FIRST COLOMBIA GOLD CORP.
Form 10-Q
November 19, 2012

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, 2012

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)

____
(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. x 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). xYes 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	o	Accelerated filer	o

Non-accelerated filer o Smaller reporting company x
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x 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 September 30 30,2012
Common Stock, $0.00001 par value	56,235,486

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September 30, 2012

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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, 2012 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, 2012 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 2012 $	As at 31 December 2011 (Audited) $
Assets		
Current		
Cash and cash equivalents	123	2,194
Mineral property interests (Note 3)	65,500	65,500
Property and equipment (Note 4)	5,694	8,391
	71,317	76,085
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	459,992	400,797
Convertible promissory notes (Note 6)	72,497	13,422
	532,489	414,219
Stockholders' 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 2012 – 56,235,486 common shares, par value $0.00001		
31 December 2011 – 41,503,585 common shares, par value $0.00001	562	415
Additional paid in capital	18,507,983	18,439,254
Deficit, accumulated during the exploration stage	(18,969,717)	(18,777,803)
	(461,171)	(338,134)
	71,317	76,085

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 the 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 2012	For the three month period ended 30 September 2012	For the three month period ended 30 September 2011	For the nine month period ended 30 September 2012	For the nine month period ended 30 September 2011
	$	$	$	$	$
Expenses					
Amortization – equipment (Note 4)	43,915	899	900	2,697	2,698
Amortization – website development costs	40,001	-	-	-	-
Bank charges and interest (Note 6)	1,625,085	29,582	253,427	64,037	884,823
Consulting and management fees (Note 7)	5,318,182	10,500	30,875	29,250	170,017
Foreign exchange (gain) loss	19,657	-	-	-	-
Investor communication and promotion	632,746	175	-	175	-
Office and administrative	110,794	1,100	-	1,117	-
Professional fees	852,172	6,748	33,951	37,879	95,348
Rent	57,016	-	-	600	-
Stock-based compensation	22,399	-	-	-	-
Telephone	54,659	-	-	-	-
Transfer agent and filing fees	95,923	7,845	7,014	26,340	9,759
Travel and accommodation	377,754	-	-	-	-
Website maintenance	86,000	-	-	-	
Mineral property expenditures (Note 3)	5,084,004	12,319	2,500	29,819	2,500
Net operating loss before other items	(14,420,307)	(69,168)	(328,667)	(191,914)	(1,165,145)
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 assets	(5,026,611)		(7,260,000)	-	(7,260,000)
Net operating loss before income taxes	(19,289,630)	(69,168)	(7,588,667)	(191,914)	(8,425,145)
Future income tax recovery	2,319,871	-	-	-	-
Net operating loss from continuing operations	(16,969,759)	(69,168)	(7,588,667)	(191,914)	(8,425,145)

Discontinued operations (Note 13)	(1,999,958)	-	546,652	-	496,682
Net operating loss and comprehensive loss for the period	(18,969,717)	(69,168)	(7,042,015)	(191,914)	(7,928,463)
Basic and diluted income (loss) per common share					
Continuing operations		(0.001)	(0.19)	(0.004)	(0.21)
Discontinued operations		-	0.01	-	0.01
Operating loss		(0.001)	(0.18)	(0.004)	(0.20)
Weighted average number of common shares used in per share calculations		47,215,190	39,503,585	43,611,525	39,341,820

The accompanying notes are an integral part of the 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 2012	For the three month period ended 30 September 2012	For the three month period ended 30 September 2011	For the nine month period ended 30 September 2012	For the nine month period ended 30 September 2011
	$	$	$	$	$
Cash flows used in operating activities					
Net loss for the period	(16,969,759)	(69,168)	(7,042,015)	(191,914)	(7,928,463)
Adjustments to reconcile loss to net cash used by operating activities					
Amortization	83,916	899	900	2,697	2,698
Accrued interest	1,608,932	29,095	253,169	62,951	882,411
Consulting fees	40,200	-	-	-	-
Forgiveness of debt	(24,000)	-	-	-	-
Future income tax recovery	(2,319,871)	-	-	-	-
Gain on sale of oil and gas property	(10,745)	-		-	-
Gain on disposal of investment in Beardmore Holdings, Inc.	-	-	(544,149)		(544,149)
Mineral property acquisition and write-down	6,816,000	-	-	-	-
Stock-based compensation	3,609,399	-	-	-	-
Write down of assets	-	-	7,260,000	-	7,260,000
Changes in operating assets and liabilities					
Accounts payable and accrued liabilities	408,638	24,253	43,598	59,195	124,882
Due to related parties	51,274	-	(1,911)	-	48,789
Net cash used in continuing operating activities	(6,706,016)	(14,921)	(30,408)	(67,071)	(153,832)
Net cash used in discontinued operations	(186,440)	-	-	-	-
Cash flows from financing activities					
Cost of repurchase of common stock	(1,000)	-	-	-	-
Convertible loan	102,500	-	-	65,000	-
Warrants exercised	100,000	-	-	-	-
Issuance of common stock, net of share issue costs	8,311,915	-	-	-	100,000
	8,513,415	-	-	65,000	100,000

Net cash used from continuing financing activities					
Cash flows used in investing activities					
Oil and gas property	20,745	-	-	-	-
Mineral property exploration	(48,609)	-	-	-	-
Purchase of equipment	(53,550)	-	-	-	-
Website development cost	(40,000)	-	-	-	-
Net cash used in continuing investing activities	(121,414)	-	-	-	-
Net cash used in discontinued operations	(1,499,422)	-	-	-	-
Increase (decrease) in cash and cash equivalents	123	(14,921)	(30,408)	(2,071)	(53,832)
Cash and cash equivalents, beginning of period	-	15,044	46,595	2,194	70,019
Cash and cash equivalents, end of period	123	123	16,187	123	16,187

Supplemental Disclosures with Respect to Cash Flows (Note 12)

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

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First Colombia Gold Corp.
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Notes to Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
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30 September 2012

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 its 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. In 2011 the Company expanded geographic focus to include North America, acquiring two mineral property interests while terminating its agreements related to the mineral property located in Peru in September 2011.

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. Its planned principle operations have not commenced and 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, 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 2012 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 from continuing operations of $191,914 for the nine month period ended 30 September 2012 (30 September 2011 - $8,425,145) and has a working capital deficit of $532,366 as at 30 September 2012 (31 December 2011 - $412,025).

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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 2012. 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.

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.

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 2012, the Company had cash and cash equivalents in the amount of $123 (31 December 2011 - $2,194).

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.

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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.

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.

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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 loss per share

The Company computes net 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 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.

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 2012, the Company had items that represent a comprehensive loss and, therefore, has included a schedule of comprehensive loss in the interim consolidated financial statements.

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.

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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.

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 2012, the Company did not have any asset retirement obligations.

Financial instruments

The carrying value of cash and cash equivalents, accounts payable and convertible promissory notes approximates their fair value because of the short maturity of these instruments. 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.

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.

Comparative figures

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

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.

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Changes in Accounting Policies

Effective 1 January 2012, the Company adopted Accounting Standard Update ("ASU") 2011-12, "Comprehensive Income", which amends certain pending paragraphs in ASU No. 2011-05, "Presentation of Comprehensive Income", to effectively defer only those changes that relate to the presentation of reclassification adjustments out of accumulated other comprehensive income for annual and interim financial statements for public, private, and non-profit entities. As ASU No. 2011-12 relates only to the presentation of comprehensive income, the adoption of this ASU did not have a material effect on the Company's interim consolidated financial statements.

Effective 1 January 2012, the Company adopted ASU No. 2011-05, "Presentation of Comprehensive Income", which 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. As ASU No. 2011-05 relates only to the presentation of comprehensive income, the adoption of this ASU did not have a material effect on the Company's interim consolidated financial statements.

Effective 1 January 2012, the Company adopted 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. The adoption of this ASU did not have a material effect 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 interim consolidated financial statements.

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3. Mineral Property Interests

Boulder Hill Claims

On 16 December 2011, the Company entered into a Purchase and Sale Agreement (the "BHM Purchase") with Boulder Hill Mines, Inc., an Idaho corporation ("Boulder Hill"), to purchase from Boulder Hill three unpatented mining claims situated in Lincoln County, Montana (the "Boulder Hill Claims") by making the following considerations to Boulder Hill (Note 9):

- Issue 500,000 restricted shares of the Company's common stock by 21 December 2011 (issued on 16 December 2011 and valued at $15,000) (Notes 8 and 12);
- Pay $25,000 in cash by 16 December 2012; and
- Pay $25,000 in cash by 16 December 2013.

Boulder Hill Project

On 30 September 2011, the Company entered into a non-binding letter of intent ("LOI") with 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 "Option Agreement") dated 15 July 2008 by and among Boulder Hill, James Ebisch ("James") and Ryan Riech ("Riech").

James and Riech, under the terms of the Option Agreement, hold the mining and mineral rights to a certain Montana State Metallferrous Gold Lease entered into with the State of Montana (the "Montana Gold Lease") under which Boulder Hill was granted the exclusive right to prospect, explore, develop and mine for gold, silver and other minerals on a property situated in Lincoln County, Montana (the "Property"). The Montana Gold Lease is for a 10 year term and is subject to the 5% net smelter return ("NSR") due to the State of Montana. The Option Agreement was amended on 1 August 2011 to reflect James as the sole owner of the Montana Gold Lease.

On 16 December 2011 (the "Effective Date"), the Company entered into an Assignment and Assumption Agreement ("BHM Assignment") with Boulder Hill and James, whereby Boulder Hill transferred and assigned the Company all of its right, title and interest, in, to and under the Option Agreement and the Company assumed the assignment of the Option Agreement agreeing to be bound, the same extent as Boulder Hill, to the terms and conditions of the Option Agreement.

The BHM Assignment required the Company to make the following considerations to Boulder Hill (Note 9):

- Issue 500,000 restricted shares of the Company's common stock by 21 December 2011 (issued on 16 December 2011 and valued at $15,000) (Notes 8 and 12);

- Pay $25,000 in cash by 16 December 2012; and
- Pay $25,000 in cash by 16 December 2013.

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The Option Agreement and the BHM Assignment provide that the Company will have exercised the option to acquire an undivided 100% of James' right, title and interest in and to the Montana Gold Lease after incurring an aggregate of $210,000 in exploration expenditures, paying James an aggregate of $80,000 plus five percent (5%) of any joint-venture and buyout payments (the "JVBP") and paying filing fees over the term of the Option Agreement.

The Option Agreement provides that the cash payments payable to James shall be made according to the following schedule (Note 9):

- $20,000 on or before 14 October 2012 plus 5% of any JVBP, of which an initial payment of $3,000 is to be made on or before 30 October 2011 ($3,000 paid on 12 January 2012 and renegotiated on 12 October 2012 (Note 15));
- $15,000 on or before 15 July 2013 plus 5% of any JVBP;
- $20,000 on or before 15 July 2014 plus 5% of any JVBP; and
- $25,000 on or before 15 July 2015 plus 5% of any JVBP.

The Option Agreement and claim purchase agreement require that the exploration expenditures of an aggregate of not less than $210,000 on the Property shall be incurred as follows (Note 9):

- On or before 16 December 2012, incur not less than an aggregate of $49,000 in exploration expenditures ($10,902 incurred) (Notes 5 and 12); and
- On or before 13 December 2013, incur not less than an aggregate of $210,000 in exploration expenditures.

In addition to the foregoing cash payments and exploration expenditures, in order to maintain James' leasehold interest in the Property the Company will be responsible for paying filing fees over the term of the Option Agreement and Boulder Hill Agreement and the following (Note 9):

- Make advance royalty payments to James of $25,000 per year, commencing on 15 July 2015 and continuing on 15 July each and every year thereafter for so long as the Company retains its leasehold interest in the Property; and
- Incur a minimum of $100,000 of annual exploration expenditures on the Property on or before 15 July each and every year after 15 July 2011, which could be offset by exploration expenditures in excess of $100,000 in any prior annual period.

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South Idaho Silver Project

On 7 December 2011 (the "Effective Date"), the Company entered into an Assignment and Assumption Agreement (the "CCS Assignment") with Castle Creek Silver Inc. ("Castle Creek"), an Idaho corporation, and Robert Ebisch ("Robert") to acquire by way of assignment from Castle Creek all of its rights, responsibilities and obligations under an Option to Purchase and Royalty Agreement (the "Purchase Agreement") dated 15 July 2011, by and between Castle Creek and Robert. Castle Creek, under the Purchase Agreement, had the option to acquire an undivided 100% of the right, title and interest of Robert in the unpatented mining claims owned and situated in Owyhee County, Idaho (the "Property").

Pursuant to the terms of the CCS Assignment, Castle Creek transferred and assigned the Company all of its right, title and interest, in, to and under the Purchase Agreement and the Company assumed the assignment of the Purchase Agreement agreeing to be bound, the same extent as Castle Creek, to the terms and conditions of the Purchase Agreement.

The Company agreed to make the following considerations to Castle Creek (Note 9):

- Issue 1,000,000 restricted shares of the Company's common stock by 12 December 2011 (issued on 7 December 2011 and valued at $30,000) (Notes 8 and 12);
- Pay $50,000 by 7 December 2012; and
- Castle Creek will be entitled to a 1% NSR from any ore produced from the Property. At any time from the Effective Date, the Company has the right to acquire the 1% NSR payable to Castle Creek for $250,000.

The Purchase Agreement and assignment of Castle Creek's right, title and interest, in, to and under the Purchase Agreement provide that the Company will have exercised the option to acquire an undivided 100% of Robert's right, title and interest in and to the Property after incurring an aggregate of $210,000 in exploration expenditures, paying Robert an aggregate of $80,000 plus 5% of any JVBP.

The Purchase Agreement provides that the cash payments payable to Robert shall be made according to the following schedule (Note 9):

- $2,500 on or before 31 January 2012 plus 5% of any JVBP (paid on 31 January 2012);
- $2,500 on or before 15 September 2012 plus 5% of any JVBP (waived on 15 September 2012 (Note 9));
- $5,000 on or before 15 September 2013 plus 5% of any JVBP;
- $10,000 on or before 15 September 2014 plus 5% of any JVBP;

- $15,000 on or before 15 September 2015 plus 5% of any JVBP;
- $20,000 on or before 15 September 2016 plus 5% of any JVBP; and
- $25,000 on or before 15 September 2017 plus 5% of any JVBP.

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The Purchase Agreement provides that the exploration expenditures of an aggregate of not less than $210,000 on the Property shall be incurred as follows (Note 9):

- On or before 15 April 2012, incur not less than an aggregate of $10,000 in exploration expenditures ($18,917 incurred) (Notes 5 and 12);

- On or before 15 September 2012, incur not less than an aggregate of $20,000 in exploration expenditures (waived on 15 September 2012 (Note 9));

- On or before 15 September 2013, incur not less than an aggregate of $100,000 in exploration expenditures; and

- On or before 15 September 2014, incur not less than an aggregate of $210,000 in exploration expenditures.

In addition to the foregoing cash payments, exploration expenditures and filing fees, in order to maintain its interest in the Property the Company will be responsible for the following (Note 9):

- Make advance royalty payments to Robert of $25,000 per year, commencing on 15 September 2015 and continuing on 15 September each and every year thereafter for so long as the Company retains its interest in the Property; and

- Incur a minimum of $100,000 of annual exploration expenditures on the Property on or before 15 September each and every year after 15 September 2015, which could be offset by exploration expenditures in excess of $100,000 in any prior annual period.

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"), whereby the Company could acquire 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 were owned by Rio Santiago Minerales S.A.C. ("Rio Santiago"). Beardmore, a wholly-owned subsidiary of Temasek, owned 999 shares of the 1,000 shares of Rio Santiago that were issued and outstanding. Temasek owned the single remaining share of Rio Santiago. The acquisition of each 25% interest in the Mineral Rights would occur through the transfer to the Company of 25% of the outstanding shares of Beardmore (Note 13).

The Company exercised the initial 25% option to acquire a 25% interest in the Mineral Rights by paying $250,000, issuing 2,500,000 common shares of the Company (Notes 8, 12 and 13) and paying an additional $250,000 to Temasek.

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”). The Company exercised the second 25% option resulting in the acquisition of a 50% interest in the Mineral Rights by exercising and completing the initial 25% option, issuing 3,500,000 additional common shares of the Company (Notes 8, 12 and 13) and paying an additional $750,000 to Temasek.

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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"), whereby the Company now could exercise the third and fourth 25% options resulting in the acquisition of a 100% interest in the Mineral Rights by fulfilling the following conditions 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 and 12);
- 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 had 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 were payable upon maturity (Note 6); and
- Issue a convertible note for $3,250,000 to Temasek (the "$3,250,000 Convertible Note") (issued). The $3,250,000 Convertible Note had a term of three years and will accrue interest at a rate of 12% per annum. Interest would be payable annually and the principal was payable upon maturity (Note 6).

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.

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.

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 (Notes 6 and 13).

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, deconsolidated mineral property interests in the amount of $6,981,553 during the year ended 31 December 2011 related to Rio Santiago (Note 13).

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During the year ended 31 December 2011, the Company incurred $50,700 in exploration expenditures related to the Temasek Properties, which are included in discontinued operations for the year ended 31 December 2011 (Note 13). During the year ended 31 December 2011, the Company also recorded a write down of mineral property interests of $5,000,000.

Mineral 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 $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 year ended 31 December 2011, the Company terminated the letter of intent with Sapo.

4. Property and Equipment

			Net Book Value	
	Cost $	Accumulated Amortization $	30 September 2012 $	31 December 2011 (Audited) $
Furniture, computer and office equipment	47,433	41,739	5,694	8,391

During the nine month period ended 30 September 2012, total additions to property and equipment were $Nil (30 September 2011 - $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 2012 is an amount due to a former officer of the Company of $3,876 (31 December 2011 – $5,031). This amount is non-interest bearing, unsecured and have no fixed terms of repayment (Note 7).

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Included in accounts payable and accrued liabilities as at 30 September 2012 is an amount due to a director of the Company of $1,317 (31 December 2011 – $Nil). This amount is non-interest bearing, unsecured and have no fixed terms of repayment (Note 7).

Included in accounts payable and accrued liabilities as at 30 September 2012 is an amount due to an officer of the Company of $2,650 (31 December 2011 – $Nil). This amount is non-interest bearing, unsecured and have no fixed terms of repayment (Note 7).

Included in accounts payable and accrued liabilities as at 30 September 2012 are mineral property acquisition costs of $4,931 (31 December 2011 – $3,000) related to the Boulder Hill Project (Notes 3 and 12).

Included in accounts payable and accrued liabilities as at 30 September 2012 are exploration expenditures of $33,548 (31 December 2011 – $2,500) related to the South Idaho Silver Project (Notes 3 and 12).

During the year ended 31 December 2011, the Company deconsolidated accounts payable of $49,141 related to Rio Santiago (Note 13).

6. Convertible Promissory Notes

a. On 25 June 2010, the Company issued the $250,000 Convertible Note to Temasek bearing interest at a rate of twelve percent (12%) per annum on any unpaid principal balance, unsecured, with principal and interest amounts due upon maturity on 25 September 2010 (Note 3).

Temasek has the option to convert any portion of the unpaid principal and/or accrued interest into conversion units (the "Temasek Units") at any time up to 25 September 2010 at $0.25 per Temasek Unit. Each Temasek 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 (6) months after the date of issuance until one year from the date of issuance.

On 21 September 2011, the Company entered into the Settlement Agreement with Temasek whereby the $250,000 Convertible Note was cancelled (Notes 3 and 13). During the nine month period ended 30 September 2012, the Company accrued interest expense of $Nil (30 September 2011 - $98,849), of which $Nil relates to the amortization of debt discount (30 September 2011 - $77,151) (Note 12).

b. On 25 June 2010, the Company issued the $3,250,000 Convertible Note to Temasek bearing interest at a rate of 12% per annum on any unpaid principal balance, unsecured, with interest amount payable annually and principal amount due upon maturity on 25 June 2013 (Note 3).

Temasek has the option to convert any portion of the unpaid principal and/or accrued interest into Temasek Units at any time up to 25 June 2013 at $0.25 per Temasek Unit. Each Temasek 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 6 months after the date of issuance until one year from the date of issuance.

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On 21 September 2011, the Company entered into the Settlement Agreement with Temasek whereby the $3,250,000 Convertible Note was cancelled (Notes 3 and 13). During the nine month period ended 30 September 2012, the Company accrued interest expense of $Nil (30 September 2011 - $783,562), of which $Nil relates to the amortization of debt discount (30 September 2011 - $501,479) (Note 12).

c. On 23 November 2011, the Company issued a convertible note to Asher Enterprises, Inc. ("Asher") in the amount of $37,500, bearing interest at a rate of eight percent (8%) per annum on any unpaid principal balance, unsecured, with principal and interest amounts due and payable upon maturity on 28 August 2012 (the "Asher Note"). Any amount of principal or interest amount not paid on 28 August 2012 (the "Default Amount") shall bear interest of twenty-two percent (22%) per annum commencing on 28 August 2012 to the date the amount is paid.

Asher has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time commencing 6 months after the date of issuance up to the later of 28 August 2012 or the date of the Default Amount is paid, at a conversion price equal to fifty-eight percent (58%) of the market price for the common shares during the ten (10) trading days prior to the conversion.

The Asher Note contains a provision limiting the number of shares of common stock into which the Asher Note is convertible to 4.99% of the outstanding shares of the Company's common stock. However, the provision in the Asher Note may be waived by Asher upon sixty-one (61) days' prior notice. The Company has a right of prepayment of the Asher Note anytime from the date of the Asher Note until one hundred eighty (180) days thereafter, subject to a prepayment penalty in the amount of 130% to 150% of the outstanding principal and interest of the Asher Note based on the date of prepayment.

The fair value of the beneficial conversion feature was estimated at $27,155 and was recorded as additional paid-in capital. During the nine month period ended 30 September 2012, the Company issued a total of 14,731,901 restricted common shares to Asher valued at $15,300 upon conversion of Asher Note, reducing the principal amount to $22,200 (Note 8).

During the nine month period ended 30 September 2012, the Company accrued interest expense of $30,089 (30 September 2011 - $Nil), of which $26,668 relates to the amortization of debt discount (30 September 2011 - $Nil) (Note 12).

d. On 16 March 2012, the Company issued a convertible note to Asher in the amount of $37,500, bearing interest at a rate of 8% per annum on any unpaid principal balance, unsecured, with principal and interest amounts due and payable upon maturity on 20 December 2012 (the "Asher Note #2"). Any amount of principal or interest amount not paid on 20 December 2012 (the "Default Amount #2") shall bear interest of 22% per annum commencing on 20 December 2012 to the date the amount is paid.

Asher has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time commencing 6 months after the date of issuance up to the later of 20 December 2012 or the date of the Default

Amount #2 is paid, at a conversion price equal to 58% of the market price for the common shares during the 10 trading days prior to the conversion.

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The Asher Note #2 contains a provision limiting the number of shares of common stock into which the Asher Note #2 is convertible to 4.99% of the outstanding shares of the Company's common stock. However, the provision in the Asher Note #2 may be waived by Asher upon 61 days' prior notice. The Company has a right of prepayment of the Asher Note #2 anytime from the date of the Asher Note #2 until 180 days thereafter, subject to a prepayment penalty in the amount of 140% to 150% of the outstanding principal and interest of the Asher Note #2 based on the date of prepayment.

The fair value of the beneficial conversion feature was estimated at $27,155 and was recorded as additional paid-in capital. During the nine month period ended 30 September 2012, the Company accrued interest expense of $20,936 (30 September 2011 - $Nil), of which $19,300 relates to the amortization of debt discount (30 September 2011 - $Nil) (Note 12).

e. On 6 June 2012, the Company issued a convertible note to Asher in the amount of $27,500, bearing interest at a rate of 8% per annum on any unpaid principal balance, unsecured, with principal and interest amounts due and payable upon maturity on 6 March 2013 (the "Asher Note #3"). Any amount of principal or interest amount not paid on 6 March 2013 (the "Default Amount #3") shall bear interest of 22% per annum commencing on 6 March 2013 to the date the amount is paid.

Asher has the option to convert any portion of the unpaid principal balance into the Company's common shares at any time commencing 6 months after the date of issuance up to the later of 6 March 2013 or the date of the Default Amount #3 is paid, at a conversion price equal to fifty-one percent (51%) of the market price for the common shares during the 10 trading days prior to the conversion.

The Asher Note #3 contains a provision limiting the number of shares of common stock into which the Asher Note #3 is convertible to 4.99% of the outstanding shares of the Company's common stock. However, the provision in the Asher Note #3 may be waived by Asher upon 61 days' prior notice. The Company has a right of prepayment of the Asher Note #3 anytime from the date of the Asher Note #3 until 180 days thereafter, subject to a prepayment penalty in the amount of 140% of the outstanding principal and interest of the Asher Note #3 based on the date of prepayment.

The fair value of the beneficial conversion feature was estimated at $26,422 and was recorded as additional paid-in capital. During the nine month period ended 30 September 2012, the Company accrued interest expense of $11,926 (30 September 2011 - $Nil), of which $11,227 relates to the amortization of debt discount (30 September 2011 - $Nil) (Note 12).

	30 September 2012	31 December 2011 (Audited)
	$	$

Asher Note	28,212	13,422
Asher Note #2	31,280	-
Asher Note #3	13,005	-
	72,497	13,422

7. Due to Related Parties and Related Party Transactions

Included in accounts payable and accrued liabilities as at 30 September 2012 is an amount due to a former officer of the Company of $3,876 (31 December 2011 – $5,031). This amount is non-interest bearing, unsecured and have no fixed terms of repayment (Note 5).

Included in accounts payable and accrued liabilities as at 30 September 2012 is an amount due to a director of the Company of $1,317 (31 December 2011 – $Nil). This amount is non-interest bearing, unsecured and have no fixed terms of repayment (Note 5).

Included in accounts payable and accrued liabilities as at 30 September 2012 is an amount due to an officer of the Company of $2,650 (31 December 2011 – $Nil). This amount is non-interest bearing, unsecured and have no fixed terms of repayment (Note 5).

During the nine month period ended 30 September 2012, the Company paid or accrued $3,250 (30 September 2011 – $Nil) for consulting fees to an officer of the Company.

During the nine month period ended 30 September 2012, the Company paid or accrued $1,517 (30 September 2011 – $Nil) for consulting fees to a director of the Company.

During the nine month period ended 30 September 2012, the Company paid or accrued $Nil (30 September 2011 - $9,000) for consulting fees to a director of the Company.

During the nine month period ended 30 September 2012, the Company paid or accrued $Nil (30 September 2011 - $9,000) for accounting and financial fees to a former officer of the Company.

During the nine month period ended 30 September 2012, the Company paid or accrued $Nil (30 September 2011 - $35,017) for accounting and financial fees to a former officer of the Company.

During the nine month period ended 30 September 2012, the Company paid or accrued $Nil (30 September 2011 - $13,500) for consulting fees to a former officer and director of the Company.

During the year ended 31 December 2011, the Company deconsolidated amounts due to related parties of $158,538 related to Rio Santiago (Note 13).

8. Common Stock

Authorized

The total authorized capital consists of

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

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Issued and outstanding

As at 30 September 2012, the total issued and outstanding capital stock is 56,235,486 common shares with a par value of $0.00001 per share.

On 27 September 2012, the Company issued 2,117,647 restricted common shares valued at $1,800 upon conversion of Asher Note (Note 6).

On 12 September 2012, the Company issued 2,100,000 restricted common shares valued at $2,100 upon conversion of Asher Note (Note 6).

On 7 September 2012, the Company issued 2,166,667 restricted common shares valued at $2,600 upon conversion of Asher Note (Note 6).

On 28 August 2012, the Company issued 2,121,112 restricted common shares valued at $2,100 upon conversion of Asher Note (Note 6).

On 27 August 2012, the Company issued 2,121,212 restricted common shares valued at $2,100 upon conversion of Asher Note (Note 6).

On 17 August 2012, the Company issued 2,105,263 restricted common shares valued at $2,000 upon conversion of Asher Note (Note 6).

On 4 June 2012, the Company issued 2,000,000 restricted common shares valued at $2,600 upon conversion of Asher Note (Note 6).

On 16 December 2011, the Company issued a total of 1,000,000 common shares valued at $30,000 as consideration to Boulder Hill pursuant to the BHM Purchase and BHM Assignment (Notes 3 and 12). The fair value is equal to the market price of the Company's stock on the date of the transaction.

On 7 December 2011, the Company issued 1,000,000 common shares valued at $30,000 as consideration to Castle Creek pursuant to the CCS Assignment (Notes 3 and 12). The fair value is equal to the market price of the Company's stock on the date of the transaction.

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.

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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 year ended 31 December 2011, 1,000,000 of the related share purchase warrants in this series were exercised. As at 30 September 2012, 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 12). 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, 12 and 13). 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 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, 12 and 13). 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

The following stock options are outstanding as at 30 September 2012 (31 December 2011 – 400,000):

	Number of options	Exercise price $	Remaining life (years)

Options	75,000	0.07	0.16
Options	250,000	0.07	1.20
Options	75,000	0.15	9.09
	400,000		

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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.

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 2007, the Company granted 167,500 options to officers, directors and consultants of the Company to purchase common shares 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. During the year ended 31 December 2008, all of the related stock options in this series were forfeited.

During the year ended 31 December 2011 the Company granted 250,000 options at a price of $0.07 per share expiring on 10 December 2013, 75,000 options at a price of $0.07 per share expiring on 28 November 2012 and 75,000 options at a price of $0.15 per share expiring on 31 October 2021. All of these stock options vest immediately.

The Company had no stock option activities during the nine month periods ended 30 September 2012 and 2011.

Warrants

As at 30 September 2012, there were Nil (31 December 2011 - Nil) share purchase warrants outstanding.

The following is a summary of warrant activities during the nine month periods ended 30 September 2012 and 2011:

	Number of warrants	Weighted average exercise price $
Outstanding and exercisable at 1 January 2012	-	-
Granted	-	-
Exercised	-	-
Expired	-	-

Outstanding and exercisable at 30 September 2012	-	-
Weighted average fair value of warrants granted during the period		-
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		-

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9. Commitments and Contingencies

a. The Company is committed to making various cash payments and incurring exploration expenditures related to the Boulder Hill Claims, Boulder Hill Project and South Idaho Silver Project (Note 3).

b. In November 2011, the Company entered into a contract, commencing 1 December 2011, with each of an unrelated individual and an unrelated company, to provide consulting services, subject to the supervision of the Company's Chief Executive Officer, related to the exploration and development of mineral properties, operational activities and international business operations for a monthly payment of $2,500 each.

c. On 15 September 2012, the Company entered into an agreement with Robert pursuant to the Purchase Agreement, whereby the Company's obligation of cash payment in the amount of $2,500 and a work commitment of $20,000, have been waived to no later than 20 November 2012.

10. 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. During the year ended 31 December 2011, the Company re-focused its activities to Colombia and the United States. As at 30 September 2012, the Company does not have any material assets outside of the United States.

The breakdown of net income (loss) by geographic area for the nine month periods ended 30 September 2012 and 2011 is as follows:

	United States $	Peru $	Finland $	Total $
2012	(191,914)	-	-	(191,914)
2011	(8,425,145)	496,682	-	(7,928,463)

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The breakdown of assets by geographic area as at 30 September 2012 is as follows:

	United States	Finland	Total
	$	$	$
Current assets	123	-	123
Equipment	5,694	-	5,694
Mineral property interests	65,500	-	65,500
	71,317	-	71,317

The breakdown of assets by geographic area as at 31 December 2011 is as follows:

	United States	Finland	Total
	$	$	$
Current assets	2,194	-	2,194
Equipment	8,391	-	8,391
Mineral property interests	65,500	-	65,500
	76,085	-	76,085

11. Income Taxes

The Company has losses carried forward for income tax purposes to 30 September 2012. 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.

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

	For the nine month period ended 30 September 2012 $	For the nine month period ended 30 September 2011 $
Refundable federal tax asset (liability) attributable to:		
Current operations	(65,251)	(2,693,742)
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	65,251	3,227,363
Future income tax recovery	-	-

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

	As at 30 September 2012 $	As at 31 December 2011 (Audited) $
Statutory federal income tax rate	30% - 34 %	30% - 34 %
Non-capital loss carryforwards	5,322,845	5,257,594
Less: Valuation allowance	(5,322,845)	(5,257,594)
Future tax assets (liabilities)	-	-

The Company has net operating losses for United States tax purposes of approximately $15,847,324 available to offset against taxable income in future years, which, if unutilized, will expire up to 2032. Additionally, the Company has net operating losses for Finland tax purposes of approximately $188,363, available to offset against taxable income in future years, which, if unutilized, will expire up to 2022.

12. Supplemental Disclosures with Respect to Cash Flows

Included in accounts payable and accrued liabilities as at 30 September 2012 are mineral property acquisition costs of $38,479 (31 December 2011 – $5,500) related to the Boulder Hill Project and the South Idaho Silver Project (Notes 3 and 5).

During the nine month period ended 30 September 2012, the Company accrued a total interest expense of $62,951 (30 September 2011 – $629,242) related to the convertible debentures, of which $57,195 relates to the amortization of debt discount (30 September 2011 – $420,968) (Note 6).

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	For the period from the date of inception on 5 September 1997 to 30 September 2012 $	For the nine month period ended 30 September 2012 $	For the nine month period ended 30 September 2011 $
Supplemental cash flows information			
Interest expense	1,906	-	-
Foreign exchange (gain) loss	21,787	-	-
Income taxes paid	-	-	-
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 (deemed at $0.25 per share)	1,875,000	-	-
Common shares issued for acquisition of mineral rights (deemed at $0.11 per share)	385,000	-	-
Common shares issued for acquisition of mineral rights (deemed at $0.03 per share)	60,000	-	-
Common shares issued upon conversion of promissory note ($0.0013 per share)	2,600	2,600	-

Common shares issued upon conversion of promissory note ($0.00095 per share)	2,000	2,000	-
Common shares issued upon conversion of promissory note ($0.00099 per share)	4,200	4,200	-
Common shares issued upon conversion of promissory note ($0.0012 per share)	2,600	2,600	-
Common shares issued upon conversion of promissory note ($0.001 per share)	2,100	2,100	-
Common shares issued upon conversion of promissory note ($0.0085 per share)	1,800	1,800	-

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13. Investment in Beardmore Holdings, Inc.

Acquisition of Interest in Beardmore

In January 2009, the Company acquired a 25% interest in Beardmore. Beardmore is 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 12).

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 (paid on 22 March 2010) and 3,500,000 common shares of the Company valued at $385,000 (issued on 23 June 2009) (Notes 3, 8 and 12). This resulted in a net decrease in non-controlling interest of $1,125,000.

Deconsolidation of Interest in Beardmore

During the year ended 31 December 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).

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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 (Notes 3 and 6).

The Company deconsolidated its interest in Beardmore on 21 September 2011 as a result of the Settlement Agreement and recognized a loss in the amount of $1,720,970, 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)	(6,981,553)
Accounts payable and accrued liabilities (Note 5)	49,141
Due to related parties (Note 7)	158,538
Loss on deconsolidation	(1,720,970)

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 and 2009 have been revised to reflect this presentation.

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 2012, the carrying amounts of cash and cash equivalents, accounts payable and convertible promissory notes approximated their estimated fair values because of the short maturity of these financial instruments.

As at 30 September 2012, the carrying amount of long-term debt and other financing was $Nil (31 December 2011 - $Nil).

The fair value of the beneficial conversion feature was estimated at $53,577 (31 December 2011 - $27,155), and was recorded as a component of equity, of which $53,577 (31 December 2011 - $27,155) would be a Level 1 fair value and $Nil (31 December 2011 - $Nil) 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 majority of the Company’s cash flows and financial assets and liabilities are denominated in US 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 US 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.

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15. Subsequent Events

On 1 October 2012, the Company issued 2,151,899 restricted common shares to Asher valued at $1,700 upon conversion of Asher Note, reducing the principal amount to $20,500.

On 2 October 2012, the Company issued 2,784,810 restricted common shares to Asher valued at $2,200 upon conversion of Asher Note, reducing the principal amount to $18,300.

On 12 October 2012, the Company entered into an agreement with Boulder Hill to waive and renegotiate certain terms related to the Option Agreement (Note 3).

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 are predictions 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 and disclosure controls and procedures;
- risk that we are not able to meet the requirements of agreements under which we acquired our options to acquire mineral property interests, including any cash payments to on the option or any exploration obligations that we have regarding these properties, which could result in the loss of our right to exercise these options to acquire certain mining and mineral rights underlying these properties;
- the risk that we will be unable to pay our debt obligations as they become due or comply with the covenants contained in agreements with debt holders;
- risk that we will be unable to secure additional financing in the near future in order to commence and sustain our planned exploration work and be forced to cease our exploration and development program;
- risk that we cannot attract, retain and motivate qualified personnel, particularly employees, consultants and contractors for our operations in the United States;
- 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;

political and regulatory risks associated with mining development and exploration; and
other risks and uncertainties related to our prospects, properties and business strategy.

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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,” “the Company”, and “First Colombia” mean First Colombia Gol 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. Our operations have historically focused on the acquisition and development of mineral property interests in varying locations, including Finland and Peru. The current focus of our business and operations is on the development of our mineral property interests on properties located in the western United States and we are evaluating mineral property interests and seeking opportunities in other geographical areas, including Colombia and Bolivia, to potentially acquire.

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.

In 2011, we reviewed potential properties for acquisition in Colombia, and expanded our focus to North America which resulted in our acquiring certain mineral property interests in Montana and Idaho in late 2011. Company personnel and consultants are planning our exploration plans, conducting site visits, and reviewing several projects for potential acquisition, and in 2012 we added to our mineral property position through the acquisition of the Skip claims in Montana.

Exploration Stage Company

We are considered an exploration or exploratory stage company because we are involved in the examination and investigation of land that we believe may contain valuable minerals, for the purpose of discovering the presence of ore, if any, and its extent. There is no assurance that a commercially viable mineral deposit exists on any of the properties underlying our mineral property interests, and a great deal of further exploration will be required before a final evaluation as to the economic and legal feasibility for our future exploration is determined. We have no known reserves of any type of mineral. To date, we have not discovered an economically viable mineral deposit on any of the properties underlying our mineral property interests, and there is no assurance that we will 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.

We consider ourselves a project generation company such that using our experience and industry contacts we acquire projects for exploration, development or advancing through joint-venture, or where management determines the better alternative is selling all or an interest in a project, it will consider such a possibility. As such the Company is regularly considering new projects through evaluation of historical records and discussions with industry contacts.

Description of our Mineral Property Interests

South Idaho Silver Project

On December 7, 2011 (the “Effective Date”), we entered into a Assignment and Assumption Agreement (“Assignment Agreement”) with Castle Creek Silver Inc. (“Castle Creek”), an Idaho corporation, and Robert Ebisch (“Ebisch”). Castle Creek and Ebisch are parties to an Option to Purchase and Royalty Agreement dated July 15, 2011 (the “Option Agreement”), for Castle Creek’s option to acquire an undivided 100% of the right, title and interest of Ebisch in and to the PB 7, 9, 11, 12, 23, 25, 27, and 29 lode mining claims (IMC #’s, respectively, 196852, 196854, 196856, 196857, 196866, 196867, 196868, and 196869), situated in Owyhee County, Idaho, (hereinafter together with any form of successor or substitute mineral tenure called the “South Idaho Silver Project”). Pursuant to the terms of the Assignment Agreement, Castle Creek transferred and assigned us all of its right, title and interest, in, to and under the Option Agreement and we assumed the assignment of the Option Agreement agreeing to be bound, the same extent as Castle Creek, to the terms and conditions of the Option Agreement. As consideration for the Assignment Agreement, we issued Castle Creek 1,000,000 restricted shares of our common stock and are obligated to pay Castle Creek $50,000 in cash within twelve (12) months of the Effective Date, which is December 7, 2012, and Castle Creek will be entitled to a 1% net smelter return (“NSR”) from any ore produced from the South Idaho Silver Project. At any time from the Effective Date, we have the right to acquire the 1% NSR payable to Castle Creek for $250,000.The Assignment Agreement includes customary representations and warranties. Under the terms of the Assignment Agreement, Castle Creek and Ebisch have agreed to indemnify us from claims resulting from any breach or inaccuracy of any representation or warranty made by Castle Creek or Ebisch in the Assignment Agreement and for any breaches of any representations, warranties, obligations, terms or covenants of either Castle Creek or Ebisch under or pursuant to the Option Agreement.

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The Option Agreement and assignment of Castle Creek's right, title and interest, in, to and under the Option Agreement provide that we will have exercised the option to acquire an undivided 100% of Ebisch's right, title and interest in and to the South Idaho Silver Project after incurring an aggregate of $210,000 in exploration expenditures, paying Ebisch an aggregate of $80,000 plus five per cent (5%) of any joint-venture and buyout payments (hereafter referred to as "JV&BP") and paying filing fees over the term of the Option Agreement. The Option Agreement provides that the cash payments payable to Ebisch shall be made according to the following schedule:

- $2,500 on or before January 31, 2012 plus five per cent (5%) of any JV&BP;(this payment has been made)
- $2,500 on or before September 15, 2012 plus five per cent (5%) of any JV&BP;
- $5,000 on or before September 15, 2013 plus five per cent (5%) of any JV&BP;
- $10,000 on or before September 15, 2014 plus five per cent (5%) of any JV&BP;
- $15,000 on or before September 15, 2015 plus five per cent (5%) of any JV&BP;
- $20,000 on or before September 15, 2016 plus five per cent (5%) of any JV&BP; and
- $25,000 on or before September 15, 2017 plus five per cent (5%) of any JV&BP.

We have received a waiver from the property owner for September 15, 2012 payments and work commitments.

The Option Agreement provides that the exploration expenditures of an aggregate of not less than $210,000 on the South Idaho Silver Project shall be incurred as follows:

- on or before April 15, 2012, incur not less than an aggregate of $10,000 in exploration expenditures; (these expenditures have been made)
- on or before September 15, 2012, incur not less than an aggregate of $20,000 in exploration expenditures;
- on or before September 15, 2013, incur not less than an aggregate of $100,000 in exploration expenditures; and
- on or before September 15, 2014, incur not less than an aggregate of $210,000 in exploration expenditures.

In addition to the foregoing cash payments, exploration expenditures and filing fees, in order to maintain our interest in the South Idaho Silver Project we will be responsible for the following:

- make advance royalty payments to Ebisch, commencing on September 15, 2015 and continuing on the 15th day of September each and every year thereafter for so long as we or our assigns retains an interest in the South Idaho Silver Project, of $25,000 per year; and
- incur a minimum of $100,000 of annual exploration expenditures on the South Idaho Silver Project on or before the 15th day of September each and every year after September 15, 2015, which could be offset by exploration expenditures in excess of $100,000 in any prior annual period.

In connection with our consideration of entering into the Assignment Agreement, we conducted a diligence review of the South Idaho Silver Project. The description of property contained herein is the product of our due diligence of the South Idaho Silver Project underlying the Option Agreement.

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Property Description and Location

The general location of the South Idaho Silver Project is identified on the map below:

Location, Area, and Type of Mineral Tenure

The South Idaho Silver Project lies about 80 km south of Boise, Idaho on the flanks of the Snake River Plain, a vast graben-like physiographic region. The South Idaho Silver Project lies in Sections 14 and 15, Township 6 South, Range 1 West, Boise Meridian, Owyhee County, Idaho. Mineral rights are held by eight federal unpatented lode mining clams. These cover approximately 160 acres (65 hectares).

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PROPERTY CORNER COORDINATES- UTM NAD 27 CONUS

NORTHING	EASTING
4750115	545650
4750115	546100
4749755	546100
4749755	547000
4749215	547000
4749215	546550
4749125	546550
4749125	546370
4749575	546370
4749575	545650

The eight unpatented mining claims are numbered PB 7 (IMC # 196852), PB 9 (IMC # 196854), PB 11 (IMC # 196856), PB 12 (IMC # 196857), PB 23 (IMC # 196866), PB 25 (IMC # 196867), PB 27 (IMC # 196868), and PB 29 (IMC # 196869).

Our ability to explore and mine the South Idaho Silver Project depends on the validity of title to the South Idaho Silver Project. The South Idaho Silver Project consists of unpatented mining claims. Maintenance of rights to unpatented mining claims contain certain requirements including sufficiency of mineral discovery, proper posting and marking of boundaries, failure to meet statutory guidelines, assessment work and possible conflicts with other claims. We have not obtained a title opinion nor title insurance on the underlying unpatented claims at this exploration stage.

Accessibility, Climate, Local resources, Infrastructure, Physiography

Topography, Elevation, and Vegetation

The South Idaho Silver Project is a steeply-incised drainage that drops about two hundred meters from the peneplain that lies to the immediate north. The elevation of the South Idaho Silver Project is about 1200 meters above mean sea level. Vegetation consists primarily of sagebrush and short grasses.

Accessibility

The South Idaho Silver Project is readily accessible from Nampa, Idaho, which lies on Federal Interstate Highway 84. Nampa is the nearest large town that has services necessary for mineral exploration and mining. From Nampa, paved State Highway 78 is followed about 70 km to the south to the Oreana turnoff. From there, about 5 km of paved road and 10 km of dirt road lead to the property. Unimproved tracks provide access to the claim group. Road access to the south side of the South Idaho Silver Project is limited. Mechanized work there may require construction of a temporary creek crossing, although one unimproved road crosses the South Idaho Silver Project at a ford.

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Climate

The climate is semi-arid with roughly 150 mm/year precipitation. Summer temperatures may rise to 40 degrees centigrade while winter temperatures may fall to as low as -10 degrees centigrade. The South Idaho Silver Project is commonly subject to strong winds. The South Idaho Silver Project can be accessed year-round because of the mild climate, good road access, and low elevation of about 1,200 meters above mean sea level.

Water Rights, Power, and Mining Personnel

The status of water rights at the South Idaho Silver Project is uncertain. The amount of water in the vicinity of the South Idaho Silver Project is adequate for exploratory drilling, but probably not for mineral processing. The nearest power lines are about 10 km distant. Mining personnel are not available locally.

The most important natural feature on the South Idaho Silver Project is a perennial stream called castle creek. During the summer, it has estimated that it flows at a minimum rate of several hundred gallons per minute. A temporary water withdrawal permit from the State of Idaho would be required for drill water. If such a permit would be granted, water might be pumped to any drill site, with a substantial cost savings on water truck rental and driver wages. There is no assurance such a permit would be granted, and if granted requirements to such a permit would be cost-effective.

Tailings Storage Areas, Waste Disposal Areas, and Plant Sites

We have not identified private land adjacent to the South Idaho Silver Project or within close proximity that could be used for potential storage areas, waste disposal or processing sites. There is public land in the vicinity, but it is unknown whether permits would be granted for such uses.

Previous Exploration History

There is no verifiable information that the South Idaho Silver Project was a producing property in the past. Prior site visits indicate that up to one hundred meters of historic underground workings exist on the South Idaho Silver Project. These may have been completed approximately 100 years ago. It is unknown the state of repair of these workings and the extent of accessibility. No mineralized material or reserves have been identified or quantified on the South Idaho Silver Project. No known production has come from the South Idaho Silver Project.

In 2008, two private individuals located various mining claims in the area including those described herein and leased to a private exploration company, Castle Creek, which retained a professional geologist whose site visits and data review are the primary source of the historical information described herein.

Geological Setting and Local Geology

The South Idaho Silver Project lies upon the margins of the Snake River Plain, a vast graben-like, Cenozoic Age structure that covers a large part of southern Idaho. Regionally, several mineral districts lie along the margin of the Snake River Plain.

The geology consists primarily of a Late Cretaceous Age granodiorite which hosts veins and breccia bodies that contain gold, silver, lead, zinc, copper sulfide mineralization. The granodiorite and breccias are covered locally by Tertiary Age, post-mineral basalts. The breccia bodies are the primary target on the South Idaho Silver Project. What are believed to be high-grade veins are of secondary interest.

Property Geology

Granite is widespread and covered locally by post-mineral basalts. Faulting consists primarily of extensional block-faulting. The granite commonly contains large xenoliths of schist. Locally, the granite has undergone argillic and silicic alteration. Veins and breccias of interest on the Property are granite-hosted. A detailed geologic map has not yet been completed on the South Idaho Silver Project.

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Potential Deposit Type

Two potential deposit types are of interest at the South Idaho Silver Project. The first of these is the hydrothermal breccias that are found in several areas. The extent of this type of mineralization is uncertain. The second potential deposit type is high-grade quartz/sulfide veins that may be genetically associated to the breccias. An exploration program has been planned to identify steeply-dipping pipe-like bodies of quartz/sulfide mineralization. Both types of mineralization are probably of epithermal origin. Little data on the potential deposit types is available because the South Idaho Silver Project is in such an early stage of contemporary exploration.

Mineralization

Rock samples taken primarily from a sulfide-rich, siliceous hydrothermal breccia and associated rocks on the south side of the Property in 2008 by the prior owner give indication of the presence of gold and silver mineralization within a hydrothermal breccia. The breccia is hosted by altered granodiorite. The breccia contains locally massive pyrite, galena, sphalerite, arsenopyrite, chalcopyrite within a siliceous, sulfide-bearing matrix. Clasts within the breccia consist of dark grey rhyolite with semi-massive sulfides, massive pyrite with base metal sulfides and massive arsenopyrite, and light-grey quartz. Besides gold and silver, the mineralization contains anomalous arsenic, copper, lead, and zinc mineralization.

The geologic controls on this breccia mineralization is uncertain. The breccia lies in the vicinity of the intersection of two topographic lineaments which control the orientation of the Property. The length, width, depth, and continuity of both the breccia mineralization and sporadic vein mineralization is uncertain.

Metallurgical

No metallurgical testing has been conducted.

Reserves

There are no established probable or proven reserves on the South Idaho Silver Project.

Exploration

Only a limited amount of work has been completed on the South Idaho Silver Project. This work has been confined primarily to rock sampling at historic prospects. The rock samples taken were grab samples indicating mineralization that are not representative of any specific length or width of mineralization. They do not reflect the average grade of mineralization on any of the mineralized zones sampled. The rock sampling completed thus far has shown primarily that mineralization of interest is found in several areas of the South Idaho Silver Project. The geologic and geochemical surveys completed on the South Idaho Silver Project have been done a professional geologist.

We are not aware of any drilling that has been completed on the South Idaho Silver Project.

Exploration Plan

Our primary exploration plan in this under-explored area is to discover and focus on areas of known Au (Gold)/Ag (Silver) breccias mineralization; emphasizing exploration near the approximate intersection of northerly and easterly-trending topographic linears.

The above strategies would greatly limit the areas to be investigated by geophysics and possible subsequent drilling, which is anticipated to result in cost savings. However, all prospects in the area should have at least a cursory examination.

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Comprehensive underground mapping and sampling of accessible historic mine workings is recommended. This will help determine the extent and average grade of mineralization on the property. Geophysics may also be necessary to enhance target definition. An IP/Resistivity survey is recommended to delineate sub-surface sulfide mineral distribution. Gold/Silver mineralization found thus far often correlates positively with sulfide content.

On the eight-claim South Idaho Silver Project, several areas of structural intersections should be evaluated using electrical geophysical methods. These should be followed-up by drilling to test for any depth extension of the mineralization. An itemized budget for this work is shown below:

	Proposed Budget
Geologist	$ 45,000
Geotech	$ 20,000
Geophysics	$ 25,000
Field Expenses	$ 10,000
Lease Payments	$ 25,000
Bond	$ 10,000
Site Prep/Reclamation	$ 10,000
Water Truck	$ 18,000
Assays	$ 25,000
Drilling (1,200 meters @ $135/meter)	$ 162,000
TOTAL	$ 350,000

This work plan may be accomplished in a two-phase plan with the initial budget of $210,000 required meet work requirements required in the Option Agreement, for the period from 2012 to 2014.

In the quarter ended September 30, 2012 we continued our review of historical data and planning its 2012 exploration work. This work has commenced with planning additional staking of unpatented mining claims, review with geologists the work program, and review of the proposed budget against current estimates. Field work in the second quarter was partially delayed to reconnaissance exploration work (see “Montana” below) in Montana during the quarter. The review of our exploration plan has resulted in management’s decision to proceed over the winter months in preparing a preliminary plan of operation to be finalized when weather permits additional site reconnaissance on the property, during which initial surface sampling is planned to be implemented.

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Our current cash on hand is insufficient to complete any of the planned exploration activities and the full implementation of any planned exploration program is dependent on our ability to secure sufficient financing. We can provide no assurance that we will secure sufficient financing. In the absence of such financing, we will not be able to pursue our planned exploration program and may not be able to maintain the option to acquire the South Idaho Silver Project or underlying mining claims in good standing. If we do not fulfill the terms of the Assignment Agreement or Option Agreement, then our ability to commence or continue operations could be materially limited. We also may be forced to abandon the South Idaho Silver Project. If we are unable to raise additional capital within the next twelve months, 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. We may consider entering into a joint venture arrangement to provide the required funding to explore the South Idaho Silver Project. We have not undertaken efforts to locate a joint venture participant and there is no assurance that any third party would enter into a joint venture agreement with us in order to fund exploration of the South Idaho Silver Project. If we were to enter into a joint venture arrangement, we would likely have to assign a percentage of our interest in South Idaho Silver Project to the joint venture participant. We have begun the process of reviewing the data base of information we have acquired on the project, and a preliminary review of requirements to begin implementation of the proposed exploration plan. Company personnel are reviewing requirements for the Plan of Operation (POS) that will need to be filed prior to certain exploration activities.

Boulder Hill Project

Purchase and Sale Agreement of Unpatented Mining Claims

On December 16, 2011, we entered into a Purchase and Sale Agreement (“Purchase Agreement”) with Boulder Hill Mines Inc., an Idaho corporation (“Boulder Hill”) relating to the purchase from Boulder Hill of three unpatented mining claims situated in Lincoln County, Montana (the “Claims”). As consideration for the Claims, we issued Boulder Hill 500,000 restricted shares of our common stock, are obligated to pay Boulder Hill $25,000 in cash within twelve (12) months of the Effective Date, which is December 16, 2012, and $25,000 in cash within twenty-four (24) months of the Effective Date, which is December 16, 2013. Boulder Hill sold, transferred and conveyed the Claims by executing and delivering quitclaim deeds to us.

The Purchase Agreement includes customary representations and warranties. Under the terms of the Purchase Agreement, Boulder Hill has agreed to indemnify us from claims resulting from any breach or inaccuracy of any representation or warranty made by Boulder Hill in the Purchase Agreement.

Assignment and Assumption of Lease Agreement

On December 16, 2011 (the “Effective Date”), we entered into an Assignment and Assumption Agreement (“Assignment Agreement”) with Boulder Hill, and Jim Ebisch (“Ebisch”). Boulder Hill and Ebisch are parties to an Option to Purchase and Royalty Agreement dated July 15, 2008, as amended on August 1, 2011 (the “Option Agreement”) which granted to Boulder Hill an option to acquire an undivided 100% of the right, title and interest of Ebisch in and to that certain Montana State Metallferrous Gold Lease M-1974-06 dated August 21,2006 he entered into with the State of Montana (the “Montana Gold Lease”) under which Ebisch was granted the exclusive right to prospect, explore, develop and mine for gold, silver and other minerals on property situated in Lincoln County, Montana. The Montana Gold Lease is for a ten (10) year term and is subject to the 5% net smelter return due to the State of Montana. Pursuant to the terms of the Assignment Agreement, Boulder Hill transferred and assigned us all of its right, title and interest, in, to and under the Option Agreement and we assumed the assignment of the Option Agreement agreeing to be bound, the same extent as Boulder Hill, to the terms and conditions of the Option Agreement. As consideration for the Assignment Agreement, we issued Boulder Hill 500,000 restricted shares of our common stock and are obligated to pay Boulder Hill $25,000 in cash within twelve (12) months of the Effective Date, which is December 16, 2012, and $25,000 in cash within twenty-four (24) months of the Effective Date, which is December 16, 2013.

Under the terms of the Assignment Agreement, Boulder Hill and Ebisch have agreed to indemnify us from claims resulting from any breach or inaccuracy of any representation or warranty made by Boulder Hill or Ebisch in the Assignment Agreement and for any breaches of any representations, warranties, obligations, terms or covenants of either Boulder Hill or Ebisch under or pursuant to the Option Agreement.

The Option Agreement and assignment of Boulder Hill's right, title and interest, in, to and under the Option Agreement provide that we will have exercised the option to acquire an undivided 100% of Ebisch's right, title and interest in and to the Montana Gold Lease after incurring an aggregate of $210,000 in exploration expenditures, paying Ebisch an aggregate of $80,000 plus five per cent (5%) of any joint-venture and buyout payments (hereafter referred to as "JV&BP") and paying filing fees over the term of the Option Agreement. Our responsibility for the foregoing exploration expenditures and cash payments is inclusive of exploration expenditures incurred by Boulder Hill to the present and payments previously made by Boulder Hill to Ebisch under the terms of the Option Agreement.

The Option Agreement provides that the cash payments payable to Ebisch shall be made according to the following schedule:

- $20,000 on or before October 14, 2012 plus five per cent (5%)of any JV & BP (of which an initial payment of $3,000 has been made)
- $15,000 on or before July 15, 2013 plus five per cent (5%) of any JV&BP;
- $20,000 on or before July 15, 2014 plus five per cent (5%) of any JV&BP; and
- $25,000 on or before July 15, 2015 plus five per cent (5%) of any JV&BP.

We have received a waiver on the October 14, 2012 payments and 2012 work commitments.

The Option Agreement provides that the exploration expenditures of an aggregate of not less than $210,000 on the property underlying the Montana Gold Lease shall be incurred as follows:

- on or before December 16, 2012, incur not less than an aggregate of $49,000 in exploration expenditures; and
- on or before December 13, 2013, incur not less than an aggregate of $210,000 in exploration expenditures.

In addition to the foregoing cash payments and exploration expenditures, we will be responsible for paying filing fees over the term of the Option Agreement and the following in order to maintain Ebisch's interest in the Montana Gold Lease:

- Make advance royalty payments to Ebisch of $25,000 per year commencing on July 15, 2015 and continuing on the 15th day of July each and every year thereafter for so long as the Company in the Montana Gold Lease, and
- Incur a minimum of $100,000 of annual exploration expenditures on the property underlying the in order to maintain Ebisch's interest in the Montana Gold Lease on or before 15th of July each and every year after July 15, 2011, which could be offset by exploration expenditures in excess of $100,000 in any prior annual period.

Description of Boulder Hill Project

In connection with our consideration of entering into the foregoing agreements, we conducted a diligence review. The Claims and the property that is subject to the Montana Gold Lease is being referred to by us as the “Boulder Hill Project.” The description of the property underlying the Boulder Hill Project that is contained herein is the product of the Company’s due diligence review.

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Location The general location of the Boulder Hill is on the map below:

The Boulder Hill Project consists of approximately 60 acres comprised of three unpatented mining claims (the "Claims") and an option to acquire certain rights under a contiguous lease with the State of Montana (Montana State metal ferrous Gold Lease M-1974-06, the "Montana Gold Lease") of approximately 114 acres located in Lincoln County, Montana. The property underlying the Claims and Montana Gold Lease lie in Township 29 North, Range 27 West, Montana Principal Meridian.

Land Status

Mineral rights on federal unpatented lode mining claims can be held indefinitely as long as the annual claim maintenance payments are current. At the present time, all of the required annual claim maintenance payments for the Claims have been made. The initial term on the Montana Gold Lease is for a ten-year period commencing on August 21, 2006, which may be renewable. The total area consisting of the Boulder Hill Project consists of approximately 174 acres. The total annual property maintenance costs due the state and federal government for the Boulder Hill Project is currently about $800/year.

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History

The Boulder Hill Project contains several historic prospect pits and adits, which we believe were excavated in the late 19th century or early 20th century. Bright white quartz veins with low gold contents attracted early prospectors to the Boulder Hill Project area. In 1995 during a regional reconnaissance conducted by Jim Ebisch, these original mine workings were sampled. Quartz vein samples from these historic workings were found in 1995 to contain low-grade gold; however, one prospect pit further down the hill, also originally sampled at the same time, contained altered, siliceous metasediments that have a far different appearance than that of the bright white quartz veins. These metasediments, poorly exposed in the prospect pit, were found to contain gold grades much higher than that of the bright white quartz veins that attracted historic attention. We have not independently verified this information and can provide no assurance that any of our exploration work will result in similar results.

Regional Geology

The Boulder Hill Project is located within an area that includes the Belt Basin of the northwestern United States. Mineralization is hosted by the Precambrian Age Prichard Formation. The Boulder Hill Project lies near the crest of the Wolf Creek Anticline. The rocks exposed in that area are thought to belong to the G Member of the Prichard Formation. The Boulder Hill Project also lies immediately south of the Wolf Creek Fault, an important regional structure.

Boulder Hill Project Geology

Structurally the Boulder Hill Project is on the downthrown side of the Wolf Creek fault, and the project is considered by us as a stratiform sulfide target within the Middle Prichard Formation in Lincoln County, Montana.

Our exploration plan at the Boulder Hill Project is designed to target what are believed to be Stratabound gold occurrences. Poorly-exposed gold mineralization found during the aforementioned reconnaissance exploration at the Boulder Hill Project within a prospect trench in 1995 is in contrast to the bright white quartz veins that were of historic interest. The rocks containing the gold mineralization found in 1995 consisted of silicified, sericitized and pyritic to locally gossanous metasediments. We have not independently verified this historical information and can provide no assurance that any of our exploration work will result in similar results.

Project Infrastructure, Access and Power

The Boulder Hill Project is located in an area of low-lying hills, away from residential areas. A paved road, a power line, and a railway line passes within one mile of the subject area. An improved gravel road passes by northwestern portion of the property. Skid trails lead to the area where the gold mineralization was found during the 1995 exploration and a subsequent follow-up site visit in 2008 by Mr. Ebisch. There are no accessible tunnels or shafts on the subject area. The source of water for proposed drilling is currently uncertain, which may require initial hauling of water for drilling purposes.

Reserves

There are no established probable or proven reserves on the property underlying the Boulder Hill Project. Our due diligence activities have been limited, and to a great extent, have relied upon information provided to us by third parties. We have not established and cannot provide any assurance that any of the properties underlying the Boulder Hill Project contain adequate, if any, amounts of gold or other mineral reserves to make mining economically feasible to recover that gold, or other mineral reserves, or to make a profit in doing so.

Proposed Exploration Plan

Several phases of exploration work will be necessary to move forward this project. Each successive phase of work is contingent upon the results of previous phases. The first phase will require geological mapping and sampling. Concurrent with this work, excavation of trenches on the underlying property will be necessary to expose and sample mineralization of interest. Geophysics may also be done on the property if the mineralization found by trenching has characteristics that lend to detection by geophysical methods. The total cost of this work is estimated to be $49,500.

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The second phase of work will involve limited drilling, consisting of 3-5 diamond drill holes. These will test for near-surface strata bound gold. The total cost of this work is estimated to be $214,500.

The third phase of work will involve the drilling of one-two deep drill holes, each with an estimated depth of 1,500 feet. These will test for deep strata bound gold close to the Wolf Creek Fault. The total cost of this work is estimated to be $338,000.

Our current cash on hand is insufficient to complete any of the activities set forth in our planned exploration program. We have postponed the commencement of exploration drilling and development program until such time that we are able to secure sufficient financing. We can provide no assurance that we will be successful in securing sufficient financing. Provided we are able to secure sufficient financing, we anticipate that we will incur the following costs for the next twelve months:

Proposed Exploration Budget

Stage 1 (Trenching and Geophysics)

Permitting and Bonding	$	6,500
Trench rehabilitation, new trenching, surveying and sampling	$	9,500
Supervision, geologic mapping and reporting	$	10,000
Analyses (100 samples @ $40 each)	$	4,000
Geophysics & Reclamation	$	15,000
Administration & overhead @ 10%	$	4,500
Subtotal	$	49,500

Stage 2 (Shallow Drilling)

Permitting and Bonding	$	10,000
Surface diamond drilling 3-5 holes @ 400 ft depth average @ $70/ft	$	140,000
Site Preparation & Reclamation	$	10,000
Supervision, core logging, sampling and reporting	$	25,000
Analyses (100 samples @ $50 each)	$	5,000
Core Handling/Storage	$	5,000
Administration & overhead @ 10%	$	19,500
Subtotal	$	214,500

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Stage 3 (Deep Drilling)

Permitting and Bonding	$ 5,000
Surface diamond drilling 2 holes @ 1,500 feet each @$90/foot	$ 270,000
Site Preparation & Reclamation	$ 3,000
Supervision, core logging, sampling, and reporting	$ 20,000
Analyses (100 samples @$50/each)	$ 5,000
Core Handling/Storage	$ 5,000
Administration & overhead @ 10%	$ 30,800
Subtotal	$ 338,800
Grand Total of all 3 Steps	$ 602,800

This exploration plan may change or be terminated depending on the results from each stage of exploration.

The Company is reviewing the initial project information to update for implementation by reviewing estimates and determining scheduling requirements for staff, and subject to financing, and weather to date has precluded ability to schedule planned personnel for initial stages described above. The Company is reviewing its data base of information on the project to determine the proper timing, vendor selection and consideration of adjacent ground that may be acquired to enhance territory that can be explored as part of the project, and determining outside geological assistance that may be required. We have reviewed permitting and bonding requirements with our professional geologist, and preparation to apply for these permits is planned for the first half of 2013.

Montana

During the quarter, the Company conducted reconnaissance exploration in Jefferson County, Montana. This included reviewing historical data, and field site visits to areas of interest. These efforts are designed initially from surface examination to identify properties with geological characteristics that indicate further exploration and potential acquisition may be warranted.

We have acquired the Skip claims in Montana through right of location. The Skip project is considered an early-stage silver exploration project, and we are seeking either a JV partner, or to develop an exploration plan for 2013. The project has no indicated reserves.

Other Exploration Areas

Our strategy is to advance projects we own, lease or option, and seek joint-venture partners where possible, and to acquire additional projects in different geographical areas though our concentration currently is in Montana and Idaho. We currently have two geologists performing work for the Company in database construction and review considering potential projects for the Company. There is no assurance this will result in additional projects for the Company, or if they do the Company will meet regulatory and financial requirements to acquire any projects identified.

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The Peru Property and Settlement and Mutual Release Agreement

We entered into a Mineral Right Option Agreement with Temasek 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"). Pursuant to the Option Agreement, we acquired from Temasek a fifty percent equity interest in Beardmore Holdings, Inc. ("Beardmore") and had the option to acquire the remaining fifty percent equity interest in Beardmore from Temasek, which would have resulted in our ownership of one hundred percent of Beardmore's equity. Beardmore indirectly holds, through its subsidiary Rio Santiago Minerales S.A.C., certain mineral rights (the "Mineral Rights") underlying 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 11,000,000 shares of our common stock (of which 5,000,000 shares were previously issued to Temasek);
- 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 accrued interest at a rate of 12% per annum. We failed to pay the principle and interest under the $250,000 Convertible Note upon maturity, which caused us to default on the $250,000 Convertible 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.

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 the our acquisition of a one hundred percent interest in the Mineral Rights) having lapsed as of July 5, 2010.

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 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 held any interest, directly or indirectly, in the Mineral Rights.

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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.

Other Geographic Locations

We are also considering further geographic locations for exploration projects including Mexico and Europe. This activity consists primarily of reviewing historical data to determine potential areas of interest, to be followed by a determination for requirements and potential for acquiring mineral property interest. We have not identified to date any particular properties that it may be interested in acquiring, but due to the experience of management in certain areas it is considering Zacatecas, Mexico and the Balkans as territories of current and future interest. These activities may not lead to future acquisitions absent future financing under terms deemed acceptable to, if any such financing is available, and determining properties that management believes are properties of merit to add to our portfolio of mineral interests.

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Glossary of Mining terms

Please find attached certain mining terms that may not be familiar.

Glossary of Certain Mining Terms

Andesite	A gray, fine-grained volcanic rock, chiefly plagioclase and feldspar
Argentite	A valuable silver ore, Ag2S, with a lead-gray color and metallic luster that is often tarnished a dull black
Arsenic	A very poisonous metallic element that has three allotropic forms
Arsenopyrite	A silvery-gray mineral consisting of an arsenide and sulfide of iron
Basalt	An extrusive volcanic rock composed primarily of plagioclase, pyroxene and some olivine
brecciated tuffs	Rocks in which angular fragments are surrounded by a mass of fine grained minerals
Chalcopyrite	A sulphide mineral of copper and iron the most important ore mineral of copper
Cretaceous	Geologic period and system from circa 145.5 ± 4 to 65.5 ± 0.3 million years ago
Diorite	An intrusive igneous rock composed chiefly of sodic plagioclase, hornblende, biotite or pyroxene
Electrum	An alloy of silver and gold
Eocene	the second epoch of the Tertiary Period
Epithermal	Pertaining to mineral veins and ore deposits formed from warm waters at shallow depth
Fault	A break in the Earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other.
Galena	Lead sulphide, the most common ore mineral of lead
Granodiorite	a phaneritic igneous rock with greater than 20% quartz
Hornfels	A fine-grained metamorphic rock composed of quartz, feldspar, mica, and other minerals
Humus	organic component of soil, formed by the decomposition of leaves and other plant material by soil microorganisms
Igneous	Formed by the solidification
kaolin-chlorite	A fine soft white clay, used for making porcelain and china, as a filler in paper and textiles, and in medicinal absorbents
metamorphism	The process by which the form and structure of rocks is changed by heat and pressure
Miocene	the fourth epoch of the Tertiary period.
montmorillonite	An aluminum-rich clay mineral of the smectite group, containing sodium and magnesium
paragenesis	A set of minerals that were formed together, esp. in a rock, or with a specified mineral
Piedrancha	A faultline in Colombia

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Reserves	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination
sericite	a fine grained mica, either muscovite, illite, or paragonite
shale	Sedimentary rock formed by the consolidation of mud or silt
sphalerite	A zinc sulphide metal; the most common ore mineral of zinc
Tertiary	Stones deposited during the Tertiary period lasting from about 65 million to 1.6 million years ago
zinc	a silvery-white metal that is a constituent of brass and is used for coating (galvanizing)

Mine safety issues.: As we have no operating mines or mines under development at present we have no disclosures related to mine safety issues.

Results of Operations for the three Months Ended September 30, 2012 and 2011

Revenues

We have not generated any revenues from our operations since our inception and we do not expect to generate revenues in the near future, due to the exploratory nature of operations at this time.

Operating Expenses

We reported operating expenses in the amount of $69,168 for the three months ended September 30, 2012, compared to operating expenses of $328,667 for the three months ended September 30, 2011. The decrease in operating expenses for the three months ended September 30 30, 2012, as compared to the three months ended September 30, 2011, was primarily a result of an decrease in bank and interest charges, and consulting and management fees, partially offset by an increase in mineral property exploration costs.

We incurred bank charges and interest of $29,582 for the three months ended September 30, 2012, as compared to $253,427 for the three months ended September 30, 2011. The decrease of in bank charges and interest is attributable to reduced interest resulting from the cancellation of convertible promissory notes that were issued in June 2010 as part of the 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 expenditures were also lower over the prior period as a result of reduced consulting and management fees incurred during the reporting period. We incurred consulting and management fees of $10,500 for the three months ended September 30 30, 2012, as compared to $30,875 for the three months ended September 30, 2011. The decrease in consulting and management fees is attributable to the decrease in exploration activities in Peru and consulting services required to support these activities, and more work done in-house by Company personnel. Exploration and mineral property expenses totaled $12,319 compared to $2,500 in the three months ended September 30, 2011. The increase was due to expenditures in North American exploration.

Other Items

We reported no other items for the three months ended September 30, 2012, and for the three month period ending September 30, 2011 there was a write-down of Peruvian assets in the amount of $7,260,000.

Net (Income) Loss

As a result of the above, for the three months ended September 30, 2012, we reported a net loss of $69,168. For the three months ended September 30, 2011, we reported a net loss of $7,042,015 of which $7,588,667, offset by a gain from discontinued operations of $546,652.

Results of Operations for the Nine Months Ended September 30, 2012 and 2011

Revenues

We have not generated any revenues from our operations since our inception and we do not expect to generate revenues in the near future, due to the exploratory nature of operations at this time.

Operating Expenses

We reported operating expenses in the amount of $191,914 for the nine months ended September 30, 2012, compared to operating expenses of $1,165,145 for the nine months ended September 30, 2011 The decrease in operating expenses for the nine months ended September 30, 2012, as compared to the nine months ended September 30, 2011, was primarily a result of an decrease in bank and interest charges, consulting and management fees partially offset by an increase in mineral property expenditures.

We incurred bank charges and interest of $64,037 for the nine months ended September 30, 2012, as compared to $884,823 for the nine months ended September 30, 2011. The decrease in bank charges and interest is attributable to reduced interest resulting from the cancellation of convertible promissory notes that were issued in June 2010 as part of the our relinquishment of our fifty percent interest in the outstanding capital stock of Beardmore, which indirectly held the mining rights to properties in Peru.

Current period expenditures were also lower over the prior period as a result of reduced consulting and management fees incurred during the reporting period. We incurred consulting and management fees of $29,250 for the nine months ended September 30, 2012, as compared to $170,017 for the nine months ended September 30, 2011. The decrease in consulting and management fees is attributable to the decrease in exploration activities in Peru and consulting services required to support these activities, and more work done in-house by company personnel. Exploration and mineral property expenses totaled $29,819 compared to $2,500 in the nine months ended September 30, 2011. The increase was due to reduced expenditures in Latin American exploration and increase in exploration expense in other regions.

We incurred professional fees of $37,879 for the nine months ended September 30, 2012, compared to $95,348 for the nine months ended September 30 2011. The decrease in professional fees is attributable to lower accounting, financial reporting and legal services expense for the period, primarily due to lower costs of running North American projects.

Other Items

During the nine months ended September 30, 2011 there was a one-time impairment of assets in the amount of $7,260,000. During the nine months ended September 30, 2012, we did not incur any impairment to assets.

Net (Income) Loss

As a result of the above, for the nine months ended September 30, 2012, we reported a net loss of $191,914. For the nine months ended September 30, 2011, we reported a net operating loss after discontinued operations, of $7,928,463. The decrease is a result of the corresponding decreases in operational expenses, discussed above, offset by the impairment to assets that occurred during the nine months ended September 30, 2011.

Liquidity and Capital Resources

At September 30, 2012, we had cash and cash equivalents of $123, compared to $2,194 at December 31, 2011. At September 30, 2012, we had a working capital deficit of $532,366, compared to a working capital deficit of $412,025 at December 31, 2011.

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Our present capital resources are insufficient to commence and sustain any planned exploration activity. Our current cash on hand is insufficient to be able to make all cash payments required in connection with our acquisition of the Boulder Hill Project and those cash payments and exploration expenditures which are required in order to exercise our option to acquire a 100% interest in mineral property interests proposed plan of exploration anticipates that we will incur aggregate exploration related expenditures of $260,000 over the next twelve months; minimum payments would amount to $125,000 in the next twelve months on exploration related expenses, with a total of $664,000 in exploration planned for the next twenty-four months, subject to available funding.

In addition to any expenditures related to any exploration activity, our business plan provides for spending of approximately $20,000 in ongoing general and administrative expenses per month for the next twelve months, for a total anticipated expenditure for general and administrative expenses of $240,000 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.

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 sustain 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 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 programs or any acquisition of additional property interests. Any issuance of common stock would dilute the interests of our existing stockholders. In the absence of such financing, we will not be able to pursue our exploration program and may not be able to maintain our mineral property interests in good standing. If we do not fulfill the terms of any of our 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.

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, 2012 and 2011 used cash of $67,061 and $153,832, respectively, which reflect our recurring operating losses. Our net loss reported for nine months ended September 30, 2012 was the primary reason for our negative operating cash flows. Our negative operating loss contributing to negative operating cash flows for the nine months ended September 30, 2012 was partially offset by accrued interest of $62,951 for the reporting period as compared to $882,411 in the nine month period ending September 30,2011, and increase in accounts payable of $59,195 in the nine months ended September 30,2012 as compared to an increase of $124,882 in the period ending September 30,2011.

Cash Used in Investing Activities

For the nine months ended September 30, 2012, we used $0 in investing activities, as compared to $0 used in investing activities during the nine months ended September 30, 2011.

Cash from Financing Activities

As we have had no revenues since inception, we have financed our operations primarily by using existing capital reserves and through private placements of our stock. Net cash flows provided by financing activities for the nine months ended September 30, 2012 was $65,000, which consisted of proceeds of convertible notes issued to Asher Enterprises, Inc. Net cash flows provided by financing activities for the nine months ended September 30, 2011 was $100,000, which consisted entirely of proceeds from the issuance of common stock from warrant exercises.

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Commitments

Convertible Notes

On November 23, 2011, we entered into a Securities Purchase Agreement ("Purchase Agreement") with Asher Enterprises, Inc., a Delaware corporation ("Asher"), relating to the issuance and sale to Asher of an unsecured convertible promissory note (the " November 2011 Note") in a private transaction (the "Transaction") with a principal amount of $37,500. We received net proceeds of $37,500 from the Transaction on December 1, 2011. Interest on the November 2011 Note accrues at a rate of 8% annually and is to be paid with principal in full on the maturity date of August 28, 2012. The principal amount of the Note together with interest may be converted into shares of our common stock, par value $0.00001, at the option of the Asher at a conversion price equal to fifty-eight percent (58%) of the Market Price (as defined in the November 2011 Note) for the Common Stock during the ten trading days prior to the conversion. During the nine month period ending September 30, 2012 the Company issued 14,731,901 common shares valued ay $15,300 reducing the principal amount to $22,000.

On March 16, 2012, we issued Asher an unsecured convertible promissory note (the "March 2012 Note") with a principal amount of $37,500 with substantially the same terms and conditions as the November 2011 Note. The March 2012 Note has a maturity date of December 20, 2012, at which time interest, accruing at a rate of 8% annually, and principal are to be paid in full.

On June 6, 2012, we entered into an agreement we issued Asher an unsecured convertible promissory note (the "June 2012 Note") with a principal amount of $27,500 with substantially the same terms and conditions as the November 2011 Note; the June 2012 note was funded on July 2, 2012. The June 2012 Note has a maturity date of March 6, 2013, at which time interest, accruing at a rate of 8% annually, and principal are to be paid in full.

If Asher decides not to convert the November 2011 Note , March 2012 Note or June 2012 Note into shares of our common stock, we will have an obligation on the maturity date of each note to pay Asher all accrued interest and principal on such note. In such case, we would have to find sources of cash to re-pay Asher and there can be no assurance such resources will be available.

Cash Payments and Exploration Expenditures

Our obligations to make cash payments and incur exploration expenditures in connection with our acquisition of the Boulder Hill Project and the South Idaho Silver Project are described above in Part II of this Quarterly Report on Form 10-Q. These expenditures of property payments and exploration are required to maintain our mineral property interests.

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 an accumulated deficit for the period from inception on September 5, 1997 to September 30, 2012 of $18,969,717 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.

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Critical Accounting Policies

Our interim 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, 2011. 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, 2012. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of September 30 30, 2012, our disclosure controls and procedures are not effective. Our conclusion is based primarily on the material weakness in internal control over financial reporting which was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2011, where management identified material weaknesses, that were based on the size of our company and the fact that we have only one financial expert on our management team, no audit committee and no person on our board of directors that qualifies as an “audit committee financial expert”. We are in the process of considering changes to remediate these weaknesses.

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, 2012 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. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description	Filed Herewith
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
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.

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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 19, 2012	By: /s/ Piero Sutti-Keyser Piero Sutti-Keyser Title : Chief Executive Officer (Principal Executive Officer)
Date: November 19, 2012	By: /s/ Gilberto Zapata Gilberto Zapata Title: Chief Financial Officer (Principal Accounting Officer)

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