# Coro Mining Corp.

(An Exploration Stage Company)
Consolidated Financial Statements
**December 31, 2011 and 2010**
(Expressed in U.S. dollars, except where indicated)

## Management’s Responsibility for Financial Reporting

The consolidated financial statements of Coro Mining Corp. and the information contained in the annual report have been prepared by and are the responsibility of the Company’s management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada, which requires International Financial Reporting Standards, and, where appropriate, reflect management’s best estimates and judgements based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company’s assets are safeguarded, transactions are authorized and financial information is reliable.

The Company’s independent auditors, PricewaterhouseCoopers LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to approval of the consolidated financial statements.

“Alan Stephens”
President and Chief Executive Officer

“Damian Towns”
Chief Financial Officer

March 15, 2012

March 15, 2012

**Independent Auditor's Report**

**To the Shareholders of Coro Mining Corporation**

We have audited the accompanying consolidated financial statements of Coro Mining Corp. and its subsidiaries (together, the "Company"), which comprise the consolidated statement of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statement of loss and comprehensive loss, shareholders equity and cash flow for the years ended December 31, 2011 and December 31, 2010, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Coro Mining Corp. and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010 and their financial performance and their cash flows for the years ended December 31, 2011 and 2010 then ended in accordance with International Financial Reporting Standards.

*Signed "PricewaterhouseCoopers LLP"*

**Chartered Accountants**
Vancouver, British Columbia

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# Coro Mining Corp.

Consolidated Statement of Financial Position

**As at December 31, 2011 and 2010 and January 1, 2010**

(Expressed in U.S. dollars, except where indicated)

| | **December 31, 2011** $(000's) | **December 31, 2010** $(000's) | **January 1, 2010** $(000's) |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents (note 11) | 11,965 | 7,985 | 2,116 |
| Accounts receivable and prepaid expenses | 76 | 84 | 77 |
| Investments (note 7) | 479 | 8,979 | - |
| | 12,520 | 17,048 | 2,193 |
| **Property, plant and equipment** (note 5) | 629 | 625 | 647 |
| **Mineral property interests** (note 6) | 27,115 | 20,109 | 16,391 |
| **Investments** (note 7) | - | - | 2,397 |
| | 40,264 | 37,782 | 21,628 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 519 | 579 | 390 |
| **Deferred income taxes** (note 13) | - | 276 | - |
| **Shareholders' equity** | | | |
| Common Shares (note 8) | 51,650 | 42,090 | 37,682 |
| Contributed Surplus | 3,986 | 3,266 | 2,694 |
| Accumulated other comprehensive income ("AOCI") | 342 | 331 | - |
| Deficit | (16,233) | (8,760) | (19,138) |
| | 39,745 | 36,927 | 21,238 |
| | 40,264 | 37,782 | 21,628 |

**Commitments** (note 15)
**Subsequent Events** (note 17)

**Approved by the Board of Directors**

"Alvin Jackson" ______________________ Director

"Robert Watts" ______________________ Director

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

# Coro Mining Corp.

Consolidated Statement of Loss (Income) and Comprehensive Loss (Income)

**For the year ended December 31, 2011 and 2010**

(Expressed in U.S. dollars, except where indicated)

| **Expenditures** | **2011 $000's** | **2010 $000's** |
|---|---|---|
| **Exploration expenditures** (note 4) | 3,006 | 1,050 |
| **Corporate and Other Costs** | | |
| Depreciation and amortization | 22 | 20 |
| Finance income | (102) | (12) |
| Foreign exchange loss | 121 | 71 |
| Legal and filing fees | 114 | 122 |
| Other corporate costs | 407 | 312 |
| Realized gain on disposal of shares & warrants (note 7) | (5,622) | (4,712) |
| Salaries and management fees | 656 | 437 |
| Share-based payments expense | 1,544 | 218 |
| Unrealized loss (gain) on held-for-trading investment (note 7) | 7,608 | (7,550) |
| | 4,748 | (11,094) |
| **Loss (income) before tax and equity earnings** | 7,754 | (10,044) |
| Deferred income tax (recovery) expense (note 13) | (281) | 276 |
| Equity loss & dilution gains (note 7) | - | (610) |
| **Loss (income) for the year** | 7,473 | (10,378) |
| **Other comprehensive income** | | |
| Foreign currency translation adjustment | (11) | (331) |
| **Loss and comprehensive loss (income) for the year** | 7,462 | (10,709) |
| **Basic loss (earnings) per share ($ per share)** | $0.06 | ($0.11) |
| **Diluted loss (earnings) per share ($ per share)** | $0.06 | ($0.09) |
| **Weighted average shares outstanding (000's) basic** | 135,170 | 99,094 |
| **Weighted average shares outstanding (000's) diluted** | 138,536 | 118,547 |

# Coro Mining Corp.

Consolidated Statements Shareholders’ Equity

**For the year ended December 31, 2011 and 2010**

(Expressed in U.S. dollars, except where indicated)

| | Common shares | | | | | |
|---|---|---|---|---|---|---|
| | **No. of shares** | **Amount** | **Deficit** | **Contributed Surplus** | **AOCI** | **Shareholders’ equity** |
| | **#** | **$(000’s)** | **$(000’s)** | **$(000’s)** | **$(000’s)** | **$(000’s)** |
| **Balance – January 1, 2010** | 90,566,409 | 37,682 | (19,138) | 2,694 | - | 21,238 |
| Units issuance (note 8) | 12,500,000 | 3,726 | | 425 | | 4,151 |
| Warrants exercised (note 9) | 2,580,454 | 629 | - | (85) | - | 544 |
| Options exercised (note 9) | 50,000 | 5 | - | (3) | - | 2 |
| Share-based payments (note 9) | - | - | - | 235 | - | 235 |
| Share issued for mineral properties | 150,000 | 48 | - | - | | 48 |
| Comprehensive income (loss) | | | 10,378 | - | 331 | 10,709 |
| **Balance – December 31, 2010** | 105,846,863 | 42,090 | (8,760) | 3,266 | 331 | 36,927 |
| Warrants exercised (note 9) | 30,705,404 | 8,393 | - | (1,076) | - | 7,317 |
| Options exercised (note 9) | 1,716,667 | 1,167 | - | (284) | - | 883 |
| Share-based payments (note 9) | - | - | - | 2,080 | - | 2,080 |
| Comprehensive (loss) income | - | - | (7,473) | - | 11 | (7,462) |
| **Balance – December 31, 2011** | 138,268,934 | 51,650 | (16,233) | 3,986 | 342 | 39,745 |

# Coro Mining Corp.

Consolidated Statement of Cash Flow

**For the year ended December 31, 2011 and 2010**

(Expressed in U.S. dollars, except where indicated)

| | 2011 $000's | 2010 $000's |
|---|---|---|
| **Cash flows from operating activities** | | |
| (Loss) Earnings for the year | (7,473) | 10,378 |
| Items not affecting cash | | |
| Deferred income tax (recovery) expense (note 13) | (281) | 276 |
| Depreciation and amortization | 22 | 20 |
| Equity & dilution losses (note 7) | - | (610) |
| Gain on disposal of shares and warrants (note 7) | (5,622) | (4,712) |
| Shares issued for mineral properties | - | 48 |
| Share-based payment expense | 1,544 | 218 |
| Unrealized loss (gain) on held-for-trading investments (note 7) | 7,608 | (7,550) |
| | (4,202) | (1,932) |
| Change in non-cash operating working capital | | |
| Decrease (increase) in accounts receivable & prepaids | 7 | (6) |
| (Decrease) increase in accounts payable & accruals | 35 | (14) |
| | (4,160) | (1,952) |
| **Cash flows from financing activities** | | |
| Issuance of common shares (net of issue costs) | 8,200 | 4,696 |
| | 8,200 | 4,696 |
| **Cash flows from investing activities** | | |
| Proceeds from sale of investments | 6,595 | 6,252 |
| Property, plant and equipment (net) | (26) | (4) |
| Mineral property interests | (6,565) | (3,491) |
| | 4 | 2,757 |
| **Effect of exchange rate changes on cash** | (64) | 368 |
| **Increase in cash and cash equivalents** | 3,980 | 5,869 |
| **Cash and cash equivalents - beginning of year** | 7,985 | 2,116 |
| **Cash and cash equivalents - end of year** | 11,965 | 7,985 |

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

## 1 Nature of operations

Coro Mining Corp. (the "Company" or "Coro") and its subsidiaries are engaged in the exploration and development of base and precious metal projects in the Latin American countries of Chile and Argentina. The Company was incorporated on September 22, 2004 and commenced activities in 2005. The Company's registered office is Suite 2610, Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada.

## 2 Basis of preparation and first-time adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These consolidated financial statements have been prepared in accordance with IFRS. Subject to certain transition elections disclosed in note 16, the Company has consistently applied the same accounting policies in the opening IFRS balance sheet as at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect.

Note 16 discloses the impact of the transition to IFRS on the reported balance sheet, equity, comprehensive income and cash flows, including the nature and effect of significant changes in accounting policies from those used in our consolidated financial statements for the year ended December 31, 2010 prepared under Canadian GAAP. These financial statements were approved by the Board of Directors for issue on March 15, 2012.

## 3 Significant accounting policies

**Consolidation**
The consolidated financial statements include the assets, liabilities and results of the Company and its subsidiaries. The effects of transactions between entities in the consolidated group are eliminated. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of income (loss), comprehensive loss and deficit from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

**Estimates, risks and uncertainties**
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Realization of the Company's assets and liabilities is subject to risks and uncertainties, including impairment assessments for mineral properties which uses resource estimation, future copper and other base and precious metal prices, estimated costs of future production and changes in government legislation and regulations, estimated future income taxes, and the availability of financing and various operational factors. Refer to note 6 for additional discussion of impairment assessments in the current year.

## 3 Significant accounting policies (continued)

**Foreign currency translation**
The functional currency of the parent company, Coro Mining Corp., is the Canadian dollar. The functional currency of the Company's Chilean and Argentinian's subsidiaries is the U.S. dollar. The presentation currency of the Company is the U.S. dollar.

The financial statements of the parent company are translated into U.S. dollars for presentation purposes as follows: assets and liabilities at the closing rate at the date of the consolidated statements of financial position, income and expenses at the average rate of the period (as this is considered a reasonable approximation to actual rates) and shareholders' equity components at historical rate. All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

Transactions in currencies other than the functional currency of an entity are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Foreign currency translation differences are recognized in the statement of loss.

### Financial instruments

**a) Cash and cash equivalents**
Cash and cash equivalents comprise cash at banks, cash on hand and other short-term investments with initial maturities of less than three months. Cash and cash equivalents are classified as loans and receivables.

**b) Derivative instruments**
Derivative instruments, including warrants to purchase shares of other companies, are held for trading and recorded on the balance sheet at fair value. Changes in fair value are recorded in the statement of loss.

**c) Investments**
Investments in public company shares are held for trading and measured at fair value on the balance sheet. Gains or losses are recognized in net income for the year in which it arises.

**d) Accounts receivable**
Accounts receivable are classified as "loans and receivables" and are recorded at amortized cost using the effective interest rate method, which upon their initial measurement is equal to their fair value. Subsequent measurement of receivables is at amortized cost.

**e) Accounts payable**
Accounts payable and accrued liabilities are classified as "other financial liabilities" and are measured at amortized cost using the effective interest rate method.

**Investments in associates**
Investments in companies over which Coro has significant influence are accounted for using the equity method. The Company's share of profits and losses is recognized in the statement of loss. Dilution gains and losses arising from changes in interests in associates are recognized in the statement of loss.

**Property, plant and equipment**
Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated over the estimated useful lives of the assets. Vehicles are depreciated on a straight-line basis over 5 years. Computer equipment is depreciated on a declining balance basis at a rate of 45%.

## 3 Significant accounting policies (continued)

**Exploration and evaluation costs**
Exploration and evaluation costs include costs to acquire the rights to explore, geological studies, exploratory drilling and sampling and directly attributable administrative costs. Exploration and evaluation costs relating to non-specific projects or properties or those incurred before the Company has obtained legal rights to explore an area are expensed in the period incurred.

Exploration and evaluation costs are recognized as mineral property interests when management has established that a resource exists and that the costs can be economically recovered. Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, exploration and evaluation assets are reclassified to mine properties within property, plant and equipment.

Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related mineral property interest.

**Asset impairment**
The Company performs impairment tests on mineral property interests, when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on project by project basis with each project representing a single cash generating unit. When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset’s carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

**Earnings (loss) per share**
Earnings (loss) per share is calculated using the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is calculated using the treasury stock method whereby all in the money options and warrants are assumed to have been exercised at the beginning of the year and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. In periods of loss basic and diluted loss per share are the same, as the effect of the exercise of outstanding options and warrants is anti-dilutive.

**Income taxes**
Deferred income tax is recognized using the liability method on temporary differences arising between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets are recognized only to the extent that it is probable that future profit will be available against which such assets can be utilized.

**Share-based payments**
The Company applies the fair value method of accounting for stock options granted to employees and others providing similar services. The fair value of options is determined using a Black-Scholes option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. Cash consideration received from employees on exercise of options is credited to common shares along with the original grant date fair value of the options exercised. The Company expenses the fair value of stock options granted over the vesting period with the corresponding credit to contributed surplus.

## 3 Significant accounting policies (continued)

**Future accounting pronouncements**

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

(i) IFRS 9, *Financial Instruments,* was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement,* except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date of IFRS 9 is January 1, 2015.

(ii) IFRS 10, *Consolidated Financial Statements*, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of anentity so as to obtain benefits from its activities. IFRS 10 replaces *SIC-12, Consolidation—Special Purpose Entities* and parts of IAS 27, *Consolidated and Separate Financial Statements*.

(iii) IFRS 11, *Joint Arrangements*, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers.*

(iv) IFRS 12, *Disclosure of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

(v) IFRS 13, *Fair Value Measurement*, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

## 3 Significant accounting policies (continued)

(vi) There have been amendments to existing standards, including IAS 27, *Separate Financial Statements* ("IAS 27"), and IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

(vii) IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted.

## 4 Exploration expenditures

| | For the year ended December 31, 2011 | | | | |
|---|---|---|---|---|---|
| **$(000's)** | **Berta** | **Chacay** | **Flores** | **General** | **Total** |
| Consulting, labour & professional fees | 8 | 179 | - | 145 | 332 |
| Drilling & trenching | 409 | 740 | - | 62 | 1,211 |
| General & admin | 4 | 18 | - | 711 | 733 |
| Property investigation | 224 | 138 | - | 60 | 422 |
| Property acquisition | 201 | - | - | 25 | 226 |
| Travel & accommodation | 4 | 53 | - | 25 | 82 |
| **Total exploration expenditure** | 850 | 1,128 | - | 1,028 | 3,006 |

| | For the year ended December 31, 2010 | | | | |
|---|---|---|---|---|---|
| **$(000's)** | **Berta** | **Chacay** | **Flores** | **General** | **Total** |
| Consulting, labour & professional fees | - | 131 | 25 | 97 | 253 |
| Drilling & trenching | - | 223 | - | 3 | 226 |
| General & admin | - | 4 | 10 | 185 | 199 |
| Property investigation | - | 196 | 40 | 40 | 276 |
| Property acquisition | - | - | 48 | - | 48 |
| Travel & accommodation | - | 19 | 6 | 23 | 48 |
| **Total exploration expenditure** | - | 573 | 129 | 348 | 1,050 |

## 4 Exploration expenditures (continued)

**Berta, Chile**
In June 2011, Coro entered into an option agreement to acquire the Berta Property. Coro may acquire 100% of the Berta property for total consideration of $6,000,000. This consideration is to be paid in the following staged option payments; on signing: $200,000 (paid); June 2012; $800,000: June 2013; $1,500,000: June 2014: $3,500,000. In addition, a 1.5% Net Smelter Royalty ("NSR") is payable on any sulphide copper production together with any by-product metals. The Company has also staked ground around the optioned property.

**Chacay, Chile**
The Company owns a 100% interest in the Chacay property. The property is subject to a 2% net profits interest.

**Flores, Chile**
The Flores project comprised the Barreal Seco Deposit and the Salvadora and Celeste properties. In February 2009, the Company terminated its option over the Barreal Seco and Salvadora properties, but has retained its interest in Celeste. The Celeste property was purchased outright in 2010 for the issuance of 150,000 shares.

**General, Chile**
General exploration activity in Chile includes property evaluation and other exploration costs. It also includes costs associated with the wholly owned Gloria, Llancahue and Talca properties and the El Tapao property held under option. The Company may acquire the El Tapao property by making four annual payments of $25,000 ($25,000 paid in May 2011), followed by a final payment of $1.0 million in May 2015.

## 5 Property, plant and equipment

| $(000's) | Land | Plant and equipment | Total |
|---|---|---|---|
| **At January 1, 2010** | | | |
| Cost | 537 | 240 | 777 |
| Accumulated depreciation | - | (130) | (130) |
| Net book value | 537 | 110 | 647 |
| | | | |
| **Year ended December 31, 2010** | | | |
| At January 1, 2010 | 537 | 110 | 647 |
| Additions | - | 4 | 4 |
| Depreciation | - | (26) | (26) |
| At December 31, 2010 | 537 | 88 | 625 |
| | | | |
| **At December 31, 2010** | | | |
| Cost | 537 | 244 | 781 |
| Accumulated depreciation | - | (156) | (156) |
| Net book value | 537 | 88 | 625 |
| | | | |
| **Year ended December 31, 2011** | | | |
| At January 1, 2011 | 537 | 88 | 625 |
| Additions | - | 72 | 72 |
| Disposals (net) | - | (40) | (40) |
| Depreciation | - | (28) | (28) |
| At December 31, 2011 | 537 | 92 | 629 |
| | | | |
| **At December 31, 2011** | | | |
| Cost | 537 | 243 | 780 |
| Accumulated depreciation | - | (151) | (151) |
| Net book value | 537 | 92 | 629 |

## 6 Mineral property interests

| San Jorge $(000's) | December 31, 2011 | December 31, 2010 | January 1, 2010 |
|---|---|---|---|
| Opening balance | 20,109 | 16,391 | 14,456 |
| Engineering | 332 | 55 | 3 |
| Environmental | 786 | 640 | 140 |
| Geology | 357 | 335 | 260 |
| Misc. development costs[1] | 995 | 670 | 949 |
| Property acquisition costs | 4,000 | 2,000 | 500 |
| Share-based compensation | 536 | 18 | 83 |
| Closing balance | 27,115 | 20,109 | 16,391 |

[1] Included within mineral property interests is a Value Added Tax ("IVA") receivable in Argentina of $478,000 (December 2010: $547,000; January 1, 2010: $269,000). Due to the uncertainty surrounding timing and collectability, the Company views the IVA as a cost of developing the San Jorge project. During 2011, the Company recovered $218,000 (2010: $200,000) and credited this amount against mineral property interests.

**San Jorge, Argentina:**

In 2006, the Company entered into an option agreement, subsequently amended in June 2008 and January 2009, to purchase 100% of the San Jorge project, by acquiring the outstanding shares of Minera San Jorge. To date, under the option agreement, the Company has paid a total of $7,500,000 ($4,000,000 paid in May 2011) in cash and issued a total of 1,000,000 shares. The terms of the agreement require payments as follows: $5,000,000 in May 2012 and $5,000,000 in May 2013, less the aggregate deemed value of the 1,000,000 common shares of Coro previously issued. If, after May 10, 2011, the Company completes a bankable feasibility study on either the heap leachable copper resources or the sulphide copper resources, or a combination of both, the Company shall pay the balance of any amounts owing within six months from the date of completion of the bankable feasibility study.

The payments in 2010 and thereafter totalling $16,000,000 will be treated as an advance payment on either: (a) the existing obligation to pay $0.02 per pound on the mineable proven and probable copper sulphide reserves upon commencement of commercial production or (b) the existing obligation to pay $0.025 per pound on the mineable proven and probable heap leachable copper reserves upon commencement of commercial production.
In addition, Coro has agreed to pay a net smelter return production royalty of 1.5% on all non-copper production from the San Jorge project.

For any production of copper in excess of that derived from the total mineable, proven and probable heap leachable reserves and the mineable, proven and probable sulphide reserves the Company agreed to pay (i) $0.015 per pound of copper contained in ore processed by a mill, in excess of the total pounds of copper contained in the mineable, proven and probable sulphide reserves and (ii) $0.02 per pound of copper contained in ore placed on leach pads, in excess of the total pounds of copper contained in the mineable, proven and probable heap leachable reserves.

Subsequent to year end, the Company entered into a non-binding memorandum of understanding to amend the terms of acquisition agreement of San Jorge (note 17).

## 6 Mineral property interests (continued)

In February 2011 the San Jorge project Environmental Impact Study was approved by the Provincial Government of Mendoza and the resulting Environmental Impact Declaration ("EID") was submitted to the Provincial Legislature for ratification. On August 24, 2011, the Provincial Legislature of Mendoza voted against ratifying the Company's EID.

As a result of the decision by the government not to ratify the EID, the Company completed an assessment of impairment indicators in accordance with the requirements of IFRS 6, Exploration for and Evaluation of Mineral Resources. The Company plans to continue to advance the San Jorge project and is pursuing several alternatives including legal remedies with the Province of Mendoza and an alternative development scenario involving construction of a processing facility in the neighboring province of San Juan. Notwithstanding its future plans, the Company concluded that the failure to ratify the EID is an impairment indicator.

Accordingly, the Company has reviewed the various possible development alternatives and concluded that the probability weighted cash flow estimate from the project exceeds the carrying value of the investment to date and therefore no impairment provision is necessary at this time. A key determinant in this probability weighted fair value less costs to assessment, was the recent completion of a preliminary feasibility study for the development of a leach operation in San Juan. The San Juan development scenario has a fair value, after tax, of $133 million based on a copper price of $2.80 and a discount rate of 10%.

The value of the project is highly sensitive to a number of assumptions including but not limited to; the potential development scenarios available to the Company; copper, gold, and acid prices; construction costs and the ability to obtain the necessary regulatory and environmental approvals.

## 7 Investments

| **$(000's)** | **December 31, 2011** | **December 31, 2010** | **January 1, 2010** |
|---|---|---|---|
| Held for trading – 391,153 (2010 - 3,290,353) Levon/Valley High shares | 419 | 6,814 | - |
| Held for trading – 152,632 Bearing shares | 60 | - | - |
| Derivative Investment – (2010 - 1,525,000) Valley High warrants | - | 2,165 | 343 |
| Valley High equity accounted investment | - | - | 2,054 |
| | 479 | 8,979 | 2,397 |

Prior to November 2010, the Company equity accounted for its investment in Valley High Ventures Ltd ("Valley High"). In November 2010, the Company sold 5,850,000 common shares of Valley High at a price of CA$1.10 for gross proceeds of CA$6,435,000. Commencing in November 2010, the Company has classified the investment balances as current assets based on management's intention to dispose of the share and warrants held.

On March 1, 2011, the Company received CA$5.4 million in gross proceeds from the disposition of 2,069,300 Valley High shares at a price of CA$1.81 and 1,525,000 Valley High warrants at a price of CA$1.10 in Valley High. On March 25, 2011, Levon Resources Ltd ("Levon") acquired all of the issued and outstanding shares of Valley High. Each Valley High shareholder received one Levon share and one-eighth of a share in Bearing Resources Ltd. ("Bearing"). In the fourth quarter of 2011, the Company received gross proceeds of CA$1.1 million from the disposition of 829,900 Levon shares at an average price of CA$1.34.

(Expressed in U.S. dollars, except where indicated)

## 8 Common shares

**Authorized**
The Company has an unlimited number of authorized common shares without par value.

**Issued**
In June 2010, the Company issued 12,500,000 units at CA$0.36. Each unit was comprised of one share and one half of a non-transferable warrant. Each whole warrant entitles the holder to purchase one common share of the Company for a period of two years at a price of CA$0.50 for the first year and CA$0.65 thereafter. The fair value of the warrants was calculated using the Black-Scholes model assuming an average volatility of 78%, a risk-free rate of 1.45%, a nine-month expected life and no annual dividends.

### Capital risk management
The Company considers its common shares and options as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its stakeholders.

## 9 Share stock options and warrants

**Options**
The Company has a stock option plan that permits the granting of stock options to directors, officers, key employees and consultants. Terms and pricing of options are determined in accordance with the plan. A total of 10% of the issued and outstanding common shares of the Company may be allotted and reserved for issuance under the stock option plan.

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Number of shares | Weighted average exercise price CA$ | Number of shares | Weighted average exercise price CA$ |
| Outstanding – January 1 | 6,360,400 | 0.41 | 6,038,733 | 0.39 |
| Cancelled | - | - | (83,333) | 0.33 |
| Exercised | (1,716,667) | 0.57 | (50,000) | 0.15 |
| Expired | (525,400) | 1.16 | - | - |
| Forfeited | (200,000) | 1.31 | (85,000) | 0.15 |
| Granted | 3,810,000 | 1.30 | 540,000 | 0.52 |
| Outstanding – December 31 | 7,728,333 | 0.74 | 6,360,400 | 0.41 |

At December 31, 2011, the following stock options were outstanding:

| | Number of options Outstanding | Number of options vested and exercisable | Exercise price CA$ | Expiry Date |
|---|---|---|---|---|
| | 180,000 | 180,000 | 1.50 | 2012 |
| | 50,000 | 50,000 | 1.40 | 2013 |
| | 3,058,333 | 3,058,333 | 0.15 | 2014 |
| | 425,000 | 325,000 | 0.22 | 2014 |
| | 455,000 | 455,000 | 0.52 | 2015 |
| | 3,010,000 | 1,003,333 | 1.45 | 2016 |
| | 550,000 | 183,333 | 0.39 | 2016 |
| Total | 7,728,333 | 5,254,999 | | |

The majority of stock options vest over a two or three year period.

(Expressed in U.S. dollars, except where indicated)

## 9 Share stock options and warrants (continued)

Option and warrant pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

The following assumptions were used in the Black-Scholes option pricing model to calculate the compensation expense for options and the fair value for warrants:

| | **Warrants** | **Options** |
|---|---|---|
| Risk-free interest rate | 1.45% | 0.47% to 2.34% |
| Options expected life | 1.25 years | 2.5 to 4.5 years |
| Expected volatility | 79% | 90% to 111% |
| Expected dividend | 0% | 0% |

For the year ended December 31, 2011 total share-based compensation expense was $2,079,951 (2010: $235,142) of which $536,254 (2010:$17,551) was capitalized.

**Warrants**

| | **2011** | | **2010** | |
|---|---|---|---|---|
| | **Number of shares** | **Weighted average exercise price CA$** | **Number of shares** | **Weighted average exercise price CA$** |
| Outstanding – beginning of period | 34,483,181 | 0.31 | 30,963,636 | 0.25 |
| Issued | - | - | 6,249,999 | 0.50 |
| Exercised | (30,705,404) | 0.23 | (2,580,454) | 0.19 |
| Expired | (1,000,000) | (2.00) | (150,000) | 2.50 |
| **Outstanding – end of period** | 2,777,777 | 0.65 | 34,483,181 | 0.31 |

At December 31, 2011, the following warrants were outstanding:

| | **Number of Shares outstanding** | **Exercise price CA$** | **Expiry Date** |
|---|---|---|---|
| | 2,777,777 | 0.65 | 1-Jun-2012 |
| **Total** | 2,777,777 | 0.65 | |

## 10 Related party transactions

For the year ended December 31, 2011, rent and administrative fees of $69,000 (2010: $71,000) were charged by Coro to Valley High. Valley High ceased to be a related party on March 25, 2011.

The Company considers the Executive Directors and Officers of the Company to be key management personnel.

| | **2011** | **2010** |
|---|---|---|
| Short-term employee benefits | 885,778 | 631,584 |
| Share-based payments | 1,215,200 | 146,396 |
| **Total key management personnel** | 2,100,978 | 777,980 |

## 11 Supplemental cash flow information

Cash and cash equivalents comprise the following:

| $(000's) | December 31, 2011 | December 31, 2010 | January 1, 2010 |
|---|---|---|---|
| Cash | 1,313 | 873 | 791 |
| Cash equivalents | 10,652 | 7,112 | 1,325 |
| | 11,965 | 7,985 | 2,116 |

## 12 Geographic segmented information

Details are as follows:

| $(000's) | Argentina | Canada | Chile | Total |
|---|---|---|---|---|
| **December 31, 2011** | | | | |
| Loss for the year | 258 | 4,230 | 2,985 | 7,473 |
| Non-current assets | 27,686 | 5 | 53 | 27,744 |
| Total assets | 27,957 | 12,083 | 224 | 40,264 |
| Total liabilities | 163 | 96 | 260 | 519 |
| **December 31, 2010** | | | | |
| (Earnings) loss for the year | - | (11,413) | 1,035 | (10,378) |
| Non-current assets | 20,678 | 4 | 52 | 20,734 |
| Total assets | 20,746 | 16,762 | 274 | 37,782 |
| Total liabilities | 144 | 401 | 310 | 855 |

## 13 Income taxes

| | 2011 $(000's) | % | 2010 $(000's) | % |
|---|---|---|---|---|
| Earnings (loss) before tax | (7,754) | 100 | 10,654 | 100 |
| Income tax (recovery) expense at statutory rates | (2,055) | (27) | 3,036 | (29) |
| Difference in foreign tax rates | (251) | (3) | (67) | 1 |
| Non-deductible expenses | 493 | 6 | 78 | (1) |
| Non-taxable portion of capital losses (gains) | 258 | 3 | (1,822) | 17 |
| Effect of change in tax rates | - | - | 68 | (1) |
| Unrecognized (recognized) tax losses | 1,273 | 17 | (1,017) | 10 |
| **Deferred income tax (recovery) expense** | (281) | (4) | 276 | 3 |

## 13 Income taxes (continued)

The significant components of the Company's deferred income tax asset (liability) are as follows:

| **$(000's)** | **2011** | **2010** |
|---|---|---|
| **Deferred income tax assets** | | |
| Operating losses carried forward | 7,595 | 7,902 |
| Share issuance costs | 21 | 124 |
| | 7,616 | 8,026 |
| **Deferred income tax liabilities** | | |
| Unrealized gain on held-for-trading investments | (47) | (1,009) |
| **Recognized deferred tax liability** | - | (276) |
| **Unrecognized deferred tax assets** | 7,569 | 7,293 |

The Company has incurred non-capital losses that may be carried forward and used to reduce taxable income of future years in the countries indicated. These losses will expire as follows:

| **$(000's)** | **Argentina** | **Canada** | **Chile** | **Total** |
|---|---|---|---|---|
| **Expiry Date** | | | | |
| 2012-2026 | - | - | - | - |
| Thereafter | - | 5,858 | 17,263 | 23,121 |
| **Total** | - | 5,858 | 17,263 | 23,121 |

As the Company only has an option to acquire Minera San Jorge, any tax losses incurred prior to the completion of the option agreement have not been disclosed above. Additionally, Argentina permits the double deduction of certain qualifying expenditures prior to filing a definitive feasibility study; as the Company has not completed its option to acquire Minera San Jorge, the potential additional deferred income tax benefit from this double deduction is not disclosed above.

## 14 Financial instruments

Financial instruments include cash and any contracts that give rise to a financial asset to one party and a financial liability or equity instrument to another party. As at December 31, 2011, the Company's carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values due to their short term to maturity.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

At December 31, 2011, the Company's financial instruments measured at fair value on a recurring basis were the held-for-trading investments in Levon and Bearing shares (classified as "Level 1").

## 13 Financial instruments (continued)

**Credit Risk**
Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies.

**Currency Risk**
As at December 31, 2011, a significant portion of the Company's cash and cash equivalents was held in Canadian dollars and was therefore subject to fluctuation against the U.S. dollar. The Company's significant subsidiaries are located in Chile and Argentina and the parent company is in Canada. As a result a portion of the Company's accounts receivable, accounts payable and accruals are denominated in the Chilean Peso, Argentine Peso and Canadian Dollars and are therefore subject to fluctuation in exchange rates.

If the Canadian dollar had weakened (strengthened) against the U.S. dollar, with all other variables held constant, by 100 basis points (one cent) at year end, other comprehensive loss would have been $68,681 lower ($68,681 higher). Net loss would remain unchanged.

**Interest Rate Risk**
The Company has is exposed to interest rate risk on cash and cash equivalents held as at December 31, 2011. A 100 basis point (1%) increase or decrease in the interest rate in 2011 would have resulted in approximately a $99,750 change in the Company's reported loss for the year ended December 31, 2011 based on average cash holdings during the year

**Liquidity Risk**
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs.

## 15 Commitments

| **$(000's)** | **2012** | **2013** | **2014** | **2015** | **Total** |
|---|---|---|---|---|---|
| Lease commitments | 94 | 76 | - | - | 170 |
| Property option payments[1] | | | | | |
| San Jorge[1,2] | 5,000 | 4,250 | - | - | 9,250 |
| Berta | 800 | 1,500 | 3,500 | - | 5,800 |
| El Tapao | 25 | 25 | 25 | 1,000 | 1,075 |
| **Total** | 5,919 | 5,851 | 3,525 | 1,000 | 16,295 |

[1] Excludes royalty payments and net profit interests (refer to note 4 and 6).
[2] Subsequent to year end, the acquisition terms of San Jorge were amended (note 17)

## 16 First-Time adoption of IFRS

**First-time Adoption Exemptions Applied**
IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening balance sheet on our transition date of January 1, 2010, and allows certain exemptions on the transition to IFRS. The Company has applied the following exemptions:

a) Share-based payments - IFRS 1 permits the application of IFRS 2, Share-based Payments, to equity instruments granted on or before November 7, 2002, that had not vested by the Transition Date. The Company elected to apply IFRS 2 to equity instruments granted after November 7, 2002 that had not vested by January 1, 2010.
b) CTA - The Company elected to take the IFRS 1 exemption to deem cumulative translation adjustments to be zero at the date of transition to IFRS. Accordingly the CTA balances as of January 1, 2010 were recorded against the brought forward deficit.

The following paragraphs explain the significant differences between Canadian GAAP and the current IFRS accounting policies applied by the Company.

**i) Deferred Tax**
Under Canadian GAAP the Company recognized a future income tax liability on temporary differences arising on the initial recognition of mineral properties acquired other than in business combinations. IAS 12, Income Taxes does not permit the recognition of deferred taxes on such transactions. The impact of the de-recognition of the deferred taxes was a reduction of $1.4 million to the deferred tax liability at January 1, 2010 and $2.4 million at December 31, 2010. There is also a reduction of mineral property interests of $1.7 million at January 1, 2010 and $2.8 million at December 31, 2010 and a reversal of foreign exchange of $279,000 at January 1, 2010, and $357,000 at December 31, 2010 as a portion of the deferred tax liability was denominated in a foreign currency and accordingly had been revalued using the foreign exchange rate at the balance sheet dates.

**ii) Functional currency**
Under Canadian GAAP the Company determined whether a subsidiary was an integrated operation or a self-sustaining entity which determined the method of translation into the presentation currency of the Group.

Under Canadian GAAP the Company's measurement currency was U.S. dollars. IFRS requires that an entity determine the functional currency of each subsidiary individually, prior to consolidation into the Group's presentation currency. It was determined that, as at the January 1, 2010, the functional currency of Coro Mining Corp. is Canadian dollars and the functional currency of its subsidiaries in Argentina and Chile is the U.S. dollar.

In addition, Valley High, in which the Company had an equity accounted investment, had a Canadian dollar functional currency. The Company elected to take the IFRS 1 exemption to deem cumulative translation adjustments to be zero at the date of transition to IFRS. Hence all existing CTA balances and the impact of the above adjustments as of January 1, 2010 were recorded against the brought forward deficit.

## 16 First-Time adoption of IFRS (continued)

**Reconciliation of Equity**

A reconciliation between the Canadian GAAP and IFRS Equity as December 31, 2010 and January 1, 2010 is provided below.

| $(000's) | December 31, 2010 | January 1, 2010 |
|---|---|---|
| Equity under Canadian GAAP | 37,272 | 21,385 |
| Foreign exchange on future income tax liability (i) | (359) | (279) |
| Foreign exchange on Valley High investment (ii) | - | 118 |
| Other | 14 | 14 |
| **Equity under IFRS** | 36,927 | 21,238 |

**Reconciliation of Total assets**

| $(000's) | December 31, 2010 | January 1, 2010 |
|---|---|---|
| Total assets under Canadian GAAP | 40,521 | 23,172 |
| Future income tax (i) | (2,752) | (1,676) |
| Foreign exchange on Valley High investment (ii) | - | 118 |
| Other | 13 | 14 |
| **Total assets under IFRS** | 37,782 | 21,628 |

**Reconciliation of Total Liabilities**

| $(000's) | December 31, 2010 | January 1, 2010 |
|---|---|---|
| Total liabilities under Canadian GAAP | 3,249 | 1,787 |
| Future income tax (i) | (2,394) | (1,397) |
| **Total liabilities under IFRS** | 855 | 390 |

**Reconciliation of Total Comprehensive Income**

A reconciliation between the Canadian GAAP and IFRS total comprehensive income for the year ended December 31, 2010 is provided below.

| $(000's) | December 31, 2010 |
|---|---|
| Comprehensive loss (income) under Canadian GAAP | (10,907) |
| Foreign exchange on future income tax (i) | 80 |
| Foreign exchange on Valley High investment | 118 |
| **Comprehensive loss (income) under IFRS** | (10,709) |

**Statement of Cash Flows**

The IFRS transition adjustments noted above did not have an impact on cash and cash equivalents. There was no change to the investing and financing subtotals on the cash flow statement.

## 17 Subsequent events

**Amended San Jorge Option Agreement**

In February 2012, the Company entered into a non-binding memorandum of understanding to amend the acquisition terms on the San Jorge Purchase Agreement. The amended terms replace all of the existing obligations under the previous agreements. The amended terms require annual payments of $1.25 million, for 10 years, payable quarterly, commencing March 31, 2012. In addition, the Company will be required to pay a 7.5% net smelter royalty (“NSR”) on all gold produced from the property. The annual payments are not payable when the amount due is exceeded by the gold NSR payment. Coro may at any time, prepay the outstanding annual payments with a one-time payment equal to the net present value of the future payments, using a 5% discount rate. No other consideration, obligations, payments, or royalties are due, and Coro may withdraw from the agreement at any time with no further obligation.

Coro is in the process of finalizing this agreement.

**El Desesperado**

In February 2012, the Company entered into an option agreement to acquire the El Desesperado property, in Chile for a total of $13 million by making the following option payments; On signing: $0.2 million (paid); 12 months from signing: $0.5 million; 24 months from signing: $1.3 million; 36 months from signing: $3 million; and 48 months from signing: $8 million. In addition, a 1.9% sales royalty is payable on any production from the property, over which Coro has a first right of refusal.