Lupaka Gold Corp.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2013 and 2012
(expressed in Canadian Dollars)

(Unaudited)

Lupaka Gold Corp.

Consolidated Interim Statements of Financial Position (Unaudited)
As at March 31, 2013 and December 31, 2012

(Expressed in thousands of Canadian Dollars, Except Share Data)

	March 31, 2013 $	December 31, 2012 $
Assets		
Current assets		
Cash and cash equivalents	8,696	10,716
Trade and other receivables	252	432
Prepaid expenses and deposits	152	152
	9,100	11,300
Non-current assets		
Investment in Southern Legacy Minerals Inc. (Note 5)	1,525	2,510
Equipment (Note 4)	1,003	1,003
Mineral properties (Note 6)	28,093	27,967
Total assets	39,721	42,780
Liabilities		
Current liabilities		
Trade and other payables	1,138	1,019
Provision for reclamation	530	544
	1,668	1,563
Equity		
Common shares (Note 8 (a))	56,380	55,782
Share purchase warrants (Note 8 (b))	802	802
Share options (Note 8 (c))	2,287	2,107
Share-based contingent consideration (Note 6)	–	598
Deficit	(23,019)	(19,539)
Accumulated other comprehensive income	1,603	1,467
Total equity	38,053	41,217
Total liabilities and equity	39,721	42,780

Commitments and contingencies (Notes 6 and 11)

Approved and authorized for issue by the Board on May 9, 2013.

"signed" John Graf
Director

"signed" Eric Edwards
Director

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

Lupaka Gold Corp.

Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
For the three months ended March 31, 2013 and 2012

(Expressed in Thousands of Canadian Dollars, Except Share Data)

	Three month period ended March 31	
	2013	**2012**
	$	**$**
Operating expenses		
Exploration		
Project administration	791	321
Camp, community relations and related costs	644	214
Technical reports, assays and related costs	172	39
Transportation	29	45
Reclamation	14	–
Consulting and professional fees	8	50
	1,658	669
General and administration		
Salaries and benefits	451	396
Shareholder and investor relations	170	176
Professional and regulatory fees	159	128
Office and general	79	54
Travel	14	10
	873	764
Operating loss	2,531	1,433
Impairment loss on available-for-sale financial asset (Note 5)	985	–
Finance expense – accretion	–	22
Finance income	(27)	(12)
Foreign exchange loss (gain)	(9)	23
Loss for the period	3,480	1,466
Loss attributable to:		
Equity owners of the parent	3,480	1,438
Non-controlling interest	–	28
	3,480	1,466
Weighted average number of shares outstanding, basic and diluted	82,073,882	43,591,022
Loss per share, basic and diluted	$0.04	$0.03

Consolidated statements of comprehensive loss

	2013	2012
Loss for the period	3,480	1,466
Currency translation adjustment on foreign operations	(136)	153
Comprehensive loss	3,344	1,619
Comprehensive loss attributable to:		
Equity owners of the parent	3,344	1,576
Non-controlling interest	–	43

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

Lupaka Gold Corp.

Consolidated Statements of Cash Flows (Unaudited)
For the three months ended March 31, 2013 and 2012

(Expressed in Thousands of Canadian Dollars, Except Share Data)

	Three month period ended March 31	
	2013	**2012**
	$	**$**
Cash flows from (used in) operating activities		
Loss for the period	(3,480)	(1,466)
Adjustment for items not affecting cash:		
Foreign exchange loss (gain) on amount payable to non-controlling interest	–	7
Depreciation	94	20
Impairment loss on available-for-sale financial asset	985	–
Share-based compensation	180	248
Finance expense (income), net	–	10
	(2,221)	(1,181)
Changes in non-cash working capital		
Trade and other receivables	180	126
Prepaid expenses and deposits	–	(10)
Due to related parties	–	(258)
Trade and other payables	119	63
Provision for reclamation	(14)	(12)
Finance income received	–	12
Net cash used in operating activities	(1,936)	(1,260)
Cash flows from (used in) investing activities		
Final payment for purchase of initial 60% interest in Minera Pacacorral S.A.C. ("MP") (Note 3)	–	(3,057)
Purchase of equipment	(94)	(82)
Net cash from (used in) investing activities	(94)	(3,139)
Cash flows (used in) from financing activities		
Purchase of non-controlling interest of MP (Note 3)	–	(4,076)
Proceeds from exercise of options	–	25
Net cash from (used in) financing activities	–	(4,051)
Net increase (decrease) in cash and cash equivalents	(2,030)	(8,450)
Cash and cash equivalents - beginning of period	10,716	13,477
Effect of foreign exchange rate changes on cash and cash equivalents	10	(12)
Cash and cash equivalents - end of period	8,696	5,015

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

Lupaka Gold Corp.

Consolidated Statements of Changes in Equity (Unaudited)
For the three months ended March 31, 2013 and 2012

(Expressed in Thousands of Canadian Dollars, Except Share Data)

	March 31, 2013		March 31, 2012	
	Number	**$**	**Number**	**$**
Common shares (Note 8 (a))				
Balance – beginning of period	81,751,769	55,782	39,462,451	24,603
Shares issued (Note 7 (c))	3,221,127	598	–	–
Issued for remaining interest in MP	–	–	5,200,000	5,200
Exercise of options	–	–	50,000	25
Fair value of options exercised	–	–	–	18
Balance – end of period	84,972,896	56,380	44,712,451	29,846
Share purchase warrants (Note 8 (b))				
Balance – beginning and end of period		802		802
Share options (Note 8 (c))				
Balance – beginning of period		2,107		1,289
Share-based payment expense		180		248
Fair value of options exercised		–		(18)
Balance – end of period		2,287		1,519
Share-based contingent consideration (Note 8 (a))				
Balance – beginning of period		598		598
Shares issued (Note 7 (c))		(598)		–
Balance – end of period		–		598
Deficit				
Balance – beginning of period		(19,539)		(6,202)
Purchase of non-controlling interest (Note 3)		–		(3,769)
Loss for the period – attributable to the shareholders of the Company		(3,480)		(1,438)
Balance – end of period		(23,019)		(11,409)
Accumulated other comprehensive income				
Balance – beginning of period		1,467		262
Currency translation adjustment on foreign operations		136		(138)
Balance – end of period		1,603		124
Non-controlling interest				
Balance – beginning of period		–		5,758
Comprehensive loss for the period – attributable to the non-controlling interest		–		(43)
Contributions from non-controlling shareholders		–		–
Acquisition of non-controlling interest by the Company		–		(5,715)
Balance – end of period		–		–
		38,053		21,480

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

1 Nature of operations

Lupaka Gold Corp. ("Lupaka") was incorporated in Canada on November 3, 2000, with limited liability under the legislation of the Province of British Columbia, and is in the business of acquiring and exploring mineral resource properties. Lupaka was dormant prior to January 1, 2010.

All of Lupaka's resource properties are located in Peru and are held by Lupaka's 100%-owned subsidiaries. In January 2012, Lupaka acquired the remaining 40% of Minera Pacacorral S.A.C. ("MP") that it did not own, and on October 1, 2012 Lupaka acquired 100% of the shares of Andean American Gold Corp. ("AAG") and its subsidiaries, as well as a 17% ownership interest in Southern Legacy Minerals Inc. ("Southern Legacy") – see Notes 4 and 7.

Lupaka's registered office is located at 700 – 595 Howe Street, Vancouver, BC, V6C 2T5 and its records office is located at 428 – 800 West Pender Street, Vancouver, BC, V6C 2V6. Lupaka's common shares trade on the Toronto Stock Exchange ("TSX") and on the Borsa de Valores de Lima ("BVL", otherwise known as the Lima Stock Exchange) under the symbol LPK, and its share purchase warrants trade on the TSX under the symbol LPK.WT.

Collectively, Lupaka, MP and AAG and its subsidiaries are referred to hereafter as "the Company".

2 Basis of preparation

These interim consolidated financial statements have been prepared on a basis consistent with the accounting policies expected to be applied for the year ending December 31, 2013 and follow the same accounting policies and methods of application as the 2012 annual consolidated financial statements, except that the company has adopted the following new or amended International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") effective January 1, 2013:

- IFRS 10, Consolidated financial statements,
- IFRS 11, Joint arrangements,
- IFRS 12, Disclosures of interests in other entities,
- IAS 1, Presentation of items of other comprehensive income, and
- IFRS 13, Fair Value Measurement and disclosure requirements

These new standards did not affect the Company's financial results.

2.1 Statement of compliance

These consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements prepared using IFRS. These interim financial statements should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto for the year ended December 31, 2012.

These consolidated financial statements were approved by the Company's Board of Directors on May 9, 2013.

2.2 Basis of consolidation

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of subsidiaries to bring their accounting policies into line with those used by the Company. Inter-company transactions, balances, loss, comprehensive loss and expenses are eliminated on consolidation, where appropriate.

The consolidated financial statements include the accounts of Lupaka and its subsidiaries, all of which are 100% owned:

- AAG, a Canadian company (inactive)
- MP, a Peruvian company
- Invicta Mining Corp S.A.C. (“IMC”), a Peruvian company
- Andean Exploraciones S.A.C. (“AES”), a Peruvian company (inactive)
- Greenhydro S.A.C. (“Greenhydro”), a Peruvian company (inactive)

AAG, IMC, AES and Greenhydro were acquired on October 1, 2012.

3 Acquisitions

Purchase of remaining interest in MP

Effective January 19, 2012, the Company acquired the remaining 40% interest in MP. As a result, the Company now owns 100% of the Crucero Gold Project (“Crucero”). The Company acquired the remaining 40% interest in MP from the non-controlling shareholders of MP for a total purchase price of $4,076,000 (US $4,000,000) in cash and 5,200,000 common shares of the Company (with a fair value of $1.00 per share). As part of the closing of the acquisition, the Company made an early payment of the final $3,057,000 (US $3,000,000) that was required to be paid by July 15, 2012 to complete the Company's acquisition of its initial 60% interest in MP.

For accounting purposes, the initial acquisition of 60% of MP was considered a purchase of assets. The Company’s purchase of the remaining 40% of the shares of MP has been accounted for as an equity transaction with the excess in fair value of consideration, less equity of the non-controlling interest, allocated to deficit.

The following is a summary of the MP-related purchase price components, and the allocation of equity acquired on January 19, 2012:

	Purchase price ($000’s)
Cash consideration paid	4,076
Fair value attributed to early payment	208
Fair value of 5,200,000 common shares issued	5,200
Non-controlling interest as at January 19, 2012	(5,715)
Charged to deficit	3,769

Acquisition of AAG

Effective October 1, 2012, the Company completed the previously announced Plan of Arrangement with AAG (the "Closing"), whereby each AAG common share was exchanged for 0.245 common shares of Lupaka. The acquisition of AAG has been accounted for as a purchase of assets.

All AAG options outstanding at the Closing ("AAG Options") were deemed to be exchanged for stock options of Lupaka, issued under the Lupaka Stock Option Plan, on the basis of 0.245 of a Lupaka common share for one AAG common share, at an exercise price per Lupaka common share determined by dividing the exercise price per AAG common share subject to such AAG Option by 0.245.

All AAG share purchase warrants outstanding at the Closing ("AAG Warrants") were maintained by Lupaka, in accordance with the terms and conditions of the original AAG Warrants, in a number determined on the basis of 0.245 of a Lupaka common share for one AAG common share, at an exercise price per Lupaka common share determined by dividing the exercise price per AAG common share subject to such AAG Warrant by 0.245.

The purchase price, totalling $26.7 million reflects the following:

i) The fair value of the Lupaka shares issued based on the issuance of 36,989,318 common shares of Lupaka at Cdn$0.70 per share, which represents the market price of the common shares on the date of issuance; and

ii) Lupaka's transaction costs totalling $770,000

The following is a summary of the purchase price components, and the allocation of the net assets acquired on October 1, 2012:

	Purchase price ($000's)
36,989,318 common shares of Lupaka	25,893
Transaction costs	770
Purchase price	26,663
Net assets acquired:	($000's)
Cash and cash equivalents	13,502
Other current assets	182
Investment in Southern Legacy Minerals Inc.	3,986
Plant & equipment	583
Current liabilities	(1,842)
Mineral properties	10,252
Net assets acquired	26,663

The fair value of the investment in Southern Legacy was based on the publicly-traded market price as at the Company's date of acquisition of AAG.

4 Equipment

	Vehicles and field equipment ($000's)	Office equipment and furniture ($000's)	Total ($000's)
Cost			
Balance as at December 31, 2012	1,018	152	1,170
Additions	76	18	94
Balance as at March 31, 2013	1,094	170	1,264
Accumulated depreciation			
Balance as at December 31, 2012	124	43	167
Depreciation	73	21	94
Balance as at March 31, 2013	197	64	261
Carrying amounts			
Balance as at December 31, 2012	894	109	1,003
Balance as at March 31, 2013	897	106	1,003

During the three months ended March 31 2013, $88,000 (2012 – $18,000) of depreciation was included in project administration and $6,000 (2012 – $2,000) of depreciation was included in office and general.

5 Investment in Southern Legacy Minerals Inc.

As a result of the AAG acquisition, the Company owns 9,841,269 common shares in Southern Legacy, representing approximately 17% of the issued and outstanding ownership shares of Southern Legacy, and which the Company classifies as an available-for-sale financial asset.

As at December 31, 2012, the aggregate fair market value of this investment, as quoted by the TSX Venture Exchange, was $2,510,000. As at March 31, 2013, the aggregate fair market value of this investment was $1,525,000, for which the Company has recorded an impairment loss of $985,000 for the three-month period ended March 31, 2013 in other operating expenses. Southern Legacy's common shares also trade on the BVL.

6 Mineral properties

The Company's mineral properties are comprised of nine concession and petition claims covering approximately 5,500 hectares that are owned by MP and which make up the Crucero Gold Project ("Crucero") located in southeast Peru; and forty-eight concession and petition claims covering approximately 36,000 hectares that are owned by Invicta and which make up the Invicta Project located in northwest Peru.

Crucero Gold Project

The Crucero concessions are comprised of: four 100%-owned mining concessions (which are not subject to any royalty interest); three mining concessions held under a 30-year assignment which expires in September 2038 (which are subject to a maximum of a 5% net smelter return royalty on all gold and other minerals produced from the assigned concessions, dependent on the price of gold); and two petition-stage claims for mining concessions that are in process (which are not subject to any royalty interest).

To acquire its initial 60% ownership of MP, the Company entered into a mineral property identification and acquisition agreement with K-Rok, which acted as an agent for the Company. Additionally, on July 26, 2010 the Company entered into an Assignment and Assumption Agreement with K-Rok, as assignee of K-Rok's interests in the Minera Pacacorral Purchase Agreement (the "MP Purchase Agreement"), pursuant to which the Company assumed the rights and obligations of K-Rok.

Under the MP Purchase Agreement, the vendors of MP sold to the Company 60% of the issued and outstanding shares of MP in July 2010, in consideration for the payment of a total of US $10,000,000. Of the total consideration, US $7,000,000 was paid prior to December 31, 2011, with the remaining US $3,000,000 payable on July 15, 2012.

The consideration payable to K-Rok pursuant to the Assignment and Assumption Agreement for the Crucero Gold Project consisted of the following:

(a) Issue 4,000,000 common shares of the Company to K-Rok (which have been issued and recorded at a fair value of $200,000).

(b) Issue two additional common shares of the Company (the "K-Rok Contingent Shares") for each ounce by which the gold resource for the six mining concessions that form part of Crucero are increased over the baseline resource of 808,695 ounces by either: (A) the first to occur of (i) any resource estimate related to completion of a pre-feasibility study, and (ii) an updated resource estimate obtained pursuant to the MP Purchase Agreement prior to completion of a sale by the Company of its shares in MP or a sale by MP of all or substantially all of its interests in the six mining concessions that form part of Crucero; or (B) if neither (i) nor (ii) has occurred by December 31, 2012, an updated resource estimate based on all exploration completed on the six mining concessions at that time.

On the date of the Assignment and Assumption Agreement with K-Rok, management calculated the fair value of the obligation to issue the K-Rok Contingent Shares using a weighted average probability analysis of the reported ounces in future updated resource estimates in accordance with IFRS 2 Share-Based Payments. The analysis included assumptions based on management's estimate at the time of acquisition of a) probable ounces at the time of the issue of the additional shares, b) the probable time of issuance of the additional shares, and c) the estimate of the Company's estimated share price at the time of issuance of the additional shares. A fair value of $598,000 was included as a cost of the initial acquisition of the Crucero mineral properties.

Based on the results of a February 2013 resource update and pursuant to the terms of the Assignment and Assumption Agreement, Lupaka issued 3,221,127 common shares to K-Rok on March 22, 2013, which are subject to a four month hold period (Note 7).

During the period ended March 31, 2012, and as part of the closing of the Company's acquisition of the remaining 40% interest in MP (see Note 3), the Company made an early payment of the final $3,057,000 (US $3,000,000) that was otherwise required to be paid by July 15, 2012 in order to complete the Company's acquisition of its existing 60% interest in MP. The carrying value of this final payment was $2,819,000 on December 31, 2011, as the original carrying value of this purchase obligation was calculated by using a discounted cash flow model, which uses assumptions concerning the timing of estimated future cash flows and credit-adjusted discount rates.

The carrying value of Crucero as at March 31, 2013 is $17,184,000 ($17,114,000 – December 31, 2012). The change in carrying value of $70,000 for the three-month period ended March 31, 2013 is due to changes in foreign currency translation rates between the Canadian Dollar and Peruvian Nuevo Sol which occurred from December 31, 2012 to March 31, 2013.

Invicta Project

In connection with the Company's acquisition of AAG (Note 3), the Company acquired the Invicta Project, located in the province of Huaura in the department of Lima. The Invicta Project, originally acquired by AAG by way of an October 2005 option agreement with Minera Barrick Misquichilca ("Barrick") that was exercised in 2007, requires the Company to pay Barrick a 1% Net Smelter Royalty ("NSR") capped at US$1 million. The agreement calls for advance annual royalty payments of US$100,000, commencing on the date of exercising the option and every anniversary (in May) thereafter. To March 31, 2013, US$600,000 has been paid in advance royalties. In addition to the advanced royalty payments, and only on the commencement of production, the Company will be required to pay Barrick on a quarterly basis an amount of US$50,000, which is capped at a total of US$800,000.

Pursuant to the terms of the option agreement reached with Barrick Gold Corporation ("ABX"), the Company is required to provide ABX with a copy of any completed Invicta Feasibility Study, and ABX's subsidiary Barrick has a 90-day period to review the study. If such a study demonstrates more than two million ounces of mineable gold-only reserves at the Invicta Project, ABX, through its subsidiary Barrick, has the option to exercise a back-in-right. Should ABX choose to exercise this back-in-right, they would be required to pay the Company 150% of all costs incurred at Invicta in exchange for 51% of the project. The most recent Invicta Feasibility Study was provided to ABX in early 2012 and does not demonstrate, under the Canadian Institute of Mining Metallurgy definition, two million ounces of mineable gold-only reserves at the Invicta Project. In addition, Barrick's subsidiary has a 30 day calendar day right of first refusal in the event that the Company wishes to transfer part or all of its shares and mining rights of the properties pursuant to the October 17, 2005 option agreement and subsequent exercise of the option agreement on December 3, 2008 (the "ROFR"). No ROFR was applicable to the Company's acquisition of AAG.

The carrying value of the Invicta Project mineral property as at March 31, 2013 is $10,909,000 ($10,853,000 – December 31, 2012). The change in carrying value of $56,000 for the three-month period ended March 31, 2013 is due to changes in foreign currency translation rates that occurred between the Canadian Dollar and Peruvian Nuevo Sol from December 31, 2012 to March 31, 2013.

7 Related party transactions

Details of transactions between the company and other related parties are disclosed below.

(a) Related party expenditures

The Company incurred the following expenditures in the normal course of operations in connection with private companies controlled by shareholders (including their immediate family) of K-Rok ("S") and a director ("D") of the Company as below:

		Three month period ended March 31	
Nature of Transaction	**Related Party**	**2013** ($000's)	**2012** ($000's)
Project administration	S, D	33	30
Shareholder and investor relations	S	50	30
Salaries and benefits	S, D	17	15
Technical reports, assays and related costs	S	3	2
		103	77

(b) Key management compensation

Key management includes directors and executive officers of the Company. The compensation paid or payable to key management for employee services is shown below:

	Three month period ended March 31	
	2013 ($000's)	**2012** ($000's)
Salaries, fees and benefits	399	276
Share-based compensation	119	123
Total key management compensation	518	399

(c) Due to related parties

Amounts due to related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

Pursuant to the terms of the Assignment and Assumption Agreement, Lupaka issued 3,221,127 common shares to K-Rok on March 22, 2013, subject to a four month hold period (Note 6).

As at March 31, 2013 and December 31, 2012, there were no amounts payable to related parties.

(expressed in Canadian Dollars)

8 Equity

a) Common shares

Authorized: unlimited with no par value.

Pursuant to the terms of the Assignment and Assumption Agreement, Lupaka issued 3,221,127 common shares to K-Rok on March 22, 2013, which are subject to a four month hold period (Note 6).

b) Share purchase warrants

The following table summarizes information about the share purchase warrants outstanding and exercisable at March 31, 2013:

Expiry date	Exercise price $	Number of share purchase warrants
June 28, 2013	2.25	800,000
June 28, 2014	2.25	6,666,667
February 12, 2015	1.87	612,500
	2.22	8,079,167

c) Share options

The Company has in place an incentive share option plan dated September 20, 2010 (the "Option Plan") for directors, officers, employees and consultants to the Company. The Option Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine, within the limitations of the Option Plan. The maximum number of common shares issuable pursuant to options granted under the Option Plan shall not exceed 10% of the outstanding common shares issued at the date of grant.

Under the Option Plan, the terms of options are a minimum of one year and a maximum of ten years from the date the option is granted, with the most frequent option term being five years. Vesting terms are determined for each grant by the Company's Board of Directors. The options granted in the three months ended March 31, 2013 vest in equal amounts beginning three to six months from the date of grant and over a period of twelve to eighteen months from the date of grant.

A summary of changes to share options outstanding and exercisable is as follows:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2012	6,348,475	0.86
Granted	350,000	0.41
Forfeited	(96,000)	1.01
Cancelled	(434,875)	1.93
Expired	(4,900)	1.63
Outstanding, March 31, 2013	6,162,700	0.76
Exercisable, March 31, 2013	4,219,700	0.86

The weighted average fair value of all share options granted in the three months ended March 31, 2013 was estimated to be $0.28 (2012 – $1.04) per option at the grant date using the Black-Scholes option-pricing model and based on the following assumptions:

	Three month period ended March 31	
	2013	**2012**
Weighted average market price ($)	0.41	1.35
Weighted average exercise price ($)	0.41	1.35
Dividend yield	–	–
Risk free interest rate (%)	1.37	1.27
Expected life (years)	3.9	3.8
Expected volatility (%)	102	122

Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The volatility was calculated using historical volatility of comparable companies as an expectation of the Company's future volatility. Non-cash share-based compensation costs of $180,000 have been recorded for the three-month period ended March 31, 2013 (2012 – $248,000), allocated as follows:

	Three month period ended March 31	
	2013 ($000's)	**2012** ($000's)
Salaries and benefits	109	116
Project administration	38	88
Shareholder and investor relations	26	39
Camp and related	4	–
Consulting and other	3	5
Total share-based compensation	180	248

The following table summarizes information about share options outstanding and exercisable at March 31, 2013:

		Outstanding			Exercisable		
Year of Expiry	**Range of exercise prices $**	**Number of options outstanding**	**Weighted average exercise price $**	**Weighted average remaining contractual life (years)**	**Number of options exercisable**	**Weighted average exercise price $**	**Weighted average remaining contractual life (years)**
2015	1.71 – 4.08	88,200	2.25	2.2	88,200	2.25	2.2
2015	0.50	2,200,000	0.50	2.6	2,200,000	0.50	2.6
2016	2.00 – 3.63	416,500	2.28	3.4	416,500	2.28	3.4
2016	0.50 – 1.21	1,344,250	1.12	3.5	1,067,500	1.09	3.5
2017	0.45	1,763,750	0.45	4.6	447,500	0.45	4.6
2018	0.40 – 0.425	350,000	0.41	4.9	–	–	–
	0.40 – 4.08	6,162,700	0.76	3.5	4,219,700	0.86	3.1

d) Earnings/loss per share

Basic loss per share is calculated by dividing the loss of the Company by the weighted average number of common shares outstanding during the period.

9 Segmented information

The Company operates in one segment, being mineral exploration and development. Losses for the three-month periods ended March 31, 2013 and 2012 and total assets by geographic location are as follows:

	Three-month period ended March 31	
	2013 ($000's)	**2012** ($000's)
Loss		
Canada	1,821	854
Peru	1,659	612
	3,480	1,466

	March 31, 2013 ($000's)	**December 31, 2012** ($000's)
Total assets		
Canada	10,125	13,414
Peru	29,596	29,366
	39,721	42,780

10 Supplemental cash flow information

Cash and cash equivalents comprise the following:

	March 31, 2013 ($000's)	**December 31, 2012** ($000's)
Cash on hand and balances with banks	331	3,220
Short-term investments	8,365	7,496
	8,696	10,716

At March 31, 2013, the Company's short-term investments are invested in GIC's and premium investment savings accounts in place at two major Canadian chartered banks, and are cashable at any time.

In the three-month period ended March 31, 2012, the Company issued 5,200,000 common shares at a total fair value of $5,200,000 to acquire the remaining 40% interest in MP (Note 3).

11 Contingencies

AAG and its subsidiaries are being sued by an undisclosed person in Peru for calumny (making of false and defamatory statements to damage someone's reputation). This person is claiming for damages in the amount of 3,000,000 Soles (approximately US$1,100,000). The Company has entered a defence to the action, and management is of the opinion that the claim is without merit. Defence of the claim is in the preliminary stages and, while no probable outcome can be determined at this time, management believes the Company will be successful in defending this claim. Accordingly, no estimated loss provision has been made in these consolidated financial statements.

SUNAT, the Peruvian tax authority, completed its audit of the tax filings of a former AAG Peruvian subsidiary for the years 2002 to 2004. SUNAT has challenged the deductibility of certain property write-offs and foreign exchange losses in those filings that may result in additional tax assessments and the imposition of fines and interest amounting in total to approximately US$5,000,000. The Company is of the opinion that most of these deductions are legitimate and can be successfully defended in the appeals processes that are available under Peruvian law, which may take as long as five years to reach a conclusion. As at March 31, 2013, no loss provision has been made in these consolidated financial statements.