ATICO MINING CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

GENERAL

The following discussion and analysis (the “MD&A”) of the financial condition and results of the operations of Atico Mining Corporation (the “Company” or “Atico”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the six months ended June 30, 2012, prepared as of August 23, 2012 and should be read in conjunction with the Company’s condensed consolidated interim financial statements for the six months ended June 30, 2012 and related notes for the corresponding periods. All figures are in Canadian dollars unless otherwise stated.

FORWARD LOOKING INFORMATION

This MD&A may contain “forward looking statements” that reflect the Company’s current expectations and projections about its future results. When used in this MD&A, words such as “estimate”, “intend”, ”expect”, ”anticipate” and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company’s future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause Atico’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

The Company is currently conducting an exploration program on the El Roble property and the operating plan is based on the expectation of favourable results from this program. Should results prove to be unfavourable, the Company may not proceed with the acquisition of the El Roble property.

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

COMPANY OVERVIEW

The Company was incorporated under the laws of the Yukon Territory on April 15, 2010, continued pursuant to the laws of British Columbia effective October 4, 2011, and its fiscal year end is December 31. The Company is headquartered at Suite 501 - 543 Granville Street, Vancouver, British Columbia, Canada.

The Company is engaged in the acquisition, exploration and development of copper and gold projects in Latin America. Currently, the Company has an option to acquire 90% of the issued and outstanding shares of Minera El Roble S.A. (“MINER”) (the “Option Agreement”), the owner of the El Roble Property, a copper-gold mine in Colombia.

The Company completed its initial public offering (“IPO”) in March 2012 by issuing 23,000,000 common shares of the Company at a price of $0.50 per common share for gross proceeds of $11,500,000, including the Agent’s over-allotment option. In conjunction with the IPO, the Company began trading on the TSX Venture Exchange (“TSX-V”) under the symbol “ATY”.

EL ROBLE PROPERTY

Property Agreement

The Company has an option to acquire 90% of the issued and outstanding shares of MINER, pursuant to the terms of the Option Agreement entered into by the Company on January 28, 2011. The El Roble Property, located in the Choco Department of Colombia comprises 8361 hectares and includes an operating underground copper and gold mine. The Company's objective is to discover additional ore deposits on the El Roble Property beyond that currently being mined and justify an upgrade to the milling facility.

The Option Agreement calls for the staged payments of US$2,250,000 over two years and a lump-sum payment of US$14,000,000 at the end of the two year option period as follows:

- US$200,000 on January 28, 2011 (paid);
- US$350,000 in six months after the date of execution (July 28, 2011) (paid);
- US$650,000 in twelve months after the date of execution (January 28, 2012, extended to March 13, 2012); (paid);
- US$1,050,000 in eighteen months after the date of execution (July 28, 2012); (paid) and
- US$14,000,000 on or before January 28, 2013.

The option period can be extended for one year to January 28, 2014 for an additional US$1,200,000.

El Roble Mine

The Company's objective over the remaining term of the Option Agreement is the discovery of new VMS deposits either at the mine or elsewhere within the El Roble Property that would justify the exercise of the El Roble Option and acquisition of MINER. During the option term, the Company is not responsible for mining or for resource development.

Exploration Overview

The Company is following the recommendations for the El Roble Property made in the Technical Report dated February 15, 2012 prepared by Greg Smith, B.Sc. P. Geo. and Demetrius Pohl, Ph.D. AIPG Certified Geologist, each a "Qualified Person" as defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). The Technical Report recommends that the Company conduct a two phase exploration program on the El Roble Property with an estimated budget for the initial phase of $3,600,469. The second phase of the exploration program is contingent on the success of the initial phase. The Company expects to proceed with and complete the recommended program prior to making a determination on whether or not to exercise the El Roble Option. The Company may extend the El Roble Option period for an additional year beyond the initial 2 year term (to January 2014).

The recommended exploration program consists of surface mapping and sampling, a ground-based and helicopter-borne geophysical program, drilling from underground, and drilling from the surface. Surface sampling and mapping will supplement the considerable work that has already been accomplished by MINER and, in particular, will focus on the effect of both low-angle and high-angle structures in offsetting known VMS deposits and the target horizon. Underground drilling will test for the down-dip lateral fault offsets of known mineralization. A helicopter-borne EM survey followed up by ground gravity surveys are expected to help identify VMS targets along the entire 10 kilometer strike length of prospective ground

The Company has completed a helicopter-borne EM survey over the 10 kilometer favorable contact trend in the second quarter. Ground gravity surveys over selected targets from the EM survey are expected to begin in the third quarter. The information provided by these two geophysical surveys, in conjunction with surface mapping and sampling data, will help prioritize drilling targets over the 10 kilometer prospective ground which is expected to commence in September.

Underground drilling from the 2000 meter level, the lowest producing level of the mine, began in the second quarter. The underground program includes 16 holes totaling 2,000 meters and a down-hole pulse EM survey on underground holes to identify conductive targets that could indicate massive sulfide bodies lateral to and below drill holes.

This initial drill program will test for additional high-grade massive sulfide bodies lateral to and below the existing mine workings.

Drilling Assay Results from the first four holes are as follows:

Hole ID	Azimuth (degrees)	Dip (degrees)	Total depth (m)	Intercept From (m)	Intercept To (m)	Interval (m)	Cu %	Au (g/t)	Ag (g/t)
ATDHR-01	45	-60	197.80	109.2	151.0	41.7	6.54	1.82	7.43
Including				109.2	111.0	1.7	9.00	4.81	22.20
				115.0	121.0	6.0	11.84	2.43	6.96
				121.0	123.0	2.0	6.87	10.27	11.40
				125.0	141.0	16.0	7.13	1.00	3.87
				143.0	145.0	2.0	14.85	0.97	15.15
ATDHR-02	45	-70	207.55	165.5	170.8	5.3	1.71	1.76	2.10
ATDHR-03	45	-62	123.20	No significant value					
ATDHR-04	45	-75	150.75	61.0	102.0	41.0	6.49	17.57	13.26
Including				75.0	85.0	10.0	3.00	3.59	12.77
				85.0	95.0	10.0	18.40	8.63	19.29
				95.0	97.0	2.0	3.92	250.00	21.20
				97.0	102.0	5.0	6.05	7.21	13.20
MEI-190	45	-60	101.20	25.0	36.0	11.0	1.27	4.41	13.56

All widths represent down-hole core lengths and the true widths are unknown at this stage. The average weighted length of each individual intercept calculates average grades over the entire length of the intercept.

Planned Expenditures

A breakdown of the proposed expenditures by the Company on the El Roble Property along with the amounts expended by the Company since the closing of the IPO until June 30, 2012 is as follows:

El Roble Recommended Exploration Phases 1a & 1b (US$)	Planned	At June 30, 2012
Assays	$ 368,280	$ 236,284
Drilling	2,057,000	261,466
Field costs/logistics	117,480	106,394
General and administrative	287,430	130,372
Geophysics	273,482	143,002
Salaries and benefits	526,497	137,884
Total Phase 1 Exploration Program (US$)	$ 3,630,169	$ 1,015,402

Drilling cost, a major component of this year's exploration budget at El Roble, is close to budget within a 5% deviation (including the 10% contingency assigned). Unit cost for the rest of the items is also aligned with budget.

The quantity of samples assayed by the company at June 30 has surpassed the projected number due to more surface samples being collected and assayed.

Field cost and logistics related to the El Roble project have been underestimated in the original budget and it's expected the real amount for this year's exploration program will double the budgeted amount for this category.

Demetrius Pohl, Ph.D. AIPG Certified Geologist, is a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects, and is responsible for the preparation and verification of the technical information in the MD&A.

RESULTS OF OPERATIONS

The Company has not generated any revenue since its inception from its planned operations and has incurred losses primarily from the expenses related to its IPO and general and administrative expenses.

For the six months ended June 30, 2012

The Company's net loss totaled $591,848 from the six months ended June 30, 2012. A loss of $55,556 was recognized on $500,000 of loans payable converted into common shares of the Company. Expenses incurred of $462,020 were related to the IPO and listing processes, and establishment of an administrative office and related overheads. Some of the expenses incurred were:

- consulting fees of $127,842 for management consulting;
- interest expense of $36,114 for the loans payable outstanding;
- share-based payments of $152,216 for stock options granted to an officer; and
- administrative service fees of $88,200 pursuant to a management services agreement for providing accounting, office, administration and other support services.

For the three months ended June 30, 2012

The Company's net loss totaled $346,525 from the three months ended June 30, 2012. Some of the expenses incurred were:

- consulting fees of $53,473 for management consulting;
- interest expense of $11,161 for the loans payable outstanding;
- share-based payments of $152,216 for stock options granted to an officer; and
- administrative service fees of $44,100 pursuant to a management services agreement for providing accounting, office, administration and other support services.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information for the quarters since incorporation up to June 30, 2012, and should be read in conjunction with the Company's condensed consolidated interim financial statements for the six months ended June 30, 2012 and 2011.

Quarter ended	June 30 2012	March 31 2012	December 31 2011	September 30, 2011
Revenue	Nil	Nil	Nil	Nil
Share-based payments	$ 152,216	Nil	Nil	17,955
Loss for the period	(346,525)	(245,323)	(150,772)	(181,093)
Loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average shares outstanding	39,761,111	20,816,056	15,400,000	15,400,000

Quarter ended	June 30 2011	March 31, 2011	December 31 2010	September 30 2010
Revenue	Nil	Nil	Nil	Nil
Share-based payments	$ 212,244	Nil	Nil	Nil
Loss for the period	(250,396)	(38,604)	(177,658)	(118,996)
Loss per share - basic and diluted	$ (0.02)	$ (0.01)	$ (0.15)	$ (0.10)
Weighted average shares outstanding	15,027,778	3,095,000	1,200,000	1,200,000

The factors that have caused variations in results over the quarters are:

During the quarter ended June 30, 2012, the Company granted 250,000 stock options to an officer of the Company.

During the quarters ended December 31, 2011 and March 31, 2012, the Company increased the level of operations in Colombia, and hired exploration staff.

During the quarter ended September 30, 2011, activity increased as the Company set up its operations in Colombia, hired exploration staff, and incurred a non-cash expense of stock-based compensation for the stock options granted to officers, directors and employees.

During the quarter ended June 30, 2011, the Company incurred a significant non-cash expense of share-based payment for the stock options granted to officers, directors and employees.

During the quarter ended March 31, 2011, the Company had less expenses as the Option Agreement and corresponding due diligence had been finalized early in the year.

During the quarter ended December 31, 2010, activity with respect to the due diligence and negotiation of the Option Agreement increased, with corresponding increases in expenditures for legal fees, technical studies, and management consulting fees.

LIQUIDITY AND CAPITAL RESOURCES

The Company is in the exploration stage and has not generated any revenue from operations and to date has relied mostly upon the sale, by way of private placement, of common shares from related and other parties to carry on its business.

The Company completed its IPO in March 2012 and its common shares began trading on the TSX-V. The Company anticipates that the net proceeds of the offering will be sufficient to enable the Company to carry out its proposed exploration programs on the El Roble Property for the ensuing year, and to make the option payments due to the owners of MINER pursuant to the staged payments in the Option Agreement.

The Company will be required to undertake additional financing in order to make the final option payment of $14,000,000, if it should decide that it is warranted. The company is required to make the US$14,000,000 final payment at the end of the two year option period, January 28, 2013. However, the option period can be extended for one year for an additional payment of US$1,200,000. There can be no assurance that the Company will be successful in raising the additional funds required to complete the option exercise for the El Roble Property should it decide to exercise the option.

Cash and Working Capital

As of June 30, 2012, the Company had cash balance of $7,663,750 and a working capital of $7,362,092, which included the loans payable of $219,563. The completion of the IPO has provided the Company with sufficient capital resources to operate for the next twelve months. In March 2012, the Company completed its IPO by issuing 23,000,000 common shares at a price of $0.50 per common share, including the Agent’s over-allotment option.

Management of cash balances is conducted based on internal investment guidelines. Cash is deposited with major Canadian financial institutions. Cash required for immediate operations is held in a chequing account. Excess of funds may be invested in conservative money market instruments that bear interest and carry a low degree of risk. Some examples of instruments in which the Company may invest its cash are treasury bills, money market funds, bank guaranteed investment certificates and bankers' acceptance notes. The objective of these investments is to preserve funds for the advancement of the Company's projects and to earn interest income on its cash assets.

Cash Used in Operating Activities

Cash used in operating activities for the six months ended June 30, 2012 was $981,838. These expenses were incurred primarily for general and administrative expenses, audit costs, and legal fees in connection with the preparation of the Prospectus and related activities associated with the IPO.

Cash Used in Investing Activities

Total cash used in investing activities during the six months ended June 30, 2012 was $1,902,048. The cash used in investing activities was made up of $115,550 in acquisition of equipment, $644,113 (US$650,000) for the third payment of the Option Agreement, and $1,165,324 in exploration expenses consisting primarily of geological consulting fees, field costs and logistical support, exploration personnel and office and administration of the Colombian office.

Cash Provided by Financing Activities

Cash provided by financing activities during the six months ended June 30, 2012 was $10,420,495. The cash provided by financing activities was made up of $11,500,000 in gross proceeds from the IPO and $180,000 from loans payable, offset by $185,103 of loan repayments and $1,074,402 in share issue costs related to the IPO, primarily legal costs.

Requirement of Additional Equity Financing

The Company has relied entirely on equity financings and loans for all funds raised to date for its operations. The Company will need more funds to complete the acquisition of the El Roble Property and to fund the Phase 2 recommended exploration program and development thereof. Until the Company starts generating profitable operations from exploration, development and sale of minerals, the Company will continue relying upon the issuance of securities to finance its operations and acquisitions pursuant to private placements and the exercise of warrants and stock options. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

TRANSACTION WITH RELATED PARTIES

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

Six months ended June 30, 2012		Salary or Fees		Share-based Payments		**Total**
Jorge R. Ganoza Aicardi, *Director/President*	$	93,683	$	-	$	93,683
Fernando E Ganoza Durant, *Chief Executive Officer*		34,159		102,760		136,919
	$	127,842	$	102,760	$	230,602

Six months ended June 30, 2011		Salary or Fees		Share-based Payments		**Total**
Jorge R. Ganoza Aicardi	$	-	$	46,545	$	46,545
Jorge A. Ganoza Durant, *Director/Chairman*		15,500		31,030		46,530
Christina Cepeliauskas, *Chief Financial Officer*		-		12,412		12,412
Kim Casswell, *Corporate Secretary*		-		9,309		9,309
Luis D. Ganoza Durant, *Director*		-		31,030		31,030
Mario Szotlender, *Director*		-		24,824		24,824
Michael Winn, *Director*		-		24,824		24,824
	$	15,500	$	179,974	$	195,474

Related party liabilities	Items or Services		June 30, 2012		December 31, 2011
Amounts due to:					
Jorge R. Ganoza Aicardi	Management fees	$	-	$	91,428
Seabord Services Corp.	Administrative services/expense recovery		1,668		101,740
Loans payable:					
Jorge R. Ganoza Aicardi		$	53,120	$	101,000
Jorge A. Ganoza Durant			52,101		100,750
Luis D. Ganoza Durant			53,120		101,000
Mario Szotlender			53,120		101,000

Seabord Services Corp., ("Seabord") is a management services company controlled by Michael Winn, a director. Seabord provides a chief financial officer, a corporate secretary, accounting staff, administration staff and office space to the Company. The Chief Financial Officer is an employee of Seabord and is not paid directly by the Company. During the six months ended June 30, 2012, Seabord charged $88,200 (2011 - $Nil) for the above services.

The above transactions are measured at the exchange amounts (the amounts established and agreed to by the related parties) which approximate the arm's length equivalent value. All balances due to related parties are included in accounts payable and accrued liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

PROPOSED TRANSACTIONS

There are no proposed transactions of a material nature being considered by the Company other than its option to acquire the El Roble Property.

NEW ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Accounting Standards Issued and Effective January 1, 2013

IFRS 7 Financial instruments: Disclosures (Amended) require additional disclosures on transferred financial assets.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements

a) defines the principle of control, and establishes control as the basis for consolidation.
b) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee.
c) sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities.

IFRS 11 Joint Arrangements establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 Disclosure of Involvement with Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 27 Separate Financial Statements has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

Accounting Standards Issued and Effective January 1, 2015

IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

FINANCIAL INSTRUMENTS

Fair value hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The carrying value of receivables, accounts payable and accrued liabilities and loans payable approximated their fair value because of the short-term nature of these instruments.

As at June 30, 2012, the Company’s financial instruments measured at fair value are as follows:

Financial Assets	Level 1	Level 2	Level 3	**Total**
Cash	$ 7,664,507	$ -	$ -	$ 7,664,507

Financial Instrument Risk Exposure and Risk Management

The Company’s activities expose it to a variety of financial risks; market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Credit Risk

Credit risk arises from cash and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions.

There is no significant concentration of credit risk other than cash deposits. The Company's cash deposits are primarily held with a Canadian chartered bank. The Company has minimal accounts receivable exposure.

Interest rate risk

As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not significantly affected by changes in market interest rates. The Company's loans payable are carried at a fixed interest rate, which have minimal interest rate risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, as at March 31, 2012, included $293,607 of accounts payable and accrued liabilities and loans payable of $219,563 that have expected maturity dates of less than one year. Balances due within 12 months equal their carrying balance as the impact of discounting is not significant.

The Company is currently considering funding options that are available including raising additional funds from institutional investors and/or current shareholders and is confident that funding will be available to meet the final work program.

Foreign Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in both Canada and Colombia and incurs expenditures in currencies other than Canadian dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. The Company has not hedged its exposure to currency fluctuations.

At June 30, 2012, the Company is exposed to currency risk through the following assets and liabilities:

	US dollars	Colombian pesos	**Total**
Cash	$ 76,531	$256,466,174	
Receivables	-	325,265	
Accounts payable and accrued liabilities	(8,998)	(444,208,074)	
Net exposure	67,533	(187,416,635)	
Canadian dollar equivalent	$ 69,229	$ (107,932)	$ (38,703)

Based on the above net exposure as at June 30, 2012, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Colombian peso would result in an increase/decrease of approximately $3,870 in the Company's pre-tax earnings (loss).

RISKS AND UNCERTAINTIES

In addition to the usual risks associated with an investment in a business at an early stage of development, management and the directors of the Company believe that, in particular, the following risk factors should be considered. It should be noted that the list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

No Assurance of Titles or Borders

The acquisition of the right to exploit mineral properties is a very detailed and time consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's surface or mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third party claims could have a material adverse impact on the Company's operations.

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities.

The Company may earn an interest in certain of its properties through option agreements and acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making property payments, incurring exploration expenditures on the properties and can include the satisfactory completion of pre-feasibility studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property.

The market prices for silver, gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Financing and Share Price Fluctuation Risks

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

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

Foreign Country and Political Risk

The Company is operating in Colombia that currently has varied political and economic environments. As such, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mineral concessions or other mineral rights, opposition from environmental or other non-governmental organizations, and mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Exploration and development may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine and/or site safety.

Notwithstanding any progress in restructuring political institutions or economic conditions, the present administration, or successor governments may not be able to sustain any progress. If any negative changes occur in the political or economic environment of these countries, it may have an adverse effect on the Company's operations in those countries. The Company does not carry political risk insurance.

Currency Risks

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

Insured and Uninsured Risks

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

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

Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

Environmental Risks and Hazards

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Competition

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

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

OUTSTANDING SHARE DATA

As at August 23, 2012, the Company had 39,761,111 common shares issued and outstanding. There were also stock options to purchase 2,235,000 shares outstanding with expiry dates ranging from May 7, 2012 to May 16, 2017.

EVENTS AFTER REPORTING DATE

Subsequent to June 30, 2012, the Company:

- paid option payment of US$1,050,000 in connection to the option agreement for the El Roble mineral property (paid July 28, 2012).