



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED AUGUST 31, 2011

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April 11, 2012

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GLOSSARY OF GENERAL TERMS

In this AIF, references to “**Batero**” or the “**Corporation**” mean Batero Gold Corp. and the following abbreviations and defined terms are used:

“ AIF ”	means this annual information form of the Corporation dated April 11, 2012.
“ ANM ”	means the <i>Agencia Nacional de Minera</i> , previously known as <i>Colombian Institute of Geology and Mining</i> (Ingeominas).
“ Bahia ”	means Bahia Bonita Properties, S.A., a company incorporated under the laws of the Republic of Panama, and a wholly-owned subsidiary of the Corporation.
“ Batero-Quinchia Project ”	means the exploration stage project that covers an area of approximately 1,407 hectares, located in the municipality of Quinchia, Department of Risaralda, Republic of Colombia, and is comprised of the Exploration Licenses and the Concession Contract.
“ BCBCA ”	Means the British Columbia <i>Business Corporations Act</i> , S.B.C. 2002, c. 57, as from time to time amended, and including any regulations promulgated thereunder.
“ Board ”	means the board of directors of the Corporation.
“ Concession Contract ”	means underlying concession contract #22270 granted by ANM to Minera Quinchia.
“ Corporation ”	means Batero Gold Corp.
“ Escrow Agreement ”	means the Exchange Form 2F CPC Escrow Agreement for Tier 2 issuers dated August 20, 2008, among the Corporation, the Transfer Agent and certain Shareholders, pursuant to which 2,650,000 Shares were held in escrow.
“ Exchange ”	means the TSX Venture Exchange.
“ Exploration Licenses ”	means the exploration licenses #18567 and #22159 granted by ANM to Minera Quinchia.
“ Minera Quinchia ”	means Minera Quinchia S.A.S., a Colombian company holding all rights to the Batero-Quinchia Project, and a wholly-owned subsidiary of Bahia.
“ NI 43-101 ”	means National Instrument 43-101 <i>Standards of Disclosure for Mineral Projects</i> .

“Preliminary Economic Assessment”	means a study, in accordance with NI 43-101, other than a pre-feasibility study or feasibility study, that includes the economic analysis of the potential viability of mineral resources.
“Purchase Agreement”	means the purchase agreement dated March 15, 2010, among the Corporation, Minera Quinchia, Bahia, the shareholders of Minera Quinchia, the shareholders of Bahia, Juan David Uribe Hurtado, Rafael Antonio Alfonso Roa and Ventus Investments, Inc. relating to the acquisition of the Batero-Quinchia Project, as amended effective April 7, 2010, May 11, 2010 and September 10, 2010.
“RPA”	means Roscoe Postle Associates Inc., the company commissioned by the Corporation to complete the Technical Report.
“Shareholders”	means the shareholders of the Corporation.
“Shares”	means common shares in the capital of the Corporation.
“Technical Report”	means the technical report on the Batero-Quinchia Project prepared in accordance with NI 43-101 dated February 24, 2012 by Paul Chamois, M.Sc. (Applied), P.Geo. and Luke Evans, M.Sc., P.Eng., of RPA titled “Technical Report on the Batero-Quinchia Project, Department of Risaralda, Colombia”.
“Transfer Agent”	means the Corporation’s transfer agent and registrar, Computershare Investor Services Inc.

PRELIMINARY NOTES

Effective Date of Information

All information in this AIF is given as of April 11, 2012, unless otherwise indicated.

Currency

Unless otherwise stated, references herein to “\$” are to the Canadian dollar. References to “US\$” are to the United States dollar.

On April 11, 2012, the Bank of Canada noon spot rate of exchange was \$1.00 = US\$0.9961.

Cautionary Statement Regarding Forward-Looking Information

Certain statements in this AIF are forward-looking statements or information (collectively “forward-looking statements”) within the meaning of applicable securities legislation. We are hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking information in this AIF includes, but is not limited to, statements with respect to: (i) the estimation of inferred and indicated mineral resources; (ii) the market and future price of gold, silver and copper; (iii) the timing, cost and success of future exploration activities, including, but not limited to, the Corporation’s proposed Phase 1 program and Preliminary Economic Assessment on the Batero-Quinchia Project (as defined herein); (iv) permitting timelines; (v) currency fluctuations; (vi) requirements for additional capital; (vii) government regulation of exploration and mining operations; (viii) environmental risks; (ix) unanticipated reclamation costs; (x) title disputes or claims; (xi) limitations on insurance coverage; and (xii) increases in mineral resource estimates.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Corporation believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things, the estimation of mineral resources, the realization of resource estimates, gold and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the availability of necessary financing and materials to continue to explore and develop the Batero-Quinchia Project in the short and long-term, the progress of development and exploration activities, the receipt of necessary regulatory approvals, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. Readers are

cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Corporation, that could influence actual results include, but are not limited to: risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined, risks relating to variations in ore reserves, grade or recovery rates resulting from current exploration and development activities, risks relating to changes in the price of gold, silver and copper and the worldwide demand for and supply of such metals, risks related to current global financial conditions, uncertainties inherent in the estimation of mineral resources, access and supply risks, reliance on key personnel, risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, increases in capital and the risk of delays or increased costs that might be encountered during the development process, regulatory risks, including risks relating to the acquisition of the necessary licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities at the Batero-Quinchia Project may not be available on satisfactory terms, or at all, risks related to disputes concerning property titles and interest, and environmental risks. See “Risk Factors”.

Our forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this AIF. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading “Risk Factors” in this AIF.

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. Unless otherwise indicated, all resource and reserve estimates included in this AIF have been prepared in accordance with Canadian NI 43-101 and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission (“SEC”), and resource information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term “resource” does not equate to the term “reserves”. Under U.S. standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve

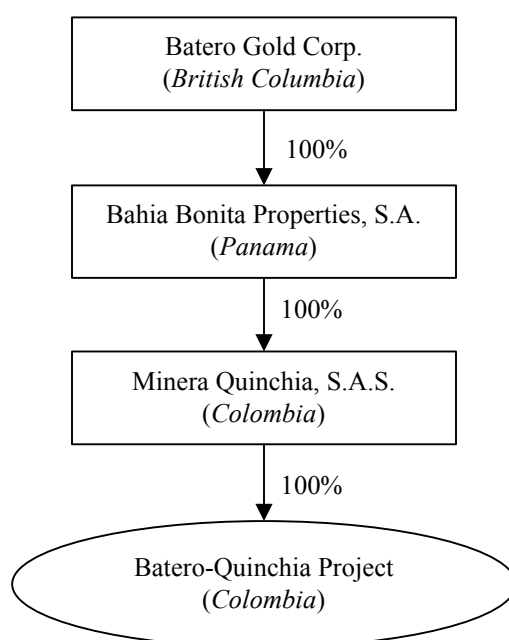
determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable.

CORPORATE STRUCTURE

The Corporation was incorporated under the BCBCA on January 15, 2008 under the name “Angus Resources Inc.”. The Corporation’s name was changed to “Batero Gold Corp.” on July 19, 2010. The Corporation’s head office is located at Suite 3703 – 1011 West Cordova Street, Vancouver, British Columbia, V6C 0B2. The registered office of the Corporation is located at Suite 1500 – 1055 West Georgia Street, Vancouver, BC, V6E 4N7.

Intercorporate Relationships

Bahia is a wholly-owned subsidiary of the Corporation and was incorporated under the laws of the Republic of Panama. Minera Quinchia is a wholly-owned subsidiary of Bahia and was incorporated under the laws of Colombia. Minera Quinchia is the registered owner of the Batero-Quinchia Project.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The following is a summary of the general development of the Corporation’s business since September 1, 2009.

Current Financial Year

On March 14, 2012, the Corporation announced an initial mineral resource estimate on the Batero-Quinchia Project. At a cut-off grade of 0.3 g/t gold, the indicated mineral resources is estimated to be 164.5 million tonnes averaging 0.56 g/t gold and containing 2.9 million ounces gold, and inferred mineral resources is estimated to be 106.5 million tonnes averaging 0.47 g/t gold and containing 1.6 million ounces gold. At a cut-off grade of 0.5 g/t gold, the indicated mineral resources is estimated to be 81 million tonnes averaging 0.72 g/t gold and containing 1.9 million ounces and inferred mineral resources is

estimated to be 32 million tonnes averaging 0.66 g/t gold and containing 0.7 million ounces gold. Similar grade mineralization is located nearby the open pit shell and has not been included in this initial mineral resource estimate. See “Batero-Quinchia Project” for a description of the property and the mineral resource estimate.

On January 16, 2012, the Corporation entered into longer term concession contracts with ANM with respect to the Exploration Licenses, progressing from the shorter-term exploration licenses. As at the date of this AIF, the registration of the Exploration Licenses as concession contracts is incomplete.

On January 13, 2012, the Corporation announced the completion of its phase 3 diamond drill program on the Batero-Quinchia Project and the results from its phase 1, phase 2 and phase 3 diamond drill program comprising a total of 55,755 metres.

On December 13, 2011, the Corporation acquired 100% of the surface rights in the immediate area of the La Cumbre gold-copper porphyry on the Batero-Quinchia Project.

On November 24, 2011, the Corporation completed a brokered private placement of 3,450,000 units at a price of \$2.10 per unit for gross proceeds of \$7,245,000. Each unit was comprised of one Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one Share at a price of \$2.45 until November 24, 2013. As compensation for acting as agent in connection with the brokered private placement, the Corporation paid Canaccord Genuity Corp. a cash commission of \$434,700 and issued 207,000 share purchase warrants exercisable at a price of \$2.45 until November 24, 2013.

Year Ending August 31, 2011

On July 27, 2011, the Corporation announced it had completed its phase 2 drill program on the Batero-Quinchia Project for a total of 24,000 metres which led to the discovery of three new zones of mineralization at three targets (Manzanillo, La Lenguita and Matecana) and significant extensions to the La Cumbre porphyry. In addition, the Corporation announced it had commenced a phase 3 diamond drill program for a total of 12,500 metres to test and in-fill the remaining untested areas from Matecana in the south to La Cumbre, Manzanillo, La Lenguita and Dos Quebradas in the north.

On May 19, 2011, the Corporation announced it had completed its phase 1 drilling program on the Batero-Quinchia Project which had identified the presence of a potential structural corridor considered to host the La Cumbre porphyritic complex. In addition the Corporation announced a phase 2, 24,000-metre drilling was underway to further refine and define a significant zone of secondary enrichment in the La Cumbre porphyry.

On May 10, 2011, the Corporation announced it had completed the acquisition of two artisanal gold mines on the Batero-Quinchia Project known as La Cumbre and Mandeval mines.

On February 11, 2011, the Corporation announced the initiation of preliminary metallurgical testing by G&T Metallurgical Services Ltd. on the Batero-Quinchia Project.

In January 2011, the Corporation completed its ground-based induced polarization, radiometric and magnetometry surveys on the Batero-Quinchia Project which included the completion of 57 line kilometres of geophysical profiling on a 50-metre line-spaced grid covering approximately 40% of the Batero-Quinchia Project.

On October 14, 2010, the Corporation completed a brokered private placement of 7,965,000 units and a non-brokered private placement of 1,878,750 units at a price of \$1.60 per unit for aggregate gross proceeds of \$15,750,000. Each unit was comprised of one Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one Share at a price of \$2.35 until October 14, 2012. In connection with the brokered private placement the Corporation paid Canaccord Genuity Corp. a cash commission of \$764,640 and issued 477,900 warrants exercisable at a price of \$1.60 until October 14, 2012. In connection with the non-brokered private placement the Corporation paid certain finders a cash commission of \$120,000.

In October 2010, the Corporation commenced its phase 1 diamond drill program on the Batero-Quinchia Project targeting five high priority areas with four drill rigs for a total of 16,000 metres. The primary goal of the phase 1 drilling program was to expand the known mineralization of the La Cumbre gold and porphyry target on the Batero-Quinchia Project to facilitate the completion of a NI 43-101 compliant mineral resource estimate.

On September 3, 2010, the Corporation completed a non-brokered private placement of 623,700 units at a price of \$0.80 per unit for gross proceeds of \$498,960. Each unit was comprised of one Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one Share at a price of \$1.00 until September 3, 2012.

In September 2010, the Corporation commenced its phase 1 exploration program at the Batero-Quinchia Project.

Year Ending August 31, 2010

On June 1, 2010, the Corporation completed a non-brokered private placement of 5,000,000 Shares at a price of \$0.20 per Share for gross proceeds of \$1,000,000.

Qualifying Transaction

On March 15, 2010, the Corporation entered into the Purchase Agreement to acquire the Batero-Quinchia Project. Pursuant to the Purchase Agreement, the Corporation acquired all of the issued and outstanding shares of Bahia resulting in the indirect acquisition of 100% of all rights, title and interest to the Batero-Quinchia Project. This acquisition constituted the Corporation's "Qualifying Transaction" for the purposes of the Exchange.

Pursuant to the Purchase Agreement, as consideration for the Batero-Quinchia Project, the Corporation issued 6,650,000 Shares and paid \$450,000 to Juan David Uribe Hurtado, Rafael Antonio Alfonso Roa and Ventus Investments, Inc. (collectively, the "Vendors") on July 22, 2010. On September 10, 2010, as a result of an amendment agreement to the Purchase Agreement, the Corporation acquired a 100% interest in the Batero-Quinchia Project by issuing 1,120,000 units to the Vendors. Each unit is comprised of one Share and one-half of one share purchase warrant with each whole warrant entitling the Vendors to acquire one Share at a price of \$2.25 until September 10, 2012.

The Corporation has agreed to issue an additional 2,000,000 Shares to the Vendors if a NI 43-101 compliant report is prepared at any time that establishes the existence of at least 5,000,000 ounces of gold categorized as measured mineral resources on the Batero-Quinchia Project (the "**Vendor Resource Payment**").

In connection with the Corporation's acquisition of the Batero-Quinchia Project, the Corporation issued 525,000 Shares to the Salazar Resources Ltd., an arm's length party to the Corporation, as a finder's fee.

In connection with the completion of the Corporation's Qualifying Transaction, the Corporation completed financings by way of a short form offering document, brokered private placement and non-brokered private placement of 10,600,000 units at a price of \$0.50 per unit for aggregate gross proceeds of \$5,300,000. Each unit was comprised of one Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one Share at a price of \$0.75 until July 22, 2012.

As compensation for acting as agent in connection with the above financings, the Corporation paid Canaccord Genuity Corp. a cash commission of \$263,893, an administration fee of \$10,000 and issued a total of 324,214 Shares and 764,107 share purchase warrants exercisable at a price of \$0.75 until July 22, 2012.

In addition, the Corporation issued 2,499,995 Shares to certain lenders as full repayment of a \$300,000 loan used by the Corporation to make an initial payment to the Vendors in connection with the acquisition of Bahia.

Year Ending August 31, 2009

On January 30, 2009, the Corporation completed its initial public offering as a capital pool company of 2,000,000 Shares at a price of \$0.10 per Share for gross proceeds of \$200,000 (the "IPO"). As compensation for acting as agent in connection with the IPO, the Corporation paid Canaccord Capital Corporation a cash commission of \$20,000, an administrative fee of \$12,000 and issued 200,000 non-transferable share purchase warrants exercisable at a price of \$0.10 for a period of 24 months from the date of listing of the Corporation's Shares on the Exchange.

Significant Acquisitions

The Corporation did not have any significant acquisitions for which disclosure was required under Part 8 of National Instrument 51-102 for the year ended August 31, 2011.

BUSINESS OF BATERO

General

The Corporation is a mining company that is currently focused on the Batero-Quinchia Project. See "Batero-Quinchia Project" for a description of the property and the mineral resource estimate.

The current mineral resources at the Batero-Quinchia Project are situated within a two kilometre by 600 metre wide mineralized trend that encompasses three porphyry deposits – the La Cumbre, El Centro and Dos Quebradas porphyries. The mineral resources at the Batero-Quinchia Project are defined by a Whittle pit and associated economic parameters. The exploration potential for additional gold ounces is identified in a gold envelope outside of the Whittle pit that is based on mineralization already intersected in the immediate vicinity of the mineral resource. The La Cumbre deposit, the southern most porphyry, contains a majority of the near surface, high grade mineral resources and will be the main focus for growth for the Corporation in 2012. There is a northwest southeast mineralized trend at La Cumbre that remains open beyond the Whittle pit and gold envelope, and will be drill tested for mineral resource expansion. Geophysical and geochemical anomalies associated with the La Cumbre deposit also remain open to the south and will be evaluated. In addition, high grade epithermal mineralization, previously exploited by artisan miners, was discovered within and adjacent to the La Cumbre deposit and requires further investigation for overall grade improvement.

The 2012 drill program will evaluate the opportunity to improve project economics through low cost heap leach mineral processing. At surface to a depth of 70 metres at the La Cumbre deposit is an oxide horizon. Below the oxide horizon is a thicker transition horizon, over a vertical distance of 150 metres to 200 metres, which overlies the primary sulphide mineralization. The oxide and transition horizons will be evaluated to determine if they are amenable to low cost heap leach mineral processing.

Specifically, the Corporation continues to develop the Batero-Quinchia Project by:

- focusing on evaluating a high grade development option at the La Cumbre deposit in the southern area of the Batero-Quinchia Project;
- completing a planned \$8 million, 12-month work program in 2012, including a 15,000 metre drill program;
- delivering an updated mineral resource estimate within a Preliminary Economic Assessment for the La Cumbre area of the Batero-Quinchia Project;

The La Cumbre deposit, the southern-most porphyry, contains a majority of the near surface, high grade mineral resources and will be the main focus of growth for the Corporation in 2012.

See “Batero-Quinchia Project– Recommendations” for additional information.

Specialized Skill and Knowledge

Most aspects of the Corporation’s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, exploration and development, environmental issues and accounting. The Corporation has a number of employees with extensive experience in mining, geology, exploration and business development in Colombia.

Competitive Conditions

The mineral exploration and mining business is a competitive business. The Corporation competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral tenements, claims, leases and other mineral interests for exploration and development projects. The Corporation also competes with other mining companies for investment capital with which to fund such projects and for the recruitment and retention of qualified employees.

The success of the Corporation in the future will depend on its ability to operate and develop the Batero-Quinchia Project and also on its ability to select and acquire suitable properties or prospects for development or mineral exploration.

Environmental Protection

All aspects of the Corporation’s field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. The environmental protection requirements affect the financial position and operational performance of the Corporation as a result of the capital expenditures and operating costs needed to meet or exceed these requirements. In the most recent completed financial year, the effect of these requirements has been limited due to the exploration stage of the Corporation, but they are expected to have a larger effect in future years if the Batero-Quinchia Project advances to the test mining or feasibility stage.

Mining companies in Colombia are subject to the authority of the Ministry of the Environment, the Regional Development Companies and certain municipalities and metropolitan districts. However, the National Code of Renewable Natural Resources and Environmental Protection forms the basis of environmental policy in Colombia and there is an interest in preserving natural resources from development activities. The 2001 Mining Code requires an environmental mining insurance policy for each concession contract. In addition, this provision requires that an environmental impact study (an “EIA”) be presented to the Ministry of the Environment at the end of the exploration phase if the concession is to proceed to the construction phase, and this must be approved and an environmental license issued before the exploitation phase can begin.

Exploitation may require additional permits, including an environmental license, a permit for springs, a forest use permit, a certificate of vehicular emissions, an emissions permit and a river course occupation permit.

Exploration on a mineral tenure which exceeds prospecting, mapping and sampling, requires the submission and approval of an Environmental Management Plan (“PMA”) which must include:

1. the work to be done (i.e., the number of drill holes, location, direction, depth, etc);
2. the proposed measures to prevent negative environmental impact that could be caused to the environment or to the communities by the project;
3. the monitoring plan of the project, in order for the environmental authorities to verify concessionaire’s compliance with environmental commitments and obligations during the implementation of the PMA;
4. the contingency plan, which must contain the measures to prevent and to affront emergencies arising from the project;
5. the costs of the PMA and the costs of the project;
6. the schedule for the execution of the PMA;
7. the proposed points of diversion for water so appropriate water permits can be issued;
8. the location and number of settling ponds to prevent turbidity in the streams by drilling fluids;
and
9. the location of fuel and oil storage areas, away from streams and creeks.

During the exploration phase, along with a PMA, a mining company may be required to request before the Regional Development Companies a permit for springs, a forest use permit, an emission permit and/or a river course alteration permit.

There is no bond requirement for exploration PMA’s, and no site reclamation is required. While PMA’s do not require any authorization or environmental permits, any such work carried out in areas designated as natural reserves are to be governed by those rules and restrictions.

As discussed above, an EIA must be submitted before an environmental licence is issued. The EIA has to demonstrate the building and works plans’ environmental feasibility. Without approval of this study and the issuance of the corresponding Environmental Licence, mining and exploration cannot commence.

As noted above, the 2001 Mining Code also requires a concession contract holder to obtain an environmental mining insurance policy. During the exploration stage, the insured value under the policy must be 5% of the value of the planned annual exploration expenditures and during the construction phase the insured value under the policy must be 5% of the planned investment for assembly and construction under the building and works plan. During the exploitation phase the insured value under the policy must be 10% of the product of the estimated annual production multiplied by the mine mouth price of the minerals being produced, as fixed annually by the Colombian government. Article 280 of the 2001 Mining Code also provides for the possibility of guaranteeing compliance with mining and environmental obligations under the concession contract with real security. For licences or agreements to be maintained under 1988 Mining Code, the holder has to obtain an insurance policy and the insured value must be 10% of the estimated production for the first two years as established by the building and works plan. Further, the policy must be maintained during the entire term of the licence or agreement.

Where there is a breach of environmental laws, an affected third party or the government may initiate judicial action against a polluting entity, including actions for protection of civil rights, civil liability lawsuits, class actions, group actions, executive or police measures and criminal filings. Environmental laws are a matter of public interest and are not subject to settlement. Historically, environmental authorities have taken a relaxed approach in the enforcement of environmental regulations. Recently, growing concern with respect to the environmental sustainability of projects, undertakings and industrial activities has resulted in increased enforcement and prosecution. Sanctions include daily penalties, suspension or revocation of the license, concession, permit, or authorization, temporary or final closure of the establishment, work demolition at the cost of the infringer, and confiscation of products or implements used to commit an infringement.

Markets and Marketing

There is a global market into which any minerals produced on the Batero-Quinchia Project could be sold and as a result, the Corporation would not be dependent on a particular purchaser, if any, with regard to the sale of any minerals produced. As the Corporation is not yet producing, it is not marketing and does not require a marketing plan or strategy.

Employees

The Corporation's business is administered principally from its head office in Vancouver, British Columbia, Canada. The Corporation's subsidiary, Minera Quinchia, has offices in Bogotá and Pereira, Colombia. As at April 11, 2012, the Corporation, including its subsidiaries, employed a total of 43 full-time employees, 39 field workers and eight consultants. The Corporation utilizes contractors on an as needed basis.

Foreign Operations

The Corporation's Batero-Quinchia Project is located in Colombia and, as such, is exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. See "Risk Factors".

Environmental, Social and Governance Policies

The Corporation seeks to conduct its activities in accordance with the highest environmental standards by complying in all material respects with all environmental laws, policies, regulations and plan, conducting extensive on going environmental operations, keeping environmental impacts of its operations to a minimum and rectifying or rehabilitating those impacts that necessarily occur as part of it operations.

RISK FACTORS

Investing in the Corporation involves risks that should be carefully considered. The operations of the Corporation are speculative due to the high-risk nature of its business. Investors should be aware that there are various risks, including those discussed below, that could have a material adverse effect on, among other things, the development of the Batero-Quinchia Project, and the operating results, earnings, business and condition (financial or otherwise) of the Corporation. See “Cautionary Statement Regarding Forward-Looking Information”.

Dependence on Single Mineral Project

The Batero-Quinchia Project accounts for all of the Corporation’s mineral resources and the current potential for the future generation of revenue. Any adverse development affecting the Batero-Quinchia Project will have a material adverse effect on Corporation’s business, prospects, financial performance and results of operations.

Nature of Mining and Mineral Exploration

Mining operations generally involve a high degree of risk. The Corporation’s operations are subject to the hazards and risks normally encountered in exploration, development and production operations, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Share Price Fluctuations

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Corporation’s share price will not occur.

During the year ended August 31, 2011, the Corporation’s share price closed at a high of \$6.57 on March 4, 2011 and a low of \$1.31 on September 1, 2010. On April 11, 2012, the Corporation’s share price closed at \$0.70.

No Revenues

To date, the Corporation has not recorded any revenues from operations nor has the Corporation commenced commercial production on any property. There can be no assurance that the Corporation has sufficient capital resources to continue as a going concern, that significant losses will not occur in the

near future or that the Corporation will be profitable in the future. The Corporation's expenses and capital expenditures have increased as consultants, personnel and equipment associated with the development and continued exploration of the Batero-Quinchia Project. The Corporation expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The exploration and development of the Corporation's properties will continue to require the commitment of substantial resources. There can be no assurance that the Corporation will continue as a going concern, generate any revenues or achieve profitability.

Substantial Capital Requirements and Liquidity

The Corporation will require significant capital and operating expenditures in connection with the development of the Batero-Quinchia Project. There can be no assurance that the Corporation will be successful in obtaining the required financing as and when needed. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Corporation may be required to undertake additional equity financing, which would be dilutive to Shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Corporation or at all. If the Corporation is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

Commodity Prices

The price of the Shares and the Corporation's financial results may be significantly adversely affected by a decline in the price of gold. The price of gold fluctuates widely, and is affected by numerous factors beyond the Corporation's control such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The price of gold has fluctuated widely in recent years.

Mineral Resource Estimates are Subject to Revision

Unless otherwise indicated, mineral resource estimates presented in this AIF and in the Corporation's other filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by the Corporation's personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that these estimates will be accurate.

Because the Corporation has not commenced production at the Batero-Quinchia Project, mineral resource estimates for the Batero-Quinchia Project may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Title to Properties

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. There is no guarantee that title to the Batero-Quinchia Project will not be challenged or impugned. There may be challenges to the title of the properties in which the Corporation may have an interest, which, if successful, could result in the loss or reduction of the Corporation's interest in the properties.

Government Regulations and Licenses and Permits

The activities of the Corporation are subject to Canadian and Colombian approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Corporation believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Corporation. Further, the licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Corporation's investments in such projects may decline.

Environmental Risks

The Corporation's activities are subject to extensive federal, provincial and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Corporation, including the suspension or cessation of operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Qualified Personnel

Recruiting and retaining qualified personnel in the future is critical to the Corporation's success. As the Corporation develops the Batero-Quinchia Project toward commercial production, the need for skilled labour will increase. The number of persons skilled in the exploration and development of mining properties is limited and competition for this workforce is intense. The development of the Batero-Quinchia Project and other initiatives of the Corporation may be significantly delayed or otherwise adversely affected if the Corporation cannot recruit and retain qualified personnel as and when required.

Availability of Reasonably Priced Raw Materials and Mining Equipment

The Corporation will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Corporation's production and financial performance could be adversely impacted.

Uninsured Risks

The Corporation maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Shares. Under Colombian law, each employee of the Corporation is required to maintain its own personal health and worker's compensation insurance.

Competition

The Corporation competes with many other mining companies that have substantially greater resources. Such competition may result in the Corporation being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund the Corporation's operations and develop its properties. The Corporation's inability to compete with other mining companies for these resources would have a material adverse effect on the Corporation's results of operations and business.

Foreign Operations Risks

The Batero-Quinchia Project is located in Colombia. Colombia is home to South America's largest and longest running political insurgency, and over the past two decades has experienced significant social upheaval and criminal activity relating to drug trafficking. While the situation has improved dramatically in recent years, there can be no guarantee that the situation will not again deteriorate. As such, the Corporation will be subject to governmental, political, economic, and other uncertainties, including, but not limited to, expropriation of property without fair compensation, changes in policies or the personnel administering them, nationalization, currency fluctuations and devaluations, exchange controls and royalty increases, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, economic sanctions and the imposition of specific obligations and the other risks arising out of foreign governmental sovereignty over the areas in which the Corporation's operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities, insurrections, the actions of national labour unions, terrorism and abduction. Additionally, the continued perception that matters have not improved in Colombia may hinder the Corporation's ability to access capital in a timely or cost effective manner.

The Corporation's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with the Corporation's operations in Colombia, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Corporation may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Corporation's exploration, development and exploration activities in Colombia could be substantially affected by factors beyond the Corporation's control, any of which could have a material adverse effect on the Corporation.

The Corporation may in the future acquire resource properties and operations outside of Colombia and Canada, which expansion may present challenges and risks that the Corporation has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Corporation.

Reliance on Management and Dependence on Key Personnel

The success of the Corporation is currently largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Corporation's business and prospects. The Corporation will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Corporation can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Corporation and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Corporation will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Corporation may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the Corporation, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

General Economic Conditions

The events in global financial markets recently have had a profound impact on the global economy. Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Corporation's growth.

Regulatory Requirements

The current or future operations of the Corporation require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Corporation may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Corporation might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Requirement for Permits and Licenses

While the Corporation believes that it currently has have all permits and licences necessary to carry on their current exploration activities on the Batero-Quinchia Project, a substantial number of additional permits and licenses may be required should the Corporation proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Corporation will be able to obtain all such licenses and permits.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the Batero-Quinchia Project could be subject to resistance from local residents that could either prevent or delay exploration and development of the Batero-Quinchia Project.

Litigation

The Corporation has entered into legally binding agreements with various third parties on a consulting, joint venture and partnership basis. The interpretation of the rights and obligations that arise from such agreements is open to interpretation and the Corporation may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause the Corporation to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any such disputes could have a material adverse effect on the Corporation.

The Corporation and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

BATERO-QUINCHIA PROJECT

The Technical Report

The Corporation commissioned RPA to complete the Technical Report on the Batero-Quinchia Project. The Technical Report, a report prepared in accordance with NI 43-101 by Paul Chamois, M.Sc. (Applied), P.Geol. and Luke Evans, M.Sc., P.Eng. of RPA, is dated February 24, 2012 and has been filed on SEDAR at www.sedar.com. The following information concerning the Batero-Quinchia Project is derived from the Technical Report.

The authors of the Technical Report, Paul Chamois, M.Sc. (Applied), P.Geol. and Luke Evans, M.Sc., P.Eng., are independent Qualified Persons under NI 43-101.

The technical information regarding the Batero-Quinchia Project contained in this AIF has been reviewed and approved by Darryl Lindsay, the Chief Operating Officer, Senior Vice-President and a director of the Corporation. Mr. Lindsay is a Qualified Person as defined under NI 43-101.

Technical Information

The estimated mineral resources for the Corporation's Batero-Quinchia Project set forth herein have been calculated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Council - Definitions adopted by CIM Council on November 27, 2010 (the "CIM Standards"). The following definitions are reproduced from the CIM Standards:

A "**mineral resource**" is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

An "**inferred mineral resource**" is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An "**indicated mineral resource**" is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A "**measured mineral resource**" is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate

techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

A “**mineral reserve**” is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

A “**probable mineral reserve**” is the economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

A “**proven mineral reserve**” is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources

This section uses the terms “measured”, “indicated” and “inferred” resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the SEC does not recognize them. Inferred mineral resources have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.**

Property Description and Location

Land Tenure

The Batero-Quinchia Project consists of the Exploration Licenses and the Concession Contract located within the Municipality of Quinchia, Department of Risaralda, Colombia (Figure 1). Collectively, these titles cover approximately 1,407.3 ha. The Batero-Quinchia Project is located on the Instituto Geográfica Augustin Codazzi Plancha 186-IV-6 and 205-II-A topographic maps (1:25,000 scale). The Universal Transverse Mercator (UTM) co-ordinates for the approximate centre of this area are 422,500mE, 584,500mN (WGS-84, Zone 18N).

In accordance with Colombian law, the holder of the Exploration Licenses has a right to access the parcel of land covered by such mining licences and may perform exploration and exploitation work thereon, subject to indemnification for damages to the owners of such parcel of land that may arise from such access, and the activities carried on by the holder of the mining licences.

The Corporation has received notice from the ANM that the Exploration Licenses have received approval for conversion to concession contracts allowing up to 48 years of exploitation. Although the approvals

have been received, the registration of the concessions as concession contracts is incomplete as of the effective date of the Technical Report.

For a description of the Corporation's title to, and interest in, the Batero-Quinchia Project, please see "General Development of the Business – Qualifying Transaction".

The Corporation owns 128.17 hectares in 23 plots of land surface rights within the Batero-Quinchia Project and has the rights to an additional 15.2 hectares of land surface rights, pursuant to three purchase agreements. Collectively, these land surface rights cover 100% of the currently known mineral deposit at La Cumbre and areas to the north, west and east of the La Cumbre gold deposit.

Mineral Tenure

Mineral rights in Colombia are reserved to the federal government and governed by the Colombian Mining Code. The Colombian Mining Code has been changed and amended on several occasions. The oldest version relevant to the Batero-Quinchia Project is Decree 2685 of 1988, which has been replaced and superseded in its entirety by Law 685 of 2001, as amended by Law 1382 of 2010. The mining law is administered by Ingeominas which has relegated the administrative duties concerning concession issues to Agencia Nacional de Minería (ministerial decree # 4134, November 03, 2011) and the institution formally known as Ingeominas will change its name to Servicio Geológico Colombiano (ministerial decree 4131, November 03, 2011) and be responsible for basic and applied geological investigations.

In Colombia, mineral concession agreements consist of three phases, namely the exploration, construction and exploitation phases, and are governed by Law 685 of 2001 as modified by Law 1382 of 2010. Under the Modified Mining Code, the exploration phase is for a three-year period, which can be extended for up to four additional two-year periods for a maximum of eleven years. During the exploration phase, annual surface payments, *Cánon Superficial* (*Cánon*), are payable to the Colombian government on the basis of one minimum daily salary per hectare. The current *cánon* rate is COP 17,166 per hectare (approximately US\$8.58/ha). The surface payment is calculated as one minimum daily wage per contracted hectare per year for the first five years of the exploration phase. During years six and seven of the exploration phase, the payment increases to 1.25 minimum daily wages per contracted hectare per year, and in years eight to eleven it increases to 1.5 minimum daily wages per contracted hectare per year. Upon completion of the exploration phase of a concession, the construction phase is for a period of three years, and may be extended for a period of one year, after which it enters its exploitation phase, in which *cánon* fees are no longer payable but are replaced by a production royalty payable to the Colombian government.

Exploration License #18567 was first issued under Decree 2655 of 1988. Exploration License #18567 was granted to TVX Minera Ltda in 1994 and subsequently assigned to Juan Davis Uribe Hurtado ("**Hurtado**") in 1998. On January 26, 2000, a request was filed for the term of the licence to be suspended due to force majeure. The suspension was approved on April 13, 2000 and the licence was renewed in 2004. On May 18, 2009, ANM authorized the assignment of 100% of the rights and obligations in Exploration License #18567 in favour of Minera Quinchia. In November 2011, the ANM office in Ibaque in its official minutes assigned the concession the status of concession contract to Exploration License #18567 for a 28-year term. On January 10, 2012, the Corporation requested that the concession contract be formally documented in the Colombian Mineral Registry.

Exploration License #22159 was first applied for in 1998 but was issued under Decree 2655 of 1988 on July 26, 2005. In 2002, the Embera – Chami native community located within the area of Exploration License #22159 was given an opportunity to exercise its preferential right to the area by ANM's predecessor agency, the Empresa Nacional Minera Ltda. This right was not exercised and the licence was

granted to Silvia Estela Rios Martinez (“**Martinez**”) and Hurtado in 2005. On June 25, 2009, ANM authorized the assignment of 100% of the rights and obligations in Exploration License #22159 in favour of Minera Quinchia. In November 2011, the ANM office in Ibaguè in its official minutes assigned the concession the status of concession contract to Exploration License #22159 for a 28-year term. On January 10, 2012, the Corporation requested that the concession contract be formally documented in the Colombian Mineral Registry.

Concession Contract #22270 was issued under Mining Law 685 of 2001. It was first applied for by Martinez and Hurtado on July 9, 1998. The Concession Contract was executed on October 24, 2005. It was registered in the National Mining Registry on July 10, 2006. On May 18, 2009, ANM authorized the assignment of 100% of the rights and obligations in the Concession Contract in favour of Minera Quinchia. The term of the contract is for 30 years from the date of its registration in the National Mining Registry.

Royalties and Other Encumbrances

The Corporation is not aware of any royalties, back-in rights, or other obligations related to the Purchase Agreement or underlying agreements, other than the Vendor Resource Payment.

The government of Colombia requires the payment of a 4% gross royalty for gold, based on 80% of the closing price of the London Bullion Market for an effective rate of 3.2%, for any production from the subject licences.

Permitting

Early stages of exploration including geological mapping and stream or soil geochemistry do not require permitting under Colombia law. However, exploration activity involving soil disturbance, including trenching and road and drill pad construction, requires an environmental management plan and approval from the Corporación autónoma regional de Risaralda. Drilling requires a water use and return permit.

All exploration projects require environmental insurance which can be purchased on an annual basis during the first three years of the licence or concession contract.

The Corporation has submitted environmental management plans for the on-going work. The Corporation has been granted all the required permits for surface exploration on the Batero-Quinchia Project, including soil disturbance and water use and return related to drilling, and that the permits are current. The Corporation initiated on-going water sampling monitoring and mitigation activities at the commencement of the drilling activities.

FIGURE 1: LOCATION MAP



Access, Climate, Local Resources, Infrastructure and Physiography

Accessibility

The Batero-Quinchia Project is located approximately 95 km by road from Pereira, the capital city of the Department of Risaralda, which has a population of approximately 800,000 in its metropolitan area. Pereira is serviced by multiple flights daily from Bogota and Medellin as well as international flights from Panama City, Panama. The drive to the town of Quinchia from Pereira takes approximately two hours on paved roads. The Batero-Quinchia Project is located about five km south-southeast from the town of Quinchia. Gravel roads provide direct access to the Dos Quebradas Cumbre exploration area. Driving time from the town of Quinchia to the Batero-Quinchia Project is about 30 minutes. Access within the Batero-Quinchia Project is limited to foot paths and horse/mule trails.

Climate

The project area lies within the warm temperate wet forest zone according to the Holdridge Life Zone climatic classification system and in the tropical monsoonal zone of the Koppen climate classification chart. Climatic zones vary with elevation and are defined as hot (greater than 24°C) below 1,000 m in the Cauca River valley; temperate (18°C to 24°C) between 1,000 m to 2,000 m; and cold above 2,000 m (12°C to 18°C).

The rainfall ranges from 900 mm to 3,000 mm per year and typically averages greater than 1,000 mm per year. Without significant changes in temperature, the seasons are defined by variations in precipitation. Two rainy seasons occur, from March to May and from September to December.

Exploration activities are possible year round.

Local Resources and Infrastructure

According to the Departamento Administrativo Nacional de Estadística census of 2005, the Municipality of Quinchia had a population of 31,849. Limited resources are available in the town of Quinchia including emergency medical services, temporary accommodations and fuel. Quinchia has daily bus service to Pereira. A greater range of services are available in Pereira. Any mining development on the Batero-Quinchia Project would have access to the national electrical grid. Three 230 kV high tension power lines run along the Cauca River Valley. A 132 kV sub-station at Marmato supplies power to the surrounding area. An abandoned railway line runs along the east side of the Cauca River. Abundant water is available locally for process purposes.

There is no permanent infrastructure on the Batero-Quinchia Project.

Physiography

The Batero-Quinchia Project is located within the Cauca-Patia or Inter-Andean physiographic province which lies between the Central and Western Cordillera. As such, it is located in steep, mountainous and relatively rugged terrain at elevations ranging from 800 MASL to 2,800 MASL. Elevation within the Batero-Quinchia Project varies from 1,300 MASL to 2,000 MASL.

The natural vegetation is dominated by lush, low-growth Andean forest and dense secondary scrub growth. Much of the original forest cover has been cleared for agriculture and grazing, particularly at

lower elevations. Land is used primarily for growing coffee and sugar cane and lesser areas for cattle grazing. Subsistence farming crops include plantain, beans, bananas and manioc.

History

Prior Ownership

The Exploration Licenses and Concession Contract which comprise the Batero-Quinchia Project were acquired by the Vendors in 1998. The Batero-Quinchia Project was optioned by the Vendors to AngloGold Ashanti (“**Anglo**”) in 2005. From 2005 to 2008, a subsidiary of Anglo, Sociedad Kedahda S.A. (“**Kedahda**”), carried out exploration programs consisting of geological mapping and sampling, soil sampling, diamond drilling, preliminary metallurgical testing, and airborne geophysics.

In November 2007, Caribbean Copper and Gold Corporation (“**Caribbean**”) entered into an agreement with Anglo whereby it could earn a 100% interest in the Batero-Quinchia Project. Caribbean assumed Anglo’s responsibilities with respect to the underlying agreement. In 2009, Caribbean and Anglo terminated the option agreement and the Batero-Quinchia Project reverted to the Vendors.

In 2010, the Corporation acquired the Batero-Quinchia Project through its acquisition of all the issued and outstanding shares of Bahia, a Panamanian company incorporated to hold all of the issued and outstanding capital in Minera Quinchia, a Colombian company which holds all the rights in the Batero-Quinchia Project. See “General Development of the Business – Qualifying Transaction”.

Exploration History

Artisanal mining has taken place in the Batero-Quinchia Project area from Pre-Colombian to modern times. Recent historical accounts indicate that artisanal gold production in the area was greatest during the 1950s.

During the 1990s, the Quinchia area drew the attention of various Canadian junior companies, some of whom acquired ground in the general area.

In 2000, ANM undertook a series of technical studies in the area including geological mapping, geochemical and geophysical surveying and prognostic (non NI 43-101 compliant) resource estimations.

In May 2005, Kedahda completed reconnaissance sampling in selected areas within the Batero-Quinchia Project .

From April to November 2006, Kedahda completed geological mapping at a scale of 1:10,000 along the eastern part of the Batero-Quinchia Project and soil sampling and detailed geological mapping at a scale of 1:2,500 at Dos Quebradas South and La Cumbre. Channel sampling in saprolitic diorite at Dos Quebradas returned values of greater than 3.0 g/t Au across 50 m. B-horizon soil sampling was completed on a 100 m by 25 m grid at Dos Quebradas and on a 200 m by 50 m grid at La Cumbre. Follow up diamond drilling of soil anomalies on both properties intersected porphyry style Au + Cu mineralization.

From January to November 2006, Kedahda completed a 15 hole drilling program totalling 4,090.7 m on the Dos Quebradas, La Cumbre, and El Centro targets.

In June 2006, Kedadha completed bottle roll testing of one composite sample taken from hole DD-5, drilled in the Dos Quebradas South area.

In April 2008, Kedadha completed a combined magnetometer and radiometric helicopter-borne survey over a large area including the Batero-Quinchia Project. The survey was flown with flight lines oriented at 000° and nominally spaced at 200 m intervals and with a ground clearance of 100 m. Tie lines were flown orthogonally to the survey lines at 2,000 m intervals. Approximately 70 line kms were flown over the Batero-Quinchia Project.

Historical Metallurgical Testing

In June 2006, Anglo completed bottle roll testing at SGS Lakefield on one sample (Met-15) from a drill hole located within the Dos Quebradas South area. Met-15 was a composite of 10 one metre samples taken from 162.0 m to 172.0 m in drill hole DD-5. The material tested was described as diorite with moderate potassium silicate alteration and dense stockwork quartz veinlets. The sulphide content was low, averaging 1% while chalcopyrite averaged 0.15%. The sample was un-oxidized. The assayed head grade of the composite was 1.53 g/t Au and the calculated head grade was 1.68 g/t Au.

The sample was a composite of -2 mm crushed rejects, ground to greater than 75% passing -75µm (-200 mesh). It was homogenized and reduced to 483 g. Subsequently, it was dried at 50°C and placed into a 3.8 L jar with 1,000 mL of undistilled water. Sodium cyanide (NaCN) was added at a concentration of 3,170 ppm and sufficient lime (CaO) to generate a pH of 11.

The gold recovery from the pregnant solution was measured at time intervals of two, four, eight and 24 hours. The results showed 78.6% gold dissolution after 24 hours and indicated a continued recovery trend after that time.

Geological Setting

Regional Geology

The Batero-Quinchia Project is located along the eastern margin of Colombia's physiographic Western Cordillera. The region is underlain by a highly complex basement known as the Romeral Terrane, which may be characterized as a tectonic mélange (see "Lithology – Romeral Terrane" for further details). The basement took form when Middle to Upper Mesozoic-aged volcanic and sedimentary oceanic rocks collided with, and were accreted to, the northern Andean paleo-continental margin, beginning in the Early Cretaceous. The resulting suture is known as the Romeral fault system and the mélange can be traced for over 1,000 km along the northern Andes. The original Romeral fault system is generally north-striking and dextral transcurrent in nature whilst the Romeral mélange contains mega-scale blocks and fragments of the oceanic allochthon and crustal slivers of autochthonous Paleozoic metamorphic rocks which formed the paleo-continental margin. The structure of the Romeral system has been modified by various post-Romeral tectonic events.

Following accretion, the Romeral Terrane and mélange were conformably overlain in the Late Oligocene to Early Miocene by autochthonous siliciclastic sedimentary sequences of the Amaga Formation, including basal conglomerates, quartz sandstones, siltstones, shales and coal. In the Middle to Late Miocene, both the Romeral mélange and the Amaga Formation were overlain by mafic to intermediate volcanic flows and pyroclastics of the Combia Formation, associated with at least one Middle to Late Miocene volcanic arc emplaced into the Romeral Terrane basement during this time period. Also associated with late arc formation was the syntectonic emplacement of a series of intrusive, including polyphase hypabyssal stocks, dikes and sills of dioritic, granodioritic and monzonitic composition.

These intrusives cut the above mentioned stratigraphic units. K-Ar whole rock dates for the intrusive rocks range from 8 Ma to 6 Ma. The Combia Formation and accompanying hypabyssal intrusive rocks are well represented along the approximately 100 km by 20 km north-south trending belt extending from Ansema in the south to Jerico, Fredonia, located to the north of the Batero-Quinchia Project area (Figure 2).

Following the accretionary events, the region was compressionaly deformed in the Early to Middle Miocene and again in the Middle to Late Miocene, in both cases by other tectonic accretionary events taking place to the west along the active Pacific margin. The structural architecture of the Romeral fault and mélangé system is essentially that of a more than 10 km wide series of north-south striking, vertically dipping dextral transcurrent faults. Virtually all lithologic contacts within the Romeral basement are structural, characterized by abundant shearing, mylonitization and the formation of clay-rich fault gouge. Structural reactivation during the Miocene resulted in orthogonal compression accompanied by mostly west-directed (back) thrusting and high-angle reverse fault development in the basement rocks. The Amaga Formation was deformed into generally open, upright folds with tilting and near isoclinal folding being associated with generally localized, west-verging thrusting. The Combia Formation records tilting and open folding and both the Amaga and Combia Formations exhibit moderate to strong diapiric doming where affected by the emplacement of the Mid to Late Miocene intrusive suite. North-south, northeast, northwest and east-west conjugate shearing and dilational fracturing affects all of the above geologic units. Some of these elements can be observed as structural lineaments traversing the region.

Project Geology

The bedrock geology of the Batero-Quinchia Project and surrounding area is shown in Figure 3. Natural outcrop in the area is sparse and is limited to road cuts and roadside quarries, mule and walking paths, and steeply incised active drainages. In addition, tropical to semitropical oxidation and weathering at surface masks original texture and mineralogy in many outcrops.

Lithology

The Batero-Quinchia Project and surrounding area is underlain by four principal rock units. These include: 1) a basement complex consisting of mafic and ultramafic oceanic volcanic rocks and granitoid intrusive rocks belonging to the Romeral Terrane, 2) stratified clastic sedimentary rocks of the Amaga Formation, 3) basalt-andesite through felsic volcanic and pyroclastic rocks of the Combia Formation, and 4) dioritic to monzonitic hypabyssal porphyritic intrusive rocks. Each of these units is described in detail as follows.

Romeral Terrane

Romeral Terrane rocks form a tectonically disrupted basement complex at the Batero-Quinchia Project, and the La Cumbre and Dos Quebradas breccias and mineralization are entirely developed within Romeral Terrane rocks. Fresh outcrops are relatively rare. Where observed, they form isolated fine grained packages of mafic oceanic igneous rocks, including basalt, diabase and microgabbro, locally interstratified with fine grained pelagic sediments. In proximity to hypabyssal porphyritic rocks the basement mafic lithologies are variably fractured, veined and hydrothermally altered. Intrusion induced fracturing/veining occurs in dense stockworks with quartz magnetite as the filling phases, accompanied by the formation of secondary (hydrothermal) biotite, and resulting in a potassic alteration assemblage directly linked to porphyry style mineralization in the hypabyssal intrusions. These assemblages are commonly overprinted by late propylitic alteration, dominated by chlorite and epidote which introduces a greenish coloration to the Romeral lithologies. The Romeral assemblage has not been directly dated in the Batero-Quinchia Project area and surrounding district, but based upon regional correlations is considered

to be broadly Lower Cretaceous in age, and to have accreted to the continental margin during the Aptian to Albian.

Forming part of the Romeral Terrane and outcropping in the southern part of the Quinchia district is the Irra stock. This calc-alkaline, granodioritic to monzonitic and locally syenitic intrusive has been mapped over approximately 32 square km area. It is coarse grained and holocrystalline, light grey to pink in colour and is dominated by andesine and orthoclase \pm quartz with augite and biotite forming the mafic phases. It has been dated at 97 ± 10 Ma (K-Ar, biotite). Contacts between the Irra stock and Romeral basement are structurally modified. It is not clear whether the Irra stock was emplaced in the Romeral basement before, during, or after Romeral accretion to the continental margin.

Amaga Formation

The conglomerates, sandstones, and siltstones of the Amaga Formation outcrop along road cuts to the southeast of the project area. The formation was unconformably deposited upon Romeral Terrane basement rocks. Based on pollen analyses, the Amaga Formation ranges in age from Upper Oligocene to Lower Miocene. The Amaga Formation is considered to be of continental origin, having been deposited in trans-extensional (pull apart) basins along the middle Cauca, in response to transgression and uplift generated by post Romeral tectonics along the Pacific margin to the west. Structurally, the Amaga Formation forms elongate north northeast to south southwest trending ridges, and structural measurements on bedding indicate moderate to steep dips to the west, suggesting east verging folding and possibly thrust fault imbrications. The formation is locally intruded by the hypabyssal porphyry suite, in the vicinity of which it is domed, highly fractured and contains abundant disseminated hydrothermal pyrite and illite \pm sericite.

Combia Formation

This formation is widespread throughout the Quinchia district. It is dominated by two main units: 1) a lower sequence of massive, compact, magnetic flow rocks and agglomeratic pyroclastics of basalt-andesite composition, and 2) an upper, fine to medium grained, interbedded tuffaceous to agglomeratic pyroclastic unit of more felsic (intermediate) composition. The true thickness and stratigraphic age relationships between these units have not yet been clearly determined. The lower unit is dark grey-green in colour and contains primary mafic phases including hornblende and magnetite. The upper unit is volumetrically dominant and is composed of mixed, coarse to fine grained crystal, lithic, ash and lapilli tuffs. Lithic fragments comprise up to 40% of the coarse grained pyroclastic rocks, and include fragments of basalt, basalt-andesite and hypabyssal porphyry. As with the Romeral suite, in proximity to hypabyssal porphyritic rocks, the Combia Formation is variably fractured, veined and hydrothermally altered. Intrusion induced fracturing/veining occurs in dense stockworks with quartz and magnetite in a potassic alteration assemblage directly linked to porphyry style mineralization. These assemblages are overprinted by late propylitic alteration. The Combia Formation has not been accurately dated. The lower unit ranges from approximately 14 Ma to 11 Ma in age. Both the lower and upper units have clearly been intruded by the hypabyssal porphyry suite which has been dated at approximately 8 Ma to 6 Ma.

Hypabyssal Porphyry Suite

The suite is both volumetrically and metallogenetically significant in the Quinchia district. The porphyry suite manifests in various sub-tabular intrusive centres in the Quinchia area (Dos Quebradas, La Cumbre, and El Centro). In detail, the suite is composed of multiple phases of hypabyssal porphyry that range in composition from diorite to quartz diorite. The fine to medium-grained porphyritic intrusions are light grey to greenish grey in colour, and texturally range from sparsely populated to crowded. Plagioclase is a ubiquitous phenocryst, followed in abundance by biotite, hornblende and augite, with quartz occurring as

bi-pyramidal eyes up to 8 mm in section in the more felsic porphyry phases. A fine grained biotite microdiorite body is observed within the suite and in some areas it appears transitional to sparsely populated plagioclase porphyry. Associated with the suite is a matrix supported magmatic intrusive breccia variably bearing fragments of diorite, quartz diorite and microdiorite as well as vein fragments in a dioritic matrix. The Batero-Quinchia porphyry suite forms the southern extension of an arc of porphyritic rocks which extends from Anserma-Quinchia to Titiribi in the north. At various locations these porphyries have been dated and generally return ages ranging from 9 Ma to 6 Ma. An unpublished whole rock (K-Ar, biotite) date from the Dos Quebradas porphyry returned 8.1 ± 1 Ma. Recent unpublished geochronology studies by the Corporation indicate ages of 8.92 ± 0.15 Ma (U/Pb zircon) and 8.94 ± 0.13 Ma (U/Pb zircon) for the dioritic units that host the mineralization in the district.

Coincident with the hypabyssal porphyry suite at the Batero-Quinchia Project, a series of porphyry style Au-Cu occurrences are observed. These mineralized alteration centres are hosted within a kilometre scale propylitic (chlorite-epidote-carbonate-quartz-pyrite) halo that intensifies inwards to a series of Au (\pm Cu) mineralized centres with alteration types which range from calcic potassic (A veining, calcic amphibole, disseminated magnetite and magnetite veining, K-spar \pm biotite) to intensely fractured/stockwork "phyllitic" (or "D-type" with sericite-illite-pyrite) and "intermediate argillic" (with sericite-chlorite-clay (illite-smectite). The emplacement of the porphyry and the resulting concomitant hydrothermal alteration, affects all of the lithologic units in the Quinchia district. Unpublished radiometric dates from the mineralized system quartz-sulphide veinlets are consistent with the host rock data, 8.81 ± 0.04 Ma and 8.90 ± 0.04 Ma (Re-Os, molybdenite).

FIGURE 2: REGIONAL GEOLOGY

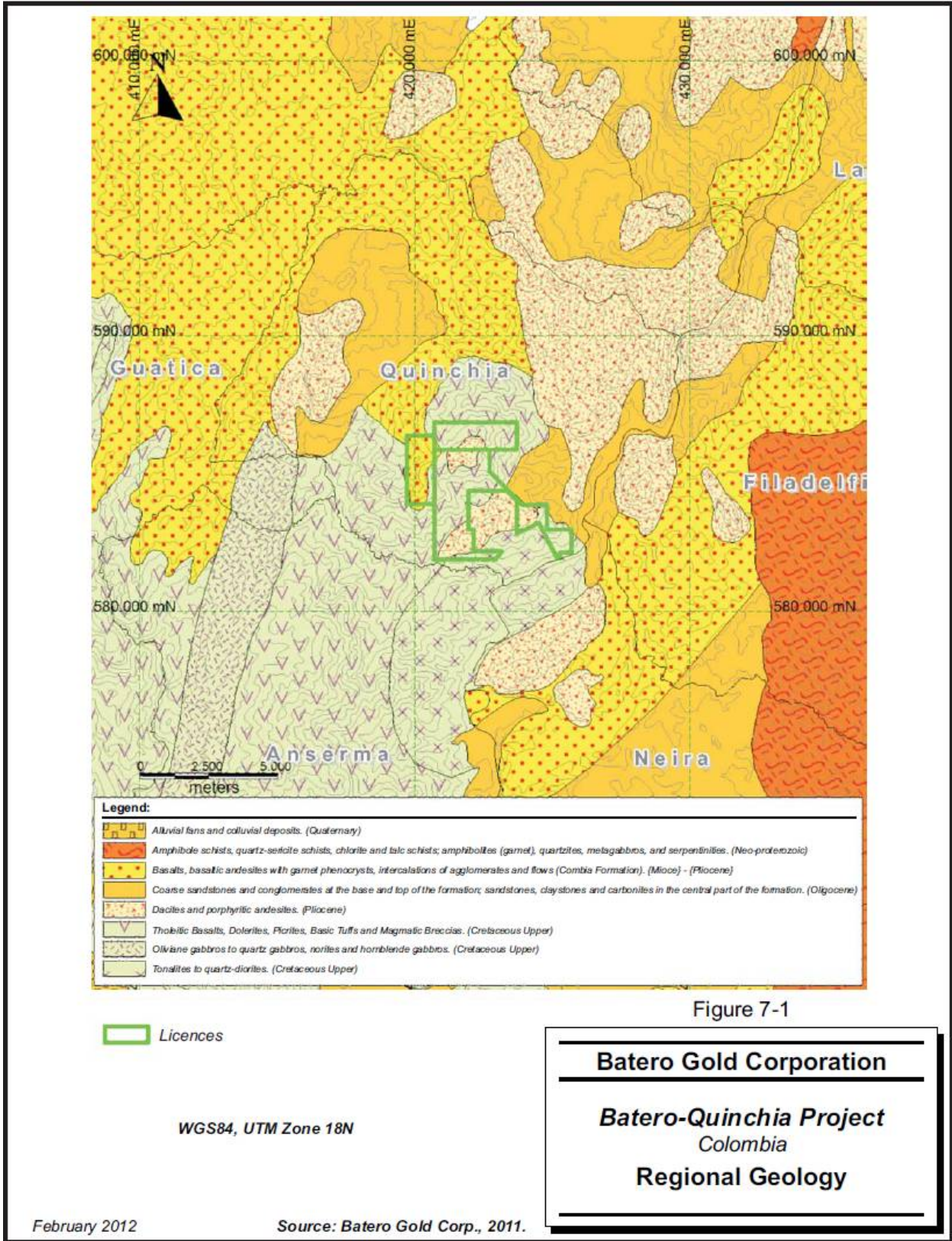
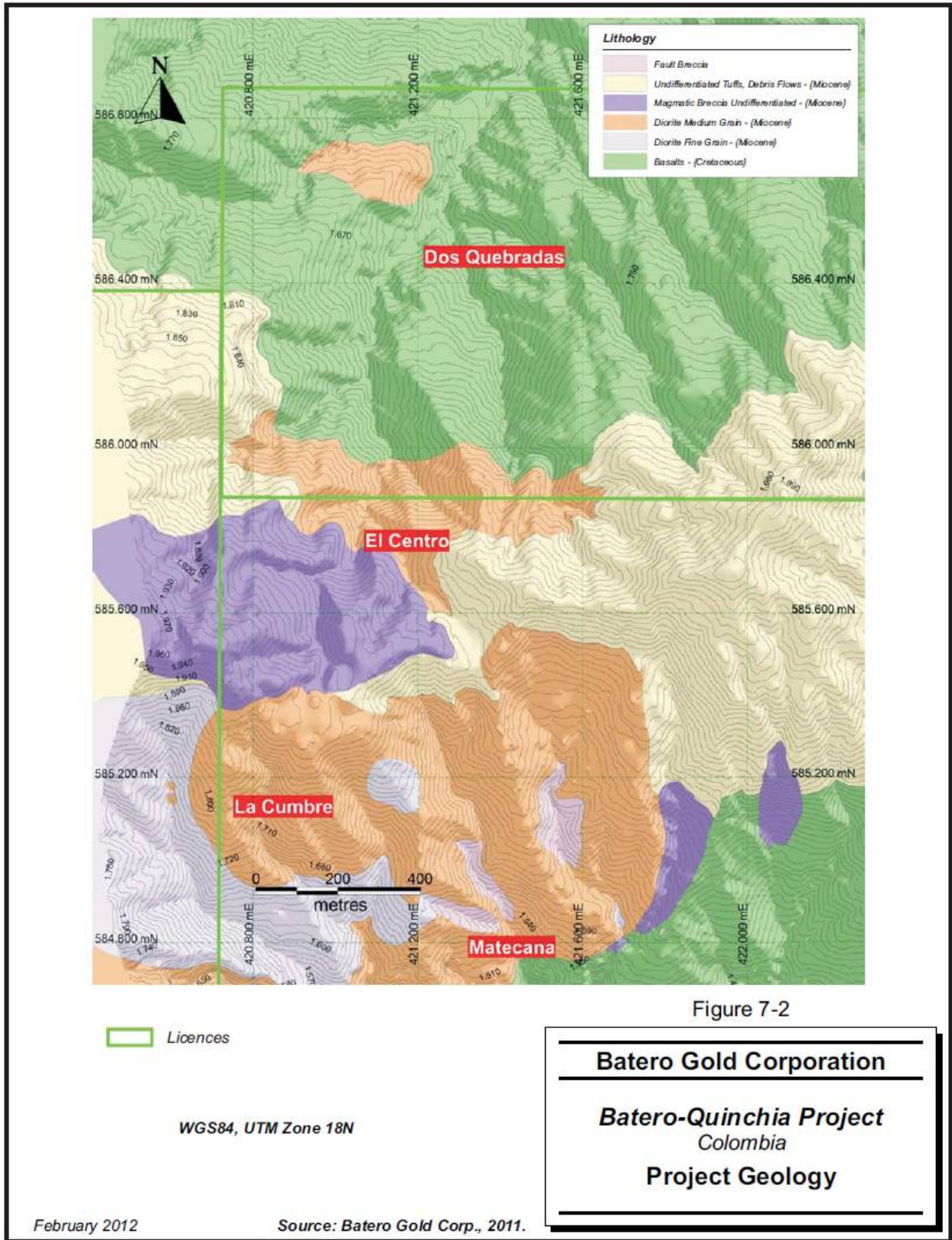


FIGURE 3: PROJECT GEOLOGY



Exploration

Work undertaken on the Batero-Quinchia Project has to date been focused over and adjacent to the La Cumbre – Dos Quebradas mineralized area and has included outcrop mapping, rock channel and chip sampling, soil sampling, test pitting, ground based magnetic, induced polarization and radiometric surveys and drilling (see “Batero-Quinchia Project – Drilling”).

Mapping of outcrops is limited to creek, trail and road exposures and is completed by tape and compass methods supported by hand held GPS and a network of topographic control points. This mapping has provided insight into the potential structural controls on the mineralization in the areas surrounding the porphyry mineralization. The mapping has also discovered and documented the presence of numerous artisanal mine tunnels that were working along fault zones and veins bearing epithermal style mineralization.

Rock channel and chip sampling (two metres continuous samples in outcrop) collected 3,550 samples (maximum result of 10 ppm Au, mean results 0.240 ppm Au) principally in road cuts and stream exposures. Where possible, a rock sawn channel sample was collected, in other cases a hammer and chisel sample was collected (average sample weight 1.5 kg to 2.0 kg). Of the collected samples, 3,470 are from the La Cumbre – Dos Quebradas mineralized corridor; the other samples are from within the remainder of the concession areas. The results of the rock sampling were used to assist in targeting the 2011 drill program. In the case of the porphyry mineralization the samples approximately delimit the extents of the mineralized centres and in the case of the areas between the porphyry centres establish areas of structurally controlled mineralization.

Auger soil sampling was conducted along north-south lines spaced 100 m apart with a 20 m station spacing. This survey covers the main La Cumbre – Dos Quebradas corridor and has been extended to the west on a 50 m by 50 m grid and is currently being expanded towards the east within the concession boundaries on a 100 m line spacing with 50 m sample spacing along the lines. Sample depths range from five metres to seven metres and C horizon (saprolite) was sampled. The total area of the survey to date covers approximately 535 ha and includes over 2,030 samples (maximum result 6.5 ppm Au, mean of results 0.175 ppm Au). The soil grids highlight a strong mineralization trend in both Cu and Au and indicate the three principal mineralized centers in the northwest portion of the Batero-Quinchia Project. The Amarilla Corridor is host to fault and vein controlled epithermal style mineralization previously exploited by artisanal miners.

Test pits, shallow excavations of up to 1.5 m in depth and 1 to 1.5 m², were sampled in vertical profile and when the base encountered bedrock an additional sample was collected. From the test pits 560 samples were collected (maximum result 3.29 ppm Au, mean of results 0.251 ppm Au). This sampling confirmed the near surface mineralization at the La Cumbre deposit area.

All rock and soil samples are analyzed at ALS Chemex Laboratories.

In 2010, ground based geophysical surveying of 53.05 line kilometres comprising induced polarization (“IP”), magnetics, and natural radiation spectrometry (“NRS”) was completed over the La Cumbre-Dos Quebradas area by ARCE Geofisicos of Peru.

The results of the IP, magnetics and NRS surveys were supplied to consultant TEP Ltda. (“TEP”) for interpolation, modelling, interpretation and target recommendation. TEP’s processing was later supplied to in3D Geoscience Inc. of Canada to reprocess and complete 3D modelling and target recommendations. This data was provided as the 2011 drill program was initiated.

In May 2011, the Corporation announced it had acquired a 100% interest in two historic, artisanal gold mines (La Cumbre and Mandeval) at the Batero-Quinchia Project. Subsequently, the Corporation rehabilitated, mapped and sampled the old workings. A total of 670 m of old workings have been rehabilitated to date and 1,299 samples were collected and analyzed at ALS Chemex Laboratories. These samples yielded a maximum result of 16.65 ppm Au and a mean result of 0.32 ppm Au. Samples were taken using the same procedure as surface rock samples, via continuous cut channel or hammer and chisel, with two metre sample intervals. Samples were collected along both sides of the tunnel approximately one metre from the floor and a sample of the tunnel back, as an arc between the lateral samples continuous across the back, approximately every 20 m. Mineralization in the tunnels shows a relationship with epithermal style of mineralization and as mineralized fault breccia. Further exploration and drilling are required to fully evaluate this structurally controlled epithermal gold trend.

Exploration to date has identified and partially delimited three mineralized centres within a six square kilometre area of the concession block. The most significant of these to date is the La Cumbre deposit, which has relatively higher grades. For example, hole LC023 intersected 212 m grading 1.01 g/t Au and 0.15% Cu from three metres and hole LC008 intersected 146.4 m grading 0.81 g/t Au and 0.17% Cu from 5.6 m. The geophysical and geochemical anomalies associated with the La Cumbre deposit remain open to the south.

Overlying the La Cumbre deposit is an oxide saprolite horizon that transitions into the primary sulphide mineralization. The presence and thicknesses of the oxide saprolite and underlying transitional mineralization are such that an initial heap leach extraction scenario might be a viable option. The saprolite horizon ranges from approximately 20 m to 70 m over the better mineralized zones within La Cumbre, however, the oxide and transitional zones have yet to be modeled.

Epithermal mineralization discovered within and adjacent to the La Cumbre deposit, as well as structurally controlled mineralization throughout the El Centro and Dos Quebradas deposit areas require further investigation. Higher grade intersections including two metres grading 43.4 g/t Au in hole LC003, 31.3 m grading 2.85 g/t Au in hole QAP034, 10 m grading 1.4 g/t Au in hole SB007, and 53.6 m grading 1.31 g/t Au in hole LC001, occur in the porphyry mineralization.

In addition, there are five other exploration targets within the concession block. Two of these targets have similar geophysical signatures and initial surficial geochemical results to those at La Cumbre suggesting that there is excellent potential to discover new gold porphyry systems on the Batero-Quinchia Project.

Mineralization

The Dos Quebradas, El Centro and La Cumbre porphyry gold deposits are associated with three Miocene intrusive centres in a north-south trend that have a strike extension of approximately three kilometres and at elevations between 1,600 MASL and 1,050 MASL. These intrusive centres are composed of dikes and stocks separated in three groups as i) early intra-mineral, ii) late intra-mineral, and, iii) post mineral dioritic phases emplaced in intermediate to felsic volcanic rocks of the Miocene Combia Formation and in Cretaceous basalts of the Barosso Formation.

The three porphyry gold deposits on the Batero-Quinchia Project are described as follows:

- **Dos Quebradas:** the mineralized area occurs in the somewhat incised Dos Quebradas valley and covers an area of approximately 700 m by 700 m.
- **El Centro:** a lower grade deposit covering an area of approximately 800 m by 500 m.

- **La Cumbre:** the deposit covers an area of approximately 1,000 m by 600 m.

The three deposits are copper-poor porphyry gold systems in which intermediate argillic alteration locally overprints an early potassic assemblage and its associated quartz veinlet stockwork.

Gold in these targets occurs in biotite altered dioritic intrusions and in the diorite-basalt contact zones. The highest gold and/or copper grades occur in the early diorite phases characterized by potassic (mainly biotite with subordinate K-spar) and potassic-calcic alteration that is characterized by addition of traces of actinolite and garnet to the potassic assemblage. Significant amounts of quartz \pm sulphide veinlets and greater than 3% hydrothermal magnetite is common in these early phases.

Gold grades are lower in the intra-mineral phases; they still have potassic alteration with a lower density of veinlets compared with the early intrusive phases. Sulphide contents in early intra-mineral phases are normally lower than 1% but up to 3% and include pyrite, chalcopyrite, bornite and minor molybdenite.

Gold and copper grades in basaltic wall rock follow potassic biotite and potassic calcic (biotite-actinolite) alteration. A-veinlet densities reach up to 50 veinlets per metre. Most artisanal mining activity in the Quinchia area follows centimetric fault gouge along faults in tuffaceous volcanic rocks with strong intermediate argillic alteration. Gold occurs with the fault gouge that contains fine grained pyrite.

The intrusions that host mineralization consist of several phases of diorite and later andesitic dike phases exhibiting characteristic alteration zoning, possibly as a result of telescoped porphyry and epithermal systems and progressive leaching of gold by overprinting argillic alteration.

Mineralization at La Cumbre was discovered through follow up drilling of surface anomalies by Kedahda in 2006. The mineralization was best tested in the central part of La Cumbre where four holes were drilled along an east-west section. Hole DD-8 intersected 210 m of 0.80 g/t Au and 0.15% Cu from surface to a vertical depth of 150 m. Drilling to the south of this section confirmed the mineralization at surface which continued as a low grade zone to 520 m depth in hole DD-18.

Five holes were drilled by Kedahda in 2006 in the area of Dos Quebradas. This resulted in the discovery of significant gold mineralization within the diorite (holes DD-4 and DD-5) and across the contact into the surrounding basalts where holes DD-6 intersected 216 m averaging 0.746 g/t Au and 0.11% Cu. Kedahda also drilled two holes on the adjoining Dos Quebradas North property owned by Seafield Resources.

Drilling

From October 25, 2010 to November 8, 2011, the Corporation completed 123 diamond drill holes totalling 55,755.80 m. The purpose of the drilling was primarily infill to delineate mineral resources, to test for extensions of the known mineralization in the La Cumbre target, and to test other targets outside of the known mineralized areas.

The drilling was contracted to Bradley Colombia S.A.S. ("**Bradley**") of Bogota, a subsidiary of Rouyn-Noranda based Bradley Bros. Drilling Limited, Mincivil S.A. ("**Mincivil**") from Medellin/Bogota, Colombia, and Kluane International Drilling ("**Kluane**"), Colombia. Bradley used two Bradley LD-250 drills, Mincivil used a Boart Longyear LF-70 drills, and Kluane used a KD-1000 drill. Holes were collared with HQ (63.5 mm diameter) or HTW (71.0 mm diameter) core and reduced to NQ (47.6 mm diameter) or NTW (58.6 mm diameter) core as drilling conditions dictated. The drills were moved manually between drill sites.

Drill collars were spotted using hand held GPS instruments and front sights were put in using a compass. All UTM coordinates are reported in WGS 84 Zone 18 North. During the drilling program, Niveles Globales SAS, a surveying company, was contracted to complete a topographic survey using ground based Total Station readings over the project area to a 1 m contour resolution. This survey established 17 control stations around the project area. During the survey, Niveles Globales established locations for the drill platforms. The Corporation is in the process of surveying all drill hole collars with differential GPS instrumentation.

Holes were drilled in various orientations within the porphyry mineralized system to determine if a preferential structural trend exists. To date, it is thought that there is an overall northwest-southeast trend to the La Cumbre mineralized body and a generalized north-south trend to the Dos Quebradas mineralized zone. Drilling as such was generally sub-perpendicular to the different mineralized trends. Hole dips varied from -45° to -90° . The attitude of the holes at depth was determined by taking azimuth and dip readings at 50 m intervals once the holes were completed using a Reflex® multi-shot instrument from the base of the saprolite with an additional reading at the bottom of the hole.

Of the 123 holes drilled by the Corporation, six (CD001, LC015, LC016, LC017, LC018, and LC019) have incomplete surveys typically missing three to four readings in the lower half of the hole. All of these holes are vertical and do not show deviations to the bottom of the hole. Similarly, four other drill holes (QAP012, QAP041, QAP042, and QAP043) have incomplete surveys missing between two and seven readings. These holes have inclinations between -65° and -72° and show normal deviations down hole. Seven holes, three vertical and four inclined, were terminated at depths of less than 105 m due to operational issues. In each of these holes, only a single reading was taken. Other holes that have a single reading at the bottom of the hole include LC008 (-90°), LC010 (-90°), QAP032 (-60°), SB004 (-65°), and SB005 (-50°). In addition, three drill holes have multiple readings but at intervals that vary from 12 m to 100 m. Despite the above mentioned inconsistencies, the overall deviation within the drill program is less than 5%, which is acceptable for the depths drilled in the 2011 drill program.

A Minera Quinchia technician was present at the drill platform at all times. The technician cleaned the core, carefully reconstructed the core and calculated both the core recovery (“CR”), core loss (“CL”) and rock quality designation (“RQD”) at the drill site. A Minera Quinchia geologist is present at the drill for the termination of each hole. Core recovery is generally very good in the fresh rock averaging over 95% and it averages over 80% in the saprolite. RPA has recommended to the Corporation that it carry out a twinned hole drilling program using triple tube core barrels or other techniques that improve core recovery in the saprolite.

The core is brought to a central core handling facility at La Cumbre on a daily basis by Minera Quinchia personnel. At the La Cumbre core handling facility, the core is photographed with a digital camera and quick logged by Minera Quinchia geologists. The core is packed and trucked to the core logging and sampling facility in Pereira periodically. Core handling procedures are described in “Batero-Quinchia Project – Sample Preparation, Analyses and Security” below.

Sample Preparation, Analyses and Security

As indicated in “Batero-Quinchia Project – Drilling” above, a Minera Quinchia technician is present at the drill at all times when the drill is operational. The technician monitors the drilling, verifies that the meterage markers inserted by the drillers are correct, washes and reconstructs the core, and calculates the CR and RQD. The technician also ensures that the core boxes are properly secured for the transportation to the core handling facility at La Cumbre.

Drill core is placed sequentially in wooden core boxes at the drill site. The core boxes are carried by Minera Quinchia personnel on a daily basis to the La Cumbre core facility. The La Cumbre core facility is located on a fenced property with 24 hour security present. At the La Cumbre core facility, the core is photographed with a digital camera and is quickly logged by a Minera Quinchia geologist. The core is transported by truck to the core logging and sampling facility in Pereira on a regular basis.

Within the Pereira core handling facility, core boxes arrive and are immediately confirmed against the chain of custody manifest. The core boxes are then laid out and meterages are checked against drill runs with every meter being marked on the core box – final core loss is calculated. Specific gravity samples are selected at 10 meter intervals, sawn if required and measured before being returned to the core boxes. Those samples in leached, saprolite, or porous material are first coated with paraffin wax before having the specific gravity measured. A quality assurance/quality control (“QA/QC”) geologist then inserts red wooden blocks indicating the sample intervals and all QA/QC samples including core duplicate samples to be collected, pulp duplicates, and blocks indicating blanks and standards positions in the batch sequence; samples are blocked on two metre intervals and shorter intervals may be selected on the basis of geological contacts, structures, changes in texture and alteration and mineralization. The core is then marked for sampling by a technician, sawn in half with half the core being returned to the box and the other half placed in plastic sample bags. A sample tag is placed in the sample bag and the bag is sealed with a uniquely numbered zip tie; the plastic sample bags are placed in larger rice bags and sealed with an additional security tag for shipping.

Once the samples are sawn, the core is logged descriptively for lithology, structure (veinlet type), alteration and mineralization. Logging and sampling information is first recorded on paper and is subsequently entered into data management software acquired from Century Systems Technologies Inc. (“Century”). The logging is in Spanish and the logging and sampling is done using metric measurements.

All the core from the Corporation’s drilling is kept in the secure core logging and sampling facility in Pereira. The core samples are trucked to the ALS-Chemex sample preparation facility in Bogota on a regular basis.

In Bogota, each sample is dried then crushed to 85% less than 2 mm or better. A 1,000 g sub-sample is split off with a riffle splitter and is pulverized to 85% less than 75 µm or better (ALS-Chemex lab code PREP-31B). A 110 g pulp split from each sample is then shipped to ALS-Chemex’ laboratory in Lima, Peru where it is split and distributed for analysis.

In Lima, 50 g charges are analyzed for gold by fire assay with an atomic absorption spectroscopy finish according to ALS-Chemex’ Au-AA24 lab code. Over limit samples are re-assayed by fire assay followed by a gravimetric finish (ALS-Chemex lab code Au-GRA22). In addition, the samples are analyzed for a suite of 33 elements, including Cu and Ag, by Inductively Coupled Plasma – Atomic Emission Spectroscopy after a four acid digestion (ALS-Chemex lab code ME-ICP-61) in Lima, Peru.

RPA is of the opinion that the core logging and sampling are done to industry standards.

All ALS-Chemex’ processes in their Bogota preparation facility are done according to the ISO 9001 standard and the facility is about to be accredited to that standard. ALS-Chemex’ analytical laboratories in Lima and La Serena have ISO 9001 and ISO 17025 accreditation.

RPA is of the opinion that the sample preparation, analysis, and security meet or exceed industry standards.

Data Verification

Independent Assay of Drill Core

Paul Chamois, P.Geo., Senior Consulting Geologist with RPA and an independent QP, visited the Batero-Quinchia Project on November 17 and 18, 2010. During the visit, core from the 2010 first phase drilling program was inspected and samples from hole QAPDDH01 were marked out and duplicate samples taken.

At the time of Mr. Chamois' visit, the Corporation had not yet received any assay results from the first phase drilling program and the duplicate samples were chosen on the basis of type and intensity of alteration and mineralization observed in the core. The specified samples were quarter sawn under Mr. Chamois' supervision. The samples were then bagged, tagged, and sealed in a larger rice bag and remained in Mr. Chamois' possession for the trip home. The samples were then sent to the SGS Minerals Services Lab ("SGS") in Don Mills, Ontario, by courier. The samples were dried, crushed to 75% passing 2 mm, split to 250 g, and pulverized to 85% passing 75 µm according to SGS's sample preparation lab code PRP89. Fifty gram charges were analysed for gold by fire assay with an Inductively Coupled Plasma finish (SGS lab code FAI505).

SGS is accredited to the ISO 17025 Standard by Certificate number 456.

Database Verification

The exploration drill hole information is stored in a Century master database. When a drill log is completed, the collar coordinates, density, and geology information are manually entered into the Century database. The assays are imported directly from the electronic assay certificates.

Collar Coordinates

Niveles Globales SAS, a surveying company, was hired to complete a topographic survey using ground based Total Station readings over the project area to a one metre contour resolution. This survey established 17 control stations around the project area and the locations for the 4 m by 4 m drill platforms were surveyed. The exact collar locations were surveyed in January 2012 and showed a minimum difference in comparison to GPS controlled collars: the central database has been updated with the final survey data.

The Corporation verified all of the Corporation's drill hole collar coordinates in the Century database with field data available and corrected a small number of errors. RPA used the drill logs to check the collar coordinates for the 18 Anglo drill holes. RPA found no discrepancies with the eastings and northings, but the Corporation made minor adjustments to the elevations for ten holes to conform to the new detailed topography contours.

Downhole Survey Data

The downhole survey instruments generate electronic data that is compiled and cleaned by the site geologists in Excel before it is imported into the Century database. RPA has recommended to the Corporation that it preserve electronic copies of the raw survey data in the future to provide a data verification trail. The downhole survey data has not been verified. Most of the drill holes have small deviations that are generally less than a few degrees over a few hundred metres or more.

Assays

The Corporation receives the analytical data from ALS Chemex laboratory electronically as .csv or .xls files and the final certificates as pdf files. The migration of the assay data to Century is completely automated. For the historical data pertaining to the Anglo drill holes, a visual verification was carried out as only pdf files with assay results were available.

RPA checked 7% of the gold, silver and copper assays in the Corporation's drill holes and found no significant errors.

Lithology Data

The lithology data is entered manually into the Century database. Geologists regularly check intervals in the drill logs with the data entered in the Century database by selecting intervals at random. When an error is found approximately 15 intervals above and below are checked as well.

Density Data

Density tests are done on whole core before splitting. The measurements are at approximately 10 m intervals or when abrupt changes in the lithology and/or alteration and/or variations in the mineralization type are observed. For HQ core, the sample is from 10 cm to 15 cm in length and for NQ core the sample is from 20 cm to 25 cm in length. Saprolite samples are covered with paraffin first. The density results are manually input into the database. The Corporation checks approximately ten percent of the density data in the Century database with the hard copy originals.

Quality Assurance and Quality Control

Quality assurance (“QA”) consists of evidence to demonstrate that the assay data has precision and accuracy within generally accepted limits for the sampling and analytical method(s) used in order to have confidence in the resource estimation. Quality control (“QC”) consists of procedures used to ensure that an adequate level of quality is maintained in the process of sampling, preparing and assaying the exploration drilling samples. In general, QA/QC programs are designed to prevent or detect contamination and allow analytical precision and accuracy to be quantified. In addition, a QA/QC program can disclose the overall sampling – assaying variability of the sampling method itself.

Accuracy is assessed by a review of assays of certified reference material (“CRM”) standards, and by check assaying at outside accredited laboratories. Assay precision is assessed by reprocessing duplicate samples from each stage of the analytical process from the primary stage of sample splitting, through sample preparation stages of crushing/splitting, pulverizing/splitting, and assaying.

The Corporation's QA/QC protocol consists of the regular insertion of blanks, duplicates, and multiple standards within each 25 sample batch. Field, reject, and pulp duplicate samples are analyzed to determine the level of analytical precision. In addition, the Corporation sent 132 pulp samples to Inspectorate Laboratories in Nevada for check assaying.

The precision levels are very good for gold mineralization and the gold and copper assays are accurate with no significant bias evident. RPA has provided an opinion that the assay results are reliable and acceptable to support the current mineral resource estimate.

Blanks

The regular submission of blank material is used to assess contamination during sample preparation and to identify sample numbering errors.

The Corporation's QA/QC protocol called for blanks to be inserted in the sample stream at a rate of approximately 1 in 20 samples. The blanks were inserted into the sample stream prior to shipment to the ALS Chemex preparation lab in Bogota, Colombia. Initially the blank material was sourced from a sand quarry outside of Bogota. Subsequently the Corporation used barren diorite material from the Batero-Quinchia Project.

RPA received the results from 1,905 analyses of blanks. An assay was considered a failure if the result was higher than the mean of the blanks plus two standard deviations. Five failures for gold and four for copper were recorded. The impact of these blank failures is considered to be of no consequence due to the low grades reported but they indicate that a minor sample contamination problem exists. In RPA's opinion, the results of the blanks are within acceptable limits and the data can be used for mineral resource estimation purposes.

Drill Core Duplicates

Drill core or field duplicates help assess the natural local-scale grade variance or nugget effect and are also useful for detecting sample numbering mix-ups. The field duplicates help monitor the grade variability as a function of both sample homogeneity and laboratory error.

The Thompson-Howarth precision plot can be used to compare results for the three duplicate types (field duplicates, reject duplicates and pulp duplicates). The field duplicates are expected to have the lowest precision, followed by the coarse reject duplicates. The pulp duplicates are expected to have the best precision as they are the finest grain size and are the most homogenized.

RPA received the results from 1,130 field duplicate pairs, 319 coarse reject duplicate pairs and 1,021 pulp duplicate pairs. Outliers exist in the dataset for gold. Statistics for the duplicates were calculated after removal of outliers.

For gold, the precision for field duplicates is approximately 18% at 1 ppm after removal of the six outliers from the dataset. The precision for the coarse reject duplicates is approximately 6% at 1 ppm and the precision for the pulp duplicates is approximately 4% at 1 ppm.

The sample duplicates have good correlation coefficients for gold and the relative standard deviations ("RSDs") range from 23% for field duplicates to 4% for pulp duplicates, which is very good for gold mineralization.

It is the opinion of RPA that the duplicate results indicate that the analytical procedures for gold have very good precision and results are well within acceptable limits.

Certified Reference Material (Standards)

Results of the regular submission of CRM are used to monitor analytical accuracy and to identify potential problems with specific batches.

The Corporation inserts CRM samples at a rate of up to three in a 25 sample batch. RPA is of the opinion that the CRM insertion rate could be reduced in the future to one per batch as that is closer to standard

industry practice. The Corporation purchased ten CRMs from CDN Resources Laboratories Ltd. (“CDN”) in Langley, B.C. RPA received results for 3,799 gold CRMs and 2,760 copper CRMs.

RPA has provided an opinion that the gold CRM grades cover a reasonable range of grades with respect to the overall mineral resource grade. All of the CRM copper grades are above the global resource grade and the use of two copper specific CRMs is somewhat redundant and could be dropped in the future.

Specific pass/fail criteria are determined from the standard deviations provided for each CRM. The conventional approach for setting standard acceptance limits is to use the mean assay ± 2 standard deviations as a warning limit and ± 3 standard deviations as a failure limit. Results falling outside of the ± 3 standard deviation failure limit must be investigated to determine the source of the erratic result, either analytical or clerical.

In summary, the precision levels are very good for gold mineralization and the gold and copper assays are accurate with no significant bias evident. It is the opinion of RPA that the assay results are reliable and acceptable to support the current mineral resource estimate.

External Check Assays

The Corporation sent 132 pulp samples to Inspectorate Laboratories in Nevada, USA, for external check assays. The results for gold cluster around 0.6 ppm and most of the Inspectorate gold results are higher than ALS Chemex. Overall, the Inspectorate assays are seven percent higher than ALS Chemex. The CRM results indicate that the ALS Chemex gold assays are accurate and unbiased so it is possible that it is the Inspectorate results that are biased high. RPA has recommended to the Corporation that it select a much broader range of gold grades for external check assays and include CRMs in future external check sample programs.

Mineral Resource and Mineral Reserve Estimates

Summary

RPA estimated mineral resources for the Batero-Quinchia Project using drill hole data available as of January 11, 2012 (Table 1). The mineral resource estimate is based on a potential open pit mining scenario. Mineral resources are reported at a 0.16 g/t Au cut-off grade within a preliminary Whittle pit shell. The gold cut-off grade and Whittle shell make no consideration for silver and copper. Indicated mineral resources are estimated to total 248.5 Mt at 0.44 g/t Au, 1.54 g/t Ag and 0.08% Cu. Inferred mineral resources are estimated to total 242.4 Mt at 0.33 g/t Au, 1.8 g/t Ag, and 0.06% Cu.

**TABLE 1: MINERAL RESOURCE ESTIMATE - JANUARY 11, 2012
Batero Gold Corp. – Batero-Quinchia Project**

Resource Classification	Tonnes (Mt)	Gold (g/t)	Silver (g/t)	Copper (%)	Gold (000 oz)
Total Indicated	248.5	0.44	1.54	0.08	3,546
Total Inferred	242.4	0.33	1.80	0.06	2,588

Notes:

1. CIM definitions were followed for mineral resources.
2. Mineral resources are estimated using a gold price of US\$1,500 per ounce.
3. A gold recovery factor of 80% was used based on preliminary metallurgical test work.
4. Mineral resources are constrained by a Whittle shell and reported at a 0.16 g/t Au cut-off grade.
5. Totals may not represent the sum of the parts due to rounding.

The Corporation is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the current mineral resource estimate.

Database

The drill hole database has 141 drill holes. RPA received the drill hole database as part of a Gemcom Software International Inc. (“**Gemcom**”) project provided to RPA. RPA found a number of holes with missing assays and lithology results. The Corporation exported all of the data available in the Century master database and RPA subsequently updated the assay and lithology data in Gemcom. RPA has noted that the master database contains additional tables (alteration, mineralization, oxidation, and veinlets) and multi-element analytical results that were not imported into Gemcom. RPA has recommended that the Corporation validate and consolidate the data in these tables and use it to develop oxidation and alteration interpretations on cross sections and plans. RPA has also recommended importing and using the sulphur data in the future to help define the base of oxidation surface. Alteration and oxidation block models are non-essential for this resource estimate but will be needed for scoping and more advanced engineering studies in the future.

RPA set assay records with “less than” or “minus” signs (“<” or “-”) to values equal to one half of the analytical detection limits. RPA imported all the data into Gemcom Resource Evaluation Version 6.3.

The mountainous topography makes it difficult to drill on a regular grid. Fan holes are drilled from some drill setups. The drill hole spacing varies considerably over the Batero-Quinchia Project and ranges from less than 30 m to over 200 m. At La Cumbre, the drill holes are generally spaced at approximately 50 m apart with some areas defined by even closer spaced holes. The drill holes at Dos Quebradas are spaced at approximately 50 m and 100 m spacings. The drill holes at El Centro are more irregularly and wider spaced with spacings in the 100 m to 200 m range.

Geological Interpretation

RPA used Gemcom for the mineral resource estimation work. RPA also used Leapfrog 3D software with the assay database to create 3D shells at a number of gold, copper and silver grades to guide the mineralization interpretation work. The gold and silver mineralization has a different spatial distribution than the copper mineralization and separate mineralization envelopes were required. RPA found that the Leapfrog grade shells did not fit the drill hole assays very well and consequently, RPA only used the

Leapfrog shells as a guide for interpretation. The gold and copper grade envelopes were manually built using 25 m bench composites to interpret the limits of the gold and copper mineralization on 25 m spaced benches. Separate gold and copper resource envelopes were built based on approximately 0.1 g/t and 0.03% cut-offs, respectively.

In order to obtain assay statistics for the main lithological types and for block model density assignments, RPA carried out a lithological simplification or grouping process to the lithologies recorded in the database. Originally a large number of different descriptors were found in the “rockcode” field in the lithology database. These were simplified to six main lithological groups.

A preliminary saprolite wireframe was provided by the Corporation. RPA trimmed the saprolite wireframe in some areas where the local thicknesses did not match the drill holes very well. The saprolite is approximately 20 m to 70 m thick over the La Cumbre mineralization and is approximately 20 m to 40 m thick at El Centro and Dos Quebradas. In general, the saprolite is much thinner over areas with basalt and it is thicker over diorite and breccias.

RPA created a simplified topography surface that covers the block model extents from the Corporation’s very detailed topography data with one metre contour intervals. The gold and copper mineralization wireframes were clipped at the simplified topography surface.

RPA created wireframes for the main lithology units. The fine and medium grained diorites were grouped together as were the various types of breccias. As more data becomes available and the geological understanding of the Quinchia deposit evolves, modelling additional lithologies like fine-grained diorite and different types of breccias separately may be warranted. The Whittle pit shell extends slightly beyond the Batero-Quinchia Project boundary in the northern area. For the purposes of the mineral resource estimate, RPA assumed that the Corporation would be granted permission to extend the pit wall on to the Batero-Quinchia Project to the north, however, only mineralization on the Corporation’s property has been included in the mineral resource estimate.

Assay Statistics

The mineralization wireframes contain 26,200 assays for gold and 23,715 assays for copper. These assays are referred to as the resource assays. The gold and copper resource assay lengths both average approximately 1.8 m. The gold and copper resource assays average 0.35 g/t Au and 0.08% Cu. The capped gold and copper resource assay distributions have relatively low coefficients of variation of 0.99 and 0.63, respectively (Tables 2 and 3).

TABLE 2: RESOURCE ASSAY STATISTICS - GOLD
Batero Gold Corp. – Batero-Quinchia Project

Description	Length (m)	Au g/t	Au g/t (capped)
Number of Assays	26,200	26,200	26,200
Minimum	0.07	0.003	0.000
Maximum	10.00	41.600	3.000
Range	9.93	41.597	3.000
1st Quartile	1.60	0.128	0.130
Median	2.00	0.237	0.240
3rd Quartile	2.00	0.455	0.460
Mean	1.79	0.358	0.353
Standard deviation	0.44	0.505	0.350
Coefficient of Variation	0.25	1.41	0.99

TABLE 3: RESOURCE ASSAY STATISTICS - COPPER
Batero Gold Corp. – Batero-Quinchia Project

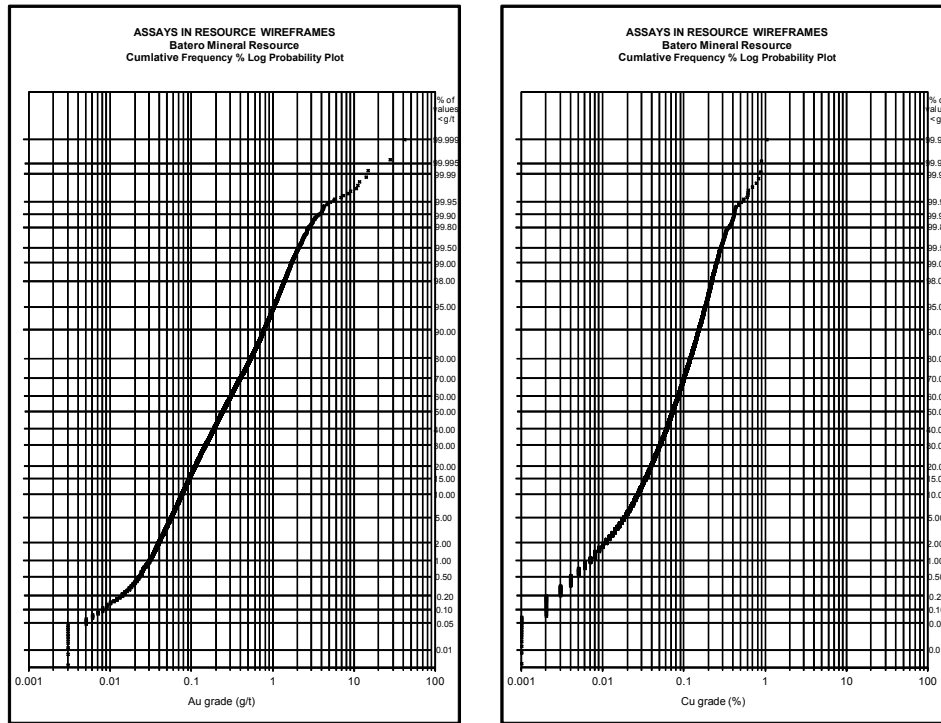
Description	Length (m)	Cu%	Cu% (capped)
Number of Assays	23,715	23,715	23,715
Minimum	0.25	0.001	0.000
Maximum	10.00	1.035	0.350
Range	9.75	1.034	0.350
1st Quartile	1.66	0.044	0.040
Median	2.00	0.071	0.070
3rd Quartile	2.00	0.108	0.110
Mean	1.80	0.082	0.082
Standard deviation	0.44	0.054	0.052
Coefficient of Variation	0.24	0.66	0.63

Capping of High Grade Assays

Where the assay distribution is skewed positively or approaches lognormal, erratic high grade assay values can have a disproportionate effect on the average grade of a deposit. One method of treating these outliers in order to reduce their influence on the average grade is to cap them at a specific grade level. In the absence of production data to calibrate the capping level, inspection of assay distributions can be used to estimate preliminary capping levels. The gold and copper resource assay distributions were evaluated by RPA using a combination of histograms, probability plots, decile analyses, and cutting curves.

The probability plots for gold and copper are shown in Figure 4. The probability curves are relatively straight with no significant inflections from approximately 0.02 g/t to 3 g/t for gold and from approximately 0.03% to 0.35% for copper. Approximately 99.8% of the resource assays have grades below 3 g/t gold and 0.35% copper.

FIGURE 4: GOLD AND COPPER LOG PROBABILITY PLOTS



The resource assay decile analyses indicate that only 10% of the gold is contained in the top decile including only 2.5% in the top percentile. Only 7% of the copper is contained in the top decile including only 1% in the top percentile. Deposits with more than approximately 40% of the metal in the top decile or 10% of the metal in the top percentile generally require capping or other methods to manage erratic high grade assays. The decile analyses results suggest that capping may not be required to estimate the global average gold and copper grades.

The cutting curves show that the resource assays are insensitive to capping at capping levels above approximately 2 g/t Au and 0.2% Cu.

In order to improve the reliability of the block grade estimates in some areas, RPA capped a small number of high gold and copper assays to 3 g/t and 0.35%, respectively, before compositing. Capping high values reduces the gold and copper average grades by only approximately 1.2% and 0.1%, respectively.

Compositing

Capped assays were composited to ten metre lengths within the mineralization wireframes starting at the collars. This process created a small number of composites shorter than ten metres in some of the peripheral drill holes. There are 163 gold composites that average 0.2 g/t Au and 143 copper composites that average 0.05% Cu that are shorter than ten metres. They represent approximately three percent of the composites. RPA included these composites for the grade interpolation.

Density

RPA reviewed 3,412 density determinations without paraffin and density determinations with paraffin in the Corporation's density database. Corrections were made in the data which included removing records with no information, correcting depths, density nomenclature typographic errors, and removal of outliers.

RPA compiled 3,373 density readings without paraffin and 77 determinations with paraffin on saprolitic material and calculated statistics for the main lithology types. There are 795 tests on basalt samples that average 2.85 g/cm³ and 1,050 tests on diorite samples that average 2.61 g/cm³. There are also 918 tests on magmatic breccia samples that average 2.61 g/cm³ and 286 tests on hydrothermal breccia samples that average 2.65 g/cm³. The breccias have been grouped together in the lithology model and have been assigned a tonnage factor of 2.62 t/m³. The 89 tests on saprolite material that average 2.39 g/cm³ have not been used because paraffin was not used and this average seems to be too high for saprolite. This may be due to preferentially selecting the more competent pieces of core, in RPA's opinion.

The 49 paraffin-coated tests on diorite saprolite that average 2.17 g/cm³ are the most important because they likely represent the density for saprolite-hosted mineralization. It makes sense that the basalt saprolite may have a higher density than diorite saprolite but there are only five tests available and the 2.71 g/cm³ seems too high, in the opinion of RPA. RPA has recommended more density test work to better define saprolite mineralization and waste tonnage factors. RPA has acknowledged that this is not an easy task because broken core and fault gouge tend to be under-represented. RPA has assigned a 2.0 t/m³ tonnage factor to all saprolite material for the current mineral resource estimate.

Copper and Gold Grade Trend Analysis

RPA evaluated the gold and copper spatial distribution by generating a number of 3D grade shells using Leapfrog software with isotropic searches. The gold shells show that La Cumbre and Dos Quebradas have higher grade gold mineralization than at El Centro. There is a clear northwest-southeast trend at La Cumbre that is sub-parallel to the Amarilla Structural Corridor. There are no well-defined trends at El Centro. There are a number of discontinuous blobs and one body that may strike to the east-northeast. At Dos Quebradas, the gold mineralization plunges to the southeast.

The copper shells show that La Cumbre has a central core with copper grades greater than 0.15%. The copper mineralization is lower grade at El Centro and Dos Quebradas. The 0.10% copper grade shell suggests that the copper trends are similar to those for gold for all three areas. The 0.15% copper grade shell, only present at La Cumbre, suggests more sub-vertical finger-like trends when viewed looking north.

Variography

Variography was completed using Gemcom software on the gold and copper ten metre composite data for the main zones. The downhole semi-variograms have well-defined curves that are supported by large numbers of pairs and show very low relative nugget effects of approximately only 10% for gold and approximately 5% for copper. These low nugget effects are consistent with the gold and copper assay and composite statistics, which have very few high values and very low coefficients of variations for gold mineralization.

The along strike (130°/0°) and down dip (-90°) gold semi-variograms for La Cumbre are very well-defined with ranges of approximately 400 m. The across strike (040°/0°) semi-variogram has a range of approximately 150 m. These ranges are very long and very robust. At approximately 80% of the sill, the along strike and down dip ranges are still approximately 200 m. These ranges are long with respect to the

overall La Cumbre deposit dimensions, which are approximately 1,000 m or more along strike by 1,000 m or more vertically by approximately 400 m across strike. The semi-variogram ranges define a 2:2:1 anisotropy that is approximately proportional to the overall deposit dimensions.

At Dos Quebradas, the down plunge (120°/-65°) semi-variogram has approximately a 300 m to 400 m range, approximately a 200 m range along the semi-major axis direction (082°/+20°), and approximately a 100 m range in the minor axis direction. The down plunge direction is consistent with the Leapfrog grade shell geometry.

At El Centro, RPA found sub-vertical semi-variogram ranges of approximately 350 m for gold but the ranges in other directions were generally very short, possibly shorter than the drill hole spacing. There is not sufficient data and the drill holes are spaced too far apart to create meaningful directional gold semi-variograms at El Centro.

RPA created directional copper semi-variograms for each area and found ambiguous results, including strong anisotropy to the northeast at El Centro, which did not seem to make sense geologically. In general, RPA is reluctant to apply strong search anisotropies to new projects unless there is good geological support. Consequently, RPA has used an isotropic search for copper for the current model.

RPA did not do any trend analysis and variography work on silver. RPA assumed that the silver mineralization correlates spatially with the gold mineralization.

RPA has recommended updating the gold and copper trend analysis variography work periodically as more data becomes available.

Block Model

The block model consists of 10 m by 10 m by 10 m blocks. The model is not rotated. The extents and dimensions of the block model are summarized in Table 4.

**TABLE 4: BLOCK MODEL DIMENSIONS
Batero Gold Corp. – Batero-Quinchia Project**

Description	Easting (X)	Northing (Y)	Elevation (Z)
Minimum (m)	420,250	421,880	1,630
Maximum (m)	584,553	586,923	2,370
Extents (m)	2,100	1,100	1,000
	Column	Row	Level
Block size (m)	10	10	10
Number of blocks	163	237	100

The tonnage factors applied to the main lithological units are listed in Table 5.

**TABLE 5: BLOCK MODEL TONNAGE FACTORS
Batero Gold Corp. – Batero-Quinchia Project**

Material Type	Average (g/cm³)
Saprolite	2.00
Basalt	2.85
Diorite	2.61
Breccia	2.62

RPA used Gemcom to build a block model with the attributes listed in Table 6. The rock type model was created using majority rules with the main lithology solids. All of the gold and copper mineralization blocks have at least 50% of their volumes in the mineralization wireframes Au_Env and Cu_Env, respectively. The tonnage factors above were assigned directly based on the rock type model. A block model with the distance from block centroids to the nearest composite was created to help develop the resource classification criteria.

**TABLE 6: BLOCK MODEL FIELD DESCRIPTIONS
Batero Gold Corp. – Batero-Quinchia Project**

Block Model	Description
Rock Type	Air=99, Saprolite=1, Basalt=2, Diorite = 3, Breccia = 4
Density	See tonnage factor table
Au_Env	All blocks with at least 50% in gold mineralization envelope, La Cumbre=10, El Centro=11, Dos Quebradas=12
Cu_Env	All blocks with at least 50% in copper mineralization envelope=20
Au	Interpolated gold capped grades
Cu	Interpolated copper capped grades
Ag	Interpolated silver capped grades
Class	Indicated = 2, Inferred = 3, Unclassified = 4
Distance	Actual distance from block centroid to closest gold composite
AuCompCut	Gold average of the composites within the block

Grade Interpolation

Grades for gold, copper, and silver were interpolated using inverse distance squared weighting in a single pass using a minimum of two composites and a maximum of five composites. The same interpolation strategy was used for gold and silver. The search orientations, anisotropies, and radii for gold and silver at La Cumbre and Dos Quebradas were developed from the variography results. RPA used an isotropic search with 300 m radii to interpolate the gold and silver at El Centro and the copper at all three areas.

Cut-off Grade and Whittle Shell

RPA calculated an open pit gold discard cut-off grade of 0.16 g/t based on a large open pit operation and process facilities. Metal prices used for reserves are based on consensus, long term forecasts from banks, financial institutions, and other sources. For mineral resources, metal prices used are slightly higher than those used for mineral reserves. RPA's metal price, cost, and recovery assumptions are summarized in

Table 7. RPA has assumed no value for silver and copper with respect to the cut-off grade of individual blocks.

RPA used the indicated and inferred mineral resource blocks and the input assumptions in Table 7 to create a Whittle open pit shell to provide a constraint for the open pit resource that complies with the CIM (2010) mineral resource definition requirement for “reasonable prospects for economic extraction”.

RPA notes that the discard cut-off grade is only applicable to the resource blocks situated inside the Whittle open pit shell constraint generated with the same input assumptions. Mining costs are incorporated in the Whittle process and are not included in the discard cut-off grade calculation. Consequently, it is the Whittle process that defines the approximate pit size and identifies the blocks that will be mined and transported to the pit rim. Blocks with grades above the discard cut-off grade will be processed as ore and the rest will be treated as waste. RPA cautions that open pit discard cut-off grades should not be applied to unconstrained block models.

All classified resource blocks located between the surface and the Whittle open pit shell constraint with grades greater than 0.16 g/t Au are included in the mineral resource estimate.

**TABLE 7: CUT-OFF GRADE AND WHITTLE ASSUMPTIONS
Batero Gold Corp. – Batero-Quinchia Project**

Input Parameter	Units	Value
Gold Price	US\$/oz	1,500
Recovery-Au	%	80
Mining Reference Cost	US\$/t	1.50
Processing Cost	US\$/t	5.00
G&A Cost	US\$/t	1.00
Pit Wall Slopes	Degrees	45

Block Model Validation

RPA carried out a number of block model validation procedures including:

1. Visual comparisons of block versus composite grades
2. Statistical comparisons
3. Scatter plots of block and composite gold grades by elevation and northing
4. Comparing block and composite grades in blocks containing composites
5. Swath plots by elevation and northing

The composite and block grades were visually compared on vertical sections and plans and the spatial grade correlation is good at La Cumbre, satisfactory at Dos Quebradas, and poor at El Centro where unnatural grade banding problems are evident in areas supported by wide spaced drilling.

The assay, composite, and block statistics for each area are summarized in Table 8. The assay and composite means match reasonably well but the block means at La Cumbre and at El Centro are lower than the composite means. This is due to composite data clustering in the deposit centres resulting in a

much higher overall proportion of low grade blocks in the deposit periphery compared to the overall number of low grade composites. There are no indicated blocks at El Centro so the comparison for this area is based on inferred blocks, which include more lower-grade peripheral blocks than those classified as indicated.

**TABLE 8: ASSAY, COMPOSITE, AND BLOCK MODEL GOLD STATISTICS
Batero Gold Corp. – Batero-Quinchia Project**

La Cumbre

Description	Assays	Composites	Indicated Blocks
Number of values	15,669	2,763	114,674
Mean (g/t)	0.415	0.408	0.359
Standard Deviation (g/t)	0.375	0.310	0.242
Minimum (g/t)	0.000	0.020	0.041
Maximum (g/t)	3.000	2.320	1.745
Coefficient of Variation	0.90	0.76	0.68

El Centro

Description	Assays	Comps	Inferred Blocks
Number of values	7,677	1,385	204,275
Mean (g/t)	0.226	0.214	0.184
Standard Deviation (g/t)	0.251	0.167	0.100
Minimum (g/t)	0.000	0.010	0.009
Maximum (g/t)	3.000	2.140	1.525
Coefficient of Variation	1.11	0.78	0.55

Dos Quebradas

Description	Assays	Comps	Indicated Blocks
Number of values	2,854	629	30,610
Mean (g/t)	0.354	0.361	0.350
Standard Deviation (g/t)	0.342	0.288	0.227
Minimum (g/t)	0.000	0.020	0.039
Maximum (g/t)	3.000	2.040	1.395
Coefficient of Variation	0.97	0.80	0.65

The scatter plots of composites versus block gold grades by elevation and northing revealed no problems. The swath plots by elevation generally show a steady decrease in grade with depth in all three areas and block grades that are consistently lower than the composite grades, which is due to the clustering effect described above. Most of the tonnage is situated between the 1,400 m and 1,800 m elevations and the gold grades appear to increase significantly above the 1,700 m elevation.

The gold composites situated in blocks were averaged and compared with the interpolated gold grades. Overall, the correlation looks reasonable.

RPA is of the opinion that the block model is valid and acceptable for supporting the current mineral resource estimate.

Sensitivity to Cut-off Grade

RPA prepared grade-tonnage curves for the mineralization related to all of the blocks located in the current block model. The tonnages range from approximately 1.42 billion tonnes to 363 Mt and the gold grades range from approximately 0.26 g/t to 0.50 g/t for gold cut-off grades in the 0.1 g/t to 0.3 g/t range. The contained ounces of gold at a 0.3 g/t cut-off grade are approximately half of those at 0.1 g/t cut-off grade. RPA concludes that the gold mineralization is very sensitive to the cut-off grade input assumptions.

In general, higher grade gold mineralization form cores at both La Cumbre and Dos Quebradas. The mineralization generally becomes progressively lower grade outwards from these higher grade cores. At a 0.5 g/t cut-off grade, there is approximately 138 Mt of mineralization averaging 0.69 g/t Au and containing 3.0 million ounces that occurs mostly in large continuous bodies.

Resource Classification

RPA classified all blocks situated within the gold envelope in the La Cumbre and Dos Quebradas areas that are within 50 m from a drill hole as indicated. This corresponds to areas supported by drill holes spaced at approximately 75 m to 100 m apart, which could be viewed as conservative with respect to the long semi-variogram ranges but is reasonable based on RPA's experience with this style of mineralization and considering the overall deposit geometry and dimensions.

RPA classified all blocks situated within the gold envelope at La Cumbre and Dos Quebradas with drill holes within 50 m to 100 m and all blocks that are within 100 m from a drill hole at El Centro as inferred.

The average distances for indicated blocks are 29 m and 31 m at La Cumbre and Dos Quebradas, respectively. The average distances for inferred blocks are approximately 71 m at La Cumbre and Dos Quebradas and 56 m at El Centro.

RPA acknowledges that the classification criteria are simple but it works well at defining reasonably continuous areas of each category. The current drill hole spacing in parts of La Cumbre may be close enough to support measured mineral resources in future mineral resource estimates after the geological understanding and modelling work evolves. RPA has recommended updating the resource classification approach after more data becomes available.

Resource Estimate

RPA estimated mineral resources for the Batero-Quinchia Project deposit using drill hole data available as of January 2012 (Table 9). The mineral resource estimate is based on an open pit mining scenario and is reported at a 0.16 g/t Au cut-off grade within a preliminary Whittle pit shell. The gold cut-off grade and Whittle shell do not consider silver and copper. Indicated mineral resources are estimated to total 248.5 Mt at 0.44 g/t Au, 1.54 g/t Ag, and 0.08% Cu. Inferred mineral resources are estimated to total 242.4 Mt at 0.33 g/t Au, 1.8 g/t Ag, and 0.06% Cu.

**TABLE 9: MINERAL RESOURCE ESTIMATE DETAILS- JANUARY 25, 2012
Batero Gold Corp. – Batero-Quinchia Project**

Category/ Zone	Tonnes (Mt)	Gold (g/t)	Silver (g/t)	Copper (%)	Gold (000 oz)
Indicated					
La Cumbre	203.9	0.44	1.52	0.08	2,872
Dos Quebradas	44.6	0.47	1.62	0.08	674
Total Indicated	248.5	0.44	1.54	0.08	3,546
Inferred					
La Cumbre	74.1	0.38	1.36	0.05	905
El Centro	135.7	0.28	2.11	0.07	1,231
Dos Quebradas	32.6	0.43	1.51	0.06	452
Total Inferred	242.4	0.33	1.80	0.06	2,588

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated using a gold price of US\$1,500 per ounce.
3. A gold recovery factor of 80% was used based on preliminary metallurgical test work.
4. Resources are constrained by a Whittle shell and reported at a 0.16 g/t Au cut-off grade.
5. Totals may not represent the sum of the parts due to rounding.

In general, higher grade gold mineralization occurs as large continuous bodies at both La Cumbre and Dos Quebradas. The mineralization becomes progressively lower grade outwards from these higher grade cores. For example, at a 0.3 g/t Au cut-off grade, there is still approximately 165 Mt averaging 0.56 g/t Au and containing 2.9 million ounces gold of indicated mineral resources and 107 Mt averaging 0.47 g/t Au and containing 1.6 million ounces gold of inferred mineral resources located in the Whittle pit shell (Table 10).

**TABLE 10: BLOCKS ABOVE 0.3 G/T GOLD
Batero Gold Corp. – Batero-Quinchia Project**

Category/ Zone	Tonnes (Mt)	Gold (g/t)	Silver (g/t)	Copper (%)	Contained Gold (000 oz)
Indicated					
La Cumbre	131	0.56	1.70	0.10	2,343
Dos Quebradas	34	0.54	1.74	0.08	593
Total Indicated	165	0.56	1.71	0.10	2,939
Inferred					
La Cumbre	39	0.52	1.54	0.06	662
El Centro	45	0.40	2.54	0.08	571
Dos Quebradas	22	0.52	1.66	0.06	376
Total Inferred	107	0.47	1.99	0.07	1,609

At a 0.5 g/t cut-off grade, there is approximately 81 Mt averaging 0.72 g/t Au and containing 1.9 million ounces of indicated mineral resources and 32 Mt averaging 0.66 g/t Au and containing 0.7 million ounces of inferred mineral resources located in the Whittle pit shell (Table 11).

**TABLE 11: BLOCKS ABOVE 0.5 G/T GOLD
Batero Gold Corp. – Batero-Quinchia Project**

Category/ Zone	Tonnes (Mt)	Gold (g/t)	Silver (g/t)	Copper (%)	Contained Gold (000 oz)
Indicated					
La Cumbre	64	0.73	1.91	0.12	1,499
Dos Quebradas	17	0.70	1.91	0.10	384
Total Indicated	81	0.72	1.91	0.12	1,886
Inferred					
La Cumbre	18	0.67	1.69	0.06	390
El Centro	3	0.61	1.80	0.06	61
Dos Quebradas	11	0.68	1.78	0.07	230
Total Inferred	32	0.66	1.73	0.06	682

Redox Model

A redox model is not currently available, however, the interpretation work is underway by the Corporation. The final interpretation may need to wait until additional metallurgical test work is generated to better define the relationship between gold recovery and sulphur content. In general, gold recovery and sulphur content tend to decrease from the near surface oxidized mineralization to the underlying sulphide mineralization. The gold recovery gradients and depths of oxidation can vary significantly from one deposit to another. In addition, some oxidation surfaces can be very irregular due to faulting and other permeability related factors.

A redox transition zone can exist between the oxide and sulphide mineralization. The depth of oxidation in each drill hole can be estimated visually, however, it can be subjective and lead to inconsistent results locally. A common rule is if greater than 90% of the mineralization is oxidized than it is logged as oxide and if greater than 90% of the mineralization is sulphide it is logged as sulphide. Fortunately, all of the Corporation's drill holes have sulphur assays and they can be used to build a more reliable redox model than one based strictly on visual logging.

The current block model includes lithology codes and tonnage factors for the saprolite material. Essentially all of the saprolite-hosted mineralization is oxide. The sulphur grades in the saprolite are very low, generally less than approximately 0.2% and often less than approximately 0.05%. The sulphur grades associated with sulphide mineralization are commonly greater than approximately two percent.

For the current mineral resource estimate, RPA has applied a single gold recovery of 80% and a single gold cut-off grade of 0.16 g/t to all three redox material types. As more metallurgical data become available, RPA has recommended investigating whether applying different gold recoveries and cut-off grades to each redox material type is warranted.

RPA also notes that the copper content, rock hardness, and other factors may influence future cut-off grades. For example, alteration, hardness, cyanide consumption, and acid based accounting models may be needed to support engineering studies in the future.

RPA has reported the resources hosted by saprolite to provide a preliminary and likely conservative investigation of the resource potential for oxide and transition mineralization in each area (Table 12). The saprolite hosts approximately 590,000 ounces of gold, which represents approximately ten percent of the current Whittle-constrained indicated and inferred mineral resource. In RPA's opinion, these values will likely increase in the future when the redox model is ready.

**TABLE 12: PRELIMINARY OXIDE AND SULPHIDE RESOURCE POTENTIAL
Batero Gold Corp. – Batero-Quinchia Project**

“Oxide Zone” - Indicated at 0.16 g/t Au Cut-Off

Area	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Cu (%)	Gold (000 oz)
La Cumbre	15.4	0.56	1.73	0.08	275
Dos Quebradas	2.8	0.42	1.75	0.07	37
Total	18.2	0.54	1.73	0.08	313

“Sulphide Zone” - Indicated at 0.16 g/t Au Cut-Off

Area	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Cu (%)	Gold (000 oz)
La Cumbre	188.5	0.43	1.5	0.08	2,597
Dos Quebradas	41.8	0.47	1.61	0.08	637
Total	230.3	0.44	1.52	0.08	3,234

“Oxide Zone” - Inferred at 0.16 g/t Au Cut-Off

Area	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Cu (%)	Gold (000 oz)
La Cumbre	6.7	0.37	1.66	0.05	81
El Centro	13.3	0.32	1.85	0.06	138
Dos Quebradas	3.8	0.46	1.7	0.06	56
Total	23.9	0.36	1.77	0.06	275

“Sulphide Zone” - Inferred at 0.16 g/t Au Cut-Off

Area	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Cu (%)	Gold (000 oz)
La Cumbre	67.3	0.38	1.32	0.05	824
El Centro	122.3	0.28	2.14	0.07	1,093
Dos Quebradas	28.8	0.43	1.48	0.06	395
Total	218.4	0.33	1.8	0.06	2,313

Summary of Recommendations

RPA has made the following recommendations with respects to the mineral resource estimation work:

1. Build a structural model.
2. Build redox block model.
3. Build an alteration model.

4. Investigate if a hardness model may be required in the future.
5. Complete additional infill drilling.
6. Better define saprolite mineralization and waste tonnage factors.
7. Update the gold and copper trend analysis, variography work, and classification criteria when new data become available.
8. Investigate if modelling additional lithologies like fine-grained diorite and different types of breccias separately is warranted.
9. Review drill logging and field practices including adding simplified grouped coding systems and implementing a geological interpretation process for site geologists.

Recommendations

The Batero-Quinchia Project hosts significant gold porphyry-style mineralization, which merits considerably more exploration, and a substantial program is recommended. Phase I proposed work includes:

- advancing the La Cumbre, Dos Quebradas, and El Centro mineralized zones, and
- further evaluating the potential of the remainder of the property.

Advancing the La Cumbre, Dos Quebradas, and El Centro mineral resource areas would consist of:

- additional delineation and in-fill drilling,
- initial geotechnical drilling,
- additional metallurgical testing, particularly on oxide and transition mineralization,
- environmental baseline monitoring,
- initial acid base accounting (ABA) and potential acid generating (PAG) studies, and
- a Preliminary Economic Assessment including a resource estimation update.

A program of 10,000 m of drilling is recommended to delineate the limits of the known mineralization and better assess grade distribution. An additional 5,000 m of drilling is recommended to test areas of what could be walls of conceptual open pits for geotechnical purposes. This drilling should be completed prior to initiating a Preliminary Economic Assessment.

The next stage of metallurgical testing should investigate means for improving cyanidation recovery including pre-aeration, aeration under leach, lead nitrate addition, and varying cyanide concentration and grind conditions. A variability test program should be undertaken to better understand the relationship between gold and sulphur grades with respect to gold recovery. Additional testing also should include a gold deportment study, heap leach test work on oxide material, and an economic capital cost analysis for two grind scenarios.

Environmental studies should include test work to determine the potential for acid generation from both mineralized and waste material.

Recommendations with respect to further mineral resource estimation work include building separate structural, alteration, and redox block models as well as investigating whether a hardness model might be required in the future. Saprolite ore and waste tonnage factors should be better defined. A twinned hole study using triple tube core barrels or other equipment to evaluate the reliability of the saprolite samples is warranted. Gold and copper trend analysis, variography work, and classification criteria should be updated when new data become available. The Corporation should also investigate if modelling additional lithologies and different breccia types separately is warranted.

Follow-up drilling to better assess epithermal-style mineralization in the vicinity of the La Cumbre deposit is recommended as is first pass drilling of exploration targets identified elsewhere on the Batero-Quinchia Project.

The proposed work is estimated to take from eight to twelve months to complete and should be initiated as soon as is practical. Details of the recommended Phase I program, endorsed by the authors of the Technical Report, can be found in Table 13.

**TABLE 13: PROPOSED BUDGET - PHASE I
Batero Gold Corp. - Batero-Quinchia Project**

Item	C\$
Staff Cost	1,800,000
Field and Camp Workers	707,000
Contractors/Consultants	1,200,000
General Expenses	1,360,000
Drilling	
Infill (10,000 m @ \$200/m)	2,000,000
Geotechnical (5,000 m @ \$350/m)	1,750,000
Exploration (5,000 m @ \$250/m)	1,250,000
Assays/Analyses	900,000
Accommodations/Camp Costs	100,000
Transportation	200,000
Infrastructure and Maintenance	250,000
Community Relations	650,000
Environmental Baseline Sampling	200,000
Permitting/Reclamation	50,000
Preliminary Economic Assessment	250,000
Metallurgical Testing	200,000
Technical Studies	350,000
Sub-Total	13,217,000
Contingency (10%)	1,321,700
PHASE I TOTAL	14,538,700

Contingent upon Phase I program results, a Phase II program consisting primarily of definition drilling, continued exploration drilling, and a pre-feasibility study is recommended. Details of the recommended Phase II program can be found in Table 14.

**TABLE 14: PROPOSED BUDGET - PHASE II
Batero Gold Corp. - Batero-Quinchia Project**

Item	C\$
Staff Cost	1,890,000
Field and Camp Workers	742,000
Contractors/Consultants	1,260,000
General Expenses	1,428,000
Drilling	
Infill (10,000 m @ \$200/m)	2,000,000
Exploration (10,000 m @ \$250/m)	2,500,000
Assays/Analyses	900,000
Infrastructure and Maintenance	75,000
Accommodations/Camp Costs	100,000
Transportation	200,000
Community Relations	750,000
Environmental Baseline Sampling	400,000
Permitting/Reclamation	50,000
Pre-Feasibility Study	1,250,000
Technical Studies	200,000
Sub-Total	13,745,000
Contingency (10%)	1,374,500
PHASE II TOTAL	15,119,500

For further information regarding the Batero-Quinchia Project, please refer to the Technical Report which may be found on SEDAR at www.sedar.com.

DIVIDENDS

The constating documents of the Corporation do not limit its ability to pay dividends on its Shares. However, the Corporation has not paid any dividends since incorporation and the Corporation does not expect to pay dividends in the foreseeable future. Payment of dividends in the future will be made at the discretion of the Board.

CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of Shares without par value and an unlimited number preferred shares without par value. As at the date of this AIF, 56,748,094 Shares are issued and outstanding and no preferred shares are issued and outstanding.

Common Shares

The holders of Shares are entitled to receive notice of and to attend and vote at all meetings of the Shareholders of the Corporation and each Share will confer the right to one vote in person or by proxy at all meetings of the Shareholders. The holders of Shares are also entitled to dividends if, as and when declared by the directors, and, upon dissolution, to share equally in such assets of the Corporation as are distributable to the holders of the Shares.

There are no pre-emptive rights or conversion rights attached to the Shares. There are also no redemption or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to modification, amendment or variation of any such rights or provisions attached to the Shares.

Warrants

As at the date of this AIF, the following common share purchase warrants are outstanding:

<u>Date of Issue</u>	<u>Warrants Outstanding</u>	<u>Exercise Price (\$)</u>	<u>Expiration Date</u>
July 22, 2010	2,762,733	\$0.75	July 22, 2012
September 3, 2010	311,850	\$1.00	September 3, 2012
October 4, 2010	560,000	\$2.25	October 4, 2012
October 14, 2010	3,413,250	\$2.35	October 14, 2012
October 14, 2010	377,964	\$1.60	October 14, 2012
November 24, 2011	1,932,000	\$2.45	November 24, 2013
Total	9,357,797		

Options

The following table sets forth all options to purchase securities of the Corporation that are outstanding as at the date of this AIF:

<u>Persons holding Options (as a group)</u>	<u>Number of Shares Under Option</u>	<u>Purchase Price of Shares Under Option</u>	<u>Expiration Date</u>
Executive officers ⁽¹⁾	75,000	\$0.50	July 22, 2015
	212,000	\$2.39	November 23, 2015
	625,000	\$4.20	February 21, 2016
	225,500	\$1.85	November 24, 2016
Directors (who are not also executive officers) ⁽²⁾	75,000	\$0.50	July 22, 2015
	42,000	\$2.39	November 23, 2015
	375,000	\$4.20	February 21, 2016
Consultants and Employees	150,000	\$2.87	January 12, 2014
	400,000	\$2.40	January 21, 2014
	100,000	\$3.00	May 29, 2014
	58,000	\$2.85	June 17, 2014
	75,000	\$2.97	July 27, 2014
	75,000	\$2.92	August 9, 2014
	7,000	\$3.25	August 30, 2014
	118,500	\$0.64	July 28, 2015
	775,000	\$2.39	November 23, 2015

Persons holding Options (as a group)	Number of Shares Under Option	Purchase Price of Shares Under Option	Expiration Date
	400,000	\$4.20	February 21, 2016
	75,000	\$4.78	March 17, 2016
	50,000	\$4.88	March 21, 2016
	110,000	\$4.55	April 25, 2016
Total	4,023,000		

Notes:

- (1) Consists of Brandon Rook (President, Chief Executive Officer and a director), Nick DeMare (Chief Financial Officer, Corporate Secretary and a director) and Darryl Desment Lindsay (Senior Vice President, Chief Operating Officer and a director).
- (2) Consists of Darrell Podowski and James Hutton.

MARKET FOR SECURITIES

Common Shares

The Shares trade on the Exchange under the symbol “BAT”. The following table shows the high and low trading prices and monthly trading volume of the Shares for the periods listed.

Period	High (\$CDN)	Low (\$CDN)	Volume
2012			
April 1 to 11	0.84	0.67	1,613,647
March	1.39	0.78	9,671,761
February	2.87	1.05	20,910,071
January	2.90	1.83	4,200,082
2011			
December	2.35	1.77	1,341,246
November	2.36	1.92	2,020,636
October	2.79	1.77	1,806,875
September	3.59	2.35	1,497,847
August	3.42	2.58	3,114,530
July	3.81	2.42	4,183,678
June	3.44	2.38	1,959,484
May	4.24	2.81	4,624,525
April	5.48	4.17	2,784,091
March	6.57	3.85	7,869,449
February	4.83	2.34	10,708,300
January	3.05	2.19	3,358,742
2010			
December	3.19	2.52	2,504,251
November	2.75	2.03	2,827,768
October	2.65	1.85	2,575,519
September	2.13	1.31	1,631,276

Prior Sales

Since September 1, 2010, the Corporation issued the following warrants and options to purchase Shares:

<u>Date of Issuance</u>	<u>Number and Type of Securities Issued</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
September 3, 2010	311,850 warrants	\$1.00	September 3, 2012
October 4, 2010	560,000 warrants	\$2.25	October 4, 2012
October 14, 2010	4,921,875 warrants	\$2.35	October 14, 2012
October 14, 2010	477,900 warrants	\$1.60	October 14, 2012
November 23, 2010	1,334,000 options	\$2.39	November 23, 2015
February 21, 2011	1,900,000 options	\$4.20	February 21, 2016
March 17, 2011	75,000 options	\$4.78	March 17, 2016
March 21, 2011	50,000 options	\$4.88	March 21, 2016
April 25, 2011	130,000 options	\$4.55	April 25, 2016
November 24, 2011	1,932,000 warrants	\$2.45	November 24, 2013
November 24, 2011	225,500 options	\$1.85	November 24, 2016

ESCROWED SECURITIES

There are currently 5,403,000 Shares held in escrow pursuant to the Escrow Agreement representing approximately 9.5% of the issued and outstanding Shares of the Corporation (on an undiluted basis) (the “**Escrow Securities**”).

The Escrow Securities are currently subject to the release schedule set out in Schedule B(1) to the Exchange’s Form 2F, with 10% released on July 26, 2010 and an additional 15% of the Escrow Securities to be released every six months thereafter until all Escrow Securities have been released (July 26, 2013).

The Escrow Agreement provides that the Escrow Securities are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the Escrow Securities held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Escrow Securities which Shares will remain in escrow subject to the Escrow Agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the Escrow Securities held by the escrow shareholder will be released from escrow.

The Transfer Agent is the escrow agent for the purposes of the Escrow Agreement.

DIRECTORS AND OFFICERS

The following table sets out the name, municipality and province of residence, position with the Corporation, current principal occupation, period during which served as a director or officer, and the number and percentage of Shares which are beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of the Corporation’s directors and officers.

Name, Municipality of Residence and Position with the Corporation	Principal Occupation During Last Five Years	Date Appointed as Director	Number and Percentage of Shares owned or controlled ⁽¹⁾
Brandon Rook ⁽³⁾ Vancouver, B.C. President, Chief Executive Officer & Director	Director of the Corporation (March 2010 to present), President and CEO of the Corporation (July 2010 to present), President of Cliffmont Resources Ltd. (March 2009 to June 2010), Managing Partner of Empire Communications Inc. (August 2007 to June 2009).	March 14, 2010	1,321,333 ⁽⁴⁾ 2.3%
Nick DeMare ⁽²⁾⁽³⁾ Burnaby, B.C. Chief Financial Officer, Corporate Secretary & Director	President, Chase Management Ltd. (May, 1991 to present).	July 22, 2010	109,500 ⁽⁵⁾ 0.2
Darryl Lindsay Bogotá, Colombia Chief Operating Officer, Senior Vice-President & Director	COO of the Corporation (October, 2011 to present), Senior Vice-President of the Corporation (December 2011 to present), Vice President Exploration of ExplorCobres S.A. (July 2004 to October 2011).	December 12, 2011	51,000 ⁽⁶⁾ 0.1%
Darrell Podowski ⁽²⁾⁽³⁾ Vancouver, B.C. Director	Partner at McMillan LLP (February 2008 to present).	July 22, 2010	74,725 ⁽⁷⁾ 0.1%
James Hutton ⁽²⁾ Vancouver, B.C. Director	President and CEO of Hutton Capital Corporation (October 1986 to present) and a director and/or officer of numerous public companies.	November 17, 2010	1,220,750 ⁽⁸⁾ 2.2%

Notes:

- (1) Based on the total of 56,748,094 Shares issued and outstanding as at April 11, 2012, on an undiluted basis.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation and Corporate Governance Committee.
- (4) Mr. Rook holds 63,000 Shares through BMR Holdings Inc., a company wholly-owned by Mr. Rook. Mr. Rook also holds 170,000 options to purchase 170,000 Shares at an exercise price of \$2.39 until November 23, 2015, and an additional 500,000 options to purchase 500,000 Shares at an exercise price of \$4.20 until February 21, 2016. In addition, Mr. Rook holds 31,500 share purchase warrants exercisable at a price of \$1.00 until September 30, 2012 and 250,000 share purchase warrants exercisable at a price of \$2.45 until November 24, 2013. Mr. Rook holds the 31,500 share purchase warrants through BMR Holdings Inc.
- (5) Mr. DeMare also holds 75,000 options to purchase 75,000 Shares at an exercise price of \$0.50 until July 22, 2015, an additional 42,000 options to purchase 42,000 Shares at an exercise price of \$2.39 until November 23, 2015 and an additional 125,000 options to purchase 125,000 Shares at an exercise price of \$4.20 until February 21, 2016. Mr DeMare also holds 35,800 share purchase warrants exercisable at a price of \$2.45 until November 24, 2013.
- (6) Mr. Lindsay also holds 225,500 options to purchase 225,500 Shares at an exercise price of \$1.85 until November 24, 2016. Mr. Lindsay also holds 12,500 share purchase warrants exercisable at a price of \$2.45 until November 24, 2013.
- (7) Mr. Podowski also holds 75,000 options to purchase 75,000 Shares at an exercise price of \$0.50 until July 22, 2015, an additional 42,000 options to purchase 42,000 Shares at an exercise price of \$2.39 until November 23, 2015 and an additional

125,000 options to purchase 125,000 Shares at an exercise price of \$4.20 until February 21, 2016. Mr. Podowski also holds 2,655 share purchase warrants exercisable at a price of \$0.75 until July 22, 2012, an additional 11,457 share purchase warrants exercisable at a price of \$2.35 until October 14, 2012 and an additional 6,250 share purchase warrants exercisable at a price of \$2.45 until November 24, 2013.

- (8) Mr. Hutton holds 1,025,750 Shares through Hutton Capital Corporation, a company wholly-owned by Mr. Hutton. Mr. Hutton also holds 250,000 options to purchase 250,000 Shares at an exercise price of \$4.20 until February 21, 2016. In addition, Mr. Hutton holds 97,500 share purchase warrants exercisable at a price of \$2.45 until November 24, 2013.

The following sets out the principal occupation of the directors and executive officers of the Corporation who act as officers of a company other than the Corporation or its subsidiaries, with the principal business of the person or company as also set forth below:

Name	Company	Official Title	Principal Business of the Corporation
Nick DeMare	Chase Management Ltd.	President	Management and financial services company.
James Hutton	Hutton Capital Corporation	President and CEO	Investment Banking

The directors and officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 2,777,308 Shares, representing approximately 4.9% of the issued and outstanding Shares (on an undiluted basis). Each director's term of office will expire at the next annual meeting of the Shareholders unless re-elected at such meeting.

Cease Trade Orders and Bankruptcies

Except as disclosed below, as at the date of this AIF and within the ten years before the date of this AIF, no director or executive officer of the Corporation is or has been a director, CEO or CFO of any person or company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days.

Nick DeMare, a director and officer of the Corporation, was an independent director of Andean American Resources Limited ("**Andean American**") from August, 2002 until January, 2011. On August 2, 2007, Andean American was issued a cease trade order by the British Columbia Securities Commission for deficiencies in Andean American's continuous disclosure material related to its resource properties for deficiencies in a previously filed NI 43-101 technical report. On October 22, 2007, Andean American filed an amended technical report and issued a clarifying news release. The cease trade order was lifted and the shares resumed trading on October 24, 2007.

Mr. DeMare is a director and officer of Salazar Resources Limited ("**Salazar**"). On September 10, 2010, Salazar was issued a cease trade order by the British Columbia Securities Commission for deficiencies in Salazar's continuous disclosure material related to its resource properties for deficiencies in a previously filed NI 43-101 technical report. On October 14, 2010, Salazar filed an amended technical report and

issued a clarifying release. The cease trade order was lifted and the shares resumed trading on October 18, 2010.

As at the date of this AIF and within ten years before the date of this AIF, no director or executive officer of the Corporation, or a Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is or has been a director or executive officer of a company, that while that person was acting in that capacity:

- (a) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director or executive officer of the Corporation, or a Shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making an investment decision.

Personal Bankruptcies

No director or executive officer of the Corporation, or a Shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Corporation holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA or other applicable corporate legislation.

PROMOTERS

To the best of the Corporation's knowledge, there is no person or company that has been, within the two most recently completed financial years or during the current financial year, a "promoter" of the Corporation or a subsidiary of the Corporation, as such term is defined in the *Securities Act* (British Columbia).

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best of the Corporation's knowledge, there are no legal proceedings that the Corporation is or was a party to, or that any of its property is or was the subject of, during the Corporation's most recently completed financial year.

To the best of the Corporation's knowledge, there are no (a) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority the Corporation's most recently completed financial year, (b) other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, or (c) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority during the Corporation's most recently completed financial year.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since September 1, 2008, no director, executive officer or 10% Shareholder of the Corporation or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Corporation or its subsidiaries.

TRANSFER AGENT

The transfer agent and registrar for the Corporation is Computershare Investor Services Inc., of 2nd floor, 510 Burrard Street, Vancouver, B.C. V6C 3B9. Transfers of the Shares may be recorded in Vancouver, British Columbia.

MATERIAL CONTRACTS

Set forth below are details of every contract, other than a contract entered into in the ordinary course of business, that is material to the Corporation and that was entered into within the most recently completed financial year, or before the most recently completed financial year but is still in effect:

1. Escrow Agreement dated August 20, 2008 among the Corporation, Pacific Corporate Trust Company and certain Shareholders of the Corporation (see "Escrowed Securities"); and
2. Purchase Agreement dated March 15, 2010, as amended effective April 7, 2010, May 11, 2010 and September 20, 2010, among the Corporation, the Vendors, Minera Quinchia, Bahia, the shareholders of Minera Quinchia and the shareholders of Bahia.

INTERESTS OF EXPERTS

The following persons, firms and companies are named as having prepared or certified a report, valuation statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations* by the Corporation during, or relating to, its most recently completed financial year and whose profession or business gives authority to the report, valuation statement or opinion made by the person, firm or company:

Name	Description
Davidson & Company LLP	Independent Auditor, Auditor's Report dated December 12, 2011 for the year ended August 31, 2011.
Paul Chamois, M.Sc. (Applied), P.Geo.	Author, Technical Report dated February 24, 2012 in respect of the Batero-Quinchia Project.
Luke Evans, M.Sc., P.Eng.	Author, Technical Report dated February 24, 2012 in respect of the Batero-Quinchia Project.

The following is the Technical Report prepared in accordance with NI 43-101 from which certain technical information relating to the Corporation's mineral project on the property material to the Corporation contained in this AIF has been derived:

1. Batero-Quinchia Project – Paul Chamois, M.Sc. (Applied), P.Geo. and Luke Evans, M.Sc., P.Eng. prepared a report in accordance with NI 43-101 for the Corporation entitled "Technical Report on the Batero-Quinchia Project, Department of Risaralda, Colombia" dated February 24, 2012.

The aforementioned persons did not hold any securities of the Corporation or of any associate or affiliate of the Corporation when they prepared the reports referred to above or following the preparation of such reports.

The aforementioned persons do not currently expect to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

Davidson & Company LLP has advised the Corporation that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional Information

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, and securities authorized for issuance under equity compensation plans is contained in the management information circular for the Corporation's most recent annual meeting of Shareholders held on December 20, 2011, which is available on SEDAR at www.sedar.com.

Additional financial information is also provided in the Corporation's audited consolidated financial statements and Management's Discussion and Analysis for the year ended August 31, 2011, which may be found on SEDAR at www.sedar.com.

Audit Committee

Audit Committee Charter

The Corporation's Audit Committee Charter is part of the Corporation's Corporate Governance Manual, which has been filed on SEDAR at www.sedar.com (filed November 22, 2010).

The Audit Committee's charter sets out its mandate and responsibilities, and is attached to this AIF as Schedule "A".

Composition of the Audit Committee

The members of the Audit Committee are Nick DeMare, Darrell Podowski and James Hutton. Mr. Hutton is an independent director. Mr. DeMare is not independent for purposes of National Instrument 52-110 *Audit Committees* ("NI 52-110") as he is the CFO and Corporate Secretary of the Corporation and Mr. Podowski is not independent for purposes of NI 52-110 as he is a partner of a law firm which accepts a compensatory fee from the Corporation. All members of the Audit Committee are considered to be financially literate.

The Corporation is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the year ended August 31, 2011. This exemption exempts a "venture issuer" from the requirement to have 100% of its members independent, as would otherwise be required by NI 52-110.

Relevant Education and Experience

The following is a summary of the audit committee members education and experience which is relevant to the performance of their responsibilities as an audit committee member:

Mr. DeMare holds a Bachelor of Commerce degree from the University of British Columbia and is a member in good standing of the Institute of Chartered Accountants of British Columbia. Mr. DeMare has served as a director and officer for several public reporting companies.

Mr. Podowski holds a Bachelor of Science degree in Geophysics and a Bachelor of Law degree. Mr. Podowski is a Partner of the law firm of McMillan LLP, and Chair of its Mining Group in Vancouver, British Columbia. He is a mining and securities lawyer practicing primarily in the natural resource industry. Previously, Mr. Podowski was corporate counsel with Teck Resources Limited, a major Vancouver based mining company, and prior to his law career was an exploration geophysicist with Dome Petroleum Limited and Amoco Canada Petroleum Corporation, major multi-national oil and gas companies.

Mr. Hutton spent his career in the financial services industry and for the past 25 years has specialized in structured finance and resource company finance. Mr. Hutton is the President and Chief Executive Officer of Hutton Capital Corporation, a company engaged in investment banking. He was the founder, President and Chief Executive Officer of the Canada Dominion Resources Group of companies, one of the largest and most successful flow-through share funds in Canada. During Mr. Hutton's tenure, the Canada Dominion Resources Group completed in excess of \$800,000,000 in offerings focused on mining

and energy issuers actively exploring for resources in Canada. The Canada Dominion Resources Group was acquired from Mr. Hutton by the Dundee/Dynamic Mutual fund organization in 2006.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on any of the following exemptions in NI 52-110:

1. section 2.4 (*De Minimis Non-audit Services*); or
2. an exemption, in whole or in part, granted under Part 8 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees by Category

The aggregate fees billed by the Corporation's external auditors in the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees⁽¹⁾	Audit Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees⁽⁴⁾
August 31, 2011	\$40,800	Nil	Nil	Nil
August 31, 2010	\$5,000	Nil	Nil	\$21,150

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Corporation is a “venture issuer” as defined in NI 52-110 and is relying upon the exemptions in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

**SCHEDULE “A”
AUDIT COMMITTEE CHARTER**

**BATERO GOLD CORP.
(the “Corporation”)**

Objectives

The Audit Committee will assist the Board of Directors in fulfilling its oversight responsibilities for:

1. the financial reporting process,
2. the system of internal control over financial reporting,
3. the audit process,
4. compliance with legal and regulatory requirements, and
5. the processes for identifying, evaluating and managing the company’s principal risks impacting financial reporting.

Membership

The Board of Directors shall appoint annually from among its members an Audit Committee to hold office for the ensuing year or until their successors are elected or appointed.

The Audit Committee shall be composed of at least three directors, and not more than five directors, at least a majority of whom shall be “independent” and “financially literate” (as such terms are defined in National Instrument 52-110 – Audit Committees).

The Board of Directors may from time to time designate one of the members of the Audit Committee to be the Committee Chair and, unless otherwise determined by the Board, the Secretary of the Corporation shall be the Secretary of the Audit Committee.

Meetings and Participation

The Audit Committee shall meet at least once per quarter, or more frequently as circumstances dictate. Any member of the Audit Committee or the external auditor may call a meeting of the Audit Committee. The auditors shall be provided notice of all meetings and be entitled to attend and be heard thereat.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. The agenda will be set by the Audit Committee Chair in consultation with other members of the Audit Committee, the Board of Directors and senior management.

No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present. A quorum for meetings of the Audit Committee is a majority of its Members.

The Audit Committee shall keep minutes of its meetings in which shall be recorded all action taken by it, which minutes shall be approved by Audit Committee members and available as soon as possible to the Board of Directors.

Duties, Powers, and Responsibilities

The Audit Committee is hereby delegated the following duties and powers, without limiting these duties and powers, the Audit Committee shall:

(a) Financial Reporting

- Review and recommend for approval to the Board of Directors the annual Financial Statements, accounting policies that affect the statements, annual MD&A and associated press release.
- Review the Annual Report for consistency with the financial disclosure referenced in the annual Financial Statements.
- Be satisfied as to the adequacy of procedures in place for the review of the Corporation's public disclosure of financial information extracted or derived from annual or the Corporation's financial statements and periodically assess the adequacy of such procedures.
- Review and approve quarterly financial statements, accounting policies that affect the statements, the quarterly MD&A, and the associated press release.
- Review significant issues affecting financial reports.
- Review emerging GAAP developments that could affect the Corporation.
- Understand how management develops interim financial information and the nature and extent of external audit involvement.
- In review of the annual and quarterly financial statements, discuss the quality of the Corporation's accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.
- Review and approve any earnings guidance to be provided by the Corporation.

(b) Internal and Disclosure Controls

- Consider the effectiveness of the Corporation's internal controls over financial reporting and related information technology security and control.
- Review and approve corporate signing authorities and modifications thereto.
- Review with the auditors any issues or concerns related to any internal control systems in the process of the audit.
- Review the plan and scope of the annual audit with respect to planned reliance and testing of controls and major points contained in the auditor's management letter resulting from control evaluation and testing.

- Establish and maintain complaint procedures regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Such procedures are appended hereto as Appendix A.
- Review with management, external auditors and legal counsel any material litigation claims or other contingencies, including tax assessments, and adequacy of financial provisions, that could materially affect financial reporting.
- Review with the Chief Executive Officer and the Chief Financial Officer the Corporation's disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.
- Discuss with the Chief Executive Officer and the Chief Financial Officer all elements of certification required pursuant to National Instrument 52-109.
- Approve all material related party transactions in advance; materiality is set a \$1 for such matters.

(c) External Audit

- Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- Review and approve the audit plans, scope and proposed audit fees.
- Annually review the independence of the external auditors by receiving a report from the independent auditor detailing all relationships between them and the Corporation.
- Discuss with the auditors the results of the audit, any changes in accounting policies or practices and their impact on the financials, as well as any items that might significantly impact financial results.
- Receive a report from the auditors on critical accounting policies and practices to be used, all alternative treatments of financial information within GAAP that have been discussed with management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the auditor.
- Receive an annual report from the auditors describing the audit firm's internal quality-control procedures, and material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out the firm, and any steps taken to deal with any such issues.
- Ensure regular rotation of the lead partner and reviewing partner.
- Evaluate the performance of the external auditor and the lead partner annually.

- Recommend to the Board of Directors (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, and (ii) the compensation of the external auditor.
- Separately meet with the auditors, apart from management, at least once a year.

(d) Non-Audit Services

- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor. Pre-approval may be granted by any one member of the Audit Committee.

(e) Risk Management

- Review and monitor the processes in place to identify and manage the principal risks that could impact the financial reporting of the Corporation.
- Ensure that Directors and Officers insurance is in place.
- Review and approve corporate investment policies.
- Assess, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board of Directors.

(f) Other Responsibilities and Matters

- Report through its Chair to the Board of Directors following meetings of the Audit Committee.
- Review annually the adequacy of the Charter and confirm that all responsibilities have been carried out.
- Evaluate the Audit Committee's and individual member's performance on a regular basis and report annually to the Board the result of its annual self-assessment.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
- Discuss the Corporation's compliance with tax and financial reporting laws and regulation, if and when issues arise.

Authority

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors employed by the Audit Committee at the cost of the Corporation without obtaining approval of the Board of Directors, based on its sole judgment and discretion. The Audit Committee has the authority to communicate directly with the internal and external auditors of the Corporation.