MINERALS

(the "Company")

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and six month periods ended June 30, 2017

GENERAL

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of the Company for the period ended June 30, 2017. The following information, prepared as of August 10, 2017, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2017 and the audited consolidated financial statements for the year ended December 31, 2016. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "will", "may", "should", "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

Forward-looking statements are statements that are not historical facts and include but are not limited to:

a) Estimates and their underlying assumptions;
b) Statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, the impact of regulatory initiatives on the Company's operations and market opportunities;
c) General industry and macroeconomic growth rates;
d) Expectations related to possible joint or strategic ventures; and
e) Statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law.

DESCRIPTION OF BUSINESS

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's San Matias Copper-Gold Project (the "San Matias Project" or "San Matias") is located in the Municipality of Puerto Libertador, in the Department of Cordoba, Colombia. The project comprises a 20,000-hectare land package on the inferred northern extension of the richly endowed Mid Cauca Belt underlain by volcano-sedimentary rocks that are intruded by multiple dioritic intrusives with excellent potential to host porphyry copper-gold deposits.

The San Matias Project contains several known areas of porphyry copper-gold mineralization, copper- gold replacement style and vein-hosted, gold-copper mineralization. Porphyry mineralization at the San Matias Project incorporates high-grade zones of copper-gold mineralization hosted by diorite porphyries containing secondary biotite alteration and various orientations of sheeted and stockwork quartz-magnetite veins with chalcopyrite and bornite. The copper-gold mineralization at Alacran is associated with stratabound replacement of a marine volcano-sedimentary sequence. The nature of mineralization encountered at San Matias is similar to other large high-grade copper- gold deposits.

The Alacran Copper-Gold project is located within the Company's San Matias Copper-Gold Project in the Department of Cordoba, Colombia. The Alacran project is located on a topographic high in gently rolling topography, optimal for potential open-pit mining. Access and infrastructure are considered favourable. The Alacran initial, pit-constrained, Inferred Mineral Resource is 53.52 million tonnes at 0.70% copper and 0.37 g/t gold, or 0.95% copper equivalent (CuEq), including 7.37 million tonnes at 2.14% copper and 0.41 g/t gold above 1% copper (Cu) cut off (see news release dated January 5, 2017).

Alacran is approximately two kilometres southwest of the Company's Montiel porphyry copper-gold discovery, where drilling intersected 101 metres of 1.0% copper and 0.65 g/t gold, and two kilometres northwest of the Costa Azul porphyry copper-gold discovery, where drilling intersected 87 metres of 0.62% copper and 0.51 g/t gold. The copper-gold mineralization at Alacran is associated with stratabound replacement of a marine volcano-sedimentary sequence in the core of a faulted antiformal fold structure. The deposit comprises moderately to steeply-dipping stratigraphy that is mineralized as a series of sub-parallel replacement-style or skarn zones and associated disseminations. The copper-gold mineralization is composed of multiple overprinting hydrothermal events with the main ore phase comprised of chalcopyrite-pyrrhotite-pyrite that appears to overprint a large-scale early magnetite metasomatic event.

CORPORATE UPDATE

Consolidation of the San Matias Project

On June 13, 2017, the Company announced that it entered into a definitive agreement (the "Agreement") with High Power Exploration Inc. ("HPX"), whereby Cordoba would acquire (the "Transaction") HPX's 51% interest in the San Matias Joint Venture through the acquisition of HPX Colombia Ventures Ltd. ("Ventures"), a wholly-owned subsidiary of HPX, for consideration of 92,681,290 Cordoba common shares (the "Consideration").

The Board, with interested directors abstaining, based in part on the recommendation of the Special Committee of independent directors and Haywood Securities Inc. (“Haywood”) acting as a financial advisor to the Special Committee, has unanimously determined that the proposed Transaction is fair and in the best interests of the Company. The rationale for the Transaction and Concurrent Financing include:

- Cordoba to become the operator and 100% owner of the highly prospective San Matias copper-gold project in Colombia;
- Transaction allows Cordoba and HPX to simplify the current investment and shareholding structure to unlock value;
- Transaction is neutral for HPX from the perspective of its current San Matias ownership – HPX would exchange its existing ~69% controlling economic interest in San Matias (consisting of a 51% direct stake in San Matias and a 36% ownership interest in Cordoba) for a ~69% ownership interest in Cordoba (pre-financing);
- Concurrent Financing will broaden Cordoba’s shareholder investor base;
- Increased market capitalization and improved capital markets profile is expected to enhance Cordoba’s trading activity and liquidity; and
- Cordoba to benefit from the continued support of Robert Friedland, and from HPX as the controlling shareholder.

As the Transaction is considered a “related party transaction” under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and Policy 5.9 of the TSXV Corporate Finance Manual, the Company was required to obtain prior approval of the Transaction by a majority of the minority shareholders of the Company at a special meeting of shareholders. At the Company’s Annual and Special Meeting of Shareholders held on July 27, 2017, the Transaction resolution was passed with 72.4% of the votes cast in favour of the resolution after excluding the votes of HPX and its related parties and interested directors. The Transaction closed on July 31, 2017 upon satisfaction or waiver of all conditions to closing specified in the Share Purchase Agreement.

In addition to the Consideration, the Company issued 12,364,623 Units (as defined below) to HPX at a deemed price of C$0.81 per Unit, that being the same price as the Concurrent Financing, to compensate HPX for approximately C$10 million of HPX joint venture expenditures incurred by HPX in connection with the San Matias property since November 10, 2016, when HPX earned a 51% interest in San Matias.

Concurrent Financing

In connection with the Transaction, Cordoba entered into an agreement with BMO Capital Markets, acting as book runner on behalf of the Underwriters, to complete the Concurrent Financing.

On July 11, 2017, the Company announced the closing of the bought deal private placement offering (the “Offering”) of subscription receipts (the “Subscription Receipts”). Pursuant to the Offering, the Company has sold 12,346,000 Subscription Receipts, at a price of C$0.81 per Subscription Receipt (the “Issue Price”), for aggregate gross proceeds of approximately C$10 million. Each Subscription Receipt entitled the holder thereof to receive one unit (a “Unit”), with each Unit consisting of one Cordoba common share and one-half of one Cordoba common share purchase warrant (each whole common share purchase warrant, a “Warrant”) for no additional consideration or further action on the part of the holder thereof upon satisfaction of the Release Conditions. Each Warrant will entitle the holder thereof to acquire one Cordoba common share at an exercise price of C$1.08 for a period of 24 months from the closing of the Concurrent Financing.

BMO Capital Markets acted as the lead underwriter for a syndicate of underwriters (the “Underwriters”) including Sprott Private Wealth LP and Haywood Securities Inc.

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") between the Company, BMO Capital Markets, on behalf of the Underwriters, and Computershare Trust Company of Canada, as subscription receipt agent. Pursuant to the Subscription Receipt Agreement, the gross proceeds from the Offering (less the Underwriters' expenses) (the "Escrowed Funds") was placed in escrow pending satisfaction of certain escrow release conditions (the "Release Conditions"), which include (i) all conditions precedent to the completion of the Transaction and the other transactions contemplated in the share purchase agreement dated June 13, 2017 (the "Share Purchase Agreement") between the Company, HPX and Ventures; and (ii) there shall have been no material amendments to the terms and conditions of the Share Purchase Agreement which have not been approved by BMO Capital Markets.

On July 31, 2017, concurrently with the closing of the Transaction and upon satisfaction of the Release Conditions, the Escrowed Funds, together with any interest earned thereon, was released to the Company and each Subscription Receipt was exchanged for one common share in the capital of the Company (each, a "Common Share") and one-half of one common share purchase warrant. Each Warrant will be exercisable to acquire one common share of the Company (each, a "Warrant Share") at a price of C$1.08 per Warrant Share, until July 11, 2019, subject to adjustment in certain events.

The net proceeds from the Offering will be used to advance the San Matias Project, to repay C$1.5 million of expenditures by HPX that were not converted into Common Shares and Warrants in connection with the Transaction, and for general corporate purposes.

As consideration for the services provided by the Underwriters in connection with the Offering, the Underwriters received a cash commission of C$600,015.60. As additional consideration, the Underwriters were granted 370,380 compensation warrants (the "Compensation Warrants"). Each Compensation Warrant entitles the holder thereof to acquire one Unit. Each Unit is comprised of one Common Share and one-half of one Warrant.

All securities issued pursuant to the Offering are subject to a statutory hold period of four months.

Investment Agreement

Upon closing of the Transaction, subject to certain conditions set out in an investment agreement (the "Investment Agreement") entered into between Cordoba and HPX, HPX now has certain Cordoba board nomination rights (described below) and the right to participate in any future equity offerings completed by Cordoba in order to maintain its pro rata ownership in Cordoba.

Following completion of the Transaction, the Board is to be comprised of seven directors with HPX being entitled to nominate four of those directors, with at least one of such nominees being independent. The Investment Agreement provides for HPX's nominees to the Board to be reduced to less than a majority of the directors if HPX's ownership interest in Cordoba is diluted to below 50%, with further proportional reductions thereafter.

HPX has also agreed to not sell or transfer any of the Consideration or the securities comprising its Units for a period of at least 180 days following the closing of the Transaction.

HPX's entitlements under the Investment Agreement will remain in place as long as HPX's ownership interest in Cordoba remains at or above 10% of the issued and outstanding shares of Cordoba.

Annual and Special Meeting of Shareholders

On July 27, 2017, the Company held its Annual and Special Meeting of Shareholders during which, shareholders approved all items of business brought before them, including the acquisition from High Power Exploration Inc. of its 51% interest in the San Matias Joint Venture through the acquisition of the shares of HPX Colombia Ventures Ltd., a wholly-owned subsidiary of HPX, and the other transactions contemplated in the share purchase agreement dated June 13, 2017 (the "Share Purchase Agreement").

The nominees listed in the management information circular were elected as directors, as shown in the following table of results.

Director nominee	Outcome	Votes for	% for	Votes withheld	% withheld
Peter Meredith	Elected	48,786,622	93.63	3,321,680	6.37
Ignacio Rosado	Elected	49,863,967	95.69	2,244,335	4.31
David Reading	Elected	49,863,967	95.69	2,244,335	4.31
William Orchow	Elected	49,863,767	95.69	2,244,535	4.31
Anthony Makuch	Elected	48,417,267	92.92	3,691,035	7.08
Eric Finlayson	Elected	49,774,622	95.52	2,333,680	4.48
Govind Friedland	Elected	49,592,422	95.17	2,515,880	4.83

Details of votes on all matters of business considered at the Meeting will be available in the Company's report of voting results filed on SEDAR (www.sedar.com).

Grant of Restricted Share Units, Deferred Share Units and Stock Options

On July 31, 2017, the Company granted an aggregate of 990,000 restricted share units, 350,000 deferred share units, and 150,000 stock options exercisable at a price of C$0.81 per share to non-executive directors and certain officers, employees, and consultants pursuant to the Company's Long Term Incentive Plan and its Stock Option Plan.

The options will vest as to 25% on the date of grant, with an additional 25% vesting on each yearly anniversary of the date of grant thereafter. The options expire on July 31, 2022.

Credit Facility

The Company had a credit facility with HPX of up to $1.5 million of which the Company had drawn $723K as of June 30, 2017 (December 31, 2016 - $0) for project spending. The facility was created in connection to the HPX Transaction whereby the amount drawn would be allocated to Phase 3 expenditures if the Transaction were not approved at the Company's shareholders' meeting. The amount would be repayable to HPX if the Transaction closed as planned. On July 27, 2017, the Company's shareholders approved the Transaction at the Annual General and Special Meeting, as a result, the company repaid $723K to HPX in accordance with the agreement.

EXPLORATION UPDATE

Overview

During the second quarter of 2017, the Company and its JV partner HPX drilled 11 boreholes totalling 2874.7 metres.

The main focus remained on the Alacran project. The two highlights of this drilling were:

- continued demonstration of high grade near surface intersections in ACD064, which returned 48 metres @ 1.70% copper and 0.79 g/t gold (2.30% CuEq; from 51 metres), and
- the potential for a significant resource expansion on strike to the South of the existing resource was demonstrated by ACD066 which successfully intersected a number of mineralized intervals that

project to surface indicating the orebody has been moved east from the bulk of the historic drilling in southern Alacran.

At the Buenos Aires prospect, borehole BADDH002A was drilled to test a large chargeable anomaly at depth, between the Buenos Aires and Costa Azul prospects. Basement volcanic rocks with pyrite and pyrrhotite mineralisation were intersected, explaining the IP and magnetic target.

At the Costa Azul prospect, borehole CADDH006 was completed, intersecting weakly minrealised material in the first 100m, and confirming that further potential remains to be tested nearby.

At the Montiel prospect, borehole MWDDH008 intersected weakly mineralised material near surface, and isolated strongly mineralised veins at 180m depth.

<u>Recent Drill Result Releases</u>

On May 17, 2017, the Company announced that ongoing drilling at the Alacran Project in Colombia has continued to encounter high grade copper-gold mineralization.

Recent drill holes have recorded mineralized intercepts of up to 184 metres, many with gold and copper mineralization that are significantly higher than the grades used in the preliminary Inferred Mineral Resource statement with the potential to expand the resource envelope.

Drilling also has resulted in an enhanced understanding of the structural controls to the mineralization, providing good targets for future drilling. In addition, drilling has confirmed additional intersections of the carbonate base metals (CBM) veins, which host the bonanza-grade gold mineralization previously intersected in hole ACD036 (see January 23, 2017 news release).

<u>Highlights</u>

(refer to the Company's May 17, 2017 news release for complete drilling results)

- ACD037:
    - 34 metres @ 0.94% copper and 0.28 g/t gold (1.15% CuEq; from 68 metres), including:
        - 8 metres @ 2.35% copper, 0.55 g/t gold (2.77% CuEq; from 76 metres)
- ACD040:
    - 122 metres @ 0.55% copper and 0.22 g/t gold (0.72% CuEq; from 40 metres), including:
        - 12 metres @ 2.01% copper, 0.81 g/t gold (2.63% CuEq; from 82 metres)
- ACD041:
    - 184 metres @ 0.46% copper and 0.28 g/t gold (0.67% CuEq; from 6 metres), including:
        - 12 metres @ 1.04% copper, 2.44 g/t gold (2.90% CuEq; from 16 metres) and 2 m @ 9.82 g/t gold, 1.57% copper from 18 metres
- ACD047:
    - 128 metres @ 0.80% copper and 0.24 g/t gold (0.98% CuEq; from 0 metres), including:
        - 34 metres @ 1.43% copper, 0.38 g/t gold (1.72% CuEq; from 74 metres)
- ACD050:
    - 42 metres @ 0.55% copper and 1.25 g/t gold (1.51% CuEq; from 76 m), including:
        - 18 metres @ 0.98% copper, 1.50 g/t gold (2.12% CuEq; from 20 metres)
        - 2 metres @ 11.15 g/t gold, 1.32% copper from 78 metres and 2 metres @ 7.36 g/t gold, 1.56% copper

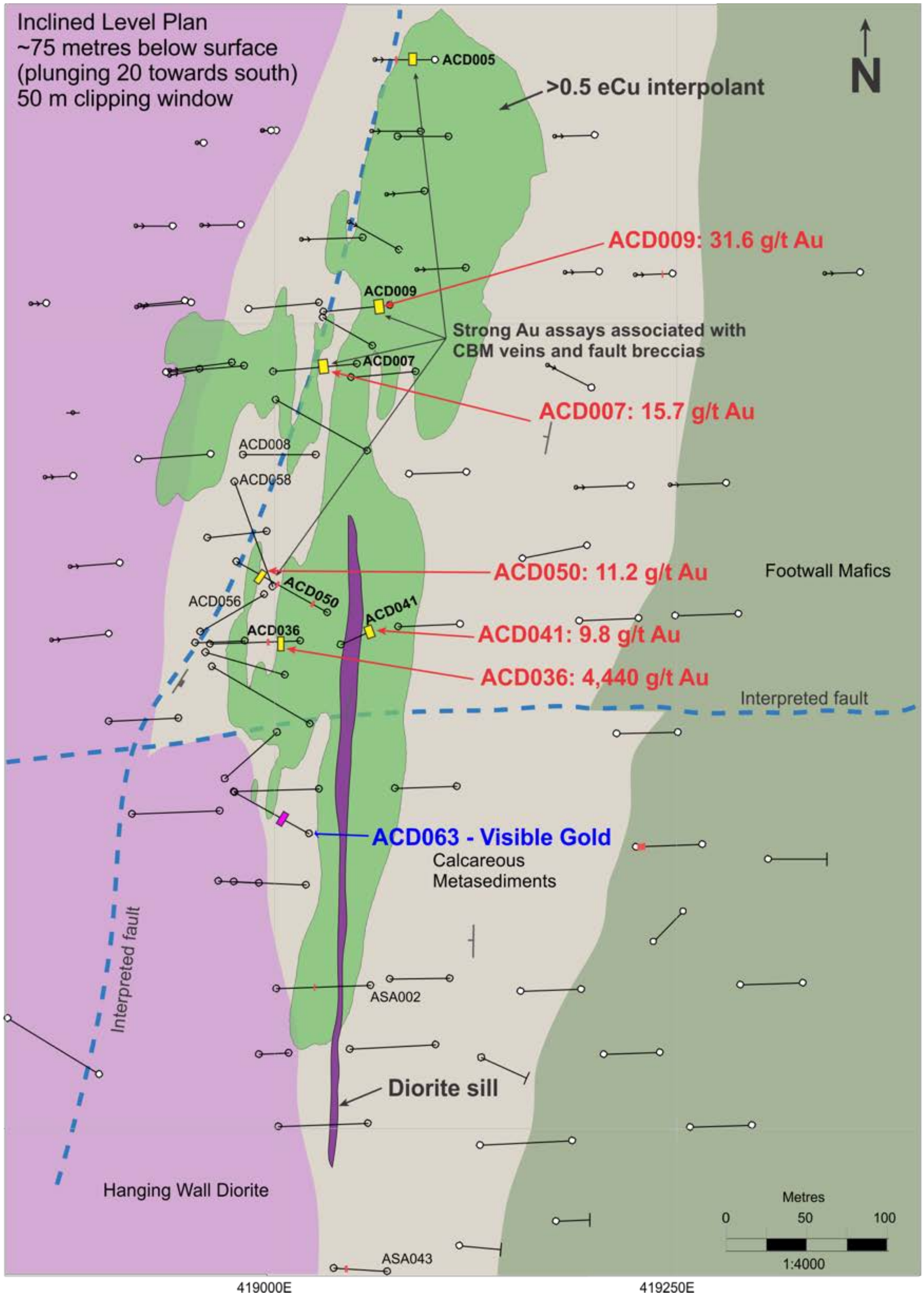
- ACD057:
    - 114 metres @ 0.59% copper and 0.16 g/t gold (0.71% CuEq; from 0 metres), including:
        - 8 metres @ 2.66% copper, 0.51 g/t gold (3.05% CuEq; from 106 metres)
- ACD058:
    - 28 metres @ 1.55% copper and 0.58 g/t gold (1.89% CuEq; from 214 metres), including:
        - 6 metres @ 4.67% copper, 1.67 g/t gold (5.45% CuEq; from 214 metres)
        - 2 metres @ 3.4 g/t gold, 8.89% copper (from 216 metres)

Gold-rich zones at the Alacran project are associated with CBM (carbonate base-metal) style veining that has a zinc-gold association and is interpreted to be a later event overprinting the copper-gold mineralization. Recent drilling analysis has shown that a north-south striking, steeply west-dipping, diorite dyke has been noted in a number of holes. This dyke appears to have a very strong correlation with high grade Cu-Au replacement mineralization and also appears to have a close affinity with high grade gold, such as the bonanza gold grade reported previously in ACD036 (0.90 meters @ 4,440 g/t gold, 10.25% copper, 24.70% zinc and 347 g/t silver). A direct magmatic-related association between high-grade copper-gold, and potentially the gold-zinc CBM veining, adds additional potential high-grade drill targets over a considerable strike length of the Alacran known mineralization.

The relationship of this dyke to mineralization is outlined in Figure 1, where additional high-grade gold has been intersected in ACD041 (2 metres @ 9.82 g/t gold, 1.57% copper), in ACD050 (2 metres @ 11.15 g/t gold, 1.3% copper and 2 metres @ 7.36 g/t gold, 1.56% copper) and ACD58 (2 metres @ 3.4 g/t gold, 8.89% copper). There is potential to follow this body down dip to the west for additional replacement-style mineralization. Another primary control on late high-grade gold mineralization at Alacran is a NNE striking fault corridor which appears to control a series of en-echelon CBM style veins (as seen in ACD036). The gold in these veins is coarse and highly “nuggety”, but values typically return in excess of 5 g/t gold.

Diamond drilling, aided through detailed structural interpretation of previously intersected CBM style mineralization, will target these zones in the ongoing drill program at the Alacran project.

Figure 1 – Inclined level plan illustrating high grade intersections aligned on north-south trend



On July 25, 2017, the Company announced that ongoing drilling at the San Matias Project in Colombia has continued to encounter high-grade copper-gold mineralization outside of the current resource shell, demonstrating significant potential to expand the current resource estimate.

Drilling in this campaign was conducted over 900 metres of strike length within the central and southern parts of the Alacran Deposit. Importantly, drillhole ACD066 indicates that previous drilling in the southern-most part of the property was collared too far west and that the copper-gold deposit is offset to the east by post-mineralization faulting. This indicates potential for undrilled strike extensions of almost 500 metres.

<u>Highlights</u>

(refer to the Company's July 25, 2017 news release for complete drilling results)

- ACD060:
    - 42 metres @ 0.92% copper and 0.23 g/t gold (1.10% CuEq; from 18 metres), including:
        - 26 metres @ 1.33% copper, 0.32 g/t gold (1.57% CuEq; from 22 metres).
- ACD063:
    - 30 metres @ 0.66% copper and 0.69 g/t gold (1.18% CuEq; from 78 metres), including:
        - 4 metres @ 0.82% copper, 2.43 g/t gold (2.66% CuEq; from 78 metres).
        - 6 metres @ 1.26% copper, 0.67 g/t gold (1.76% CuEq; from 98 metres).
        - 0.5 metres @ 5.97 g/t gold, 0.24% copper (from 67.2 metres) with visible gold in the preserved half-core.
- ACD064:
    - 48 metres @ 1.70% copper and 0.79 g/t gold (2.30% CuEq; from 51 metres), including:
        - 8 metres @ 2.04% copper, 1.81 g/t gold (3.41% CuEq; from 51 metres).
        - 6 metres @ 1.44% copper, 0.60 g/t gold (1.89% CuEq; from 65 metres).
        - 22 metres @ 2.39% copper, 0.81 g/t gold (3.00% CuEq; from 98 metres).
    - 24 metres @ 1.10% copper and 0.27 g/t gold (1.31% CuEq; from 109 metres), including:
        - 4 metres @ 3.76% copper, 0.67 g/t gold (4.27% CuEq; from 123 metres).

<u>Qualified Person:</u> Christian J. Grainger, PhD, a Qualified Person for the purpose of NI 43-101, has approved the disclosure of the technical information in this MD&A. Dr. Grainger is a geologist with +15 years in the minerals mining, consulting, exploration and research industries. He is a Member of the Australian Institute of Geoscientists and Australian Institute of Mining and Metallurgy.

SELECTED QUARTERLY INFORMATION

The following table provides information for the eight fiscal quarters ended June 30, 2017:

	30-Jun-2017	31-Mar-2017	31-Dec-2016	30-Sep-2016
Exploration and evaluation expenditures (recovery)	$ -	$ -	$ -	$ (14,163)
Other operating expenses	856,654	564,049	1,030,836	481,365
Net loss	849,971	574,065	1,033,368	467,004
Loss per share - basic and fully diluted	0.01	0.01	0.01	0.01
Total assets	48,574,604	50,702,282	48,027,421	50,976,734
Total liabilities	1,246,947	2,711,871	2,174,123	4,650,391
Shareholders' equity	47,327,657	47,990,411	45,853,298	46,326,343

	30-Jun-2016	31-Mar-2016	31-Dec-2015	30-Sep-2015
Exploration and evaluation expenditures	$ (628,547)	$ 2,011,725	$ 1,502,393	$ 536,415
Other operating expenses	1,394,306	271,932	642,861	236,253
Net loss	750,428	2,277,223	2,148,319	869,177
Loss per share - basic and fully diluted	0.01	0.03	0.03	0.01
Total assets	48,622,580	47,789,488	48,068,220	47,717,684
Total liabilities	1,953,924	1,389,934	836,195	245,478
Shareholders' equity	46,668,656	46,399,554	47,232,025	47,472,206

- Exploration and evaluation expenditures for the eight quarters presented were all incurred in Colombia.

  The exploration and evaluation expenditures were $Nil for the three most recent quarters due to HPX began funding the project costs directly upon completion of the Initial Option Period in the first quarter of 2016. During 2016, Cordoba and its then joint venture partner HPX completed the Initial Option Period, Phase One and Phase Two of the Joint Venture Agreement where HPX earned a 51% interest in the Joint Venture Company. Since HPX was funding Phase One, Two and Three of the JV directly, the Company did not incur any exploration and evaluation expenditure in the past three quarters.

  During the three months ended September 30, 2016, the Company reversed an over accrual of 2015 Colombian tax liability, resulting in a recovery in exploration and evaluation expenditure for the third quarter of 2016.

  During the Initial Option Period, Cordoba's exploration spending on the San Matias Project exceeded the funding provided by HPX through private placements and exercise of warrants. HPX reimbursed Cordoba for the Initial Option Period funding shortfall during the second quarter of 2016, resulting in an exploration and evaluation expenditure recovery for the three months ended June 30, 2016.

  In the fourth quarter of 2015, the Company commenced its 2015/2016-exploration program, which resulted in the higher exploration and evaluation expenditures for the quarters ended December 31, 2015 and March 31, 2016. The Company's 2015/2016-exploration program consisted of detailed ground magnetics, deep Typhoon IP geophysical survey, and a 3,000-metre diamond drilling campaign mainly on the Alacran property. The Phase One Typhoon program and the 3,000-metre drilling program were completed in May 2016.

  For the nine months ended September 30, 2015, the Company conducted less extensive exploration program, which involved surface sampling and ground magnetics work, resulting in lower exploration and evaluation expenditure for the quarters ended June 30, and September 30, 2015.

- Other operating expenses consist of corporate administration costs incurred by the corporate office in Toronto, non-cash share-based payments and amortization. The increase in other operating expenses for the periods ended June 30, 2017, December 31, 2016, June, 30, 2016, and December 31, 2015 is mainly due to share-based payments of $298,265, $580,610, $976,474, and $218,021 respectively, charged during those periods representing the expensing of fair value of stock options vested during those periods.

Besides the share-based payments charge, other operating expenses have remained relatively consistent over the periods presented with a slight increase in the most recent quarters due to increased corporate and investor relations activities.

- The variances in total assets and shareholders' equity are mainly attributable to equity placements, which increased cash resources, while funding the Company's exploration and evaluation expenditures and administrative expenses decreased cash resources. As the Company is in the exploration stage, it does not generate operating revenue.
- The increase in total liabilities for the periods ended March 31, 2017, December 31, 2016 and September 30, 2016 mainly represents the increase in due to HPX. The amount due to HPX represents cash funding provided by HPX yet to be recognized as or to be spent on exploration and evaluation expenditures at the San Matias Project.

RESULTS OF OPERATIONS

	Three months ended		Six months ended	
For the period ended	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Exploration and evaluation expenditures (recovery)	**$ -**	$ (628,547)	**$ -**	$ 1,383,178
Corporate administration	**546,978**	402,952	**1,096,344**	658,516
Share-based payments	**298,265**	976,474	**298,265**	976,474
Amortization	**11,411**	14,880	**26,094**	31,248
Interest and other expense (income)	**(1,404)**	(12,097)	**3,900**	(21,785)
Foreign exchange loss (gain)	**3,311**	(3,234)	**8,023**	(1,975)
Gain on disposition of property, plant and equipmen	**(8,590)**	-	**(8,590)**	-
Write-off of property, plant and equipment	**-**	-	**-**	1,995
Net loss for the year	**$ 849,971**	$ 750,428	**$ 1,424,036**	$ 3,027,651

Exploration and Evaluation Expenditures

For the three and six months ended June 30, 2017, the exploration and evaluation expenditures decreased from comparable periods in prior year due to HPX began funding the project costs directly since Cordoba and HPX entered Phase 1 of the JV agreement in the first quarter of 2016.

For the three and six month periods ended June 30, 2017 and 2016, exploration and evaluation expenditure comprises:

	Three months ended		Six months ended	
For the period ended	**June 30, 2017**	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Direct exploration costs	**$ 2,014,982**	$ 945,099	**$ 3,886,455**	$ 2,270,251
Indirect exploration costs	**2,608,157**	310,614	**3,306,921**	632,691
Site general and administration costs	**434,614**	519,829	**947,152**	884,325
Recovery from HPX	**(5,057,753)**	(2,404,089)	**(8,140,528)**	(2,404,089)
Exploration and evaluation expenditures	**$ -**	$ (628,547)	**$ -**	$ 1,383,178

Direct and indirect exploration costs increased for the three and six month periods ended June 30, 2017 compared to the same periods in 2016 mainly due to timing of the execution of exploration programs. The

Company's 2016/2017 exploration program commenced towards the end of second quarter of 2016, consisted of Phase 2 expanded Typhoon IP geophysical survey and a 20,000-metre drilling program at Alacran and previously defined porphyry targets. The Company further expanded the 2016/2017 drilling campaign in February 2017 by engaging Major Drilling International Inc. to provide more powerful drill rigs that allowed for the drill testing of deeper targets at San Matias.

The increase in indirect exploration costs for the three and six month periods ended June 30, 2017 is also due to a charge of $1.8M management fee by HPX representing compensation for managing the joint venture as contemplated in the Company's joint venture agreement with HPX.

Site general and administration costs for the three and six month periods ended June 30, 2017 remained relatively consistent with comparable periods in prior year.

Corporate Administration

Corporate administration expenditures for the three and six months ended June 30, 2017 increased from the comparable periods ended June 30, 2016 mainly due to increased payroll expenses for the additions made to management, increased legal and professional fees associated with corporate restructuring, and increased travel and investor relations expenses associated with the increased corporate and project activities.

Share-based Payments

For the three and six month periods ended June 30, 2017, share-based payments decreased compared to same periods in 2016 primarily due to fewer options vested in 2017 compared to same periods in 2016.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2017, the Company had cash and cash equivalents of $548,362 (December 31, 2016 - $1,027,240) and a credit facility of up to $1.5 million with HPX available to apply against third-party short-term business requirements and current liabilities of $968,914 (December 31, 2016 - $574,565). The Company is in the exploration stage and therefore, has no cash flow from operations.

On July 11, 2017, the Company completed a bought deal private placement offering of 12,346,000 subscription receipts (the "Subscription Receipts"). Each Subscription Receipt was sold at a price of C$0.81, for aggregate gross proceeds of approximately C$10 million, and entitled the holder thereof to receive one common share in the capital of the Company and one-half of one common share purchase warrant upon closing of the Transaction.

Funds raised from the financing are being used towards advancing the San Matias project, continued corporate development and general working capital purposes. The Company expects its current capital resources to be sufficient to cover its planned 2017 activities. Actual funding requirements may vary from those planned due to a number of factors, including the progress of the Company's business activities and current economic and financial market conditions. The Company will continue to pursue opportunities to raise additional capital through equity markets to fund its future 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.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company’s objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

The Company is exposed to the following financial risks: credit risk, liquidity risk and market risk.

The Board of Directors has overall responsibility for the determination of the Company’s risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company’s management.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company’s competitiveness and flexibility.

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to its cash and cash equivalents. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions.

As of		June 30, 2017		December 31, 2016
Cash held in bank accounts	$	548,362	$	1,027,240
Term deposits		-		-
	$	548,362	$	1,027,240

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company’s approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At June 30, 2017, the Company had cash and cash equivalents of $0.5 million (December 31, 2016 - $1.0 million) and a credit facility with HPX of up to $1.5M available to apply against third-party short-term business requirements and current liabilities of $0.9 million (December 31, 2016 - $0.6 million). All of the Company’s financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates and other market prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to fluctuations in foreign currencies through its operations in Colombia. The Company monitors this exposure, but has no hedge positions.

As at June 30, 2017, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	June 30, 2017		December 31, 2016	
	US Dollars (CDN equivalent)	Colombian Pesos (CDN equivalent)	US Dollars (CDN equivalent)	Colombian Pesos (CDN equivalent)
Cash	$ 93	$ 190,537	$ 69,429	$ 729,349
Other receivables	-	13,635	-	15,006
Value added tax receivable	-	1,060,166	-	854,713
Accounts payable and accrued liabilities	-	(493,160)	-	(305,862)
Due to related parties	(28,523)	-	(29,514)	-
	$ (28,430)	$ 771,178	$ 39,915	$ 1,293,206

Based on the above net exposures at June 30, 2017, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in an increase or decrease of approximately $74,300 (December 31, 2016 - $133,300) in the Company's net loss and comprehensive loss for the period.

Interest Rate Risk

Interest rate risk consists of two components:

- To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company considers interest rate risk to not be significant.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to any other price risk.

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).

As at June 30, 2017 and December 31, 2016, 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.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company defines its capital as all components of equity and short-term debt. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The property in which the Company currently has an interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities.

The Company will spend its existing working capital and seek to raise additional amounts as needed by way of equity financing or debt to carry out its planned corporate development and general administrative costs. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to cover its operating costs and to carry out its exploration activities through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. There have been no changes to the Company's approach to capital management during the period ended June 30, 2017.

RELATED PARTY TRANSACTIONS

The Company had transactions during the three and six month periods ended June 30, 2017 and 2016 with related parties consisted of directors, officers and companies with common directors and/or officers:

During the three and six month periods ended June 30, 2017, the Company incurred $29,141 and $41,478 respectively (June 30, 2016 - $Nil) in consulting fees to one of the Company's directors. The costs incurred consist of technical consulting services provided for the Company's exploration projects in Colombia.

During the three and six month period ended June 30, 2017, the Company incurred $1,962,603 and $2,225,338 respectively (June 30, 2016 - $414,890 and $751,365) in exploration and evaluation expenditures 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 June 30, 2017 includes $29,000 (December 31, 2016 - $29,500) due to Continental Gold Limited, a company with a former common director. The amount owing is unsecured, non-interest-bearing and payable on demand.

Amount due to related parties as of June 30, 2017 also includes $249,510 (December 31, 2016 - $1,570,000) due to HPX. The balance represents cash received from HPX yet to be recognized as exploration and evaluation expenditures on the San Matias project in Colombia.

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 June 30, 2017 and 2016, key management compensation comprises:

	Three months ended		Six months ended	
For the period ended	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Salaries and benefits	**$ 260,625**	$ 205,625	**$ 521,250**	$ 386,875
Share-based payments	**-**	1,370,250	**-**	1,370,250
	$ 260,625	$ 1,575,875	**$ 521,250**	$ 1,757,125

Salaries and benefits for the three and six months ended June 30, 2017 increased from the comparable period ended June 30, 2016 mainly due to the addition made to management increasing the number of officers from three to four in June 2016.

For the three and six months ended June 30, 2017, share-based payments decreased from same periods last year due to no stock options were granted to key management in 2017 while 1,575,000 options were granted in comparable periods in 2016.

SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

The Company's outstanding share position as at August 10, 2017 is as follows:

	Number of shares
Common shares	206,438,643
Warrants	12,405,411
Broker warrants	370,380
Stock options	6,808,865
Fully diluted share capital - August 10, 2017	**226,023,299**

Common Shares

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

As at June 30, 2017, there were no common shares (December 31, 2016 - 2,309,524) held in escrow.

Share Purchase Warrants

Details of share purchase warrants outstanding as of June 30, 2017 are:

Expiry date	Number of warrants	Weighted average exercise price
April 1, 2018	50,100	$0.21
Balance - June 30, 2017	**50,100**	0.21

Stock 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 June 30, 2017:

				During the period					
Grant date	Expiry date	Exercise price	Opening balance	Granted	Exercised	Expired / Cancelled	Closing balance	Vested and exercisable	Unvested
8-1-12	7-31-22	$1.00	62,500	-	(25,000)	-	37,500	37,500	-
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	-	(100,000)	-	1,430,000	1,430,000	-
5-26-15	5-26-25	$0.21	1,362,500	-	(250,000)	-	1,112,500	1,112,500	-
10-24-15	10-24-25	$0.13	300,000	-	-	-	300,000	300,000	-
11-24-15	11-24-25	$0.12	1,512,500	-	(75,000)	-	1,437,500	1,437,500	-
4-19-16	4-19-26	$0.85	1,925,000	-	-	-	1,925,000	1,443,750	481,250
11-9-16	11-9-26	$0.74	200,000	-	-	-	200,000	100,000	100,000
			7,158,865	**-**	**(450,000)**	**-**	**6,708,865**	**6,127,615**	**581,250**
Weighted ave. exercise price			**$ 0.54**	**$ -**	**$ 0.37**	**$ -**	**$ 0.56**	**$ 0.53**	**$ 0.83**

OTHER DATA

Additional information related to the Company is available for viewing at www.sedar.com.

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

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, 2016 to all the periods presented in these unaudited condensed interim consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET APPLIED

The following revised standards and amendments, unless otherwise stated, are effective on or after January 1, 2018, with early adoption permitted, and have not been applied in preparing these annual consolidated financial statements. The Company does not plan to adopt any of these standards early.

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.

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, 2018, with early adoption permitted.

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.

RISKS AND UNCERTAINTIES

The Company is engaged in mineral exploration and development activities which, by nature, are speculative. Due to the high-risk nature of the Company’s business and the present stage of the Company’s various projects, an investment in the Company’s common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A and the Company’s other public disclosures, including the risks described below, prior to making any investment in the Company’s common shares.

The risks noted below do not necessarily comprise all of the risks faced by the Company. Additional risks not currently known to the Company, or that the Company currently considers immaterial, may also adversely impact the Company’s business, results of operations, financial results and prospects.

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company’s properties do not have a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Title to Mineral Property Risks

Certain of the Company’s rights to the Alacran Project are subject to the terms of an option Agreement which requires the Company to make certain payments in order to obtain and secure a further interest in the property. If the Company may fail to, or may choose not to, make such payments, in which case it will forfeit its interest in the property. Any failure by the Company to obtain or secure title to the property could have an adverse effect on the Company and the value of the Company’s common shares.

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has submitted concession applications to the Colombian authorities and the timing of granting such concessions is at the discretion of the Ministry of Mines and Energy. There is ongoing risk that such governmental processes will not be completed on a timely basis. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to properties it acquired will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mineral properties.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of its mineral property to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of the Company's project may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its project which could result in the loss of its property.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Political, Economic and Currency Risks

Although Colombia has a long-standing tradition respecting the rule of law, which has been bolstered in recent years by the present and former government's policies and programs, no assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Colombia. The Company's property interests and proposed exploration activities in Colombia are subject to political, economic and other uncertainties, including the risk of expropriation, nationalization, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions, and changing political conditions and international monetary fluctuations. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company.

The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its expenditures in Colombian pesos and US dollars. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the Colombian peso or US dollar could have an adverse impact on the amount of exploration conducted.

Regulatory Risks

The mining industry in Colombia is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Company will be unable to predict what additional legislation or amendments may be enacted. Amendments to current laws, regulations and permits governing operations and activities of mining companies, including environmental laws and regulations which are evolving in Colombia, or more stringent implementation thereof, could cause increases in expenditures and costs, affect the Company's ability to expand or transfer existing operations or require the Company to abandon or delay the development of its properties.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are fairly significant in Colombia. Colombia is home to South America's largest and longest running insurgency. While the situation has improved dramatically in recent years, there can be no guarantee that it will not deteriorate in the future. Any increase in kidnapping, gang warfare, homicide and/or terrorist activity in Colombia generally may disrupt supply chains and discourage qualified individuals from being involved with the Company's operations.

Competition

The Company competes with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.