ⁽¹⁾	Chief Financial Officer	January, 2003	Present
		Director	January, 2003	Present
	Andean American Mining Corp. ⁽¹⁾	Director	August, 2002	January, 2011
		Secretary	December, 1995	August, 2005
	Astral Mining Corporation ⁽¹⁾	Director	February, 2004	Present
	Astur Gold Corp. ⁽¹⁾	CFO	April, 2010	Present
	Ausex Capital Corp. ⁽¹⁾	Director	August, 2007	November, 2009
	Ava Resources Corp. ⁽³⁾	Director	November, 2009	Present
	Batero Gold Corp. ⁽¹⁾	Chief Financial Officer and Director	July, 2010	Present
	Blue Sky Uranium Corp. ⁽¹⁾	Director	May, 2006	June, 2007
Cliffmont Resources Ltd. ⁽¹⁾ (formerly Atlas Minerals Inc.)	Director	December, 2006	Present	

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
		Chief Financial Officer	August, 6, 2009	August, 2010
	Ecometals Limited ⁽¹⁾	Director	September, 2000	December, 2007
		Secretary	September, 2000	December, 2007
	Enterprise Oilfield Group ⁽¹⁾	Director	April, 2007	Present
	GGL Diamond Corp. ⁽¹⁾	Chief Financial Officer	May, 2004	Present
		Director	May, 1989	Present
	Gold Point Energy Corp. ⁽¹⁾	Director	August, 2003	April, 2008
		Chief Financial Officer	June, 2005	April, 2008
		President	August, 2003	April, 2005
	Golden Peaks Resources Ltd. ⁽²⁾	Director	January, 1992	Present
	Halo Resources Ltd. ⁽¹⁾	Chief Financial Officer	February, 2005	Present
		Director	January, 1996	Present
		Chairman	February, 2005	March, 2007
	Hansa Resources Limited ⁽¹⁾	Chief Financial Officer	March, 2009	Present
		Corporate Secretary	March, 2009	Present
		Director	August, 2008	Present
	Kola Mining Corp. ⁽¹⁾ (formerly Centrasia Mining Corp.)	Chief Financial Officer	September, 2005	March, 2010
		Corporate Secretary	January, 2009	Present
		Director	October, 2002	Present
	Lara Exploration Ltd. ⁽¹⁾	Director	March, 2004	March, 2006
	Lariat Resources Ltd. ⁽¹⁾	Director	April, 2003	Present
	Lumex Capital Corp. ⁽¹⁾	Director	January, 2007	November, 2009
		President, Chief Executive Officer and Chief Financial Officer	January, 2007	November, 2009
		Secretary	March, 2007	February, 2008
	Mawson Resources Limited ⁽²⁾	Chief Financial Officer	December, 2007	Present
		Director	March, 2004	Present
	Mirasol Resources Ltd. ⁽¹⁾	Director	February, 2005	Present
	Rochester Resources Ltd ⁽¹⁾	Chairman of the Board	June, 2007	Present
		Director	June, 2007 October, 1989	Present November, 2005
		President and Chief	July, 2003	June, 2005

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
		Executive Officer		
	Salazar Resources Limited ⁽¹⁾	Corporate Secretary	March, 2007	Present
		Director	June, 1988	Present
	Sinchao Metals Corp. ⁽¹⁾	Director	January, 2007	January, 2011
	Tasman Metals Ltd. ⁽¹⁾	Chief Financial Officer	November, 2009	Present
		Director	November, 2009	Present
	Tinka Resources Limited ⁽¹⁾	Director	October, 2002	Present
	Tumi Resources Limited ⁽¹⁾	Director	January, 2000	Present
	Valor Ventures Inc. ⁽³⁾	Chief Financial Officer	March, 2007	January, 2010
John Seaman	Premier Gold Mines ⁽¹⁾	Director and Chief Financial Officer	August, 2006	Present
	Galena Capital Corp. ⁽¹⁾	Director and Chief Executive Officer	November, 2007	Present
	MBMI Resources Inc. ⁽¹⁾	Director	June, 2007	Present
	Valor Ventures Inc. ⁽¹⁾	Director	August, 2007	Present
	QRS Capital Corp. ⁽¹⁾	Director and Chief Executive Officer	November, 2007	Present
	Pediment Goldcorp ⁽²⁾	Chief Financial Officer	April, 2007	February, 2011
	Skybridge Development Corp. ⁽¹⁾	Director and Chief Financial Officer	August, 2007	May, 2009
	Rolling Rock Resources ⁽¹⁾	Director	June, 2006	June, 2007
	Wolfden Resources Inc. ⁽²⁾	Director and Chief Financial Officer	October, 2002	May, 2007
Dave Doherty	Doca Capital Corp. ⁽¹⁾	Chief Financial Officer and Director	July, 2009	Present
	Astur Gold Corp. ⁽¹⁾ (formerly Dagilev Capital Corp.)	Director	September, 2007	April, 2009
	Acro Energy Technologies ⁽¹⁾ (formerly Lonestar Capital Corp.)	Director	March, 2007	February, 2009
Marc Cernovitch	Halo Resources Ltd. ⁽¹⁾ (formerly Trimark Energy Ltd.)	Chairman and Director	March, 2007	Present
		President, Chief Executive Officer and Director	February, 2005	February, 2007
		Vice President – Corporate Development	September, 2004	February, 2005
	Rochester Resources Ltd. ⁽¹⁾ (formerly Hilton Resources Ltd.)	Director	November, 2007	Present
	Valor Ventures Inc. ⁽¹⁾	President, Chief	July, 2007	Present

<u>Name</u>	<u>Name and Jurisdiction of Reporting Issuer</u>	<u>Position</u>	<u>From</u>	<u>To</u>
		Executive Officer and Director		
	Coronet Metals Inc. ⁽³⁾	Director	April, 2010	Present
	JG Capital Corp. ⁽¹⁾	President and Chief Executive Officer	December, 2007	January, 2010
		Director	December, 2007	December, 2009
	Atlas Minerals Inc. ⁽¹⁾ (formerly Cumbre Ventures Inc.)	President, Chief Executive Officer and Director	December, 2006	November, 2007

Notes:

- (1) Listed on the TSX Venture Exchange.
- (2) Listed on the Toronto Stock Exchange.
- (3) Listed on the NEX Board.

Executive Compensation

Summary Compensation Table

The information below contains disclosure of anticipated compensation, to the extent known, for the two proposed Named Executive Officers of the Issuer, being Robert Sedgemore (President and CEO) and Nick DeMare (CFO) for the 12 month period after giving effect to the Acquisition:

<u>Name and principal position</u>	<u>Salary (\$)</u>	<u>Share-based awards (\$)</u>	<u>Option-based awards (\$)</u>	<u>Non-equity incentive compensation data compensation (\$)</u>				
				<u>Annual incentive plans</u>	<u>Long-term incentive plans</u>	<u>Pension value (\$)</u>	<u>All other Compensation (\$)</u>	<u>Total Compensation (\$)</u>
Robert Sedgemore ⁽¹⁾ President and Chief Executive Officer	\$150,000	TBD ⁽³⁾	TBD	TBD	TBD	TBD	TBD	TBD
Nick DeMare ⁽²⁾ Chief Financial Officer	\$30,000	TBD ⁽³⁾	TBD	TBD	TBD	TBD	TBD	TBD

Notes:

- (1) It is currently anticipated that Mr. Sedgemore will enter into an employment agreement with the Resulting Issuer subsequent to the Closing Date and will be paid \$12,500/month or \$150,000/year.
- (2) It is currently anticipated that Mr. DeMare will be paid \$2,500/month or \$30,000/year.
- (3) "TBD" means "to be determined" by the board of the Resulting Issuer following Completion of the Qualifying Transaction. The compensation will be dependent on the services actually required to be provided to the Resulting Issuer, the extent of which has not yet been determined.

Options Granted to Executive Officers

Except for 70,000 Options to be issued to Robert Sedgemore and 100,000 Options to be granted to Nick DeMare on Closing, the management of the Resulting Issuer does not currently anticipate any Option grants to its CEO and CFO during the 12 month period following completion of the Acquisition. See "Information Concerning the Resulting Issuer". The Company may, in the discretion of the board of directors, grant Options from time to time to current and incoming executive officers.

Termination of Employment, Change in Responsibilities and Employment Contracts

It is not anticipated that there will be any compensatory plans, contract or arrangements between the Resulting Issuer and a Named Executive Officer in the 12 months following completion of the Acquisition with respect to: (a) the resignation, retirement or other termination of employment of the Named Executive Officer; (b) a change in control of the Resulting Issuer; or (c) a change in the Named Executive Officer’s responsibilities following a change in control of the Resulting Issuer involving an amount, where the Named Executive Officer is entitled to receive more than \$100,000, including periodic payments or instalments.

Compensation of Directors

Except for 70,000 Options to be issued to Robert Sedgmore, 70,000 Options to be issued to John Seaman, 100,000 Options to be issued to Nick DeMare and 70,000 Options to be issued to Dave Doherty on Closing, it is not anticipated that there will be any Options granted to directors of the Resulting Issuer during the 12 months following completion of the Acquisition. The Company may, in the discretion of the board of directors, grant Options from time to time to current or incoming directors.

It is not currently anticipated that any directors of the Resulting Issuer who are not Named Executive Officers, will receive, in the 12 months following completion of the Acquisition, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as director; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

Name	Fees (\$)	Share- based awards (\$)	Option- based awards (\$)	Non-equity incentive compensation data compensation (\$)	Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
John Seaman	TBD ⁽¹⁾	TBD	TBD	Nil	Nil	Nil	TBD
Dave Doherty	TBD ⁽¹⁾	TBD	TBD	Nil	Nil	Nil	TBD

Notes:

- (1) “TBD” means “to be determined” by the board of the Resulting Issuer following Completion of the Qualifying Transaction. The compensation will be dependent on the services actually required to be provided to the Resulting Issuer, the extent of which has not yet been determined.

Indebtedness of Directors and Officers

No director or officer of the Issuer, nor any proposed director or officer of the Resulting Issuer, is or has been indebted to the Issuer at any time.

Investor Relations Arrangements

The Resulting Issuer currently intends to engage the services of Apex Capital Inc. upon Closing of the Qualifying Transaction, to conduct investor relations activities for the Resulting Issuer for a fee of \$8,000 per month for a term of 12 months and the issuance of 150,000 Options. As of the date hereof, the principal of Apex Capital Inc., beneficially owned, directly or indirectly, 5,000 Blue Cove Shares. In the event the Resulting Issuer elects to engage Apex Capital Inc., such agreement will be subject to the approval of the Exchange.

Other than the foregoing, no written or oral agreement has been reached with any person to provide promotional or investor relations activities for the Resulting Issuer.

Escrowed Securities

The following table lists the holders of Escrow Securities, the number of Escrow Securities, and the percentage of securities held in escrow by each person who will be a holder of Escrow Securities before and after the Completion of the Qualifying Transaction and the Escrow Transfer. On July 6, 2010, the Issuer cancelled 1,100,000 Blue Cove Shares in connection with the transfer to the NEX. The table includes securities which will be released from escrow concurrently with the Acquisition, as described below.

Name and Municipality of Residence of Securityholder	Designation of Class	Prior to Giving Effect to the Transaction and QT Financing		After Giving Effect to the Transaction and QT Financing	
		Number of IPO Securities Held in Escrow	Percentage of Class ⁽¹⁾	Number of Securities to be Held in Escrow ⁽²⁾	Percentage of Class ⁽³⁾
Robert Sedgemore Santiago, Chile	Common Shares	500,000	4.2%	600,000 ⁽⁴⁾	2.7%
Nick DeMare Burnaby, BC	Common Shares	150,000 ⁽⁵⁾	1.3%	185,000 ⁽⁶⁾	0.8%
Dave Doherty Vancouver, BC	Common Shares	250,000 ⁽⁷⁾	2.1%	250,000 ⁽⁸⁾	1.1%
Craig Taylor Vancouver, BC	Common Shares	100,000 ⁽⁹⁾	0.8%	25,000	0.1%
Marc Cernovitch Toronto, Ontario	Common Shares	Nil	0.0%	400,000 ⁽¹⁰⁾	1.8%
David Rutt Calgary, Alberta	Common Shares	50,000	0.4%	50,000	0.2%
Brett Kagetsu Vancouver, BC	Common Shares	50,000	0.4%	50,000	0.2%
Total: ⁽¹¹⁾		1,100,000	9.3%	1,560,000	7.1%

Notes:

- (1) Based on a total of 11,803,159 Blue Cove Shares outstanding as of the date of this Filing Statement, on an undiluted basis. Assuming no participation in the QT Financing.
- (2) Pursuant to the terms of the IPO Escrow Agreement, 10% of these Escrow Securities will be released upon the date of issuance of the Final Exchange Bulletin respecting the Transaction.
- (3) Based on the total of 22,011,909 Resulting Issuer Shares expected to be outstanding following completion of the Acquisition and the QT Financing, on an undiluted basis.
- (4) Includes 100,000 Blue Cove Shares purchased by Mr. Sedgemore pursuant to a private placement which closed August 18, 2010.
- (5) Effective on the Closing Date, and subject to Exchange approval, Nick DeMare has agreed to sell 100,000 IPO Escrow Securities at a price of \$0.15 per share to Marc Cernovitch, an incoming officer of the Resulting Issuer.

- (6) Includes 135,000 Blue Cove Shares purchased by DeMare pursuant to a private placement which closed August 18, 2010.
- (7) Effective on the Closing Date, and subject to Exchange approval, Dave Doherty has agreed to sell 150,000 IPO Escrow Securities at a price of \$0.15 per share to Marc Cernovitch, an incoming officer of the Resulting Issuer.
- (8) Includes 150,000 Blue Cove Shares purchased by Mr. Doherty pursuant to a private placement which closed August 18, 2010.
- (9) Effective on the Closing Date, and subject to Exchange approval, Craig Taylor has agreed to sell 75,000 IPO Escrow Securities at a price of \$0.15 per share to Marc Cernovitch, an incoming officer of the Resulting Issuer. On the Closing Date, Mr. Taylor will resign as a director. Mr. Taylor anticipates Acquiring 75,000 QT Units in the QT Financing.
- (10) Marc Cernovitch, an incoming officer of the Resulting Issuer, currently holds 75,000 Blue Cove Shares. Effective on the Closing Date, and subject to Exchange approval, Mr. Cernovitch has agreed to purchase 325,000 IPO Escrow Securities at a price of \$0.15 per share from current directors and officers of the Issuer. Excludes 50,000 QT Units Mr. Cernovitch anticipates acquiring in the QT Financing.
- (11) Columns may not add correctly due to rounding.

The IPO Escrow Securities are currently held by the persons listed above pursuant to the IPO Escrow Agreement. There are 1,100,000 IPO Escrow Securities currently in escrow. In conjunction with the Acquisition it is proposed that a total of 325,000 of the IPO Escrow Securities will be transferred to Marc Cernovitch, an incoming officer of the Resulting Issuer, and will remain subject to the IPO Escrow Agreement.

The IPO Escrow Securities are currently subject to the release schedule set out in Schedule B(1) to the Exchange's Form 2F, with 10% to be released upon the date of issuance of the Final Exchange Bulletin respecting the Transaction and an additional 15% of the IPO Escrow Securities are to be released every six months thereafter until all IPO Escrow Securities have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the Exchange as a Tier I Issuer, the IPO Escrow Securities will be released on an accelerated schedule, as set out in Schedule B(2) of Form 2F. Pursuant to Schedule B(2) of Form 2F, 25% of the IPO Escrow Securities would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the IPO Escrow Securities would be released every six months thereafter, until all IPO Escrow Securities have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The IPO Escrow Agreement provides that the IPO Escrow Securities are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the IPO Escrow Securities held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the IPO Escrow Securities which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the IPO Escrow Securities held by the escrow shareholder will be released from escrow.

It is anticipated that all Escrow Securities will be held pursuant to the IPO Escrow Agreement upon Completion of the Qualifying Transaction. At the time of completion of the Acquisition and Escrow Transfer, it is expected that each of the persons listed in the table above will hold Resulting Issuer Shares subject to escrow in the amount listed beside such persons name. There are expected to be 1,560,000 Escrow Securities held in escrow prior to the initial release of 10% of the Escrowed Securities pursuant to the terms of the IPO Escrow Agreement.

The Transfer Agent is the escrow agent for the purposes of the IPO Escrow Agreement.

GENERAL MATTERS

Sponsorship

Canaccord Genuity Corp., subject to completion of satisfactory due diligence, has agreed to act as in connection with the Acquisition. Pursuant to a letter agreement dated January 6, 2011 between the Sponsor and the Issuer, the Sponsor agreed to file a sponsorship letter, report or such other materials required by the Exchange with respect to the Acquisition. The Issuer has agreed to pay the Sponsor a sponsorship fee of \$50,000 plus HST (of which \$25,000 plus HST has been paid to the Sponsor) and further agreed to pay the Sponsor's reasonable expenses, including expenses of counsel.

Experts

The following is a list of persons or companies whose profession or business gives authority to a statement made by a person or company named in this Filing Statement as having prepared or certified a part of that document or report described in the Filing Statement:

- (a) Davidson & Company LLP, auditors of the Issuer; and
- (b) Michel Rowland, P.Geo., the Qualified Person who prepared the Technical Report.

To the knowledge of management of the Issuer, as of the date hereof, no expert, nor any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of the Issuer or the Resulting Issuer or of an Associate or Affiliate of any of them, and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate thereof.

Auditor, Transfer Agent and Registrar

The Resulting Issuer anticipates that the transfer agent and registrar for the Resulting Issuer will be Valiant Trust Company, of 600 – 750 Cambie Street, Vancouver, B.C. V6B 2P2. Transfers may be recorded in Vancouver, British Columbia.

Upon completion of the Acquisition, it is intended that the Resulting Issuer's auditors will be Davidson & Company LLP, of 1200 – 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, British Columbia, V7Y 1 G6.

Other Material Facts

To management's knowledge, there are no other material facts relating to the Acquisition that are not otherwise disclosed in this Filing Statement or are necessary for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Acquisition.

Board Approval

The Board of Directors of the Issuer has approved the contents of this Filing Statement.

CERTIFICATE OF ISSUER

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities of Blue Cove Capital Corp. assuming completion of the Qualifying Transaction.

DATED March 31, 2011.

BLUE COVE CAPITAL CORP.

/s/ "Robert Sedgemore"
Robert Sedgemore
President and Chief Executive Officer

/s/ "Nick DeMare"
Nick DeMare
Chief Financial Officer and Corporate Secretary

On behalf of the Board of Directors

/s/ "Dave Doherty"
Dave Doherty
Director

/s/ "Craig Taylor"
Craig Taylor
Director

CERTIFICATE OF SPONSOR

To the best of our information and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities of Blue Cove Capital Corp. assuming completion of the Qualifying Transaction.

DATED March 31, 2011.

CANACCORD GENUITY CORP.

/s/ "Ali Pejman"

Ali Pejman

Managing Director, Investment Banking

ACKNOWLEDGMENT - PERSONAL INFORMATION

“**Personal Information**” means any information about an identifiable individual, and includes information contained in any items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Exchange Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: March 31, 2011.

/s/ “Robert Sedgemore”
Robert Sedgemore
President and Chief Executive Officer

AUDITORS' CONSENT

We have read the Filing Statement of Blue Cove Capital Corp. (the "Company") dated March 31, 2011 relating to the proposed Qualifying Transaction and concurrent private placements. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned Filing Statement of our report to the directors of the Company on the balance sheet of the Company as at November 30, 2010 and the statements of loss, comprehensive loss and deficit and cash flows for the year then ended. Our report is dated February 18, 2011 (except as to Note 11 which is as of April 8, 2011).

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

April 8, 2011



1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172



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Canada

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Fax: 604-534-4220
www.deloitte.ca

AUDITORS' CONSENT

We have read the filing statement of Blue Cove Capital Corp. (the "Company") dated March 31, 2011 relating to the qualifying transaction of the Company involving the acquisition by the Company of certain mineral properties located in Columbia. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned filing statement of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at November 30, 2009 and 2008; and the consolidated statements of loss and comprehensive loss, deficit and cash flows for each of the years in the two-year period ended November 30, 2009. Our report is dated February 19, 2010.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

Chartered Accountants
Langley, British Columbia
March 31, 2011

SCHEDULE "A"

Audited annual financial statements of Blue Cove Capital Corp. as at and for the years ended November 30, 2010 and 2009 and audited consolidated financial statements of Blue Cove Capital Corp. as at and for the years ended November 30, 2009 and 2008

See attached documents

BLUE COVE CAPITAL CORP.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
NOVEMBER 30, 2010 AND 2009

AUDITORS' REPORT

To the Directors of
Blue Cove Capital Corp.

We have audited the balance sheet of Blue Cove Capital Corp. as at November 30, 2010 and the statements of loss, comprehensive loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The audited financial statements at November 30, 2009 and for the year then ended were examined by another auditor who expressed an opinion without reservation on those statements in their report dated February 19, 2010.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

February 18, 2011
(except as to Note 11, which
is as of April 8, 2011)



BLUE COVE CAPITAL CORP.
BALANCE SHEETS
AS AT NOVEMBER 30

	2010 \$	2009 \$
ASSETS		
CURRENT ASSETS		
Cash	801,923	57,669
Amounts receivable	29,769	-
Prepays	<u>3,019</u>	<u>-</u>
	<u>834,711</u>	<u>57,669</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	<u>270,483</u>	<u>106,378</u>
SHAREHOLDERS' EQUITY (DEFICIT)		
SHARE CAPITAL (Note 3)	971,271	231,644
CONTRIBUTED SURPLUS (Note 5)	574,429	26,261
DEFICIT	<u>(981,472)</u>	<u>(306,614)</u>
	<u>564,228</u>	<u>(48,709)</u>
	<u>834,711</u>	<u>57,669</u>

NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN (Note 1)

SUBSEQUENT EVENTS (Note 11)

APPROVED BY THE DIRECTORS

“Nick DeMare” , Director

“Robert Sedgemore” , Director

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

BLUE COVE CAPITAL CORP.
STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE YEARS ENDED NOVEMBER 30

	2010 \$	2009 \$
EXPENSES		
Accounting and administration	1,690	-
Audit fees	11,700	11,907
Due diligence	57,428	-
General and office expenses	3,699	1,986
Listing fees	8,849	14,910
Legal fees	19,407	-
Qualifying transaction expenses (Note 1)	67,633	198,563
Shareholder communications	1,670	-
Stock-based compensation (Note 4)	485,302	15,006
Telephone	6,899	-
Transfer agent	5,377	-
Travel	5,204	-
	<u>674,858</u>	<u>242,372</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(674,858)	(242,372)
DEFICIT - BEGINNING OF YEAR	<u>(306,614)</u>	<u>(64,242)</u>
DEFICIT - END OF YEAR	<u><u>(981,472)</u></u>	<u><u>(306,614)</u></u>
LOSS PER COMMON SHARE - BASIC AND DILUTED	<u><u>(0.12)</u></u>	<u><u>(0.06)</u></u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	<u><u>5,709,925</u></u>	<u><u>4,200,000</u></u>

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

BLUE COVE CAPITAL CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30

	2010 \$	2009 \$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Loss for the year	(674,858)	(242,372)
Adjustment for item not involving cash		
Stock-based compensation	485,302	15,006
Increase in amounts receivable	(29,769)	-
Increase in prepaids	(3,019)	-
Increase in accounts payable and accrued liabilities	<u>164,105</u>	<u>91,139</u>
	<u>(58,239)</u>	<u>(136,227)</u>
FINANCING ACTIVITIES		
Issuance of common shares	831,966	-
Share issue costs	<u>(29,473)</u>	<u>-</u>
	<u>802,493</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	744,254	(136,227)
CASH - BEGINNING OF YEAR	<u>57,669</u>	<u>193,896</u>
CASH - END OF YEAR	<u><u>801,923</u></u>	<u><u>57,669</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION - Note 10

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

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Blue Cove Capital Corp. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to 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"). The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

In October 2009 the Company entered into a mineral property purchase agreement (the "Purchase Agreement") to acquire an interest in certain mineral exploration properties located in the Battle Mountain and Cortez Trends of North Central Nevada. Closing of the Purchase Agreement was to occur on or before February 19, 2010. The Company was unable to obtain the necessary financing to complete the transaction by February 19, 2010 and, in March 2010, the vendor terminated the Purchase Agreement. All costs relating to the transaction have been recorded as qualifying transaction expenses. The Company had also incorporated a wholly-owned subsidiary, BM Nevada Mining Corp. ("BM Nevada"), in anticipation of completion of the Purchase Agreement. BM Nevada has been inactive since its incorporation and the Company has determined to proceed with dissolution of BM Nevada.

On April 7, 2010 trading of the Company's common shares on the TSXV were suspended for failure to complete a Qualifying Transaction within the prescribed time. Effective July 6, 2010 the Company's common shares resumed trading on the NEX Board of the TSXV.

Subsequent to November 30, 2010 the Company entered into agreements to acquire 100% interests in mineral projects located in Colombia and proposes to conduct equity financings, as described in Note 11. The Company believes that the transactions contemplated in the option agreement on the Santa Elena Project and the equity financings will constitute the Company's Qualifying Transaction. There is no assurance that the Company will be able to obtain TSXV approval to complete the transactions.

These financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The Company's ability to continue as a going concern is dependent upon its ability to complete a Qualifying Transaction and attain additional financing from its shareholders sufficient to meet current and future obligations. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared by management in accordance with Canadian GAAP which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses reported during the period. Actual results may differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of stock-based compensation and the application of valuation allowances to future tax assets. The financial statements have, in management's opinion, been properly prepared using careful judgement within the framework of the significant accounting policies summarized in this note.

Stock-Based Compensation

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair values of stock-based compensation are charged to expense as awards vest, with offsetting amounts recognized as contributed surplus.

Income Taxes

Future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future income tax assets and liabilities of a change in income tax rates is included in the period that includes the enactment date. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

Income (Loss) Per Share

Basic income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is calculated in accordance with the treasury stock method which assumes that proceeds received from the exercise of stock options and warrants would be used to repurchase common shares at the prevailing market rate. Under the treasury stock method, the basic and diluted loss per share are the same, as the effect of common shares issuable upon the exercise of warrants and stock options of the Company would be anti-dilutive.

Currency

The functional currency of the Company is Canadian dollars and these financial statements are presented in Canadian dollars. Transactions of the Company that are denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses, if any, arising from the translation of foreign currency denominated monetary assets and liabilities are included in income (loss) for the year.

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Under Section 3855, *Financial Instruments - Recognition and Measurement*, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financing will be expensed in the period incurred.

The Company has designated its cash as held-for-trading, which is measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not expect the adoption of these accounting standards to have an impact on its financial statements.

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

3. SHARE CAPITAL

Authorized: unlimited common shares without par value

Issued common shares:	<u>2010</u>		<u>2009</u>	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of year	<u>4,200,000</u>	<u>231,644</u>	<u>4,200,000</u>	<u>231,644</u>
For cash				
Private placements	8,639,324	831,966	-	-
For finder's fees	63,835	15,959	-	-
Cancellation of common shares	<u>(1,100,000)</u>	<u>(55,000)</u>	<u>-</u>	<u>-</u>
	7,603,159	792,925	-	-
Less share issue costs	<u>-</u>	<u>(53,298)</u>	<u>-</u>	<u>-</u>
	<u>7,603,159</u>	<u>739,627</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>11,803,159</u></u>	<u><u>971,271</u></u>	<u><u>4,200,000</u></u>	<u><u>231,644</u></u>

(a) During fiscal 2010 the Company completed private placements as follows:

- (i) 6,639,324 common shares, at a price of \$0.05 per common share, for total gross proceeds of \$331,966. Directors and or officers of the Company purchased 575,000 common shares of this private placement.
- (ii) 2,000,000 common shares, at a price of \$0.25 per common share, for total gross proceeds of \$500,000.

The Company paid a finder's fee by issuing 63,835 common shares at a price of \$0.25 per share and issuing finder's warrants entitling the holder to purchase 63,835 common shares at an exercise price of \$0.25 per share for a period of two years. The fair value of the finder's warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 92.26%; risk-free interest rate of 1.38%; and expected life of two years. The value assigned to the finder's warrants was \$7,866.

The Company incurred a total of \$29,473 for legal and other expenses related to these private placements.

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

3. SHARE CAPITAL (continued)

- (b) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at November 30, 2010 and 2009 and the changes for the fiscal years ended on those dates is as follows:

	2010		2009	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	200,000	0.10	200,000	0.10
Issued	63,835	0.25	-	-
Expired	<u>(200,000)</u>	0.10	<u>-</u>	-
Balance, end of year	<u><u>63,835</u></u>	0.25	<u><u>200,000</u></u>	0.10

As at November 30, 2010 warrants are outstanding to purchase 63,835 common shares at an exercise price of \$0.25 expiring November 17, 2012.

- (c) During fiscal 2010, in conjunction with the change in the Company's listing status and in accordance with stipulated policies and procedures, seed shareholders agreed to the cancellation of 1,100,000 common shares held in escrow. Accordingly, the original \$55,000 assigned value attributable to these common shares have been transferred from share capital to contributed surplus. As at November 30, 2010, 1,100,000 common shares remain held in escrow.

See also Note 11.

4. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The Company has established a rolling stock 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 in accordance with the policies of the TSXV. The vesting provisions are determined by the Board of Directors and, unless otherwise stated, fully vest when granted.

During fiscal 2010 the Company granted stock options to directors, employees and consultants to purchase 1,171,752 (2009 - nil) common shares and recorded compensation expense of \$481,550. The fair value of the stock options is estimated using the Black-Scholes option pricing model. The assumptions used were: risk-free interest rate of 1.57 %; estimated volatility of 92.38%; expected life of three years; and expected dividend yield of 0%.

The weighted average fair value of all stock options granted during fiscal 2010 to the Company's directors, employees and consultants was \$0.41 per share.

During fiscal 2010 the Company also recorded stock-based compensation of \$3,752 (2009 - \$15,006) on the vesting of stock options which were granted in fiscal 2008.

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

4. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

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 stock options.

A summary of the Company's stock options at November 30, 2010 and 2009 and the changes for the fiscal years ended on those dates is presented below:

	<u>2010</u>		<u>2009</u>	
	Number of Options Outstanding	Weighted Average Exercise Price \$	Number of Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	462,000	0.10	462,000	0.10
Granted	1,171,752	0.52	-	-
Expired	<u>(420,000)</u>	0.10	<u>-</u>	-
Balance, end of year	<u><u>1,213,752</u></u>	0.51	<u><u>462,000</u></u>	0.10

The following table summarizes information about the stock options outstanding and exercisable at November 30, 2010:

Number Outstanding and Exercisable	Exercise Price \$	Expiry Date
42,000	0.10	March 28, 2018
<u>1,171,752</u>	0.52	November 16, 2013
<u><u>1,213,752</u></u>		

5. CONTRIBUTED SURPLUS

The Company's contributed surplus at November 30, 2010 and 2009 and the changes for the fiscal years ended on those dates is presented below:

	<u>2010</u> \$	<u>2009</u> \$
Balance, beginning of year	26,261	11,255
Finder's fee warrants issued (Note 3(a))	7,866	-
Cancellation of common shares (Note 3(c))	55,000	-
Stock-based compensation on stock options (Note 4)	<u>485,302</u>	<u>15,006</u>
Balance, end of year	<u><u>574,429</u></u>	<u><u>26,261</u></u>

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

6. RELATED PARTY TRANSACTIONS

During fiscal 2010:

- (i) the Company incurred \$43,860 (2009 - \$148,938) for legal services provided by a law firm of which a former officer of the Company is a partner. As at November 30, 2009, \$114,217 was owing and included in accounts payable and accrued liabilities. During fiscal 2010 the law firm assigned the remaining unpaid balance of \$166,052 to a party at arm's length to the Company. This balance remained outstanding at November 30, 2010 and was included in accounts payable and accrued liabilities; and
- (ii) the Company incurred \$1,690 for accounting and administrative services provided by a private company owned by a director of the Company. As at November 30, 2010, \$1,690 remained outstanding and was included in accounts payable and accrued liabilities.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. INCOME TAXES

Future income tax assets and liabilities of the Company as at November 30, 2010 and 2009 are as follows:

	2010	2009
	\$	\$
Future income tax assets		
Loss carry forwards	126,800	74,200
Other	<u>17,200</u>	<u>15,000</u>
	144,000	89,200
Valuation allowance	<u>(144,000)</u>	<u>(89,200)</u>
Net future income tax assets	<u><u>-</u></u>	<u><u>-</u></u>
Future income tax liabilities	<u><u>-</u></u>	<u><u>-</u></u>

The recovery of income taxes shown in the statements of loss, comprehensive loss and deficit differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes as follows:

	2010	2009
	\$	\$
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>28.71%</u>	<u>29.94%</u>
Expected income tax recovery	193,800	72,600
Share issuance cost	6,000	4,500
Non-deductible stock-based compensation	(139,300)	(4,500)
Unrecognized benefit of income tax losses	<u>(60,500)</u>	<u>(72,600)</u>
Actual income tax recovery	<u><u>-</u></u>	<u><u>-</u></u>

As of November 30, 2010 the Company has non-capital losses of approximately \$507,000 and accumulated tax pools of approximately \$69,000 carried forward for Canadian tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2027 through 2030.

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

7. INCOME TAXES (continued)

As it is more likely than not that the Company will not realize the benefit of the income tax losses and temporary timing differences, no current or future income tax recovery has been recorded by the Company.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of amounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Cash is measured at fair value using the fair value hierarchal classification as at November 30, 2010 as follows:

Level 1 \$	Level 2 \$	Level 3 \$
<u>801,923</u>	<u>-</u>	<u>-</u>

The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

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 its financial instruments is remote as its cash is held at large financial institutions. Amounts receivable are primarily due from the Government of Canada.

Liquidity Risk

All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

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 has cash and no interest bearing debt and is not subject to significant interest rate risk.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. There is low foreign exchange risk to the Company as it currently operates in Canada.

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

9. 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 identification and review of asset or business acquisitions. 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 shareholders equity. The Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new opportunities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities were conducted by the Company during fiscal 2010 and 2009 as follows:

	2010 \$	2009 \$
Financing activities		
Issuance of common shares for finders' fees	15,959	-
Common share issue costs	(23,825)	-
Contributed surplus - finder's fee warrants	7,866	-
	-	-
Other supplemental cash flow information:		
	2010 \$	2009 \$
Interest paid in cash	-	-
Income taxes paid in cash	-	-

11. SUBSEQUENT EVENTS

- (a) On December 9, 2010, as amended December 23, 2010, the Company entered into a letter of intent (the "Barannco de Loba LOI") whereby it was granted an option to acquire a 100% interest in three mineral concessions (the "Barannco de Loba Project") located in the Department of Sur de Bolivar, Colombia. To earn the interest in the Barannco de Loba Project the Company paid US \$25,000 on signing and is required to pay a further US \$575,000 and issue 1,000,000 common shares of the Company as follows:

Date	Cash Payments US \$	Share Issuances
Upon closing	100,000	1,000,000
90 days after closing	225,000	-
6 months after closing	250,000	-
	575,000	1,000,000

The Company will also be required to pay US \$53,000 for outstanding concession payments upon closing.

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

11. SUBSEQUENT EVENTS (continued)

The Company will also pay the vendors an additional payment of US \$500,000 and issue 500,000 common shares if the Barranco de Loba Project contains a measured resource of greater than 500,000 ounces of gold but less than 1,000,000 ounces of gold. In the event the measured gold resource is 1,000,000 ounces or greater, then the Company will pay US \$1,000,000 and issue 1,000,000 common shares for every 1,000,000 ounces of gold, up to a maximum of US \$10,000,000 and 10,000,000 common shares.

Closing of the terms of the Barranco de Loba LOI is conditional upon completion of due diligence, execution of a definitive agreement and receipt of TSXV approval. The Barranco de Loba LOI will not form part of the Company's Qualifying Transaction.

- (b) By agreements dated December 22, 2010 and February 14, 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 paid US \$25,000 on signing and is required to pay a further US \$3,000,000 and conduct US \$3,000,000 exploration expenditures, as follows:

Date	Cash Payments US \$	Work Expenditures US \$
Upon closing	250,000	-
3 months after closing	250,000	-
12 months after closing	-	500,000
14 months after closing	500,000	-
24 months after closing	-	1,000,000
26 months after closing	1,000,000	-
36 months after closing	-	1,500,000
38 months after closing	<u>1,000,000</u>	<u>-</u>
	<u><u>3,000,000</u></u>	<u><u>3,000,000</u></u>

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%.

Closing of the terms of the Santa Elena Option is conditional upon receipt of TSXV approval. The Santa Elena Project will form part of the Company's Qualifying Transaction.

- (c) On January 6, 2011 the Company entered into a sponsorship agreement with Canaccord Genuity Corp. ("Canaccord") under which the Company paid Canaccord \$25,000 and will pay a further \$25,000 upon the delivery of the preliminary sponsorship report by Canaccord. The Company also paid an advance retainer of \$10,000 for expenses to be incurred by Canaccord.
- (d) On February 1, 2011, as amended, the Company entered into an agreement with Canaccord whereby Canaccord has agreed to act as agent for an equity financing comprising of a short form offering of up to 2,000,000 common shares of the Company at a price of \$1.00 per share and a brokered private placement of up to 3,500,000 units, at a price of \$1.00 per unit. Each unit will comprise one common share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of \$1.30 for a period of two years.

BLUE COVE CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009

11. SUBSEQUENT EVENTS (continued)

Canaccord will receive a commission of 7% of the gross proceeds raised under the short form offering and brokered private placement, in cash or units at the option of Canaccord. In addition the Company will issue to Canaccord that number of warrants ("Agent's Warrants") equal to 7% of the shares and units raised and a further 125,000 units ("Corporate Finance Units") as a corporate finance fee. Each Agent's Warrant will be exercisable to purchase an additional common share at a price of \$1.00 for a period of two years. The Corporate Finance Units will have the same terms as the units issued under the private placement.

The Company also intends to conduct a non-brokered private placement of 4,500,000 units at \$1.00 per unit with the same terms as the brokered private placement.

The equity financings will form part of the Company's Qualifying Transaction.

Blue Cove Capital Corp.
Consolidated Financial Statements
For year ended November 30, 2009

To the Shareholders of Blue Cove Capital Corp.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely primarily of Directors who are not employees of the Corporation, but who are the management of the Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Board is also responsible for recommending the appointment of the Corporation's external auditors.

Deloitte & Touche LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board and management to discuss their audit findings.

February 21, 2010

"David Rutt"

President

"Steven Redekop"

Chief Financial Officer



Deloitte & Touche LLP
20316 - 56th Avenue
Suite 225
Langley BC V3A 3Y7
Canada

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Auditors' Report

To the Shareholders of
Blue Cove Capital Corp.

We have audited the balance sheets of Blue Cove Capital Corp. as at November 30, 2009 and 2008 and the statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at November 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
February 19, 2010

Blue Cove Capital Corp.

Consolidated Balance Sheet
As at November 30, 2009

	2009	2008
Assets		
<i>Current</i>		
Cash	57,669	193,896
Liabilities		
<i>Current</i>		
Accounts payable and accruals	106,378	15,239
Shareholders' Equity		
Share capital (Note 4)	231,644	231,644
Contributed surplus (Note 5)	26,261	11,255
Deficit	(306,614)	(64,242)
	(48,709)	178,657
	57,669	193,896

Going concern – see note 1 to the consolidated financial statements

“David Rutt”

David Rutt, President

“Steven Redekop”

Steven Redekop, CFO

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

Blue Cove Capital Corp.

Consolidated Statement of Loss and Comprehensive Loss
For the year ended November 30, 2009

	2009	2008
Expenses		
General and administrative expenses	1,872	926
Interest and bank charges	114	143
Listing fees	14,910	-
Professional fees	11,907	44,017
Qualify transaction expenses	198,563	-
Stock-based compensation (Note 6)	15,006	8,234
Net loss and comprehensive loss	(242,372)	(53,320)
Loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares	4,200,000	3,876,712

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

Blue Cove Capital Corp.

Consolidated Statement of Deficit
For the year ended November 30, 2009

	2009	2008
Deficit, beginning of year	\$ (64,242)	\$ (10,922)
Net loss and comprehensive loss	(242,372)	(53,320)
Deficit, end of year	<u>\$ (306,614)</u>	<u>\$ (64,242)</u>

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

Blue Cove Capital Corp.

Consolidated Statement of Cash Flows
For the year ended November 30, 2009

	2009	2008
Cash provided by (used for) the following activities:		
Operating activities		
Net Loss	\$ (242,372)	\$ (53,320)
Stock-based compensation	15,006	8,234
	(227,366)	(45,086)
Changes in working capital accounts		
Accounts payable and accrued liabilities	91,139	4,351
	(136,227)	(40,735)
Financing activities		
Issuance of share capital, net of share issue costs	-	124,665
Increase (decrease) in cash	(136,227)	15,239
Cash, beginning of year	193,896	109,966
Cash, end of year	\$ 57,669	\$ 193,896

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

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

1. Business Operations and going concern

Blue Cove Capital Corp. (the "Corporation") is a Capital Pool Corporation ("CPC") that has not commenced operations and has no substantial assets other than a minimum amount of cash. The Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation was incorporated as a private corporation by Certificate of Incorporation issued pursuant to the provisions of the B.C. Business Corporations Act on October 23, 2007. The Articles of the Corporation were amended by Certificate of Amendment issued March 28, 2008 to remove the private provisions and restrictions on share transfers. The Corporation became a publicly listed corporation pursuant to an initial public offering of its shares on March 31, 2008 and was listed on the TSX Venture Exchange ("TSX") on April 1, 2008. The Corporation is required to complete a Qualifying Transaction within 24 months of the date of listing. Failure to either complete a Qualifying Transaction or obtain an extension by April 1, 2010 would result in suspension of the Corporation's shares from trading. There is no assurance that the TSX will grant an extension. If the Corporation cannot complete a Qualifying Transaction or obtain an extension by April 1, 2010, the Corporation will apply to be listed on the NEX under section 14.13 of the TSX Capital Pool Company Policy 2.4.

There is no assurance that the Corporation will be able to identify a suitable Qualifying Transaction. Furthermore, even if a Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction.

During the year, the Corporation incurred expenses of \$198,563 relating to the Corporation's qualifying transaction, of which consist primarily of professional fees. The closing of the qualifying transactions was to occur on February 19, 2010, but the Corporation was unable to obtain the necessary financing to complete the transaction as at February 19, 2010. On March 23, 2010 the vendor cancelled the agreement.

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation's ability to continue as a going concern is dependent upon its ability to attain additional financing from its shareholders sufficient to meet current and future obligations. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue its operations.

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

2. Significant accounting policies

These consolidated financial statements have been prepared on the basis of the Corporation's continuance as a going concern in accordance with Canadian Generally Accepted Accounting Principles and reflect the following significant policies:

Principles of consolidation

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, BM Nevada Mining Corp. All intercompany transactions and balances are eliminated

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Significant estimates include recoverability of Mineral property acquisition costs. Actual results could differ from these estimates.

Cash

Cash has been designated as held-for-trading and is measured at market value with realized and unrealized gains and losses reported in net income.

Income taxes

Income taxes are accounted for using the liability method. Under this method, income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. Future income tax assets and liabilities are measured using enacted and substantively enacted tax rates expected to apply in the years in which the temporary difference are expected to be recovered or settled.

Financial instruments

The financial instruments standard establishes the recognition and measurement criteria for financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instruments has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables", and "other financial liabilities" as defined by the standard.

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

2. Significant accounting policies (continued)

Financial assets and financial liabilities "held-for-trading" are measured at fair value, with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are measured at fair value, with changes in those fair values recognized in other comprehensive income. Financial assets "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest method of amortization.

The Corporation has made the following classifications:

Cash and cash equivalents are designated as "held-for-trading" and are measured at carrying value, which approximates fair value to the short-term nature of these instruments. Accounts payable are designated as "other financial liabilities".

Loss per share

The Corporation uses the treasury stock method of calculating fully diluted loss per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. There were no dilutive instruments outstanding at November 30, 2009.

Basic loss per share is calculated using the weighted average number of shares outstanding during the period.

Stock-based compensation

The Corporation has a stock based compensation program for officers, directors, and employees. The Corporation uses the fair value method for valuing stock option grants. Under this method, compensation costs attributable to all stock options is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase in contributed surplus. Consideration paid upon the exercise of the stock options will be recorded as an increase to share capital together with the corresponding amounts previously recognized in contributed surplus.

The fair values for these options is estimated at the grant date using a Black-Scholes option pricing model with assumptions for weighted-average risk free interest rates; dividend yields; weighted-average volatility factors for the expected market price of the Corporation's common shares; and a weighted-average expected life of the options.

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

2. Significant accounting policies (continued)

Future accounting pronouncements

Business combinations

In January 2009, the CICA issued new recommendations for Handbook Section 1582, Business Combinations, to replace Section 1581, Business Combinations. Section 1582 provides the Canadian equivalent to IFRS 3 (revised), Business Combinations, and specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition related costs as expenses. The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011, however, early adoption is permitted as long as the new recommendations for consolidated financial statements and non-controlling interests described below are adopted concurrently. The Corporation is currently assessing the impact of this new standard on its consolidated financial statements.

Consolidated financial statements and non-controlling interests

In January 2009, the CICA also issued new recommendations for Handbook Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests, which together replace Section 1600, Consolidated Financial Statements, and provide the Canadian equivalent to the corresponding provisions of International Accounting Standard IAS 27 (revised), Consolidated and Separate Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, instead of a liability or other item outside of equity. These new standards are effective for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 however, early adoption is permitted as of the beginning of a fiscal year as long as the new recommendations for business combinations described above are adopted concurrently. The Corporation is currently assessing the impact of these new standards on its consolidated financial statements.

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises are required to prepare financial statements in accordance with IFRS for interim and annual reporting periods beginning on or after January 1, 2011, including comparative figures. The adoption date for the Corporation of December 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Corporation for its year ended November 30, 2010, and of the opening balance sheet as at December 1, 2011. The Corporation is continuing to assess the financial reporting impacts of the adoption of IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable. The Corporation anticipates a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required.

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

3. Accounting changes

Goodwill and intangible assets

On December 1, 2009, the Corporation adopted CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaced Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. The new standard is aligned with IFRS and provides more comprehensive guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets in accordance with the definition of an asset and the criteria for asset recognition, in particular for internally generated intangible assets. This change in accounting standard has been adopted retrospectively with no impact on the consolidated financial statements.

Fair value of financial assets and liabilities

Credit risk

On January 20, 2009, the CICA published Emerging Issues Committee ("EIC") Abstract 173, Credit Risk and the Fair Value of Financial Assets and Liabilities. The EIC abstract states that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. This recommendation is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements ending on or after the date of issuance of the abstract. The adoption of this standard had no impact on the Corporation's consolidated financial statements.

Disclosures

In June 2009, amendments to CICA Handbook Section 3862, Financial Instruments – Disclosures, were issued that included additional disclosure requirements about the fair value measurement of financial instruments and enhanced liquidity risk disclosures. The amendments are effective for annual financial statements relating to fiscal years ending after September 30, 2009. These amendments impact the Corporation's disclosures and are reflected in Note 10.

Section 3862 now requires that all financial instruments measured at fair value on the balance sheet be categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: One or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

4. Share capital

	2009	2008
Authorized		
Unlimited common shares without par value		
Issued		
2,200,000 common shares – seed shares at \$0.05 per share	110,000	110,000
2,000,000 common shares – initial public offering at \$0.10 per share	200,000	200,000
Share issuance costs	(75,335)	(75,335)
Agent warrants	(3,201)	(3,021)
	231,644	231,644

In November 2007, the Corporation issued 2,200,000 common shares at a price of \$0.05 for total proceeds of \$110,000. These shares were subscribed for by the Corporation's directors and officers and allotted from treasury. The 2,200,000 shares are held in escrow and will be released in accordance with TSX-V Policy 2.4 (the "Policy") over a period of up to 36 months from the date of the final exchange bulletin (as defined in the Policy).

On April 1, 2008, the Corporation completed its prospectus offering in British Columbia, Alberta and Ontario of 2,000,000 common shares at a price of \$0.10 per share for total proceeds of \$200,000 (the "IPO").

In connection with the IPO, the Corporation paid cash commissions of 10% (in the amount of \$20,000) of the aggregate gross proceeds from the sale of the common shares to an agent. Also, the agent was paid a corporate finance fee of \$10,000 and granted non-transferable share purchase warrants, entitling the agent to purchase the number of common shares equal to 10% of the aggregate common shares sold pursuant to the IPO, representing up to 200,000 common shares at a price of \$0.10 per common share, expiring 24 months from the listing date of the Corporation's shares on the Exchange. The warrants are valued at \$3,021.

Also on April 1, 2008, the Corporation granted 420,000 stock options to the directors and officers of the Corporation at a price of \$0.10 per share, exercisable until March 28, 2013. In addition, the Corporation also granted an Eligible Charitable Organization under the policies of the TSX-V, stock options to acquire up to 42,000 common shares at a price of \$0.10 per share, exercisable until March 28, 2018. The total stock-based compensation value calculated under the fair value method using the Black-Scholes option-pricing model was \$30,012 (2008 - \$30,012), of which \$28,016 is recognized as a stock-based compensation and \$1,996 as stock-based donations.

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

5. Contributed surplus

	2009	2008
Beginning of the year	11,255	-
Stock-based compensation	14,008	7,485
Options granted to charitable organization	998	749
Warrants issued	-	3,021
	<u>26,261</u>	<u>11,255</u>

6. Stock options and stock-based compensation

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years.

Concurrent with the completion of the initial public offering on April 1, 2008, the Corporation granted 420,000 stock options at a price of \$0.10 per share, expiring on March 28, 2013, valued at \$19,961.

In addition to the options referred to above, the Corporation granted non-transferable options to Christian Outreach of Canada for a total of 42,000 at a price of \$0.10 per share until March 28, 2018, valued at \$1,996. These options are not applied against the 10% limited noted above.

Concurrent with the completion of the initial public offering, the Agent was granted non-transferable options of 200,000 at a price of \$0.10 per share, exercisable for a period of 24 months from the date of listing of the common shares on the TSX-V.

As of November 30, 2009, all issued options are exercisable and outstanding.

The fair value of options granted is estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions used for the issuance of the options:

Risk-free interest rate	4.77%
Estimated volatility	192%
Expected life	4.0 years
Expected dividend yield	0%

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

6. Stock options and stock-based compensation (continued)

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 Corporation's stock options.

7. Income taxes

Potential tax benefits

As of November 30, 2009, the Corporation has income tax losses of approximately \$282,000, which may be used to reduce future years' federal and provincial taxable income. The benefits resulting from these tax losses have not been recognized in the accounts. These losses expire as follows:

2027	11,000
2028	44,000
2029	227,000
	<hr/>
	282,000

The Corporation has undeducted share issuance costs of approximately \$75,000 which will be deducted from Canadian taxable income over the next five years.

As it is not more likely than not that the Corporation will realize the benefit of the income tax losses and temporary timing differences, no current or future income tax recovery has been recorded by the Corporation.

8. Related party transactions

During the year ended November 30, 2009, the Corporation has a balance owing in accounts payable of \$114,217 for legal costs relating to a law firm, of which one of the Corporation's officers is a partner. The value of the legal services provided for the year ended November 30, 2009 is \$148,938 (2008 – \$44,680).

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

9. Risk management and capital disclosure

Capital risk management

The Corporation's objective when managing capital is to safeguard the Corporation's ability to continue as a going concern. To maintain or adjust the capital structure, the Corporation may issue new shares, acquire assets, or adjust the amount of cash. The Corporation defines its capital as shareholders' equity and the primary use of capital will be to complete a qualifying transaction.

Financial risk management

The Corporation is not exposed to significant interest rate risk from fluctuation in market interest rates.

The Corporation has not yet commenced operations and as a result is not exposed to significant credit concentration risk.

The Corporation's functional currency is the Canadian Dollar and all transactions have been denominated in Canadian Dollars. There is currently no significant foreign exchange risk.

Credit risk

The Corporation is exposed to credit risk on its cash held with a large Canadian bank. There is no significant credit risk.

10. Financial instruments

Financial instruments by category

The fair values of financial instruments included in current assets and current liabilities in the Corporation's consolidated balance sheets approximate their fair value, reflecting the short-term maturity of these instruments.

Fair value hierarchy

All of the Corporation's financial instruments are classified as level one within the fair value hierarchy (see Note 3)

Blue Cove Capital Corp.

Notes to the Consolidated Financial Statements
For the year ended November 30, 2009

11. Qualifying transactions and financing

On October 15, 2009, the Corporation through its wholly-owned subsidiary, BM Nevada Mining Corp. ("BMN"), entered into a definitive mineral property purchase agreement, with Golden Predator Mines (US) Inc. ("Golden Predator US") and Great American Minerals Inc. (collectively, the "Vendors") to acquire, through BMN, the collective Vendors' interest in certain mineral exploration properties located in the Battle Mountain and Cortez Trends of North Central Nevada, USA.

Pursuant to the Agreement, closing of the acquisition was to occur on or before February 19, 2010. All costs relating to the qualifying transaction have been expensed as at November 30, 2009. The Corporation was unable to obtain the necessary financing to complete the transaction by February 19, 2010. As of March 23, 2010, the Vendors have cancelled the definitive mineral property purchase agreement. It is management's intent to continue to identify and evaluate assets or businesses which will qualify as a Qualifying Transaction.

If the Corporation cannot complete a Qualifying Transaction or obtain an extension by April 1, 2010, the Corporation will apply to be listed on the NEX under section 14.13 of the TSX Capital Pool Company Policy 2.4.

SCHEDULE "B"

Management's Discussion and Analysis of Blue Cove Capital Corp. as at and for
the years ended November 30, 2010, 2009 and 2008

See attached documents

BLUE COVE CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED NOVEMBER 30, 2010

Background

This discussion and analysis of financial position and results of operation is prepared as at February 24, 2011 and should be read in conjunction with the audited annual financial statements and the accompanying notes for the years ended November 30, 2010 and 2009, of Blue Cove Capital Corp. (the "Company"). The annual financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). 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.

Company Overview and Proposed Qualifying Transaction

The Company was incorporated under the laws of the Province of British Columbia on October 23, 2007. On February 29, 2008 the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On March 31, 2008 the Company completed its initial public offering (the "Offering") to raise \$200,000 and on April 1, 2008 the Company listed its common shares on the TSX Venture Exchange (the "TSXV") as a capital pool company. The Company has not commenced operations and has no significant assets. The Company's objective is to continue to identify and evaluate potential assets or businesses with a view to completing a Qualifying Transaction.

In October 2009 the Company entered into a mineral property purchase agreement (the "Purchase Agreement") to acquire an interest in certain mineral exploration properties located in the Battle Mountain and Cortez Trends of North Central Nevada. Closing of the Purchase Agreement was to occur on or before February 19, 2010. The Company was unable to obtain the necessary financing to complete the transaction by February 19, 2010 and, in March 2010, the vendor terminated the Purchase Agreement. The Company had also incorporated a wholly-owned subsidiary, BM Nevada Mining Corp. ("BM Nevada"), in anticipation of completion of the Purchase Agreement. BM Nevada has been inactive since its incorporation and the Company has determined to proceed with dissolution of BM Nevada.

On April 7, 2010 trading of the Company's common shares on the TSXV were suspended for failure to complete a Qualifying Transaction within the prescribed time. Effective July 6, 2010 the Company's listing was transferred to the NEX Board of the TSXV and its common shares resumed trading under the symbol "BCV.H". In conjunction with the transfer of the listing to NEX, seed shareholders, in accordance with stipulated policies and procedures, have agreed to the cancellation of 1,100,000 escrow shares.

During December 2010 the Company entered into agreements to acquire 100% interests in two mineral projects located in Colombia, as follows:

- (i) an option to acquire a 100% interest in three mineral concessions covering approximately 6,640.7 hectares (the "Baranco de Loba Project") located in the Department of Sur de Bolivar, Colombia. To earn the interest in the Baranco de Loba Project the Company has paid US \$25,000 on signing and is required to pay a further US \$575,000 and issue 1,000,000 common shares of the Company as follows:

Date	Cash Payments US \$	Share Issuances
Upon closing	100,000	1,000,000
90 days after closing	225,000	-
6 months after closing	250,000	-
	<u>575,000</u>	<u>1,000,000</u>

The Company will also be required to pay US \$53,000 for outstanding concession payments upon closing.

The Company will also pay the vendors an additional payment of US \$500,000 and issue 500,000 common shares if the Barranco de Loba Project contains a measured resource of greater than 500,000 ounces of gold but less than 1,000,000 ounces of gold. In the event the measured gold resource is 1,000,000 ounces or greater, then the Company will pay US \$1,000,000 and issue 1,000,000 common shares for every 1,000,000 ounces of gold, up to a maximum of US \$10,000,000 and 10,000,000 common shares.

Closing of the option on the Barranco de Loba Project is conditional upon completion of due diligence, execution of a definitive agreement and receipt of TSXV approval. This agreement will not form part of the Company's Qualifying Transaction; and

- (ii) an option to acquire a 100% undivided interest in two mining concessions covering approximately 1,287.5 hectares (the "Santa Elena Project") located in the Antioquia District, Colombia. To earn the interest in the Santa Elena Project the Company paid US \$25,000 on signing and is required to pay a further US \$3,000,000 and conduct US \$3,000,000 exploration expenditures, as follows:

Date	Cash Payments US \$	Work Expenditures US \$
Upon closing	250,000	-
3 months after closing	250,000	-
12 months after closing	-	500,000
14 months after closing	500,000	-
24 months after closing	-	1,000,000
26 months after closing	1,000,000	-
36 months after closing	-	1,500,000
38 months after closing	<u>1,000,000</u>	<u>-</u>
	<u>3,000,000</u>	<u>3,000,000</u>

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%.

On February 1, 2011, as amended, the Company entered into an agreement with Canaccord whereby Canaccord has agreed to act as agent for an equity financing comprising of a short form offering of up to 2,000,000 common shares of the Company, at a price of \$1.00 per share, and a brokered private placement of up to 3,500,000 units, at a price of \$1.00 per unit. Each unit will comprise one common share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of \$1.30 for a period of two years.

Canaccord will receive a commission of 7% of the gross proceeds raised under the short form offering brokered private placement, in cash or units at the option of Canaccord. In addition the Company will issue to Canaccord that number of warrants ("Agent's Warrants") equal to 7% of the shares and units raised and a further 125,000 units ("Corporate Finance Units") as a corporate finance fee. Each Agent's Warrant will be exercisable to purchase an additional common share at a price of \$1.00 for a period of two years. The Corporate Finance Units will have the same terms as the units issued under the private placement.

The Company also intends to conduct a non-brokered private placement of 4,500,000 units at \$1.00 per unit with the same terms as the brokered private placement

The Company believes that the transactions contemplated in the option on the Santa Elena Project and the proposed equity financings will constitute the Company's Qualifying Transaction. There is no assurance that the Company will be able to obtain TSXV approval to complete the transactions.

Corporate Update

At the Company's Annual General Meeting held June 14, 2010 Robert Sedgemore, David Doherty, Craig Taylor, Nick DeMare and Maureen Friesen were elected as directors.

At a directors meeting held subsequent to the shareholders meeting, the directors appointed Mr. Sedgemore as the President and Chief Executive Officer, and Mr. DeMare as the Chief Financial Officer and Corporate Secretary of the Company.

Effective July 21, 2010 Mrs. Friesen resigned as a director of the Company to pursue other opportunities.

Effective July 22, 2010 at the request of the Company, Deloitte and Touche LLP resigned as the Company's auditor and Davidson & Co. LLP was appointed as the successor auditor for the Company.

Exploration Projects

Santa Elena Copper and Gold Project

The Santa Elena Project consists of 2 licenses HGLE-02 and HJIG-02 containing a total of 1,287.5 hectares in the Antioquia district, Colombia. The property lies approximately 140 kilometers north east of Medellin, which is accessible by a paved highway and by air from all major cities in Colombia. Infrastructure around the Santa Elena project is well developed, including paved road access, two hydroelectric plants within 5 km, abundant water supply, with nearby pueblos and supportive population.

The project is near the north end of the Antioquia batholiths, in sequence of Cretaceous marine sediments and basaltic volcanic. The area has historically not supported any large-scale mining operations.

A surface geophysical Transient Electromagnetic Survey ("TEM") at fifty meter intervals was conducted on a selected area of the property with outcropping mineralization by Val D'Or Geophysics for Noranda Mining and Exploration Inc. The results demonstrated four strong conductors with good vertical extent which remains open to the north. Two of the conductors are coincident with outcropping volcanogenic massive sulphide (VMS) beds, Azufral and Arroyo. The VMS mineralization is primarily composed of pyrite, pyrrhotite and chalcopyrite and the VMS deposit is classified as a Beshi-Type VMS, based on geological and geochemical characteristics. Average copper grades across the four anomalies is estimated at 1.8% Cu based on assays from surface sampling of the outcrops and underground workings with some individual samples from Azufral grading up to 6.5% Cu and 2.2 gpt Au.

A historical resource estimate was developed by Minerales de Ensenada S.A. in August 1998. The Resource estimate was based on the TEM of the Santa Elena property conducted by Val D'Or Geofisica (dated Jan & April & July, 1998), the basis of these results were used to determine the possible resource potential. The non-compliant NI43-101 resource is estimated at 27,816,000 tonnes at 1.88% Cu, which is equivalent to 524,123 tonnes of Cu.

For the purpose of the resource calculation:

Each of the four VMS zones have strike lengths and depths based on the TEM. The thickness of the two (Azufral, Arroyo) VMS zones were determined by measuring the thickness of the mineralized outcrop. TEM 3 is assumed to have the same thickness and grade as Azufral and TEM 4 is assumed to have the same thickness and grade as Arroyo.

Ten channel samples over one meter lengths were taken (perpendicular to stratigraphy) on the Azufral outcrop, the average copper grade was 2.03% with a range from 1% to 3%.

The specific gravity 4.33 was measured at Azufral and used for all VMS targets.

For the Arroyo zone three channel samples were taken over one meter length (perpendicular to stratigraphy) on the Arroyo outcrop, the average copper grade was 1.65% with a range from 1.2% to 2% Cu.

The Knapp tunnel located 300m east on strike of the Azufral VMS underground workings has exposed mineralized, sheared and brecciated ore with up to 50% sulphides, assays range from 1 to +3% copper, 1.4% zinc, along with anomalous gold and silver values. The ore is more than 50 meters below surface and is located on the eastern flank of

the Azufral outcrop and coincident with the (TEM) geophysics anomaly. (Assay results from the tunnel were not used as part of the resource calculation and were only used to validate continuation of the mineralization underground).

The practice of using a TEM to calculate resource estimates is very common. The results are very reliable when ore bodies have high grades of iron which is the case at Santa Elena averaging 20% Fe.

In all cases the VMS resource calculation is calculated as a simple horizontal, rectangular block, in the plan of the dip. The calculation is strike length x dip length x thickness x density = tonnes.

CAUTIONARY NOTE: A qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the Company is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.

VMS Zone Name	TEM Conductor	Strike Length (M)	Down-Dip (M)	Thickness (M)	Density (s.g.)	Tonnes	Average Cu %	Tonnes Contained Copper
Azufral	TEM-1	550	400	11	4.33	10,479,000	2.03%	212,724
Arroyo	TEM-2	650	280	8	4.33	6,304,000	1.65%	104,016
TEM-3	TEM-3	500	280	11	4.33	6,668,000	2.03%	135,360
TEM-4	TEM-4	450	280	8	4.33	4,365,000	1.65%	72,023
TOTAL						27,816,000	1.88%	524,123
Contained copper estimated at 1,153,070,600 lbs								

The immediate work program will include geological mapping and systematic sampling over the entire area and a continuation of the geophysical survey to the north where it remains open so as to define the extent of the exhalite horizon. Although the Azufral and Arroyo zones are drill ready it is the Company's intent to clearly identify all the anomalies and full potential of the property before commencing an extensive diamond drill program.

Barranco de Loba Gold & Silver Project

The Barranco de Loba Project consists of 3 licenses IEV-15551, IEV-16061 and KLM-11471 containing a total of approximately 6,640.7 hectares in the San Lucas gold district, Colombia. The property lies 220 kilometers northwest of Bucaramanga, the capital city of the department of Santander, and 35 kilometers southwest of the city of El Banco, which is accessible by a paved highway and by air from all major cities in Colombia.

The San Lucas gold district is believed to be one of the most prolific in Colombia and has been artisanally mined for over 200 years. There are currently more than 5,000 small scale miners working in the San Lucas district however very little modern or systematic exploration work has been carried out. AngloGold Ashanti, and Mineros S.A., the largest mining company in Colombia, have conducted regional studies in the area and have reported bonanza grades for both gold and silver. The implementation of modern exploration methods has the potential to truly unlock the full potential of the San Lucas gold district.

In the 1990's the national and local governments, with the support of the geological surveys INGEOMINAS and MINERALCO, carried out several studies in the Sur de Bolivar region and determined that the gold and silver mineralization is mostly hydrothermal with vein thicknesses of up to 6m and in some case disseminated associated with igneous rocks either intruded into the volcanic cover rocks or within the Norosí Batholith.

The Barranco de Loba Project hosts swarms of mineralized veins and veinlets that are interpreted as stockworks which suggests the potential for a larger style disseminated or intruded porphyry style systems.

Small scale mining activity started on the Barranco de Loba property in 2004. Preliminary geological mapping over 45Km² on the property has identified over 26 vein structures to date.

The underlying owners of Barranco de Loba commissioned a preliminary geologic report (June, 2009) on the property which identified approximately 26 low sulphidation vein structures and returned values of up to 52.4 g/t gold and 242 g/t silver over widths up to 6 meters wide, from a combination of outcropping veins, stockworks and mine tunnels.

The mineralization is predominantly hosted within shears zones which transect Precambrian gneisses and granitoids, Mesozoic batholithic igneous (granodiorite/quartz diorite) and Jurassic andesitic volcanics.

The variably mineralized shear zones are traceable southeasterly over a minimum distance of 3-4 kilometers, and across an approximate width of up to 5 kilometers. The maximum depth of mining is reported to be + 300 meters, and where mined by artesian means may reach 20 meter depths, or the bottom of the zone of oxidation and/or water table.

After completion of the Qualifying Transaction, the Company may acquire additional land positions and prospective gold projects located within the San Lucas district. These additional acquisitions would allow the Company to control much of the San Lucas district and it is the Company's intention to undertake an extensive exploration work program focused within the San Lucas district.

A comprehensive geochemical sampling program lead by Dr. Peter Rogers, Consulting Geologist and Geochemist is planned and scheduled to be completed in February 2011. Following this, IP and ground magnetic surveys are planned prior to commencing a diamond drill program.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. 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.

Selected Financial Data

The following selected financial information is derived from the audited financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended November 30,		
	2010 \$	2009 \$	2008 \$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(674,858)	(242,372)	(53,320)
Net loss	(674,858)	(242,372)	(53,320)
Loss per share - basic and diluted	(0.12)	(0.06)	(0.01)
Dividends per share	Nil	Nil	Nil
Balance Sheet:			
Working capital (deficiency)	564,228	(48,709)	178,657
Total assets	834,711	57,669	193,896
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited interim financial statements of the Company prepared in accordance with Canadian GAAP.

Three Months Ended	Fiscal 2010				Fiscal 2009			
	Nov. 30, 2010 \$	Aug. 31, 2010 \$	May 31, 2010 \$	Feb. 28, 2010 \$	Nov. 30, 2009 \$	Aug. 31, 2009 \$	May 31, 2009 \$	Feb. 28, 2009 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(548,375)	(887)	(29,444)	(96,152)	(206,096)	(6,548)	(25,976)	(3,752)
Net income (loss)	(548,375)	(887)	(29,444)	(96,152)	(206,096)	(6,548)	(25,976)	(3,752)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Three Months Ended	Fiscal 2010				Fiscal 2009			
	Nov. 30, 2010 \$	Aug. 31, 2010 \$	May 31, 2010 \$	Feb. 28, 2010 \$	Nov. 30, 2009 \$	Aug. 31, 2009 \$	May 31, 2009 \$	Feb. 28, 2009 \$
Balance Sheet								
Working capital (deficiency)	564,228	(171,439)	(170,552)	(141,109)	(48,709)	57,424	156,433	178,657
Total assets	834,711	26,998	29,798	37,984	57,669	178,768	160,738	187,930
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended November 30, 2010 Compared to Three Months Ended November 30, 2009

During the three months ended November 30, 2010 (the “2010 Quarter”) the Company reported a net loss of \$548,375 compared to a net loss of \$206,096 for the three months ended November 30, 2009 (the “2009 Quarter”), an increase of \$342,279. The primary factors for the increase in loss were: (i) \$57,428 increase in due diligence costs. During the 2010 Quarter the Company incurred \$57,428 due diligence costs for identifying and evaluating potential acquisitions to complete a Qualifying Transaction; (ii) \$16,007 increase in legal costs. During the 2010 Quarter the Company incurred \$16,007 legal costs for services provided for changing of auditors and corporate management, preparing assignment of debt agreements and cancellation of 1,100,000 escrow shares; and (iii) \$477,799 increase in stock-based compensation. The increase in loss was partially offset by a \$224,309 decrease in qualifying transaction expenses.

Year Ended November 30, 2010 Compared to the Year Ended November 30, 2009

For the year ended November 30, 2010 (“fiscal 2010”) the Company reported a net loss of \$674,858 compared to a net loss of \$242,372 for the year ended November 30, 2009 (“fiscal 2009”) an increase of \$432,486. The increase in loss was primarily attributed to a \$470,296 increase in stock-based compensation expense. During fiscal 2010 the Company recorded \$481,550 stock-based compensation expense on 1,171,752 stock options granted and \$3,752 on the vesting of stock options which were granted in fiscal 2008. During fiscal 2009 the Company recorded \$15,006 on the vesting of stock options which were granted in fiscal 2008. The Company did not grant any stock options during fiscal 2009.

General and administrative expenses, excluding stock-based compensation expenses, decreased by \$37,810 from \$227,366 during fiscal 2009 to \$189,556 during fiscal 2010. The primary factor attributed to the decrease was a \$130,930 decrease in qualifying transaction expenses. The decrease in loss was partially offset by the following:

- a \$1,690 increase in accounting and administrative fees. During fiscal 2010 the Company was billed \$1,690 for accounting and administrative services provided by a private company owned by a director of the Company;
- a \$57,428 increase in due diligence costs. During fiscal 2010 the Company incurred \$57,428 due diligence costs for identifying and evaluating potential acquisitions to complete a Qualifying Transaction;
- a \$19,407 increase in legal fees. During fiscal 2010 the Company incurred \$19,407 for legal services provided for changing of auditors and corporate management, preparing assignment of debt agreements and cancellation of 1,100,000 escrow shares; and
- a \$6,899 increase in telephone and \$5,204 increase in travel.

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. From inception to November 30, 2010 the Company has raised \$1,141,966 gross proceeds from the sale of its common shares. As at November 30, 2010 the Company had accumulated losses of \$981,472 and working capital of \$564,228.

In order to finance the Santa Elena and the Barranco de Loba acquisitions, the recommended work programs, costs associated with the Qualifying Transaction and for general working capital of the resulting issuer, the Company intends to complete financing transactions with a view to raising aggregate gross proceeds of up to \$10,000,000. Concurrent with the closing of the acquisitions, the Company intends to complete financings consisting of a short form

offering of up to 2,000,000 common shares of the Company at a price of \$1.00 per share and a brokered and non-brokered private placement of up to a total of 8,000,000 units at a price of \$1.00 per unit.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has entered into agreements to acquire the Santa Elena and Barannco de Loba Projects and complete financings to raise aggregate proceeds of up to \$10,000,000. The Company anticipates that completion of the option on the Santa Elena and the equity financing transactions will constitute as the Company's Qualifying Transaction. However, there can be no assurances that the Company will get TSXV approvals or complete such financings. See also "Company Overview and Proposed Qualifying Transaction".

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the November 30, 2010 audited financial statements. See also "Changes in Accounting Policies".

Changes in Accounting Policies

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not expect the adoption of these accounting standards to have an impact on its financial statements.

International Financial Reporting Standards

In February 2008, the Canadian AcSB confirmed that publicly accountable enterprises will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company will convert to IFRS effective December 1, 2011 and intends to issue its first interim financial statements under IFRS for the three month period ended February 28, 2012 and a complete set of financial statements under IFRS for the year ended November 30, 2012. The Company is currently working on its conversion plan and is in the process of identifying and analyzing the impacts of differences between Canadian GAAP and IFRS relevant to the Company, and any required changes to the system and business processes. The financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. Management plans for conversion also including internal training, external consulting on complex issues, Board and Audit Committee involvement and oversight.

The Company has identified several areas which are of significance and may have a significant impact on the Company's financial statements and note disclosures including: accounting policy changes, stock-based

compensation, accounting for income taxes and the impact of first time adoption of IFRS (IFRS 1). Each of these areas will continue to be assessed and resolved prior to conversion to IFRS in order for the Company to be prepared for the conversion to IFRS for the year ended November 30, 2012.

Overall, due to the simplicity of the Company's current operations and the fact that IFRS will be adopted as initial policy in most cases, rather than a change from an existing policy, management's current analysis of the requirements for making the transition to IFRS and the subsequent compliance for financial reporting purposes indicates that there should not be any difficulty.

Transactions with Related Parties

During fiscal 2010:

- (i) the Company incurred \$43,860 (2009 - \$148,938) for legal services provided by a law firm of which a former officer of the Company is a partner. As at November 30, 2009, \$114,217 was owing and included in accounts payable and accrued liabilities. During fiscal 2010 the law firm assigned the remaining unpaid balance of \$166,052 to a party at arm's length to the Company. This balance remained outstanding at November 30, 2010 and was included in accounts payable and accrued liabilities; and
- (ii) the Company incurred \$1,690 for accounting and administrative services provided by a private company owned by a director of the Company. As at November 30, 2010, \$1,690 remained outstanding and was included in accounts payable and accrued liabilities.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Risks and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

- (i) the Company has not commenced commercial operations, and has no assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after completion of the Qualifying Transaction;
- (ii) until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions; and
- (iii) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at February 24, 2010 there were 11,803,159 issued and outstanding common shares and 1,213,752 stock options outstanding at exercise prices ranging from \$0.10 to \$0.52 per share and 63,835 warrants outstanding at an exercise price of \$0.25 per share.

BLUE COVE CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED NOVEMBER 30, 2009

Background

This discussion and analysis of financial position and results of operations is prepared as at March 23, 2010 and should be read in conjunction with the audited financials for period ended November 30, 2009 for Blue Cove Capital Corp. (the "Company"). Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). 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.

Company Overview

The Company was incorporated under the Business Corporations Act (British Columbia) on October 23, 2007. The head office of the Corporation is located at 4324 Callaghan Crescent, Abbotsford, British Columbia V3K 2Z1. The registered office of the Corporation is located Suite 2300, Bentall 5, 550 Burrard Street, Box 30, Vancouver, British Columbia V6C 2B5.

On February 28, 2008 the Company filed a final prospectus with the Alberta Securities Commission and the British Columbia Securities Commission to issue 2,000,000 common shares at a price of \$0.10 per share (the "Prospectus"). On February 29, 2008, the Company received final receipts for a prospectus and became a reporting issuer in the Provinces of Alberta and British Columbia.

On April 1, 2008, the Company completed its prospectus offering in British Columbia, Alberta, and Ontario of 2,000,000 common share at a price of \$0.10

The Company has not commenced operations and has no assets other than cash. The proceeds from the Initial Public Offering are to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to complete a "Qualifying Transaction", subject to regulatory and shareholder approvals. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See Subsequent Event below regarding the Company's proposed Qualifying Transaction.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results which are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

Selected Financial Data

The following selected financial data is derived from the unaudited financial statements of the Company prepared in accordance with Canadian GAAP.

	Period from September 1, 2009 to November 30, 2009	Period from June 1, 2009 to August 31, 2009	Period from March 1, 2009 to May 31, 2009	Period from December 1, 2008 to February 28, 2009	Period from September 1, 2008 to November 30, 2008	Period from June 1, 2008 to August 31, 2008	Period from March 1, 2008 to May 31, 2008	Period from December 1, 2007 to February 29, 2007
Operations:								
Revenues	-	-	-	-	-	-	-	-
Expenses	(206,096)	(6,548)	(25,976)	(3,752)	(20,512)	(3,072)	(26,641)	(3,712)
Net Income (loss)	(206,096)	(6,548)	(25,976)	(3,752)	(20,512)	(3,072)	(26,641)	(3,712)

Liquidity and Capital Resources

Since inception, the Company's capital resources have been limited to amounts raised from the private sale of common shares in the Company and the Initial Public Offering. From inception to November 30, 2009, the Company raised gross proceeds of \$310,000 from the sale of its common shares. As at November 30, 2009, the Company had a working capital deficit of \$48,709.

The Company has not commenced operations and has no assets other than cash. The proceeds from the Initial Public Offering and private sale of securities are expected to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to complete a Qualifying Transaction. However, if the Company identifies a target business, asset or property as its Qualifying Transaction, the Company will have to seek additional financing.

There is no assurance that the Company will be able to identify a suitable Qualifying Transaction. Furthermore, even if a Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction.

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation's ability to continue as a going concern is dependent upon its ability to attain additional financing from its shareholders sufficient to meet current and future obligations. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue its operations.

Selected Annual Information

	Year Ended November 30, 2009	Year Ended November 30, 2008	Year Ended November 30, 2007
Operations:			
Revenues	-	-	-
Expenses	242,372	53,320	10,922
Net Income (loss)	(242,372)	(53,320)	(10,922)
Net Income (loss) per share	(0.01)	(0.01)	(0.03)
Balance Sheet:			
Total Assets	57,669	193,896	109,966
Total long-term liabilities	-	-	-

Results of Operations

The Company was incorporated on October 23, 2007. The Company does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition.

During the Year Ended November 30, 2009, the Company recorded a net loss of \$(242,372), comprised mostly of \$198,563 (nil for 2008) for a writedown of expenses relating to its proposed qualifying transaction (see Proposed Transactions below) and \$15,006 (\$8,234 for 2008) for stock based compensation.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

On October 15, 2009, the Corporation through its wholly-owned subsidiary, BM Nevada Mining Corp. ("BMN"), entered into a definitive mineral property purchase agreement, with Golden Predator Mines (US) Inc. ("Golden Predator US") and Great American Minerals Inc. (collectively, the "Vendors") to acquire, through BMN, the collective Vendors' interest in certain mineral exploration properties located in the Battle Mountain and Cortez Trends of North Central Nevada, USA.

Pursuant to the Agreement, closing of the acquisition was to occur on or before February 19, 2010. All costs relating to the qualifying transaction have been expensed as at November 30, 2009. The Corporation was unable to obtain the necessary financing to complete the transaction by February 19, 2010. As of March 23, 2010, the Vendors have cancelled the definitive mineral property purchase agreement. It is management's intent to continue to identify and evaluate assets or businesses which will qualify as a Qualifying Transaction.

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to November 30, 2009 audited financial statements found on www.sedar.com

Changes in Accounting Policies

A detailed summary of changes to the Company's accounting policies since the last audited financial statements is included in Note 3 to November 30, 2009 audited financial statements found on www.sedar.com.

Transactions with Related Parties

During the year ended November 30, 2009 the Company has a balance owing in accounts payable of \$114,217 for legal costs relating to a law firm, of which one of the Corporation's officers is a partner. The value of the legal services provided for the year ended November 30, 2009 is \$148,938 (2008 - \$44,680).

Risks and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

- i) the Company has not commenced commercial operations, and has no assets other than cash, has no history of earnings and shall not generate earnings to pay dividends until at least after the completion of the Qualifying Transaction;
- ii) until completion of the Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions; and
- iii) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at February 24, 2010, there are 4,200,000 issued and outstanding common shares. A further 462,000 stock options exercisable at \$0.10 and 200,000 broker warrants exercisable at \$0.10 remain outstanding.

SCHEDULE "C"

Pro forma balance sheet of Blue Cove Capital Corp. as at November 30, 2010

See attached document

BLUE COVE CAPITAL CORP.

PRO FORMA BALANCE SHEET

NOVEMBER 30, 2010

(Unaudited)

BLUE COVE CAPITAL CORP.
PRO FORMA BALANCE SHEET
AS AT NOVEMBER 30, 2010
(Unaudited)

	\$	Pro Forma Adjustments (Note 2) \$	Pro Forma \$
A S S E T S			
CURRENT ASSETS			
Cash	801,923	(50,000) (i) (35,000) (ii) (250,000) (iii) 9,300,000 (iv) (25,000) (v) (135,000) (vi)	9,606,923
Amounts receivable	29,769		29,769
Prepays	<u>3,019</u>		<u>3,019</u>
	834,711		9,639,711
MINERAL INTERESTS			
	-	50,000 (i) 333,750 (iii)	383,750
	<u>834,711</u>		<u>10,023,461</u>
LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES			
	<u>270,483</u>		<u>270,483</u>
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	971,271	83,750 (iii) 9,025,000 (iv) (135,000) (vi)	9,945,021
CONTRIBUTED SURPLUS	574,429	275,000 (iv)	849,429
DEFICIT	(981,472)	(35,000) (ii) (25,000) (v)	(1,041,472)
	<u>564,228</u>		<u>9,752,978</u>
	<u>834,711</u>		<u>10,023,461</u>

The accompanying notes are an integral part of this pro forma balance sheet.

BLUE COVE CAPITAL CORP.
NOTES TO PRO FORMA BALANCE SHEET
AS AT NOVEMBER 30, 2010
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma balance sheet of Blue Cove Capital Corp. (the "Company") as at November 30, 2010 has been prepared by management for inclusion in the Filing Statement of the Company dated March 31, 2011 after giving effect to the proposed transactions and assumptions as described in Note 2. The pro forma balance sheet has been derived from the audited annual financial statements of the Company for the year ended November 30, 2010.

The unaudited pro forma balance sheet of the Company has been prepared for illustrative purposes only for inclusion in the Company's Filing Statement relating to the agreement to acquire a 100% interest in certain mineral properties and the Company's intention to conduct equity financings, details of which are as follows:

- (a) By agreements dated December 22, 2010 and February 14, 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 paid US \$25,000 on signing and is required to pay a further US \$3,000,000 and conduct US \$3,000,000 exploration expenditures as follows:

Date	Cash Payments US \$	Work Expenditures US \$
Upon closing ("Closing")	250,000	-
3 months after Closing	250,000	-
12 months after Closing	-	500,000
14 months after Closing	500,000	-
24 months after Closing	-	1,000,000
26 months after Closing	1,000,000	-
36 months after Closing	-	1,500,000
38 months after Closing	1,000,000	-
	<u>3,000,000</u>	<u>3,000,000</u>

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 will also be required to issue up to 300,000 common shares of the Company to an arm's length party as a finder's fee in connection with the Santa Elena Option.

- (b) Concurrent with the Closing the Company intends to complete financings consisting of a short form offering of up to 2,000,000 common shares of the Company, at a price of \$1.00 per share, brokered private placement of up to 3,500,000 units, at a price of \$1.00 per unit, and a non-brokered private placement of up to 4,500,000 units, at a price of \$1.00 per unit, for total proceeds of up to \$10,000,000 (the "QT Financing"). Each unit sold under the brokered and non-brokered private placement will comprise one common share of the Company and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share for two years at \$1.30 per share. Canaccord Financial Ltd. (the "Agent") will receive a commission of up to \$385,000, payable in cash or units at the option of the Agent, and be issued up to 385,000

BLUE COVE CAPITAL CORP.
NOTES TO PRO FORMA BALANCE SHEET
AS AT NOVEMBER 30, 2010
(Unaudited)

1. BASIS OF PRESENTATION *(continued)*

warrants for units sold pursuant to the brokered portion of the QT Financing. The Company also agreed to issue 125,000 units as a corporate finance fee and pay \$50,000 cash as a sponsorship fee. The Company will also pay finders' fees of up to \$315,000, payable in cash or units at the option of the finders, and issue up to 315,000 finders' warrants for units sold pursuant to the non-brokered portion of the QT Financing.

This unaudited pro forma balance sheet has been prepared by management of the Company in accordance with Canadian generally accepted accounting principles. The pro forma adjustments are based on certain estimates and assumptions and it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the differences may be material. The unaudited pro forma balance sheet has been prepared for illustrative purposes only and may not be indicative of the Company's financial position or operating results that would have occurred if the acquisitions had been in effect at the dates indicated.

The unaudited pro forma balance sheet should be read in conjunction with the financial statements of the Company and other information available to the Company, as referred to above. The unaudited pro forma balance sheet is not necessarily indicative of the financial position which would have resulted if the transaction had actually occurred on November 30, 2010.

2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

The unaudited pro forma balance sheet has been compiled assuming the Santa Elena Option and the QT Financing occurred on November 30, 2010 and gives effect to the following:

Subsequent Events:

- (i) payment of a total of US \$25,000 as an advance on the signing of the Santa Elena Option and US \$25,000 as an advance on an option on other mineral concessions;
- (ii) payment of \$25,000 portion of the sponsorship fee and \$10,000 as an advance retainer to the Agent;

On Closing:

- (iii) payment of US \$250,000 cash under the terms of the Santa Elena Option. The Company also issues 83,750 common shares, at an assigned value of \$83,750, as a finder's fee;
- (iv) completion of the QT Financing for gross proceeds of \$10,000,000. The Company pays in connection with the brokered portion of the QT Financing to the Agent a cash commission of \$385,000 and issues 385,000 warrants, at an assigned amount of \$151,250, and 125,000 corporate finance fee units, at an assigned amount of \$125,000. The Company also pays in connection with the non-brokered portion of the QT Financing to the finders a cash commission of \$315,000 and issues 315,000 warrants, at an assigned amount of \$123,750;

BLUE COVE CAPITAL CORP.
NOTES TO PRO FORMA BALANCE SHEET
AS AT NOVEMBER 30, 2010
(Unaudited)

2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

The fair value of the agent's and finder's warrants has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: expected volatility - 86.3%; risk-free rate - 1.39%; expected life - 2 years; and dividend yield - 0%;

- (v) payment of \$25,000 remaining portion of the sponsorship fee; and
- (vi) payment by the Company of \$135,000 as an estimate for remaining legal, filing and other costs associated with the QT Financing.

All US dollar amounts are assumed to have the equivalent value of one US dollar to one Canadian dollar.

3. SHARE CAPITAL

Share capital as at November 30, 2010 in the pro forma balance sheet is comprised of the following:

	Number of Shares	Amount \$
Common shares outstanding at November 30, 2010	11,803,159	971,271
Shares issued for finders' fee for Santa Elena Option (Note 2 (iii))	83,750	83,750
Shares issued for QT Financing (Note 2(iv))	10,125,000	9,025,000
Other share issue costs (Note 2(vi))	-	(135,000)
	<u>22,011,909</u>	<u>9,945,021</u>

These figures assume that the Agent does not elect to have any of its commission paid in units of the Company.

4. PRO FORMA EFFECTIVE INCOME TAX RATE

The pro forma effective income tax rate that will be applicable to operations of the Company is 26.5%.

	%
Federal tax rate	16.5
Provincial tax rate	10.0
	<u>26.5</u>

SCHEDULE "D"

Santa Elena Purchase Agreement

See attached document

PURCHASE AND SALE AGREEMENT
OVER THE MINING CONCESSION
CONTRACTS IDENTIFIED WITH CODE
NUMBERS: HGLE-02 and HJIG-02.

Between the undersigned,

- (I) BLUE COVE CAPITAL CORPORATION a Canadian company, duly incorporated under the laws of British Columbia, domiciled in 1090 West George Street, Suite 1305, Vancouver, BC, CA, V6E 3V7 identified as a public company listed on the TSX-V under (BCV.H) and duly represented in this act by Ana María López Hernández, a Colombian citizen with identification number 63.545.241 of Bucaramanga pursuant to the delegation of power and authority granted by the Directors of BLUE COVE CAPITAL CORPORATION, (hereinafter the "Purchaser"), and
- (II) Colombia Mines S.A.S. a Colombian company, duly incorporated under the laws of the Republic of Colombia, domiciled in Carrera 43A, 18 Sur-29, office 307, Medellin, Colombia identified with tax registration number 900327407-3, and duly represented in this act by Hernando A. Molina Jaramillo, a Colombian citizen with identification number 98.555.300 of Envigado, Antioquia, Colombia (hereinafter the "Seller").

The Purchaser and the Seller jointly shall be called the "Parties", and individually the "Party". The Parties, they have agreed to execute this purchase agreement (hereinafter the "Contract"), under the terms described hereunder, taking into consideration the following

CONTRATO DE COMPRAVENTA DE LOS
CONTRATOS DE CONCESIÓN MINERA
IDENTIFICADOS CON PLACAS: HGLE-02 y
HJIG-02.

Entre los suscritos,

- (I) BLUE COVE CAPITAL CORPORATION, sociedad Canadiense, domiciliada en 1090 West George Street, Suite 1305, Vancouver, BC, CA, V6E 3V7, una compañía pública inscrita en la Bolsa de Valores de Toronto TSX-V, identificada con el nemotécnico (BCV.H), y debidamente representada la doctora ANA MARÍA LÓPEZ HERNÁNDEZ, ciudadana colombiana, identificada con la cédula de ciudadanía 63.545.241 de Bucaramanga, quién actúa en virtud del poder amplio y suficiente otorgado por los Directores de BLUE COVE CAPITAL CORPORATION (en adelante el "Comprador") por una parte, y por la otra
- (II) Colombia Mines S.A.S, sociedad constituida de conformidad con las leyes de la Republica de Colombia, domiciliada en la ciudad de Medellín, identificada con NIT. 900327407-3, y debidamente representada en este acto por el señor Hernando A. Molina Jaramillo, ciudadano colombiano identificado con la cédula 98.555.300 de Envigado, Antioquia, Colombia (en adelante el "Vendedor")

El Comprador y el Vendedor se denominarán conjuntamente las "Partes", e individualmente la "Parte". Entre las Partes se ha convenido en celebrar el presente contrato de compraventa (en adelante el "Contrato"), en los términos que se describen a continuación, previas las siguientes:

RECITALS

1. Whereas the Seller is the owner of one hundred percent (100%) of the rights, interests and obligations derived from the mining concession contract executed with the Colombian Agency for Geology and Mining (“Ingeominas”), and identified with code number HJIG-02.
2. Whereas through Resolution 0089552 of April 15th, 2010, the Secretariat of Mines of the Governorship of Antioquia approved the assignment of one hundred percent (100%) of the rights, interests and obligations derived from the mining concession contract identified with code number HGLE-02 in favor of the Seller.
3. Whereas until the date of execution of the present Contract, the assignment of one hundred percent (100%) of the rights, interests and obligations derived from the mining concession contract HGLE-02 in favor of the Seller has yet been registered at the National Mining Registry.
4. Whereas Blue Cove and the Seller entered into a letter of intent on December 22nd, 2010, whereby they defined the terms by which the Seller would sell to the Purchaser the mining concession contracts identified with code numbers HJIG-02 and HGLE-02 (hereinafter the “Letter of Intent”).
5. Whereas the Blue Cove paid the Seller the sum of twenty five thousand U.S dollars (USD\$25, 000) upon the signing of the Letter of Intent and completion of the legal opinion over the title.
6. That it is the wish of the Parties to enter into the present Contract.
7. That the Parties agree that the Contract hereto replaces after its signature any other previous covenant, agreement or communication between the Parties regarding the same matter.

CONSIDERACIONES

1. Que el Vendedor es propietario del ciento por ciento (100%) de los derechos, intereses y obligaciones derivados del contrato de concesión minera celebrado con el Instituto Colombiano de Geología y Minería (“Ingeominas”), e identificado con la placa número HJIG-02.
2. Que por virtud de la Resolución 0089552 del 15 de abril de 2010, la Secretaría de Minas de la Gobernación de Antioquia declaró perfeccionada la cesión del ciento por ciento (100%) de los derechos, intereses y obligaciones derivados del contrato de concesión minera identificado con la placa número HGLE-02 a favor del Vendedor.
3. Que hasta la fecha del presente Contrato, no se ha registrado la cesión del ciento por ciento (100%) de los derechos, intereses y obligaciones derivados del contrato de concesión minera identificado con la placa número HGLE-02 a favor del Vendedor en el Registro Minero Nacional.
4. Que Blue Cove y el Vendedor suscribieron el 22 de diciembre de 2010 una carta de intención por virtud de la cual se definieron los términos mediante de los cuales el Vendedor le vendería al Comprador los contratos de concesión minera identificados con las placas HJIG-02 y HGLE-02 (en adelante la “Carta de Intención”).
5. Que en virtud de lo dispuesto en la Carta de Intención Blue Cove pagó al Vendedor la suma equivalente a veinticinco mil dólares de los Estados Unidos de América (US\$25.000).
6. Que es la voluntad de las partes suscribir el presente Contrato.
7. Que las Partes acuerdan que el presente Contrato reemplaza a partir de su firma cualquier convenio, acuerdo o comunicación

Now, therefore, the Parties agree to execute the Contract hereto, which shall be governed by the following Sections and otherwise by the Colombian laws in force.

1. Definitions

For purposes of the Contract hereto, the following terms with the initial letter in upper case, in addition to others found in the Contract, shall have the meaning as specified in this Section. The definitions of terms hereinto shall be applied equally to the singular and plural forms. Unless the meaning shall be understood differently by the context (i) any mention to any contract, instrument or other document shall be understood as referred to said contract, instrument or other document as may be amended, added or modified from time to time, (ii) any reference to a any person contained in this Contract shall be interpreted as to include all successors and assignees of said person, and (iii) all mentions to Chapters and Sections shall be understood to the Chapter and Sections of the Contract hereto.

“Shares”: Means the shares of Newco.

“TSX.V”: Means the TSX Venture Exchange Inc.

“TSX.V Approval”: Means the approval that must be granted by the TSX.V to the Purchaser, as set forth under the Letter of Intent.

“Areas”: Means the Areas granted under the Mining Concession Contracts. These Areas are described in the Mining Concession Contracts as well as in the corresponding Certificates of Mining Registry.

“Environmental Authority”: Means the “Corporación Autónoma Regional” (*Regional Environmental Authorities*) with power and authority over the Areas granted under the Mining

anterior entre las Partes sobre el mismo tema.

En consecuencia, las Partes acuerdan suscribir el presente Contrato, el cual se regirá por las siguientes cláusulas y, en lo no previsto en ellas, por las leyes colombianas vigentes.

1. Definiciones

Para los efectos del presente Contrato, los siguientes términos con mayúscula inicial, además de los otros que se encuentren en el Contrato, tendrán el significado que se especifica en esta cláusula. Las definiciones de términos del presente Contrato se aplicarán de igual manera a sus formas en singular y plural. A menos que por el contexto se deba entender de otra manera (i) cualquier mención a cualquier contrato, instrumento u otro documento se entenderá referida a dicho contrato, instrumento u otro documento tal como en cualquier momento se encuentre reformado, adicionado o modificado, (ii) toda referencia a una persona contenida en el presente Contrato se interpretará en el sentido de que incluye a los sucesores y cesionarios de dicha persona, y (iii) todas las menciones a Capítulos y Secciones se entenderán referidas a los Capítulos y Secciones del presente Contrato.

“Acciones”: Significa la totalidad de las acciones que conformaren el capital social de la Nueva Compañía.

“TSX.V”: Significa la Bolsa de Valores de Toronto.

“Aprobación de la TSX.V”: Significa la aprobación que deberá impartir la Bolsa de Valores de Toronto al Comprador, en los términos definidos en la Carta de Intención.

“Áreas”: Significan las Áreas otorgadas bajo los Contratos de Concesión. Estas Áreas están detalladas en los Contratos de Concesión y en los Certificados del Registro Minero.

“Autoridad Ambiental”: Significa la Corporación Autónoma Regional con

<p>Concession Contracts. Likewise, it will include the Ministry of the Environment, Housing and Territorial Development and any other authority that by virtue of Colombian laws, among other regulations without being limited to, Decree Law 2811 of 1974, Law 99 of 1993, Law 1333 of 2009 and any other norms that modifies, supersedes or regulates, grants powers, rights, competences, authorizations and any other prerogative in connection with the Environmental Regulations.</p> <p>“Mining Authority”: Means the Ministry of Mines and Energy, Ingeominas, and any other authority that by virtue of Colombian laws, among other regulations without being limited to the same, Law 685 of 2001, Law 1382 of 2010 and any other provision that modifies, supersedes or regulates, grants powers, rights, competences, authorizations and any other prerogative in connection with mining issues.</p> <p>“Assignment Notice”: Means the assignment notice addressed to Ingeominas, of the Mining Concession Contracts contained in Exhibit 3.1.1.A.</p> <p>“Closing”: Means the consummation of the actions set forth in Section 3 of this Contract. The Closing will take place in Bogota, Colombia on February 16, 2011 on the Closing Date.</p> <p>“Condition to Transfer”: Means the compliance by the Purchaser of its obligation of paying the Purchase Price, set forth under Section 5 of this Contract.</p> <p>“Assignment Agreements”: Means the assignment agreements of the Mining Concession Contracts contained in</p>	<p>competencia en el Áreas otorgada bajo el Contrato de Concesión. Así mismo, incluirá al Ministerio de Ambiente, Vivienda y Desarrollo Territorial y cualquier otra autoridad que por virtud del ordenamiento jurídico colombiano, entre otras normas sin limitarse a las mismas, el Decreto Ley 2811 de 1974, la Ley 99 de 1993, la Ley 1333 de 2009 y cualquier norma que las modifique, sustituya o reglamente otorgue poderes, derechos, competencias, facultades y cualquier otra prerogativa en relación con la Normativa Ambiental.</p> <p>“Autoridad Minera”: Significa el Ministerio de Minas y Energía, el Instituto Colombiano de Geología y Minería (Ingeominas), y cualquier otra autoridad que por virtud del ordenamiento jurídico colombiano, entre otras normas sin limitarse a las mismas, la Ley 685 de 2001, la Ley 1382 de 2010 y cualquier norma que las modifique, sustituya o reglamente otorgue poderes, derechos, competencias, facultades y cualquier otra prerogativa en relación con los asuntos mineros.</p> <p>“Aviso de Cesión”: Es el aviso de cesión de los Contratos de Concesión contenida en el Anexo 3.1.1.A</p> <p>“Cierre”: Será el momento en el cual se consumen las condiciones descritas en la Cláusula 3 de este Contrato. El Cierre tendrá lugar en la ciudad de Bogotá, Colombia el 16 de Febrero, 2011, la Fecha de Cierre.</p> <p>“Condición de Traspaso”: Significa el cumplimiento de la obligación de pagar el Precio por parte del Comprador, en los términos consignados en la Cláusula 5 de este Contrato.</p> <p>“Contrato de Cesión”: Es el documento</p>
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<p>Exhibit 3.1.1.B.</p> <p>“Trust Agreement”: Means the Trust agreement that the Seller shall execute with a financial institution, whereby it shall transfer the Shares to a Trust. The Trust Agreement will include, among others, veto rights for the benefit of the Purchaser for the following corporate actions: (i) mergers, (ii) spin-off, (iii) issuance of shares, and (iv) indebtedness.</p> <p>“Operator Contract”: Means the Seller shall transfer the operation of the Mining Concession Contracts to the Purchaser.</p> <p>“Mining Concession Contracts”: Means the mining concession agreements identified with codes HJIG-02 and HGLE-02.</p> <p>“Closing Date”: Means February 16, 2011 which is the date in which the Closing will take place.</p> <p>“Effective Date”: Means the moment in which this Contract enters into force, which is the same day in which the Parties execute this Contract.</p> <p>“Trust Shares”: Means the Shares once they are transferred to the Trust.</p> <p>“Confidential Information”: Will have the meaning set forth under Section 19 of this Contract.</p> <p>“LME”: Is the London Metal Exchange.</p> <p>“Environmental Regulations”: Means any legal regulation in connection with environmental issues, including, among others, but without being limited to, Law 23 of 1973, Decree Law 2811 of 1974, Decree 1594 of 1984, Law 99 of</p>	<p>de cesión de los Contratos de Concesión contenido en el Anexo 3.1.1.B</p> <p>“Contrato de Fiducia: Significa el contrato de fiducia que habrá celebrar el Vendedor con una entidad financiera, por virtud del cual transferirá a título de fideicomiso las Acciones. El Contrato de Fiducia incluirá entre otras provisiones, derechos de veto por parte del Comprador en relación con las siguientes decisiones corporativas: (i) fusiones, (ii) escisiones, (iii) emisión de acciones y (iv) cualquier tema relacionado con endeudamiento.</p> <p>“Contrato de Operación”: Significa que el Vendedor transferirá la operación de los Contratos de Concesión al Comprador.</p> <p>“Contratos de Concesión”: Son los contratos de concesión minera, identificados con las placas HJIG-02 y HGLE-02.</p> <p>“Fecha de Cierre”: Será el 16 de Febrero, de 2011, fecha en la cual el Cierre tendrá ocasión.</p> <p>“Fecha Efectiva”: significa el momento a partir del cual comienza la vigencia del Contrato, y que inicia el día en que se suscribe este Contrato por las Partes.</p> <p>“Fideicomiso”: Son las Acciones fideicomitidas como resultado del Contrato de Fiducia.</p> <p>“Información Confidencial”: Tiene el significado que se le atribuye a este término en la Cláusula 19 del presente Contrato.</p> <p>“LME”: Significa el Mercado de Metales de Londres (“<i>London Metal Exchange</i>”).</p> <p>“Normativa Ambiental”: significa toda norma del ordenamiento jurídico relacionada con asuntos ambientales,</p>
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<p>1993, Law 1124 of 2007, Decree 1299 of 2008, Decree 1220 of 2005, Decree 600 of 2005, Law 1333 of 2009, Decree 1715 of 1978, Decree 1541 of 1978, Decree 1713 of 2002, Decree 1140 of 2003, Decree 838 of 2005, Law 945 of 2005, Law 29 of 1992, Law 740 of 2002, Law 253 of 1996, Decree 948 of 1995, Decree 979 of 2006, Resolution 0601 of 2006, Resolution 0627 of 2006, and all other regulations that modify, delete, supersede, or regulate them as it may be applicable.</p> <p>“Newco”: Means the simplified stock company that the Seller must incorporate in the Republic of Colombia, prior to the Effective Date, and to which the Mining Concession Contracts must be transferred.</p> <p>“Purchase Price”: Means the amounts set forth under Sections 5.1. and 5.2 of this Contract that the Purchaser must pay to the Seller.</p> <p>“Work Program”: Means the schedule of works and activities that are planned to be executed over the Mining Concession Contracts during the three (3) years following the Closing Date.</p> <p>“Royalties”: Means the royalties that the Purchaser must pay to the Seller, as set forth under Section 6 of this Contract.</p> <p>“U.S.”: Means the United States of America.</p>	<p>dentro de las cuales se incluye sin limitarse a las mismas, Ley 23 de 1973, Decreto Ley 2811 de 1974, Decreto 1594 de 1984, Ley 99 de 1993, Ley 1124 de 2007, Decreto 1299 de 2008, Decreto 1220 de 2005, Decreto 600 de 2005, Ley 1333 de 2009, Decreto 1715 de 1978, Decreto 1541 de 1978, Decreto 1713 de 2002, Decreto 1140 de 2003, Decreto 838 de 2005, Ley 945 de 2005, Ley 29 de 1992, Ley 740 de 2002, Ley 253 de 1996, Decreto 948 de 1995, Decreto 979 de 2006, Resolución 0601 de 2006, Resolución 0627 de 2006, y las demás normas que las modifiquen, deroguen, sustituyan, reglamenten que sean aplicables.</p> <p>“Nueva Compañía”. Significa la sociedad por acciones simplificada que debe constituir el Vendedor en la República de Colombia con anterioridad a la Fecha Efectiva, y a la cuál habrán de cederse los Contratos Concesión.</p> <p>“Precio”. Son las sumas de dinero consignadas en las Cláusulas 5.1 y 5.2 de este Contrato.</p> <p>“Programa de Trabajos”: Significa el cronograma de actividades, obras y trabajos programados para realizar sobre los Contratos de Concesión durante los tres (3) años siguientes a la Fecha de Cierre.</p> <p>“Regalías”: Significa el pago por concepto de producción que hará el Comprador a favor del Vendedor en los términos definidos en la Cláusula 6 de este Contrato.</p>
<p>2. Purpose of the Contract.</p> <p>2.1. The purpose of this Contract is to regulate the terms and conditions by which the Purchaser will acquire from the Seller the title over the Mining Concession Contracts.</p>	<p>2. Objeto del Contrato</p> <p>2.1 El objeto de este Contrato es regular los términos y las condiciones por medio de las cuales el Comprador adquirirá por parte del Vendedor la titularidad sobre los Contratos de</p>

<p>3. Closing.</p> <p>On the Closing Date the Parties will perform the following actions, being understood that all Closing actions belong to a single transaction:</p> <p>3.1. Transfer of the Mining Concession Contracts to Newco.</p> <p>3.1.1. The Seller shall execute all documents required to transfer the title over the Mining Concession Contracts in favor of Newco.</p> <p>3.1.2. As per 3.1.1 the Seller will be bound to comply with all the obligations in connection with the Mining Concession Contracts, and shall initiate and move forward all the proceedings required to transfer the Mining Concession Contracts in favor of Newco.</p> <p>3.2. Execution of the Trust Agreement and Transfer of the Shares to the Purchaser.</p> <p>3.2.1. The Parties shall execute with the financial entity selected by mutual consent of the Parties, the Trust Agreement whereby the Seller will transfer the Shares of Newco to the Trust. The Trust shall administer the Shares and in the event the Condition to Transfer occurs, will transfer the Shares to the Purchaser</p> <p>3.2.2. In the event the Condition to Transfer fails to occur, the Trust shall transfer the Shares back to the Seller, and this Contract will terminate.</p> <p>3.3. Execution of the Operator Contract</p> <p>3.3.1. The Seller will transfer the</p>	<p>Concesión.</p> <p>3. Cierre</p> <p>En la Fecha de Cierre las Partes ejecutarán las siguientes acciones, bajo el entendido que todas las acciones forman parte de una misma transacción.</p> <p>3.1 Transferencia de los Contratos de Concesión a favor de la Nueva Compañía</p> <p>3.1.1. El Vendedor se obliga a suscribir todos los documentos necesarios para transferir los Contratos de Concesión a favor de la Nueva Compañía.</p> <p>3.1.2 Para efectos de lo anterior, el Vendedor se obliga a dar cumplimiento de todas las obligaciones relacionadas con los Contratos de Concesión, y se compromete a iniciar e impulsar el trámite de cesión de los Contratos de Concesión a favor de la Nueva Compañía.</p> <p>3.2. Constitución del Fideicomiso y traspaso de las Acciones a favor del Comprador.</p> <p>3.2.1. Las Partes se obligan a suscribir con la entidad financiera escogida de común acuerdo por las Partes, el Contrato de Fiducia por virtud del cual el Vendedor transferirá a la fiduciaria la totalidad de las Acciones de la Nueva Compañía, de manera que la fiduciaria administre las acciones, y, una vez acaezca la Condición de Traspaso las Acciones sean transferidas al Comprador.</p> <p>3.2.2. En el evento en el cual se declare fallida por cualquier</p>
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<p>operation of the Mining Concession Contracts to the Purchaser. Additionally the Seller shall delegate upon the Purchaser all the power and authority required to carry out any administrative proceeding before the Mining Authority and the Environmental Authority.</p> <p>3.3.2. The Seller shall effectively grant the material operation of the Mining Concession Contracts to the Purchaser who will be the only one authorized to undertake any type of activity related with the Mining Concession Contracts.</p> <p>3.3.3. The Purchaser may freely undertake any activity it considers necessary in connection with the exploration and development of the Mining Concession Contracts.</p> <p>4. Rights and Obligations of the Parties</p> <p>4.1. Rights of the Seller: Without prejudice of other rights set forth under this Contract, the Seller shall have right to receive the payment of the Purchase Price and of the Royalties in the terms and conditions set forth under this Contract.</p> <p>4.2. Obligations of the Seller: Without prejudice of other obligations set forth under this Contract the Seller will be bound to:</p> <p>4.2.1. Comply with all the mining and environmental obligations that are pending performance by the time of the Effective Date.</p> <p>4.2.2. Immediately after executing this agreement, form the Newco as a</p>	<p>razón la Condición de Traspaso, la fiduciaria transferirá las Acciones al Vendedor y se dará por terminado el presente Contrato.</p> <p>3.3 Suscripción de Contrato de Operación.</p> <p>3.3.1. El Comprador transferirá la operación de los Contratos de Concesión a favor del Comprador. Así mismo le conferirá al Comprador todos los poderes y autorizaciones necesarias para adelantar cualquier actuación ante la Autoridad Minera y ante la Autoridad Ambiental.</p> <p>3.3.2. A partir de la suscripción del Contrato de Operación el Vendedor hará la entrega material de los Contratos de Concesión al Comprador, y será este último el único autorizado para adelantar cualquier tipo de actividad sobre los Contratos de Concesión.</p> <p>3.3.3. El Comprador tendrá plena autonomía para adelantar todas aquellas actividades relativas a la exploración y desarrollo minero y que considere necesarias sobre los Contratos de Concesión.</p> <p>4. Derechos y Obligaciones de las Partes</p> <p>4.1. Derechos del Vendedor: Sin perjuicio de otros derechos establecidos en este Contrato, el Vendedor tendrá el derecho al pago del Precio y de las Regalías en los términos establecidos en este Contrato.</p> <p>4.2. Obligaciones del Vendedor: Sin perjuicio de otras obligaciones establecidas en este Contrato, el</p>
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<p>wholly owned subsidiary of the Seller.</p> <p>4.2.3. Immediately after executing this agreement execute the Assignment Notice and the Assignment Agreements, required to transfer the title to the Mining Concession Contracts to Newco.</p> <p>4.2.4. On signing of this agreement grant the possession over the Mining Concession Contracts to the Purchaser.</p> <p>4.2.5. Immediately after creating the Newco, Execute on the Closing Date the Trust Agreement.</p> <p>4.2.6. In the event the Mining Authority or the Environmental Authority issue any additional requirement to approve the assignment of the Mining Concession Contracts, the Seller with the assistance of the Purchaser will be bound to comply with such requirements in the terms and conditions established by the Mining Authority and the Environmental Authority.</p> <p>4.2.7. Do not allow third parties access over the Areas.</p> <p>4.2.8. Before and on the Closing comply with each of the obligations set forth under the Mining Concession Contracts, as well as in any other permit, concession, authorization or any other type of order issued by the authority including, but not limited to, the Mining Authority and the Environmental Authority,</p>	<p>Vendedor tendrá las siguientes:</p> <p>4.2.1. Dar cumplimiento a todas las obligaciones mineras y ambientales que se hallaren pendientes de ejecución a la Fecha Efectiva.</p> <p>4.2.2. Inmediatamente después de la Fecha de Cierre, constituir la Nueva Compañía, como una subsidiaria de propiedad del Vendedor.</p> <p>4.2.3. Suscribir inmediatamente después de constituir la Nueva Compañía, el Aviso de Cesión y los correspondientes Contratos de Cesión, necesarios para transferir la titularidad de los Contratos de Concesión a favor de la Nueva Compañía.</p> <p>4.2.4. Después de suscribir el presente contrato, hacer entrega material de los Contratos de Concesión a favor del Comprador.</p> <p>4.2.5. Suscribir inmediatamente después de haber constituido la Nueva Compañía, el Contrato de Fiducia.</p> <p>4.2.6. Si la Autoridad Minera o la Autoridad Ambiental presentan requerimientos adicionales para proceder a aceptar la cesión de los Contratos de Concesión, el Vendedor con la ayuda y asistencia del Comprador se obliga a dar cumplimiento a dichos requerimientos en los plazos señalados por la Autoridad Minera o Ambiental.</p>
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<p>in order to maintain the Mining Concession Agreements free from any lien or encumbrance, or termination event.</p> <p>4.2.9. Prior to the Closing Date inform the Purchaser of any lien or encumbrance, or termination event in connection with the Mining Concession Contracts within three (3) business days as of the date in which the Seller had notice of such events.</p> <p>4.2.10. Comply with any other obligation to which it is bound pursuant to this Contract.</p> <p>4.3. Rights of the Purchaser</p> <p>4.3.1. The purchaser has the right to transfer this agreement 100% to its owned Colombian subsidiary company once it is incorporated in Colombia.</p> <p>4.3.2. Initiate on the Closing Date all the mining operation activities over the Mining Concession Contracts, as per the Operating Contract.</p> <p>4.3.3. Access all technical, legal and any other type of information that exists in connection with the Areas, by providing an oral or written request, to the Seller.</p> <p>4.3.4. Acquire the Shares once it has fully complied with the Condition to Transfer.</p> <p>4.4. Obligations of the Purchaser</p> <p>4.4.1. Pay the Purchase Price to the Seller in accordance with the terms and conditions set forth under Section 5 of this Contract.</p>	<p>4.2.7. No permitir que terceros realicen actividades de exploración minera en las Áreas.</p> <p>4.2.8. Antes, o en la Fecha de Cierre cumplir cada una de las obligaciones a su cargo establecidas en los Contratos de Concesión, y en cualquier permiso, concesión, autorización, o cualquier otro tipo de orden emitida por cualquier autoridad, incluyendo pero sin limitarse a la Autoridad Minera y la Autoridad Ambiental, con el fin de mantener los Contratos de Concesión libres de causales de incumplimiento, caducidad, embargos, gravámenes o cualquier otra limitación del dominio.</p> <p>4.2.9. Antes de la Fecha de Cierre comunicar al Comprador acerca de cualquier causal de incumplimiento, caducidad, embargo, gravamen o cualquier otra limitación del dominio o hecho que potencialmente pueda poner en peligro los derechos existentes bajo los Contratos de Concesión, dentro de los tres (3) días hábiles siguientes al momento en que tuvo conocimiento de los hechos.</p> <p>4.2.10. Cumplir cualquier otra obligación que esté a su cargo bajo el Contrato.</p> <p>4.3. Derechos del Comprador.</p> <p>4.3.1. El Comprador tiene el derecho de transferir el 100% de este</p>
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<p>4.4.2. Pay the Royalties to the Seller in accordance with the terms and conditions set forth under Section 6 of this Contract.</p> <p>4.4.3. Jointly with the Seller, undertake all proceedings required to comply with the requirements made by the Mining Authority and the Environmental Authority in connection with the Mining Concession Contracts during the course of the assignment of the Mining Concession Contracts in favor of Newco.</p> <p>4.4.4. Comply with any other obligation to which it is bound according to this Contract</p> <p>4.4.5. Pay the seller by direct wire transfer to a bank of the Sellers choice.</p> <p>5. Payment of the Purchase Price by the Purchaser</p> <p>5.1. As part of the Purchase Price the Purchaser must pay the Seller the following payments, in accordance with the terms and conditions described herein:</p> <p>5.1.1. First Installment: Shall be two hundred fifty thousand U.S. dollars (USD\$250, 000.00) which must be paid by the Purchaser to the Seller at Closing.</p> <p>5.1.2. Second Installment: Shall be two hundred fifty thousand U.S. dollars (USD\$250,000.00) which must be paid by the Purchaser to the Seller three (3) months after the Closing Date.</p> <p>5.1.3. Third Installment: Shall be five hundred thousand U.S. dollars</p>	<p>acuerdo a una compañía subsidiaria colombiana de su entera propiedad una vez esta sea constituida en Colombia.</p> <p>4.3.2. Iniciar las labores de operación minera sobre los Contratos de Concesión, en los términos definidos en el Contrato de Operación.</p> <p>4.3.3. Tener acceso a la documentación técnica, jurídica o de cualquier otra índole que exista sobre el Áreas, previo requerimiento escrito o verbal al Vendedor.</p> <p>4.3.4. Adquirir definitivamente las Acciones una vez se hubieren cumplido las Condiciones de Traspaso.</p> <p>4.4. Obligaciones del Comprador</p> <p>4.4.1. Realizar el pago del Precio a favor del Vendedor, en los términos indicados en la Cláusula 5 de este Contrato.</p> <p>4.4.2. Realizar el pago de las Regalías a favor del Vendedor en los términos dispuestos en la Cláusula 6 de este Contrato.</p> <p>4.4.3. Conjuntamente con el Vendedor, realizar todas las acciones necesarias tendientes al cumplimiento de los diferentes requerimientos que pueda realizar la Autoridad Minera y Ambiental en relación con el Contrato de Concesión durante el trámite de cesión de los Contratos de Concesión a favor de la Nueva Sociedad.</p>
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<p>(USD\$500,000.00) which must be paid by the Purchaser to the Seller fourteen (14) months after the Closing Date.</p> <p>5.1.4. Fourth Installment: Shall be one million U.S dollars (USD\$1, 000, 000.00) which must be paid by the Purchaser to the Seller twenty six (26) months after the Closing Date.</p> <p>5.1.5. Fifth Installment: Shall be one million U.S. dollars (USD\$1,000, 000.00) which must be paid by the Purchaser to the Seller thirty eight (38) months after the Closing Date.</p> <p>5.1.6. Sixth Installment: Shall be one million U.S. dollars (USD\$1,000,000.00) which must be paid by the Purchaser to the Seller after proving a “measured category” resource (as defined pursuant to applicable CIMM standards) equal to or greater than three hundred thousand tons of copper (300,000t) resource in a measured category pursuant an independently prepared National Instrument 43-101 technical report.</p> <p>5.2. The payments that must be made pursuant to the Work Program must be paid as indicated below:</p> <p>5.2.1. First year: The Purchaser must invest the sum of five hundred thousand U.S dollars (USD\$500,000.00).</p> <p>5.2.2. Second year: The Purchaser must invest the sum of one million U.S. dollars (USD\$1, 000,000.00).</p>	<p>4.4.4. Cumplir cualquier otra obligación que esté a su cargo bajo el Contrato</p> <p>4.4.5. Realizar los pagos al Vendedor mediante transferencia electrónica a un banco determinado por el Vendedor.</p> <p>5. Pago del Precio a cargo del Comprador</p> <p>5.1. Como parte del Precio el Comprador deberá realizar el pago de las siguientes cuotas a favor del Vendedor en los términos y condiciones que se indican a continuación:</p> <p>5.1.1. Primera Cuota. Sera la suma de doscientos cincuenta mil dólares de los Estados Unidos de América (US\$250.000.00) los cuales pagará el Comprador en la Fecha de Cierre</p> <p>5.1.2 Segunda Cuota: Sera la suma de doscientos cincuenta mil dólares de los Estados Unidos de América (US\$250.000.00) los cuales pagará el Comprador a favor del Vendedor transcurridos tres (3) meses después de la Fecha de Cierre.</p> <p>5.1.3. Tercera Cuota: Sera la suma de quinientos mil dólares de los Estados Unidos de América (US\$500.000.00) los cuales pagará el Comprador a favor del Vendedor transcurridos catorce (14) meses después de la Fecha de Cierre.</p> <p>5.1.4. Cuarta Cuota: Sera la suma de un millón de dólares de los Estados Unidos de América (US\$1.000.000.00) los cuales pagará el Comprador a favor del</p>
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<p>5.2.3. Third year: The Purchaser must invest the sum of one million five hundred thousand U.S. dollars (USD\$1, 500,000.00).</p> <p>5.2.4. Whenever the contribution of Purchaser exceeds the amount that must be invested in particular year as Work Program, the exceeding sum will be considered as part of the Work Program of the following year.</p> <p>5.2.5. The Purchaser will have the Right to choose between, carrying out the Work Program or paying the Seller its equivalent sum in cash.</p> <p>5.3. The Purchase Price may be paid directly by the Purchaser or through any Canadian affiliate entity of the Purchaser.</p> <p>6. Payment of Royalties by the Purchaser.</p> <p>6.1. The Purchaser must make the following payments to the Seller in the terms and conditions described herein:</p> <p>6.1.1. Net smelter royalty on copper: The Purchaser must pay the Seller the equivalent to: (i) 2.0% over the total copper production, when the Purchase Price is equal or less than three (USD\$3.00) U.S. dollars per pound of copper, taking as reference the LME Purchase Price, and (ii) 2.5% over the total copper production, when the Purchase Price is greater than three U.S. dollars (USD\$3.00) and less than three U.S. dollars and seventy five cents (USD\$3.75), per pound of copper, taking as reference the LME Purchase Price , and (iii)</p>	<p>Vendedor transcurridos veintiséis (26) meses después de la Fecha de Cierre.</p> <p>5.1.5 Quinta Cuota: Sera la suma de un millón de dólares de los Estados Unidos de América (US\$1.000.000.00) los cuales pagará el Comprador a favor del Vendedor transcurridos treinta y ocho (38) meses después de la Fecha de Cierre.</p> <p>5.1.6 Sexta Cuota: Será la suma de un millón de dólares de los Estados Unidos de América (US\$1.000.000.00) los cuales pagará el Comprador a favor del Vendedor inmediatamente después de la determinación por medio del Instrumento Canadiense 43-101 de la existencia de reservas medidas de cobre iguales o superiores a las trescientas mil toneladas (300.000t).</p> <p>5.2. El Comprador deberá invertir por concepto del Programa de Trabajos, los siguientes montos:</p> <p>5.2.1. Primer año: El Comprador deberá invertir la suma de quinientos mil dólares de los Estados Unidos de América (US\$500.000.00).</p> <p>5.2.2. Segundo año: El Comprador deberá invertir la suma de un millón de dólares de los Estados Unidos de América (US\$1.000.000.00).</p> <p>5.2.3. Tercer año: El Comprador deberá invertir la suma de un millón quinientos mil de dólares de los Estados Unidos de América</p>
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<p>3.0% over the total copper production, when the price is equal or greater than three U.S. dollars with seventy five cents (USD\$3.75), taking as reference the LME Price</p> <p>6.1.2. Net smelter royalty with respect to other minerals: The Purchaser must pay the Seller a sum equivalent to 3.0% over the total production of minerals other than copper, taking as reference the LME Purchase Price.</p> <p>6.1.3. The Royalties may be paid directly by the Purchaser or through any Canadian affiliate entity of the Purchaser.</p> <p>7. Representations and Warranties</p> <p>The following representations and warranties shall be in force throughout the validity of the Contract and shall be understood as included in the assignment of the Mining Concession Contracts, as well as in any other document entered into by the Parties in connection with this Contract.</p> <p>7.1. Representations and warranties of the Seller</p> <p>7.1.1. That the Seller has all powers and authority necessary to execute, deliver and meet its obligations according to the Contract.</p> <p>7.1.2. That, this Contract has been duly executed by the Seller and constitutes a legal, valid and binding obligation for the Seller and it is enforceable pursuant to its terms.</p> <p>7.1.3. That the execution of this Contract by the Seller and the fulfillment of its obligations by</p>	<p>(US\$1.500.000.00).</p> <p>5.2.4. En el evento en que la contribución del Comprador por concepto de Programa de Trabajos exceda el monto establecido para un año en particular, el excedente será imputado al año siguiente.</p> <p>5.2.5. Las inversiones por concepto Programa de Trabajos podrán ser hechas en dinero o en especie, a elección del Comprador.</p> <p>5.3. El pago del Precio podrá ser hecho directamente por Comprador o a través de cualquier compañía afiliada del Comprador domiciliada en Canadá</p> <p>6. Pago de las Regalías a cargo del Comprador.</p> <p>6.1 El Comprador deberá realizar el pago de la siguientes cuotas a favor del Vendedor en los términos y condiciones que se indican a continuación:</p> <p>6.1.1. Regalía sobre el stock neto de fundición de cobre: El Comprador deberá pagar a favor del Vendedor una suma equivalente a: (i) 2.0% sobre el total producido de cobre, cuando el precio sea igual o inferior a tres dólares de los Estados Unidos de América (US\$3.00) por libra de cobre, tomando como referencia el valor del LME, (ii) 2.5% sobre el total producido de cobre, cuando el precio sea superior a tres dólares de los Estados Unidos de América (US\$3.00) pero inferior a tres dólares con setenta y cinco centavos de los Estados</p>
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<p>the Seller pursuant to this Contract shall not: (i) breach any applicable law to which the Seller may be subject to; or (ii) constitute a violation; default or conflict, or shall constitute or create (with or without due notification or the passing of time or both) a breaching (or shall result in a right for termination, cancelation or acceleration) of any obligation under any contract under which the Seller may be a party.</p> <p>7.1.4. That the Seller is currently the holder of one hundred per cent (100%) of the rights, title and interest of the Mining Concession Contracts.</p> <p>7.1.5. That the Mining Concession Contracts are currently in force and in compliance with all obligations required by Colombian law, save those concerning the renewal of mining environmental policies and the surface fees.</p> <p>7.1.6. That there are no pending requirements before the Mining or Environmental Authority, or any other contingency, civil or environmental liability or of any other nature in connection with respect to the Mining Concession Contracts, save those concerning the renewal of mining environmental policies and the surface fees.</p> <p>7.1.7. That there are no encumbrances or liens over the Mining Concession Contracts.</p> <p>7.1.8. That there are no sanctions of</p>	<p>Unidos de América (US\$3.75) por libra de cobre, tomando como referencia el valor del LME, y (iii) 3.0% sobre el total producido de cobre, cuando precio sea igual o superior a tres dólares con setenta y cinco centavos de los Estados Unidos de América (US\$3.75), tomando como referencia el valor del LME.</p> <p>6.1.2. Regalía sobre el stock neto de fundición respecto de otros minerales: El Comprador deberá pagar a favor del Vendedor una suma equivalente a 3.0% sobre el total producido de otros minerales, tomando como referencia el valor del LME.</p> <p>6.1.3. Las Regalías podrán ser pagadas directamente por el Comprador o a través de cualquier compañía afiliada del Comprador domiciliada en Canadá.</p> <p>7. Declaraciones y Garantías</p> <p>Las siguientes declaraciones y garantías serán vigentes durante la vigencia del Contrato, y se entenderán incorporadas en la cesión de los Contratos de Concesión, así como en cualquier otro documento que suscriban las Partes con ocasión de este Contrato.</p> <p>7.1. Declaraciones y garantías del Vendedor</p> <p>7.1.1. Que el Vendedor cuenta con todas las facultades y autoridad necesarias para ejecutar, entregar y cumplir sus obligaciones según este Contrato.</p>
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<p>environmental nature pending to be fulfilled with respect to the Mining Concession Contracts.</p> <p>7.1.9. That, there are no environmental sanctions related to the Concession Contracts.</p> <p>7.1.10. Is in compliance with the Environmental Regulations with respect to the Mining Concession Contracts.</p> <p>7.1.11. There are no requirements or investigations by the Environmental Authority in connection with the Environmental Regulations in force.</p> <p>7.1.12. That the Recitals of the Contract hereto are true and valid and do not present any inaccuracies or lack of information that the Parties should have been aware.</p> <p>7.1.13. That the Seller is not aware of any kind of legal action or investigation of any authority before any jurisdiction in connection with said Party nor with the Mining Concession Contracts.</p> <p>7.2. Representations and warranties of the Purchaser:</p> <p>7.2.1. That the Purchaser has all powers and authority necessary to execute this document, and shall have as may be required, the power and authority to deliver and perform its obligations pursuant to this Contract.</p> <p>7.2.2. That this Contract has been duly executed by the Purchaser and</p>	<p>7.1.2 Que este Contrato ha sido debidamente suscrito por el Vendedor y constituye obligación legal, válida y vinculante de y para el Vendedor, exigible de conformidad con sus términos.</p> <p>7.1.3 Que la suscripción por parte del Vendedor de este Contrato, y el cumplimiento por parte del Vendedor de sus obligaciones según este Contrato no: (i) contravendrá sustancialmente ninguna ley aplicable a la cual el Vendedor pueda estar sujeto; o (ii) constituirá una violación o incumplimiento, estará en conflicto, constituirá o creará (con o sin debida notificación o transcurso del tiempo o ambos) incumplimiento (o dará lugar a derecho de terminación, cancelación o aceleración) de ninguna obligación bajo ningún contrato del cual el Vendedor sea parte.</p> <p>7.1.4 Que el Vendedor es actualmente el titular del cien por ciento (100%) de los derechos, título e interés de los Contratos de Concesión.</p> <p>7.1.5 Que los Contratos de Concesión se encuentran actualmente vigentes y en cumplimiento de todas sus obligaciones exigidas por la ley colombiana, salvo lo relacionado con la renovación de las pólizas minero-ambientales y los cánones superficarios.</p> <p>7.1.6 Que no existen requerimientos pendientes ante la Autoridad</p>
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<p>constitutes a legal, valid and binding obligation for the Purchaser and it is enforceable pursuant to its terms.</p> <p>7.2.3. That the execution of this Contract by the Purchaser and the fulfillment of its obligations by the Purchaser pursuant to this Contract shall not: (i) breach any applicable law to which the Purchaser may be subject to; or (ii) constitute a violation; default or conflict, or shall constitute or create (with or without due notification or the passing of time or both) a breach (or shall result in a right for termination, cancelation or acceleration) of any obligation under any contract under which the Purchaser may be a party.</p> <p>7.2.4. The Purchaser represents that the Recitals of the Agreement hereto are true and valid and do not present any inaccuracies or lack of information that the Parties should have been aware.</p> <p>7.2.5. The Purchaser agrees that it will accept any responsibility it may incur, and shall fully and absolutely indemnify the Seller in the event any of the warranties and representations set forth herein are invalid or inaccurate.</p> <p>8. Foreign Corrupt Practices Act</p> <p>The Purchaser and the Seller guarantee that:</p> <p>8.1. They are not acting, nor do they represent the Government of Colombia or any other bureau, agency or institution of said government.</p>	<p>Minera o Autoridad Ambiental, ni ninguna otra contingencia o pasivo civil, ambiental o de cualquier otra naturaleza en relación con los Contratos de Concesión, salvo lo relacionado con la renovación de las pólizas minero-ambientales y los cánones superficarios.</p> <p>7.1.7. Que no existe gravamen o limitación alguna sobre los Contratos de Concesión.</p> <p>7.1.8 Que el Vendedor declara que no existe ningún tipo de sanción de carácter ambiental pendiente por cumplir respecto de los Contratos de Concesión.</p> <p>7.1.9 Que el Vendedor declara que no existe procedimiento sancionatorio ambiental vigente relacionado con los Contratos de Concesión.</p> <p>7.1.10 Que el Vendedor declara que cumple con la Normativa Ambiental respecto de los Contratos de Concesión.</p> <p>7.1.11 Que el Vendedor declara que no existe requerimiento o investigación alguna por parte de la Autoridad Ambiental en relación con la Normativa Ambiental vigente.</p> <p>7.1.12 Que el Vendedor declara que las Consideraciones del presente Acuerdo son ciertas y válidas y no presentan inexactitudes ni falta de información que debiere ser conocida por las Partes.</p> <p>7.1.13 Que el Vendedor no tienen conocimiento de ningún tipo de</p>
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<p>8.2. They shall not make any offer, payment or promise of any payment of money or anything of value to (a) any Foreign Officer, or (b) to any political party or functionality or candidate of said party in order to influence any act or decision of the Government of Colombia or in any bureau, agency or institution of said government to assist the Seller or the Purchaser in the mine, operation, transport, or sale of minerals.</p> <p>8.3. They are aware of the prohibitions contained in the Foreign Corrupt Practices Act of the United States of America (FCPA) and shall not participate in any conduct that violates said FCPA.</p> <p>8.4. For purposes of the provision in Sections 8.1 to 8.3 of this Contract, "Foreign Officer" means any officer or employee of the Colombian Government, or any bureau, agency or institution of said government.</p> <p>9. Termination</p> <p>9.1. This Contract may be terminated when the following three conditions are met: (i) that the Purchaser does not pay any of the installments of the Purchase Price set forth under Section 5 of this Contract, (ii) that the Seller has requested in writing the compliance of this obligation, and (iii) the Purchaser has not complied with said request within ninety days.</p> <p>9.2. This Contract may also be terminated by the Purchaser at any time after the Effective Date, upon providing no less than thirty (30) days written notice to the Seller. The termination by the Purchaser will also result in the termination of the Operator Contract and the Purchaser shall</p>	<p>acción legal o investigación de cualquier autoridad ante cualquier jurisdicción que tenga relación con dicha Parte ni con los Contratos de Concesión.</p> <p>7.2. Declaraciones y garantías del Comprador</p> <p>7.2.1. Que el Comprador cuenta con todas las facultades y autoridad necesarias para firmar este documento, y contará, en el momento en que así lo requiera, con la facultad y autoridad para ejecutar, entregar y cumplir sus obligaciones según este Contrato.</p> <p>7.2.2. Que este Contrato ha sido debidamente suscrito por el Comprador y constituye obligación legal, válida y vinculante de y para el Comprador, exigible de conformidad con sus términos.</p> <p>7.2.3. Que la suscripción por parte del Comprador de este Contrato, y el cumplimiento por parte del Comprador de sus obligaciones según este Contrato no: (i) contravendrá sustancialmente ninguna ley aplicable a la cual el Comprador pueda estar sujeta; o (ii) constituirá una violación o incumplimiento, estará en conflicto, constituirá o creará (con o sin debida notificación o transcurso del tiempo o ambos) incumplimiento (o dará lugar a derecho de terminación, cancelación o aceleración) de</p>
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<p>comply with the obligations therein. The Seller shall not have any right to indemnification due to the termination by the Purchaser.</p> <p>10. Compliance of the obligation of paying the Purchase Price</p> <p>10.1. The Purchaser will only be bound to comply with the obligation of paying the Purchase Price set forth under Section 5 of this Contract, once the Seller has fully complied with all of its obligations that are required to be completed by the Closing Date.</p> <p>11. Applicable Foreign Exchange Rate</p> <p>11.1. The exchange rate applicable in case of payments denominated in U.S. dollars in this Contract shall be made in Colombian pesos at the exchange rate negotiated with Bancolombia at eleven of the morning (11:00 a.m.) in the day in which the payment must be made.</p> <p>12. Indemnity</p> <p>12.1. Each Party is bound to hold the other Party harmless against any damage, loss, liability, cost, prejudice, or expense (including reasonable attorney's fees) derived from any claims of any third parties including the Mining Authority, the Environmental Authority or any other governmental authority, which may arise from the execution of the Contract hereof, and/or as a result of any actions which any of the Parties may have generated directly, or through any third parties, with respect to the Mining Concession Contracts and which may have</p>	<p>ninguna obligación bajo ningún contrato del cual el Comprador sea parte.</p> <p>7.2.4. El Comprador declara que las Consideraciones del presente Contrato son ciertas y válidas y no presentan inexactitudes ni falta de información que debiere ser conocida por las Partes.</p> <p>7.2.5. El Comprador acuerda que aceptará cualquier responsabilidad en la que pueda incurrir, e indemnizará al Vendedor en el evento en que cualquiera de las declaraciones y garantías de este Contrato sean inválidas o imprecisas.</p> <p>8. Ley de Prácticas Corruptas en el Extranjero</p> <p>El Comprador y el Vendedor garantizan que:</p> <p>8.1 No actúan en nombre y representación del Gobierno de Colombia ni de ningún departamento, agencia o institucionalidad del mismo.</p> <p>8.2. No harán ninguna oferta, pago ni prometerán ningún pago de dinero ni nada de valor a (a) ningún Funcionario Extranjero o (b) ningún partido político o funcionalidad o candidato de dicho partido con el propósito de influenciar cualquier acto o decisión del Gobierno de Colombia o en ningún departamento, agencia, o institucionalidad del mismo para asistir al Vendedor o al Comprador en la operación, transporte o venta de minerales;</p> <p>8.3. Conoce las prohibiciones contenidas en la Ley de Prácticas Corruptas en el</p>
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<p>caused a damage to the other Party.</p>	<p>Extranjero de los Estados Unidos (FCPA) y no participará en ninguna conducta que viole dicha FCPA.</p>
<p>13. Further assurances</p>	<p>8.4. Para propósitos de lo dispuesto en la Cláusulas 8.1 a 8.3 de este Contrato, "Funcionario Extranjero" significa cualquier funcionario o empleado del Gobierno de Colombiano o cualquier departamento, agencia o institucionalidad del mismo.</p>
<p>13.1. The Seller shall be obligated to execute any other kind of document or agreement, or take any other action which may be necessary to carry out the assignment of the Mining Concession Contracts.</p>	<p>9. Terminación</p>
<p>14. Applicable Law.</p>	<p>9.1 Habrá lugar a la Terminación cuando quiera que se cumplan las siguientes tres condiciones: (i) que el Comprador no haya pagado al Vendedor ninguno de los rubros descritos en la Cláusula 5 que conforman el Precio, (ii) que sea requerido por escrito por el Vendedor para cumplir la obligación, y (iii) dentro de los días noventa (90) días siguientes al requerimiento no se allanare a cumplir la obligación.</p>
<p>14.1. The interpretation and validity of the Contract hereof shall be subject to the provisions of the laws of the Republic of Colombia.</p>	<p>9.2. También habrá lugar a la Terminación cuando el Comprador en cualquier momento a partir de la Fecha Efectiva decida no seguir adelante con el Contrato y lo comunice por escrito al Vendedor con una antelación no menor a treinta (30) días. La terminación por parte del Comprador dará lugar a la terminación del Contrato de Operación y el Comprador estará obligado a cumplir todas las obligaciones ahí descritas. El Vendedor no tendrá derecho alguno a reclamar ninguna especie de indemnización, por razón de la terminación por parte del Comprador.</p>
<p>15. Arbitration.</p>	<p>10. Exigibilidad de la obligación de pago del Precio.</p>
<p>15.1. The Parties agree that any dispute or controversy that may arise between them derived from this Contract shall be subject to arbitration before an Arbitration Board. The board shall be subject to the following rules:</p>	<p>10.1 La obligación de pagar el Precio consignada en la Cláusula 5 de este</p>
<p>15.1.1. Three (3) arbitrators shall comprise the board, Colombian attorneys;</p>	
<p>15.1.2. The internal organization of the board, including professional fees and any applicable costs shall be split equally 50/50;</p>	
<p>15.1.3. The Board shall session in Medellin.</p>	
<p>16. Severability.</p>	
<p>16.1. If any competent authority declares null and void in any jurisdiction any provision of this Contract or the application of any provision to any person or situation,</p>	

<p>the validity or legality of the remainder of this Contract, or the application of said provision to persons or situations different than those with respect to which it was declared null, shall not be affected. The prohibited or unenforceable provision shall be considered replaced by a provision valid and enforceable, which will be the closest to the expression of the intention of the forbidden or unenforceable provision. To the extent permitted by the applicable laws, the Parties hereby waive any legal provision that prohibits or declares unenforceable in any respect any provision of this Contract. Notwithstanding any provision on the contrary herein contained, if determined that any of said provision is prohibited or unenforceable with respect to any of the Parties, said provision shall not be enforceable with respect to the other Party.</p> <p>17. Copies.</p> <p>17.1. This Contract shall be signed in three (3) copies, one of which shall be delivered to the Trust Company for its custody, and all of them shall be considered as one and the same original of the Contract.</p> <p>18. Modification.</p> <p>18.1. This Contract shall only be modified in writing by mutual agreement between the Parties.</p> <p>18.2. Once the purchasers Colombian subsidiary has been registered this contract will be immediate transferred 100% to the Colombian subsidiary.</p> <p>19. Confidentiality.</p>	<p>Contrato no le será exigible al Comprador hasta tanto el Vendedor no se encuentre en pleno cumplimiento de todas las obligaciones mineras que se encuentran pendientes de cumplimiento al momento de la Fecha de Cierre.</p> <p>11. Tasa de Cambio Aplicable</p> <p>11.1 La tasa de cambio aplicable para realizar cualquiera de los pagos denominados en dólares de los Estados Unidos de América será la que se negocie con Bancolombia a las once de la mañana (11:00 a.m.) el día que se deba realizar el pago.</p> <p>12. Indemnidad</p> <p>12.1 Cada Parte se obliga a mantener indemne a la otra Parte, frente a cualquier daño, pérdida, responsabilidad, costo, perjuicio, gasto (incluyendo gastos razonables de abogados) que se deriven de reclamaciones de terceros, incluyendo la Autoridad Minera, la Autoridad Ambiental o cualquier otra autoridad gubernamental que tengan origen en la firma del presente Contrato, y/o como resultado de las acciones que alguna de las Partes haya podido generar directamente o a través de terceros respecto de los Contratos de Concesión y que le cause un perjuicio a la otra Parte.</p> <p>13. Actuaciones posteriores</p> <p>13.1 El Vendedor se obliga a suscribir cualquier tipo de documento o acuerdo que resultare indispensable para llevar a cabo la cesión de los Contratos de Concesión.</p> <p>14. Ley Aplicable.</p>
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<p>19.1. The Parties oblige themselves to maintain strict confidentiality and in consequence, will not disclose the existence and content of this Contract and the documentation exchanged as a consequence of the same (the “Confidential <u>Information</u>”). The Parties agree not to disclose to any third parties the Confidential Information, taking the same care that they would normally have to safeguard their own information of equivalent importance, the only exceptions to this principle that will permit the Parties disclose the Confidential Information are the following:</p> <p>19.1.1. When required by law or by order of a competent authority;</p> <p>19.1.2. When the Confidential Information has to be provided to its officers, directors, employees, agents, professional consultants and potential investors in connection with the issues treated hereto, in which case the Party disclosing this information must demand that said persons maintain the commitment of confidentiality established herein;</p> <p>19.1.3. When they develop it by their own means or if disclosed by third parties, which parties are not obligated to keep such information confidential; and</p> <p>19.1.4. The information is public by any reason which does not imply the violation of the Contract hereof.</p> <p>19.1.5. In any of the first two events, the Parties agree to manifest to the recipient of the information the</p>	<p>14.1 La interpretación y validez del presente Contrato se sujetará a lo previsto en las leyes de la República de Colombia.</p> <p>15. Arbitramento.</p> <p>15.1 Las Partes acuerdan que cualquier disputa o controversia que surja entre ellas derivadas de este Contrato, será sometida ante un Tribunal de Arbitramento. El tribunal estará sujeto a las siguientes reglas:</p> <p>15.1.1. Estará conformado por tres (3) árbitros, abogados colombianos, elegidos de la lista de la Cámara de Comercio de Medellín y sus decisiones serán en derecho.</p> <p>15.1.2 La organización interna del tribunal, incluyendo honorarios y costos aplicables estará dividida en partes iguales 50/50.</p> <p>15.1.3 El Tribunal sesionará en Medellín.</p> <p>16. Nulidad Parcial.</p> <p>16.1 Si cualquier autoridad competente declara nula e inexigible en cualquier jurisdicción cualquier disposición de este Contrato o la aplicación de cualquier disposición a cualquier persona o situación, la validez o legalidad del resto de este Contrato, o la aplicación de dicha disposición a personas o situaciones distintas de aquellas con respecto a las cuales se declaró nula, no se verán afectados. La disposición prohibida o inexigible se considerará reemplazada por una</p>
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<p>obligations derived from this Contract, in particular regarding the confidentiality.</p> <p>19.1.6. The obligation of confidentiality shall be in force during the term of the Contract hereof and for one (1) more year.</p> <p>19.1.7. The Parties are obligated not to disclose at any time the Confidential Information, except by the causes indicated in this Section.</p> <p>20. Notifications:</p> <p>20.1. All communications between the Parties shall be in writing and shall be delivered to the addresses established for said purpose in this Section, except that by previous written communication the change of address for these purposes is notified.</p> <p>20.2. Any notice delivered to the Parties shall be delivered or sent to the address set out in this literal</p> <p>20.3. To the Purchaser Address: 1090 West George Street, Suite 1305 Vancouver, BC, CA, V6E 3V7 Telephone: (1) 604-685-9316</p> <p>20.4. To the Seller Address: Carrera 43A No. 1A Sur -29 Of.307 Medellín- Colombia Telephone: (574) 352-22-88</p> <p>20.5. The addresses above, telephone numbers and facsimiles may be changed by written notification to the other party with at least five (5) calendar days before the validity of the new address.</p> <p>20.6. Notifications shall be deemed to</p>	<p>disposición que sea válida y exigible y que sea la que más se acerque a la expresión de la intención de la disposición prohibida o inexigible. En la medida de lo permitido por las leyes aplicables, las Partes renuncian a cualquier disposición legal que prohíba o declare inexigible en cualquier aspecto cualquier disposición de este Contrato. No obstante cualquier disposición en contrario contenida en este Contrato, si se determina que cualesquiera de dichas disposiciones está prohibida o inexigible con respecto a una de las Partes, dicha disposición no será exigible con respecto a la otra Parte.</p> <p>17. Ejemplares.</p> <p>17.1. Este Contrato se firmará en tres (3) ejemplares, uno de los cuales será entregado a la fiduciaria para su custodia, y todos los cuales se consideraran como un original del Contrato.</p> <p>18. Modificación.</p> <p>18.1 Este Contrato sólo podrá modificarse por escrito por mutuo acuerdo de las Partes.</p> <p>18.2 Una vez el Comprador haya constituido su empresa subsidiaria en Colombia, este contrato será inmediatamente transferido en su totalidad a la nueva compañía subsidiaria.</p> <p>19. Confidencialidad.</p> <p>19.1 Las Partes se obligan a mantener</p>
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<p>be received:</p> <p>20.7. The same day if the delivery was made personally and/or made by facsimile to the number appearing in this Section, provided that it has been obtained from the machine delivering it, confirmation from the receiving machine and if possible, confirmation by telephone and/or electronic mail as long as it has confirmation of delivery by the delivering Party.</p> <p>20.8. Four (4) business days after the delivery to the address indicated above, when delivered by Courier.</p> <p>21. Assignments</p> <p>21.1. The purchaser will assign this contract to its 100% owned Colombian subsidiary once it is incorporated</p> <p>22. Effective Delivery</p> <p>22.1. Upon the execution of the Operation Contract, the Seller shall deliver the Concession Contracts to the Purchaser, who for all purposes shall be the only authorized Party to undertake any kind of activity on the Areas.</p> <p>23. Integrity of the Contract.</p> <p>23.1. It is the wish of the Parties that the agreement hereof shall prevail over any previous agreement, contract or verbal or written covenant between them, and therefore, any documentation, writing, document or any other previous relationship shall not have any validity.</p> <p>24. Headings, names and titles.</p> <p>24.1. The heading, names and titles of</p>	<p>estricta confidencialidad y en consecuencia, a no revelar la existencia y contenido de este Contrato y de la documentación que intercambien como consecuencia del mismo (la “<u>Información Confidencial</u>”). En consecuencia, las Partes aceptan no revelar a terceros la Información Confidencial poniendo en ello el mismo cuidado que normalmente utilizan para salvaguardar su propia información de importancia equivalente, siendo las únicas excepciones a este principio, que permitirán a las Partes revelar la Información Confidencial, las siguientes:</p> <p>19.1.1 Cuando así lo requiera la ley o por orden de autoridad competente;</p> <p>19.1.2 Cuando deban suministrarla a sus funcionarios, directores, empleados, agentes, consultores profesionales, y potenciales inversionistas en relación con los temas aquí tratados, en cuyo caso la Parte que revele esta información debe exigir que dichas personas mantengan el compromiso de confidencialidad aquí establecido;</p> <p>19.1.3. Cuando la desarrollen por medios propios o les fuere revelada por terceros, que a su turno no estuvieren obligados a mantenerla en confidencialidad; y</p> <p>19.1.4 La información sea pública</p>
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<p>the Contract and the Sections are included for convenience and as a reference only and shall not affect the meaning or interpretation of the provisions of the Contract hereof.</p> <p>25. Waiver of Rights.</p> <p>25.1. No omission, delay or action of any of the Parties under the exercise of any right, power, or recourse derived from this Contract may be considered as a waiver to the same, and the particular or partial non-exercise of any of such rights, powers or recourse shall not prevent either the exercise afterwards of the same or of any other right, power or recourse. The waiver in writing of any of the Parties to any rights, power or recourse in particular and in a specific time, shall not be considered as a waiver of any right, power or recourse the Party may have in the future, but expressly on the subject being the purpose of the waiver.</p> <p>26. Complete Understandings.</p> <p>26.1. The various understandings set forth in this Contract constitute a unique and indivisible agreement, each of the understandings being a condition for the execution of the others, regardless the order of their verification.</p> <p>27. Taxes.</p> <p>27.1. The Parties acknowledge that they are aware of the current tax regulations and in particular those in connection with the withholding tax, as it may be applicable to the Contract hereof. Each of the parties shall be responsible for any taxes,</p>	<p>por cualquier motivo, que no implique violación del presente Contrato.</p> <p>19.1.5 En cualquiera de los dos primeros eventos, las Partes acuerdan manifestar al receptor de la información las obligaciones derivadas de este Contrato, en especial en lo relativo a la confidencialidad.</p> <p>19.1.6. La presente obligación de confidencialidad se mantendrá durante la vigencia del presente Contrato y por un (1) año más.</p> <p>19.1.7. Las Partes se obligan a no revelar en cualquier tiempo, salvo por las causas señaladas en esta Cláusula.</p> <p>20. Notificaciones:</p> <p>20.1. Todas las comunicaciones entre las Partes se consignarán por escrito y serán dirigidas a las direcciones establecidas para tal efecto en esta Cláusula, salvo que mediante previa comunicación escrita se notifique del cambio de dirección para estos efectos.</p> <p>20.2 Las notificaciones que se envíen las Partes serán dirigidas a o enviadas a la dirección que se establece en este literal</p> <p>20.3 Al Comprador Dirección: 1090 West George Street, Suite 1305 Vancouver, BC, CA, V6E 3V7 Teléfono: (1) 604-685-9316</p> <p>20.4 Al Vendedor Dirección Carrera 43A No. 1A Sur - 29 Of.307 Medellín- Colombia</p>
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<p>contributions and all other rates for which it may be liable pursuant to the applicable tax regulation.</p> <p>28. Good faith.</p> <p>28.1. The Parties state that they enter into this Contract in good faith and that the same shall always preside their contractual relations and in consequence they shall provide mutual assistance to each other in the execution and development of this Contract.</p> <p>29. Joint Stipulation.</p> <p>29.1. The Parties hereof declare and agree that the recitals, Sections, conditions and in general the writing of this Contract is the result of the negotiations between the Parties and that as a result, it shall not be presumed that a possible ambiguity in this Contract shall be resolved against any of the Parties of this Contract.</p> <p>30. Effect.</p> <p>30.1. The provisions established hereof, shall be binding for the Parties as of the date in which said parties execute the Contract hereto.</p> <p>31. Language.</p> <p>31.1. This Agreement has been executed in both the English and Spanish. The Parties mutually agree that in the event of any discrepancy, the Spanish version shall prevail.</p> <p>In witness whereof, this Contract hereby is executed on the 16 day of February of two</p>	<p>Teléfono: (574) 352-22-88</p> <p>20.5 Las anteriores direcciones y números de teléfono pueden ser cambiados, mediante notificación escrita a la otra parte por lo menos con cinco (5) días calendario de anterioridad a la vigencia de la nueva dirección.</p> <p>20.6 Las notificaciones se entenderán recibidas:</p> <p>20.7 El mismo día, si la entrega se hizo personalmente y/o se hizo el envío por facsímile al número que figura en la presente cláusula, siempre y cuando se haya obtenido en la máquina que lo envía, confirmación de la máquina receptora y en lo posible, confirmación telefónica y/o por correo electrónico siempre y cuando cuente con confirmación de envío por la Parte remitente.</p> <p>20.8 Cuatro (4) días hábiles después del envío a la dirección arriba indicada, cuando esta se haya realizado por correo "Courier".</p> <p>21. Cesión</p> <p>21.1 El Comprador cederá el 100% de este contrato a su subsidiara en Colombia una vez esta se encuentre constituida.</p> <p>22. Entrega Real</p> <p>22.1. A partir de la suscripción del Contrato de Operación, el Vendedor hará entrega de los Contratos de Concesión al Comprador, quien para todos los efectos será el único autorizado para adelantar cualesquiera tipo de actividades sobre las Áreas.</p>
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thousand eleven, 2011

23. Integridad del Contrato.

23.1 Es voluntad de las Partes que lo aquí pactado prima sobre cualquier acuerdo, contrato o pacto verbal o escrito anterior entre ellas, y por lo tanto cualquier comunicación, escrito, documento o relación alguna anterior no tendrá validez.

24. Encabezamientos, nombres y títulos.

24.1 El encabezamiento, los nombres y títulos del Contrato y las cláusulas se incluyen por conveniencia de referencia solamente y no afectará el significado o interpretación de las disposiciones del presente Contrato.

25. Renuncia a Derechos.

25.1 Ninguna omisión, demora o acción de alguna de las Partes en el ejercicio de cualquier derecho, facultad o recurso derivado de este Contrato podrá ser considerada como una renuncia al mismo y, el no-ejercicio particular o parcial de cualquiera de tales derechos, facultades o recursos tampoco impedirá el ulterior ejercicio del mismo o de cualquier otro derecho, facultad o recurso. La renuncia por escrito de alguna de las Partes a cualquier derecho, facultad o recurso, en particular y en un determinado momento, no será considerada como renuncia de ningún derecho, facultad o recurso que la Parte pueda tener en el futuro, sino expresamente sobre el tema objeto de la renuncia.

26. Entendimientos Completos.

26.1 Los entendimientos varios establecidos en este Contrato constituyen un acuerdo único e

indivisible, cada uno de los entendimientos siendo una condición para la ejecución de los demás, sin importar el orden de su verificación.

27. Impuestos.

27.1 Las Partes declaran conocer las normas tributarias vigentes y en especial las relacionadas con la retención en la fuente, en cuanto sean aplicables al presente Contrato. Cada una de las Partes será responsable por los impuestos, contribuciones y demás tasas por las que deba responder de conformidad con la normativa tributaria aplicable.

28. Buena fe.

28.1 Las Partes declaran que celebran el presente Contrato de buena fe y que la misma presidirá siempre sus relaciones contractuales y en consecuencia se prestarán ayuda mutua en la ejecución y desarrollo de este Contrato.

29. Estipulación conjunta.

29.1 Las Partes del presente Contrato manifiestan y convienen que las consideraciones, cláusulas, secciones, literalidad, condiciones y en general la redacción de este Contrato es el resultado de negociaciones entre las Partes y que como resultado, no se presumirá que una posible ambigüedad en este Contrato se resolverá contra alguna de las Partes del presente Contrato.

30. Efecto.

30.1. Las disposiciones aquí previstas surtirán efecto para las Partes a partir de la fecha en que las mismas

suscribe el presente Contrato.

31. Idioma

31.1 Este Contrato ha sido elaborado en inglés y en español. En caso de discrepancia entre las dos versiones, el texto en español prevalecerá.

Para constancia, se suscribe el presente Contrato a los 16 días del mes de Febrero de dos mil once 2011

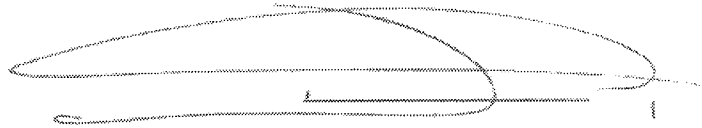
By,

BLUE COVE CAPITAL CORPORATION



Ana María López Hernández
Identification Number 63.545.241 of Bucaramanga, Colombia

COLOMBIA MINES S.A.S.



Hernando A. Molina Jaramillo
Identification Number 98.555.300 of Envigado, Antioquia, Colombia



<p style="text-align: center;">AMENDMENT No.1</p> <p style="text-align: center;">to the</p> <p style="text-align: center;">PURCHASE AND SALE AGREEMENT OVER THE MINING CONCESSION CONTRACTS IDENTIFIED WITH CODE NUMBERS: HGLE-02 and HJIG-02.</p> <p style="text-align: center;">of February 16th, 2011</p> <p>Between the undersigned,</p> <p>(I) BLUE COVE CAPITAL CORPORATION a Canadian company, duly incorporated under the laws of British Columbia, domiciled in 1090 West George Street, Suite 1305, Vancouver, BC, CA, V6E 3V7 identified as a public company listed on the TSX-V under (BCV.H) and duly represented in this act by Robert James Sedgemore, Canadian citizen, identified with passport number BA684645, acting in his condition of director of BLUE COVE CAPITAL CORPORATION, (hereinafter the "<u>Purchaser</u>"), and</p> <p>(II) Colombia Mines S.A.S. a Colombian company, duly incorporated under the laws of the Republic of Colombia, domiciled in Carrera 43A, 18 Sur-29, office 307, Medellin, Colombia identified with tax registration number 900327407-3, and duly represented in this act by Hernando A. Molina Jaramillo, a Colombian citizen with identification number 98.555.300 of Envigado, Antioquia, Colombia (hereinafter the "<u>Seller</u>").</p> <p>The Purchaser and the Seller jointly shall be called the "<u>Parties</u>", and individually the "<u>Party</u>". The Parties, they have agreed to execute</p>	<p style="text-align: center;">OTROSÍ No. 1</p> <p style="text-align: center;">al</p> <p style="text-align: center;">CONTRATO DE COMPRAVENTA DE LOS CONTRATOS DE CONCESIÓN MINERA IDENTIFICADOS CON PLACAS: HGLE-02 y HJIG-02.</p> <p style="text-align: center;">del 16 de febrero de 2011</p> <p>Entre los suscritos,</p> <p>(I) BLUE COVE CAPITAL CORPORATION, sociedad Canadiense, domiciliada en 1090 West George Street, Suite 1305, Vancouver, BC, CA, V6E 3V7, una compañía pública inscrita en la Bolsa de Valores de Toronto TSX-V, identificada con el nemotécnico (BCV.H), y debidamente representada por el señor Robert James Sedgemore, ciudadano canadiense identificado con el pasaporte número BA684645, en su calidad de director de BLUE COVE CAPITAL CORPORATION (en adelante el "<u>Comprador</u>") por una parte, y por la otra</p> <p>(II) Colombia Mines S.A.S, sociedad constituida de conformidad con las leyes de la Republica de Colombia, domiciliada en la ciudad de Medellín, identificada con NIT. 900327407-3, y debidamente representada en este acto por el señor Hernando A. Molina Jaramillo, ciudadano colombiano identificado con la cédula 98.555.300 de Envigado, Antioquia, Colombia (en adelante el "<u>Vendedor</u>")</p> <p>El Comprador y el Vendedor se denominarán conjuntamente las "<u>Partes</u>", e individualmente la "<u>Parte</u>". Entre las Partes se ha convenido en celebrar el presente otrosí al Contrato (en adelante el "<u>Otrosí</u>"), en los términos que se describen a continuación, previas las siguientes:</p>
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<p>this amendment to the Contract (hereinafter the "<u>Amendment</u>"), under the terms described hereunder, taking into consideration the following</p>	<p>CONSIDERACIONES</p>
<p>RECITALS</p>	
<ol style="list-style-type: none"> 1. That the Parties executed the Contract on February 16th, 2011. 2. That pursuant to the Definitions of the Contract, the Closing Date was February 16th, 2011. 3. That until the date of this Amendment the actions set forth under Section 3 of the Contract have not been consummated. 4. That it is the Parties' intention to redefine the Closing Date. 5. That it is the Parties' intention to consummate all the action set forth under Section 3 before the Closing Date, as this term is redefined under this Amendment. 	<ol style="list-style-type: none"> 1. Que las Partes suscribieron el Contrato el 16 de febrero de 2011. 2. Que de conformidad con lo establecido en las Definiciones del Contrato la Fecha de Cierre era el 16 de febrero de 2011. 3. Que hasta la fecha del presente Otrosí, las acciones consagradas en la cláusula 3 del Contrato no se han consumado. 4. Que es la intención de las Partes redefinir la Fecha de Cierre del Contrato. 5. Que es la intención de las Partes llevar a cabo todas las acciones consagradas en la cláusula 3 del Contrato con anterioridad a la Fecha de Cierre, de acuerdo a como se redefine este último término el presente Otrosí.
<p>Now, therefore, the Parties agree to execute the Amendment hereto, which shall be governed by the following Sections and otherwise by the Colombian laws in force.</p>	<p>En consecuencia, las Partes acuerdan suscribir el presente Otrosí, el cual se registrará por las siguientes cláusulas y, en lo no previsto en ellas, por las leyes colombianas vigentes.</p>
<ol style="list-style-type: none"> 1. As of the date of this Amendment, the following sections 1 and 3 of the Contract shall be amended in the terms set forth below: 	<ol style="list-style-type: none"> 1. A partir de la suscripción del presente Otrosí por las Partes, se modifican las cláusulas 1 y 3 del Contrato, las cuales quedarán de la siguiente manera
<p>"1. Definitions</p>	<p>"1. Definiciones</p>
<p>For purposes of the Contract hereto, the following terms with the initial letter in upper case, in addition to others found in the Contract, shall have the meaning as specified in this Section. The definitions of terms hereinto shall be applied equally to the singular and plural forms. Unless the meaning shall be understood differently by the context (i) any mention to any contract, instrument or other document shall be understood as referred to said contract, instrument or other document as may be</p>	<p>Para los efectos del presente Contrato, los siguientes términos con mayúscula inicial, además de los otros que se encuentren en el Contrato, tendrán el significado que se especifica en esta cláusula. Las definiciones de términos del presente Contrato se aplicarán de igual manera a sus formas en singular y plural. A menos que por el contexto se deba entender de otra manera (i) cualquier mención a cualquier contrato, instrumento u otro documento se entenderá referida a dicho contrato, instrumento u otro documento tal como en cualquier momento se encuentre reformado, adicionado o modificado, (ii) toda referencia a una persona contenida en el</p>

<p>amended, added or modified from time to time, (ii) any reference to a any person contained in this Contract shall be interpreted as to include all successors and assignees of said person, and (iii) all mentions to Chapters and Sections shall be understood to the Chapter and Sections of the Contract hereto.</p>	<p>presente Contrato se interpretará en el sentido de que incluye a los sucesores y cesionarios de dicha persona, y (iii) todas las menciones a Capítulos y Secciones se entenderán referidas a los Capítulos y Secciones del presente Contrato.</p>
<p>“Shares”: Means the shares of Newco.</p>	<p>“Acciones”: Significa la totalidad de las acciones que conformaren el capital social de la Nueva Compañía.</p>
<p>“TSX.V”: Means the TSX Venture Exchange Inc.</p>	<p>“TSX.V”: Significa la Bolsa de Valores de Toronto.</p>
<p>“TSX.V Approval”: Means the approval that must be granted by the TSX.V to the Purchaser, as set forth under the Letter of Intent.</p>	<p>“Aprobación de la TSX.V”: Significa la aprobación que deberá impartir la Bolsa de Valores de Toronto al Comprador, en los términos definidos en la Carta de Intención.</p>
<p>“Areas”: Means the Areas granted under the Mining Concession Contracts. These Areas are described in the Mining Concession Contracts as well as in the corresponding Certificates of Mining Registry.</p>	<p>“Áreas”: Significan las Áreas otorgadas bajo los Contratos de Concesión. Estas Áreas están detalladas en los Contratos de Concesión y en los Certificados del Registro Minero.</p>
<p>“Environmental Authority”: Means the “Corporación Autónoma Regional” (<i>Regional Environmental Authorities</i>) with power and authority over the Areas granted under the Mining Concession Contracts. Likewise, it will include the Ministry of the Environment, Housing and Territorial Development and any other authority that by virtue of Colombian laws, among other regulations without being limited to, Decree Law 2811 of 1974, Law 99 of 1993, Law 1333 of 2009 and any other norms that modifies, supersedes or regulates, grants powers, rights, competences, authorizations and any other prerogative in connection with the Environmental Regulations.</p>	<p>“Autoridad Ambiental”: Significa la Corporación Autónoma Regional con competencia en las Áreas otorgadas bajo el Contrato de Concesión. Así mismo, incluirá al Ministerio de Ambiente, Vivienda y Desarrollo Territorial y cualquier otra autoridad que por virtud del ordenamiento jurídico colombiano, entre otras normas sin limitarse a las mismas, el Decreto Ley 2811 de 1974, la Ley 99 de 1993, la Ley 1333 de 2009 y cualquier norma que las modifique, sustituya o reglamente otorgue poderes, derechos, competencias, facultades y cualquier otra prerogativa en relación con la Normativa Ambiental.</p>
<p>“Mining Authority”: Means the Ministry of Mines and Energy, Ingeominas, and any other authority</p>	<p>“Autoridad Minera”: Significa el Ministerio de Minas y Energía, el Instituto Colombiano de Geología y Minería (Ingeominas), y cualquier otra autoridad que por virtud del ordenamiento jurídico colombiano,</p>

that by virtue of Colombian laws, among other regulations without being limited to the same, Law 685 of 2001, Law 1382 of 2010 and any other provision that modifies, supersedes or regulates, grants powers, rights, competences, authorizations and any other prerogative in connection with mining issues.

“Closing”: Means the consummation of the action set forth in Section 3.3 of this Contract as modified by the present Amendment. The Closing will take place in Bogota, Colombia on the Closing Date.

“Condition to Transfer”: Means the compliance by the Purchaser of its obligation of paying the Purchase Price, set forth under Section 5 of this Contract.

“Trust Agreement”: Means the Trust agreement that the Seller shall execute with a financial institution, whereby it shall transfer the Shares to a Trust. The Trust Agreement will include, among others, veto rights for the benefit of the Purchaser for the following corporate actions: (i) mergers, (ii) spin-off, (iii) issuance of shares, and (iv) indebtedness.

“Mining Concession Contracts”: Means the mining concession agreements identified with codes HJIG-02 and HGLE-02.

“Closing Date”: Means a date to be determined by the Parties hereof, and in any event within ten (10) business days as of the TSX.V Approval which is the date in which the Closing will take place.

“Effective Date”: Means the moment in which this Contract enters into force,

entre otras normas sin limitarse a las mismas, la Ley 685 de 2001, la Ley 1382 de 2010 y cualquier norma que las modifique, sustituya o reglamente otorgue poderes, derechos, competencias, facultades y cualquier otra prerrogativa en relación con los asuntos mineros.

“Cierre”: Será el momento en el cual se consumen las condiciones descritas en la Cláusula 3.3 de este Contrato, conforme como sea modificado por el presente Otrosí. El Cierre tendrá lugar en la ciudad de Bogotá, Colombia en la Fecha de Cierre.

“Condición de Traspaso”: Significa el cumplimiento de la obligación de pagar el Precio por parte del Comprador, en los términos consignados en la Cláusula 5 de este Contrato.

“Contrato de Fiducia: Significa el contrato de fiducia que habrá de celebrar el Vendedor con una entidad financiera, por virtud del cual transferirá a título de fideicomiso las Acciones. El Contrato de Fiducia incluirá entre otras provisiones, derechos de veto por parte del Comprador en relación con las siguientes decisiones corporativas: (i) fusiones, (ii) escisiones, (iii) emisión de acciones y (iv) cualquier tema relacionado con endeudamiento.

“Contratos de Concesión”: Son los contratos de concesión minera, identificados con las placas HJIG-02 y HGLE-02.

“Fecha de Cierre”: Será la fecha que las Partes determinen, y en todo caso dentro de los diez (10) días hábiles siguientes a aquel en que se produzca la Aprobación de la TSX.V.

“Fecha Efectiva”: significa el momento a partir del cual comienza la vigencia

<p>which is the same day in which the Parties execute this Contract.</p> <p>“Trust Shares”: Means the Shares once they are transferred to the Trust.</p> <p>“Confidential Information”: Will have the meaning set forth under Section 19 of this Contract.</p> <p>“LME”: Is the London Metal Exchange.</p> <p>“Environmental Regulations”: Means any legal regulation in connection with environmental issues, including, among others, but without being limited to, Law 23 of 1973, Decree Law 2811 of 1974, Decree 1594 of 1984, Law 99 of 1993, Law 1124 of 2007, Decree 1299 of 2008, Decree 1220 of 2005, Decree 600 of 2005, Law 1333 of 2009, Decree 1715 of 1978, Decree 1541 of 1978, Decree 1713 of 2002, Decree 1140 of 2003, Decree 838 of 2005, Law 945 of 2005, Law 29 of 1992, Law 740 of 2002, Law 253 of 1996, Decree 948 of 1995, Decree 979 of 2006, Resolution 0601 of 2006, Resolution 0627 of 2006, and all other regulations that modify, delete, supersede, or regulate them as it may be applicable.</p> <p>“Newco”: Means the simplified stock company that the Seller must incorporate in the Republic of Colombia, during the following two (2) months as of the Effective Date and to which the Mining Concession Contracts must be transferred.</p> <p>“Purchase Price”: Means the amounts set forth under Sections 5.1. and 5.2 of this Contract that the Purchaser must pay to the Seller.</p> <p>“Work Program”: Means the schedule of works and activities that are planned</p>	<p>del Contrato, y que inicia el día en que se suscribe este Contrato por las Partes.</p> <p>“Fideicomiso”: Son las Acciones fideicomitidas como resultado del Contrato de Fiducia.</p> <p>“Información Confidencial”: Tiene el significado que se le atribuye a este término en la Cláusula 19 del presente Contrato.</p> <p>“LME”: Significa el Mercado de Metales de Londres (“<i>London Metal Exchange</i>”).</p> <p>“Normativa Ambiental”: significa toda norma del ordenamiento jurídico relacionada con asuntos ambientales, dentro de las cuales se incluye sin limitarse a las mismas, Ley 23 de 1973, Decreto Ley 2811 de 1974, Decreto 1594 de 1984, Ley 99 de 1993, Ley 1124 de 2007, Decreto 1299 de 2008, Decreto 1220 de 2005, Decreto 600 de 2005, Ley 1333 de 2009, Decreto 1715 de 1978, Decreto 1541 de 1978, Decreto 1713 de 2002, Decreto 1140 de 2003, Decreto 838 de 2005, Ley 945 de 2005, Ley 29 de 1992, Ley 740 de 2002, Ley 253 de 1996, Decreto 948 de 1995, Decreto 979 de 2006, Resolución 0601 de 2006, Resolución 0627 de 2006, y las demás normas que las modifiquen, deroguen, sustituyan, reglamenten que sean aplicables.</p> <p>“Nueva Compañía”. Significa la sociedad por acciones simplificada que debe constituir el Vendedor en la República de Colombia dentro de los dos (2) meses siguientes a la Fecha Efectiva, y a la cual habrán de cederse los Contratos Concesión.</p> <p>“Precio”. Son las sumas de dinero consignadas en las Cláusulas 5.1 y 5.2 de este Contrato.</p> <p>“Programa de Trabajos”: Significa el</p>
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<p>to be executed over the Mining Concession Contracts during the three (3) years following the Closing Date.</p> <p>“Royalties”: Means the royalties that the Purchaser must pay to the Seller, as set forth under Section 6 of this Contract.</p> <p>“U.S.”: Means the United States of America.”</p> <p>“3. Effective Date and Closing</p> <p>During the two (2) months following the Effective Date, the Parties will perform the following actions, being understood that all actions belong to a single transaction:</p> <p>3.1. Transfer of the Mining Concession Contracts to Newco.</p> <p>3.1.1. The Seller shall execute all documents required to transfer the title over the Mining Concession Contracts in favor of Newco.</p> <p>3.1.2. As per 3.1.1 the Seller will be bound to comply with all the obligations in connection with the Mining Concession Contracts, and shall initiate and move forward all the proceedings required to transfer the Mining Concession Contracts in favor of Newco.</p> <p>3.2. Effective of the Trust Agreement and Transfer of the Shares to the Purchaser.</p> <p>3.2.1. The Parties shall execute with the financial entity selected by mutual consent of the Parties, the Trust Agreement whereby the Seller will transfer the Shares of Newco to the Trust. The Trust</p>	<p>cronograma de actividades, obras y trabajos programados para realizar sobre los Contratos de Concesión durante los tres (3) años siguientes a la Fecha de Cierre.</p> <p>“Regalías”: Significa el pago por concepto de producción que hará el Comprador a favor del Vendedor en los términos definidos en la Cláusula 6 de este Contrato.”</p> <p>“3. Cierre</p> <p>Dentro de los dos (2) meses siguientes a la Fecha Efectiva las Partes ejecutarán las siguientes acciones, bajo el entendido que todas las acciones forman parte de una misma transacción.</p> <p>3.1 Transferencia de los Contratos de Concesión a favor de la Nueva Compañía</p> <p>3.1.1. El Vendedor se obliga a suscribir todos los documentos necesarios para transferir los Contratos de Concesión a favor de la Nueva Compañía.</p> <p>3.1.2 Para efectos de lo anterior, el Vendedor se obliga a dar cumplimiento a todas las obligaciones relacionadas con los Contratos de Concesión, y se compromete a iniciar e impulsar el trámite de cesión de los Contratos de Concesión a favor de la Nueva Compañía.</p> <p>3.2. Constitución del Fideicomiso y traspaso de las Acciones a favor del Comprador.</p> <p>3.2.1. Las Partes se obligan a suscribir con la entidad financiera escogida de común acuerdo por las Partes, el Contrato de Fiducia por virtud del cual el Vendedor transferirá a la</p>
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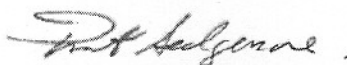
<p>shall administer the Shares and in the event the Condition to Transfer occurs, will transfer the Shares to the Purchaser</p> <p>3.2.2. In the event the Condition to Transfer fails to occur, the Trust shall transfer the Shares back to the Seller, and this Contract will terminate.</p> <p>3.3. Closing</p> <p>3.3.1. At the Closing Date the Purchaser will be bound to pay the first installment of the Purchase Price as set forth in Section 5.1.1 of the Contract.”</p> <p>2. The Contract as amended hereby, is in all other respects, ratified, confirmed and approved.</p> <p>3. Representations and Warranties.</p> <p>Each of the representations and warranties of the Contract are true valid, enforceable and applicable to this Amendment.</p> <p>4. Miscellaneous</p> <p>4.1. Applicable Law.</p> <p>The interpretation and validity of the Amendment hereof shall be subject to the provisions of the laws of the Republic of Colombia.</p> <p>4.2. Copies.</p> <p>This Amendment shall be signed in three (3) copies, one of which shall be delivered to the Trust Company for its custody, and all of them shall be considered as one and the same original of the Amendment.</p> <p>4.3. Headings, names and titles.</p> <p>The heading, names and titles of the Amendment and the Sections are included</p>	<p>fiduciaria la totalidad de las Acciones de la Nueva Compañía, de manera que la fiduciaria administre las acciones, y; una vez acaezca la Condición de Traspaso, las Acciones sean transferidas al Comprador.</p> <p>3.2.2. En el evento en el cual se declare fallida por cualquier razón la Condición de Traspaso, la fiduciaria transferirá las Acciones al Vendedor y se dará por terminado el presente Contrato.</p> <p>3.3 Cierre.</p> <p>3.3.1. En la Fecha de Cierre el Comprador estará obligado a pagar la primera cuota del Precio, de conformidad con lo dispuesto en la cláusula 5.1.1 del Contrato.”</p> <p>2. El Contrato modificado por el presente Otrosí, es ratificado, confirmado y aprobado en todos sus demás aspectos.</p> <p>3. Declaraciones y Garantías</p> <p>Cada una de las Partes reitera y garantiza a la otra Parte que todas las Declaraciones y Garantías contenidas en el Contrato son verdaderas y se encuentran vigentes y que tales Declaraciones y Garantías se entienden otorgadas nuevamente por cada Parte con la celebración del presente Otrosí.</p> <p>4. Disposiciones Varias.</p> <p>4.1. Ley Aplicable.</p> <p>La interpretación y validez del presente Otrosí se sujetará a lo previsto en las leyes de la República de Colombia.</p> <p>4.2. Ejemplares.</p>
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<p>for convenience and as a reference only and shall not affect the meaning or interpretation of the provisions of the Amendment hereof.</p> <p>4.4. Waiver of Rights.</p> <p>No omission, delay or action of any of the Parties under the exercise of any right, power, or recourse derived from this Amendment may be considered as a waiver to the same, and the particular or partial non-exercise of any of such rights, powers or recourse shall not prevent either the exercise afterwards of the same or of any other right, power or recourse. The waiver in writing of any of the Parties to any rights, power or recourse in particular and in a specific time, shall not be considered as a waiver of any right, power or recourse the Party may have in the future, but expressly on the subject being the purpose of the waiver.</p> <p>4.5. Effect.</p> <p>The provisions established hereof, shall be binding for the Parties as of the date in which said parties execute the Amendment hereto.</p> <p>4.6 Language.</p> <p>This Amendment has been executed in both the English and Spanish. The Parties mutually agree that in the event of any discrepancy, the Spanish version shall prevail.</p> <p>In witness whereof, this Amendment hereby is executed on the 1st day of April of two thousand eleven, 2011</p>	<p>Este Otrosí se firmará en tres (3) ejemplares, uno de los cuales será entregado a la fiduciaria para su custodia, y todos los cuales se consideraran como un original del Otrosí.</p> <p>4.3. Encabezamientos, nombres y títulos.</p> <p>El encabezamiento, los nombres y títulos del Otrosí y las cláusulas se incluyen por conveniencia de referencia solamente y no afectará el significado o interpretación de las disposiciones del presente Otrosí.</p> <p>4.4. Renuncia a Derechos.</p> <p>Ninguna omisión, demora o acción de alguna de las Partes en el ejercicio de cualquier derecho, facultad o recurso derivado de este Otrosí podrá ser considerada como una renuncia al mismo y, el no-ejercicio particular o parcial de cualquiera de tales derechos, facultades o recursos tampoco impedirá el ulterior ejercicio del mismo o de cualquier otro derecho, facultad o recurso. La renuncia por escrito de alguna de las Partes a cualquier derecho, facultad o recurso, en particular y en un determinado momento, no será considerada como renuncia de ningún derecho, facultad o recurso que la Parte pueda tener en el futuro, sino expresamente sobre el tema objeto de la renuncia.</p> <p>4.5. Efecto.</p> <p>Las disposiciones aquí previstas surtirán efecto para las Partes a partir de la fecha en que las mismas suscriban el presente Contrato.</p> <p>4.6. Idioma</p> <p>Este Otrosí ha sido elaborado en inglés y en español. En caso de discrepancia entre las dos versiones, el texto en español</p>
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	<p>prevalecerá.</p> <p>Para constancia, se suscribe el presente Otrosí el primero de abril de dos mil once 2011</p>
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By,

BLUE COVE CAPITAL CORPORATION



Robert James Sedgemore
Passport Number BA684645 of Canada

COLOMBIA MINES S.A.S.



Hernando A. Molina Jaramillo
Identification Number 98.555.300 of Envigado, Antioquia, Colombia