FIRST COLOMBIA GOLD CORP.
Form 10-Q
June 09, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

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

For the transition period from to

Commission File Number: 000-51203

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

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

Alcalá Centro de Negocios, Cra 43 B # 14-51 Office 705, Medellin, Colombia
(Address of principal executive offices)

+574 461 61 54
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

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

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

Class	Outstanding at June 8, 2011
Common Stock, $0.00001 par value	39,503,585

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FIRST COLOMBIA GOLD CORP.
MARCH 31, 2011

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PART I - FINANCIAL INFORMATION

Item 1. Interim Consolidated Financial Statements

Our unaudited interim consolidated financial statements included in this Form 10-Q for the three months ended March 31, 2011 are as follows:

These unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended March 31, 2011 are not necessarily indicative of the results that can be expected for the full year.

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

	As at 31 March 2011 $	As at 31 December 2010 (Audited) $
Assets		
Current		
Cash and cash equivalents (Note 2)	92,088	70,019
Mineral property interests (Note 3)	11,976,434	11,976,434
Property and equipment (Note 4)	11,088	11,988
	12,079,610	12,058,441
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	367,236	394,534
Current portion of convertible promissory notes (Note 6)	571,041	468,630
	938,277	863,164
Convertible promissory notes (Note 6)	1,662,274	1,451,863
Due to related parties (Note 7)	109,976	109,691
	2,710,527	2,424,718
Stockholders' equity		
Common stock (Note 8)		
Authorized		
200,000,000 common shares, par value $0.00001 and		
200,000,000 blank check preferred shares, par value $0.001		
Issued and outstanding		
31 March 2011 – 39,503,585 common shares, par value $0.00001		
31 December 2010 – 38,503,585 common shares, par value $0.00001	395	385
Additional paid in capital	18,329,720	18,229,730
Deficit, accumulated during the exploration stage	(11,211,032)	(10,846,392)
	7,119,083	7,383,723

Non-controlling interest (Note 13)	2,250,000	2,250,000
	9,369,083	9,633,723
	12,079,610	12,058,441

Nature, Basis of Presentation and Continuance of Operations (Note 1), Commitments and Contingencies (Note 9) and Subsequent Event (Note 14)

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

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

	For the period from the date of inception on 5 September 1997 to 31 March 2011	For the three month period ended 31 March 2011	For the three month period ended 31 March 2010
	$	$	$
Expenses			
Amortization – property and equipment (Note 4)	38,521	900	1,285
Amortization – website development cost	40,001	-	3,333
Bank charges and interest (Note 6)	986,041	313,354	1,029
Consulting and management fees (Note 7)	5,250,414	39,000	47,776
Foreign exchange (gain) loss	22,581	794	(4,493)
Investor communication and promotion	632,571	-	8,000
Office and administrative	116,721	-	74
Professional fees	674,596	9,935	21,660
Rent	56,416	-	2,000
Telephone	54,659	-	-
Transfer agent and filing fees	54,386	657	2,162
Travel and accommodation	377,754	-	-
Website maintenance	86,000	-	20,000
Mineral property exploration expenditures (Note 3)	5,270,919	-	-
Net operating loss before other items	(13,661,580)	(364,640)	(102,826)
Other items			
Forgiveness of debt	39,000	-	-
Gain on sale of oil and gas property	10,745	-	-
Interest income	102,561	-	-
Recovery of expenses	4,982	-	-
Write-down of incorporation cost	(12,500)	-	-
Write-down of assets	(14,111)	-	-
Net operating loss before income taxes	(13,530,903)	(364,640)	(102,826)
Future income tax recovery (Note 12)	2,319,871	-	10,657
Net operating loss and comprehensive loss for the period	(11,211,032)	(364,640)	(92,169)

Basic and diluted loss per common share	(0.01)	(0.01)
Weighted average number of common shares used in per share calculations	38,626,536	15,548,640

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

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

	For the period from the date of inception on 5 September 1997 to 31 March 2011	For the three month period ended 31 March 2011	For the three month period ended 31 March 2010
	$	$	$
Cash flows used in operating activities			
Net loss for the period	(11,211,032)	(364,640)	(92,169)
Adjustments to reconcile loss to net cash used by operating activities			
Amortization	78,522	900	4,618
Accrued interest	973,315	312,822	-
Consulting fees	40,200	-	-
Forgiveness of debt	(24,000)	-	-
Future income tax recovery	(2,319,871)	-	-
Gain on sale of oil and gas property	(10,745)	-	(10,657)
Mineral property acquisition	1,816,000	-	-
Stock-based compensation	3,587,000	-	-
Write-down of assets	3,940	-	-
Changes in operating assets and liabilities			
Increase (decrease) in accounts payable and accrued liabilities	317,406	(27,298)	(605,354)
Increase (decrease) in due to related parties	51,274	285	(73)
	(6,697,991)	(77,931)	(703,635)
Cash flows from financing activities			
Cost of repurchase of common stock	(1,000)	-	-
Proceeds from issuance of common stock, net of share issue costs	8,411,915	100,000	1,775,000
	8,410,915	100,000	1,775,000
Cash flows used in investing activities			
Proceeds from sale of oil and gas property	46,200	-	-
Oil and gas property acquisitions	(2,846)	-	-
Oil and gas exploration	(22,609)	-	-
Mineral property exploration	(48,609)	-	-
Business acquisition, net of cash received	(1,499,422)	-	(1,000,000)
Purchase of equipment	(53,550)	-	-
Website development cost	(40,000)	-	-

	(1,620,836)	-	(1,000,000)
Increase in cash and cash equivalents	92,088	22,069	71,365
Cash and cash equivalents, beginning of period	-	70,019	4,214
Cash and cash equivalents, end of period	92,088	92,088	75,579

Supplemental Disclosures with Respect to Cash Flows (Note 11)

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

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

	Number of shares issued	Common stock $	Additional paid-in capital $	Deferred stock-based compensation $	Share subscriptions received in advance $	Deficit, accumulated during the exploration stage $	Total stockholders' equity (deficiency) $
Balance at 5 September 1997 (inception)	-	-	-	-	-	-	-
Common shares issued for cash ($0.25 per share)	4,000	1	999	-	-	-	1,000
Net loss for the period	-	-	-	-	-	(2,522)	(2,522)
Balance at 30 September 1997	4,000	1	999	-	-	(2,522)	(1,522)
Common shares issued for acquisition of oil and gas properties ($25 per share)	400	-	10,000	-	-	-	10,000
Common shares issued for cash ($0.25 per share)	4,000	1	999	-	-	-	1,000
Net loss for the year	-	-	-	-	-	(1,246)	(1,246)
Balance at 30 September 1998	8,400	2	11,998	-	-	(3,768)	8,232
Common shares issued for cash ($25 per share)	4,000	1	99,999	-	-		100,000
Common shares repurchased for cash ($0.25 per share)	(4,000)	(1)	(999)	-	-	-	(1,000)
Net loss for the year	-	-	-	-	-	(9,569)	(9,569)
	8,400	2	110,998	-	-	(13,337)	97,663

Balance at 30 September 1999							
Net loss for the year	-	-	-	-	-	(34,290)	(34,290)
Balance at 30 September 2000	8,400	2	110,998	-	-	(47,627)	63,373
Net loss for the year	-	-	-	-	-	(14,296)	(14,296)
Balance at 30 September 2001	8,400	2	110,998	-	-	(61,923)	49,077
Net income for the year	-	-	-	-	-	10,954	10,954
Balance at 30 September 2002	8,400	2	110,998	-	-	(50,969)	60,031
Net income for the year	-	-	-	-	-	2,387	2,387
Balance at 30 September 2003	8,400	2	110,998	-	-	(48,582)	62,418
Common shares issued for cash ($1.50 per share) and for services ($6 per share)	8,569	1	62,699	-	-	-	62,700
Donated capital	-	-	5,000	-	-	-	5,000
Net loss for the year	-	-	-	-	-	(64,175)	(64,175)
Balance at 30 September 2004	16,969	3	178,697	-	-	(112,757)	65,943
Donated capital	-	-	3,000	-	-	-	3,000
Net loss for the period	-	-	-	-	-	(7,750)	(7,750)
Balance at 31 December 2004	16,969	3	181,697	-	-	(120,507)	61,193
Common shares repurchased ($0.25 per share)	(4,000)	(1)	(999)	-	-	-	(1,000)
Donated capital	-	-	8,200	-	-	-	8,200
Net loss for the year	-	-	-	-	-	(40,652)	(40,652)
Balance at 31 December 2005	12,969	2	188,898	-	-	(161,159)	27,741

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

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

	Number of shares issued	Common stock $	Additional paid-in capital $	Deferred stock-based compensation $	Share subscriptions received in advance $	Deficit, accumulated during the exploration stage $	Non-controlling interest $	Total stockholders' equity (deficiency) $
Balance at 31 December 2005	12,969	2	188,898	-	-	(161,159)	-	27,741
Common shares issued for cash ($0.125 per share)	1,200,000	12	149,988	-	-	-	-	150,000
Common shares cancelled	(8,467)	(1)	1	-	-	-	-	-
Common shares issued for purchase of Finmetal OY (deemed at $25.60 per share)	50,000	1	1,279,999	-	-	-	-	1,280,000
Common shares issued as stock-based compensation (deemed at $24.80 per share)	97,500	1	2,417,999	(2,321,280)	-	-	-	96,720
Common shares issued for cash ($10 per share)	279,950	2	2,799,498	-	-	-	-	2,799,500
Share issue costs		-	(254,500)	-	-	-	-	(254,500)
Net loss for the year	-	-	-	-	-	(2,506,896)	-	(2,506,896)
	1,631,952	17	6,581,883	(2,321,280)	-	(2,668,055)	-	1,592,565

Balance at 31 December 2006								
Common shares issued for cash ($25 per unit)	121,800	1	2,944,578	-	-	-	-	2,944,579
Share issue costs	-	-	(212,450)	-	-	-	-	(212,450)
Warrants issued	-	-	100,421	-	-	-	-	100,421
Common shares issued as stock-based compensation (deemed at $29 per share)	46,250	1	1,341,249	(1,341,250)	-	-	-	-
Common shares issued for finder's fee for mineral interests (deemed at $26.80) per share	20,000	1	535,999	-	-	-	-	536,000
Stock-based compensation	-	-	3,023,282	2,936,734	-	-	-	5,960,016
Stock awards cancelled	(97,500)	(1)	1	-	-	-	-	-
Net loss for the year	-	-	-	-	-	(9,511,457)	-	(9,511,457)
Balance at 31 December 2007	1,722,502	18	14,314,963	(725,796)	-	(12,179,512)	-	1,409,674
Stock-based compensation	-	-	-	725,796	-	-	-	725,796
Stock awards cancelled	(31,250)	(1)	1	-	-	-	-	-
Stock options forfeited	-	-	(3,245,532)	-	-	-	-	(3,245,532)
Common shares issued for acquisition of mineral rights ($0.25 per share) (Notes 3, 8 and 11)	2,500,000	25	624,975	-	-	-	-	625,000
Share subscriptions	-	-	-	-	613,583	-	-	613,583

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

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

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

	Number of shares issued	Common stock $	Additional paid-in capital $	Deferred stock-based compensation $	Share subscriptions received in advance $	Deficit, accumulated during the exploration stage $	Non-controlling interest $	Total stockholders' equity (deficiency) $
Balance at 31 December 2009	13,103,585	131	12,809,984	-	-	(9,714,204)	3,375,000	6,470,911
Common shares issued for business acquisition ($0.25 per share) (Notes 3, 8, 11 and 13)	5,000,000	50	1,239,950	-	-	-	(1,125,000)	115,000
Common shares issued for cash ($0.10 per unit) (Note 8)	18,750,000	188	1,015,720	-	-	-	-	1,015,908
Warrants issued (Note 8)	-	-	859,092	-	-	-	-	859,092
Warrants exercised (Note 8)	1,650,000	16	164,984	-	-	-	-	165,000
Share issue costs	-	-	(100,000)	-	-	-	-	(100,000)
Beneficial conversion feature (Note 6)	-	-	2,240,000	-	-	-	-	2,240,000
Net loss for the year	-	-	-	-	-	(1,132,188)	-	(1,132,188)
Balance at 31 December 2010	38,503,585	385	18,229,730	-	-	(10,846,392)	2,250,000	9,633,723
Warrants exercised (Note 8)	1,000,000	10	99,990	-	-	-	-	100,000
Net loss for the period	-	-	-	-	-	(364,640)	-	(364,640)
Balance at 31 March 2011	39,503,585	395	18,329,720	-	-	(11,211,032)	2,250,000	9,369,083

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

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

1. Nature, Basis of Presentation and Continuance of Operations

First Colombia Gold Corp. (the “Company”) was incorporated under the laws of the State of Nevada, U.S.A. under the name “Gondwana Energy, Ltd.” on 5 September 1997. On 23 January 2007, the Company changed its name to “Finmetal Mining Ltd.”. On 27 November 2006, the Company completed the acquisition of 100% of the shares of Finmetal Mining OY (“Finmetal OY”), a company incorporated under the laws of Finland. During the fiscal year ended 31 December 2006, the Company changed its operational focus from development of oil and gas properties, to acquisition of, exploration for and development of mineral properties in Finland. On 22 May 2008, the Company changed its name to “Amazon Goldsands Ltd.” and on 18 September 2008, the Company entered into a Mineral Rights Option Agreement and concurrently re-focused on the acquisition of, exploration for and development of mineral properties located in Peru. On 29 November 2010, the Company changed its name to “First Colombia Gold Corp.”. The Company changed their name pursuant to a parent/subsidiary merger between the Company (as Amazon Goldsands Ltd.) and its wholly-owned non-operating subsidiary, First Colombia Gold Corp., which was established for the purpose of giving effect to this name change. The Company is currently in the exploration stage.

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

The accompanying interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Finmetal OY, a company incorporated under the laws of Finland, since its date of acquisition on 27 November 2006. The Company also follows ASC 810-10, “Consolidation” and fully consolidates the assets, liabilities, revenues and expenses of Beardmore Holdings, Inc. (“Beardmore”), a company incorporated under the laws of Panama. The Company owns a 50% interest in Beardmore. It recognizes the other owner’s equity under the heading non-controlling interest (Note 13).

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

The Company’s interim consolidated financial statements as at 31 March 2011 and for the three month period then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a net loss of $364,640 for the three month period ended 31 March 2011 (31 March 2010 - $92,169) and has a working capital deficit of $846,189 at 31 March 2011 (31 December 2010 - $793,145).

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

2. Significant Accounting Policies

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

Principles of consolidation

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

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As at 31 March 2011, the Company had cash and cash equivalents in the amount of $92,088 (31 December 2010 - $70,019).

Property and equipment

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

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

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

Segments of an enterprise and related information

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

First Colombia Gold Corp.
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Mineral property costs

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

Mineral property exploration costs are expensed as incurred.

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

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

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

Environmental costs

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

Foreign currency translation

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

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Comprehensive loss

ASC 220, "Comprehensive Income" establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 31 March 2011, the Company had no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the interim consolidated financial statements.

Stock-based compensation

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

Basic and diluted net income (loss) per share

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

Income taxes

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

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Long-lived assets impairment

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

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

Asset retirement obligations

The Company has adopted ASC 410, "Assets Retirement and Environmental Obligations", which requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred. ASC 410 requires the Company to record a liability for the present value of the estimated site restoration costs with a corresponding increase to the carrying amount of the related long-lived assets. The liability will be accreted and the asset will be depreciated over the life of the related assets. Adjustments for changes resulting from the passage of time and changes to either the timing or amount of the original present value estimate underlying the obligation will be made. As at 31 March 2011, the Company did not have any asset retirement obligations.

Convertible debt

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

Financial instruments

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

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Consolidation

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

Use of estimates

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

Comparative figures

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

Changes in accounting policies

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

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

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

International Financial Reporting Standards

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

3. Mineral Property Interests

The Temasek Properties

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

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

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

- Pay $250,000 (paid) to Temasek on the date the Agreement is executed;
- Issue 2,500,000 common shares (issued) of the Company to Temasek within five business days from the Effective Date (Notes 8 and 11); and
- Pay an additional $250,000 (paid) to Temasek within ninety days of the Effective Date.

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

- Exercise and complete the initial 25% option (completed);
- Issue 3,500,000 additional common shares of the Company to Temasek (issued) (Notes 8 and 11); and
- Pay an additional $750,000 to Temasek by 5 March 2010 (paid).

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

- Exercise and complete the initial and second 25% options (completed);
- Issue 11,000,000 additional common shares of the Company to Temasek (5,000,000 common shares issued on 9 March 2010) (Notes 8 and 11);
- Pay an additional $250,000 to Temasek (paid);
- Issue a convertible note for $250,000 to Temasek (the "$250,000 Convertible Note") (issued). The $250,000 Convertible Note has a term of ninety days and will accrue interest at a rate of 12% per annum. Both principal and interest under the $250,000 Convertible Note are payable upon maturity (Notes 6 and 11); and
- Issue a convertible note for $3,250,000 to Temasek (the "$3,250,000 Convertible Note") (issued). The $3,250,000 Convertible Note has a term of three years and will accrue interest at a rate of 12% per annum. Interest will be payable annually and the principal is payable upon maturity (Notes 6 and 11).

Any principal and interest due under either of the Convertible Notes is convertible, at the option of Temasek, into units at a fixed conversion price of $0.25 per unit. Each unit consists of one common share of the Company and one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.50 per share (Note 8).

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

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

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

The Company is subject to certain outstanding and future commitments related to the Temasek Agreement. The Company is in the process of renegotiating the terms of the Temasek Agreement (Note 9).

During the three month period ended 31 March 2011, the Company incurred $Nil (31 March 2010 – $Nil, cumulative - $227,712) in exploration expenditures related to the Temasek Properties, which has been included in the accounts payable and accrued liabilities as at 31 March 2011 (Note 5).

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4. Property and Equipment

			Net Book Value	
	Cost	Accumulated amortization	31 March 2011	31 December 2010 (Audited)
	$	$	$	$
Furniture, computer and office equipment	47,433	36,345	11,088	11,988

During the three month period ended 31 March 2011, total additions to property and equipment were $Nil (31 March 2010 - $Nil).

5. Accounts Payable and Accrued Liabilities

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

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

Included in accounts payable and accrued liabilities as at 31 March 2011 are amounts due to a director and officers of the Company of $12,500 (31 December 2010 - $10,000). These amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

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

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6. Convertible Promissory Notes

	31 March 2011 $	31 December 2010 (Audited) $
Issued on 25 June 2010 to Temasek bearing interest at a rate of 12% per annum on any unpaid principle balance, unsecured, with principal and interest amounts due upon maturity on 25 September 2010. The Company is in the process of renegotiating the terms of the $250,000 Convertible Note (Note 9). Temasek has the option to convert any portion of the unpaid principal and/or accrued interest into conversion units (the "Units") at any time up to 25 June 2011 at $0.25 per Unit where each Unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles Temasek to purchase an additional common share of the Company at an exercise price of $0.50 per share commencing six months after the date of issuance until one year from the date of issuance. During the three month period ended 31 March 2011, the Company accrued interest expense of $46,767 (31 March 2010 - $Nil), of which $39,452 relates to the amortization of debt discount (31 March 2010 - $Nil) (Notes 3 and 11).	235,233	188,466
Issued on 25 June 2010 to Temasek bearing interest at a rate of 12% per annum on any unpaid principle balance, unsecured, with interest amount payable annually and principal amount due upon maturity on 25 June 2013. Temasek has the option to convert any portion of the unpaid principal and/or accrued interest into Units at any time up to 25 June 2013 at $0.25 per Unit where each Unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles Temasek to purchase an additional common share of the Company at an exercise price of $0.50 per share commencing six months after the date of issuance until one year from the date of issuance. During the three month period ended 31 March 2011, the Company accrued interest expense of $266,055 (31 March 2010 - $Nil), of which $170,959 relates	1,998,082	1,732,027

to the amortization of debt discount (31 March 2010 - $Nil) (Notes 3 and 11).		
Less: current portion	(571,041)	(468,630)
	1,662,274	1,451,863

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7. Due to Related Parties and Related Party Transactions

As at 31 March 2011, the amount due to related parties consists of $109,976 (31 December 2010 - $109,691) payable to companies controlled by shareholders and/or directors of Rio Santiago.

During the three month period ended 31 March 2011, the Company paid or accrued $9,000 (31 March 2010 - $Nil) for consulting fees to a former director of the Company.

During the three month period ended 31 March 2011, the Company paid or accrued $Nil (31 March 2010 - $9,450) for financial and administrative fees to a former officer of the Company.

During the three month period ended 31 March 2011, the Company paid or accrued $7,500 (31 March 2010 - $Nil) for accounting and financial fees to an officer of the Company.

During the three month period ended 31 March 2011, the Company paid or accrued $7,500 (31 March 2010 - $Nil) for consulting fees to a director and officer of the Company.

8. Common Stock

Authorized

The total authorized capital consists of

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

Issued and outstanding

As at 31 March 2011, the total issued and outstanding capital stock is 39,503,585 common shares with a par value of $0.00001 per share.

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

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

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

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On 25 March 2010, the Company issued 18,750,000 units at a price of $0.10 per unit (the "Units") for proceeds of $1,775,000, net of share issue costs of $100,000. Each Unit consists of one common share with par value $0.00001 and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.10 commencing six months from the closing date of the offering up to 25 March 2011. During the three month period ended 31 March 2011, 1,000,000 of the related share purchase warrants in this series were exercised. As at 31 March 2011, none of the related share purchase warrants in this series remain outstanding.

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

During the year ended 31 December 2009, the Company issued 3,500,000 common shares valued at a $385,000 ($0.11 per common share) pursuant to the Temasek Agreement (Notes 3, 11 and 13). The fair value is equal to the market price of the Company's stock on the date of the transaction.

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

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

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

During the year ended 31 December 2008, the Company issued 2,500,000 common shares valued at $625,000 ($0.25 per common share) pursuant to the Temasek Agreement (Notes 3, 11 and 13). The fair value is equal to the market price of the Company's stock on the date of the transaction.

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

Stock options

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

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

(Expressed in U.S. Dollars)

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

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

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

The Company had no stock option activities during the three month periods ended 31 March 2011 and 2010.

Warrants

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

The following is a summary of warrant activities during the three month periods ended 31 March 2011 and 2010:

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

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	Number of warrants	Weighted average exercise price $
Outstanding and exercisable at 1 January 2010	-	-
Granted	18,750,000	0.10
Exercised	-	-
Expired	-	-
Outstanding and exercisable at 31 March 2010	18,750,000	0.10
Weighted average fair value of warrants granted during the period		0.10

The weighted average grant date fair value of warrants issued during the three month period ended 31 March 2011 amounted to $Nil or $Nil per warrant (31 March 2010 - $859,092 or $0.05 per warrant). The fair value of each warrant granted was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions:

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

9. Commitments and Contingencies

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

b. The Company is subject to certain outstanding and future commitments related to the Temasek Agreement. The Company is in the process of renegotiating the terms of the Temasek Agreement (Note 3).

c. The Company is in default of certain outstanding commitments related to the $250,000 Convertible Note. The Company is in the process of renegotiating the terms with Temasek (Note 6).

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10. Geographic Areas

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

11. Supplemental Disclosures with Respect to Cash Flows

	For the period from the date of inception on 5 September 1997 to 31 March 2011 $	For the three month period ended 31 March 2011 $	For the three month period ended 31 March 2010 $
Supplemental cash flows information			
Interest expense	1,906	-	-
Income taxes	-	-	-
Foreign exchange (gain) loss	22,581	794	(4,493)
Supplemental disclosure of non-cash investing and financing			
Common shares issued for oil and gas property ($25 per share)	10,000	-	-
Common shares issued for services ($6 per share)	50,000	-	-
Donated consulting services	16,200	-	-
Common shares cancelled and returned	(2)	-	-
Common shares issued for equity acquisition of Finmetal ($25.60 per share)	1,280,000	-	-
Restricted shares issued ($24.80 per share)	2,418,000	-	-
	254,500	-	-

Common shares issued for finder's fee ($10 per unit)			
Warrants issued	100,421	-	-
Common shares issued for finder's fee for mineral property interests ($26.80 per share)	536,000	-	-
Common shares issued for acquisition of mineral rights (deemed at $0.25 per share)	1,875,000	-	1,250,000
Common shares issued for acquisition of mineral rights (deemed at $0.11 per share)	385,000	-	-

During the three month period ended 31 March 2011, the Company accrued interest expense of $Nil (31 March 2010 - $Nil) related to unpaid amount of the Temasek option payment (Note 3).

(Expressed in U.S. Dollars)

During the three month period ended 31 March 2011, the Company accrued interest expense of $312,822 (31 March 2010 - $Nil) related to the convertible debentures, of which $210,411 (31 March 2010 - $Nil) relates to the amortization of debt discount (Note 6).

12. Income Taxes

The Company has losses carried forward for income tax purposes to 31 March 2011. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carry-forward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

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

	For the three month period ended 31 March 2011 $	For the three month period ended 31 March 2010 $
Refundable federal tax asset (liability) attributable to:		
Current operations	(123,946)	(35,331)
Less: Change in valuation allowance	123,946	24,674
Future income tax recovery	-	10,657

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

	As at 31 March 2011 $	As at 31 December 2010 (Audited) $
Net income tax operating loss carryforward	5,812,499	5,688,553
Statutory federal income tax rate	30% - 34 %	30% - 34 %
Future income tax assets (liabilities)	978,087	854,141

Less: Valuation allowance	(978,087)	(854,141)
Future income tax assets (liabilities)	-	-

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13. Acquisition

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

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

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

Assets purchased:		
Cash and cash equivalents	$	578
Mineral property interests		6,927,792
Total assets acquired	$	6,928,370
Liabilities assumed:		
Accounts payable and accrued liabilities	$	49,797
Due to related parties		58,702
Future income tax liabilities		2,319,871
Total liabilities assumed	$	2,428,370
Non-controlling interest:	$	3,375,000
Purchase price	$	1,125,000

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

The acquisition of Beardmore expands the Company's business of acquiring and exploring mineral properties. The Company also has the exclusive right to purchase the remaining 50% share interest in Beardmore, upon certain terms and conditions (Note 3).

First Colombia Gold Corp.
(An Exploration Stage Company)
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(Unaudited – Prepared by Management)
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14. Fair Value of Financial Instruments

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

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

Level 1: classification is applied to any asset or liability that has a readily available quoted market price from an active market where there is significant transparency in the executed/quoted price.

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

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

As at 31 March 2011, the carrying amounts of cash and cash equivalents, accounts payable and current portion of convertible promissory notes approximated their estimated fair values because of the short maturity of these financial instruments.

The carrying amount of long-term debt and other financing was $1.66 million. During the year ended 31 December 2010, the Company estimated the fair value of the beneficial conversion feature of the convertible promissory note at inception using both the quoted market price of the Company's common shares and the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate of 0.29%, expected life of 1 year, expected volatility of 230% and expected dividends of 0%. The fair value of the beneficial conversion feature was estimated at $2,240,000, and was recorded as a component of equity, of which $Nil would be a Level 1 fair value and $2,240,000 would be a Level 2 fair value.

Credit Risk

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

Currency Risk

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

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

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

Liquidity Risk

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

Other Risks

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

15. Subsequent Event

The following event occurred during the period from the three month period ended 31 March 2011 to the date the interim consolidated financial statements were available to be issued on 8 June 2011:

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

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

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

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

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

risk that we will not be able to further amend the option agreement under which we acquired our fifty percent property interest in certain mining rights in certain properties in Peru in order to revive certain options we had which have lapsed as a result of our failure to meet the requirements necessary to exercise these options;

risk that, if we are unable to further amend the option agreement and unable to revive the lapsed options, that we will be unable to recover the partial consideration we paid to exercise the option to acquire the remaining fifty percent interest in these mining and mineral rights of $250,000 in cash and the issuance of 5,000,000 shares of our common stock, a $250,000 Convertible Note and a $3,250,000 Convertible Note, which would have a significant, adverse impact on our financial condition;

risk that, should we be able to further amend the option agreement and to revive the lapsed options, that we will be unable to secure the necessary funding to exercise such revived third or fourth twenty-five percent options;

risk that, while we have commenced our Phase I drilling program on our mining properties in Peru, we must secure additional financing in the near future in order to complete this planned work and be able to sustain any drilling activity or we will be forced to cease our exploration and development program.;

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

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

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

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

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

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- risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;
- risks related to commodity price fluctuations;
- the uncertainty of profitability based upon our history of losses;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms for our planned exploration and development projects;
- risks related to environmental regulation and liability;
- risks that the amounts reserved or allocated for environmental compliance, reclamation, post-closure control measures, monitoring and on-going maintenance may not be sufficient to cover such costs;
- risks related to tax assessments;
- political and regulatory risks associated with mining development and exploration; and
- other risks and uncertainties related to our prospects, properties and business strategy.

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

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

Corporate History

We were incorporated in the state of Nevada under the name Gondwana Energy, Ltd. on September 5, 1997, and previously operated under the name Finmetal Mining Ltd and Amazon Goldsands Ltd. We were previously focused on the acquisition and development of interests in mineral rights on properties located in Finland. In September 2008, we reorganized our operations and our current focus is on the acquisition and development of our interests in the mineral rights on properties located in northeastern Peru.

Exploration Stage Company

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

We no longer have any interest in any properties located in Finland and have allowed our options on these properties to lapse and revert back to the optionors so that we can pursue the development of our interests in the mineral rights on properties located in northeastern Peru. As a result of our decision to not pursue the development of any interests in properties located in Finland, we dissolved our wholly-owned subsidiary, FinMetal OY, a corporation organized under the laws of Finland, effective July 17, 2009. A description of each of the options we exercised to acquire our fifty percent interest in certain mining and mineral rights underlying properties located in Peru is set forth below.

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We, as part of business activities, also intend to evaluate opportunities to acquire additional mining properties in Colombia, South America, some of which may be mineral deposits that are fully defined and have already completed the feasibility stage of development and are ready to produce. In other cases, the mineral deposits we may seek to acquire may have a significant amount of proven and probable reserves with what we believe to be excellent potential for expansion. We may also seek to acquire other drill-ready exploration projects that contain little or no proven reserves, but that are strategically positioned to offer what we perceive as exceptional potential at a comparatively minimal expense. In order to acquire any additional mining properties or exploration projects, we will need to secure additional financing and there is no assurance that we will be able to do so. While we have taken preliminary steps to research and review possible exploration projects, we have not made any material progress in indentifying any specific properties targeted for acquisition due to our current financial position. In furtherance of this plan, we established our principal place of business in Medellin, Colombia.

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

The Peru Property

Our property interests located in Peru are in the exploration state. These properties are without known reserves and the proposed plan of exploration detailed below is exploratory in nature. These properties are described below.

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

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A description of the Mineral Rights is set forth below:

Name	Area (ha)	Code	Title Nº	Owner
Bianka 1	1000	01-03905-08	00074599	Rio Santiago Minerales S.A.C.
Bianka 2	1000	01-03878-08	00074599	Rio Santiago Minerales S.A.C.
Bianka 3	900	01-03879-08	00074599	Rio Santiago Minerales S.A.C.
Bianka 4	1000	01-03883-08	00074599	Rio Santiago Minerales S.A.C.
Bianka 6	1000	01-03881-08	00074599	Rio Santiago Minerales S.A.C.
Bianka 7	1000	01-03888-08	00074599	Rio Santiago Minerales S.A.C.
Dalma 1	1000	01-03859-08	00074599	Rio Santiago Minerales S.A.C.
Dalma 2	1000	01-03863-08	00074599	Rio Santiago Minerales S.A.C.
Dalma 3	1000	01-03857-08	00074599	Rio Santiago Minerales S.A.C.
Dalma 4	800	01-03865-08	00074599	Rio Santiago Minerales S.A.C.
Dalma 5	500	01-03866-08	00074599	Rio Santiago Minerales S.A.C.
Dorotea 1	1000	01-03909-08	00074599	Rio Santiago Minerales S.A.C.
Dorotea 2	900	01-03906-08	00074599	Rio Santiago Minerales S.A.C.
Dorotea 3	1000	01-03904-08	00074599	Rio Santiago Minerales S.A.C.
Dorotea 4	800	01-03908-08	00074599	Rio Santiago Minerales S.A.C.
Dorotea 5	1000	01-03910-08	00074599	Rio Santiago Minerales S.A.C.
Dorotea 6	1000	01-03901-08	00074599	Rio Santiago Minerales S.A.C.
Dorotea 7	1000	01-03899-08	00074599	Rio Santiago Minerales S.A.C.

Under the terms of the Option Agreement, to date, we have acquired an aggregate fifty percent interest in the Mineral Rights through our acquisition of fifty percent of the outstanding shares of Beardmore. We exercised the initial twenty-five percent option, which provided for the acquisition of a twenty-five percent interest in the Mineral Rights, by paying Temasek a total of $500,000 and issuing 2,500,000 shares of our common stock to Temasek on or about January 12, 2009 in accordance with the terms of the Option Agreement. We exercised the second twenty-five percent option, which resulted in our acquisition of an aggregate fifty percent interest in the Mineral Rights, by paying Temasek a total of $750,000 and issuing 3,500,000 shares of our common stock to Temasek on or about March 22, 2010 in accordance with the terms of the Option Agreement.

Under the terms of the Option Agreement, as amended, we would have been able to exercise the third, twenty-five percent option, resulting in the acquisition of a seventy-five percent interest in the Mineral Rights, if we had fulfilled all of the following conditions:

· Complete the exercise of the second, twenty-five percent option, resulting in the acquisition of a fifty percent interest in the Mineral Rights (which was completed on March 22, 2010);

· Issue 5,000,000 shares of our common stock to Temasek, or whoever persons Temasek indicates, by March 5, 2010, which date was within 30 days of the effective date of Amendment No. 2 (which shares were issued on March 9, 2010);

· Pay $250,000 to the order and the direction of Temasek by March 5, 2010, which date was within 30 days of the effective date of Amendment No. 2 (which payment was made on March 22, 2010); and

· Pay $1,000,000 to the order and the direction of Temasek on or before March 18, 2010, which date was within eighteen months of the Effective Date (which payment has not been made).

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We would have been able to exercise the fourth, twenty-five percent option, resulting in the acquisition of a one hundred percent interest in the Mineral Rights, if we had fulfilled all of the following conditions prior to March 18, 2010, which date was within eighteen months of the Effective Date:

- Exercise and complete the initial, second, and third, twenty-five percent options;
- Pay an additional amount $2,500,000 to Temasek; and
- Issue 5,500,000 additional shares of common stock to Temasek.

On June 25, 2010 ("Amendment Effective Date"), we entered into an amendment ("Amendment No. 3") to the Mineral Rights Option Agreement. Under the terms of Amendment No. 3, we would have completed the exercise of the third and fourth twenty-five percent options, resulting in our acquisition of a one-hundred percent interest in the Mineral Rights, after fulfilling the following conditions (collectively the "Option Requirements") within ten business days of the Amendment Effective Date:

- Issuance to Temasek of a total of 6,000,000 shares of our common stock (in addition to the 5,000,000 shares previously issued by us to Temasek in March 2010, for a total share consideration for the purchase of the Mineral Rights of 11,000,000 shares);
- Payment to Temasek of US $250,000 (of which such payment was acknowledged by Temasek to have been made in March 2010);
- Issuance of a convertible note for US $250,000 (the "$250,000 Convertible Note") payable to the order and the direction of Temasek (which was issued on June 25, 2010); and
- Issuance of a convertible note for US $3,250,000 (the "$3,250,000 Convertible Note" and, collectively with the $250,000 Convertible Note, the "Convertible Notes") payable to the order and the direction of Temasek (which was issued on June 25, 2010).

The $250,000 Convertible Note has a term of ninety days and accrues interest at a rate of 12% per annum. Both principle and interest under the $250,000 Convertible Note are to be paid upon maturity.

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

Any interest and principal due under either of the Convertible Notes is convertible (at Temasek's option) into units which consist of one (1) share of the Company's common stock and one (1) warrant to purchase one (1) share of the Company's common stock at an exercise price of $0.50 per share. The conversion price per unit is fixed at $0.25 per unit.

As of the date we were required to fulfill the Option Requirements under Amendment No. 3, we did not issue the 6,000,000 shares of our common stock required to exercise the third and fourth twenty-five percent options within the time periods set forth in the Option Agreement. As a result, the options to acquire the third and fourth twenty-five percent options lapsed as of July 5, 2010. We are considering our options and may seek to enter into negotiations with Temasek in order to further amend the Option Agreement in order revive the third and fourth twenty-five percent options. There can be no assurance that we will be successful in amending the Option Agreement or securing the necessary funding to exercise the third or fourth twenty-five percent options should we be successful in reviving these options. In the event that we are unable to enter into another amendment to the Option Agreement, our ownership interest in the Mineral Rights would be limited to our fifty percent interest, we would be without the ability to acquire the third and fourth twenty-five percent options to acquire an aggregate seventy-five and one hundred percent interest in the Mineral Rights, respectively, and we would not be entitled to recover the $250,000 previously paid to Temasek and the 5,000,000 shares of our common stock, $250,000 Convertible Note and $3,250,000 Convertible Note previously issued to Temasek as partial consideration for the exercise of the third twenty-five percent option.

Should we be able to revive these options and complete the acquisition of a one hundred percent interest in the Mineral Rights, Temasek will hold its single share of Rio Santiago in trust for our sole benefit and hold the share strictly in accordance with our instructions.

If we are able to complete the acquisition of a one hundred percent interest in the Mineral Rights, Temasek will be entitled to an annual 2.5% net returns royalty. However, if we pay Temasek $2,000,000 within ninety days of our acquisition of a one hundred percent interest in the Mineral Rights, Temasek will only be entitled to an annual 1.0% net returns royalty.

If we fail to acquire a one hundred percent interest in the Mineral Rights after having acquired a fifty percent interest in the Mineral Rights, the Option Agreement provides that we and Temasek will form a joint venture for the purpose of placing the Peru Property into commercial production. As of the filing date of this report, we have not entered into a joint venture with Temasek. Upon our entry into a joint venture with Temasek, our responsibilities under the joint venture would include developing a feasible mining project and all necessary facilities, and Temasek shall retain a carried free interest in the mining rights. If we enter into a joint venture with Temasek, but do not develop a feasible mining project within three years of the Effective Date (or by September 18, 2011), we will be required to pay Temasek an advance minimum mining royalty of $500,000 per year, which will be deducted from Temasek's net return royalty.

Planned Exploration Program

The principle objective of our planned exploration and development program currently is to drill to determine if trial mining tests are warranted. This requires that we design an exploration program and undertake the following actions:

- Drill an area on the property where known mineralization exists at closely-spaced centers in accordance with mining industry standards;

- Extend the resource though a wider-spaced program of reconnaissance drilling so as to indicate the potential size of the deposit;

- Perform additional geotechnical and metallurgical studies to complement existing information in order to prepare the optimum processing route to be adopted in the exploitation phase; and

- Prepare scoping, prefeasibility, and full feasibility studies.

Our activities concerning our property interests in Peru during 2010 primarily related to preliminary work performed in order to position us to determine how best to proceed with an initial drilling program. The preliminary work undertaken by us in 2010 included the following activities:

- Retaining Rio Minera Marañón to set up an exploration base in the town of Saramiriza, which is located in the center of the Manseriche alluvial camp on the western bank of the Marañón;

- Implemented a community relations program to inform local communities of the planned project and what potential opportunities that may exist for community involvement in the implementation phases of the development program;

- Completed the field work for the Semidetailed Environmental Impact Assessment which allows us to undertake extensive drilling and bulk sampling programs;

- Contracted various consulting firms and experienced and knowledgeable individuals with specific skills in the exploration of alluvial deposits to assist us with the exploration and development of the Peru property; and

- Identified prospective paleo channels which are areas believed to contain in higher concentrations of mineralization and will serve as the initial drill targets for a Phase I drilling program.

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Based on this preliminary work, we identified a 0.6 square kilometer targeted area within the Dorotea 6 and Dorotea 7 concessions to be the subject of a Phase I drilling program designed to consist of ten holes. The drill holes are planned for the following locations:

Drill Hole	Longitude	Latitude
1	243485	9480000
2	244518	9480000
3	245203	9479772
4	245203	9479678
5	245203	9479450
6	245203	9479146
7	245516	9479831
8	245516	9479484
9	245516	9479170
10	245821	9478993

The cost of the 10-hole Phase I drilling program is anticipated to be $75,000. A churn drill and ancillary equipment were moved onto the targeted area during the first quarter of 2011 and the Phase I drilling program commenced in March 2011. Due to the high river levels in the target area, the Phase I drilling program has been postponed until the end of July 2011. Our current cash on hand is insufficient to complete the Phase I drilling program and we require additional financing in order to complete the Phase I drilling program. While we have commenced the Phase I drilling program, we must secure additional financing in the near future in order to complete this planned work and be able to sustain any drilling activity or we will be forced to cease our exploration and development program.

Concurrent with the drilling, pitting is planned to be carried out at locations, if any, where significant gold mineralization was encountered in drilling. Pitting on the same site as a Bangka drill holes is required to determine if comparable gold values for the bulk sample from the pit and the drill sample, coincide with each other. We plan to collect bulk samples by excavating small pits and shafts to be used for metallurgical testing as well as to confirm any of our drill results. The association of the gold with magnetic minerals provides us with a potential means of locating concentrations of gold mineralization.

Provided we are successful in securing additional financing, we plan to begin during the third quarter of 2011 ground magnetic surveys over areas where we believe mineralized gravels are likely to exist in order to obtain a “magnetic fingerprint”.

In the event that the Phase I drilling program is completed and provides data that reflects positively on the potential gold values of this project, we plan to design a Phase II drilling campaign to expand the Phase I drill program beyond the initial 10 hole test area to other areas of suspected high mineralization within the property, which consists of a total of 16,900 hectares (169 sq. km. or 65 sq. mi.), in order to further define the resource and potential of the project.

In the event that we complete the Phase I drilling program, but the results prove not to be sufficiently positive to warrant proceeding with a further exploration on the Peru property, we intend to seek out and acquire interests in other mineral exploration properties which, in the opinion of our management, offer attractive mineral exploration opportunities. Presently, we have not given any material consideration to the acquisition of other exploration properties.

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We caution that in the absence of significant additional drilling, we will be unable to quantify the boundaries of any alluvial gold mineralization and identify concentrations associated with paleo channels. Any results we receive from the Phase I drilling campaign will not be sufficient to indicate the presence of a commercially viable mineral deposit. Our exploration programs are designed to build data in order to compile an estimate of probable reserves and make a later determination as to whether a commercially viable mineral deposit exists on the properties underlying our mineral property interests in Peru. A great deal of further exploration is required before a final evaluation as to the economic and legal feasibility of future exploration is determined.

Due to the extensive and expensive development programs required to prove mineral resources and reserves, as is typical in the mining business, companies such as ours sometimes are able to acquire deposits at significant discounts of the known in-the-ground value of the gold, silver, or other minerals. In the event that we do locate a commercially exploitable mineral deposit, we may determine that it is commercially advantageous to sell our property interests rather than enter into production of any commercially mineral deposits on the property ourselves.

Our current cash on hand is insufficient to complete any of the activities set forth in our planned exploration program. While we have commenced our exploration and development program, we may be forced to cease our planned exploration program until such time that we are able to secure sufficient financing. Provided we are able to secure additional financing, we anticipate that we will incur the following costs for the next twelve months to fully executed our planned activities:

Activity	
PROJECT COSTS:	
Property-related costs	150,000
Environmental/Social permits	200,000
Exploration	300,000
Field Costs	100,000
Travel expenses	100,000
Community relations	50,000
Administration on site	50,000
Personnel	200,000
ADMINISTRATION	250,000
EQUIPMENT PURCHASE	250,000
TOTAL	1,650,000

Results of Operations for the Three Months Ended March 31, 2011 and 2010

Revenues

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

Operating Expenses

We reported operating expenses in the amount of $364,604 for the three months ended March 31, 2011, compared to operating expenses of $102,826 for the three months ended March 31, 2010. Operating expenses were higher for the three months ended March 31, 2011, as compared to the three months ended March 31, 2010, primarily as a result of an increase in bank and interest charges.

We incurred bank charges and interest of $313,354, for the three months ended March 31, 2011, compared to $1,029 for the three months ended March 31, 2010. The increase in bank charges and interest is attributable to accrued interest charges of $312,822 on the convertible promissory notes issued in June 2010 and other bank fees of $532.

The increase in operating expenses was partially offset by a decrease in professional fees and consulting and management fees during the reporting period.

Our expenditures were also lower as a result of reduced consulting and management fees incurred during the reporting period. We incurred consulting and management fees of $39,000, for the three months ended March 31, 2011, compared to $47,776 for the three months ended March 31, 2010. The decrease in consulting and management fees is attributable to the decrease in exploration activities in Peru and consulting services required to support these activities. This also resulted in a decrease in expense for administrative and management services during the period.

We incurred professional fees of $9,935, for the three months ended March 31, 2011, compared to $21,660 for the three months ended March 31, 2010. The decrease in professional fees is attributable to lower accounting, financial reporting and legal services expense for the period.

Other Items

We reported no other items for the three months ended March 31, 2011 and March 31, 2010 respectively. In the Quarterly Report on Form 10-Q for the period ended March 31, 2010, a foreign exchange gain of $4,493 for the three months ended March 31, 2010 was reported as other items on the Interim Consolidated Statement of Operations. This amount is included as an operating expense in the comparative period in the unaudited interim consolidated financial statements included in this Form 10-Q for the three months ended March 31, 2011.

Net (Income) Loss

As a result of the above, for the three months ended March 31, 2011 we reported a net loss of $364,640. For the three months ended March 31, 2010, we reported a net operating loss before incomes taxes of $102,826 and a net loss of $92,169 for the reporting period after offsetting a future income tax recovery of $10,657.

The future income tax recovery of $10,657 for the three months ended March 31, 2010 was a result of applying previously unrecognized future income tax assets against the future income tax liability from the acquisition of an equity interest in Beardmore Holdings, Inc.

Liquidity and Capital Resources

At March 31, 2011, we had cash and cash equivalents of $92,088, compared to $70,019 at December 31, 2010, and a working capital deficit of $846,189, compared to a working capital deficit of $793,145 at December 31, 2010. Our proposed plan of exploration anticipates that we will incur exploration related expenditures of $1,650,000 over the next twelve months. We may be required to make payments if we are able to revive our options and increase our ownership interest in the Mineral Rights from a fifty percent interest to either a seventy-five or one hundred percent interest in the Mineral Rights. We anticipate spending approximately $70,000 in ongoing general and administrative expenses per month for the next twelve months, for a total anticipated expenditure of $840,000 over the next twelve months. The general and administrative expenses for the year will consist primarily of professional fees for the audit and legal work relating to our regulatory filings throughout the year, as well as transfer agent fees and general office expenses. Our current cash on hand is insufficient to be able to make our planned exploration expenditures and to pay for our general administrative expenses over the next twelve months. Accordingly, we must obtain additional financing in order to continue our plan of operations during and beyond the next twelve months. We believe that debt financing will not be an alternative for funding additional phases of exploration as we have limited tangible assets to secure any debt financing. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock. We are currently seeking additional funding in the form of equity financing from the sale of our common stock, but cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our complete exploration program. In the absence of such financing, we will not be able to pursue our exploration program and maintain our mineral property interests in good standing. If we do not fulfill the terms of any of these option agreements according to our business plan, then our ability to commence or continue operations could be materially limited. We also may be forced to abandon our mineral property interests. If we are unable to raise additional capital in the near future, we will experience liquidity problems and management expects that we will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures.

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

Cash Used in Operating Activities

Operating activities in the three months ended March 31, 2011 and 2010 used cash of $77,931 and $703,635, respectively, which reflect our recurring operating losses. Our net loss reported for three months ended March 31, 2011 was the primary reason for our negative operating cash flow. Our reporting negative operating cash flows for the three months ended March 31, 2011 was offset by accrued interest of $312,822 for the reporting period.

Cash Used in Investing Activities

For the three months ended March 31, 2011, we used $0 in investing activities, as compared to $1,000,000 used in investing activities during the three months ended March 31, 2010.

Cash from Financing Activities

As we have had no revenues since inception, we have financed our operations primarily by using existing capital reserves and through private placements of our stock. Net cash flows provided by financing activities for the three months ended March 31, 2011 was $100,000, which consisted entirely of proceeds from the issuance of common stock. Net cash flows provided by financing activities for the three months ended March 31, 2010 was $1,775,000, which consisted entirely of proceeds from the issuance of common stock.

Off Balance Sheet Arrangements

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

Going Concern

We have incurred net losses for the period from inception on September 5, 1997 to March 31, 2011 of $11,211,032 and have no source of revenue. The continuity of our future operations is dependent on our ability to obtain financing and upon future acquisition, exploration and development of profitable operations from our mineral properties. These conditions raise substantial doubt about our ability to continue as a going concern.

Critical Accounting Policies

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

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2011. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of March 31, 2011, our disclosure controls and procedures are not effective. Our conclusion is based primarily on the material weakness in internal control over financial reporting which was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010, where management identified material weaknesses consisting of ineffective controls over the period-end financial close and reporting process and lack of resources to manage the financial close process. We are in the process of considering changes in our disclosure controls and procedures.

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

Limitations on the Effectiveness of Internal Controls

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

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal controls over financial reporting during the quarter ended March 31, 2011 that have materially affected or are reasonably likely to materially affect such controls.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

Not Applicable.

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

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. (Removed and Reserved).

Item 5. Other Information.

None.

Item 6. Exhibits.

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

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SIGNATURES

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

First Colombia Gold Corp.

Date: June 9, 2011	By: /s/ Norman Bracht Norman Bracht Title: Chief Executive Officer
Date: June 9, 2011	By: /s/ Tony Langford Tony Langford Title: Chief Financial Officer

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FIRST COLOMBIA GOLD CORP.
(the "Registrant")
(Commission File No. 000-51203)
Exhibit Index
to
Quarterly Report on Form 10-Q
for the Quarter Ended March 31, 2011

Exhibit No.	Description	Incorporated Herein by Reference to	Filed Herewith
10.1	Agreement between the Company and Sapo Holdings SA dated April 1, 2011	Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010	
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X