



## **CORDOBA MINERALS CORP.**

Condensed Interim Consolidated Financial Statements

As at and for the period ended

**March 31, 2016**

**TSX-V: CDB**

## **CORDOBA MINERALS CORP.**

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at March 31, 2016 and December 31, 2015

(Unaudited and expressed in Canadian Dollars)

As at:	March 31, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 4)	\$ 1,539,744	\$ 1,871,192
Other receivables	36,764	33,651
Prepaid expenses and deposits	190,807	229,835
	<b>1,767,315</b>	<b>2,134,678</b>
<b>Non-current assets</b>		
Value added tax receivable	349,823	241,749
Property, plant and equipment (Note 5)	152,703	172,146
Exploration and evaluation assets (Note 6)	45,519,647	45,519,647
	<b>46,022,173</b>	<b>45,933,542</b>
<b>TOTAL ASSETS</b>	<b>\$ 47,789,488</b>	<b>\$ 48,068,220</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 693,178	\$ 452,726
Due to related parties (Note 9)	696,756	383,469
	<b>1,389,934</b>	<b>836,195</b>
<b>Shareholders' equity</b>		
Share capital (Note 7)	58,530,752	56,664,991
Other equity reserves (Note 7)	10,553,826	10,959,587
Accumulated other comprehensive loss	(252,210)	(236,962)
Deficit	(22,432,814)	(20,155,591)
	<b>46,399,554</b>	<b>47,232,025</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 47,789,488</b>	<b>\$ 48,068,220</b>

*Nature of operations and going concern (Note 1)***APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:**

(signed) "Peter Meredith", Director  
Peter Meredith

(signed) "Ignacio Rosado", Director  
Ignacio Rosado

*See accompanying notes to the consolidated financial statements*

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

<b>For the three months ended</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Operating expenses</b>		
Exploration and evaluation expenditures	\$ 2,011,725	\$ 528,616
Corporate administration	255,564	280,084
Amortization	16,368	17,976
	<b>2,283,657</b>	<b>826,676</b>
<b>Other income (expense)</b>		
Interest and other income	9,688	8,291
Foreign exchange gain (loss)	(1,259)	7,313
Write-off of property, plant and equipment	(1,995)	-
	<b>6,434</b>	<b>15,604</b>
<b>Net loss for the period</b>	<b>\$ (2,277,223)</b>	<b>\$ (811,072)</b>
<b>Other comprehensive gain (loss)</b>		
Items that may be reclassified subsequently to profit or loss:		
Unrealized gain (loss) on foreign exchange translation	(15,248)	41,727
<b>Comprehensive loss for the period</b>	<b>\$ (2,292,471)</b>	<b>\$ (769,345)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>81,852,029</b>	<b>58,812,103</b>

*See accompanying notes to the consolidated financial statements*

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

<b>For the three months ended</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Operating activities</b>		
Loss for the period	\$ (2,277,223)	\$ (811,072)
Items not affecting cash:		
Amortization	16,368	17,976
Write-off of property, plant and equipment	1,995	-
Unrealized foreign exchange gain (loss)	(38,388)	26,891
Changes in non-cash working capital balances:		
Other receivables	(105,849)	(20,704)
Prepaid expenses and deposits	39,028	8,554
Accounts payable and accrued liabilities	240,452	(162,402)
Due to related parties	336,805	(3,015)
	<b>(1,786,812)</b>	<b>(943,772)</b>
<b>Financing activities</b>		
Exercise of warrants	1,460,000	-
	<b>1,460,000</b>	<b>-</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(8,032)	(1,669)
	<b>(8,032)</b>	<b>(1,669)</b>
Decrease in cash and cash equivalents	(334,844)	(945,441)
Effect of changes in exchange rates on cash	3,396	(3,704)
Cash and cash equivalents, beginning of period	1,871,192	3,679,154
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,539,744</b>	<b>\$ 2,730,009</b>

*See accompanying notes to the consolidated financial statement*

# CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

	Other equity reserves				Accumulated			Total
	Number of common shares	Share capital	Warrants reserve	Share-based payments reserve	Share-based payments reserve	other comprehensive gain (loss)	Deficit	
<b>Balance, December 31, 2015</b>	<b>79,445,436</b>	<b>\$ 56,664,991</b>	<b>\$ 8,673,851</b>	<b>\$ 2,285,736</b>	<b>\$ (236,962)</b>	<b>\$ (20,155,591)</b>	<b>\$ 47,232,025</b>	
Net loss for the period	-	-	-	-	-	(2,277,223)	(2,277,223)	
Exercise of warrants - cash proceeds	7,300,000	1,460,000	-	-	-	-	1,460,000	
Fair value of warrants exercised	-	405,761	(405,761)	-	-	-	-	
Unrealized foreign exchange gain	-	-	-	-	(15,248)	-	(15,248)	
<b>Balance, March 31, 2016</b>	<b>86,745,436</b>	<b>\$ 58,530,752</b>	<b>\$ 8,268,090</b>	<b>\$ 2,285,736</b>	<b>\$ (252,210)</b>	<b>\$ (22,432,814)</b>	<b>\$ 46,399,554</b>	
Balance, December 31, 2014	58,812,103	54,557,123	8,268,090	1,916,882	(227,577)	(15,237,556)	49,276,962	
Net loss for the period	-	-	-	-	-	(811,072)	(811,072)	
Unrealized foreign exchange gain	-	-	-	-	41,727	-	41,727	
Balance, March 31, 2015	58,812,103	\$ 54,557,123	\$ 8,268,090	\$ 1,916,882	\$ (185,850)	\$ (16,048,628)	\$ 48,507,617	

See accompanying notes to the condensed interim consolidated financial statements

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Cordoba Minerals Corp. (the "Company" or "Cordoba") is a Canadian based exploration and development company with exploration projects in Colombia. The principal business of the Company is the acquisition, exploration and development of precious and base metal properties. The Company was incorporated under the *Business Corporations Act* of British Columbia on October 20, 2009. The address of the Company's corporate office and principal place of business is 181 University Avenue, Suite 1413, Toronto, ON, M5H 3M7. The Company's registered address is 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

The Company has interests in resource properties which it is in the process of exploring and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of resource properties, including capitalized exploration and evaluation expenditures, is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

The Company's condensed interim consolidated financial statements are prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the period ended March 31, 2016, the Company incurred a net loss of \$2,277,223 (March 31, 2015 - \$811,072), a negative operating cash flow of \$1,786,812 (March 31, 2015 - \$943,772), had a working capital balance of \$377,381 as at March 31, 2016 (December 31, 2015 - \$1,298,483), and an accumulated deficit of \$22,432,814 as at March 31, 2016 (December 31, 2015 - \$20,155,591). These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's San Matias Project is a joint venture between Cordoba and High Power Exploration Inc. ("HPX"). The parties have entered Phase One of the Joint Venture Agreement (the "JV Agreement") whereby HPX can earn a 25% interest in the Joint Venture Company (the "JV Company" or "JV") by spending \$6 million. In Phase Two of the Agreement, HPX can earn a 51% interest in the JV Company by spending an additional \$10.5 million. In Phase Three of the Agreement, HPX can earn up to a 65% interest in the JV by carrying the San Matias Project to feasibility. The Company cannot co-fund during Phase 1, 2, and 3. Following Phases 1 to 3, each party will contribute to all JV Company expenditures in proportion to its then ownership interest in the JV.

The Company will continue to pursue opportunities to raise additional capital through equity markets to fund its exploration and operating activities; however there can be no assurance that such financing will be available on a timely basis and under terms which are acceptable to the Company. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustment could be material.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

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### 2. BASIS OF PREPARATION

#### Statement of Compliance

These condensed interim consolidated financial statements of the Company as at and for the three month period ended March 31, 2016, with comparative information as at December 31, 2015 and for the three month period ended March 31, 2015, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Canadian Institute of Chartered Accountants, as applicable to the preparation of interim financial statements including IAS 34. These unaudited interim financial statements do not include all of the disclosures required for annual financial statements and hence should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2015. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies as those included in the Company's most recent annual consolidated financial statements, except as described in Note 3 herein.

These unaudited condensed interim consolidated financial statements were approved by the board of directors on May 25, 2016.

### 3. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company has consistently applied the accounting policies and the significant judgments, estimates and assumptions set out in Notes 2, 3 and 5 of the Company's audited consolidated financial statements for the year ended December 31, 2015 to all the periods presented in these unaudited condensed interim consolidated financial statements.

#### Standards, Amendments and Interpretations Not Yet Effective

The following revised standards and amendments, unless otherwise stated, are effective on or after January 1, 2017 with early adoption permitted and have not been applied in preparing these condensed interim consolidated financial statements. Management has not yet considered the potential impact of their adoption and does not plan to adopt these standards early.

- i) IFRS 9, *Financial Instruments* ("IFRS 9"), replaces IAS 39, *Financial Instruments – Recognition and Measurement* ("IAS 39") and some of the requirements of IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"). The objective of IFRS 9 is to establish principles for reporting of financial assets and financial liabilities in respect of the assessment of the amounts, timing and uncertainty of an entity's future cash flows.  
  
IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.
- ii) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") replaces IAS 11, *Construction Contracts* ("IAS 11"), IAS 18, *Revenue* ("IAS 18") and some revenue-related interpretations.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

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The objective of IFRS 15 is to provide a single comprehensive revenue recognition model that applies to contracts with customers using two approaches to recognizing revenue – at one point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of the revenue recognized.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

- iii) IFRS 16, Leases (“IFRS 16”) replaces IAS 17, Leases (“IAS 17”). The new model requires the recognition of almost all lease contracts on a lessee’s statement of financial position as a lease liability reflecting future lease payments and a ‘right-of- use asset’ with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

There are no other IFRS or IFRS Interpretations Committee (“IFRIC”) interpretations that are not yet effective that would be expected to have a material impact on the Company.

#### 4. CASH AND CASH EQUIVALENTS

As of	March 31, 2016	December 31, 2015
Cash held in bank accounts	\$ 740,092	\$ 319,275
Term deposits	799,652	1,551,917
	<b>\$ 1,539,744</b>	<b>\$ 1,871,192</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

### 5. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Furniture and equipment	Vehicles	Leasehold improvements	Total
<b>Cost</b>					
Balance - December 31, 2014	46,892	69,566	134,975	14,427	265,860
Additions	4,361	28,378	-	-	32,739
Write-offs and disposals	(6,133)	(13,516)	(22,912)	-	(42,561)
Foreign exchange	7,370	8,344	24,174	-	39,888
<b>Balance - December 31, 2015</b>	<b>52,490</b>	<b>92,772</b>	<b>136,237</b>	<b>14,427</b>	<b>295,926</b>
Additions	1,186	6,846	-	-	8,032
Write-offs and disposals	-	(4,429)	-	-	(4,429)
Foreign exchange	(2,862)	(4,481)	(8,402)	-	(15,745)
<b>Balance - March 31, 2016</b>	<b>\$ 50,814</b>	<b>\$ 90,708</b>	<b>\$127,835</b>	<b>\$ 14,427</b>	<b>\$283,784</b>
<b>Accumulated amortization</b>					
Balance - December 31, 2014	10,447	12,643	25,833	6,414	55,337
Charge for the period	13,595	12,803	39,074	7,798	73,270
Write-offs and disposals	(3,864)	(3,755)	(8,775)	-	(16,394)
Foreign exchange	2,132	1,949	7,486	-	11,567
<b>Balance - December 31, 2015</b>	<b>22,310</b>	<b>23,640</b>	<b>63,618</b>	<b>14,212</b>	<b>123,780</b>
Charge for the period	3,410	3,387	9,356	215	16,368
Write-offs and disposals	-	(2,434)	-	-	(2,434)
Foreign exchange	(1,214)	(994)	(4,425)	-	(6,633)
<b>Balance - March 31, 2016</b>	<b>\$ 24,506</b>	<b>\$ 23,599</b>	<b>\$ 68,549</b>	<b>\$ 14,427</b>	<b>\$131,081</b>
<b>Net book value</b>					
As of December 31, 2015	\$ 30,180	\$ 69,132	\$ 72,619	\$ 215	\$172,146
<b>As of March 31, 2016</b>	<b>\$ 26,308</b>	<b>\$ 67,109</b>	<b>\$ 59,286</b>	<b>\$ -</b>	<b>\$152,703</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

### 6. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests:

	San Matias Project	Alacran Project	Total
Balance, December 31, 2014	\$ 45,193,847	\$ -	\$ 45,193,847
Acquisition of exploration and evaluation assets	-	325,800	325,800
<b>Balance, December 31, 2015 and March 31, 2016</b>	<b>45,193,847</b>	<b>325,800</b>	<b>45,519,647</b>

The Company has entered into an option agreement (the "Option") with Sociedad Ordinaria de Minas Omni ("OMNI") to earn a 100% interest in the Alacran Copper-Gold Project ("Alacran" or the "Alacran Project"), which is located within Cordoba's San Matias Project, by completing the commitments set out in the option agreement. As of March 31, 2016, the Company has paid US\$250,000 (CDN\$325,800) to OMNI on signing of the Binding Letter of Intent (LOI). The Company can drop the Option at anytime without penalty.

The Alacran property falls within the joint venture area of interest and forms part of the joint venture.

### 7. SHARE CAPITAL

#### (a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

As at March 31, 2016, there were 6,928,542 common shares (December 31, 2015 - 6,928,542) and Nil share purchase warrants (December 31, 2015 - 657,957) held in escrow.

#### (b) Share Purchase Warrants

A summary of share purchase warrants activity for the period ended March 31, 2016 is as follows:

	Number of warrants	Exercise price
Balance, December 31, 2015	24,470,069	\$1.04
Exercised	(7,300,000)	\$0.20
Expired	(1,997,107)	\$0.60
Expired	(122,668)	\$1.42
<b>Balance, March 31, 2016</b>	<b>15,050,294</b>	

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

Details of share purchase warrants outstanding as of March 31, 2016 and December 31, 2015 are:

<b>Expiry date</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
February 7, 2017	15,000,000	\$1.50
January 20, 2019	50,294	\$0.86
<b>Balance, March 31, 2016</b>	<b>15,050,294</b>	<b>1.50</b>

<b>Expiry date</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
March 28, 2016	1,997,107	\$0.60
March 28, 2016	122,668	\$1.42
February 7, 2017	15,000,000	\$1.50
June 16, 2018	7,300,000	\$0.20
January 20, 2019	50,294	\$0.86
<b>Balance, December 31, 2015</b>	<b>24,470,069</b>	<b>1.04</b>

### 8. SHARE-BASED PAYMENTS

#### Share Purchase Options

The Company has in place a stock option plan (the "Plan"), which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. The aggregate number of securities reserved for issuance will be not more than 10% of the number of common shares issued and outstanding from time to time. The Plan provides that the number of stock options held by any one individual may not exceed 5% of the number of issued and outstanding common shares. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the market price of the Company's shares on the day prior to the grant date. Stock options granted under the Plan may be subject to vesting terms if imposed by the Board of Directors or required by the TSX Venture Exchange.

The following is a summary of share purchase options activity for the period ended March 31, 2016:

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

Grant date	Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable	Unvested
				Granted	Exercised	Expired / Cancelled			
8-1-12	7-31-22	\$1.00	62,500	-	-	-	62,500	62,500	-
3-28-14	3-17-16	\$2.00	78,441	-	-	(78,441)	-	-	-
3-28-14	1-14-17	\$1.06	-	-	-	-	-	-	-
3-28-14	10-9-17	\$1.06	175,240	-	-	-	175,240	175,240	-
3-28-14	3-20-18	\$1.42	73,601	-	-	-	73,601	73,601	-
3-28-14	7-30-18	\$1.42	17,524	-	-	-	17,524	17,524	-
6-27-14	6-26-24	\$0.80	1,530,000	-	-	-	1,530,000	1,530,000	-
5-26-15	5-26-25	\$0.21	1,400,000	-	-	-	1,400,000	700,000	700,000
10-24-15	10-24-25	\$0.13	450,000	-	-	-	450,000	112,500	337,500
11-24-15	11-24-25	\$0.12	1,650,000	-	-	-	1,650,000	412,500	1,237,500
<b>5,437,306</b>				<b>-</b>	<b>-</b>	<b>(78,441)</b>	<b>5,358,865</b>	<b>3,083,865</b>	<b>2,275,000</b>
<b>Weighted ave. exercise price</b>				<b>\$ 0.42</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2.00</b>	<b>\$ 0.40</b>	<b>\$ 0.15</b>

As at March 31, 2016, the unamortized stock option value was \$189,146 (December 31, 2015 - \$189,146).

The weighted average remaining contractual life of the options outstanding at March 31, 2016 is 8.68 years (December 31, 2015 – 8.81 years).

## 9. RELATED PARTY TRANSACTIONS

The Company had transactions during the periods ended March 31, 2016 and 2015 with related parties consisted of directors, officers and the following companies with common directors and/or officers:

During the period ended March 31, 2016, the Company incurred US\$259,340 (period ended March 31, 2015 - \$Nil) in exploration and evaluation expenditures due to HPX, a company that has significant influence over Cordoba. The costs incurred consist of technical and managerial services provided for the Company's exploration projects in Colombia.

Amount due to related parties as of March 31, 2016 consists of \$28,548 (December 31, 2015 - \$30,279) due to Continental Gold Limited, a company with a former common director and \$668,208 (December 31, 2015 - \$353,190) due to HPX, a company that has significant influence over Cordoba. The amount owing is unsecured, non-interest-bearing and payable on demand.

These transactions are in the normal course of operations and are measured at the exchange amount of the services rendered.

### Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. For the periods ended March 31, 2016 and 2015, key management compensation comprises:

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

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For the three months ended	March 31, 2016	March 31, 2015
Salaries and benefits	181,250	181,250

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### 10. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the exploration and development of mineral properties. The mineral property interests as of March 31, 2016 and December 31, 2015 are located in Colombia and all of the exploration expenditures for the periods ended March 31, 2016 and 2015 were incurred in Colombia. Substantially all of the Company's other assets are located, and expenditures were incurred, in Canada.

### 11. FINANCIAL INSTRUMENTS

As at March 31, 2016 and December 31, 2015, the Company's financial instruments are comprised of cash and cash equivalents, other receivables, value added tax receivable, accounts payable and accrued liabilities, and due to related parties. With the exception of cash and cash equivalents, all financial instruments held by the Company are measured at amortized cost.

#### *Determination of Fair Value*

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for accounts payable and accrued liabilities and due to related parties approximate fair values due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

#### *Fair Value Hierarchy*

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- |         |                                                                                                                                                                                      |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities;                                                                                                      |
| Level 2 | Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and |
| Level 3 | Inputs for the asset or liability that are not based on observable market data (unobservable inputs).                                                                                |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month periods ended March 31, 2016 and 2015

(Unaudited and expressed in Canadian Dollars)

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### 12. COMMITMENTS

The Company has commitments relating to an office lease ending February 2020. The minimum annual payments for the next 6 years are as follows:

	Amount
2016	39,711
2017	52,948
2018	52,948
2019	52,948
2020	4,412
<b>Total</b>	<b>\$ 202,967</b>

### 13. SUBSEQUENT EVENT

On April 6, 2016, the Company announced that HPX has entered Phase One of the Joint Venture Agreement whereby HPX can earn a 25% interest in the San Matias Project in Colombia by spending an additional C\$6 million. Phase One of the Joint Venture has commenced as a result of HPX completing an initial C\$2.5 million exploration program funded by HPX private placements into the Company.

On April 6, 2016, the Company completed the Definitive Agreement for the acquisition of the Option of the Alacran Copper-Gold Project from OMNI and the Company paid US\$250,000 (CDN\$326,250) and issued 100,000 warrants pursuant to the previously announced earn-in agreement. Each warrant is exercisable to acquire one common share of the Company at an exercise price of \$0.21 until April 1, 2018.