

FIRST COLOMBIA GOLD CORP.

Form 10-K

April 15, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

✓ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

☐ TRANSITION REPORT UNDER 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
(State or other jurisdiction of incorporation
or organization)

98-0425310
(I.R.S. Employer Identification No.)

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

Registrant's telephone, including area code: 1-888-224-6561

Securities registered under Section 12(b) of the Exchange Act: None.

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$0.00001 par value
(Title of class)

Not Applicable
(Name of each exchange on which registered)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ✓

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ✓

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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. 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). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

(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). Yes ☐ No ☒

As of December 31, 2012, the aggregate market value of the Company's common equity held by non-affiliates computed by reference to the closing price \$0.0025 was: \$208,703

The number of shares of our common stock outstanding as of March 31, 2013 was: 117,408,399

Documents Incorporated by Reference: None.

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FIRST COLOMBIA GOLD CORP.
DECEMBER 31, 2012

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Cautionary Note Regarding Forward Looking Statements

This annual report 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 of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. These forward-looking statements are based largely on our expectations or forecasts of future events, can be affected by inaccurate assumptions, and are subject to various business risks and known and unknown uncertainties, a number of which are beyond our control. Therefore, actual results could differ materially from the forward-looking statements contained in this document, and readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. A wide variety of factor 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. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors” that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by any forward-looking statements.

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 fail to meet the requirements of the agreements under which we acquired our options to acquire mineral property interests, including any cash payments to the optionor 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;

- 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;

- 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;

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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.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Except as required by law, we do not undertake to update or revise any of the forward-looking statements to conform these statements to actual results, whether as a result of new information, future events or otherwise.

As used in this annual report, “First Colombia,” the “Company,” “we,” “us,” or “our” refer to First Colombia Gold Corp., unless otherwise indicated.

If you are not familiar with the mineral exploration terms used in this report, please refer to the definitions of these terms under the caption “Glossary” at the end of Item 15 of this report.

PART I

ITEM 1. Business.

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 then Amazon Goldsands, Ltd. In 2008, we changed our name to First Colombia Gold Corp. 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 South America, to potentially acquire.

On November 15, 2012, the Company filed a Certificate of Designation for its Class Series A Preferred Convertible Stock with the Secretary of State of Nevada designating 50,000,000 shares of its authorized Preferred Stock as Class A Preferred Convertible Stock. The Class A Preferred Shares have a redeemable purchase price of \$0.01 per share. The Class A Preferred Shares are convertible into shares of the Company’s common stock at a rate of 1 preferred share equals 2 common shares.

In addition, the Class A Preferred Shares rank senior to the Company's common stock. The Class A Preferred Shares have voting rights equal to that of the common stockholders and may vote on any matter that common shareholders may vote. One Class A Preferred Shares is the voting equivalent of two common shares.

The Company does have the right, at its discretion, to redeem the Class A Preferred Shares at a price of \$3.75 per share.

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On January 31, 2013, First Colombia Gold Corp (“the Company”) issued 47,568,500 shares of its Class A Preferred Convertible Stock (“Class A Preferred”), in exchange for the settlement of debt of approximately \$104,651 to both unrelated parties and certain officers and directors of the Company. The Class A Preferred shares were issued at a price of \$0.0022 per share.

The Company’s Chief Executive Officer, Mr. Sutti-Kyser and its directors, Mr. Zapata and Sredl, received a total of 14,682,100 shares with a deemed market value of \$32,300 to settle liabilities of approximately \$32,300.

On January 31, 2013, the Majority Stockholders of the Company, of record, held 300,000 shares of the Company's common stock and 47,568,500 shares of the Company’s Class A Preferred Convertible Preferred stock representing the voting equivalent of 95,137,000 shares of common stock or approximately 50.48% of the Company's voting stock. As such they approved an amendment to the Company’s Articles of Incorporation to increase in the authorized common stock from 200,000,000 shares of common stock to 850,000,000 shares of common stock. The Articles were amended and the increase took effect twenty days after filing with the Nevada Secretary of State.

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.

Our business model is to identify promising properties and prospects in historic mining districts for acquisition, lease, option or joint-venture. We aim to build a portfolio of properties that we can add value through exploration, development or to joint-venture, lease or sell to other companies where warranted. Our geographic focus is North and South America and southeastern Europe. We are primarily focused on the mining industry but will consider projects in other sectors.

Since October 2011, the Company has made the acquisition of projects in both Idaho and Montana. We have spent the last two years actively considering additional projects which resulted in the acquisition of unpatented mining claims comprising the Skip Silver Prospect in Montana. During 2012 our retained professional geologist has conducted exploration activity on behalf of the company in Montana, along with activity reviewing prospects in various states. The Company in 2012 also reviewed historical data on existing projects and began planning for filing exploration permits in 2013. Our consulting geologist also visited sites in Arizona during the year.

Summary of our Mineral Property Interests

A description of our mineral property interests is set forth in Part I, Item 2 of this Annual Report.

Governmental Regulation

Our business is subject to extensive federal, state and local laws and regulations governing development, production, labor standards, occupational health, waste disposal, the use of toxic substances, environmental regulations, mine safety and other matters. We are subject to potential risks and liabilities occurring as a result of mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to us (or to other companies in the minerals industry) at a reasonable price. To the extent that we become subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to us and could have a material adverse effect on us. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

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All operating and exploration plans have been made in consideration of existing governmental regulations. Regulations that most affect operations are related to surface water quality and access to public lands. An approved plan of operations (POO) and a financial bond are usually required before exploration or mining activities can be conducted on public land that is administered by the United States Bureau of Land Management (BLM) or United States Forest Service (USFS).

Montana

In the State of Montana our exploration and mining operations will be under supervision of the Montana Department of Environmental Quality (“MDEQ”) which enforces Montana’s Environmental Policy Act and mining regulations. Exploration and mining activity at the Boulder Hill Project may be possible under a Small Miner Exclusion Statement (SMES). An SMES allows for expedited treatment for exploration/mining operations which affect no more than 25 square miles of property. While such a limitation makes mining under an SMES infeasible for large gold mining companies, the Company, by contrast, can operate efficiently in this smaller space as a small exploration company.

Idaho

The mining and exploration activities for the South Idaho Silver Project will be governed by the Bureau of Land Management and the US Forest Service. In Idaho, the BLM manages nearly 12 million acres of public lands, nearly one-fourth of the state's total land area. The Branch of Lands, Minerals & Water Rights administers the use and development of many of the resources found on these lands - including energy and mineral resources - along with managing real estate transactions involving public lands.

Termination of Sapo Agreement

We entered into an agreement (the “Agreement”) effective as of April 1, 2011 with Sapo Holdings SA (“Sapo”) to provide us guidance and expertise in evaluating and identifying potential properties for our review. The Agreement was for a one year term. Sapo is a consulting firm based in Colombia that has expertise in identifying potential exploration projects and working with professionals engaged in mineral exploration to providing staffing to and administration of mineral exploration projects. In exchange for providing us with these services, we agreed to compensate Sapo 10% over the costs incurred for such exploration services, which would include hiring a field crew, technical staff and equipment, a monthly fee of \$5,000 for project supervision services and a monthly fee of \$17,500 for project administration, which would include secretarial services, office equipment, rent, public relations and utilities and local transportation. The Agreement could be terminated by either party with or without cause upon 60 days written notice to the other party, and was terminated in October 2011.

During the years ended December 31, 2012 and 2011, we appointed new management with specific administrative and operational experience in the mining field that made the continued engagement of Sapo not economical. Notwithstanding, we will supplement our management’s expertise with geological and engineering consultants, as required.

Competition

We are an exploration stage mineral resource exploration company that competes with other mineral resource exploration companies for financing and for the acquisition of new mineral properties. Many of the mineral resource exploration companies with whom we compete have greater financial and technical resources than those available to

us. Accordingly, these competitors may be able to spend greater amounts on acquisitions of mineral properties of merit, on exploration of their mineral properties and on development of their mineral properties. In addition, they may be able to afford more geological expertise in the targeting and exploration of mineral properties. This competition could result in competitors having mineral properties of greater quality and interest to prospective investors who may finance additional exploration and development. This competition could adversely impact on our ability to achieve the financing necessary for us to conduct further exploration of our mineral properties. We will also compete with other mineral exploration companies for financing from a limited number of investors that are prepared to make investments in mineral exploration companies. The presence of competing mineral exploration companies may impact on our ability to raise additional capital in order to fund our exploration programs if investors are of the view that investments in competitors are more attractive based on the merit of the mineral properties under investigation and the price of the investment offered to investors. We will also compete with other mineral companies for available resources, including, but not limited to, professional geologists, camp staff, mineral exploration supplies and drill rigs.

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Intellectual Property

We do not own, either legally or beneficially, any patent or trademark.

Employees

We have no full-time employees at the present time. Our executive officers do not devote their services full time to our operations. We engage contractors from time to time to consult with us on specific corporate affairs or to perform specific tasks in connection with our exploration programs. As of December 31, 2012, we engage four contractors that provided work to us on a recurring basis, including two professional geologists.

Research and Development Expenditures

We have not incurred any research or development expenditures since our incorporation.

Subsidiaries

During 2010, we acquired a fifty percent interest in the issued and outstanding stock of Beardmore Holdings, Inc. ("Beardmore"), a corporation incorporated under the laws of Panama. Beardmore indirectly owns the mineral rights to certain properties located in Peru held by its subsidiary, Rio Santiago Minerales S.A.C. On September 21, 2011, we entered into a Settlement and Mutual Release Agreement, which resulted in us relinquishing our fifty percent interest in the outstanding capital stock of Beardmore and as a result, we no longer have any ownership interest in any subsidiary entities.

ITEM 1A. Risk Factors.

You should carefully consider the following risk factors in evaluating our business and us. The factors listed below represent certain important factors that we believe could cause our business results to differ. These factors are not intended to represent a complete list of the general or specific risks that may affect us. It should be recognized that other risks may be significant, presently or in the future, and the risks set forth below may affect us to a greater extent than indicated. If any of the following risks occur, our business, financial condition or results of operations could be materially and adversely affected. You should also consider the other information included in this Annual Report and subsequent quarterly reports filed with the SEC.

Risk Factors

Risks Associated With Our Business

Our accountants have raised substantial doubt with respect to our ability to continue as a going concern.

As noted in our consolidated financial statements, we have incurred a net loss of \$19,087,770 for the period from inception on September 5, 1997 to December 31, 2012 and have presently no source of revenue. At December 31, 2012, we had a working capital deficit of \$570,498. As of December 31, 2012, we had cash and cash equivalents in the amount of \$-0-. We will have to raise additional funds to meet our currently budgeted operating requirements for the next twelve months.

The audit report of James Stafford, Chartered Accountants for the two years ended December 31, 2012 and 2011 contained a paragraph that emphasizes the substantial doubt as to our continuance as a going concern. This is a

significant risk that we may not be able to generate or raise enough capital to remain operational for an indefinite period of time.

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In preparing our consolidated financial statements for the year ended December 31, 2011, our management identified material weaknesses in our internal control over financial reporting and our failure to remediate these material weaknesses could result in material misstatements in our consolidated financial statements and the loss of investor confidence in our reported financial information. Such weakness has neither been cured nor resolved during the year ended December 31, 2012.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Our management identified material weaknesses in our internal control over financial reporting as of December 31, 2011. Such weakness was not cured or resolved during the year ended December 31, 2012. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses identified by management as of December 31, 2011 and again in 2012 were attributable to the size of the Company and the fact that we have only one financial expert on our management team and no audit committee. Although management believes that the material weakness set forth above has not had an effect on our financial statements, there can be no assurance that this will continue to be the case going forward.

If remedial measures are not taken or are insufficient to address this material weaknesses, or if additional material weaknesses or significant deficiencies in our internal control over our financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results. Any future restatement of consolidated financial statements could place a significant strain on our internal resources and harm our operating results. Further, any additional or un-remedied material weakness may preclude us from meeting our reporting obligations on a timely basis and cause investors to lose confidence in our reported financial information.

We own options to acquire certain mining and mineral rights underlying certain properties and if we fail to perform the obligations necessary to exercise these options, we will lose our options and cease operations.

We hold options to acquire certain mining and mineral rights underlying properties located in Owyhee County, Idaho and Lincoln County, Montana, subject to certain conditions. If we fail to meet the requirements of the agreement under which we acquired such options, including any cash payments to the optionor or any exploration obligations that we have regarding these properties, we may lose our right to exercise the options to acquire certain mining and mineral rights underlying these properties. If we do not fulfill these conditions, then our ability to commence or continue operations could be materially limited. Accordingly, any adverse circumstances that affect the areas covered by these options and our rights thereto would affect us and your entire investment in shares of our common stock. If any of these situations were to arise, we would need to consider alternatives, both in terms of our prospective operations and for the financing of our activities. Management cannot provide assurance that we will ultimately achieve profitable operations or become cash-flow positive, or raise additional debt and/or equity capital. 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, including ceasing operations.

We have a history of losses that we expect to continue into the future.

We have not yet located any mineral reserve and we have never had any revenues from our operations. In addition, we have a history of losses that we expect to continue into the future. We have only recently acquired and taken steps to

engage in the exploration and development of mineral property interest located in Owyhee County, Idaho and Lincoln County, Montana. Our business plan and exploration efforts as to our existing mineral property interest are in its early stages and faces numerous regulatory, practical, legal and other obstacles. At this early stage of our operation, we also expect to face the risks, uncertainties, expenses and difficulties frequently encountered by companies at the start-up stage of their business development. We cannot be sure that we will be successful in addressing these risks and uncertainties, and our failure to do so could have a materially adverse effect on our financial condition.

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No assurance can be given that we will be able to successfully complete the purchase of mining rights to any properties, including the ones for which we currently hold options. Our ability to achieve and maintain profitability and positive cash flow over time will be dependent upon, among other things, our ability to (i) identify and acquire gold mining properties or interests therein that ultimately have probable or proven gold reserves, (ii) sell such gold mining properties or interests to strategic partners or third parties or commence mining of gold, (iii) produce and sell gold at profitable margins, and (iv) raise the necessary capital to operate during this possible extended period of time. At this stage in our development, it cannot be predicted how much financing will be required to accomplish these objectives.

We have unsecured convertible notes that came due in 2012 and will continue to come due in 2013 and we have limited resources to pay these notes on the maturity date.

Over the last several years, we have been funding our operations through the sale of both equity and debt securities. We have \$69,730 worth of convertible notes outstanding at December 31, 2012 (net of unamortized discount), of which \$37,500 came due on August 28, 2012 (balance of \$2,600 as December 31, 2012) and \$37,500 came due on December 20, 2012.

If the note holder decides not to convert these notes to common stock, we will have an obligation on the maturity date of each note to pay the note holder all accrued interest and principal on such note. In such case, we would have to find sources of cash to re-pay the note holder and there can be no assurance such resources will be available.

We will need to raise funds through financings in the future, which would dilute the ownership of our existing stockholders and possibly subordinate certain of their rights to the rights of new investors or creditors.

We expect to seek additional funds in debt or equity financings if they are available to us on terms we believe reasonable to provide for working capital, carry out exploration programs or to make acquisitions. Any sales of additional equity or convertible debt securities would result in dilution of the equity interests of our existing stockholders, which could be substantial. Additionally, if we issue shares of preferred stock or convertible debt to raise funds, the holders of those securities might be entitled to various preferential rights over the holders of our common stock, including repayment of their investment. Such additional debt, if authorized, would create rights and preferences that would be senior to, or otherwise adversely affect, the rights and the value of our common stock and would have to be repaid from future cash flow.

If we fail to raise additional capital to fund our business growth and project exploration, our business could fail. We have to raise significant amounts of capital to meet our anticipated needs for working capital and other cash requirements for the near term to explore our mining properties. We will attempt to raise such capital through the sale of common stock or debt instruments. However, there is no assurance that we will be successful in raising or borrowing sufficient additional capital and we have no arrangements for future financing and there can be no assurance that additional financing will be available to us. If adequate funds are not available or are not available on acceptable terms, our ability to fund our exploration projects, take advantage of potential acquisition opportunities, possibly develop or enhance its properties in the future or respond to competitive pressures would be significantly limited. Such limitation could have a material adverse effect on our business and financial condition and cause our business to fail.

We have no known reserves and we may not find any mineral resources or, if we find mineral resources, the deposits may be uneconomic or production from those deposits may not be profitable.

We have not established that any of the properties for which we hold options or mining claims contain adequate amounts of gold or other mineral reserves to make mining any of the properties economically feasible to recover that gold or other mineral reserves, or to make a profit in doing so. If we do not, our business will fail. If we cannot find economic mineral resources or if it is not economic to recover the mineral resources, we will have to cease operations.

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We may not have access to all of the supplies and materials we need to begin exploration that could cause us to delay or suspend operations.

Competition and unforeseen limited sources of supplies in the industry could result in occasional spot shortages of supplies, such as explosives, and certain equipment, such as bulldozers and excavators, that we might need to conduct exploration. We have not attempted to locate or negotiate with any suppliers of products, equipment or materials. We will attempt to locate products, equipment and materials. If we cannot find the products and equipment we need, we will have to suspend our exploration plans until we do find the products and equipment we need.

Our success is dependent upon a limited number of people and we may not be able to attract and retain qualified personnel necessary for the implementation of our business strategy.

The ability to identify, negotiate and consummate transactions that will benefit us is dependent upon the efforts of our management team. The loss of the services of any member of our management could have a material adverse effect on not only the Company's operational status, but also its financial health.

Our future success depends largely upon the continued service of board members, executive officers and other key personnel. Our success also depends on our ability to continue to attract, retain and motivate qualified personnel, particularly employees, consultants and contractors for our operations. Personnel do represent a significant asset, and the competition for such personnel is intense in the gold exploration industry. We may have particular difficulty attracting and retaining key personnel in the initial phases of our operations.

Our officers and directors do not devote full time to our operations.

Our officers do not devote their full time to our operations. Until such time that we can afford executive compensation commensurate with that being paid in the marketplace, our officers will not devote their full time and attention to our operations. No assurance can be given as to when we will be financially able to engage our officers on a full-time basis or engage additional officers.

Because all of our officers and directors are located outside of the United States, you may have no or limited effective recourse against us or our management for misconduct and may not be able to enforce judgment and civil liabilities against our officers, director, experts and agents.

All of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against our officers or our directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

Risks Associated With Mining

All of our properties are in the exploration stage. There is no assurance that we can establish the existence of any mineral resource on any of our properties in commercially exploitable quantities. Until we can do so, we cannot earn any revenues from operations and if we do not do so we will lose all of the funds that we expend on exploration. If we do not discover any mineral resource in a commercially exploitable quantity, our business will fail.

We have not established that any of our properties contain any commercially exploitable mineral reserve, nor can there be any assurance that we will be able to do so. If we do not, our business will fail. A mineral reserve is defined by the Securities and Exchange Commission's Industry Guide 7, as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The probability of an individual prospect ever having a "reserve" that meets the requirements of the Securities and Exchange Commission's Industry Guide 7 is extremely remote; in all probability our mineral resource property does not contain any 'reserve' and any funds that we spend on exploration will probably be lost.

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Even if we do eventually discover a mineral reserve on one or more of our properties, there can be no assurance that we will be able to develop our properties into producing mines and extract those resources. Both mineral exploration and development involve a high degree of risk and few properties that are explored are ultimately developed into producing mines. If we do discover mineral resources in commercially exploitable quantities on any of our properties, we will be required to expend substantial sums of money to establish the extent of the resource, develop processes to extract it and develop extraction and processing facilities and infrastructure.

The commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade and other attributes of the mineral deposit, the proximity of the resource to infrastructure such as a smelter, roads and a point for shipping, government regulation and market prices. Most of these factors will be beyond our control, and any of them could increase costs and make extraction of any identified mineral resource unprofitable.

Mineral operations are subject to applicable law and government regulation. Even if we discover a mineral resource in a commercially exploitable quantity, these laws and regulations could restrict or prohibit the exploitation of that mineral resource. If we cannot exploit any mineral resource that we might discover on our properties, our business may fail.

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance that we will be able to obtain or maintain any of the permits required for the continued exploration of our mineral properties or for the construction and operation of a mine on our properties at economically viable costs. If we cannot accomplish these objectives, our business could fail.

We believe that we are in compliance with all material laws and regulations that currently apply to our activities but there can be no assurance that we can continue to do so. Current laws and regulations could be amended and we might not be able to comply with them, as amended. Further, there can be no assurance that we will be able to obtain or maintain all permits necessary for our future operations, or that we will be able to obtain them on reasonable terms. To the extent such approvals are required and are not obtained, we may be delayed or prohibited from proceeding with planned exploration or development of our mineral properties.

Gold, Silver and mineral exploration is highly speculative in nature, involves substantial expenditures and is frequently non-productive.

Success in gold or other mineral exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological data and the expertise to interpret it, availability of trained miners and equipment and availability of exploration capital. The exploration process can be long and costly. Due to these and other factors, the probability of our identifying individual prospects having commercially significant reserves cannot be predicted. It is likely that many of the projects considered will not contain any commercially viable reserves. Consequently, substantial funds may be spent on project evaluation which may identify only a few, if any, projects having commercial development potential. In addition, if commercially viable reserves are identified, significant amounts of capital will be required to mine and process such reserves.

If we establish the existence of a mineral reserve on any of our properties, we will require additional capital in order to develop the property into a producing mine. If we cannot raise this additional capital, we will not be able to exploit the reserve and our business could fail.

If we do discover a mineral reserve on any of our properties, we will be required to expend substantial sums of money to establish the extent of the reserve, develop processes to extract it and develop extraction and processing facilities and infrastructure. Although we may derive substantial benefits from the discovery of a reserve, there can be no assurance that it will be large enough to justify commercial operations, nor can there be any assurance that we will be able to raise the funds required for development on a timely basis. If we cannot raise the necessary capital or complete the necessary facilities and infrastructure, our business may fail.

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Because we presently do not carry title insurance and do not plan to secure any in the future, we are vulnerable to loss of title.

We do not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mining properties. Disputes over land ownership are common, especially in the context of resource developments. We cannot give any assurance that title to such properties will not be challenged or impugned and cannot be certain that we will have or acquire valid title to these mining properties. The possibility also exists that title to existing properties or future prospective properties may be lost due to an omission in the claim of title. As a result, any claims against us may result in liabilities we will not be able to afford, resulting in the failure of our business.

Because we are subject to various governmental regulations and environmental risks, we may incur substantial costs to remain in compliance.

Our activities are subject to regulations regarding environmental matters, the abstraction of water, and the discharge of mining wastes and materials. Any significant mining operations will have some environmental impact, including land and habitat impact, arising from the use of land for mining and related activities, and certain impact on water resources near the project sites, resulting from water use, rock disposal and drainage run-off. No assurance can be given that such environmental issues will not cause our operations in the future to fail.

We could be required to remedy any negative environmental impact. The costs of such remediation could cause us to fail. Future environmental laws and regulations could impose increased capital or operating costs on us and could restrict the development or operation of any gold mines.

We have, and will in the future, engage consultants to assist us with respect to our operations. We are beginning to address the various regulatory and governmental agencies, and the rules and regulations of such agencies, in connection with our mineral property interests. No assurances can be given that we will be successful in our efforts. Further, in order for us to operate and grow our business, we need to continually conform to all applicable laws, rules and regulations. It is possible that the legal and regulatory environment pertaining to the exploration and development of gold mining properties will change. Uncertainty and new regulations and rules could dramatically increase our cost of doing business, or prevent us from conducting its business; both situations could cause us to fail.

Mineral exploration and development is subject to extraordinary operating risks. We do not currently insure against these risks. In the event of a cave-in or similar occurrence, our liabilities may exceed our resources, which could cause our business to fail.

Mineral exploration, development and production, involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks inherent in the exploration, development and production of resources, including liability for pollution, cave-ins or similar hazards against which we cannot insure or against which we may elect not to insure. Any such event could result in work stoppages and damage to property, including damage to the environment. We do not currently maintain any insurance coverage against these operating hazards. The payment of any liabilities that arise from any such occurrence could cause us to fail.

Mineral prices are subject to dramatic and unpredictable fluctuations.

We expect to derive revenues, if any, from the extraction and sale of precious and base metals such as gold and silver. The price of those commodities has fluctuated widely in recent years, and is affected by numerous factors beyond our control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and, therefore, the economic viability of any of our exploration projects, cannot accurately be predicted.

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The mining industry is highly competitive and there is no assurance that we will continue to be successful in acquiring property interests. If we cannot continue to acquire interests in properties to explore for mineral resources, we may be required to reduce or cease operations.

The mineral exploration, development, and production industry is largely unintegrated. We compete with other exploration companies looking for mineral resource properties. While we compete with other exploration companies in the effort to locate and license mineral resource properties, we will not compete with them for the removal or sales of mineral products from our properties if we should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of gold and other mineral products. Therefore, we will likely be able to sell any mineral products that we identify and produce.

We compete with many companies possessing greater financial resources and technical facilities. This competition could adversely affect our ability to acquire suitable prospects for exploration in the future as well as our ability to recruit and retain qualified personnel. Accordingly, there can be no assurance that we will acquire any interest in additional mineral resource properties that might yield reserves or result in commercial mining operations.

Legislation has previously been proposed that would significantly affect the mining industry.

Periodically, members of the U.S. Congress have introduced bills which would supplant or alter the provisions of the U.S. General Mining Law of 1872, which governs the unpatented claims that we control. One such amendment has become law and has imposed a moratorium on patenting of mining claims, which reduced the security of title provided by unpatented claims. Other bills have proposed, among other things, to make permanent the patent moratorium, to impose a federal royalty on production from unpatented mining claims and to declare certain lands as unsuitable for mining. If additional legislation is enacted, it could substantially increase the cost of holding unpatented mining claims by requiring payment of royalties, and could significantly impair our ability to develop mineral estimates on unpatented mining claims. Although it is impossible to predict at this time what royalties may be imposed in the future, the imposition of such royalties could adversely affect the potential for development of such mining claims. Passage of such legislation could adversely affect our business.

We are subject to environmental laws, regulations and permits that may subject us to material costs, liabilities and obligations.

We are subject to environmental laws, regulations and permits in the various jurisdictions in which we operate, including those relating to, among other things, the removal and extraction of natural resources, the emission and discharge of materials into the environment, including greenhouse gas emissions, plant and wildlife protection, remediation of soil and groundwater contamination, reclamation and closure of properties, including tailings and waste impoundments, groundwater quality and availability, and the handling, storage, transport and disposal of wastes and hazardous materials. Pursuant to such requirements we may be subject to inspections or reviews by governmental authorities. Failure to comply with these environmental requirements may expose us to litigation, fines or other sanctions, including the revocation of permits and suspension of operations. We expect we may incur in the future significant capital and other compliance costs related to such requirements. These laws, regulations and permits, and the enforcement and interpretation thereof, change frequently and generally have become more stringent over time.

We could be liable for any environmental contamination at or from our or our predecessors' currently or formerly owned or operated properties or third-party waste disposal sites. Certain environmental laws impose strict joint and

several liabilities for releases of hazardous substances at such properties or sites, without regard to fault or the legality of the original conduct. Accordingly, we may be held responsible for more than our share of the contamination or other damages, up to and including the entire amount of such damages. In addition to potentially significant investigation and remediation costs, such matters can give rise to claims from governmental authorities and other third parties, including for orders, inspections, fines or penalties, natural resource damages, personal injury, property damage, toxic torts and other damages.

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Our costs, liabilities and obligations relating to environmental matters could have a material adverse effect on our financial performance, financial position and results of operations

We are required to obtain, maintain and renew environmental, construction and mining permits, which is often a costly and time-consuming process.

Mining companies, including ours, need many environmental, construction and mining permits, each of which can be time-consuming and costly to obtain, maintain and renew. In connection with our current and future operations, we must obtain and maintain a number of permits that impose strict conditions, requirements and obligations, including those relating to various environmental and health and safety matters. To obtain, maintain and renew certain permits, we may in the future be required to conduct environmental studies, and make associated presentations to governmental authorities, pertaining to the potential impact of our current and future operations upon the environment and to take steps to avoid or mitigate those impacts. Permit terms and conditions can impose restrictions on how we conduct our operations and limit our flexibility in developing our mineral properties. Many of permits are subject to renewal from time to time, and renewed permits may contain more restrictive conditions than our existing permits, including those governing impacts on the environment. In addition, we may be required to obtain new permits, and the grant of such permits may be subject to an expansive governmental review of our operations. Alternatively, we may not be successful in obtaining such permits, which could prevent us from commencing or expanding operations or otherwise adversely affect our business. Renewal of existing permits or obtaining new permits may be more difficult if we are not able to comply with our existing permits. Applications for permits, permit area expansions, and permit renewals can also be subject to challenge by interested parties, which can delay or prevent receipt of needed permits. In addition, the permitting process can vary by jurisdiction in terms of its complexity and likely outcomes. The applicable laws and regulations, and the related judicial interpretations and enforcement policies, change frequently, which can make it difficult for us to obtain and renew permits and to comply with applicable requirements. Accordingly, permits required for our operations may not be issued, maintained or renewed in a timely fashion or at all, may be issued or renewed upon conditions that restrict our ability to conduct our operations economically, or may be subsequently revoked. Any such failure to obtain, maintain or renew permits, or other permitting delays or conditions, including in connection with any environmental impact analyses, could have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to our Common Stock

Trading on the OTC pink sheets may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.

Our common stock is quoted on the OTC pink sheets electronic quotation system. Trading in stock quoted on the OTC pink sheets is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC pink sheets is not a stock exchange, and trading of securities on the OTC pink sheets is often more sporadic than the trading of securities listed on a quotation system like Nasdaq or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of the shares.

We have never paid dividends and have no plans to in the future.

Holders of shares of our common stock are entitled to receive such dividends as may be declared by our board of directors. To date, we have paid no cash dividends on our shares of common stock and we do not expect to pay cash dividends on our common stock in the foreseeable future. We intend to retain future earnings, if any, to provide funds for operation of our business. Therefore, any return investors in our common stock will have to be in the form of appreciation, if any, in the market value of their shares of common stock.

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We have additional securities available for issuance, which, if issued, could adversely affect the rights of the holders of our common stock.

Our Articles of Incorporation authorize the issuance of 200,000,000 shares of our common stock and 200,000,000 shares of blank check preferred stock. The common stock or blank check preferred stock can be issued by our board of directors, without stockholder approval. Any future issuances of our common stock would further dilute the percentage ownership of our common stock held by public shareholders. The Company has filed a certificate of designation for 50,000,000 of the blank check preferred shares previously authorized to be designated as Preferred A shares, described above, which are redeemable at \$01 per share, and convertible to two common shares.

On January 31, 2013, the a majority of the Company's stockholders approved an increase in the authorized common stock from 200,000,000 shares of common stock to 850,000,000 shares of common stock.

If we issue shares of blank check preferred stock with superior rights than our common stock, it could result in the decrease in the value of our common stock and delay or prevent a change in control of us.

Our board of directors is authorized to issue up to 200,000,000 shares of blank check preferred stock. Our board of directors has the power to establish the dividend rates, liquidation preferences, voting rights, redemption and conversion terms and privileges with respect to any series of blank check preferred stock. The issuance of any shares of blank check preferred stock having rights superior to those of the common stock may result in a decrease in the value or market price of the common stock. Holders of blank check preferred stock may have the right to receive dividends, certain preferences in liquidation and conversion rights. The issuance of blank check preferred stock could, under certain circumstances, have the effect of delaying, deferring or preventing a change in control of us without further vote or action by the shareholders and may adversely affect the voting and other rights of the holders of common stock.

On November 14, 2012, the Company approved the terms of Preferred A stock which included a convertibility feature by which each share of Preferred A stock was convertible to two shares of common stock, and carried voting rights as if converted. In January 2013, the Company issued 47,568,500 shares of the Preferred A stock. The Company filed a Certificate of designation for the Preferred A stock with the Secretary of State of Nevada, and on February 13, 2013 filed a definitive 14C statement, with an effective date of March 25, 2013.

Because the SEC imposes additional sales practice requirements on brokers who deal in our shares that are penny stocks, some brokers may be unwilling to trade them. This means that you may have difficulty in reselling your shares and may cause the price of the shares to decline.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the

market value of each penny stock held in the customer's account. The bid and offer quotations and the broker-dealer and salesperson compensation information must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

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In addition to the “penny stock” rules promulgated by the Securities and Exchange Commission, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative, low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

Our stock price is likely to be highly volatile because of several factors, including a limited public float.

The market price of our common stock is likely to be highly volatile because there has been a relatively thin trading market for our stock, which causes trades of small blocks of stock to have a significant impact on our stock price. You may not be able to resell shares of our common stock following periods of volatility because of the market’s adverse reaction to volatility.

Other factors that could cause such volatility may include, among other things:

- actual or anticipated fluctuations in our operating results;
- the absence of securities analysts covering us and distributing research and recommendations about us;
- we expect our actual operating results to continue to fluctuate;
- we may have a low trading volume for a number of reasons, including that a large amount of our stock is closely held;
- overall stock market fluctuations;
- economic conditions generally and in the mining industries in particular;
- announcements concerning our business or those of our competitors or vendors;
- our ability to raise capital when we require it, and to raise such capital on favorable terms;
- conditions or trends in the industry;
- litigation;
- changes in market valuations of other similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships or joint ventures;
- future sales of common stock;

- actions initiated by the SEC or other regulatory bodies;
- departure of key personnel or failure to hire key personnel; and
- general market conditions.
- * convertible note holders have the right to convert the notes to common shares at a discount which could have the effect of depressing the stock price

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Any of these factors could have a significant and adverse impact on the market price of our common stock. In addition, the stock market in general has at times experienced extreme volatility and rapid decline that has often been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock, regardless of our actual operating performance.

ITEM 1B. Unresolved Staff Comments.

None.

ITEM 2. Properties.

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”), a 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.

We received a waiver on the payments of \$2,500 to Castle Creek, making it due on March 31, 2013.

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.

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;
- \$2,500 on or before September 15, 2012 plus five per cent (5%) of any JV&BP;(waived until March 31,2013;

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- \$5,000 on or before September 15, 2013 plus five per cent (5%) of any JV&BP; plus as per the waiver an additional \$1,500;
- \$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.

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

- on or before April 15, 2012, incur not less than an aggregate of \$10,000 in exploration expenditures;
- on or before September 15, 2012, incur not less than an aggregate of \$20,000 in exploration expenditures; (waived until June 20, 2013)
- 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, we will be responsible for the following, in order to maintain our interest in the South Idaho Silver Project:

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 September 15th 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.

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Description of South Idaho Silver Project

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.

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 49 miles 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 claims. 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 3,937 feet above mean sea level. Vegetation consists primarily of sagebrush and short grasses.

Accessibility

The South Idaho Silver Project is readily accessed 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 43 miles to the south to the Oreana turnoff. From there, about 3 miles of paved road and 6 miles 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 5.9 inches per year precipitation. Summer temperatures may rise to 104 degrees Fahrenheit while winter temperatures may fall to as low as 14 degrees Fahrenheit. 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 3,937 feet 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 6 miles. 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 control 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 are 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 gold/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 Induced Polarization(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.

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.

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In 2012 we completed our review and compilation of historical documents, and have revise dour exploration plan note above to two different phases splitting up the forecast drilling program. Current immediate plans are prior to the summer of 2013 to conduct surface sampling and advanced geologic mapping, the costs of which are included in the above budget.

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 “Boulder Hill Claims”). As consideration for the Boulder Hill 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 to us by executing and delivering quitclaim deeds to us.

We received a waiver of the \$25,000 cash payment requirement, such payment is now due in May 2013.

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 (“Boulder Hill 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 “Boulder Hill 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 Metal ferrous 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 Boulder Hill 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 Boulder Hill Option Agreement agreeing to be bound, the same extent as Boulder Hill, to the terms and conditions of the Boulder Hill Option Agreement. As consideration for the Boulder Hill 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, waived until May 2013, and \$25,000 in cash within twenty-four (24) months of the Effective Date, which is December 16, 2013.

The Boulder Hill Assignment Agreement includes customary representations and warranties. Under the terms of the Boulder Hill 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 Boulder Hill 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 Boulder Hill Option Agreement.

The Boulder Hill Option Agreement and assignment of Boulder Hill's right, title and interest, in, to and under the Boulder Hill 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 Boulder Hill 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 Boulder Hill Option Agreement.

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The Boulder Hill 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 joint-venture and buyout payments (hereafter referred to as “JV&BP”), of which an initial payment of \$3,000 is to be made on or before October 30, 2011(\$3,000 was made in January 2012, with the balance of \$17,000 waived until May 2013);
- \$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.

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 August 1, 2012, incur not less than an aggregate of \$49,000 in exploration expenditures(this requirement has been waived untilMay 2013); and
- on or before August 1, 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 Boulder Hill Option Agreement and the following in order to maintain Ebisch’s interest in the Montana Gold Lease:

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

- make advance royalty payments to Ebisch, commencing on July 15, 2015 and continuing on the 15th day of July each and every year thereafter for so long as the Company or its assigns retains its interest in the in order to maintain Ebisch’s interest in the Montana Gold Lease, of \$25,000 per year; 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 July 15th 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 are 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 identified 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 Metalliferous 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.

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.

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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 initially 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 those 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.

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.

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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 any exploration and development program until such time that we are able to secure sufficient financing, however we continued review of historical records for revising the below plan in 2013. 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	\$ 602,800

This exploration plan may change or be terminated depending on the results from each stage of exploration. We project that permitting activities will be prepared after the initial 2013 site visits.

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 “Temasek Option Agreement”). Pursuant to the Temasek 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 its acquisition of all of the outstanding capital stock of Beardmore, if we had fulfilled the following conditions (collectively the “Temasek 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);

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

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 Temasek Option Agreement. By execution of the Settlement Agreement, we no longer held any interest, directly or indirectly, in the Mineral Rights.

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.

Skip Silver Prospect

The Company has staked two unpatented mining claims covering approximately forty acres in Montana in the vicinity of the Baltimore Silver Mine project. The property has no established reserves nor any history of production. The Company has not completed an initial geologic mapping nor a review of historical data on the project. The claims staked are part of ongoing work conducted in 2012 to identify potential mineral prospects for acquisition.

Location and Access

The property is approximately five miles from Boudler, Montana. Access is by unimproved county road.

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Geology

The geology of the area is dominated by the monzonites of the Butte Batholith intruding into the older Elkhorn volcanics, consisting of green-gray welded tuffs and schists. East-westerly striking pyrite-galena bearing quartz veins have been deposited along or near to fault or shear zones in the area with some sericitic alteration. We do not know currently to what extent whether regional fault or shear zones extend onto this prospect.

Climate

The climate is temperate, and the elevation is estimated at 6,000 feet.

Metallurgy

There are no metallurgical testing results available to the Company.

Reserves

There are no established reserves on the property.

Prior Production History

There is no recorded prior production history.

Exploration Plans

The Company intends to follow-up on 2012 site visits and initial surveying conducted for filing the claims by preparing advanced geologic maps, soil sampling, and further review of regional and local geology. The Company intends to actively seek joint-venture partners for the project. We estimate 2013 exploration to begin in May 2013, and our estimated costs for exploration in 2013 range from \$5,000 to \$25,000 depending on financial resources available.

ITEM 3. Legal Proceedings.

None.

ITEM 4. Mine Safety Disclosures.

Not Applicable.

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PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Prices

Our common stock is currently quoted on the OTC pink sheets electronic quotation system under the symbol "FCGD." Prior to February 24, 2011, our shares were quoted on the over-the-counter bulletin board service of the Financial Industry Regulatory Authority (the "OTCBB"). The following table sets forth the range of high and low bid quotations for our common stock for each of the periods indicated as reported by either the OTC pink sheets or OTCBB. These quotations below reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Fiscal Year Ended December 31,
2011

	High	Low Bid
	Bid	

Fiscal Quarter
Ended:

March 31, 2011	\$0.35	\$0.18
June 30, 2011	\$0.20	\$0.12
September 30, 2011	\$0.16	\$0.075
December 31, 2011	\$0.14	\$0.0165

Fiscal Year Ended December 31,
2012

	High	Low Bid
	Bid	

Fiscal Quarter
Ended:

March 31, 2012	\$0.0110	\$0.0055
June 30, 2012	\$0.0110	\$0.0011
September 30, 2012	\$0.0050	\$0.0015
December 31, 2012	\$0.0025	\$0.0010

Holders of Common Stock

As of December 31, 2012, we had approximately one hundred nine (109) holders of record of our common stock. Several other shareholders hold shares in street name. Several other shareholders hold shares in street name; we

estimate that there are approximately 1,200 shareholders in this category.

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Dividend Policy

To date, we have not declared or paid cash dividends on our shares of common stock. The holders of our common stock will be entitled to non-cumulative dividends on the shares of common stock, when and as declared by our board of directors, in its discretion. We intend to retain all future earnings, if any, for our business and do not anticipate paying cash dividends in the foreseeable future.

Any future determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements, general business conditions and such other factors as our board of directors may deem relevant.

Securities Authorized for Issuance under Equity Compensation Plans

Our board of directors adopted the 2007 Stock Incentive Plan (the “Stock Incentive Plan”) in April 2007. The number of shares of common stock issuable under the Stock Incentive Plan was reduced from 10,000,000 shares to 500,000 shares resulting from the one share-for-twenty shares reverse stock split of our Common Stock (“reverse split”) which became effective at the close of business on June 6, 2008. As of December 31, 2011, there were no outstanding awards granted under the Stock Incentive Plan. After an adjustment to give effect to the reverse split, 500,000 shares remain available under the Stock Incentive Plan for future equity grants as of December 31, 2011.

The Stock Incentive Plan authorizes us to grant awards in the form of shares of common stock, including unrestricted shares of common stock; options to purchase shares of common stock; stock appreciation rights or similar rights with a fixed or variable price related to the fair market value of the shares of common stock and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions; any other security with the value derived from the value of the shares of common stock, such as restricted stock and restricted stock units; deferred stock units; dividend equivalent rights; or any combination of the foregoing.

The Stock Incentive Plan allows for the grant of incentive stock options, non-qualified stock options and restricted stock awards. The exercise price of any option shall be determined at the time the option is granted by the board of directors. However, the exercise price may generally not be less than 100 percent of the fair market value of the shares of common stock on the date of the grant. Each option expires on the date determined by the board of directors, but not later than ten years after the grant date. The board of directors may determine in its discretion whether any option shall be subject to vesting and the terms and conditions of any such vesting. The Stock Incentive Plan also provides for the immediate vesting of options, as well as authorizes the board of directors, or any committee thereof, to cancel outstanding options or to make adjustments to the transfer restrictions on those options in the event of certain changes in corporate control of the company. Awards, including options, made under the Stock Incentive Plan are not assignable and also subject to any restrictions and conditions imposed by the board of directors, or any committee thereof.

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The following table sets forth certain information regarding the Stock Incentive Plan as of December 31, 2012:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders	-	-	-
Equity compensation plans not approved by stockholders 1	-	-	500,000
Total	-	-	500,000

1 The Stock Incentive Plan was approved by our board of directors in April 2007 and 500,000 shares remain available for future awards under the Stock Incentive Plan as of December 31, 2012.

Recent Issuances of Unregistered Securities

Other than as described below, there were no issuances of securities without registration under the Securities Act of 1933 during the reporting period which were not previously included in a Quarterly Report on Form 10-Q or Current Report on Form 8-K.

Pursuant to the terms of that certain Assignment and Assumption Agreement (“Assignment Agreement”) we entered into with Castle Creek Silver Inc. (“Castle Creek”), an Idaho corporation, and Robert Ebisch relating to our acquisition of the South Idaho Silver Project, we issued to Castle Creek a total of 1,000,000 shares of our common stock. These shares were issued in a private transaction and issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”) and Regulation S promulgated thereunder. We requested our stock transfer agent to affix appropriate restricted legends to the stock certificate issued to the Castle Creek. Castle Creek was given adequate access to sufficient information about us to make an informed investment decision. Neither we nor anyone acting on our behalf offered or sold these shares by any form of general solicitation or general advertising.

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 “Boulder Hill Claims”). As part of the consideration for the Boulder Hill Claims, we issued Boulder Hill 500,000 restricted shares of our common stock. These shares were issued in a private transaction and issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”) and Regulation S promulgated thereunder. We requested our stock transfer agent to affix appropriate restricted legends to the stock certificate issued to the Boulder Hill. Boulder Hill was given adequate access to sufficient information about us to make an informed investment decision. Neither we nor anyone acting on our behalf offered or sold these shares by any form of general solicitation or general advertising.

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On December 16, 2011, we entered into an Assignment and Assumption Agreement (“Boulder Hill 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 (the “Boulder Hill 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 Metalliferous Gold Lease M-1974-06 dated August 21, 2006 which Ebisch entered into with the State of Montana 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. 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 Boulder Hill Option Agreement agreeing to be bound, the same extent as Boulder Hill, to the terms and conditions of the Boulder Hill Option Agreement. As part of the consideration for the Assignment Agreement, we issued to Boulder Hill 500,000 restricted shares of our common stock. These shares were issued in a private transaction and issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”) and Regulation S promulgated thereunder. We requested our stock transfer agent to affix appropriate restricted legends to the stock certificate issued to the Boulder Hill. Boulder Hill was given adequate access to sufficient information about us to make an informed investment decision. Neither we nor anyone acting on our behalf offered or sold these shares by any form of general solicitation or general advertising.

There were no issuances of unregistered securities in the calendar year ended December 31, 2012. As noted in the footnotes to our financial statements and in our 8k filing dated February 2, 2013 the Company authorized Preferred A stock and on January 31, 2013 shares of preferred A stock was issued to settle \$104,561 in liabilities.

ITEM 6. Selected Financial Data.

Not applicable.

ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements reflecting our current expectations, estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the sections entitled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” appearing elsewhere in this Annual Report on Form 10-K.

For the Years Ended December 31, 2012 and 2011

Revenues

We have not generated any revenues from our operations since our inception. We do not anticipate generating revenues from our operations in the next twelve months.

Operating Expenses

We reported operating expenses in the amount of \$276,967 for the year ended December 31, 2012, compared to operating expenses of \$1,162,182 for the year ended December 31, 2011. Operating expenses were lower for the year ended December 31, 2012, as compared to the year ended December 31, 2011, primarily as a result of decrease in bank and interest charges, and professional fees. This increase was partial offset by an increase in exploration expenditures.

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We incurred bank charges and interest of \$81,007, for the year ended December 31, 2012, compared to \$888,361 for the year ended December 31, 2011. The decrease in bank charges and interest is primarily attributable to the elimination of two convertible promissory notes issued in June 2010 to Temasek as part of the consideration that was provided in exchange for a fifty percent equity interest in Beardmore, an entity which indirectly hold mining rights to properties in Peru, and option to acquire up to a one hundred percent interest in Beardmore. In connection with a settlement and release agreement we entered into in September 2011 that provided for our relinquishment of our fifty percent interest in the outstanding capital stock of Beardmore, our obligations under such outstanding convertible promissory notes with an aggregate principal balance of \$3,500,000 was cancelled.

We incurred a decrease in professional fees to \$58,975 for the year ended December 31, 2012 from professional fees of \$149,632 incurred during the year ended December 31, 2011. The decrease in professional fees is attributable to reduced activities in Latin America and more work done in-house.

Mineral property exploration expenditures for the year ended December 31, 2012 were \$48,889 compared to \$10,978 for the year ended December 31, 2011. Mineral property exploration expenditures incurred related to consulting services for the investigation, review and evaluation of potential exploration and development opportunities, that included unpatented mining claims situated in Lincoln County, Montana and lode mining claims situated in Owyhee County, Idaho which we acquired in December 2011, and the location and staking of the Skip claims in 2012. The increase in mineral property exploration expenditures is attributable to increased exploration activity.

The decrease in operating expenses for the year ended December 31, 2012, as compared to the same period in the prior year, was partially offset by increases in exploration expense, and filing and transfer agent fees. The increasing in filing agrees relates primarily to XBRL consulting fees. We incurred a decrease in consulting and management fees to \$52,750 for the year ended December 31, 2012 from consulting and management fees of \$77,518 for the year ended December 31, 2011. The decrease in consulting and management fees was due to a reduction in the services we retained for both project supervision and administrative management services in Latin America, and more work brought in-house.

Other Items

We reported under other items a writedown of mineral property of \$5,000,000 for the year ended December 31, 2011, as compared to \$33,000 for the year ended December 31, 2012. During the year ended December 31, 2011, we reported a write-down of \$5,000,000 attributable to the disposition the mining rights to properties in Peru indirectly held by Beardmore.

Net (Income) Loss

As a result of the above, for the year ended December 31, 2011 we reported a net loss from continuing operations of \$6,162,182 and a net loss of \$7,931,411 after offsetting \$1,769,229 attributable to the discontinued operations of Beardmore Holdings, Inc. As a result of the above, for the year ended December 31, 2011 we reported a net loss of \$7,931,411. For the year ended December 31, 2012, we reported a net loss of \$309,967.

Basic and Diluted Loss per Share

As a result of the above, the basic and diluted operating loss per common share was \$0.01 and \$0.20 for the years ended December 31, 2012 and December 31, 2011, respectively.

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Liquidity and Capital Resources

At December 31, 2012, we had cash and cash equivalents of nil, compared to \$2,194 at December 31, 2011, and a working capital deficit of \$570,948, compared to a working capital deficit of \$412,025 at December 31, 2011.

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 situated in Owyhee County, Idaho that comprise of the South Idaho Silver Project. Depending on funding availability, our proposed plan of exploration anticipates that we will incur aggregate exploration related expenditures of \$260,000 over the next twelve months, with a total of \$664,000 in exploration planned for the next twenty four months. We have sought and received waivers on project payments due in the year ended December 31, 2012.

In addition to any expenditures related to any exploration activity, our business plan provides for spending of approximately \$15,000 in ongoing general and administrative expenses per month for the next twelve months, for a total anticipated expenditure for general and administrative expenses of \$180,000 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, and management consulting.

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 commence and 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 plan where possible to reduce our working capital deficit by re-negotiating liabilities to reduce via settlement, issuance of common or preferred stock, or issuance of longer term notes. There is no assurance these efforts will be successful.

We may consider entering into a joint venture arrangement to provide the required funding to explore the properties underlying our mineral property interests. 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.

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Cash Used in Operating Activities

Operating activities in the year ended December 31, 2012 and 2011 used cash of \$94,707 and \$194,685, respectively, which reflect our recurring operating losses. Our net loss from continuing operations of \$6,162,182 reported for year ended December 31, 2011 was the primary reason for our negative operating cash flow. Our reporting of negative operating cash flows for the year ended December 31, 2011 was offset by accrued interest of \$885,488, a write down of assets of \$5,000,000 and an increase in accounts payable and accrued liabilities of \$56,013. Our net loss from operating activities of \$276,967 for the year ended December 31, 2012 was the primary reason for our negative operating cash flow.

Cash Used in Investing Activities

For the year ended December 31, 2011, cash flows used in investing activities was \$Nil, as compared to \$Nil used in investing activities during the year ended December 31, 2012.

Cash from Financing Activities

Net cash flows provided by financing activities for the year ended December 31, 2011 was \$137,500, which consisted of \$37,500 related to the issuance of a convertible note to a private party. and \$100,000 as proceeds from the exercise of warrants to acquire 1,000,000 shares. Net cash provided by financing activities for the year ended December 31, 2012 was \$92,500 related to the issuance of a convertible note to a private party.

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 \$35,000 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 (“Common Stock”), 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.

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 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 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.

On December 18, 2012, we issued Asher an unsecured convertible promissory note (the “December 2012 Note”) with a principal amount of \$27,500 with substantially the same terms and conditions as the November 2011 Note. The December 2012 Note has a maturity date of September 20, 2013, at which time interest, accruing at a rate of 8% annually, and principal are to be paid in full.

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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 I, Item 1 of this Annual Report on Form 10-K

Off Balance Sheet Arrangements

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

Going Concern

We have incurred net loss for the period from inception on September 5, 1997 to December 31, 2012 of \$19,087,770 and have no source of revenue. The continuity of our future operations is dependent on our ability to obtain financing and upon future acquisition, exploration and development of profitable operations from our mineral properties. These conditions raise substantial doubt about our ability to continue as a going concern.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most “critical accounting policies” in the Management Discussion and Analysis. The SEC indicated that a “critical accounting policy” is one which is both important to the portrayal of a company’s financial condition and results, and requires management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We believe the following critical accounting estimates affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Mineral property costs

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

Mineral property exploration costs are expensed as incurred.

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

As of the date of these consolidated financial statements, we have not established any proven or probable reserves on our mineral properties and incurred only acquisition and exploration costs.

Although we have 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.

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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. The Company records a beneficial conversion feature related to the issuance of convertible debts that have conversion features at fixed or adjustable rates. The beneficial conversion feature for the convertible instruments is recognized and measured by allocating a portion of the proceeds as an increase in additional paid-in capital and as a reduction to the carrying amount of the convertible instrument equal to the intrinsic value of the conversion features. The beneficial conversion feature will be accreted by recording additional non-cash interest expense over the expected life of the convertible notes.

Foreign currency translation

Our functional and reporting currency is U.S. dollars. Our consolidated financial statements 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. We have not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Recent Accounting Pronouncements

In March 2013, FASB issued Accounting Standards Update (“ASU”) No. 2013-05, “Foreign Currency Matters”. The amendments in this update resolve the diversity in practice about whether Subtopic 810-10, “Consolidation – Overall”, or Subtopic 830-30, “Foreign Currency Matters - Translation of Financial Statements”, applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. In addition, the amendments in this update resolve the diversity in practice for the treatment of business combinations achieved in stages (sometimes also referred to as step acquisitions) involving a foreign entity. ASU No. 2013-05 will be effective for fiscal years, and interim periods within those years, beginning after 15 December 2013, with early adoption permitted, and should be applied retrospectively to all prior periods presented. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

In February 2013, FASB issued ASU No. 2013-04, “Liabilities”. This update requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of: (1) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (2) any additional amount the reporting entity expects to pay on behalf of its co-obligors. ASU No. 2013-04 will be effective for fiscal years, and interim periods within those years, beginning after 15 December 2013, with early adoption permitted. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

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In February 2013, FASB issued ASU No. 2013-02, “Comprehensive Income”. The amendments in this update do not change the current requirements for reporting net income or other comprehensive income in the financial statements. However, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income by component and to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. ASU No. 2013-02 will be effective prospectively for reporting periods beginning on or after 15 December 2012, with early adoption permitted. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

In January 2013, FASB issued ASU No. 2013-01, “Balance Sheet”. The amendments in this update clarify that the scope of ASU 2011-11, “Disclosures about Offsetting Assets and Liabilities,” applies to derivatives accounted for in accordance with Topic 815, “Derivatives and Hedging,” including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement. ASU No. 2013-01 will be effective for fiscal years beginning on or after 1 January 2013 and interim periods within those annual periods, and to be applied retrospectively for all comparative periods presented. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

In July 2012, FASB issued ASU No. 2012-02, “Intangibles – Goodwill and Other”. This update presents an entity with the option to first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with Subtopic 350-30, “Intangibles – Goodwill and Other – General Intangibles Other than Goodwill”. The more-likely-than-not threshold is defined as having a likelihood of more than fifty percent. ASU No. 2012-02 will be effective for annual and impairment tests performed for fiscal years beginning after 15 September 2012, with early adoption permitted. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

ITEM 8. Financial Statements and Supplementary Data.

The financial statements are listed in Part IV Item 15 of this Annual Report on Form 10-K and are incorporated by reference in this Item 8.

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ITEM 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

ITEM 9A. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on their evaluation as of December 31, 2011, and as of December 31, 2012, the end of the period covered by this Annual Report on Form 10-K, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at a reasonable assurance level to ensure that the information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, including this Annual Report, were recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and was accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. The conclusion of our management was based on the material weaknesses described below is Management's Report on Internal Control Over Financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

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In connection with the filing of our Annual Report on Form 10-K, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, our management used the criteria set forth by Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework. Based on our assessment using those criteria, management believes that, as of December 31, 2012, our internal control over financial reporting is not effective based on those criteria because of the material weaknesses discussed below. This assessment was based on the size of our company and the fact that we have only one financial expert on our management team, no independent audit committee and no person on our board of directors that qualifies as an “audit committee financial expert”. Although management believes that the material weakness set forth above has not had an effect on our financial statements, there can be no assurance that this will continue to be the case going forward.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal controls over financial reporting during the quarter ended December 31, 2012, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

The following information sets forth the names of our current director and executive officers, their ages and their present positions.

Name	Age	Position	Served Since
Piero Sutti-Keyser	38	Chief Executive Officer, Director	2011
Gilberto Zapata	31	Chief Financial Officer, Secretary & Treasurer	2012
Robert Van Tassell	77	Director	2006
Gordan Sredl	40	Director	2012

Piero Sutti-Keyser, Chief Executive Officer & Director. Mr. Sutti-Keyser was appointed to serve as a member of our board of directors in October 2011 and has served as our Chief Executive Officer and Principal Executive Officer, since February 24, 2012. In 2005, Mr. Sutti-Keyser joined Sterling Mining de Mexico, S.A. de C.V. as administrative manager for the exploration and production mining company. In 2006 to 2008, Mr. Sutti-Keyser was promoted to country manager for Sterling Mining de Mexico, S.A. de C.V. Since 2008, Mr. Sutti-Keyser has worked as Vice-President responsible for management of administration, acquisition and oversight of exploration programs and as a member of the Board of Directors for LitoMex S.A. de C.V., a privately held exploration mining company in Mexico.

Mr. Sutti-Keyser serves on our board of directors because he has significant experience and expertise in mining administration and management of junior mining exploration activities.

Gilberto Zapata, Chief Financial Officer, Secretary and Treasurer. Mr. Zapata has served as our Chief Financial Officer, Principal Financial Officer, Secretary and Treasurer since February 24, 2012. In 2008, Mr. Zapata joined LitoMex S.A. de C.V., a privately held exploration mining company in Mexico, and currently serves as its Chief

Financial Officer. From 2006 to 2008, Mr. Zapata worked as a general accountant at Sterling Mining De Mexico, an exploration and production mining company in Mexico. Mr. Zapata has also served since January 2010 as a consultant to Santa Fe Metals Corp., a company public traded on the Toronto Stock Ventures Exchange. Mr. Zapata has an MBA from Thunderbird University in Arizona.

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Robert Van Tassell, Director. Mr. Van Tassell has served on our Board of Directors since December 2006. Mr. Van Tassell has been involved in the Canadian mining industry for over fifty years. Before retiring from full-time ventures in 1998, he spent the prior sixteen years (1982-1998) as Vice President of Exploration for the precious metals venture Goldcorp Inc., formerly known as Dickenson Mines. Exploration teams led by Mr. Van Tassell are credited with such discoveries as the Husky Mine, the Minto copper deposit currently being mined by Capstone Mining, and more recently, Goldcorp's High Grade Zone. From 1984 through 1993, Mr. Van Tassell served as a board member of the Prospectors and Developers Association of Canada (PDAC), including as Chairman of the PDAC's Program and Environmental Committees. Mr. Van Tassell also served as a director of the Yukon Chamber of mines for eleven years, two of them as President. He served four terms on the board of the Northern Resource Conferences, two of them as Chairman, and has taught introductory and advanced prospecting courses for the Chamber of Mines. He is a Life Member of the CIM and a member of the Geological Association of Canada.

Mr. Van Tassell has been credited with leading the discovery of mines in Canada and has served as Vice President of Exploration with a leading mining company. Mr. Van Tassell brings to our Board a depth of understanding as to our company's business, history and organization and the various challenges we face in the current economic environment.

Gordan Sredl, Director. Mr. Sredl has served as a director since February 24, 2012. Since 2006, Mr. Sredl has served as Director of Association for Gju Promins, a business association for mining, quarrying, lime and explosives based in the Republic of Croatia. From 2003 to 2006, Mr. Sredl served as a Professional Associate in the Croatian Chamber of Commerce - association of nonmetal and business materials. From 1997 to 2002, Mr. Sredl served as an Assistant with the Croatian geological survey assisting in mapping mineral resources for the Republic of Croatia. Mr. Sredl brings to the Board a wealth of industry experience and this experience is a valued asset to our Board.

Mr. Sredl serves on our board of directors because he has significant experience and expertise in geology as he has received a degree in Geology and has been involved in the mining sector for over ten years.

Our Directors are elected annually and hold office until the next annual meeting of our stockholders or until their successors are elected and qualified. Officers are elected annually and serve at the discretion of the Board of Directors. Board vacancies are filled by a majority vote of the Board.

Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

Audit Committee

We do not have a separately-designated standing audit committee. The Board of Directors performs the functions of an audit committee, but no written charter governs the actions of the Board when performing the functions of that would generally be performed by an audit committee. The Board approves the selection of our independent accountants and meets and interacts with the independent accountants to discuss issues related to financial reporting. In addition, the Board reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants our annual operating results, considers the adequacy of our internal accounting procedures and considers other auditing and accounting matters including fees to be paid to the independent auditor and the performance of the independent auditor.

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Audit Committee Financial Expert

Our Board of Directors examined the Commission's definition of "audit committee financial expert" and concluded that we do not currently have a person that qualifies as such an expert. Currently, there are only two directors serving on our Board, and we are not in a position at this time to attract, retain and compensate additional directors in order to acquire a director who qualifies as an "audit committee financial expert," but we intend to retain an additional director who will qualify as such an expert, as soon as reasonably practicable.

Selection Criteria for Directors

Our board of directors does not maintain a nominating committee. As a result, no written charter governs the director nomination process. The size of the company and the size of the board, at this time, do not require a separate nominating committee.

When evaluating director nominees, our directors consider the following factors:

- The appropriate size of our board of directors;
- Our needs with respect to the particular talents and experience of our directors;
- The knowledge, skills and experience of nominees, including experience in finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the board
;
- Experience in political affairs;
- Experience with accounting rules and practices; and
- The desire to balance the benefit of continuity with the periodic injection of the fresh perspective provided by new board members.

Our goal is to assemble a board that brings together a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the board will also consider candidates with appropriate non-business backgrounds.

Other than the foregoing, there are no stated minimum criteria for director nominees, although the board may also consider such other factors as it may deem are in our best interests. If any member of the board of directors does not wish to continue in service, the board then identifies the desired skills and experience of a new nominee in light of the criteria above. Current members of the board of directors are polled for suggestions as to individuals meeting the criteria described above. Our board of directors will also consider candidates for board membership suggested by our stockholders. It is the policy for our board of directors to consider recommendations for candidates to the board of directors from any stockholder of record in accordance with our bylaws. A director candidate recommended by our stockholders will be considered in the same manner as a nominee recommended by a board member, management or other sources. In addition, a stockholder may nominate a person directly for election to the board of directors at an annual meeting of stockholders, provided the stockholder meets the requirements set forth in our bylaws.

While the board does not have a formal diversity policy, it is our and the board's policy to identify potential candidates without regard to any candidate's race, color, disability, gender, national origin, religion or creed, and we seek to ensure the fair representation of shareholder interests on the board through the criteria set forth above. The board believes that the use of the general criteria set forth above, along with non-discriminatory policies, will best result in a board that shows diversity in many respects.

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Section 16(a) Beneficial Ownership Reporting

Section 16(a) of the Securities Act of 1934, as amended, requires our executive officers and directors, and persons who own more than ten percent (10%) of our common stock, to file with the Securities and Exchange Commission reports of ownership of, and transactions in, our securities and to provide us with copies of those filings. To our knowledge, based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during the year ended December 31, 2012, all filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were complied with, with the following exceptions:

Code of Ethics and Conduct

Our Board of Directors has adopted a Code of Ethics and Conduct that is applicable to all of our employees, officers and directors. Our Code of Ethics and Conduct is intended to ensure that our employees act in accordance with the highest ethical standards.

ITEM 11. Executive Compensation.

The following table presents information concerning the total compensation of the Company's Chief Executive Officer, Chief Financial Officer and the other most highly compensated officers whose total salary and bonus awards exceeded \$100,000 during the last fiscal year (the "Named Executive Officers") for services rendered to the Company in all capacities for the years ended December 31, 2012 and 2011:

Summary Compensation Table

Name (a)	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards \$(1)	All Other Compensation \$(2)	Total (\$)
Pierro Sutti-Keyser, CEO (3)	2012	0	0	0	0	10,000	10,000
Gilberto Zapata, CFO (4)	2012	0	0	0	0	4,750	4,750
Norman Bracht Former CEO (5)	2011	-	-	-	-	13,500	13,500
Tony Langford Former CEO, CFO, Secretary & Treasurer (6)	2011	-	-	-	4,881	42,548	47,429

(1) The amounts in the table reflect the grant date fair value of options awards to the named executive officer in accordance with Accounting Standards Codification Topic 718. The ultimate values of the options awards to the executives generally will depend on the future market price of our common stock, which cannot be forecasted with reasonable accuracy. The actual value, if any that an optionee will realize upon exercise of an option will depend on the excess of the market value of the common stock over the exercise price on the date the option is exercised. See the "Outstanding Equity Awards at Fiscal Year-End" table below for information regarding all outstanding awards.

(2)

The amounts listed under the Column entitled “All Other Compensation” in the “Summary Compensation Table” related to the payment of consulting fees during the period reported.

- (3) Mr. Sutti-Keyser was appointed Chief Executive Officer in February 2012. Mr. Sutti-Keyser received no cash compensation in 2011.
- (4) Mr. Zapata was appointed the Chief Financial Officer in February 2012.
- (4) Mr. Bracht served as our Chief Executive Officer from October 22, 2010 until his death on September 22, 2011.
- (5) Mr. Langford was appointed as our Chief Financial Officer, Secretary, and Treasurer on July 24, 2010 and was appointed as our Chief Executive Officer on October 10, 2011. Mr. Langford resigned from each of these positions on February 24, 2012.

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Compensation Components

Base Salary. At this time, we do not compensate our executive officers by the payment of salaries, but did compensate Mr. Langford for his service as an executive officer in 2011 through the indirect payment fees to a company controlled by Mr. Langford. Mr. Langford is the President and Chief Executive Officer of The Langford Group, Inc. (“Langford Group”). On August 25, 2010, we entered into a Consulting Agreement (the “Agreement”) with Langford Group. The Agreement was effective as of July 24, 2010 and terminated on October 24, 2010. Pursuant to the terms of the Agreement, Langford Group was retained to provide us with financial management services. As compensation for such services, Langford Group received a monthly management fee of \$2,500 U.S. Dollars, payable on the 15th day of the month to which payment of such management fee relates. Despite the termination of the Agreement, we continued to pay Langford Group the monthly management fee of \$2,500 U.S. Dollars for each month that Mr. Langford served as an executive officer. Mr. Langford for his services as a consultant received an additional \$12,548 during the year.

Mr. Bracht was paid \$13,500 in consulting fees for the year ended December 31, 2011.

Bonuses. At this time, we do not compensate our executive officers by the payment of bonus compensation.

Stock Options. Stock option awards are determined by the Board of Directors based on numerous factors, some of which include responsibilities incumbent with the role of each executive to the Company and tenure with the Company. We did not grant any stock options to our executive officers during the years ended December 31, 2012. . In 2011, Mr. Langford, our former Chief Financial Officer received 100,000 options at a strike price of \$0.07 that have an option expiration date of December 10, 2013.

At no time during the last fiscal year was any outstanding option repriced or otherwise modified. There was no tandem feature, reload feature, or tax-reimbursement feature associated with any of the stock options we granted to our executive officers or otherwise.

Outstanding Equity Awards at Fiscal Year-End

The following table contains information regarding outstanding equity awards held at December 31, 2012, by the named executive officers.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards		
		Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Pietro Sutti-Keyser, CEO	75,000	75,000	-	-

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Stock Option Plan

In 2007, our Board adopted the 2007 Stock Incentive Plan (the “Stock Incentive Plan”). The Stock Incentive Plan authorizes us to reserve shares for future grants under it, of which 500,000 shares remain available for issuance.

The Stock Incentive Plan authorizes us to grant (i) to the key employees incentive stock options to purchase shares of common stock and non-qualified stock options to purchase shares of common stock and restricted stock awards, and (ii) to non-employee directors and consultants’ non-qualified stock options and restricted stock. The Plan Administrator will administer the Plan by making recommendations to the board or determinations regarding the persons to whom options or restricted stock should be granted and the amount, terms, conditions and restrictions of the awards.

Incentive stock options granted under the Stock Incentive Plan must have an exercise price at least equal to 100% of the fair market value of the common stock as of the date of grant. Incentive stock options granted to any person who owns, immediately after the grant, stock possessing more than 10% of the combined voting power of all classes of our stock, or of any parent or subsidiary corporation, must have an exercise price at least equal to 110% of the fair market value of the common stock on the date of grant. Non-statutory stock options may have exercise prices as determined by the Plan Administrator.

The Plan Administrator is also authorized to grant restricted stock awards under the Stock Incentive Plan. A restricted stock award is a grant of shares of the common stock that is subject to restrictions on transferability, risk of forfeiture and other restrictions and that may be forfeited in the event of certain terminations of employment or service prior to the end of a restricted period specified by the Plan Administrator.

Equity Compensation Plan Information
as of December 31, 2012

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	-	\$ -	-
Equity compensation plans not approved by security holders	-	\$ -	500,000

Total	-	-	500,000
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Employment Contracts; Termination of Employment and Change-in-Control Arrangements

We do not have any employment agreements with any of our executive officers..

Compensation of Directors

Norman Bracht, who served as both an executive officer and member of our board of directors during 2011, did not receive any compensation for serving on the board of directors. All compensation paid to Mr. Bracht was in consideration for his service as an executive officer and is set forth above in Summary Compensation Table.

The following table provides compensation for non-employee directors who served during fiscal 2012:

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	All Other Compensation (\$)	Total (\$)
Robert Van Tassell	-	-	-	-
Piero Sutti-Keyser (2)	-	-	10,000	10,000
Gordon Sredl (3)	-	-	11,017	11,017

(1) The amounts in the table reflect the grant date fair value of option awards to the named directors in accordance with Accounting Standards Codification Topic 718. The ultimate values of the options awards to directors generally will depend on the future market price of our common stock, which cannot be forecasted with reasonable accuracy. The actual value, if any that an optionee will realize upon exercise of an option will depend on the excess of the market value of the common stock over the exercise price on the date the option is exercised.

(2) During the year ended December 31, 2012, Mr. Sutti-Keyser, who also serves as our Chief Executive Officer, received \$10,000 pursuant to a consulting agreement with the Company. This compensation is disclosed in the Executive Compensation Table above.

(3) During the year ended December 31, 2012, the Company recorded invoices for the geological services of Mr. Sredl

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth, as of January 31, 2013, the number and percentage of outstanding shares of common stock beneficially owned by (a) each person known by us to beneficially own more than five percent of such stock, (b) each director of the Company, (c) each named officer of the Company, and (d) all our directors and executive officers as a group. We have no other class of capital stock outstanding.

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Name	Number of Shares of Common	Number of Shares of Preferred (1)	Total Number of Voting Shares	Percentage (2)
Officers & Directors:				
Pierro Sutti-Keyser, Chief Executive Officer & Director	100,000	4,545,600	9,191,200	4.86%
Gilberto Zapata, Director	-0-	2,000,000	4,000,000	4.25%
Gordon Sredl, Director	-0-	4,000,000	8,000,000	4.23%
5% or Greater:				
Brookville Enterprises	-0-	8,250,000	16,500,000	8.72%
Camilo Velasquez	200,000	6,000,000	12,200,000	6.45%
Nikolai Terry	-0-	8,000,000	16,000,000	8.46%
Nevada Mineralfields, Inc.	-0-	8,000,000	16,000,000	8.46%
TOTAL	300,000	40,795,600	81,891,200	43.31%

- (1) 1 share of Class A Preferred Convertible Share is equal to the vote of 2 shares of common stock.
- (2) Based upon 93,917,330 shares of common stock issued and outstanding on January 31, 2013 and the Class A Preferred Convertible Shares having a voting equivalent of 95,137,000 shares of common stock for total voting shares of 189,054,330.
- (3) Unless otherwise provided, the address of each person is c/o Carrera 49 No. 51-11 Suite 402, Copacabana, Antioquia, Colombia.

The above beneficial ownership information is based on information furnished by the specified persons and is determined in accordance with Rule 13d-3 under the Exchange Act, as required for purposes of this annual report; accordingly, it includes shares of First Colombia Gold Corp. common stock that are issuable upon the exercise of stock options exercisable within 60 days of January 31, 2013. Such information is not necessarily to be construed as an admission of beneficial ownership for other purposes.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

Except as set forth below, none of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction since the beginning of our last fiscal year on January 1, 2011 or in any presently proposed transaction which, in either case, has or will materially affect us.

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.

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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 its 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 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 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.

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.

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Options Issued to Officers & Directors

There were no options issued during the year ended December 31, 2012.

Preferred Shares Issued to Officers & Directors

In February 2013, the Company's Chief Executive Officer, Mr. Sutti-Keyser and its directors, Mr. Zapata and Sredl, received a total of 14,682,100 shares with a deemed market value of \$32,300 to settle liabilities of approximately \$32,300.

Director Independence

Our board of directors undertook its annual review of the independence of the directors and considered whether any director had a material relationship with us or our management that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, the board of directors affirmatively determined that Mr. Robert Van Tassell and Mr. Gordan Sredl are each "independent" as such term is used under the rules and regulations of the Securities and Exchange Commission. Mr. Sutti-Keyser, as Chief Executive Officer of the Company, is not considered to be "independent."

ITEM 14. Principal Accounting Fees and Services.

The following table is a summary of the fees billed to us by James Stafford, Chartered Accountants for professional services for the fiscal year ended December 31, 2012 and for professional services for the fiscal year ended December 31, 2011:

Fee Category	Fiscal 2012 Fees	Fiscal 2011 Fees
Audit Fees	\$ 24,258	\$ 17,848
Audit-Related Fees	\$ 9,365	\$ 14,080
Tax Fees	-	-
AlloOther Fees	-	-
Total Fees	\$ 33,623	\$ 31,928

Audit Fees. Consists of fees billed for professional services rendered for the audit of our consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by our independent registered public accounting firms in connection with statutory and regulatory filings or engagements.

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Audit-Related Fees. Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under “Audit Fees.” These services include accounting consultations in connection with acquisitions and consultations concerning financial accounting and reporting standards.

During fiscal 2012 or 2011, our independent registered public accounting firm did not bill us for any Tax Fees or Other Fees.

Our practice is to consider and approve in advance all proposed audit and non-audit services to be provided by our independent registered public accounting firm.

The audit report of James Stafford, Chartered Accountants on the consolidated financial statements of the Company for the years ended December 31, 2012 and 2011 did not contain an adverse opinion or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles, except that the audit reports on the consolidated financial statements of the Company for the fiscal years ended December 31, 2012 and December 31, 2011 contained an uncertainty about the Company’s ability to continue as a going concern.

During our fiscal years ended December 31, 2012 and 2011, there were no reportable events (as described in Item 304(a)(1)(v) of Regulation S-K).

PART IV

ITEM 15. Exhibits, Financial Statement Schedules.

The following is a complete list of exhibits filed as part of this Form 10K. Exhibit number corresponds to the numbers in the Exhibit table of Item 601 of Regulation S-K.

Exhibit

Number Description

- | | |
|-----|--|
| 2.1 | Articles of Merger (filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed May 27, 2008, and incorporated herein by reference) |
| 2.2 | Agreement and Plan of Merger (filed as Exhibit 2.2 to the Company’s Current Report on Form 8-K filed May 27, 2008, and incorporated herein by reference) |
| 2.3 | Articles of Merger (filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed November 9, 2010, and incorporated herein by reference) |
| 2.4 | Agreement and Plan of Merger (filed as Exhibit 2.2 to the Company’s Current Report on Form 8-K filed November 9, 2010, and incorporated herein by reference) |

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Exhibit Number	Description
3.1	Articles of Incorporation (filed as Exhibit 3.1 to the Company's Form 10 Registration Statement (SEC File No. 000-51203, and incorporated herein by reference)
3.2	Certificate of Amendment to Articles of Incorporation, evidencing name change to "FinMetal Mining Ltd. " (filed as Exhibit 3.3 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007, and incorporated herein by reference)
3.3	Certificate of Change Pursuant to NRS 78.209 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed May 27, 2008, and incorporated herein by reference)
3.4	Amended and Restated By-laws of the Company (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 2, 2008, and incorporated herein by reference)
3.5	Amendment to the Articles of Incorporation of the Company, dated February __, 2013, filed herewith.
4.1	Convertible Promissory Note Issued November 23, 2011 by the Company to Asher Enterprises, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed December 7, 2011, and incorporated herein by reference)
4.2	Convertible Promissory Note Issued March 16, 2012 by the Company to Asher Enterprises, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed April 3, 2012, and incorporated herein by reference)
4.3	Certificate of Designation of Class A Preferred Convertible Stock (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 15, 2012, and incorporated herein by reference)
4.4	Convertible Promissory Note Issued June 6, 2012 by the Company to Asher Enterprises, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 9, 2012, and incorporated herein by reference)
4.5	Convertible Promissory Note Issued December 18, 2012 by the Company to Asher Enterprises, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed February 4, 2013, and incorporated herein by reference)
10.1	Agreement between the Company and Sapo Holdings SA dated April 1, 2011 (filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and incorporated herein by reference)
10.2	Mineral Right Option Agreement between the Company and Temasek Investments Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 22, 2008, and incorporated herein by reference)

- | | |
|------|--|
| 10.3 | Amendment to Mineral Right Option Agreement between the Company and Temasek Investments, Inc. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 20, 2009, and incorporated herein by reference) |
| 10.4 | Second Amendment to Mineral Right Option Agreement, dated February 3, 2010 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 3, 2010, and incorporated herein by reference) |
| 10.5 | Third Amendment to Mineral Right Option Agreement, dated June 25, 2010 (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed June 29, 2010, and incorporated herein by reference) |
| 10.6 | Consulting Agreement, dated as of August 25, 2010, between the Company and The Langford Group, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 26, 2010, and incorporated herein by reference) |
| 10.7 | 2007 Stock Incentive Plan. (filed as Exhibit 10.6 to the Company's Annual Report on Form 10KSB for the Year ending December 31, 2007, and incorporated herein by reference) |
| 10.8 | Settlement and Mutual Release Agreement, dated as of September 21, 2011, between the Company and Temasek Investments Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 23, 2011, and incorporated herein by reference) |

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Exhibit Number	Description
10.9	Securities Purchase Agreement, dated November 23, 2011, between the Company and Asher Enterprises, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 7, 2011, and incorporated herein by reference)
10.10	Assignment and Assumption Agreement, dated December 6, 2011, by and among the Company, Castle Creek Silver Inc. and Robert Ebisch (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 22, 2011, and incorporated herein by reference)
10.11	Purchase and Sale Agreement, dated December 16, 2011, by and among the Company and Boulder Hill Mines Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 22, 2011, and incorporated herein by reference)
10.12	Assignment and Assumption Agreement, dated December 16, 2011, by and among the Company, Boulder Hill Mines Inc. and Jim Ebisch (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed December 7, 2011, and incorporated herein by reference)
10.13	Securities Purchase Agreement, dated March 16, 2012, between the Company and Asher Enterprises, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 3, 2012, and incorporated herein by reference)
14.1	Code of Ethics and Code of Conduct. (filed as Exhibit 14.1 to the Company's Annual Report on Form 10KSB for the Year ending December 31, 2005, and incorporated herein by reference)
31.1	<u>Certificate of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certificate of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certificate of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certificate of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101	The following materials from Z Trim Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011,

formatted in XBRL (eXtensible Business Reporting Language): (i) the Balance Sheets, (ii) the Statements of Operations, (iii) the Statements of Stockholders Equity, (iv) the Statements of Cash Flows and (v) the Notes to Financial Statements, tagged as blocks of text, furnished herewith.*

101.INS

XBRL Instance Document *

101.SCH

XBRL Taxonomy Extension Schema Document *

101.CAL

XBRL Taxonomy Extension Calculation Linkbase Document *

101.LAB

XBRL Taxonomy Extension Label Linkbase Document *

101.PRE

XBRL Taxonomy Extension Presentation Linkbase Document *

101.DEF

XBRL Taxonomy Extension Definition Linkbase Document *

* Pursuant to Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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Consolidated Statements of Operations for the Years Ended December 31, 2012, 2011 and 2010 and from Inception on September 5, 1997 to December 31, 2012	F-3
Consolidated Statements of Changes in Stockholders' Equity from Inception on September 5, 1997 to December 31, 2012	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 2012, 2011 and 2010 and from Inception on September 5, 1997 to December 31, 2012	F-5
Notes to Consolidated Financial Statements	F-6

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders' of
First Colombia Gold Corp.
(An Exploration Stage Company)

We have audited the accompanying consolidated balance sheets of First Colombia Gold Corp. (An Exploration Stage Company) (the "Company") as of 31 December 2012 and 2011 and the related consolidated statements of operations, cash flows and changes in stockholders' equity (deficiency) for each of the years in the three-year period ended 31 December 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at 31 December 2012 and 2011 and the consolidated results of its operations and its cash flows for each of the years in the three-year period ended 31 December 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, conditions exist which raise substantial doubt about the Company's ability to continue as a going concern unless it is able to generate sufficient cash flows to meet its obligations and sustain its operations. Management's plans in regards to these matters are also

described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ James Stafford
James Stafford
Chartered Accountants
Vancouver, Canada
26 March 2013

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First Colombia Gold Corp.
 (An Exploration Stage Company)
 Consolidated Balance Sheets
 (Expressed in U.S. Dollars)

	As at 31 December 2012 \$	As at 31 December 2011 \$
Assets		
Current		
Cash and cash equivalents	-	2,194
Amounts receivable (Note 6)	27,500	-
	27,500	2,194
Mineral property interests (Note 3)	32,500	65,500
Property and equipment (Note 4)	5,874	8,391
	65,874	76,085
Liabilities		
Current		
Bank indebtedness	13	-
Accounts payable and accrued liabilities (Note 5)	528,255	400,797
Convertible promissory notes (Note 6)	69,730	13,422
	597,998	414,219
Stockholders' deficiency		
Common stock (Note 8)		
Authorized		
200,000,000 common shares, par value \$0.00001		
150,000,000 blank check preferred shares, no par value		
50,000,000 designated class A preferred shares, par value \$0.001		
Issued and outstanding		
31 December 2012 – 83,686,238 common shares, par value \$0.00001		
31 December 2011 – 41,503,585 common shares, par value \$0.00001	837	415
Additional paid in capital	18,554,809	18,439,254
Deficit, accumulated during the exploration stage	(19,087,770)	(18,777,803)
	(532,124)	(338,134)

65,874

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 consolidated financial statements.

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First Colombia Gold Corp.
 (An Exploration Stage Company)
 Consolidated Statements of Operations
 (Expressed in U.S. Dollars)

	For the period from the date of inception on 5 September 1997 to 31 December 2012 (Unaudited) \$	For the year ended 31 December 2012 \$	For the year ended 31 December 2011 \$	For the year ended 31 December 2010 \$
Expenses				
Amortization – property and equipment (Note 4)	43,735	2,517	3,597	5,137
Amortization – website development cost	40,001	-	-	10,833
Bank charges and interest (Note 6)	1,642,055	81,007	888,361	663,090
Consulting and management fees (Note 7)	5,341,682	52,750	77,518	280,122
Foreign exchange (gain) loss	19,657	-	(16)	1,074
Investor communication and promotion	632,746	175	-	14,000
Office and administrative (recovery)	110,794	1,117	(6,141)	(131)
Professional fees (Note 7)	873,268	58,975	149,632	88,450
Rent	57,016	600	-	2,000
Stock-based compensation (Note 8)	22,399	-	22,399	-
Telephone	54,659	-	-	-
Transfer agent and filing fees	100,520	30,937	15,854	11,439
Travel and accommodation	377,754	-	-	-
Website maintenance	86,000	-	-	20,000
Mineral property exploration expenditures (Note 3)	5,103,074	48,889	10,978	-
Net operating loss before other items	(14,505,360)	(276,967)	(1,162,182)	(1,096,014)
Other items				
Forgiveness of debt	39,000	-	-	-
Gain on sale of oil and gas property	10,745	-	-	-
Interest income	102,561	-	-	-

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Recovery of expenses	4,982	-	-	-
Write-down of mineral property interests (Note 3)	(5,033,000)	(33,000)	(5,000,000)	-
Write-down of incorporation cost	(12,500)	-	-	-
Write-down of assets	(14,111)	-	-	-
Net operating loss before income taxes	(19,407,683)	(309,967)	(6,162,182)	(1,096,014)
Future income tax recovery (Note 11)	2,319,871	-	-	-
Net operating loss from continuing operations	(17,087,812)	(309,967)	(6,162,182)	(1,096,014)
Discontinued operations of Beardmore Holdings, Inc. (Note 13)	(1,999,958)	-	(1,769,229)	(36,174)
Net operating loss and comprehensive loss for the period	(19,087,770)	(309,967)	(7,931,411)	(1,132,188)
Loss per common share – basic and diluted				
Continuing operations		(0.01)	(0.16)	(0.03)
Discontinued operations		(0.00)	(0.04)	(0.00)
Loss and comprehensive loss		(0.01)	(0.20)	(0.03)
Weighted average number of common shares – basic and diluted		50,700,942	39,484,460	31,638,831

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

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First Colombia Gold Corp.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in U.S. Dollars)

	For the period from the date of inception on 5 September 1997 to 31 December 2012 (Unaudited) \$	For the year ended 31 December 2012 \$	For the year ended 31 December 2011 \$	For the year ended 31 December 2010 \$
Cash flows used in operating activities				
Loss from continuing operations	(17,087,812)	(309,967)	(6,162,182)	(1,096,014)
Adjustments:				
Amortization	83,736	2,517	3,597	15,970
Accrued interest	1,625,766	79,785	885,488	660,493
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)	-	-	-
Mineral property acquisition	1,816,000	-	-	-
Stock-based compensation	3,609,399	-	22,399	-
Write-down of mineral property interests	5,033,000	33,000	5,000,000	-
Changes in operating assets and liabilities				
Amounts receivable	(27,500)	(27,500)	-	-
Accounts payable and accrued liabilities	528,175	127,458	56,013	(418,394)
Net cash used in continuing operating activities	(6,733,652)	(94,707)	(194,685)	(837,945)
Net cash used in discontinued operations	(186,440)	-	(10,640)	(36,250)
Cash flows from financing activities				
Bank indebtedness	13	13	-	-
Cost of repurchase of common stock	(1,000)	-	-	-
Convertible loan	130,000	92,500	37,500	-
Warrants exercised	100,000	-	100,000	-
Issuance of common stock, net of share issue costs	8,311,915	-	-	1,940,000

Net cash provided by continuing financing activities	8,540,928	92,513	137,500	1,940,000
Cash flows used in investing activities				
Proceeds from sale of oil and gas property	46,200	-	-	-
Oil and gas property acquisitions	(2,846)	-	-	-
Oil and gas exploration	(22,609)	-	-	-
Mineral property acquisition	(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)	-	-	(1,000,000)
Increase (decrease) in cash and cash equivalents	-	(2,194)	(67,825)	65,805
Cash and cash equivalents, beginning of period	-	2,194	70,019	4,214
Cash and cash equivalents, end of period	-	-	2,194	70,019

Supplemental Disclosures with Respect to Cash Flows (Note 12)

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

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First Colombia Gold Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Stockholders' Equity (Deficiency)

(Expressed in U.S. Dollars)

For the Period from Inception to the Year Ended 31 December 2008 (Unaudited)

For the Years Ended 31 December 2009 to 2012 (Audited)

	Number of shares issued	Common stock \$	Additional paid-in capital \$	Deficit, accumulated during the exploration stage \$	Total stockholders' equity (deficiency) \$
Balance at 5 September 1997 (inception)	-	-	-	-	-
Common shares issued for cash (\$0.25 per share)	4,000	1	999	-	1,000
Net loss for the period	-	-	-	(2,522)	(2,522)
Balance at 30 September 1997	4,000	1	999	(2,522)	(1,522)
Common shares issued for acquisition of oil and gas properties (\$25 per share)	400	-	10,000	-	10,000
Common shares issued for cash (\$0.25 per share)	4,000	1	999	-	1,000
Net loss for the year	-	-	-	(1,246)	(1,246)
Balance at 30 September 1998	8,400	2	11,998	(3,768)	8,232
Common shares issued for cash (\$25 per share)	4,000	1	99,999		100,000
Common shares repurchased for cash (\$0.25 per share)	(4,000)	(1)	(999)	-	(1,000)
Net loss for the year	-	-	-	(9,569)	(9,569)
Balance at 30 September 1999	8,400	2	110,998	(13,337)	97,663
Net loss for the year	-	-	-	(34,290)	(34,290)
Balance at 30 September 2000	8,400	2	110,998	(47,627)	63,373
Net loss for the year	-	-	-	(14,296)	(14,296)
Balance at 30 September 2001	8,400	2	110,998	(61,923)	49,077
Net income for the year	-	-	-	10,954	10,954
Balance at 30 September 2002	8,400	2	110,998	(50,969)	60,031
Net income for the year	-	-	-	2,387	2,387

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Balance at 30 September 2003	8,400	2	110,998	(48,582)	62,418
Common shares issued for cash (\$1.50 per share) and for services (\$6 per share)	8,569	1	62,699	-	62,700
Donated capital	-	-	5,000	-	5,000
Net loss for the year	-	-	-	(64,175)	(64,175)
Balance at 30 September 2004	16,969	3	178,697	(112,757)	65,943
Donated capital	-	-	3,000	-	3,000
Net loss for the period	-	-	-	(7,750)	(7,750)
Balance at 31 December 2004	16,969	3	181,697	(120,507)	61,193
Common shares repurchased (\$0.25 per share)	(4,000)	(1)	(999)	-	(1,000)
Donated capital	-	-	8,200	-	8,200
Net loss for the year	-	-	-	(40,652)	(40,652)
Balance at 31 December 2005	12,969	2	188,898	(161,159)	27,741

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

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First Colombia Gold Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Stockholders' Equity (Deficiency)

(Expressed in U.S. Dollars)

For the Period from Inception to the Year Ended 31 December 2008 (Unaudited)

For the Years Ended 31 December 2009 to 2012 (Audited)

	Number of shares issued	Common stock \$	Additional paid-in capital \$	Deferred stock-based compensation \$	Share subscriptions received in advance \$	Deficit, accumulated during the exploration stage \$	Non- controlling interest \$	Total stockholders' equity (deficiency) \$
Balance at 31 December 2005	12,969	2	188,898	-	-	(161,159)	-	27,741
C o m m o n shares issued for c a s h (\$0.125 per share)	1,200,000	12	149,988	-	-	-	-	150,000
Common shares cancelled	(8,467)	(1)	1	-	-	-	-	-
Common shares issued for purchase of Finmetal OY (deemed at \$25.60 per share)	50,000	1	1,279,999	-	-	-	-	1,280,000
Common shares issued as stock-based compensation (deemed at \$24.80 per share)	97,500	1	2,417,999	(2,321,280)	-	-	-	96,720
C o m m o n shares issued for cash (\$10 per share)	279,950	2	2,799,498	-	-	-	-	2,799,500
Share issue costs	-	-	(254,500)	-	-	-	-	(254,500)
Net loss for the year	-	-	-	-	-	(2,506,896)	-	(2,506,896)

Balance at 31 December 2006	1,631,952	17	6,581,883	(2,321,280)	-	(2,668,055)	-	1,592,565
Common shares issued for cash (\$25 per unit)	121,800	1	2,944,578	-	-	-	-	2,944,579
Share issue costs	-	-	(212,450)	-	-	-	-	(212,450)
Warrants issued	-	-	100,421	-	-	-	-	100,421
Common shares issued as stock-based compensation (deemed at \$29 per share)	46,250	1	1,341,249	(1,341,250)	-	-	-	-
Common shares issued for finder's fee for mineral interests (deemed at \$26.80) per share	20,000	1	535,999	-	-	-	-	536,000
Stock-based compensation	-	-	3,023,282	2,936,734	-	-	-	5,960,016
Stock awards cancelled	(97,500)	(1)	1	-	-	-	-	-
Net loss for the year	-	-	-	-	-	(9,511,457)	-	(9,511,457)
Balance at 31 December 2007	1,722,502	18	14,314,963	(725,796)	-	(12,179,512)	-	1,409,674
Stock-based compensation	-	-	-	725,796	-	-	-	725,796
Stock awards cancelled	(31,250)	(1)	1	-	-	-	-	-
Stock options forfeited	-	-	(3,245,532)	-	-	-	-	(3,245,532)
Common shares issued for acquisition of mineral rights (\$0.25 per share) (Notes 3, 8, 12 and 13)	2,500,000	25	624,975	-	-	-	-	625,000
	-	-	-	-	613,583	-	-	613,583

S h a r e subscriptions received in advance								
Net income for the year	-	-	-	-	983,065	-	983,065	
Balance at 31 December 2008								
	4,191,252	42	11,694,408	-	613,583	(11,196,447)	-	1,111,586
Common shares issued for cash (\$0.15 per unit) (Note 8)								
	5,412,333	54	811,796	-	(613,583)	-	-	198,267
Share issue costs								
	-	-	(81,185)	-	-	-	-	(81,185)
Common shares issued for acquisition of mineral rights (\$0.11 per share) (Notes 3, 8, 12 and 13)								
	3,500,000	35	384,965	-	-	-	-	385,000
Business acquisition (Note 13)								
	-	-	-	-	-	-	3,375,000	3,375,000
Net income for the year	-	-	-	-	-	1,482,243	-	1,482,243
Balance at 31 December 2009								
	13,103,585	131	12,809,984	-	-	(9,714,204)	3,375,000	6,470,911

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First Colombia Gold Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Stockholders' Equity (Deficiency)

(Expressed in U.S. Dollars)

For the Period from Inception to the Year Ended 31 December 2008 (Unaudited)

For the Years Ended 31 December 2009 to 2012 (Audited)

	Number of shares issued	Common stock \$	Additional paid-in capital \$	Deficit, accumulated during the exploration stage \$	Non- controlling interest \$	Total stockholders' equity (deficiency) \$
Balance at 31 December 2009	13,103,585	131	12,809,984	(9,714,204)	3,375,000	6,470,911
Business acquisition (\$0.25 per share) (Notes 3, 8 and 12)	5,000,000	50	1,239,950	-	(1,125,000)	115,000
Common shares issued for cash (\$0.10 per unit) (Note 8)	18,750,000	188	1,015,720	-	-	1,015,908
Warrants issued (Note 8)	-	-	859,092	-	-	859,092
Warrants exercised (Note 8)	1,650,000	16	164,984	-	-	165,000
Share issue costs	-	-	(100,000)	-	-	(100,000)
Beneficial conversion feature (Notes 6 and 12)	-	-	2,240,000	-	-	2,240,000
Net loss for the year	-	-	-	(1,132,188)	-	(1,132,188)
Balance at 31 December 2010	38,503,585	385	18,229,730	(10,846,392)	2,250,000	9,633,723
Common shares issued for acquisition of the Boulder Hill Claims and Project (\$0.03 per share) (Notes 3, 8 and 12)	1,000,000	10	29,990	-	-	30,000
Common shares issued for acquisition of the South Idaho Silver Project (\$0.03 per share) (Notes 3, 8 and 12)	1,000,000	10	29,990	-	-	30,000
Warrants exercised (Note 8)	1,000,000	10	99,990	-	-	100,000
Disposal of investment in Beardmore Holdings, Inc. (Notes 3 and 13)	-	-	-	-	(2,250,000)	(2,250,000)
Beneficial conversion feature (Note 6)	-	-	27,155	-	-	27,155
Stock-based compensation (Note 8)	-	-	22,399	-	-	22,399
Net loss for the year	-	-	-	(7,931,411)	-	(7,931,411)
Balance at 31 December 2011	41,503,585	415	18,439,254	(18,777,803)	-	(338,134)
	42,182,653	422	34,478	-	-	34,900

Common shares issued on
conversion of convertible
promissory note) (Notes 6 and
8)

Beneficial conversion feature (Note 6)	-	-	81,077	-	-	81,077
Net loss for the year	-	-	-	(309,967)	-	(309,967)
Balance at 31 December 2012	83,686,238	837	18,554,809	(19,087,770)	-	(532,124)

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

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First Colombia Gold Corp.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
31 December 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 principal operations have not commenced and no revenue has been derived during the organization period.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company’s continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify the title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

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

The accompanying 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.

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First Colombia Gold Corp.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
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31 December 2012

The Company's consolidated financial statements as at 31 December 2012 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

The Company had a net loss of \$309,967 for the year ended 31 December 2012 (2011– \$7,931,411, 2010 – \$1,132,188, cumulative – \$19,087,770) and has a working capital deficit of \$570,498 at 31 December 2012 (2011 – \$412,025), but 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. The Company's solvency, ability to meet its liabilities as they become due and to continue its operations, is essentially solely dependent on funding provided by Asher Enterprises, Inc. ("Asher"). If Asher is unwilling to provide ongoing funding to the Company and/or if the Company is unable to raise additional capital in the immediate future, the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. This material uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern including adjustments related to employee severance pay and other costs related to ceasing operations.

2. Significant Accounting Policies

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

Principles of consolidation

All inter-company balances and transactions have been eliminated in these 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 31 December 2012, the Company had bank indebtedness in the amount of \$13 (2011 – cash and cash equivalents of \$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.

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First Colombia Gold Corp.
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Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
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Mineral property costs

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

Mineral property exploration costs are expensed as incurred.

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

As of the date of these 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 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.

Comparative figures

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

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First Colombia Gold Corp.
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Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
31 December 2012

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 31 December 2012, the Company did not have items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the consolidated financial statements.

Foreign currency translation

The Company’s functional and reporting currency is U.S. dollars. The 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 consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

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 stock-based compensation. The adoption of ASC 718 did not change the way the Company accounts for stock-based payments to non-employees, with guidance provided by ASC 505-50, “Equity-Based Payments to Non-Employees”.

Basic and diluted 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 stockholders (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.

Financial instruments

The carrying value of amounts receivable, bank indebtedness, 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.

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First Colombia Gold Corp.
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Income taxes

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

Long-lived assets impairment

Long-term assets of the Company are reviewed for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable, pursuant to guidance established in ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets". Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

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

Convertible debt

The Company has adopted ASC 470-20, "Debt with Conversion and Other Options" and applies this guidance retrospectively to all periods presented upon those fiscal years. The Company records a beneficial conversion feature related to the issuance of convertible debts that have conversion features at fixed or adjustable rates. The beneficial conversion feature for the convertible instruments is recognized and measured by allocating a portion of the proceeds as an increase in additional paid-in capital and as a reduction to the carrying amount of the convertible instrument equal to the intrinsic value of the conversion features. The beneficial conversion feature will be accreted by recording additional non-cash interest expense over the expected life of the convertible notes.

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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Recent Accounting Pronouncements

In March 2013, FASB issued Accounting Standards Update (“ASU”) No. 2013-05, “Foreign Currency Matters”. The amendments in this update resolve the diversity in practice about whether Subtopic 810-10, “Consolidation – Overall”, or Subtopic 830-30, “Foreign Currency Matters - Translation of Financial Statements”, applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. In addition, the amendments in this update resolve the diversity in practice for the treatment of business combinations achieved in stages (sometimes also referred to as step acquisitions) involving a foreign entity. ASU No. 2013-05 will be effective for fiscal years, and interim periods within those years, beginning after 15 December 2013, with early adoption permitted, and should be applied retrospectively to all prior periods presented. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

In February 2013, FASB issued ASU No. 2013-04, “Liabilities”. This update requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of: (1) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (2) any additional amount the reporting entity expects to pay on behalf of its co-obligors. ASU No. 2013-04 will be effective for fiscal years, and interim periods within those years, beginning after 15 December 2013, with early adoption permitted. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

In February 2013, FASB issued ASU No. 2013-02, “Comprehensive Income”. The amendments in this update do not change the current requirements for reporting net income or other comprehensive income in the financial statements. However, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income by component and to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. ASU No. 2013-02 will be effective prospectively for reporting periods beginning on or after 15 December 2012, with early adoption permitted. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

In January 2013, FASB issued ASU No. 2013-01, “Balance Sheet”. The amendments in this update clarify that the scope of ASU 2011-11, “Disclosures about Offsetting Assets and Liabilities,” applies to derivatives accounted for in accordance with Topic 815, “Derivatives and Hedging,” including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement. ASU No. 2013-01 will be effective for fiscal years beginning on or after 1 January 2013 and interim periods within those annual periods, and to be applied retrospectively for all comparative periods

presented. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

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In July 2012, FASB issued ASU No. 2012-02, “Intangibles – Goodwill and Other”. This update presents an entity with the option to first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with Subtopic 350-30, “Intangibles – Goodwill and Other – General Intangibles Other than Goodwill”. The more-likely-than-not threshold is defined as having a likelihood of more than fifty percent. ASU No. 2012-02 will be effective for annual and impairment tests performed for fiscal years beginning after 15 September 2012, with early adoption permitted. The Company does not expect the adoption of this update will have a material effect on its consolidated financial statements.

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 (unpaid, waived until 5 May 2013) (Notes 9 and 15); and
- Pay \$25,000 in cash by 16 December 2013.

During the year ended 31 December 2012, the Company recorded a write-down of mineral property in the amount of \$15,000 (2011 - \$Nil, 2010 - \$Nil, cumulative - \$15,000) related to the Boulder Hill Claims (Note 12).

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 E”) and Ryan Riech (“Riech”)

James E and Riech, under the terms of the Option Agreement, hold the mining and mineral rights to a certain Montana State Metalliferous 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 “Boulder Hill 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 E as the sole owner of the Montana Gold Lease.

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On 16 December 2011 (the “Effective Date”), the Company entered into an Assignment and Assumption Agreement (“BHM Assignment”) with Boulder Hill and James E, 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 (unpaid, waived until 5 May 2013) (Notes 9 and 15); and
- Pay \$25,000 in cash by 16 December 2013.

The Option Agreement and the BHM Assignment provide that the Company will have exercised the option to acquire an undivided 100% of James E’s right, title and interest in and to the Montana Gold Lease after incurring an aggregate of \$210,000 in exploration expenditures, paying James E an aggregate of \$80,000 plus 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 E 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; \$17,000 unpaid, waived until 5 May 2013) (Notes 9 and 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 (\$19,769 incurred, \$29,231 not incurred, waived until 5 May 2013) (Notes 9 and 15); 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 E's leasehold interest in the Boulder Hill 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):

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- Make advance royalty payments to James E 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 Boulder Hill Property; and
- Incur a minimum of \$100,000 of annual exploration expenditures on the Boulder Hill 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.

During the year ended 31 December 2012, the Company recorded a write-down of mineral property in the amount of \$18,000 (2011 - \$Nil, 2010 - \$Nil, cumulative - \$18,000) related to the Boulder Hill Project (Note 12).

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 E”) 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 E. Castle Creek, under the Purchase Agreement, had the option to acquire an undivided 100% of the right, title and interest of Robert E in the unpatented mining claims owned and situated in Owyhee County, Idaho (the “South Idaho 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 (unpaid; waived until 31 March 2013) (Note 9); and
- Castle Creek will be entitled to a 1% net smelter return (“NSR”) from any ore produced from the South Idaho 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 E’s right,

title and interest in and to the Property after incurring an aggregate of \$210,000 in exploration expenditures, paying Robert E an aggregate of \$80,000 plus 5% of any JVBP.

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The Purchase Agreement provides that the cash payments payable to Robert E 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 (unpaid, waived until 20 June 2013) (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.

The Purchase Agreement provides that the exploration expenditures of an aggregate of not less than \$210,000 on the South Idaho 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 (incurred);
- On or before 15 September 2012, incur not less than an aggregate of \$20,000 in exploration expenditures (\$11,120 incurred, \$8,880 not incurred, waived until 20 June 2013) (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 South Idaho Property the Company will be responsible for the following (Note 9):

- Make advance royalty payments to Robert E 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 South Idaho Property; and
- Incur a minimum of \$100,000 of annual exploration expenditures on the South Idaho 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.

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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.

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.

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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. 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. During the year ended 31 December 2011, the Company also recorded a write down of mineral property interests of \$5,000,000 (Note 13).

4. Property and Equipment

			Net Book Value	
	Cost	Accumulated Amortization	31 December 2012	31 December 2011
	\$	\$	\$	\$
Furniture, computer and office equipment	47,433	41,559	5,874	8,391

During the year ended 31 December 2012, total additions to property and equipment were \$Nil (2011 - \$Nil, 2010 - \$Nil, cumulative - \$53,550).

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 31 December 2012 is an amounts due to a former officer of the Company of \$3,876 (2011 – \$5,031). These amounts are non-interest bearing, unsecured and have no fixed terms of repayment (Note 7).

Included in accounts payable and accrued liabilities as at 31 December 2012 is an amount due to a director of the Company of \$10,817 (2011 – \$Nil). 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 31 December 2012 is an amount due to an officer of the Company of \$10,000 (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 31 December 2012 is an amount due to an officer of the Company of \$4,150 (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 31 December 2012 are mineral property acquisition costs of \$19,394 (2011 – \$3,000) related to the Boulder Hill Project (Notes 3 and 12).

Included in accounts payable and accrued liabilities as at 31 December 2012 are exploration expenditures of \$10,245 (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 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 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 year ended 31 December 2012, the Company accrued interest expense of \$Nil (2011 - \$98,849, 2010 - \$98,465, cumulative - \$197,314), of which \$Nil relates to the amortization of debt discount (2011 - \$77,151, 2010 - \$84,883, cumulative - \$160,000) (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 Units at any time up to 25 June 2013 at \$0.25 per Unit. Each Unit consists of one common share of the Company and one share purchase

warrant. Each warrant entitles Temasek to purchase an additional common share of the Company at an exercise price of \$0.50 per share commencing 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 year ended 31 December 2012, the Company accrued interest expense of \$Nil (2011 - \$783,562, 2010 - \$562,027, cumulative - \$1,345,589), of which \$Nil relates to the amortization of debt discount (2011 - \$501,479, 2010 - \$359,014, cumulative - \$860,493) (Note 12).

c. On 23 November 2011, 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 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 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 plus accrued and unpaid interest plus the Default Amount 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 58% of the market price for the common shares during the 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 61 days' prior notice. The Company has a right of prepayment of the Asher Note anytime from the date of the Asher Note until 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 year ended 31 December 2012, the Company issued a total of 42,182,653 common shares to Asher valued at \$34,900 upon various conversions of Asher Note, reducing the principal amount to \$2,600 as at 31 December 2012 (Notes 8, 12 and 15).

During the year ended 31 December 2012, the Company accrued interest expense of \$27,331 (2011 - \$3,077, 2010 - \$Nil, cumulative - \$30,408), of which \$24,328 relates to the amortization of debt discount (2011 - \$2,827, 2010 - \$Nil, cumulative - \$27,155) (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 year ended 31 December 2012, the Company accrued interest expense of \$29,696 (2011 - \$Nil, 2010 - \$Nil, cumulative - \$29,696), of which \$27,155 relates to the amortization of debt discount (2011 - \$Nil, 2010 - \$Nil, cumulative - \$27,155) (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 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% to 150% 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 year ended 31 December 2012, the Company accrued interest expense of \$21,385 (2011 - \$Nil, 2010 - \$Nil, cumulative - \$21,385), of which \$20,131 relates to the amortization of debt discount (2011 - \$Nil, 2010 - \$Nil, cumulative - \$20,131) (Note 12).

f. On 18 December 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 20 September 2013 (the "Asher Note #4"). Any amount of principal or interest amount not paid on 20 September 2013 (the "Default Amount #4") shall bear interest of 22% per annum commencing on 20 September 2013 to the date the amount is paid.

The proceeds related to Asher Note #4 were received subsequent to the year ended 31 December 2012 (Note 15).

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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 September 2013 or the date of the Default Amount #4 is paid, at a conversion price equal to 45% of the market price for the common shares during the 30 trading days prior to the conversion.

The Asher Note #4 contains a provision limiting the number of shares of common stock into which the Asher Note #4 is convertible to 4.99% of the outstanding shares of the Company's common stock. However, the provision in the Asher Note #4 may be waived by Asher upon 61 days' prior notice. The Company has a right of prepayment of the Asher Note #4 anytime from the date of the Asher Note #4 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 #4 based on the date of prepayment.

The fair value of the beneficial conversion feature was estimated at \$27,500 and was recorded as additional paid-in capital. During the year ended 31 December 2012, the Company accrued interest expense of \$1,373 (2011 - \$Nil, 2010 - \$Nil, cumulative - \$1,373), of which \$1,295 relates to the amortization of debt discount (2011 - \$Nil, 2010 - \$Nil, cumulative - \$1,295) (Note 12).

g. The following is the summary of convertible promissory notes that are issued and outstanding as at 31 December 2012 and 2011:

		2012	2011
		\$	\$
Asher Note	Principal net of debt discount	2,600	13,172
	Accrued interest	3,253	250
		5,853	13,422
Asher Note #2	Principal net of debt discount	37,500	-
	Accrued interest	2,541	-
		40,041	-
Asher Note #3	Principal net of debt discount	21,209	-
	Accrued interest	1,254	-
		22,463	-
Asher Note #4	Principal net of debt discount	1,295	-
	Accrued interest	78	-

1,373	-
69,730	13,422

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7. Due to Related Parties and Related Party Transactions

Included in accounts payable and accrued liabilities as at 31 December 2012 is an amount due to a former officer of the Company of \$3,876 (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 31 December 2012 is an amount due to a director of the Company of \$10,817 (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 31 December 2012 is an amount due to an officer of the Company of \$10,000 (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 31 December 2012 is an amount due to an officer of the Company of \$4,150 (2011 – \$Nil). This amount is non-interest bearing, unsecured and have no fixed terms of repayment (Note 5).

During the year ended 31 December 2012, the Company paid or accrued \$10,000 (2011 – \$Nil, 2010 – \$Nil) for management fees to an officer of the Company.

During the year ended 31 December 2012, the Company paid or accrued \$4,750 (2011 – \$Nil, 2010 – \$Nil) for consulting and management fees to an officer of the Company.

During the year ended 31 December 2012, the Company paid or accrued \$11,000 (2011 – \$Nil, 2010 – \$Nil) for consulting mineral exploration fees to a director of the Company.

During the year ended 31 December 2012, the Company paid or accrued \$Nil (2011 – \$9,000, 2010 – \$Nil) for consulting fees to a former director of the Company.

During the year ended 31 December 2012, the Company paid or accrued \$Nil (2011 - \$3,150, 2010 – \$37,800) for financial and administrative fees to a former officer of the Company.

During the year ended 31 December 2012, the Company paid or accrued \$Nil (2011 - \$42,548, 2010 – \$12,500) for accounting and financial fees to a former officer of the Company.

During the year ended 31 December 2012, the Company paid or accrued \$Nil (2011 - \$13,500, 2010 – \$5,000) for consulting fees to a former director and officer 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).

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8. Common Stock

Authorized

The total authorized capital consists of

- 200,000,000 common shares with par value of \$0.00001 (Note 15)
 - 150,000,000 blank check preferred shares with no par value
- 50,000,000 designated class A preferred shares with par value of \$0.001

Issued and outstanding

As at 31 December 2012, the total issued and outstanding capital stock is 83,686,238 common shares with a par value of \$0.00001 per share.

On 15 November 2012, the Company designated 50,000,000 of the 200,000,000 authorized preferred shares as class A preferred shares with a par value of \$0.001 per share. Each class A preferred share is convertible into two common shares of the Company at the option of the holder and may be redeemed with 10 days' notice at \$0.01 per class A preferred share. As at 31 December 2012, there was no class A preferred share issued and outstanding.

On 19 December 2012, the Company issued 2,739,726 common shares valued at \$2,000 upon conversion of Asher Note (Note 6).

On 11 December 2012, the Company issued 2,857,143 common shares valued at \$2,000 upon conversion of Asher Note (Note 6).

On 6 December 2012, the Company issued 2,784,810 common shares valued at \$2,200 upon conversion of Asher Note (Note 6).

On 29 November 2012, the Company issued 2,876,712 common shares valued at \$2,100 upon conversion of Asher Note (Note 6).

On 9 November 2012, the Company issued 2,758,621 common shares valued at \$1,600 upon conversion of Asher Note (Note 6).

On 2 November 2012, the Company issued 2,833,333 common shares valued at \$1,700 upon conversion of Asher Note (Note 6).

On 18 October 2012, the Company issued 2,878,788 common shares valued at \$1,900 upon conversion of Asher Note (Note 6).

On 10 October 2012, the Company issued 2,784,810 common shares valued at \$2,200 upon conversion of Asher Note (Note 6).

On 2 October 2012, the Company issued 2,784,810 common shares valued at \$2,200 upon conversion of Asher Note (Note 6).

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On 1 October 2012, the Company issued 2,151,899 common shares valued at \$1,700 upon conversion of Asher Note (Note 6).

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

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

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

On 28 August 2012, the Company issued 2,121,212 common shares valued at \$2,100 upon conversion of Asher Note (Note 6).

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

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

On 4 June 2012, the Company issued 2,000,000 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 31 December 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, 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 consolidated financial statements.

Stock options

The following stock options are outstanding as at 31 December 2012:

	Number of options	Exercise price \$	Remaining life (years)
Options	250,000	0.07	0.95
Options	75,000	0.15	8.84

325,000

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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 10 December 2013, 75,000 options at a price of \$0.07 per share expiring at 28 November 2012 and 75,000 options at a price of \$0.15 per share expiring 31 October 2021. All of these stock options vest immediately.

The following is a summary of stock option activities during the years ended 31 December 2012 and 2011:

	Number of stock options	Weighted average exercise price \$
Outstanding and exercisable at 1 January 2012	400,000	0.085
Granted	-	
Exercised	-	-
Expired	(75,000)	(0.070)
Outstanding and exercisable at 31 December 2012	325,000	0.088
Weighted average fair value of options granted during the year		-
Outstanding and exercisable at 1 January 2011	-	-

Granted	400,000	0.085
Exercised	-	-
Expired	-	-
Outstanding and exercisable at 31 December 2011	400,000	0.085
Weighted average fair value of options granted during the year		0.056

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The weighted average grant date fair value of stock options issued during the year ended 31 December 2012 amounted to \$Nil or \$Nil per stock option (2011 - \$22,399 or \$0.056 per stock option). The fair value of each stock option granted was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions:

	2012	2011
Risk free interest rate	-	0.11 - 2.17 %
Expected life	-	1 - 10 years
Annualized volatility	-	291.42 - 353.31 %
Expected dividends	-	-

Warrants

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

The Company had no warrant activities during the year ended 31 December 2012.

The following is a summary of warrant activities during the year ended 31 December 2011:

	Number of warrants	Weighted average exercise price \$
Outstanding and exercisable at 1 January 2011	17,100,000	0.10
Granted	-	-
Exercised	(1,000,000)	0.10
Expired	(16,100,000)	0.10
Outstanding and exercisable at 31 December 2011	-	-
Weighted average fair value of warrants granted during the year		-

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. The Company is committed to making repayments related to the convertible promissory notes payable to Asher (Note 6).

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d. On 15 September 2012, the Company entered into an agreement with Robert E to renegotiate certain terms of the Purchase Agreement and to waive certain required cash payment and/or exploration expenditure in relation to the South Idaho Property until 20 November 2012. On 20 November 2012, the waiver was extended to 20 June 2013 and the Company agreed to make additional cash payment of \$1,500 at any time during the year ended 31 December 2013 (Note 3).

e. On 12 October 2012, the Company entered into an agreement with Boulder Hill and James E to renegotiate certain terms of the BHM Purchase and BHM Assignment and to waive certain required cash payment and/or exploration expenditure related to the Boulder Hill Claims and Boulder Hill Property until 15 January 2013 (Notes 3 and 15).

f. On 7 December 2012, the Company entered into an agreement with Castle Creek to waive certain required cash payment and/or exploration expenditure related to the South Idaho Property until renegotiation after 31 March 2013 and before 30 June 2013, provided that a cash payment of \$1,200 is paid prior to 31 March 2013 (Note 3).

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. During the years ended 31 December 2012, 2011 and 2010, the Company does not have any material activities outside of the United States. As at 31 December 2012 and 2011, the Company does not have any material assets outside of the United States.

11. Income Taxes

The Company has losses carried forward for income tax purposes to 31 December 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 for the years ended 31 December 2012, 2011 and 2010 consists of the following:

	2012	2011	2010
	\$	\$	\$
Refundable federal tax asset (liability) attributable to:			
Current operations	(105,389)	(2,694,749)	(383,497)
Permanent differences	-	585,129	-
Derecognition of assets (liabilities)	-	(2,020,903)	-
Change in prior year provision to actual	-	(272,930)	-
Less: Change in valuation allowance	105,389	4,403,453	383,497
Future income tax recovery	-	-	-

The tax effects of temporary differences that give rise to future income tax assets and liabilities as at 31 December 2012 and 2011 are as follows:

	2012	2011
	\$	\$
Statutory federal income tax rate	30% - 34 %	30% - 34 %
Non-capital loss carryforwards	5,362,983	5,257,594
Less: Valuation allowance	(5,362,983)	(5,257,594)
Future tax assets (liabilities)	-	-

The Company has net operating losses for United States tax purposes of approximately \$15,842,632 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 2019.

12. Supplemental Disclosures with Respect to Cash Flows

Included in accounts payable and accrued liabilities as at 31 December 2012 are mineral property acquisition costs of \$29,639 (2011 – \$5,500) related to the Boulder Hill Project and the South Idaho Silver Project (Notes 3 and 5).

During the year ended 31 December 2012, the Company accrued a total interest expense of \$79,785 (2011 – \$885,488, 2010 – \$ 662,527, cumulative – \$1,625,808) related to the convertible debentures, of which \$72,909 relates to the

amortization of debt discount (2011 – \$581,457, 2010 – \$ 443,897, cumulative – \$1,098,421) (Note 6).

During the year ended 31 December 2012, the Company recorded a write-down of mineral property in the amount of \$33,000 (2011 - \$Nil, 2010 - \$Nil, cumulative - \$33,000) in relation to the Boulder Hill Claims and Boulder Hill Property (Note 3).

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	For the period from the date of inception on 5 September 1997 to 31 December 2012 (Unaudited) \$	For the year ended 31 December 2012 \$	For the year ended 31 December 2011 \$	For the year ended 31 December 2010 \$
Supplemental cash flows information				
Interest expense	1,906	-	-	-
Foreign exchange loss	21,787	-	-	956
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 \$0.003 to \$0.25 per share)	2,320,000	-	60,000	1,635,000
Common shares issued upon conversions of promissory note (\$0.00058 to \$0.0013 per share)	34,900	34,900	-	-

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.

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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).

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).

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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 years ended 31 December 2010 and 2009 have been revised to reflect this presentation.

Discontinued operations for the years ended 31 December 2012, 2011 and 2010 include the following:

	2012	2011	2010
	\$	\$	\$
Loss on deconsolidation	-	(1,720,970)	-
Loss from discontinued operations of Beardmore:			
Mineral property exploration costs	-	(50,700)	(35,775)
Office and miscellaneous	-	(252)	(386)
Foreign exchange gain (loss)	-	2,693	(13)
	-	(48,259)	(36,174)
Discontinued operations	-	(1,769,229)	(36,174)

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.

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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.

As at 31 December 2012, the carrying amounts of amounts receivable, bank indebtedness, accounts payable and current portion of convertible promissory notes approximated their estimated fair values because of the short maturity of these financial instruments.

The fair value of the beneficial conversion feature was estimated at \$81,077 (2011 - \$27,155, 2010 - \$2,240,000), and was recorded as a component of equity, of which \$81,077 (2011 - \$27,155, 2010 - \$1,365,854) would be a Level 1 fair value and \$Nil (2011 - \$Nil, 2010 - \$874,146) 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. The Company had a working capital deficit of \$570,498 at 31 December 2012 (2011 - \$412,025), but 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.

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

The following events occurred during the period from the year ended 31 December 2012 to the date the consolidated financial statements were available to be issued on 26 March 2013:

- a. From 2 January 2013 to 16 January 2013, the Company issued a total of 5,945,378 common shares to Asher valued at \$4,100 upon various conversions of principal amount of Asher Note, of which \$2,600 was applied to reduce the principal amount to \$Nil, and \$1,500 was applied to reduce the accrued interest (Note 6).
- b. On 15 January 2013, the Company amended the agreement entered into on 12 October 2012 with Boulder Hill and James E to extend the waiver of certain required cash payment and/or exploration expenditure related to the Boulder Hill Claims and Boulder Hill Property until 5 May 2013 (Notes 3 and 9).
- c. On 23 January 2013, the Company received proceeds of \$27,500 from Asher in relation to Asher Note #4 (Note 6).
- d. On 23 January 2013, the Company amended its number of authorized shares of common stock and the related par value from 200,000,000 with par value of \$0.00001 to 850,000,000 with par value of \$0.001 subsequent to the approval of the Board of Directors and the holders of a majority of the outstanding shares of the common stock and Class A Preferred Convertible stock (Note 8).
- e. From 25 January 2013 to 6 March 2013, the Company issued a total of 27,777,323 common shares to Asher valued at \$15,300 upon various conversions of principal amount of Asher Note #2, reducing the principal amount to \$22,200 (Note 6).
- f. On 31 January 2013, the Company issued 47,568,500 Class A preferred shares valued at \$0.0022 per share for the settlement of liabilities with officers, directors and unrelated parties.
- g. On 21 February 2013, 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 on 25 November 2013.
- h. On 24 February 2013, the Company entered into an agreement with Atlanta Capital Partners for consulting services in relation to a corporate communications program for a monthly fee of \$2,000 commencing from 1 March 2013 to 30 June 2013.

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Glossary of Certain Mining Terms

ADIT: An opening driven horizontally into the side of a mountain or hill for providing access to a mineral deposit.

ALTERATION: Any physical or chemical change in a rock or mineral subsequent to its formation. Milder and more localized than metamorphism.

ANTICLINE: A fold with strata sloping downward on both sides from a common crest.

ASSAY: A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained.

BASALT: An extrusive volcanic rock composed primarily of plagioclase, pyroxene and some olivine.

BASE METAL: Any non-precious metal (e.g. copper, lead, zinc, nickel, etc.).

BRECCIA: A rock in which angular fragments are surrounded by a mass of fine-grained minerals.

CORE: The long cylindrical piece of rock, about an inch in diameter, brought to surface by diamond drilling.

CROSSCUT: A horizontal opening driven from a shaft and (or near) right angles to the strike of a vein or other ore body.

DEVELOPMENT: Work carried out for the purpose of opening up a mineral deposit and making the actual ore extraction possible.

DIAMOND DRILL: A rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two centimeters or more in diameter.

DILUTION: (mining) Rock that is, by necessity, removed along with the ore in the mining process, subsequently lowering the grade of the ore.

DIP: The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.

DRIFT: A horizontal underground opening that follows along the length of a vein or rock formation as opposed to a cross-cut which crosses the rock formation.

DUE DILIGENCE: The degree of care and caution required before making a decision; loosely, a financial and technical investigation to determine whether an investment is sound.

EXPLORATION: Work involved in searching for ore, usually by drilling or driving a drift.

GALENA: Lead sulphide, the most common ore mineral of lead.

GEOPHYSICAL SURVEY: Indirect methods of investigating the subsurface geology using the applications of physics including electric, gravimetric, magnetic, electromagnetic, seismic, and radiometric principles.

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GOSSANOUS: Having the properties of gossan, an intensely oxidized, weathered or decomposed rock, usually the upper and exposed part of an ore deposit or mineral vein.

GRABEN: A downfaulted block of rock.

GRAB SAMPLE: A sample from a rock outcrop that is assayed to determine if valuable elements are contained in the rock. A grab sample is not intended to be representative of the deposit, and usually the best-looking material is selected.

GRADE: The average assay of a ton of ore, reflecting metal content.

HIGH GRADE: Rich ore. As a verb, it refers to selective mining of the best ore in a deposit.

LEVEL: The horizontal openings on a working horizon in a mine; it is customary to work mines from a shaft, establishing levels at regular intervals, generally about 50 meters or more apart.

LIMESTONE: A bedded, sedimentary deposit consisting chiefly of calcium carbonate.

LODE: A mineral deposit in solid rock.

METALLIFEROUS: Containing metal.

METASEDIMENTS: Sediment or sedimentary rock that shows evidence of having been subjected to metamorphism.

MINERAL: A naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favorable conditions, a definite crystal form.

MINERAL RESOURCE: A deposit or concentration of natural, solid, inorganic or fossilized organic substance in such quantity and at such grade or quality that extraction of the material at a profit is currently or potentially possible.

MINERALIZATION: The presence of potentially economic minerals in a specific area or geological formation.

NET SMELTER RETURN: A share of the net revenues generated from the sale of metal produced by a mine.

OPEN PIT: A mine that is entirely on surface. Also referred to as open-cut or open-cast mine.

ORE: Material that can be mined and processed at a positive cash flow.

OREBODY: A natural concentration of valuable material that can be extracted and sold at a profit.

PATENT: The ultimate stage of holding a mineral claim in the United States, after which no more assessment work is necessary because all mineral rights have been earned.

PATENTED MINING CLAIM: A parcel of land originally located on federal lands as an unpatented mining claim under the General Mining Law, the title of which has been conveyed from the federal government to a private party pursuant to the patenting requirements of the General Mining Law.

PROSPECT: A mining property, the value of which has not been determined by exploration.

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PROBABLE RESERVES: Resources for which tonnage and grade and/or quality are computed primarily from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

PROVEN RESERVES: Resources for which tonnage is computed from dimensions revealed in outcrops, trenches, workings or drill holes and for which the grade and/or quality is computed from the results of detailed sampling. The sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established. The computed tonnage and grade are judged to be accurate, within limits which are stated, and no such limit is judged to be different from the computed tonnage or grade by more than 20%.

PYRITE: A yellow iron sulphide mineral, normally of little value, sometimes referred to as "fool's gold".

PYRITIC: A brass-colored mineral, FeS_2 , occurring widely and used as an iron ore and in producing sulfur dioxide for sulfuric acid.

RECLAMATION: The restoration of a site after mining or exploration activity is completed.

RESERVES: That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "Ore" when dealing with metalliferous minerals.

RESOURCE: The calculated amount of material in a mineral deposit, based on limited drill information.

ROYALTY: An amount of money paid at regular intervals by the lessee or operator of an exploration or mining property to the owner of the ground. Generally based on a certain amount per ton or a percentage of the total production or profits. Also, the fee paid for the right to use a patented process.

SAMPLE: A small portion of rock or a mineral deposit, taken so that the metal content can be determined by assaying.

SCHIST - A foliated metamorphic rock the grains of which have a roughly parallel arrangement; generally developed by shearing.

SERICITIZED: Fine grained mica, similar to muscovite, illite, or paragonite.

SHAFT: A vertical or steeply inclined excavation for the purpose of opening and servicing a mine. It is usually equipped with a hoist at the top which lowers and raises a conveyance for handling personnel and materials.

SHEAR OR SHEARING: The deformation of rocks by lateral movement along numerous parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity.

SILICA: Silicon dioxide. Quartz is a common example.

SILICEOUS: A rock containing an abundance of quartz.

SILICIZED: Conversion of something into, or the reaction of something with, silica.

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SPHALERITE: A zinc sulfide mineral; the most common ore mineral of zinc.

STRIKE: The direction, or bearing from true north, of a vein or rock formation measured on a horizontal surface.

SULFIDE: A compound of sulfur and some other element.

TAILINGS: Material rejected from a mill after more of the recoverable valuable minerals have been extracted.

TREND: The direction, in the horizontal plane, or a linear geological feature (for example, an ore zone), measured from true north.

UNPATENTED MINING CLAIM: A parcel of property located on federal lands pursuant to the General Mining Law and the requirements of the state in which the unpatented claim is located, the paramount title of which remains with the federal government. The holder of a valid, unpatented lode mining claim is granted certain rights including the right to explore and mine such claim under the General Mining Law.

VEIN: A mineralized zone having a more or less regular development in length, width and depth which clearly separates it from neighboring rock.

WASTE: Barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.

XENOLITH: A fragment of country rock enclosed in an intrusive rock.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST COLOMBIA GOLD CORP.

a Nevada corporation

Date: April 15, 2013

By: /s/ Piero Sutti-Keyser

Piero Sutti-Keyser

Chief Executive Officer & Director

(Principal Executive Officer)

Date: April 15, 2013

By: /s/GILBERTO ZAPATA

Gilbert Zapata

Chief Financial Officer

(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature and Title

Date

/s/ Piero Sutti-Keyser

Piero Sutti-Keyser,

Chief Executive Officer & Director

April 15, 2013

/s/ Robert Van Tassell

Robert Van Tassell, Director

April 15, 2013

/s/ Gordan Sredl

Gordan Sredl, Director

April 15, 2013

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