FIRST COLOMBIA GOLD CORP.
Form 10-Q
November 21, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 000-51203

First Colombia Gold Corp.
(Exact name of registrant as specified in its charter)

Nevada	98-0425310
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Carrera 49 No. 51-11 Suite 402, Copacabana, Antioquia Colombia
(Address of principal executive offices)

(888) 224-6561
(Registrant's telephone number, including area code)

Alcalá Centro de Negocios, Cra 43 B # 14-51 Office 705, Medellin, Colombia
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ý Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ý Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and “a smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨

Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ý

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes ý No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

Class	Outstanding at November 10, 2011
Common Stock, $0.00001 par value	39,503,585

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SEPTEMBER 30, 2011

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PART I - FINANCIAL INFORMATION

Item 1. Interim Consolidated Financial Statements

Our unaudited interim consolidated financial statements included in this Form 10-Q for the three and nine months ended September 30, 2011 are as follows:

These unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended September 30, 2011 are not necessarily indicative of the results that can be expected for the full year.

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First Colombia Gold Corp.
(An Exploration Stage Company)
Interim Consolidated Balance Sheets
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

	As at 30 September 2011 $	As at 31 December 2010 (Audited) $
Assets		
Current		
Cash and cash equivalents	16,187	70,019
Assets of discontinued operations (Note 13)	-	4,716,434
Mineral property interests (Note 3)	-	7,260,000
Property and equipment (Note 4)	9,290	11,988
	25,477	12,058,441
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	470,217	344,784
Current portion of convertible promissory notes (Note 6)	-	468,630
	470,217	813,414
Liabilities of discontinued operations (Note 13)	-	159,441
Convertible promissory notes (Note 6)	-	1,451,863
	470,217	2,424,718
Stockholders' equity (deficiency)		
Common stock (Note 8)		
Authorized		
200,000,000 common shares, par value $0.00001 and		
200,000,000 blank check preferred shares, par value $0.001		
Issued and outstanding		
30 September 2011 – 39,503,585 common shares, par value $0.00001		

31 December 2010 – 38,503,585 common shares, par value $0.00001	395	385
Additional paid in capital	18,329,720	18,229,730
Deficit, accumulated during the exploration stage	(18,774,855)	(10,846,392)
	(444,740)	7,383,723
Non-controlling interest (Note 13)	-	2,250,000
	(444,740)	9,633,723
	25,477	12,058,441

Nature, Basis of Presentation and Continuance of Operations (Note 1), Commitments and Contingencies (Note 9) and Subsequent Events (Note 15)

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

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First Colombia Gold Corp.
(An Exploration Stage Company)
Interim Consolidated Statements of Operations
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

	For the period from the date of inception on 5 September 1997 to 30 September 2011 $	For the three month period ended 30 September 2011 $	For the three month period ended 30 September 2010 $	For the nine month period ended 30 September 2011 $	For the nine month period ended 30 September 2010 $
Expenses					
Amortization – property and equipment (Note 4)	40,319	900	1,283	2,698	3,853
Amortization – website development costs	40,001	-	3,334	-	10,000
Bank charges and interest (Note 6)	1,557,510	253,427	106,172	884,823	113,259
Consulting and management fees (Note 7)	5,381,431	30,875	66,950	170,017	199,176
Foreign exchange (gain) loss	21,787	-	-	-	(3,053)
Investor communication and promotion	632,571	-	-	-	14,000
Office and administrative	116,721	-	-	-	258
Professional fees	760,009	33,951	15,363	95,348	59,810
Rent	56,416	-	-	-	2,000
Telephone	54,659	-	-	-	-
Transfer agent and filing fees	63,488	7,014	1,012	9,759	4,991
Travel and accommodation	377,754	-	-	-	-
Website maintenance	86,000	-	-	-	20,000
Mineral property acquisition and exploration expenditures (Note 3)	5,273,419	2,500	-	2,500	-
Net operating loss before other items	(14,462,085)	(328,667)	(194,114)	(1,165,145)	(424,294)

Other items					
Forgiveness of debt	39,000	-	-	-	-
Gain on sale of oil and gas property	10,745	-	-	-	-
Interest income	102,561	-	-	-	-
Recovery of expenses	4,982	-	-	-	-
Write-down of incorporation cost	(12,500)	-	-	-	-
Write-down of assets (Notes 3 and 13)	(7,274,111)	(7,260,000)	-	(7,260,000)	-
Net operating loss before income taxes	(21,591,408)	(7,588,667)	(194,114)	(8,425,145)	(424,294)
Future income tax recovery (Note 10)	2,319,871	-	-	-	10,657
Net operating loss from continuing operations	(19,271,537)	(7,588,667)	(194,114)	(8,425,145)	(413,637)
Discontinued operations of Beardmore Holdings, Inc. (Notes 3, 6 and 13)	496,682	546,652	1,082	496,682	1,102
Net operating loss and comprehensive loss for the period	(18,774,855)	(7,042,015)	(193,032)	(7,928,463)	(412,535)
Basic and diluted income (loss) per common share					
Continuing operations		(0.19)	(0.01)	(0.21)	(0.01)
Discontinued operations		0.01	-	0.01	-
Operating loss		(0.18)	(0.01)	(0.20)	(0.01)
Weighted average number of common shares used in per share calculations		39,503,585	36,853,585	39,341,820	29,777,855

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

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First Colombia Gold Corp.
(An Exploration Stage Company)
Interim Consolidated Statements of Cash Flows
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

	For the period from the date of inception on 5 September 1997 to 30 September 2011 $	For the three month period ended 30 September 2011 $	For the three month period ended 30 September 2010 $	For the nine month period ended 30 September 2011 $	For the nine month period ended 30 September 2010 $
Cash flows used in operating activities					
Net loss for the period	(18,774,855)	(7,042,015)	(193,032)	(7,928,463)	(412,535)
Adjustments to reconcile loss to net cash used by operating activities					
Amortization	80,320	900	4,617	2,698	13,853
Accrued interest	1,542,904	253,169	105,863	882,411	111,617
Consulting fees	40,200	-	-	-	-
Forgiveness of debt	(24,000)	-	-	-	-
Future income tax recovery	(2,319,871)	-	-	-	(10,657)
Gain on sale of oil and gas property	(10,745)	-	-	-	-
Gain on disposal of investment in Beardmore Holdings, Inc.	(544,149)	(544,149)	-	(544,149)	-
Mineral property acquisition	1,816,000	-	-	-	-
Stock-based compensation	3,587,000	-	-	-	-
Write-down of assets	7,263,940	7,260,000	-	7,260,000	-
Changes in operating assets and liabilities					
Increase (decrease) in accounts payable and accrued liabilities	469,586	43,598	66,531	124,882	(441,936)
Increase (decrease) in due to related parties	99,778	(1,911)	(875)	48,789	(71)
	(6,773,892)	(30,408)	(16,896)	(153,832)	(739,729)

Cash flows from financing activities					
Cost of repurchase of common stock	(1,000)	-	-	-	-
Proceeds from issuance of common stock, net of share issue costs	8,411,915	-	-	100,000	1,775,000
	8,410,915	-	-	100,000	1,775,000
Cash flows used in investing activities					
Proceeds from sale of oil and gas property	46,200	-	-	-	-
Oil and gas property acquisitions	(2,846)	-	-	-	-
Oil and gas exploration	(22,609)	-	-	-	-
Mineral property exploration	(48,609)	-	-	-	-
Business acquisition, net of cash received	(1,499,422)	-	-	-	(1,000,000)
Purchase of equipment	(53,550)	-	-	-	-
Website development costs	(40,000)	-	-	-	-
	(1,620,836)	-	-	-	(1,000,000)
Increase (decrease) in cash and cash equivalents	16,187	(30,408)	(16,896)	(53,832)	35,271
Cash and cash equivalents, beginning of period	-	46,595	56,381	70,019	4,214
Cash and cash equivalents, end of period	16,187	16,187	39,485	16,187	39,485

Supplemental Disclosures with Respect of Cash Flows (Note 11)

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

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First Colombia Gold Corp.
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2011

1. Nature, Basis of Presentation and Continuance of Operations

First Colombia Gold Corp. (the "Company") was incorporated under the laws of the State of Nevada, U.S.A. under the name "Gondwana Energy, Ltd." on 5 September 1997. On 23 January 2007, the Company changed its name to "Finmetal Mining Ltd.". On 27 November 2006, the Company completed the acquisition of 100% of the shares of Finmetal Mining OY ("Finmetal OY"), a company incorporated under the laws of Finland. During the fiscal year ended 31 December 2006, the Company changed its operational focus from development of oil and gas properties, to acquisition of, exploration for and development of mineral properties in Finland.

On 22 May 2008, the Company changed its name to "Amazon Goldsands Ltd." and on 18 September 2008, the Company entered into a Mineral Rights Option Agreement and concurrently re-focused on the acquisition of, exploration for and development of mineral properties located in Peru. On 29 November 2010, the Company changed its name to "First Colombia Gold Corp.". The Company changed their name pursuant to a parent/subsidiary merger between the Company (as Amazon Goldsands Ltd.) and its wholly-owned non-operating subsidiary, First Colombia Gold Corp., which was established for the purpose of giving effect to this name change. The Company is currently in the exploration stage.

The Company is an exploration stage enterprise, as defined in Accounting Standards Codification (the "Codification" or "ASC") 915-10, "Development Stage Entities". The Company is devoting all of its present efforts in securing and establishing a new business, and its planned principle operations have not commenced, and, accordingly, no revenue has been derived during the organization period.

The accompanying interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Finmetal OY, a company incorporated under the laws of Finland, since its date of acquisition on 27 November 2006 and the results of Beardmore Holdings, Inc. ("Beardmore"), a company incorporated under the laws of Panama, to the date of disposal on 21 September 2011 (Note 13).

The accompanying interim consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to exploration stage enterprises, and are expressed in U.S. dollars. The Company's fiscal year end is 31 December.

The Company's interim consolidated financial statements as at 30 September 2011 and for the nine month period then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a net loss of $7,928,463 for the nine month period ended 30 September 2011 (30 September 2010 - $412,535, cumulative - $18,774,855) and has a working capital deficit of $454,030 at 30 September 2011 (31 December 2010 - $743,395).

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company's capital resources should be adequate to continue operating and maintaining its business strategy during the fiscal year ending 31 December 2011. However, if the Company is unable to raise additional capital in the near future, due to the Company's liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These interim consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

First Colombia Gold Corp.
(An Exploration Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
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2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these interim consolidated financial statements.

Principles of consolidation

All inter-company balances and transactions have been eliminated in these interim consolidated financial statements.

During the nine month period ended 30 September 2011, the Company relinquished its 50% ownership in Beardmore pursuant to a Settlement and Mutual Release Agreement on 21 September 2011. As a result, the Company deconsolidated the assets and liabilities of Beardmore as of 21 September 2011 and recognized the results of operations of Beardmore up to 21 September 2011, resulting in a gain of $544,149 (Note 13).

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at 30 September 2011, the Company had cash and cash equivalents in the amount of $16,187 (31 December 2010 - $70,019).

Property and equipment

Furniture, computer equipment, office equipment and computer software are carried at cost and are amortized over their estimated useful lives at rates as follows:

Furniture, computer and office equipment	30	%
Computer software	100	%

The property and equipment is written down to its net realizable value if it is determined that its carrying value exceeds estimated future benefits to the Company.

Mineral property costs

Mineral property acquisition costs are initially capitalized as tangible assets when purchased. At the end of each fiscal quarter, the Company assesses the carrying costs for impairment. If proven and probable reserves are established for a property and it has been determined that a mineral property can be economically developed, costs will be amortized using the units-of-production method over the estimated life of the probable reserve.

Mineral property exploration costs are expensed as incurred.

Estimated future removal and site restoration costs, when determinable are provided over the life of proven reserves on a units-of-production basis. Costs, which include production equipment removal and environmental remediation, are estimated each period by management based on current regulations, actual expenses incurred, and technology and industry standards. Any charge is included in exploration expense or the provision for depletion and depreciation during the period and the actual restoration expenditures are charged to the accumulated provision amounts as incurred.

As of the date of these interim consolidated financial statements, the Company has not established any proven or probable reserves on its mineral properties and incurred only acquisition and exploration costs.

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Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Segments of an enterprise and related information

ASC 280, "Segment Reporting" establishes guidance for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. ASC 280 defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Environmental costs

Environmental expenditures that are related to current operations are charged to operations or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are charged to operations. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitments to a plan of action based on the then known facts.

Foreign currency translation

The Company's functional and reporting currency is U.S. dollars. The interim consolidated financial statements of the Company are translated to U.S. dollars in accordance with ASC 830, "Foreign Currency Matters." Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company has not, to the date of these interim consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Comprehensive loss

ASC 220, "Comprehensive Income" establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 30 September 2011, the Company had no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the interim consolidated financial statements.

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Stock-based compensation

Effective 1 January 2006, the Company adopted the provisions of ASC 718, “Compensation – Stock Compensation”, which establishes accounting for equity instruments exchanged for employee services. Under the provisions of ASC 718, stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employees’ requisite service period (generally the vesting period of the equity grant). The Company adopted ASC 718 using the modified prospective method, which requires the Company to record compensation expense over the vesting period for all awards granted after the date of adoption, and for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Accordingly, the financial statements for the periods prior to 1 January 2006 have not been restated to reflect the fair value method of expensing share-based compensation. The adoption of ASC 718 did not change the way the Company accounts for share-based payments to non-employees, with guidance provided by ASC 505-50, “Equity-Based Payments to Non-Employees”.

Basic and diluted net income (loss) per share

The Company computes net income (loss) per share in accordance with ASC 260, “Earnings per Share”. ASC 260 requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excluded all dilutive potential shares if their effect was anti-dilutive.

Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with ASC 740, “Income Taxes”, which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

Long-lived assets impairment

Long-term assets of the Company are reviewed for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable, pursuant to guidance established in ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets".

Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

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Asset retirement obligations

The Company has adopted ASC 410, "Assets Retirement and Environmental Obligations", which requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred. ASC 410 requires the Company to record a liability for the present value of the estimated site restoration costs with a corresponding increase to the carrying amount of the related long-lived assets. The liability will be accreted and the asset will be depreciated over the life of the related assets. Adjustments for changes resulting from the passage of time and changes to either the timing or amount of the original present value estimate underlying the obligation will be made. As at 30 September 2011, the Company did not have any asset retirement obligations.

Convertible debt

The Company has adopted ASC 470-20, "Debt with Conversion and Other Options" and applies this guidance retrospectively to all periods presented upon those fiscal years. ASC 470-20 requires the liability and equity components to be separately accounted for in a manner that will reflect the entity's nonconvertible debt borrowing rate. The Company will allocate a portion of the proceeds received from the issuance of convertible notes between a liability and equity component by determining the fair value of the liability component using the Company's nonconvertible debt borrowing rate. The difference between the proceeds of the notes and the fair value of the liability component will be recorded as a discount on the debt with a corresponding offset to paid-in capital. The resulting discount will be accreted by recording additional non-cash interest expense over the expected life of the convertible notes using the effective interest rate method.

Financial instruments

The carrying value of cash and cash equivalents and accounts payable approximates their fair value because of the short maturity of these instruments. The Company's operations are in South America and virtually all of its assets and liabilities are giving rise to significant exposure to market risks from changes in foreign currency rates. The Company's financial risk is the risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Consolidation

Statement of Financial Accounting Standards ("SFAS") No. 167, "Amendments to FASB Interpretation No. 46(R)", which amends ASC 810-10, "Consolidation", prescribes a qualitative model for identifying whether a company has a controlling financial interest in a variable interest entity ("VIE") and eliminates the quantitative model. The new model identifies two primary characteristics of a controlling financial interest: (1) provides a company with the power to direct significant activities of the VIE, and (2) obligates a company to absorb losses of and/or provides rights to receive benefits from the VIE. SFAS No. 167 requires a company to reassess on an ongoing basis whether it holds a controlling financial interest in a VIE. A company that holds a controlling financial interest is deemed to be the primary beneficiary of the VIE and is required to consolidate the VIE. SFAS No. 167, which is referenced in ASC 105-10-65, has not yet been adopted into the Codification and remains authoritative. SFAS No. 167 is effective 1 January 2010. The adoption of SFAS No. 167 did not have a material impact on the Company's interim consolidated financial statements.

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Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

Comparative figures

Certain comparative figures have been adjusted to conform to the current period's presentation.

Changes in accounting policies

On 1 January 2011, the Company adopted Accounting Standards Update ("ASU") No. 2010-29, "Business Combination (Topic 805)", which specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments of ASU No. 2010-29 also expand the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU No. 2010-29 is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 15 December 2010. Early adoption is permitted. The adoption of ASU No. 2010-29 did not have a material impact on the Company's interim consolidated financial statements.

On 1 January 2011, the Company adopted ASU No. 2010-09, "Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements", which eliminates the requirement for Securities and Exchange Commission ("SEC") filers to disclose the date through which an entity has evaluated subsequent events. The adoption of ASU No. 2010-09 did not have a material impact on the Company's interim consolidated financial statements.

On 1 January 2011, the Company adopted ASU No. 2010-06, "Fair Value Measurement and Disclosures (Topic 820): Improving Disclosure and Fair Value Measurements", which requires that purchases, sales, issuances, and settlements for Level 3 measurements be disclosed. The adoption of ASU No. 2010-06 did not have a material impact on the Company's interim consolidated financial statements.

Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued ASU 2011-08, "Intangibles – Goodwill and Other" which allows an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. ASU 2011-08 will be effective for the Company in fiscal 2013, with early adoption permitted. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

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In June 2011, FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income". This ASU presents an entity with the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This update eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity/deficit. The amendments in this update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. ASU No. 2011-05 should be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after 15 December 2011. As ASU No. 2011-05 relates only to the presentation of comprehensive income, the Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, "Fair Value Measurement" to amend the accounting and disclosure requirements on fair value measurements. This ASU limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured at a net basis, and provides guidance on the applicability of premiums and discounts. Additionally, this update expands the disclosure on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. ASU No. 2011-04 is to be applied prospectively and is effective during interim and annual periods beginning after 15 December 2011. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

International Financial Reporting Standards

In November 2008, the SEC issued for comment a proposed roadmap regarding potential use of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Under the proposed roadmap, the Company would be required to prepare financial statements in accordance with IFRS in fiscal year 2014, including comparative information also prepared under IFRS for fiscal 2013 and 2012. The Company is currently assessing the potential impact of IFRS on its consolidated financial statements and will continue to follow the proposed roadmap for future developments.

3. Mineral Property Interests

The Temasek Properties

Effective 18 September 2008 (the "Effective Date"), the Company entered into a Mineral Right Option Agreement with Temasek Investments Inc. ("Temasek"), a company incorporated under the laws of Panama (the "Temasek Agreement").

Pursuant to the Temasek Agreement, the Company acquired four separate options from Temasek, each providing for the acquisition of a 25% interest in certain mineral rights in Peru potentially resulting in the acquisition of 100% of the mineral rights (the “Mineral Rights”). The Mineral Rights are owned by Rio Santiago Minerales S.A.C. (“Rio Santiago”). Beardmore, a wholly-owned subsidiary of Temasek, owns 999 shares of the 1,000 shares of Rio Santiago that are issued and outstanding. Temasek owns the single remaining share of Rio Santiago. The acquisition of each 25% interest in the Mineral Rights will occur through the transfer to the Company of 25% of the outstanding shares of Beardmore (Note 13).

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The Company may exercise the initial 25% option to acquire a 25% interest in the Mineral Rights after fulfilling the following conditions:

- Pay $250,000 (paid) to Temasek on the date the Temasek Agreement is executed;

- Issue 2,500,000 common shares (issued) of the Company to Temasek within five business days from the Effective Date (Notes 8 and 13); and

- Pay an additional $250,000 (paid) to Temasek within ninety days of the Effective Date.

The Company entered into an amending agreement dated 12 May 2009 with Temasek related to the Temasek Properties, further amended pursuant to an agreement dated 3 February 2010 (the "Second Amending Temasek Agreement"). Under the Second Amending Temasek Agreement, the Company may now exercise the second 25% option resulting in the acquisition of a 50% interest in the Mineral Rights by fulfilling the following conditions as set out in the Second Amending Temasek Agreement within thirty days from the Effective Date:

- Exercise and complete the initial 25% option (completed);

- Issue 3,500,000 additional common shares of the Company to Temasek (issued) (Notes 8, 11 and 13); and

- Pay an additional $750,000 to Temasek by 5 March 2010 (paid).

The Company entered into an amending agreement dated 25 June 2010 (the "Amendment Effective Date") with Temasek related to the Temasek Properties (the "Third Amending Temasek Agreement"). Under the Third Amending Temasek Agreement, the Company may now exercise the third and fourth 25% options resulting in the acquisition of a 100% interest in the Mineral Rights by fulfilling the following conditions as set out in the Third Amending Temasek Agreement within ten business days from the Amendment Effective Date:

- Exercise and complete the initial and second 25% options (completed);

- Issue 11,000,000 additional common shares of the Company to Temasek (5,000,000 common shares issued on 9 March 2010) (Notes 8, 11 and 13);

- Pay an additional $250,000 to Temasek (paid);

- Issue a convertible note for $250,000 to Temasek (the "$250,000 Convertible Note") (issued). The $250,000 Convertible Note has a term of ninety days and will accrue interest at a rate of 12% per annum. Both principal and interest under the $250,000 Convertible Note are payable upon maturity (Notes 6, 11 and 13); and

- Issue a convertible note for $3,250,000 to Temasek (the “$3,250,000 Convertible Note”) (issued). The $3,250,000 Convertible Note has a term of three years and will accrue interest at a rate of 12% per annum. Interest will be payable annually and the principal is payable upon maturity (Notes 6, 11 and 13).

Any principal and interest due under either of the Convertible Notes is convertible, at the option of Temasek, into units at a fixed conversion price of $0.25 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.50 per share.

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Upon the acquisition of a 100% interest in the Mineral Rights, Temasek will hold its single share of Rio Santiago in trust for the Company's sole benefit and hold the share strictly in accordance with the Company's instructions. Upon the Company's acquisition of a 100% interest in the Mineral Rights, Temasek is entitled to an annual 2.5% net returns royalty. However, if the Company pays Temasek $2,000,000 within ninety days of the acquisition of a 100% interest in the Mineral Rights, Temasek will only be entitled to an annual 1% net returns royalty.

If the Company exercises the second 25% option, resulting in the Company's acquisition of a 50% interest in the Mineral Rights, and fails to acquire a 100% interest in the Mineral Rights, the Company and Temasek will form a joint venture in which the Company will be wholly responsible for developing a feasible mining project and all necessary facilities and Temasek shall retain a carried free interest in the mining rights. If the Company does not develop a feasible mining project within three years from the Effective Date, the Company will be responsible to pay Temasek an advance minimum mining royalty of $500,000 per year, which will be deducted from Temasek's net returns royalty.

Temasek became a significant shareholder of the Company through the issuance of the 6,000,000 common shares on exercise of the option to acquire the initial and second 25% interests in the Mineral Rights and an additional 5,000,000 common shares on exercise of the partial payment toward the exercise of the option to acquire the third 25% interest (Note 8).

On 21 September 2011, the Company entered into a Settlement and Mutual Release Agreement (the "Settlement Agreement") with Temasek, which resulted in the Company's relinquishment and transfer to Temasek of its 50% interest in the outstanding capital stock of Beardmore, which indirectly holds, through its subsidiary Rio Santiago, the Mineral Rights to certain properties located in Peru, in exchange for Temasek releasing the Company from all of its outstanding obligations under the terms of the Temasek Agreement and its subsequent amendments entered into between the parties on 18 September 2008.

Under the terms of the Settlement Agreement, the $250,000 Convertible Note and the $3,250,000 Convertible Note have been cancelled and the Company is no longer obligated to issue Temasek 6,000,000 shares of its common stock in exchange for the Company's relinquishment and transfer to Temasek of its 50% interest in the outstanding capital stock of Beardmore. The Company is not entitled to recover any consideration previously paid to Temasek or any mineral property exploration expenditures incurred in connection with the exploration and development of the properties underlying the Mineral Rights. The Settlement Agreement included a mutual release of all claims arising out of or relating to the Temasek Agreement.

By execution of the Settlement Agreement, the Company no longer has any interest, directly or indirectly, in any mineral or mining rights to properties located in Peru; and, as a result, recorded a write down of mineral property interests in the amount of $7,260,000 during the nine month period ended 30 September 2011 (30 September 2010 - $Nil). The Company also deconsolidated mineral property interests in the amount of $4,716,434 (30 September 2010 - $Nil) related to Rio Santiago (Note 13).

During the nine month period ended 30 September 2011, the Company incurred $53,200 (30 September 2010 – $Nil) in exploration expenditures related to the Temasek Properties. Mineral property expenditures in the amount of $50,700 are included in discontinued operations for the nine month period ended 30 September 2011 (30 September 2010 - $Nil) (Note 13).

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The Minera Properties

On 28 July 2011, the Company signed a non-binding letter of intent to acquire all of the issued and outstanding capital stock of Minera San Ignacio SAS (“Minera”), a corporation incorporated under the General Corporate Law of Colombia, from Sapo Holdings, S.A. (“Sapo”). Minera is an entity that has nominal operations with the right to acquire ownership in certain mineral claims and mining rights to properties with an approximate size of 1,000 hectares located in the municipality of Buenos Aires in the Cauca province located in southern Colombia.

Under the terms of the letter of intent with Sapo, the Company would be required to pay the following consideration:

- Pay $500,000 to Sapo;
- Issue 1,000,000 common shares of the Company to Sapo; and
- Issue an unsecured promissory note to Sapo in the amount of $500,000 with a term of one year and interest rate of 12% per annum.

The letter of intent provided for the Company to have the option to return to Sapo all of the issued and outstanding capital stock of Minera in exchange for cancellation of the promissory note anytime up to one year after the closing date.

During the nine month period ended 30 September 2011, the Company terminated the letter of intent with Sapo.

The Boulder Hill Project

On 30 September 2011, the Company entered into a non-binding letter of intent with Boulder Hill Mines, Inc., an Idaho corporation ("Boulder Hill"), to acquire by way of an assignment from Boulder Hill all of its rights, responsibilities and obligations under a state mineral lease and agreement (the "Mineral Lease and Agreement") by and among Boulder Hill, James Ebisch and Ryan Riech, dated 15 July 2008 (the "Proposed Transaction"). Boulder Hill, under the terms of the Mineral Lease and Agreement, holds the mining and mineral rights to a certain property located in the State of Montana.

Pursuant to the letter of intent with Boulder Hill, the Company would be required to pay Boulder Hill the transaction price of $230,000 in the form of cash, common shares of the Company or a combination thereof.

The letter of intent with Boulder Hill requires a definitive assignment agreement to be completed by 31 October 2011. If no definitive assignment agreement is completed by 31 October 2011, the Company agrees to issue 50,000 common shares of the Company to Boulder Hill by 15 November 2011.

Subsequent to the nine month period ended 30 September 2011, the Company and Boulder Hill amended the terms of the letter of intent (Note 15).

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4. Property and Equipment

			Net Book Value	
	Cost	Accumulated Amortization	30 September 2011	31 December 2010 (Audited)
	$	$	$	$
Furniture, computer and office equipment	47,433	38,143	9,290	11,988

During the nine month period ended 30 September 2011, total additions to property and equipment were $Nil (30 September 2010 - $Nil).

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

Included in accounts payable and accrued liabilities as at 30 September 2011 are amounts due to former officers of the Company of $Nil (31 December 2010 - $9,646). These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

Included in accounts payable and accrued liabilities as at 30 September 2011 are amounts due to a director and officer of the Company of $5,000 (31 December 2010 - $10,000). These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

Included in accounts payable and accrued liabilities as at 30 September 2011 are exploration expenditures of $Nil (31 December 2010 - $35,775) related to the Temasek Properties (Note 3).

During the nine month period ended 30 September 2011, the Company deconsolidated accounts payable of $49,141 (30 September 2010 - $Nil) related to Rio Santiago (Note 13).

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6. Convertible Promissory Notes

	30 September 2011 $	31 December 2010 (Audited) $
Issued on 25 June 2010 to Temasek bearing interest at a rate of 12% per annum on any unpaid principle balance, unsecured, with principal and interest amounts due upon maturity on 25 September 2010. Temasek has the option to convert any portion of the unpaid principal and/or accrued interest into conversion units (the "Units") at any time up to 25 June 2011 at $0.25 per Unit where each Unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles Temasek to purchase an additional common share of the Company at an exercise price of $0.50 per share commencing six months after the date of issuance until one year from the date of issuance. As at 30 September 2011, none of the Units were converted by Temasek. During the nine month period ended 30 September 2011, the Company accrued interest expense of $98,849 (30 September 2010 - $7,973), of which $77,151 relates to the amortization of debt discount (30 September 2010 - $Nil) (Notes 3 and 11).	-	188,466
Issued on 25 June 2010 to Temasek bearing interest at a rate of 12% per annum on any unpaid principle balance, unsecured, with interest amount payable annually and principal amount due upon maturity on 25 June 2013. Temasek has the option to convert any portion of the unpaid principal and/or accrued interest into Units at any time up to 25 June 2013 at $0.25 per Unit where each Unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles Temasek to purchase an additional common share of the Company at an exercise price of $0.50 per share commencing six months after the date of issuance until one year from the date of issuance. As at 30 September 2011, none of the Units were converted by Temasek. During the nine month period ended 30 September 2011, the Company accrued interest expense of $783,562 (30 September 2010 - $103,644), of which $501,479 relates to the amortization of debt discount (30	-	1,732,027

September 2010 - $Nil) (Notes 3 and 11).		
Less: current portion	-	(468,630)
	-	1,451,863

On 21 September 2011, the Company entered into a Settlement Agreement with Temasek whereby the Convertible Notes were cancelled (Notes 3 and 13).

7. Due to Related Parties and Related Party Transactions

As at 30 September 2011, the amount due to related parties consists of $Nil (31 December 2010 - $109,691) payable to companies controlled by shareholders and/or directors of Rio Santiago. During the nine month period ended 30 September 2011, the Company deconsolidated amounts due to related parties of $158,538 (30 September 2010 - $Nil) related to Rio Santiago (Note 13).

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During the nine month period ended 30 September 2011, the Company paid or accrued $9,000 (30 September 2010 - $Nil) for consulting fees to a director of the Company.

During the nine month period ended 30 September 2011, the Company paid or accrued $Nil (30 September 2010 - $28,350) for financial and administrative fees to a former officer of the Company.

During the nine month period ended 30 September 2011, the Company paid or accrued $35,017 (30 September 2010 - $5,000) for accounting and financial fees to an officer of the Company.

During the nine month period ended 30 September 2011, the Company paid or accrued $13,500 (30 September 2010 - $Nil) for consulting fees to a director and officer of the Company.

8. Common Stock

Authorized

The total authorized capital consists of

- 200,000,000 of common shares with par value of $0.00001
- 200,000,000 of blank check preferred shares with par value of $0.001

Issued and outstanding

As at 30 September 2011, the total issued and outstanding capital stock is 39,503,585 common shares with a par value of $0.00001 per share.

On 14 February 2011, the Company issued 1,000,000 common shares upon the exercise of share purchase warrants with an exercise price of $0.10 per warrant for total proceeds of $100,000.

On 14 December 2010, the Company issued 1,500,000 common shares upon the exercise of share purchase warrants with an exercise price of $0.10 per warrant for total proceeds of $150,000.

On 30 November 2010, the Company issued 150,000 common shares upon the exercise of share purchase warrants with an exercise price of $0.10 per warrant for total proceeds of $15,000.

On 25 March 2010, the Company issued 18,750,000 units at a price of $0.10 per unit (the "Units") for proceeds of $1,775,000, net of share issue costs of $100,000. Each Unit consists of one common share with par value $0.00001 and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.10 commencing six months from the closing date of the offering up to 25 March 2011. During the nine month period ended 30 September 2011, 1,000,000 of the related share purchase warrants in this series were exercised. As at 30 September 2011, none of the related share purchase warrants in this series remain outstanding.

On 9 March 2010, the Company issued 5,000,000 common shares valued at $1,250,000 ($0.25 per common share) pursuant to the Temasek Agreement (Notes 3 and 11). The fair value is equal to the market price of the Company's stock on the date of the transaction.

During the year ended 31 December 2009, the Company issued 3,500,000 common shares valued at a $385,000 ($0.11 per common share) pursuant to the Temasek Agreement (Notes 3 and 11). The fair value is equal to the market price of the Company's stock on the date of the transaction.

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During the year ended 31 December 2009, the Company issued 140,000 common shares for total proceeds of $18,900 ($0.15 per common share), net of share issue costs of $2,100.

During the year ended 31 December 2009, the Company issued 5,272,333 common shares for total proceeds of $711,765 ($0.15 per common share), net of share issue costs of $79,085.

During the year ended 31 December 2008, a total of 167,500 stock options expired.

During the year ended 31 December 2008, the Company issued 2,500,000 common shares valued at $625,000 ($0.25 per common share) pursuant to the Temasek Agreement (Notes 3 and 11). The fair value is equal to the market price of the Company's stock on the date of the transaction.

During the year ended 31 December 2008, the Company completed a one new for twenty old common share reverse stock split. The Company's share transactions, including the weighted average number of common shares outstanding calculation for purposes of determining earnings per share, have been restated retroactively to reflect all of the above corporate capital transactions in these interim consolidated financial statements.

Stock options

As at 30 September 2011, there were Nil incentive stock options outstanding (31 December 2010 - Nil).

During the year ended 31 December 2007, the Company adopted the Stock Incentive Plan (the "Plan"), which provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, performance shares and performance units, and stock awards to officers, directors or employees of, as well as advisers and consultants to, the Company.

During the year ended 31 December 2007, the Company granted 167,500 incentive stock options to officers, directors and consultants of the Company to purchase common stock of the Company at a price of $25 per common share on or before 17 April 2017 and vesting as to one-quarter of the common shares under the stock option on 17 April 2007 and one-quarter every six months thereafter in accordance with the terms and conditions of the Company's Plan.

All stock options and rights are to vest over a period determined by the Board of Directors and expire not more than ten years from the date granted. Pursuant to the Plan, the maximum aggregate number of shares that may be issued for awards is 500,000 and the maximum aggregate number of shares that may be issued for incentive stock options is 500,000.

During the year ended 31 December 2008, all of the related stock options in this series were forfeited.

The Company had no stock option activities during the nine month periods ended 30 September 2011 and 2010.

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Warrants

As at 30 September 2011, there were Nil (31 December 2010 - 17,100,000) share purchase warrants outstanding.

The following is a summary of warrant activities during the nine month periods ended 30 September 2011 and 2010:

	Number of warrants	Weighted average exercise price $
Outstanding and exercisable at 1 January 2011	17,100,000	0.10
Granted	-	-
Exercised	(1,000,000)	0.10
Expired	(16,100,000)	0.10
Outstanding and exercisable at 30 September 2011	-	-
Weighted average fair value of warrants granted during the period		-

Outstanding and exercisable at 1 January 2010	-	-
Granted	18,750,000	0.10
Exercised	-	-
Expired	-	-
Outstanding and exercisable at 30 September 2010	18,750,000	0.10
Weighted average fair value of warrants granted during the period		0.05

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The weighted average grant date fair value of warrants issued during the nine month period ended 30 September 2011 amounted to $Nil or $Nil per warrant (30 September 2010 - $859,092 or $0.05 per warrant). The fair value of each warrant granted was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions:

	2011	2010	
Risk free interest rate	-	0.44	%
Expected life	-	1.00 year	
Annualized volatility	-	317.72	%
Expected dividends	-	-	

9. Commitments and Contingencies

a. On 1 April 2011, the Company entered into a twelve-month contract, commencing 1 April 2011, with a third party to provide exploration services at cost plus 10%, project supervision services for a monthly fee of $5,000 and project administration services for a monthly fee of $17,500.

b. During the year ended 31 December 2010, the Company entered into a three-month contract, commencing 24 July 2010, with a party to provide financial and administrative services for a monthly payment of $2,500. Effective 20 October 2010, the contract for financial and administrative services was extended for an indefinite period.

10. Income Taxes

The Company has losses carried forward for income tax purposes to 30 September 2011. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carry-forward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

The provision for refundable federal income tax consists of the following:

	For the nine month period ended 30 September 2011	For the nine month period ended 30 September 2010
	$	$

Refundable federal tax asset (liability) attributable to:		
Current operations	(2,693,742)	140,258
Permanent differences	(185,012)	-
Derecognized tax assets (liabilities)	(1,342,913)	-
Change in prior year provision to actual	994,304	-
Less: Change in valuation allowance	3,227,363	(129,601)
Future income tax recovery	-	10,657

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The composition of the Company's deferred tax assets as at 30 September 2011 and 31 December 2010 are as follows:

	As at 30 September 2011 $	As at 31 December 2010 (Audited) $
Net income tax operating loss carryforward	7,928,463	5,688,553
Statutory federal income tax rate	30% - 34 %	30% - 34 %
Future income tax assets (liabilities)	4,081,504	854,141
Less: Valuation allowance	(4,081,504)	(854,141)
Future income tax assets (liabilities)	-	-

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11. Supplemental Disclosures with Respect to Cash Flows

	For the period from the date of inception on 5 September 1997 to 30 September 2011 $	For the nine month period ended 30 September 2011 $	For the nine month period ended 30 September 2010 $
Supplemental cash flows information			
Interest expense	1,906	-	-
Income taxes	-	-	-
Foreign exchange (gain) loss	21,787	-	(4,155)
Supplemental disclosure of non-cash investing and financing			
Common shares issued for oil and gas property ($25 per share)	10,000	-	-
Common shares issued for services ($6 per share)	50,000	-	-
Donated consulting services	16,200	-	-
Common shares cancelled and returned	(2)	-	-
Common shares issued for equity acquisition of Finmetal ($25.60 per share)	1,280,000	-	-
Restricted shares issued ($24.80 per share)	2,418,000	-	-
Common shares issued for finder's fee ($10 per unit)	254,500	-	-
Warrants issued	100,421	-	-
Common shares issued for finder's fee for mineral property interests ($26.80 per share)	536,000	-	-
Common shares issued for acquisition of mineral rights	1,875,000	-	1,250,000

(deemed at $0.25 per share)			
Common shares issued for acquisition of mineral rights (deemed at $0.11 per share)	385,000	-	-

During the nine month period ended 30 September 2011, the Company accrued interest expense of $Nil (30 September 2010 - $Nil) related to unpaid amount of the Temasek option payment (Note 3).

During the nine month period ended 30 September 2011, the Company accrued interest expense of $882,411 (30 September 2010 - $111,617) related to the convertible debentures, of which $578,630 (30 September 2010 - $Nil) relates to the amortization of debt discount (Note 6).

During the nine month period ended 30 September 2011, the Company recorded a write down of mineral property interests in the amount of $7,260,000 (30 September 2010 - $Nil) (Note 3).

During the nine month period ended 30 September 2011, the Company recognized a gain on disposal of its investment in Beardmore in the amount of $544,149 (30 September 2010 - $Nil) (Note 13).

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12. Geographic Areas

Prior to the operations of acquisition and exploration of mineral properties, the Company's areas of operations were primarily in the South America. Since the commencement of acquisition and exploration of mineral properties, during the year ended 31 December 2006, the Company's principal mineral property activities have been in Finland. During the year ended 31 December 2008, the Company re-focused its acquisition and exploration of mineral properties operations to Peru. As at 30 September 2011, the Company does not have any material assets outside of the United States.

13. Investment in Beardmore Holdings, Inc.

Acquisition of Interest in Beardmore

In January 2009, the Company acquired a 25% interest in Beardmore, the registered owner of 999 shares of the 1,000 shares of Rio Santiago that are issued and outstanding. Rio Santiago is the beneficial owner of 100% interest in certain mineral rights in Peru. The aggregate purchase price was $1,125,000, in which the Company paid $500,000 in cash and issued 2,500,000 common shares valued at $625,000 (Notes 3, 8 and 11).

The Company follows ASC 810-10 and fully consolidates the assets, liabilities, revenues and expenses of Beardmore. A valuation of certain assets was completed and the Company internally determined the fair value of others assets and liabilities. In determining the fair value of acquired assets, standard valuation techniques were used including market and income approach.

In January 2009, the purchase price allocation has been determined as follows:

Assets purchased:		
Cash and cash equivalents	$	578
Mineral property interests		6,927,792
Total assets acquired	$	6,928,370
Liabilities assumed:		
Accounts payable and accrued liabilities	$	49,797
Due to related parties		58,702
Future income tax liabilities		2,319,871
Total liabilities assumed	$	2,428,370
Non-controlling interest:	$	3,375,000

Purchase price	$	1,125,000

During the year ended 31 December 2010, the Company acquired an additional 25% interest in Beardmore from the non-controlling interest. The aggregate purchase price was $1,135,000 paid by $750,000 in cash and 3,500,000 common shares of the Company valued at $385,000 (Notes 3, 8 and 11). This resulted in a decrease in non-controlling interest of $1,125,000, a decrease in additional paid-in capital of $10,000 and a decrease in mineral properties of $1,135,000.

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Deconsolidation of Interest in Beardmore

During the nine month period ended 30 September 2011, the Company entered into a Settlement Agreement with Temasek which resulted in the Company's relinquishment and transfer to Temasek of its 50% interest in the outstanding capital stock of Beardmore, in exchange for Temasek releasing the Company from all of its outstanding obligations under the terms of the Temasek Agreement and its subsequent amendments entered into between the parties on 18 September 2008. By execution of the Settlement Agreement, the Company no longer has any interest, directly or indirectly, in any mineral or mining rights to properties located in Peru (Note 3).

Under the terms of the Settlement Agreement, the $250,000 Convertible Note and the $3,250,000 Convertible Note have been cancelled and the Company is no longer obligated to issue Temasek 6,000,000 shares of its common stock in exchange for the Company's relinquishment and transfer to Temasek of its 50% interest in the outstanding capital stock of Beardmore. The Settlement Agreement included a mutual release of all claims arising out of or relating to the Option Agreement (Note 6).

The Company deconsolidated its interest in Beardmore on 21 September 2011 as a result of the Settlement Agreement and recognized a gain in the amount of $544,149, determined as follows:

	$
Convertible Notes forgiven by Temasek (Note 6)	2,802,904
Non-controlling interest in Beardmore	2,250,000
Net assets of Beardmore:	
Mineral property interests (Note 3)	(4,716,434)
Accounts payable and accrued liabilities (Note 5)	49,141
Due to related parties (Note 7)	158,538
Gain on deconsolidation	544,149

The assets, liabilities and results of operations of Beardmore have been separately reported as discontinued operations in the consolidated balance sheets and statements of operations. Previously reported consolidated financial statements for the year ended 31 December 2010 have been revised to reflect this presentation.

Discontinued operations for the three and nine month periods ended 30 September 2011 include the following:

	For the three month period ended 30	For the nine month period ended 30

	September 2011 $	September 2011 $
Gain on deconsolidation	544,149	544,149
Income (loss) from discontinued operations of Beardmore	2,503	(47,467)
Discontinued operations	546,652	496,682

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(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)
30 September 2011

Discontinued operations for the three and nine month periods ended 30 September 2010 include the following:

	For the three month period ended 30 September 2010 $	For the nine month period ended 30 September 2010 $
Income from discontinued operations of Beardmore	1,082	1,102

Assets and liabilities of discontinued operations are summarized as follows:

	As at 30 September 2011 $	As at 31 December 2010 $
Assets of discontinued operations:		
Mineral property interests	-	4,716,434
Liabilities of discontinued operations:		
Accounts payable and accrued liabilities	-	49,750
Due to related parties	-	109,691
	-	159,441
Net assets of discontinued operations	-	4,556,993

14. Fair Value of Financial Instruments

A fair value hierarchy was established that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair values of the financial instruments were determined using the following input levels and valuation techniques:

Level 1:

classification is applied to any asset or liability that has a readily available quoted market price from an active market where there is significant transparency in the executed/quoted price.

Level 2: classification is applied to assets and liabilities that have evaluated prices where the data inputs to these valuations are observable either directly or indirectly but do not represent quoted market prices from an active market.

Level 3: classification is applied to assets and liabilities when prices are not derived from existing market data and requires us to develop our own assumptions about how market participants would price the asset or liability.

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As at 30 September 2011, the carrying amounts of cash and cash equivalents and accounts payable approximated their estimated fair values because of the short maturity of these financial instruments.

As at 30 September 2011, the carrying amount of long-term debt and other financing was $Nil (31 December 2010 - $1,451,863). During the year ended 31 December 2010, the Company estimated the fair value of the beneficial conversion feature of the convertible promissory note at inception using both the quoted market price of the Company's common shares and the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 0.29%, expected life of 1 year, expected volatility of 230% and expected dividends of 0%. The fair value of the beneficial conversion feature was estimated at $2,240,000, and was recorded as a component of equity, of which $Nil would be a Level 1 fair value and $2,240,000 would be a Level 2 fair value.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated United States financial institutions. As a result, credit risk is considered insignificant.

Currency Risk

The Company is exposed to currency risk on its acquisition and exploration expenditures on its Peru properties since it has to convert U.S. dollars raised through equity financing in U.S. dollars to Peruvian Soles. The Company's expenditures will be negatively impacted if the Peruvian Soles increases versus the U.S. dollar.

The majority of the Company's cash flows and financial assets and liabilities are denominated in U.S. dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the U.S. dollar.

The Company monitors and forecasts the values of net foreign currency cash flow and balance sheet exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

Other Risks

Unless otherwise noted, the Company is not exposed to significant interest rate risk and commodity price risk.

15. Subsequent Events

The following events occurred during the period from the nine month period ended 30 September 2011 to the date the interim consolidated financial statements were available to be issued on 15 November 2011:

i. On 31 October 2011, the Company issued 75,000 stock options with an exercise price of $0.15 per share to a director of the Company.
ii. On 3 November 2011, the Company and Boulder Hill extended the completion date of the Proposed Transaction from 31 October 2011 to 20 November 2011 with all terms and conditions remaining the same. In the event that a definitive assignment agreement is not entered into by 20 November 2011, the Company will be obligated under the terms of the letter of intent to issue 50,000 common shares of the Company to Boulder Hill (Note 3).

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words "believe," "expect," "anticipate," "intend," "estimate," "may," "should," "could," "will," "plan," "future," "continue," and other expressions that ar of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. These forward-looking statements are based largely on our expectations or forecasts of future events, can be affected by inaccurate assumptions, and are subject to various business risks and known and unknown uncertainties, a number of which are beyond our control. Therefore, actual results could differ materially from the forward-looking statements contained in this document, and readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. A wide variety of factors could cause or contribute to such differences and could adversely impact revenues, profitability, cash flows and capital needs. There can be no assurance that the forward-looking statements contained in this document will, in fact, transpire or prove to be accurate.

Important factors that may cause the actual results to differ from the forward-looking statements, projections or other expectations include, but are not limited to, the following:

risk that we will not be able to remediate identified material weaknesses in our internal control over financial reporting;

risk that we may not be able to obtain the financing required to complete the proposed acquisition of the Boulder Hill Project and engage in any exploration activity;

risk that we will be forced to cease operations due to our failure to secure financing in the near future;

risk that we cannot attract, retain and motivate qualified personnel, particularly employees, consultants and contractors for our operations;

risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;

results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with our expectations;

mining and development risks, including risks related to accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in production;

the potential for delays in exploration or development activities or the completion of feasibility studies;

risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;

risks related to commodity price fluctuations;

the uncertainty of profitability based upon our history of losses;

risks related to failure to obtain adequate financing on a timely basis and on acceptable terms for our planned exploration and development projects;

risks related to environmental regulation and liability;

risks that the amounts reserved or allocated for environmental compliance, reclamation, post-closure control measures, monitoring and on-going maintenance may not be sufficient to cover such costs;

risks related to tax assessments;

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political and regulatory risks associated with mining development and exploration; and

other risks and uncertainties related to our prospects, properties and business strategy.

The foregoing list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

As used in this Quarterly Report, the terms “we,” “us,” “our,” and “First Colombia” mean First Colombia Gold Corp. and our subsidiaries unless otherwise indicated.

Corporate History

We were incorporated in the state of Nevada under the name Gondwana Energy, Ltd. on September 5, 1997, and previously operated under the name Finmetal Mining Ltd and Amazon Goldsands Ltd. We were previously focused on the acquisition and development of interests in mineral rights on properties located in Finland. In September 2008, we reorganized our operations to focus on the acquisition and development of our interests in the mineral rights on properties located in northeastern Peru. We subsequently expanded our area of interest to Colombia, South America and then subsequently to include potential areas of interest beyond Colombia, South America.

Overview

We are considered an exploration or exploratory stage company because our business plan is to engage in the examination, investigation and exploration of land that we believe may contain valuable minerals, for the purpose of discovering the presence of ore, if any, and its extent. We do not have any ownership interest in any mineral property interests at the present and there is no assurance that a commercially viable mineral deposit will exist on any of the properties underlying any mineral property interests that we may acquire in the future. In order to make any final evaluation as to the economic and legal feasibility of placing any exploration project into production, a great deal of exploration is required. We possess no known reserves of any type of mineral, have not discovered an economically viable mineral deposit and there is no assurance that we will ever discover one. If we cannot acquire or locate mineral deposits, or if it is not economical to recover any mineral deposits that we do find, our business and operations will be materially and adversely affected and we may have to cease operations.

As described in more detail below, we no longer have any interest in any properties located in northeastern Peru. For reasons which include our inability to secure sufficient financing to be able to cure our default on notes we used to finance our acquisition of the property interests in Peru, we reached an agreement to relinquish our entire interest in the property interests in Peru in exchange for the cancellation of such notes and related outstanding obligations.

We, as part of business activities beginning in October 2010, evaluated opportunities to acquire additional mining properties in Colombia, South America. In furtherance of this plan, we established our principal place of business in Medellin, Colombia in November 2010.

We entered into an agreement (the “Agreement”) effective as of April 1, 2011 with Sapo Holdings SA (“Sapo”) to provide us guidance and expertise in evaluating and identifying potential properties for our review. The Agreement is for a one year term. Sapo is a consulting firm based in Colombia that has expertise indentifying potential exploration projects and working with professionals engaged in mineral exploration to providing staffing to and administration of mineral exploration projects. In exchange for providing us with theses services, we agreed to compensate Sapo as follows: (i) a monthly payment of an amount equal to ten percent (10%) over the costs incurred for such exploration services, which would include hiring a field crew, technical staff and equipment, (ii) a monthly fee of $5,000 for project supervision services, and (ii) a monthly fee of $17,500 for project administration, which would include secretarial services, office equipment, rent, public relations and utilities and local transportation. The Agreement can be terminated by either party with or without cause upon sixty days written notice to the other party.

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Sapo has indentified potential exploration projects, but following further evaluation has not made any recommendation for us to seek to acquire the same.

The Peru Property and Settlement and Mutual Release Agreement

We entered into a Mineral Right Option Agreement with Temasek Investments Inc. (“Temasek”), a company incorporated under the laws of Panama, on September 18, 2008, as amended and supplemented by Amendment No. 1 dated May 12, 2009 (“Amendment No. 1”), Amendment No. 2 dated February 3, 2010 (“Amendment No. 2”) and Amendment No. 3, dated June 25, 2010 (“Amendment No. 3”) (collectively, the “Option Agreement”), in order to acquire four separate options from Temasek, each providing for the acquisition of a twenty-five percent interest in certain mineral rights (the “Mineral Rights”) in certain properties in Peru, that would have potentially resulted in our acquisition of one hundred percent of the Mineral Rights. The Mineral Rights are currently owned by Rio Santiago Minerales S.A.C. (“Rio Santiago”). Beardmore Holdings, Inc. (“Beardmore”) owns 999 shares of the 1,000 shares of Rio Santiago that are issued and outstanding. Temasek owns the single remaining share of Rio Santiago. Our acquisition of each twenty-five percent interest in the Mineral Rights was structured to occur through the transfer to us of twenty-five percent of the outstanding shares of Beardmore upon the exercise of each twenty-five percent option.

Under the terms of the Option Agreement, we acquired a fifty percent interest in the Mineral Rights.

On September 21, 2011, we entered into a Settlement and Mutual Release Agreement (“Settlement Agreement”) with Temasek, which resulted in our relinquishment and transfer to Temasek of our fifty percent interest in the outstanding capital stock of Beardmore Holdings, Inc. (“Beardmore”), which indirectly holds, through its subsidiary Rio Santiago Minerales S.A.C., certain mineral rights (the “Mineral Rights”) to certain properties located in Peru, in exchange for Temasek releasing us from all of our outstanding obligations under the terms of the Option Agreement. By execution of the Settlement Agreement, we no longer have any interest, directly or indirectly, in any mineral or mining rights to properties located in Peru.

Under the terms of Amendment No. 3, we would have increased our ownership interest in the Mineral Rights from fifty percent to one-hundred percent resulting in our acquisition of all of the outstanding capital stock of Beardmore, if we had fulfilled the following conditions (collectively the “Option Requirements”) within ten business days following the effective date of Amendment No. 3:

- Completion of the exercise of options resulting in our acquisition of a fifty percent interest in the Mineral Rights through our acquisition of fifty percent of the outstanding capital stock of Beardmore;
- Issuance to Temasek of a total of 6,000,000 shares of our common stock;
- Payment to Temasek of US $250,000 (which such payment was acknowledged by Temasek to have been made in March 2010);
- Issuance of a convertible note for US $250,000 (the “$250,000 Convertible Note”) payable to the order and the direction of Temasek (which was issued on June 25, 2010); and
- Issuance of a convertible note for US $3,250,000 (the “$3,250,000 Convertible Note” and, collectively with the $250,000 Convertible Note, the “Convertible Notes”) payable to the order and the direction of Temasek (which was issued on June 25, 2010).

The $250,000 Convertible Note had a term of ninety days and accrues interest at a rate of 12% per annum. We failed to pay the principle and interest under the $250,000 Convertible Note upon maturity and were in default on such note.

The $3,250,000 Convertible Note had a term of three years and accrued interest at a rate of 12% per annum. Interest was payable annually and the principal was to be paid upon maturity.

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As of the date we were required to fulfill the Option Requirements under Amendment No. 3, we did not issue the 6,000,000 shares of our common stock to Temasek and defaulted on the $250,000 Convertible Note resulting from our failure to pay the principal plus interest on such note on its maturity date. This also resulted in the options to acquire the remaining fifty percent interest in the Mineral Rights (which would have resulted in our acquisition of a one hundred percent interest in the Mineral Rights) having lapsed as of July 5, 2010.

Under the terms of the Settlement Agreement, the $250,000 Convertible Note and the $3,250,000 Convertible Note were cancelled and we are no longer obligated to issue Temasek 6,000,000 shares of our common stock in exchange for our relinquishment and transfer to Temasek of our fifty percent interest in the outstanding capital stock of Beardmore. We are not entitled to recover any consideration previously paid to Temasek or any mineral property exploration expenditures incurred in connection with the exploration and development of the properties underlying the Mineral Rights. The Settlement Agreement included a mutual release of all claims arising out of or relating to the Option Agreement.

The foregoing description of the Settlement Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Settlement Agreement, which is incorporated herein by reference.

Letter of Intent to Acquire Issued and Outstanding Capital Stock of Minera San Ignacio SAS

We took preliminary steps to research and review possible exploration projects and indentified for acquisition specific properties indirectly held by a subsidiary of Sapo. On July 28, 2011, we entered into a non-binding Letter of Intent ("LOI") with Sapo ("Seller"), to acquire from Seller all of the issued and outstanding capital stock of Minera San Ignacio SAS., a company incorporated under the laws of Colombia ("Minera San Ignacio") (the "Proposed Transaction"). We conducted a legal, financial and business review of the financial condition, assets, liabilities and business of Minera San Ignacio. As a result of our due diligence review, we understood that Minera San Ignacio is an entity that has nominal operations with the right to acquire ownership in certain mineral claims and mining rights to properties with an approximate size of 1,000 hectares located in the municipality of Buenos Aires in the Cauca province located in southern Colombia.

Under the terms of the Proposed Transaction, it was contemplated that we would pay Seller in exchange for all of the issued and outstanding capital stock of Minera San Ignacio the following consideration:

- Five Hundred Thousand Dollars ($500,000);

- issue to Seller One Million (1,000,000) shares of our Common Stock; and

- issue to Seller an unsecured promissory note in the principal amount of Five Hundred Thousand Dollars ($500,000) payable with interest at a rate of 12% per annum with a maturing date one year from the closing date.

The LOI provided for the Company to have the option to return to Seller all of the issued and outstanding capital stock of Minera San Ignacio in exchange for cancellation of the Note anytime up to one year after the closing date .

The Proposed Transaction was anticipated to occur on or about September 15, 2011, but a binding definitive agreement between the parties was not executed due to our inability to secure sufficient financing to close the Proposed Transaction. Our cash on hand was and has continued to be insufficient for us to be able to complete the

Proposed Transaction and the LOI was terminated as a result of our failure to enter into a definitive agreement on or before September 15, 2011. Due to the foregoing reasons and as a result of our diligence review, we no longer intend to pursue the acquisition of Minera San Ignacio.

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Letter of Intent to Acquire The Boulder Hill Project

Following the untimely death of Norman Bracht, our former Chief Executive Officer and director, in September 2011, we reassessed our current direction and proposed plans. Mr. Bracht was resident of Colombia and we believe that the absence of management in Colombia will present some challenges in pursuing opportunities in this geographical area and particularly without Mr. Bracht’s presence in Colombia. Following this reassessment, our management determined that it would be in our best interest to broaden our geographical area of potential interest to evaluate opportunities beyond Colombia, South America, including, but not limited to, acquiring mining properties and seeking whether any opportunities exist to expand our business plan.

The expansion of our geographical area of potential interest has resulted in our active consideration of mining projects in North America with a particular emphasis on the Pacific Northwest of the United States and Mexico. Our focus has been to seek projects in historic mining districts that we believe offer the potential for significant mineral deposits or relatively medium-term production opportunities. We have limited capital to secure new projects and this may preclude us from acquiring projects that meet our criteria.

In connection with this revised plan, on September 30, 2011, we entered into a non-binding Letter of Intent (“LOI”) with Boulder Hill Mines, Inc., an Idaho corporation ("Boulder Hill"), to acquire by way of an assignment from Boulder Hill all of its rights, responsibilities and obligations under a state mineral lease and agreement (the "Agreement") by and among Boulder Hill, James Ebisch and Ryan Riech, dated July 15, 2008 (the "Proposed Transaction"). Boulder Hill under the terms of the Agreement holds the mining and mineral rights to a certain property located in the State of Montana referred to as the “Boulder Hill Project”. The Boulder Hill Project is located within the Belt Basin of the northwestern United States and southwestern Canada. The Boulder Hill Project lies near the crest of the Wolf Creek Anticline and adjacent to the Wolf Creek Fault.

Under the terms of the Proposed Transaction, it is contemplated that we would pay Boulder Hill the transaction price $230,000 to be payable in either cash, stock or a combination thereof.

The closing of the Proposed Transaction is subject to certain conditions, including, but not limited to, the satisfactory completion of due diligence, the execution of a binding definitive agreement between the parties and our ability to secure sufficient financing to close the Proposed Transaction. Our cash on hand is insufficient for us to be able to complete the Proposed Transaction. We can provide no assurance that these conditions will ever be satisfied to allow us to close the Proposed Transaction.

The Proposed Transaction was initially anticipated to occur on or about October 31, 2011, but the LOI was terminated due to our inability to secure sufficient financing and because a binding definitive agreement between the parties was not executed. The parties agreed to continue to pursue the Proposed Transaction under the terms set forth in the LOI with the inclusion of an anticipated closing date of November 30, 2011. In the event that a definitive Assignment Agreement is not entered into by November 30, 2011, we will be obligated under the terms of the LOI as revised issue 50,000 shares of restricted stock to Boulder Hill.

Results of Operations for the Three Months Ended September 30, 2011 and 2010

Revenues

We have not generated any revenues from our operations since our inception.

Operating Expenses

We reported operating expenses in the amount of $328,667 for the three months ended September 30, 2011, compared to operating expenses of $194,114 for the three months ended September 30, 2010. Operating expenses were higher for the three months ended September 30, 2011, as compared to the three months ended September 30, 2010, primarily as a result of an increase in bank and interest charges.

We incurred bank charges and interest of $253,427, for the three months ended September 30, 2011, compared to $106,172 for the three months ended September 30, 2010. The increase in bank charges and interest is attributable to accrued interest charges of $253,169 on the convertible promissory notes issued in June 2010 and other bank fees of $258. In connection with a settlement and release agreement we entered into during the reporting period that provided for our relinquishment of our fifty percent interest in the outstanding capital stock of Beardmore, which indirectly held the mining rights to properties in Peru, our obligations under outstanding convertible promissory notes with an aggregate principal balance of $3,500,000 was cancelled. We anticipate that interest expenses in subsequent reporting periods will be significantly less due to the cancellation of these convertible promissory notes.

We incurred an increase in professional fees to $33,951 for the three months ended September 30, 2011 from professional fees of $15,363 incurred during the three months ended September 30, 2010. The increase in professional fees is attributable an increase in accounting, audit and legal expenses.

Mineral property acquisition and exploration expenditures for the three months ended September 30, 2011 were $2,500 compared to $Nil for the three months ended September 30, 2010. The increase in mineral property acquisition and exploration expenditures is attributable to consulting services for the investigation, review and evaluation of potential exploration and gold processing opportunities.

The increase in operating expenses for the three months ended September 30, 2011, as compared to the same period in the prior year, was partially offset by a decrease in consulting and management fees. We incurred a decrease in consulting and management fees to $30,875 for the three months ended September 30, 2011 from consulting and management fees of $66,950 for the three months ended September 30, 2010. The decrease in consulting and management fees was due to a reduction in the services we retained for both project supervision and administrative management services.

Other Items

We reported other items of $7,260,000 for the three months ended September 30, 2011, as compared to reporting no other items for the three months ended September 30, 2010. During the three months ended September 30, 2011, we reported a write-down of $7,260,000 attributable to the disposition the mining rights to properties in Peru indirectly held by Beardmore.

In the Quarterly Report on Form 10-Q for the period ended September 30, 2010, a foreign exchange gain of $1,082 for the three months ended September 30, 2010 was reported as other items on the Interim Consolidated Statement of

Operations. This amount is included as discontinued operations in the comparative period in the unaudited interim consolidated financial statements included in this Form 10-Q for the period ended September 30, 2011. We incurred foreign exchange gain of $Nil for the three months ended September 30, 2011.

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Net (Income) Loss

As a result of the above, for the three months ended September 30, 2011 we reported a net loss from continuing operations of $7,588,667 and a net loss of $7,042,015 for the third quarter after offsetting $546,652 attributable to the discontinued operations of Beardmore Holdings, Inc. We reported a net loss from continuing operations of $194,114 for three months ended September 30, 2010 and a net loss of $193,032 after offsetting a $1,082 attributable to the discontinued operations of Beardmore Holdings, Inc.

Basic and Diluted Loss per Share

As a result of the above, the basic and diluted operating loss per common share was $0.18 and $0.01 for the three months ended September 30, 2011 and September 30, 2010, respectively.

Results of Operations for the Nine Months Ended September 30, 2011 and 2010

Revenues

We have not generated any revenues from our operations since our inception.

Operating Expenses

We reported operating expenses in the amount of $1,165,145 for the nine months ended September 30, 2011, compared to operating expenses of $424,294 for the nine months ended September 30, 2010. Operating expenses were higher for the nine months ended September 30, 2011, as compared to the nine months ended September 30, 2010, primarily as a result of an increase in bank and interest charges.

We incurred bank charges and interest of $884,823, for the nine months ended September 30, 2011, compared to $113,259 for the nine months ended September 30, 2010. The increase in bank charges and interest is attributable to accrued interest charges of $882,411 on the convertible promissory notes issued in June 2010 and other bank fees of $2,412. In connection with a settlement and release agreement we entered into during the reporting period that provided for our relinquishment of our fifty percent interest in the outstanding capital stock of Beardmore, which indirectly held the mining rights to properties in Peru, our obligations under outstanding convertible promissory notes with an aggregate principal balance of $3,500,000 was cancelled. We anticipate that interest expenses in subsequent reporting periods will be significantly less due to the cancellation of these convertible promissory notes.

We incurred an increase in professional fees to $95,348 for the nine months ended September 30, 2011 from professional fees of $59,810 incurred during the nine months ended September 30, 2010. The increase in professional fees is attributable to an increase in auditing and accounting fees of $826 and fees for legal and administrative services of $34,712.

Mineral property acquisition and exploration expenditures for the nine months ended September 30, 2011 were $2,500 compared to $Nil for the nine months ended September 30, 2010. The increase in mineral property acquisition and exploration expenditures is attributable to consulting services for the investigation, review and evaluation of potential exploration and gold processing opportunities.

The increase is operating expenses for the nine months ended September 30, 2011, as compared to the same period in the prior year, was partially offset by a decrease in consulting and management fees. We incurred a decrease in consulting and management fees to $170,017 for the nine months ended September 30, 2011 from consulting and management fees of $199,176 for the nine months ended September 30, 2010. The decrease in consulting and management fees was due to a reduction in the services we retained for both project supervision and administrative management services.

Other Items

We reported other items loss of $7,260,000 for the nine months ended September 30, 2011, as compared to reporting no other items for the nine months ended September 30, 2010. During the nine months ended September 30, 2011, we reported a write-down of $7,260,000 attributable to the disposition the mining rights to properties in Peru indirectly held by Beardmore.

In the Quarterly Report on Form 10-Q for the period ended September 30, 2010, a foreign exchange gain of $4,155 for the nine months ended September 30, 2010 was reported as other items on the Interim Consolidated Statement of Operations. This amount is included as an operating expense and discontinued operations in the comparative period in the unaudited interim consolidated financial statements included in this Form 10-Q for the period ended September 30, 2011. We incurred foreign exchange gain of $Nil for the nine months ended September 30, 2011.

Net (Income) Loss

As a result of the above, for the nine months ended September 30, 2011 we reported a net loss from continuing operations of $8,425,145 and a net loss of $7,928,463 after offsetting $496,682 attributable to the discontinued operations of Beardmore Holdings, Inc. As a result of the above, for the nine months ended September 30, 2011 we reported a net loss of $7,928,463. For the nine months ended September 30, 2010, we reported a net operating loss before income taxes and discontinued operations of $424,294 and a net loss of $412,535 for the reporting period after offsetting a future income tax recovery of $10,657 and discontinued operations of $1,102.

The future income tax recovery of $10,657 for the nine months ended September 30, 2010 was a result of applying previously unrecognized future income tax assets against the future income tax liability from the acquisition of an equity interest in Beardmore Holdings, Inc.

Basic and Diluted Loss per Share

As a result of the above, the basic and diluted operating loss per common share was $0.20 and $0.01 for the nine months ended September 30, 2011 and September 30, 2010, respectively.

Liquidity and Capital Resources

At September 30, 2011, we had cash and cash equivalents of $16,187, compared to $70,019 at December 31, 2010, and a working capital deficit of $454,030, compared to a working capital deficit of $743,395 at December 31, 2010. Our present capital resources are insufficient to commence and sustain any planned exploration activity. In addition to any expenditures related to any exploration activity, our business plan provides for spending of approximately $40,000 in ongoing general and administrative expenses per month for the next twelve months, for a total anticipated expenditure of $480,000 over the next twelve months. The general and administrative expenses for the year will consist primarily of professional fees for the audit and legal work relating to our regulatory filings throughout the year, as well as transfer agent fees and general office expenses. Our current cash on hand is insufficient to be able to complete our acquisition of the Boulder Hill Project, make our planned exploration expenditures and to pay for our general administrative expenses over the next twelve months. Accordingly, we must obtain additional financing in order to continue our plan of operations during and beyond the next twelve months, which would include being able to close the acquisition of the Boulder Hill Project and proceed with any exploration activity. We believe that debt financing will not be an alternative for funding additional phases of exploration as we have limited tangible assets to secure any debt financing. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock. We are currently seeking additional funding in the form of equity financing from the sale of our common stock, but cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our complete exploration program or any acquisition of additional property interests. In the absence of such financing, we will not be able to pursue our exploration program, maintain our mineral property interests in good standing or pursue any acquisition of additional exploration projects. If we do not fulfill the terms of any of these option agreements according to our business plan, then our ability to commence or continue operations could be materially limited. We also may be forced to abandon our mineral property interests. If we are unable to raise additional capital in the near future, we will experience liquidity problems and management expects that we will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures.

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We may consider entering into a joint venture arrangement to provide the required funding to explore the properties underlying our mineral property interests. We have not undertaken any efforts to locate a joint venture participant. Even if we determine to pursue a joint venture participant, there is no assurance that any third party would enter into a joint venture agreement with us in order to fund exploration of the properties underlying our mineral property interests. If we enter into a joint venture arrangement, we would likely have to assign a percentage of our interest in our mineral property interests to the joint venture participant.

Cash Used in Operating Activities

Operating activities in the nine months ended September 30, 2011 and 2010 used cash of $153,832 and $739,729, respectively, which reflect our recurring operating losses. Our net loss of $7,928,463 reported for nine months ended September 30, 2011 was the primary reason for our negative operating cash flow. Our reporting negative operating cash flows for the nine months ended September 30, 2011 was offset by accrued interest of $882,411, a write down of assets of $7,260,000 and an increase in accounts payable and accrued liabilities of $124,882.

Cash Used in Investing Activities

For the nine months ended September 30, 2011, cash flows used in investing activities was $Nil, as compared to $1,000,000 used in investing activities during the nine months ended September 30, 2010. Investing activities in the nine months ended September 30, 2010 related to the acquisition of additional interests in Beardmore Holdings, Inc.

Cash from Financing Activities

Net cash flows provided by financing activities for the nine months ended September 30, 2011 was $100,000, as compared to net cash provided by financing activities of $1,775,000 for the nine months ended September 30, 2010, which consisted entirely of proceeds from the issuance of common stock.

Off Balance Sheet Arrangements

We do not have any off-balance sheet debt nor did we have any transactions, arrangements, obligations (including contingent obligations) or other relationships with any unconsolidated entities or other persons that may have material current or future effects on financial conditions, changes in the financial conditions, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenue or expenses.

Going Concern

We have incurred net losses for the period from inception on September 5, 1997 to September 30, 2011 of $18,774,855 and have no source of revenue. The continuity of our future operations is dependent on our ability to obtain financing and upon future acquisition, exploration and development of profitable operations from our mineral properties. These conditions raise substantial doubt about our ability to continue as a going concern.

Critical Accounting Policies

Our consolidated financial statements have been prepared in conformity with GAAP. For a full discussion of our accounting policies as required by GAAP, refer to our Annual Report on Form 10-K for the year ended December 31, 2010. We consider certain accounting policies to be critical to an understanding of our consolidated financial statements because their application requires significant judgment and reliance on estimations of matters that are inherently uncertain. The specific risks related to these critical accounting policies are unchanged at the date of this report and are described in detail in our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2011. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Mr. Tony Langford. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2011, our disclosure controls and procedures are effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives and our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal controls over financial reporting during the quarter ended September 30, 2011 that have materially affected or are reasonably likely to materially affect such controls.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of five percent or more of our voting securities are adverse to us or have a material interest adverse to us.

Item 1A. Risk Factors.

Not Applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. (Removed and Reserved).

Item 5. Other Information.

None.

Item 6. Exhibits.

See the Exhibit Index following the signatures page of this report, which is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

First Colombia Gold Corp.

Date: November 18, 2011	By: /s/ Tony Langford Tony Langford Title: Chief Executive Officer and Chief Financial Officer

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FIRST COLOMBIA GOLD CORP.
(the "Registrant")
(Commission File No. 000-51203)
Exhibit Index
to
Quarterly Report on Form 10-Q
for the Quarter Ended September 30, 2011

Exhibit No.	Description	Incorporated Herein by Reference to	Filed Herewith
10.1	Settlement and Mutual Release Agreement by and between the Company and Temasek Investments Inc,, dated September 21, 2011	Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 23, 2011	
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
99.1	Letter of Intent to Acquire Boulder Hill Project	Exhibit 99.1 to the Company's Current Report on Form 8-K filed October 19, 2011	
101.INS *	XBRL Instance Document		X
101.SCH *	XBRL Taxonomy Extension Schema Document		X
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document		X
1.01 LAB *	XBRL Extension Labels Linkbase Document		X
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase Document		X
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document		X

* In accordance with SEC rules, this interactive data file is deemed “furnished” and not “filed” for purposes of Sections 11 or 12 of the Securities Act of 1933 and Section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under those sections or acts.