



## **CORDOBA MINERALS CORP.**

Condensed Interim Consolidated Financial Statements  
As at and for the three months ended

**July 31, 2014**

(Unaudited)

**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 July 31, 2014 and April 30, 2014

(Unaudited and expressed in Canadian Dollars)

As at:	July 31, 2014	April 30, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 4)	\$ 7,074,698	\$ 9,245,018
Other receivables	107,867	202,297
Due from related parties (Note 9)	-	118,194
Prepaid expenses and deposits	388,018	347,587
	<b>7,570,583</b>	<b>9,913,096</b>
<b>Non-current assets</b>		
Property plant and equipment (Notes 5)	213,070	218,064
Exploration and evaluation assets (Note 6)	45,248,367	45,248,792
	<b>45,461,437</b>	<b>45,466,856</b>
<b>TOTAL ASSETS</b>	<b>\$ 53,032,020</b>	<b>\$ 55,379,952</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 408,397	\$ 1,031,383
Due to related parties (Note 9)	47,646	60,180
	<b>456,043</b>	<b>1,091,563</b>
<b>Shareholders' equity</b>		
Share capital (Note 7)	54,557,123	54,557,123
Other equity reserves (Note 7)	10,184,972	8,801,222
Accumulated other comprehensive income (loss)	28,550	(38,359)
Deficit	(12,194,668)	(9,031,597)
	<b>52,575,977</b>	<b>54,288,389</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 53,032,020</b>	<b>\$ 55,379,952</b>

**APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:**

(signed) "Ari Sussman", Director  
Ari Sussman

(signed) "William Katzin", Director  
William Katzin

*See accompanying notes to the condensed interim consolidated financial statements*

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

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

For the three months ended July 31,	2014	2013
<b>Operating expenses</b>		
Exploration and evaluation expenditures	\$ 1,238,886	\$ 472,053
Corporate administration	344,894	135,601
Stock-based compensation (Note 8)	1,383,750	-
Amortization	15,318	1,193
	<b>2,982,848</b>	<b>608,847</b>
<b>Other income (expense)</b>		
Interest and other income	32,473	7,257
Foreign exchange gain (loss)	(72,371)	1,410
Write-off of property, plant and equipment	(22,131)	-
Write-off of debt (Note 9)	(118,194)	-
	<b>(180,223)</b>	<b>8,667</b>
<b>Net loss for the period</b>	<b>\$ (3,163,071)</b>	<b>\$ (600,180)</b>
<b>Other comprehensive gain (loss)</b>		
Items that may be reclassified subsequently to profit or loss:		
Unrealized gain (loss) on foreign exchange translation	66,909	-
<b>Comprehensive loss for the period</b>	<b>\$ (3,096,162)</b>	<b>\$ (600,180)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.05)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>58,812,103</b>	<b>26,221,722</b>

*See accompanying notes to the condensed interim consolidated financial statements*

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

For the three months ended July 31,	2014	2013
<b>Operating activities</b>		
Loss for the period	\$ (3,163,071)	\$ (600,180)
Items not affecting cash:		
Amortization	15,318	1,193
Stock-based compensation	1,383,750	-
Write-off of property, plant and equipment	22,131	-
Write-off of due from related party	118,194	-
Unrealized foreign exchange losses (gains)	66,294	-
Changes in non-cash working capital balances:		
Other receivables	94,430	8,775
Prepaid expenses and deposits	(40,431)	98,648
Accounts payable and accrued liabilities	(622,986)	67,188
Due to related parties	(12,534)	2,763
<b>Cash used in operating activities</b>	<b>(2,138,905)</b>	<b>(421,613)</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(31,415)	-
Deferred acquisition costs	-	(90,113)
<b>Cash used in investing activities</b>	<b>(31,415)</b>	<b>(90,113)</b>
Decrease in cash and cash equivalents	(2,170,320)	(511,726)
Cash and cash equivalents, beginning of period	9,245,018	2,550,244
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,074,698</b>	<b>\$ 2,038,518</b>

*See accompanying notes to the condensed interim consolidated financial statement*

# CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months ended July 31, 2014 and 2013  
(Unaudited and expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserves			Accumulated other comprehensive income (loss)	Deficit	Total
			Warrants reserve	Share-based payments reserve	Share-based payments reserve			
Balance, April 30, 2014	58,812,103	\$54,557,123	\$ 8,268,090	\$ 533,132	\$ (38,359)	\$ (9,031,597)	\$ 54,288,389	
Net loss for the period	-	-	-	-	-	(3,163,071)	(3,163,071)	
Share-based payments	-	-	-	1,383,750	-	-	1,383,750	
Unrealized foreign exchange gain	-	-	-	-	66,909	-	66,909	
<b>Balance, July 31, 2014</b>	<b>58,812,103</b>	<b>\$54,557,123</b>	<b>\$ 8,268,090</b>	<b>\$ 1,916,882</b>	<b>\$ 28,550</b>	<b>\$ (12,194,668)</b>	<b>\$ 52,575,977</b>	
Balance, April 30, 2013	26,221,722	10,364,992	2,155,472	508,523	-	(5,190,774)	7,838,213	
Net loss for the period	-	-	-	-	-	(600,180)	(600,180)	
<b>Balance, July 31, 2013</b>	<b>26,221,722</b>	<b>\$ 10,364,992</b>	<b>\$ 2,155,472</b>	<b>\$ 508,523</b>	<b>\$ -</b>	<b>\$ (5,790,954)</b>	<b>\$ 7,238,033</b>	

See accompanying notes to the condensed interim consolidated financial statements

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(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 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 650 – 200 Burrard Street, Vancouver, BC, V6C 3L6.

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 ("IFRS") 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 July 31, 2014, the Company incurred a net loss of \$3,163,071 (July 31, 2013 - \$600,180), had a working capital balance of \$7,114,540 as at July 31, 2014 (April 30, 2014 - \$8,821,533), and an accumulated deficit of \$12,194,668 as at July 31, 2014 (April 30, 2014 - \$9,031,597). 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 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.

### 2. BASIS OF PREPARATION

The Company prepares its unaudited condensed interim consolidated financial statements 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 April 30, 2014. These unaudited

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

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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 September 24, 2014.

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

#### a) Changes in Accounting Policies

Except for the changes noted below, the Company has consistently applied the accounting policies set out in Notes 3, 4 and 5 of the Company's audited annual consolidated financial statements for the year ended April 30, 2014 to all the periods presented in these unaudited condensed interim consolidated financial statements.

The Company has adopted the following new and revised standards, along with any consequential amendments, effective May 1, 2014. These changes were made in accordance with the applicable transitional provisions. The nature and effect of the changes are explained below:

- i) IAS 32, *Financial Instruments: Presentation* ("IAS 32") has adopted amendments to IAS 32, effective January 1, 2014, which clarifies some of the requirements for offsetting financial assets and financial liabilities on the consolidated statement of financial position.

The changes to IAS 32 did not result in any adjustments to the Company's financial statements on May 1, 2014.

- ii) IFRIC 21, *Levies* sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized.

The Company adopted IFRIC 21 on May 1, 2014. The change did not result in any adjustments to the Company's financial statements on May 1, 2014.

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

The following revised standards and amendments, unless otherwise stated, are effective on or after January 1, 2015 with early adoption permitted and have not been applied in preparing these unaudited 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.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

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- 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. 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, 2017 with early adoption permitted.

- iii) Amendments to IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") – Clarification of Acceptable Methods of Depreciation and Amortization.

The amendments to IAS 16 and IAS 38 are effective for annual periods beginning on or after January 1, 2016 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	July 31, 2014	April 30, 2014
Cash held in bank accounts	\$ 346,943	\$ 731,621
Term deposits	6,727,755	8,513,397
	<b>\$ 7,074,698</b>	<b>\$ 9,245,018</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

### 5. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Furniture and equipment	Vehicles	Leasehold improvements	Total
<b>Cost</b>					
Balance - April 30, 2013	\$ 2,433	\$ 9,625	\$ -	\$ 19,060	\$ 31,118
Additions	37,476	48,288	103,161	14,427	203,352
Balance - April 30, 2014	39,909	57,913	103,161	33,487	234,470
Additions	2,918	11,487	17,010	-	31,415
Write-offs	(2,433)	(9,625)	-	(19,060)	(31,118)
Foreign exchange	(58)	813	1,040	-	1,795
<b>Balance - July 31, 2014</b>	<b>\$ 40,336</b>	<b>\$ 60,588</b>	<b>\$ 121,211</b>	<b>\$ 14,427</b>	<b>\$ 236,562</b>
<b>Accumulated amortization</b>					
Balance - April 30, 2013	\$ 985	\$ 241	\$ -	\$ 2,990	\$ 4,216
Charge for the year	1,998	4,276	2,743	3,173	12,190
Balance - April 30, 2014	2,983	4,517	2,743	6,163	16,406
Charge for the period	2,853	2,527	7,800	2,138	15,318
Write-off	(1,420)	(2,117)	-	(5,450)	(8,987)
Foreign exchange	146	75	534	-	755
<b>Balance - July 31, 2014</b>	<b>\$ 4,562</b>	<b>\$ 5,002</b>	<b>\$ 11,077</b>	<b>\$ 2,851</b>	<b>\$ 23,492</b>
<b>Net book value</b>					
As of April 30, 2014	\$ 36,926	\$ 53,396	\$ 100,418	\$ 27,324	\$ 218,064
<b>As of July 31, 2014</b>	<b>\$ 35,774</b>	<b>\$ 55,586</b>	<b>\$ 110,134</b>	<b>\$ 11,576</b>	<b>\$ 213,070</b>

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(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	Guadalajara Project	Total
Balance, April 30, 2013	\$ 4,642,901	\$ -	\$ 4,642,901
Acquisition costs - transaction costs	580,909	-	580,909
Acquisition costs - Guadalajara	-	54,945	54,945
Acquisition costs - Sabre	18,482,365	-	18,482,365
Acquisition costs - CHC	23,267,444	-	23,267,444
Write-down of acquisition costs	(1,779,772)	-	(1,779,772)
Translation difference	-	(425)	(425)
<b>Balance, April 30, 2014 and July 31, 2014</b>	<b>\$ 45,193,847</b>	<b>\$ 54,520</b>	<b>\$ 45,248,367</b>

#### San Matias Project – Colombia

On March 28, 2014, the Company acquired 89% of the issued and outstanding shares of Cordoba Holdings Corp. ("CHC"), to bring the Company's initial 11% ownership of CHC to 100%, and acquired 100% of the issued and outstanding shares of Sabre Metals Inc. ("Sabre") (together, the "Acquisition"). As consideration, the Company issued 14,749,719 post consolidation common shares (see Note 7(a) for share consolidation) to CHC's shareholders in proportion to their respective shareholdings in CHC and paid \$5,532,000 (US\$5,000,000) in cash to Minatura International LLC ("Minatura"), one of the shareholders of CHC, and issued 13,110,861 post consolidation common shares to Sabre's shareholders in proportion to their respective shareholdings in Sabre. The Company also issued 1,058,824 and 941,176 post consolidation share purchase warrants to the shareholders of CHC and Sabre, respectively, with each warrant exercisable at \$0.60 and expiring March 28, 2016. Certain of the common shares are subject to an escrow agreement (Note 7). As part of the Acquisition, the original shareholders of the Company retained 15,939,131 post consolidation common shares of the Company.

The Acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* since CHC and Sabre operations do not meet the definition of a business, and as such, the Acquisition was accounted for as an asset acquisition.

#### Guadalajara Project – Colombia

Pursuant to an agreement signed in April 2014, the Company acquired the rights to the Guadalajara Project located in the Department of Cordoba, Colombia, by making a cash payment of \$54,945 (US\$50,000) to the property optionor (the "Optionor") and committing to spent US\$250,000 on exploration within one year. After completion of the exploration expenditures, the Company will be granted the option to acquire a 98% interest in the Guadalajara Project, which may be exercised by completing the following:

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

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- i) a US\$150,000 payment to the Optionor on signing of a formal option agreement (the "Option Agreement") with minimum exploration expenditures of US\$500,000 including 1,000 metres of drilling in the first year;
- ii) a US\$250,000 payment to the Optionor 12 months after the signing of the Option Agreement with minimum exploration expenditures of US\$1,000,000 including at least 2,500 metres of drilling during the second year; and
- iii) a US\$350,000 payment to the Optionor 24 months after the signing of the Option Agreement with minimum exploration expenditures of US\$2,000,000 including at least 5,000 metres of drilling during the third year and completion of a NI 43-101 *Standards of Disclosure for Mineral Projects* resource calculation by the end of the third year.

On the completion of a feasibility study, the Optionor will have the right to sell their remaining 2% stake in the Guadalajara Project for US\$5.00 per ounce of gold and US\$0.035 per pound of copper for such metals that are in the Measured and Indicated category of the NI 43-101 resource calculation. The Optionor will maintain 100% of the coal rights on the property.

## 7. SHARE CAPITAL

### (a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value. In May 2014, the shareholders of the Company approved a consolidation of the issued shares, stock options, warrants and compensation options outstanding at May 22, 2014 on a one new for two old basis. As a result, the Company's issued shares were reduced to 58,812,103.

Activity for the year ended April 30, 2014:

- i) The Company closed a private placement of 15,000,000 post consolidation units at \$1.00 per unit for gross proceeds of \$15,000,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$1.50 until February 7, 2017. The proceeds of the private placement have been bifurcated using the relative fair value method resulting in \$9,830,908 recorded as share capital and \$5,169,092 recorded as warrant reserve. The fair value of each warrant issued in the private placement has been estimated as of the date of the issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.24%, dividend yield of 0%, volatility of 83% and expected life of 2.87 years.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

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Agents' fees associated with the private placement and recorded as share issuance costs consisted of \$656,400 cash and 656,400 post consolidation compensation options. Each compensation option entitles the holder thereof to purchase a unit, consisting of one common share and one share purchase warrant, at a price of \$1.00 until September 28, 2015. The fair value of the 656,400 post consolidation compensation options was calculated to be \$633,557, using option pricing models with the following assumptions: risk-free interest rate of 1.07%, dividend yield of 0%, volatility of 95% and expected life of 1.5 years. Additional share issuance costs consisted of agent expenses totaling \$111,310.

- ii) The Company issued 27,860,580 post consolidation common shares with a fair value of \$31,761,061 pursuant to the Acquisition (Note 6).
- iii) 2,806,163 post consolidation share purchase warrants were exercised for gross proceeds of \$2,805,005. The Company reallocated the fair value of these share purchase warrants previously recorded in the amount of \$1,130,431 from other equity reserve to share capital.
- iv) 34,500 post consolidation share purchase options were exercised for gross proceeds of \$34,530. The Company reallocated the fair value of these share purchase options previously recorded in the amount of \$31,463 from other equity reserve to share capital.

### Escrow Securities

As at July 31, 2014 and April 30, 2014, there were 19,645,683 post consolidation common shares, 1,367,922 post consolidation share purchase warrants, and 37,500 post consolidation options held in escrow. Of these securities:

- i) A total of 7,718,155 post consolidation common shares, 69,362 post consolidation share purchase warrants and 50,000 post consolidation options will be released from escrow every six months over a period of eighteen months. The first release on March 28, 2014 was 25% with each subsequent release of 25% equal to 1,929,539 post consolidation common shares, 17,341 post consolidation share purchase warrants and 12,500 post consolidation options; and
- ii) A total of 15,396,741 common shares and 1,462,112 post consolidation share purchase warrants will be released from escrow every six months over a period of three years. The first release on March 28, 2014 was 10% with each subsequent release of 15% equal to 2,309,511 post consolidation common shares and 219,317 post consolidation share purchase warrants.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

### (b) Share Purchase Warrants

A summary of share purchase warrants activity for the period from May 1, 2013 to July 31, 2014 is as follows:

	Number of warrants	Weighted average exercise price
Balance, on April 30, 2013	6,642,294	\$1.04
Issued	17,172,961	\$1.40
Exercised	(2,806,163)	\$1.00
Cancelled <sup>(2)</sup>	(2,500,000)	\$0.80
Expired <sup>(1)</sup>	(750,654)	\$1.22
<b>Balance, April 30, 2014 and July 31, 2014</b>	<b>17,758,438</b>	<b>\$1.42</b>

<sup>(1)</sup> Effective following the market close on September 17, 2013, the closing price of the Company's common shares on the TSX Venture Exchange for 10 consecutive trading days was \$1.25 or greater. As a result and in accordance with the terms thereof, all of these share purchase warrants expired October 23, 2013, being 37 calendar days following such 10-day trading period.

<sup>(2)</sup> These warrants were cancelled pursuant to the Acquisition (Note 6).

Details of share purchase warrants outstanding as of April 30 and July 31, 2014 are:

Expiry date	Number of warrants	Exercise price
April 10, 2015	588,369	\$2.00
March 28, 2016	1,997,107	\$0.60
March 28, 2016	122,668	\$1.42
February 7, 2017	15,000,000	\$1.50
January 20, 2019	50,294	\$0.86
<b>Balance, April 30, 2014 and July 31, 2014</b>	<b>17,758,438</b>	

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

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### (c) Compensation Options

A summary of compensation options activity for the period from May 1, 2013 to July 31, 2014 is as follows:

	Number of compensation options	Weighted average exercise price
Balance, on April 30, 2013	-	-
Issued	656,400	\$1.00
<b>Balance, April 30, 2014 and July 31, 2014</b>	<b>656,400</b>	<b>\$1.00</b>

Details of compensation options outstanding as of April 30 and July 31, 2014 are:

Expiry date	Number of compensation options	Exercise price
September 28, 2015	656,400	\$1.00

## 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.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

The following is a summary of share purchase options activity for the three month period ended July 31, 2014:

Grant date	Expiry date	Exercise price	Opening balance	During the period			Closing balance	Vested and exercisable
				Granted	Exercised	Expired / forfeited		
3/1/11	2/28/21	\$0.74	193,000	-	-	(100,000)	93,000	93,000
8/1/12	7/31/22	\$1.00	365,000	-	-	-	365,000	365,000
3/28/14	6/26/14	\$2.00	78,441	-	-	(78,441)	-	-
3/28/14	3/17/16	\$2.00	78,441	-	-	-	78,441	78,441
3/28/14	1/14/17	\$0.72	175,240	-	-	(175,240)	-	-
3/28/14	1/14/17	\$1.06	35,048	-	-	-	35,048	35,048
3/28/14	10/9/17	\$1.06	175,240	-	-	-	175,240	175,240
3/28/14	3/20/18	\$1.42	105,145	-	-	-	105,145	105,145
3/28/14	7/30/18	\$1.42	35,048	-	-	-	35,048	35,048
6/27/14	6/26/24	\$0.80	-	1,845,000	-	-	1,845,000	1,845,000
<b>Balance, July 31, 2014</b>			<b>1,240,603</b>	<b>1,845,000</b>	<b>-</b>	<b>(353,681)</b>	<b>2,731,922</b>	<b>2,731,922</b>
<b>Weighted ave. exercise price</b>			<b>\$ 1.10</b>	<b>\$ 0.80</b>	<b>\$ -</b>	<b>\$ 1.01</b>	<b>\$ 0.91</b>	<b>\$ 0.91</b>

As at July 31, 2014, the unamortized stock option value was \$Nil (April 30, 2014 - \$Nil).

The weighted average remaining contractual life of the options outstanding at July 31, 2014 is 8.46 years (April 30, 2014 – 4.66 years).

### Fair Value of Options Issued During the Year

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	Black-Scholes Option Pricing Parameters					
	Number of options	Exercise price	Dividend yield	Risk-free interest rate	Expected life (years)	Volatility factor
<b>Current year grant</b>						
27-Jun-14	1,845,000	\$ 0.80	0%	2.25%	10	129%

The options granted in June 2014 vested upon grant.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

### 9. RELATED PARTY TRANSACTIONS

The Company had transactions during the three month period ended July 31, 2014 and 2013 with related parties who consisted of directors, officers and the following companies with common directors and/or officers:

Related party	Nature of transactions
Gold Group Management Inc.	Shared office, administration and personnel costs
Thunderbolt Resources Inc.	Shared administration and exploration services
Continental Gold Limited	Shared administration and exploration services

During the three month period ended July 31, 2014 and 2013, the Company incurred \$46,543 (2013 - \$60,488) in corporate administration costs to Gold Group Management Inc. ("Gold Group"), a company controlled by a director of the Company, consisting of salaries and benefits, office, and other general administrative costs. Salary and benefits include those for the Corporate Secretary and former Chief Financial Officer. Gold Group is reimbursed by the Company for these shared costs and other business related expenses paid by Gold Group on behalf of the Company.

During the three months ended July 31, 2014, the Company wrote off \$118,194 due from Thunderbolt Resources Inc., a company with common directors and officers, as the amount is deemed unrecoverable from the related party.

Prepaid expenses as of July 31, 2014 include a deposit of \$60,500 (April 30, 2014 - \$61,000) paid to Gold Group.

Amounts due to related parties as of July 31, 2014 consist of \$15,151 (April 30, 2014 - \$15,229) due to Continental Gold Limited, a company with a common director, and \$32,495 (April 30, 2014 - \$21,172) due to Gold Group. The amount owing to Gold Group is secured by a deposit and is interest-bearing if not paid within a certain period. Other amounts owing are unsecured, non-interest-bearing and payable on demand.

These transactions are in the normal course of operations and are measured at the fair value 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 three months ended July 31, 2014 and 2013, key management compensation comprises:

	Three months ended July 31,	
	2014	2013
Salaries and benefits	113,754	7,792
Share-based payments	1,050,000	-
	\$ 1,163,754	\$ 7,792

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended July 31, 2014 and 2013

(Unaudited and expressed in Canadian Dollars)

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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 July 31, 2014 and April 30, 2014 are located in Colombia and all of the exploration expenditures for the three month period ended July 31, 2014 and 2013 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 July 31, 2014 and April 30, 2014, the Company's financial instruments consisted of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due to/from related parties. With the exception of cash and cash equivalents, all financial instruments held by the Company are measured at amortized cost. The Company estimates that the fair value of these financial instruments approximates the carrying values at July 31, 2014 and April 30, 2014 due to their short term to maturity.

The Company does not enter into any derivatives hedging activities.