



*Dated: August 1, 2012*

For further information on the Company reference should be made to the Company’s public filings which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Information is also available at the Company’s website [www.coromining.com](http://www.coromining.com). In addition, reference should be made to the risk factors section of the most recently filed Annual Information Form (“AIF”) or the Company’s audited and consolidated financial statements for the year ended December 31, 2011.

The following information is prepared in accordance with International Financial Reporting Standards (“IFRS”) and denominated in United States dollars, unless otherwise noted. This MD&A should be read in conjunction with the Company’s unaudited financial statements for the three and six months ended June 30, 2012.

This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

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# **1 PROFILE AND STRATEGY**

## **1.1 Profile**

Coro Mining Corp. (the “Company” or “Coro”) is an exploration/development stage mining company that was incorporated in 2004 and is listed on the Toronto Stock Exchange, under the symbol “COP”. As of August 1, 2012 the Company had 138,293,934 shares outstanding and a market capitalization of CA\$ 30 million. The Company has its registered corporate office in Vancouver, Canada.

It is currently advancing the Berta (section 2.2), El Desesperado (section 2.3), Chacay (section 2.4) and Llancahue (section 2.6) copper porphyries in Chile and its San Jorge project in the Province of Mendoza, Argentina (section 2.5).

## **1.2 Strategy**

Coro was founded with the goal of building a mining company focused on medium-sized base and precious metals deposits in Latin America. It intends to achieve this goal through the exploration for, and acquisition of, projects that can be developed and placed into production. The Corporation’s strategy is to become a mid-tier producer and intends to do this by identifying, securing and developing resources that are located in areas with established infrastructure. To minimize any political and execution risks associated with its strategy, Coro intends to focus its strategy in politically stable countries.

## **1.3 Cash and Financing**

As of June 30, 2012 the Company had cash and cash equivalents of \$7.9 million (December 31, 2011: \$12.0m) and a working capital of \$7.3 million (December 31, 2011: \$12.0m). From inception to June 30, the Company has cumulatively raised \$50.2 million in cash through equity offerings and the sale of investments. No debt has been raised by the Company at this time. From inception, the cash has predominantly been used to acquire and advance the San Jorge project (\$26 million), and evaluation, acquisition and exploration of projects in Chile (\$27 million).

## **1.4 Key Personnel and Competencies**

The Board of Directors is comprised of three Independent Directors, one Outside Director and two Executive Directors. The Board is chaired by Robert Watts, an Independent Director with over 40 years of experience in the mining industry. The board has significant experience in the fields of Exploration, Accounting & Finance, Mining Law, and Mining Operations. The Outside Director represents the Company’s major shareholder Benton Resources Corp. (“Benton”). Alan Stephens is the President and CEO of the Company and has over 36 years of international mining experience including Latin America.

## 2 PROJECTS UPDATE

### 2.1 Overview

- Final results from Berta and initiation of resource drilling (Jul 2012)
- Filed Updated EIS in Mendoza for San Jorge (Jul 2012)
- Initial drill results from Berta (Jun 2012)
- Presentation of San Jorge PFS to OFEMI (Apr 2012)
- Drilling commenced at Berta (Mar 2012)
- Released PFS San Jorge Leach Operation in Province of San Juan (Mar 2012)
- Amended San Jorge acquisition terms (Feb 2012)
- Optioned El Desesperado property in Chile (Feb 2012)

### 2.2 Berta Property, Chile

In June 2011, the Company announced the acquisition of Berta Property, which is a 506 hectare property located approximately 20km west of the village of Inca de Oro in the III Region of Chile, at an elevation of 1,700m. The Inca de Oro porphyry copper project being developed by PanAust and Codelco is located immediately adjacent to the village of the same name. Anglo American's Manto Verde operating copper mine is located 33km to the northwest of Berta, and Capstone Mining's Santo Domingo project (acquired for approximately \$725 million), is located 30km to the northeast.

Coro may acquire 100% of the Berta property for a total of \$6 million (\$1 million paid). In addition, a 1.5% NSR is payable on any sulphide copper production together with any by-product metals. For full acquisition details reference should be made to section 4.4. The Company has also acquired additional ground surrounding the Berta property.

The following table summarizes the quarter by quarter expenditures for the last eight quarters and indicates the year to date ("YTD") expenditures over the last three years and life to date ("LTD") expenditure on the project.

Table 1: (\$000's)	Quarterly							YTD			LTD	
	Q310	Q410	Q111	Q211	Q311	Q411	Q112	Q212	2010	2011		2012
<b>Berta Expenditures</b>												
Consult, lab & prof.	-	-	-	-	5	3	88	163	-	-	251	259
Drilling & trenching	-	-	-	-	409	-	277	874	-	-	1,151	1,560
General & admin costs	-	-	-	-	4	-	2	9	-	-	11	15
Property investigations	-	-	-	-	67	157	70	151	-	-	221	445
Property acquisition	-	-	-	200	-	1	-	800	-	200	800	1,001
Travel & accommodation	-	-	-	-	1	3	4	8	-	-	12	16
<b>Total exploration costs</b>	-	-	-	<b>200</b>	<b>486</b>	<b>164</b>	<b>441</b>	<b>2,005</b>	-	<b>200</b>	<b>2,446</b>	<b>3,296</b>

Consulting, labour and professional fees in Q1 and Q2 2012 relate to costs associated with overseeing the recent drill program. In Q1 2012 drilling and trenching costs included 2,340 metres of reserve circulation ("RC") drilling and Q2 2012 includes a further 8,180 metres of drilling. The 32 hole (10,520m) 2012 program included a highlight intercept of 134 meters at 0.87% copper equivalent. The results from the 2012 program were included in the Company's news releases dated June 13, 2012 and July 31, 2012. The results have provided the Company with the encouragement to commence an infill grid drilling RC program on 50m centres aimed at defining an NI 43-101 compliant oxide resource for the higher grade portion of Berta Sur and Berta Central. Subsequent to period end, the Company also commenced sampling of diamond drill core and surface trenches to define metallurgical parameters. Q3 2011 costs for drilling relate to the 24 hole (4,360m RC drilling program). The drill results included a highlight intercept of 200 metres at 0.70% copper equivalent. For full results of this drill program reference should be made to the Company's news release dated September 27, 2011.

Included within property investigation costs are the assay costs associated with the aforementioned drill campaigns. Also included in Q4 2011, property investigation costs are the costs of a grid chemistry sampling program, an Induced Polarization (“IP”) survey and initial reconnaissance mapping program. Q1 2012 property investigation costs include topographic surveying and grid layout work.

The property is comprised of 506 hectares is being acquired through an option agreement with a local Chilean claim owner and wholly owned ground. The property acquisition cost in Q2 2011 relates to the first option payment upon signing the agreement and the \$800,000 in Q2 2012 relates to the second option payment (refer section 4.4).

### 2.3 El Desesperado, Chile

In February 2012, the Company entered into an option agreement to acquire the El Desesperado property for a total of \$13 million (\$200,000 paid) (section 4.4). In addition, a 1.9% sales royalty is payable on any production from the property, over which Coro has a first right of refusal.

The 698 hectare property hosts porphyry copper style mineralization and is located approximately 7km northwest of the city of Calama, and 16km southwest of the world famous Chuquicamata copper mine, in the II Region of Chile. The Toki Cluster porphyry copper deposits currently being evaluated by Codelco, are located immediately to the east of the property. They comprise the major Toki, Quetena, Genoveva and Opache centers of porphyry Cu mineralization, each containing several hundred million tonnes of copper oxide resources, grading 0.4-0.5%Cu, and entirely covered by gravels. Based on outcropping alteration, lithologies and copper oxides, Coro believes there is good potential in the untested northern part of the El Desesperado property to host significant mineralization of similar style to the adjacent Genoveva and Quetena deposits.

The following table summarizes the quarter by quarter expenditures for the last eight quarters and indicates the YTD expenditures over the last three years and LTD expenditure on the project.

Table 2: (\$000's) El Desesperado Expenditures	Quarterly								YTD			LTD
	Q310	Q410	Q111	Q211	Q311	Q411	Q112	Q212	2010	2011	2012	
Consult, lab & prof.	-	-	-	-	-	-	-	-	-	-	-	-
Drilling & trenching	-	-	-	-	-	-	-	5	-	-	5	5
General & admin costs	-	-	-	-	-	-	-	-	-	-	-	-
Property investigations	-	-	-	-	-	-	30	19	-	-	49	49
Property acquisition	-	-	-	-	-	-	200	-	-	-	200	200
Travel & accommodation	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total exploration costs</b>	-	-	-	-	-	-	<b>230</b>	<b>24</b>	-	-	<b>254</b>	<b>254</b>

As El Desesperado was acquired in February 2012, no costs exist prior to Q1 2012. The Q1 2012 property investigation costs relate to topographic surveying and grid layout work, the Q2 2012 costs relate to a geophysical survey undertaken to help target the proposed drill program later in 2012. The property acquisition payment relates to the initial payment due on signing of the option agreement (section 4.4).

### 2.4 Chacay, Chile

The Company owns 100%, subject to a 2% Net Profit Interest (capped at \$2 million), of the Chacay copper project which is located 12km southeast of Teck Resources’ Relincho property, in Chile. The Company completed a NI 43-101 compliant report in April 2011, which is available on its website and [www.sedar.com](http://www.sedar.com). Prior to Coro’s acquisition, a total of 30 holes (6,537m) had been drilled other companies with only limited data available to Coro.

Since acquisition, Coro has drilled 24 RC holes (5,758m) and 4 diamond Drill holes between 2009 and 2011 (most recent- July 2011), with all campaigns having intercepted significant secondary copper mineralization. A significant chalcocite blanket has been identified at the Nacho Zone, with minimal testing to date of the underlying primary sulphides.

The following table summarizes the quarter by quarter expenditures for the last eight quarters and indicates the YTD expenditures over the last three years and LTD expenditure on the project.

Table 3: (\$000's) Chacay Expenditures	Quarterly								YTD			LTD
	Q310	Q410	Q111	Q211	Q311	Q411	Q112	Q212	2010	2011	2012	
Consult, lab & prof.	21	53	26	43	29	81	6	2	57	69	8	27
Drilling & trenching	-	159	41	606	208	(115)	-	-	64	647	-	336
General & admin costs	-	3	1	7	5	5	2	1	1	8	3	1,032
Property investigations	2	8	29	60	41	8	32	1	186	89	33	392
Property acquisition	-	-	-	-	-	-	-	-	-	-	-	-
Travel & accommodation	2	9	10	17	14	12	8	2	8	27	10	89
<b>Total exploration costs</b>	<b>25</b>	<b>232</b>	<b>107</b>	<b>733</b>	<b>297</b>	<b>(9)</b>	<b>48</b>	<b>6</b>	<b>316</b>	<b>840</b>	<b>54</b>	<b>1,876</b>

In Q4 2010 and Q1 2011, an 8 hole (2,424 metre) RC drill program completed, which included a highlight intercept of 170 metres at 0.63% copper. In Q2 2011, the Company commenced at 4 hole (1,975 metre) diamond drilling program, the final results of which were reported in October 2011 and included 154 metres at 0.67% copper. For all drill results reference should be made to the full news releases contained on the Company's website at [www.coromining.com](http://www.coromining.com). The credit in Q4 2011 relates to the reversal of an accrual for the aforementioned drill program.

Included within property investigation costs are the assay costs associated with the aforementioned drill programs. In Q2 2010, the Company also completed a six-line kilometre Titan DCIP survey. The Q1 2012 property investigation include the costs relate to the payment of the annual mining rights (taxes) on Chacay. Work in 2012 has been limited as the Company has focused on the optioned properties at Berta and El Desesperado rather than Chacay.

## 2.5 San Jorge, Argentina

### 2.5.1 Stage of Development:

In Argentina, the Company is currently developing the medium size San Jorge porphyry copper-gold deposit, located in the Province of Mendoza. San Jorge is a development stage property with an established NI 43-101 resource. Coro is acquiring the project from Franco Nevada (section 4.4).

In March 2012, the Company announced an alternative development plan for San Jorge that involved the construction of an SXEW heap leach plant in the neighboring province of San Juan. The announcement of the alternative development plan also included the results from a Preliminary Feasibility Study ("PFS") on the San Juan Copper Leach Project ("SJ Project"). This PFS was presented to the recently formed Federal Organization of Mining Provinces ("OFEMI"), which includes the provinces of Mendoza and San Juan, in April 2012 and the Company has filed an updated EIS (July 2012) to incorporate the railway envisaged in the recent PFS.

Current legislation (Law 7722) in the Province of Mendoza prohibits the use of sulphuric acid required in heap leaching of copper ore.

Prior to the development of the SJ Project the Provincial Legislature of Mendoza, on August 24, 2011, had voted against ratifying the Company's Environmental Impact Declaration ("EID") for a float only project that had been approved by the Government on Mendoza in February 2011. The vote took place prior to the elections, which were held on October 23, 2011 without the conclusions of the legislature's commissions who had spent a number of months evaluating the EID, and more pertinently, the validity of the process which led to its approval. Coro has completed a legal review of the process that led to the no ratification vote and believes it has grounds to file suit against the Mendoza government and certain individuals, involved in the process.

Law 7722 that prohibits the use of sulphuric acid and required the ratification of the EID for the float only project has been subject to legal challenges of its constitutionality by Coro and several other parties since its inception in 2007. Prior to developing the float only project and the introduction of Law 7722, Coro had completed an engineering study on a heap leach operation in Mendoza (refer to section 2.5.3). Coro expects that the legal challenges to Law 7722 may be resolved in 2012, whereby Law 7722 could be declared unconstitutional, which could result in the removal of the ratification requirement of the Company's approved EID for the float only project and the removal of the prohibition against the use of sulphuric acid in the Province of Mendoza. Notwithstanding, the Company intends to continue to advance the development of its San Juan Copper Leach Project due the uncertain political environment in Mendoza.

## 2.5.2 Float Only -Environmental Approval:

The EIS on the Float only project (submitted October 2008) was accepted for evaluation by the Provincial Government in Mendoza in March 2009. After acceptance, the EIS went through four significant stages prior to being approved. In September 2009, the National Technological University ("UTN") of Mendoza completed its independent and impartial evaluation of the EIS on behalf of the Provincial Government of Mendoza. The UTN report stated that the EIS has satisfactorily complied with all national and provincial regulations, and has concluded that the Project, if developed in full compliance with these regulations, would have a highly positive economic impact on the Province of Mendoza in general and the district of Uspallata in particular.

The second stage of the approval process, a Sectoral Review was completed in February 2010, was a process coordinated and supervised by the Provincial Secretary of the Environment and included more than 10 opinions from provincial bodies which endorsed the project. With the positive results and conclusions from the Sectoral Review, the third stage, a formal public hearing was held October 26, 2010 where the merits of the project were debated prior to the project being submitted to for approval. The Public Hearing was attended by more than 2,000 individuals and gave the people of Mendoza, and particularly the residents of Uspallata, the opportunity to express their views about the development of San Jorge.

The Interdisciplinary Commission for the Environmental Evaluation of Mining Projects ("CEIAM" in Spanish) of the Province of Mendoza then completed its compilation, collation and evaluation of the previously completed sectorial reviews; the outcome of the public hearing and public consultation process; and the results of additional hydrological studies, and recommended in December 2010, that the EIS be approved by the provincial government.

On February 7, 2011 the Provincial Government of Mendoza approved the EIS, and the resulting Environmental Impact Declaration ("EID") was submitted to the Provincial Legislature for ratification. The EID is conditional, inter alia, upon San Jorge complying with the highest standards of environmental protection, control and monitoring prior to, and during the construction and operation of the project, including the requirement for the paste tailings deposit to be made impermeable with a liner. The Provincial Legislature of Mendoza voted against ratifying the EID on August 24, 2011.

## 2.5.3 Economics:

The following table summarizes the economic studies undertaken to date on San Jorge. The Company had initiated a Leach Only Study in Mendoza prior to the implementation of 7722 law which banned the use of toxic chemicals including sulphuric acid in mining, in July 2007. As a result of the implementation of 7722, the Company proposed to develop a float only project in Mendoza. As a result of the no ratification vote that occurred in August 2011, the Company evaluated the development alternatives available and completed a PFS on processing the oxide and enrichment blanket in San Juan (SJ Project).

Table 4: San Jorge Economic Evaluations		San Juan-Leach Only	Mendoza- Float Only	Mendoza- Leach Only
Base Case (NPV10%)	Pre-tax NPV	\$260m	\$291m	\$159m
	Pre-tax IRR	41%	31%	28%
	After-tax NPV	\$133m	\$82m	\$77m
	After-tax IRR	29%	18%	20%
Average Cash Costs (Years 1 to 5)	Price Deck	\$2.80/lb Cu	\$1.65/lb Cu and \$600/oz gold	
	Before Credits	\$1.26	\$0.91	\$0.90
	After Credits	\$1.26	\$0.69	\$0.55
Average Production (Years 1 to 5)	Copper (tonnes)	25,000	51,000	24,000
	Gold (ounces)	n/a	42,000	n/a
Mine Life		10	16	10
Initial CAPEX		\$184	\$277m	\$162m
Prepared By		PROPIPE	GRD MINPROC	AUSENCO
Report Type		PFS	PEA	PFS Standard
Date		Mar 2012	April 2008	April 2008

For full details of the SJ Project reference should be made to the Company's News Release 12-04 dated March 5, 2012. For a full discussion of the results from the Float Only Project Preliminary Economic Assessment ("PEA"), reference should be made to the Company's News Release 08-09 dated April 22, 2008.

#### 2.5.4 Expenditure to date:

The Company only capitalizes costs associated with its development project, San Jorge. The following table summarizes the quarter by quarter expenditures for the last eight quarters and indicates the YTD expenditures over the last three years and LTD expenditure on the project. The table has been prepared on a pro-forma basis consistent with the IFRS adjustments that were recorded in 2010.

Table 5: (\$000's) San Jorge Expenditures	Quarterly								YTD			LTD
	Q310	Q410	Q111	Q211	Q311	Q411	Q112	Q212	2010	2011	2012	
Engineering	50	5	-	-	90	242	100	12	-	-	112	2,654
Environmental & permitting	92	368	154	236	222	174	56	101	180	390	157	2,352
Geology	82	111	58	129	81	89	117	59	142	187	176	4,486
Misc. development costs	317	194	136	307	365	185	245	140	158	443	385	7,124
Property acquisition costs	-	-	-	4,000	-	-	-	-	2,000	4,000	-	10,619
Share based compensation	2	3	272	92	85	88	86	42	14	364	128	838
<b>Total costs capitalized</b>	<b>543</b>	<b>681</b>	<b>620</b>	<b>4,764</b>	<b>843</b>	<b>778</b>	<b>604</b>	<b>354</b>	<b>2,494</b>	<b>5,384</b>	<b>958</b>	<b>28,073</b>

The significant expenditures during Q2 2010 & Q2 2011 were the option payments of \$2 million and \$4 million respectively (refer to section 4.4). Engineering costs up to Q3 2011 have been minimal as the Company awaited the ratification of the EIS on the Float Only Project. In Q3 2011, the Company initiated the PFS on the SJ Project which was completed in Q1 2012.

Environmental and permitting costs include the legal costs, community consultation & communication costs associated with trying to obtain the social and environmental license to develop the project in Uspallata. The higher costs in Q410 are related to the public hearing that was held in October 2010. The higher costs in Q2 2011 and Q3 2011 are associated with the work being undertaken leading up to the ratification decision in August 2011. Included in Q1 2012 are legal costs associated with the ongoing permitting issues of the project. The increase in Q2 2012 relates to the submission of an updated EIS to include the proposed railway proposed in the PFS.

Geology costs are principally comprised of salary costs and the costs of maintaining a camp at San Jorge. Geology costs in Q2 2011 rose as the result of one-off vehicle and camp costs. Costs were higher in Q1 2012 as a result of one-off labour costs.

Miscellaneous development costs in Q1 2011 were lower due to the receipt of \$218,000 in Value Added Tax ("VAT") in Argentina. Due to the uncertainty surrounding the timing and collection of VAT the Company had fully provided for its VAT which resulted in the Company deferring this cost as part of the development costs at San Jorge.

Miscellaneous development costs in Q3 2011 also include the costs of establishing the Mineral San Jorge Foundation which was designed to develop the agricultural and eco-tourist potential of the large ranch on which the project is located, as well as assisting in the socioeconomic development of the Uspallata community. The higher miscellaneous development costs in the first three quarters of 2011 were due to an increased profile and community consultation and education program in Mendoza, as the project approached the ratification decision.

Share based compensation relates to the accounting requirement to capitalize share based compensation (the fair value of stock options granted) to our development team. The limited costs in 2010 relate to most of the stock options having vested in previous years and the increase in Q1 2011 relates to an option grant in February 2011.

#### **Impairment:**

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 believes that the probability weighted cash flow estimate from the project exceeds the carrying value of the investment to date and therefore has concluded that 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 the PFS on 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%. At June 30, 2012 the LME Copper price was \$3.45.

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.

During 2012, the Federal Government of Argentina, moved to Nationalize YPF, Argentina's largest oil Company. The Company is not aware of any agenda to extend the nationalization process to any other company in the oil and gas sector in Argentina or to any other sector of the economy. The Company will continue to monitor the implications of this nationalization and any potential impact on its San Jorge project. Although this nationalization has increased the political risk associated with investing in Argentina, the Company currently does not believe that this decision will have a significant impact on being able to recover its investment in San Jorge and therefore the Company has not taken an impairment provision at this time.

## **2.6 Other Chilean Exploration**

In Chile, the Company's exploration portfolio also includes the Llancahue, El Tapao (optioned terminated in April 2012) and Celeste prospects. These prospects are exploration prospects which have no established resource; the Company is currently planning to undertake exploration programs on these properties.

### **Llancahue:**

The Llancahue Copper property is located 38km south west of the city of Talca in the VII Region of central Chile. In 2008, 7 RC holes were drilled with the last hole, (LLA-07), intersecting significant mineralization (which included a highlight intercept of 100m at 1.37% copper). In 2009, an additional 6 RC hole program and a ground magnetics survey was completed. The Company intends to drill a few deep diamond drill holes later in 2012.

### **Celeste:**

Located 47km northeast of the port of Chanaral, in the III Region of Chile, the Celeste Property is contiguous with and along strike to the northeast from, the ENAMI owned Cerro Negro Iron Oxide Copper Gold ("IOCG") type deposit. In 2006-2007, the Company completed a surface exploration program and drilled 19 RC holes for a total of 3,650m. The drilling indicated that broad zones of structurally controlled, copper sulphide mineralization are present, and will be the target for future exploration by the Company.

### **Other Properties:**

The Pocillas prospect, is a low sulphidation epithermal prospect discovered by Cyprus Amax ("Cyprus") in the early 1990's. Cyprus' had returned values of 13m at 2.95 g/t Au including 2m at 12.8g/t Au, 21m at 0.62g/t Au, and 33m at 0.50g/t Au, these results have not been confirmed by Coro, and were completed to the standards that existed at that time. The Company is currently attempting to gain access to the property as the surface owners have denied access.

The Company also holds the Gloria property in the III Region of Chile.



The following table summarizes the quarter by quarter expenditures for the last eight quarters and indicates the YTD expenditures over the last three years.

<b>Table 6:</b> <b>Other Exploration (\$000's)</b>	<b>Quarterly</b>								<b>YTD</b>		
	<b>Q310</b>	<b>Q410</b>	<b>Q111</b>	<b>Q211</b>	<b>Q311</b>	<b>Q411</b>	<b>Q112</b>	<b>Q212</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Consult, lab & prof.	40	38	36	41	17	51	14	55	125	77	69
Drilling & trenching	-	-	-	-	-	62	-	-	44	-	-
General & admin costs	31	39	87	248	203	173	85	278	3	335	363
Property investigations	16	17	10	23	22	5	42	28	47	33	70
Property acquisition	-	-	-	25	-	-	-	-	48	25	-
Travel & accommodation	3	11	4	7	2	12	12	12	15	11	24
<b>Total exploration costs</b>	<b>90</b>	<b>105</b>	<b>137</b>	<b>344</b>	<b>244</b>	<b>303</b>	<b>153</b>	<b>373</b>	<b>282</b>	<b>481</b>	<b>526</b>

Drilling costs include 3 holes (458 metres) in Q4 2011 at El Tapao, where no significant mineralization was encountered. Property acquisition costs include \$25,000 in option payments for El Tapao in Q2 2011 subsequently dropped in Q2 2012 and the deemed value of 150,000 common shares for the acquisition of the Celeste property in Q2 2010. The Company also fully provides for value added taxes ("IVA") in Chile and these costs are included within general and admin. The provision for IVA increased due to the enlarged exploration programs conducted from in Q1 2011 and beyond.

### 3 OUTLOOK

The Company continues to be encouraged by its exploration results in Chile, particularly with the recent drill results from Berta and the exploration work undertaken on El Desesperado. The political climate in Argentina continues to remain challenging, particularly in light of the foreign currency controls that have recently been introduced and the recent nationalization of YPF among other things.

#### **Berta, Chile:**

The Company is encouraged by the results obtained from the Berta project, and accordingly has elected to proceed to the second year of our option. As currently envisaged, we see good potential for low cost, open pit, heap leach, copper cathode production from Berta and we have also intersected significant underlying primary sulphide copper molybdenum mineralization which may form the basis for a later flotation project. We now intend to complete infill drilling aimed primarily at defining an NI43-101 compliant oxide resource, and a column test work program to define metallurgical parameters.

#### **El Desesperado, Chile:**

In February 2012, the Company optioned the El Desesperado property, which hosts porphyry copper style mineralization and is located 16km southwest of the world famous Chuquicamata copper mine and immediately west of the Toki Cluster porphyry copper deposits currently being evaluated by Codelco. The Toki Cluster comprises the major Toki, Quetena, Genoveva and Opache centers of porphyry copper mineralization each containing several hundred million tonnes of copper oxide resources, grading 0.4-0.5% copper, and are entirely covered by gravels. The Company is encouraged by the initial results of our surface exploration, which has confirmed the potential for discovery of additional members at the Toki Cluster. Drilling had initially been scheduled for Q2 2012 but has now been pushed back to the second half of the year to accommodate the additional resource drilling at Berta.

#### **Chacay, Chile:**

The review of the drill samples and surface mapping confirms that the enrichment blanket is related to the development of extensive phyllic alteration of a granodiorite host rock and various other types of porphyries that intrude it. The next step at Chacay is to undertake additional drilling aimed at defining a resource for the enrichment blanket and to further explore the Lucho and SE targets. As Chacay is a wholly owned property, the Company's initial focus has been on our optioned properties to ensure that we have sufficient information to justify making the ongoing option payments and as a result the exploration work undertaken at Chacay this year, has been limited.

#### **Llancahue, Chile:**

The Llancahue project is 100% owned by Coro. In 2009, a 6 hole reverse circulation drill program was completed, including an intercept of 100m at 1.37% copper. The drilling to date suggests that this mineralized intrusive, and its brecciated contact zone is of restricted areal extent. However, the intensity of the alteration and the accompanying high grade copper molybdenum mineralization, together with the extensive propylitic halo, support the concept that a larger body of mineralized diorite or breccia complex may be present. The Company intends to further test the property with a small diamond drilling program in late 2012.

#### **San Jorge, Argentina:**

The Company's fifth and most advanced copper-gold porphyry is located in the politically challenging province of Mendoza, Argentina. The results of the PFS, have been presented to all of the members of the recently formed Federal Organisation of Mining Provinces ("OFEMI"), which includes the governments of Mendoza and San Juan. The Company has now updated its approved EIS to incorporate the railway that was provided for in the PFS, to rail the ore to the neighbouring province of San Juan, and this has been submitted to the government of Mendoza for approval. A new EIS would then be prepared and submitted for the proposed plant facilities in San Juan.

If this is not politically feasible, Coro will be obliged to consider legal action against the province of Mendoza and certain individuals for damages suffered as a result of the unlawful actions of August 2011. In addition, the 7722 law that required ratification and banned the use of sulphuric acid in Mendoza continues to be subject to legal challenges of its constitutionality by Coro and several other parties. The legal challenges continue to make their way through the judicial system in Mendoza and the Company is still hopeful this law may be modified or deemed to be unconstitutional before year end, which may provide another avenue to advance the San Jorge project.

#### **Corporate:**

As of June 30, 2012, the Company had cash and cash equivalents of \$7.9 million.

## **4 Q2 2012 FINANCIAL POSITION REVIEW**

### **4.1 Cash and Working Capital**

<b>Table 7: - Cash and Working Capital (\$000's)</b>	<b>June 30, 2012</b>	<b>Dec 31, 2011</b>
Cash and cash equivalents	7,868	11,965
AR and prepaids	43	76
Investments	27	479
AP and accruals	(630)	(519)
<b>Net working capital</b>	<b>7,308</b>	<b>12,001</b>

The Company's working capital position decreased from December 2011 principally as a result of the Company's exploration programs in Chile, this was partially offset by the proceeds from sale of 391,153 shares in Levon Resources Ltd, ("Levon") of \$CA0.4 million at an average price of CA\$0.98.

Investments decreased as a result of the sale of the aforementioned Levon shares. The Company continues to hold 152,632 shares in Bearing Resources Ltd ("Bearing").

The Company's working capital requirements for the next twelve months will be determined by the success of its exploration programs and the ability to advance San Jorge and therefore it is difficult to determine the Company's exact working capital requirements. The cash on hand, as of June 30, 2012, leaves the Company funded to achieve its remaining corporate objectives in 2012.

## 4.2 Other Assets and Liabilities

<b>Table 8: -Other Assets and Liabilities (\$000's)</b>	<b>June 30, 2012</b>	<b>Dec 31, 2011</b>
Property, plant and equipment	638	629
Mineral property interests	28,073	27,115
Total other assets	27	27,744
Total Assets	28,738	40,264

Mineral property interests are comprised of the capitalized development costs associated with the San Jorge project (section 2.5).

Total assets of Coro as at June 30, 2012 were \$36.7 million (Dec 31, 2011: \$40.3m) and total liabilities were \$0.6 million (Dec 31, 2011: \$0.5m).

## 4.3 Equity and Financings

<b>Table 9: - Shareholders' Equity (\$000's)</b>	<b>June 30, 2012</b>	<b>Dec 31, 2011</b>
Common shares	51,657	51,650
Contributed surplus	4,733	3,986
Accumulated other comprehensive income	359	342
Deficit	(20,730)	(16,233)
Total shareholders' equity	36,019	39,745

The movement in Deficit and Accumulated other comprehensive income are explained in section 5.

### Equity instruments

<b>Table 10: - Equity Instruments</b>	<b>June 30, 2012</b>	<b>Dec 31, 2011</b>
Common shares outstanding	138,293,934	138,268,934
Options outstanding		
Number	11,740,000	7,728,333
Weighted average price	CA\$0.61	CA\$0.74
Warrants outstanding		
Number	-	2,777,777
Weighted average price	-	CA\$0.65
Market capitalization (\$000's)	CA\$37,339	CA\$47,011
Closing share price	CA\$0.27	CA\$0.34

As of August 1, 2012 the Company had 138,293,934 shares outstanding. In March 2012, the Company granted 4,095,000 options at an exercise price of CA\$0.41. A further 100,000 options were granted in June 2012 at an exercise price of CA\$0.30. The 2.7 million warrants as of December 31, 2011 expired unexercised on June 30, 2012.

The following table shows the significant financings of the Company over the last three years and the intended and actual use of the proceeds from these financings.

**Table 11: - Use of Proceeds Table**

Description	Shares (000's)	Price CA\$	Net Proceeds (US\$000's)	Intended Use	Actual Use
Jan 09 - Unit Issuance	27,273	\$0.11	2,393	Working capital	As intended
Feb09 - Unit Issuance	13,636	\$0.11	1,197	Working capital	As intended
Oct 09 - Warrant Exercise	5,000	\$0.18	845	Working capital & Llancahue drilling Working Capital including advancing	As intended
Dec 09 - Warrant Exercise	5,600	\$0.18	951	San Jorge	As intended
Jun 10 - Unit Issuance	12,500	\$0.36	\$4,203	San Jorge Payment and working capital	As intended

#### 4.4 Contractual Obligations

The following table shows the contractual obligations of the Company including property options payments as at June 30, 2012:

Table 12: - Contractual Obligations as of June 30, 2012 (\$000's)	2012 (paid)	2012	2013	2014	Thereafter	Total
<b>Operating leases</b>	68	68	136	23	-	227
<b>Property Option Payments (section 4.4.1)</b>						
San Jorge <sup>1,2</sup>	-	5,000	4,250	-	-	9,250
Berta	800	-	1,500	3,500	-	5,800
El Desesperado <sup>1</sup>	200	-	500	1,300	3,000	5,000
<b>Total</b>	<b>1,068</b>	<b>5,068</b>	<b>6,386</b>	<b>4,823</b>	<b>3,000</b>	<b>20,277</b>

<sup>1</sup> Excludes royalty payments and net profit interests.

<sup>2</sup> In February 2012, the acquisition terms on San Jorge were revised but were not finalized and therefore the previous acquisition costs are reflected in this table.

As of June 30, 2012 the Company had no significant commitments for capital expenditures.

##### 4.4.1 Property Option Payments

###### San Jorge:

In February 2012, the Company signed a non-binding memorandum of understanding to amend the terms of 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 in the quarter ending March 31, 2012. In addition a 7.5% net smelter royalty ("NSR") payable on all gold produced from the property. The annual payments are not payable when that payment is exceeded by the gold NSR payment. Coro may at any time, prepay the outstanding amount 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 by not making the due payments.

As of August 1, the documentation of these revised terms was not finalized, and Franco Nevada has agreed to defer the first quarterly payment until the signing of the definite agreement.

Under the previous agreements, the Company had paid \$7.5 million and had a further \$10 million payable (\$5 million in May 2012, and \$5 million May 2013), less the aggregate value of the 1,000,000 common shares of Coro that were previously issued. \$16 million of the above payments above would have been 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 had also agreed to pay a net smelter return production royalty of 1.5% on all non-copper production from products produced at 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.

#### **Berta:**

In June 2011, the Company entered into an agreement to acquire a 100% interest in a 506 hectare portion of the Berta property for a total of \$6 million by making the following staged option payments; \$1.0 million (paid); 24 months from signing: \$1.5 million; 36 months from signing: \$3.5 million. In addition, a 1.5% NSR is payable on any sulphide copper production together with any by-product metals.

#### **El Tapao:**

In May 2011, the Company entered into an agreement to acquire a 100% interest in the El Tapao property by making four annual payments of \$25,000 (\$25,000 paid), followed by a final payment of \$1.0 million. The El Tapao agreement was terminated in April 2012.

#### **El Desesperado:**

In February 2012, the Company entered into an option agreement to acquire the El Desesperado property 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.

## **5 Q2 2012 EXPENDITURES REVIEW**

The following table details the Company's expenditures by quarter and YTD.

<b>Table 13: (\$000's)</b>	<b>Quarterly</b>							<b>YTD</b>			
<b>Expenditures summary</b>	<b>Q310</b>	<b>Q410</b>	<b>Q111</b>	<b>Q211</b>	<b>Q311</b>	<b>Q411</b>	<b>Q112</b>	<b>Q212</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Net Sales	-	-	-	-	-	-	-	-	-	-	-
Exploration costs (section 5.1)	115	337	245	1,278	1,028	455	872	2,408	598	1,523	3,280
Other Expenses (section 5.2)	99	(11,861)	2,549	809	1,114	291	799	418	667	3,358	1,217
<b>Loss before tax and equity earnings</b>	<b>214</b>	<b>(11,524)</b>	<b>2,794</b>	<b>2,087</b>	<b>2,142</b>	<b>746</b>	<b>1,671</b>	<b>2,826</b>	<b>1,265</b>	<b>4,881</b>	<b>4,497</b>
Deferred income tax (recovery) expense	-	276	(281)	-	-	-	-	-	-	(281)	-
Equity loss & dilution gains	(146)	(1,196)	-	-	-	-	-	-	732	-	-
<b>Loss (Earnings)</b>	<b>68</b>	<b>(12,444)</b>	<b>2,513</b>	<b>2,087</b>	<b>2,142</b>	<b>746</b>	<b>1,671</b>	<b>2,826</b>	<b>1,997</b>	<b>4,600</b>	<b>4,497</b>
Other Comprehensive Loss (Income)	53	(225)	(523)	(174)	1,214	(527)	(224)	207	159	(697)	(17)
<b>Comprehensive Loss (Income)</b>	<b>121</b>	<b>(12,669)</b>	<b>1,990</b>	<b>1,913</b>	<b>3,356</b>	<b>219</b>	<b>1,447</b>	<b>3,033</b>	<b>2,156</b>	<b>3,903</b>	<b>4,480</b>
Basic loss (earnings) per share	\$0.00	\$(0.13)	\$0.02	\$0.06	\$0.02	\$0.06	\$0.01	\$0.02	\$0.01	\$0.06	\$0.03
Fully diluted loss (earnings) per share	\$0.00	\$(0.11)	\$0.02	\$0.06	\$0.02	\$0.06	\$0.01	\$0.02	\$0.01	\$0.06	\$0.03

As the Company is in the exploration and development stage it has no sales or revenues. Deferred income tax expense in Q4 2010 arose as a result of treating the Company's investment in Valley High as held-for-trading rather than equity accounting for the investment. In Q1 2011, the decrease in the fair value of the Company's held-for-trading securities combined with the additional tax losses generated in Q1 2011, resulted in the reversal of the future income tax liability and the recognition of a future income tax recovery in Q1 2011.

Equity and dilution losses (gains) represented the Company's share of the losses from Valley High and dilution losses (gains) as a result of Valley High issuing more common shares. The increase in equity losses is due the increased activity at the Valley High's Cordero property after the discovery hole in 2009. No equity earnings or dilution losses were recognized in Q1 2011, as a result of the disposition in Q4 2010 which caused a change in the accounting treatment of the Company's investment from equity accounting to held for trading.

Other comprehensive income principally arises from converting the Company's Canadian functionally denominated balance sheet into the U.S. dollar reporting currency.

### 5.1 Exploration costs

The following table summarizes the quarter by quarter expenditures and YTD expenditures on the Company's exploration properties in Chile.

Table 14: (\$000's) Exploration Chile	Quarterly								YTD		
	Q310	Q410	Q111	Q211	Q311	Q411	Q112	Q212	2010	2011	2012
Consult, lab & prof.	61	91	63	84	50	135	109	220	101	147	329
Drilling & trenching	-	158	41	605	617	(53)	277	879	67	647	1,156
General & admin costs	31	42	88	256	212	177	88	288	126	344	376
Property investigations	17	25	39	83	131	170	173	199	233	122	372
Property acquisition	-	-	-	225	-	1	200	800	48	225	1,000
Travel & accommodation	5	20	14	25	18	25	25	22	23	39	47
<b>Total exploration costs</b>	<b>114</b>	<b>337</b>	<b>245</b>	<b>1,278</b>	<b>1,028</b>	<b>455</b>	<b>872</b>	<b>2,408</b>	<b>598</b>	<b>1,523</b>	<b>3,280</b>
By Project:											
Berta (section 2.2)	-	-	-	200	486	165	441	2,005	-	200	2,446
Chacay (section 2.4)	26	231	108	732	297	(10)	48	6	316	840	54
Flores	17	25	13	34	(2)	-	12	12	86	47	24
Llancahue	4	1	-	10	-	1	-	-	10	10	-
El Desesperado							230	24	-	-	254
Other	68	79	124	302	247	299	141	361	185	426	502
<b>Total exploration costs</b>	<b>115</b>	<b>337</b>	<b>245</b>	<b>1,278</b>	<b>1,028</b>	<b>455</b>	<b>872</b>	<b>2,408</b>	<b>598</b>	<b>1,523</b>	<b>3,280</b>

Drilling costs in Q1 and Q2 2012 relate to the drill program at Berta (section 2.2). Q4 2011 drilling relates to a short drill program (3 holes, 458 metres) at the El Tapao prospect which did not yield any significant results and has subsequently been dropped. These costs were offset by the reversal of an accrual for Chacay drilling from Q3 2011. The Q3 2011 drilling relates to the 24 hole (4,360m) reverse drill circulation program undertaken at Berta. In Q2 2011, the Company initiated a 4 hole 1,975 meter diamond drilling program at Chacay (completed July 2011), which explains the higher drilling & trenching costs, and property investigations costs in Q2 2011. In December 2010 and January 2011, the Company completed a 2,424 meter RC drill program at Chacay, resulting in higher drill costs in Q1 2011 and Q4 2010.

General & administration costs include a portion of all administrative costs of running the Company's Santiago office and a provision for Chilean Value Added Taxes ("IVA"). In Chile, IVA is not refundable in cash and is applied against other IVA credits. The increase in Q2 2011, Q3 2011 and Q2 2012 is due to the provision for IVA on the increased drilling programs in the respective quarters.

The property acquisition costs in Q2 2011 comprise \$200,000 in option payments for Berta and \$25,000 in option payments for El Tapao. Q1 2012 acquisition costs relate to the payment made on signing of the El Desesperado option agreement, while the Q2 2012 payment relates to the second installment on the Berta property.

## 5.2 Other Expenses

The following table details the Company's expenditures by quarter and YTD.

	Quarterly							YTD			
	Q310	Q410	Q111	Q211	Q311	Q411	Q112	Q212	2010	2011	2012
<u>Other Expenses</u>											
Depreciation and amortization	5	5	3	9	3	7	6	7	10	12	13
Finance income	(5)	(3)	(21)	(30)	(23)	(28)	(18)	(28)	(4)	(51)	(46)
Foreign exchange loss (gain)	1	77	124	91	(328)	234	69	(102)	(7)	215	(33)
Legal and filing fees	45	9	50	52	13	(1)	48	19	68	102	67
Other corporate costs	112	102	48	104	118	87	75	62	98	152	137
Realized gain on disposal	-	(4,712)	(4,805)	-	-	(817)	(252)	1	-	(4,805)	(251)
Salaries & management fees	143	148	200	206	148	167	192	191	146	406	383
Share-based expense	43	56	871	261	66	346	380	240	119	1,132	620
Unrealized loss (gain) on held-for-trading	(245)	(7,543)	6,064	131	1,117	296	299	28	238	6,195	327
	<b>99</b>	<b>(11,861)</b>	<b>2,534</b>	<b>824</b>	<b>1,114</b>	<b>291</b>	<b>799</b>	<b>418</b>	<b>668</b>	<b>3,358</b>	<b>1,217</b>

Finance income is comprised of interest income on cash and cash equivalents. Foreign exchange losses are attributed to exchange rate movements on the Company's functional currency, which is the U.S. dollar except for the Parent Company's which is functionally Canadian.

Foreign exchange loss (gain) are driven by U.S. dollar holding in the Canadian Parent Company, and Chilean and Argentine Pesos balances in our functionally denominated U.S. dollar subsidiaries and vary with the depreciation and appreciation of these currencies.

Legal and filing fees are higher in the first half of each year as a result of annual listing fees, and legal & regulatory costs associated with the annual general meeting.

Other corporate costs in Q3 2010, Q4 2010 and Q2 2011 were higher due to professional advisory fees.

In Q4 2010, the Company disposed of 5,850,000 common shares of Valley High at a price of CA\$1.10 for gross proceeds of CA\$6,435,000. In Q1 2011, 2,069,300 Valley High shares were sold at CA\$1.81 for gross proceeds of CA\$3.7 million and the warrants were sold for gross proceeds of CA\$1.7 million. In Q4 2011, the Company received gross proceeds of CA\$1.1 million from the disposition of 829,900 Levon shares (Levon acquired Valley High in March 2011) at an average price of CA\$1.34. In Q1 2012, the Company disposed of the remaining Levon Shares for gross proceeds of CA\$0.4 million at an average price of CA\$0.98.

Salaries and management fees were lower in Q2 2010 as a result of certain officers reducing their fees in an effort to preserve the Company's treasury during the recession. Share-based expense relates to stock-based compensation expenses associated with option grants. In Q1 2011 the Company granted a tranche of options at CA\$1.45 which explains the increase in Q1 2011.

The unrealized loss in Q1 2011 represents the reversal of the previous periods' unrealized gains. In Q4 2010, the unrealized gain resulted from the change in accounting practice from equity accounting to fair value. The loss in Q3 2011 through Q1 2012 is principally due to the decrease in the price of the Levon shares.

### 5.3 Related Party Disclosure:

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

Table 16- Key Management Personnel Compensation	Three months	Three months	Six months	Six months
	ended June 30, 2012	ended June 30, 2011	ended June 30, 2012	ended June 30, 2011
Short-term employee benefits	254	244	513	454
Share-based payments	165	213	460	839
<b>Total</b>	<b>419</b>	<b>457</b>	<b>973</b>	<b>1,293</b>

## 6 RISKS AND CRITICAL ACCOUNTING ESTIMATES & POLICIES

For a full version of the critical accounting estimates and policies reference should be made to the Company's audited financial statements for the year ended December 31, 2011, which are available on the Company's website at [www.coromining.com](http://www.coromining.com). In addition, reference should be made to the most recently filed Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com).

### 6.1 Disclosure Controls and Internal Control Financial Reporting

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with International Financial Reporting Standards ("IFRS"). The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the annual or interim financial statements.

Management has concluded that, as at June 30, 2012, the Company's internal control over financial reporting was not effective due to the existence of a material weakness. A material weakness existed in the design of internal control over financial reporting caused by a lack of adequate segregation of duties in the financial close process. The Chief Financial Officer is responsible for preparing, authorizing, and reviewing information that is key to the preparation of financial reports. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatements in the Company's financial statements.

Management has concluded, and the audit committee has agreed that taking into account the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time.

There were no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects 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, they cannot



provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or 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 unauthorized override of the control. The design of any systems 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. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

## **6.2 Forward Looking Statements**

Certain statements included in this “MD&A” constitute forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “may”, “should” and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

Information concerning the interpretation of drill results also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company’s forward-looking statements. In addition, any forward-looking statements represent the Company’s estimates only as of the date of this MD&A and should not be relied upon as representing the Company’s estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company’s existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company’s expectations. Readers should not place undue reliance on the Company’s forward-looking statements, as the Company’s actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company’s business, or if the Company’s estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

## **6.3 Other Risks**

Reference should be made to the Company’s risks and critical accounting policies and practices section of the December 31, 2011, Management Discussion and Analysis for a complete discussion on the risk factors associated with **Nature of Operations; Environmental Permitting at San Jorge; Foreign Political Risk; Government Laws, Regulation & Permitting; Estimates of Mineral Resources; Key Management and Competition; Title to Properties; Commodity Prices; Foreign Currency Risk;** amongst other things.

## **6.4 Critical Accounting Policies**

Reference should be made to the Company’s risks and critical accounting policies and practices section of the December 31, 2011, Management Discussion and Analysis for a complete discussion on the critical accounting policies associated with **Foreign currency translation; Investments in associates; Exploration and Evaluation Costs; Asset impairment; Recent Accounting Pronouncements;** amongst other things

## **6.5 NI 43-101 Compliance Requirements**

Under National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”), if an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who: (a) prepared or supervised the preparation of the information that forms the basis for the written disclosure or (b) approved the written disclosure. For the purposes of this MD&A, Alan Stephens, FIMMM, President and CEO of the Company, a geologist with more than 36 years of experience is the Qualified Person for the purposes of NI 43-101 has approved the written disclosure in this MD&A. This MD&A references a number of previous new releases in respect of disclosure of technical matters relating to mineral properties and reference should be made to these news releases to fully understand these references.

## 7 SUMMARY OF FINANCIAL PERFORMANCE AND FINANCIAL POSITION

(Unaudited)

Table 17: (\$000's)	Summary of Financial Performance									
	Quarterly								YTD	
	Q310	Q410	Q111	Q211	Q311	Q411	Q112	Q212	2011	2012
<b>Net Revenues</b>	-	-	-	-	-	-	-	-	-	-
<b>Exploration Expenditures</b>										
Consulting, lab.& prof. fees	62	91	63	84	50	135	109	220	147	329
Drilling and trenching	-	158	41	605	617	(53)	277	879	647	1,156
General & admin costs	31	42	88	256	212	177	88	288	344	376
Property investigations	17	25	39	83	131	170	173	199	122	372
Property acquisition costs	-	-	-	225	-	1	200	800	225	1,000
Travel & accommodation	5	20	14	25	18	25	25	22	39	47
<b>Total Exploration Costs</b>	<b>115</b>	<b>337</b>	<b>245</b>	<b>1,278</b>	<b>1,028</b>	<b>455</b>	<b>872</b>	<b>2,408</b>	<b>1,523</b>	<b>3,280</b>
<b>Corporate and Other Costs</b>										
Depreciation & amortization	5	5	3	9	3	7	6	7	12	13
Finance income	(5)	(3)	(21)	(30)	(23)	(28)	(17)	(28)	(51)	(46)
Foreign exchange loss (gain)	1	77	124	91	(328)	234	70	(102)	215	(33)
Legal and filing fees	45	9	50	52	13	(1)	47	19	102	67
Other corporate costs	112	102	81	121	118	87	75	62	152	137
Realized gain on disposal	-	(4,712)	(4,805)	-	-	(817)	(253)	1	(4,805)	(251)
Salaries and management fees	143	148	166	175	148	167	192	191	406	383
Stock-based payments expense	43	56	871	261	66	346	380	240	1,132	620
Unrealized gain on held-for-trading	(245)	(7,543)	6,065	130	1,117	296	299	28	6,195	327
<b>Total Corporate &amp; Other</b>	<b>99</b>	<b>(11,861)</b>	<b>2,534</b>	<b>809</b>	<b>1,114</b>	<b>291</b>	<b>799</b>	<b>418</b>	<b>3,358</b>	<b>1,217</b>
<b>Earnings before tax &amp; equity earnings</b>	<b>214</b>	<b>(11,524)</b>	<b>2,779</b>	<b>2,087</b>	<b>2,142</b>	<b>746</b>	<b>1,670</b>	<b>2,826</b>	<b>4,881</b>	<b>4,497</b>
Future income tax (expense)	-	276	(281)	-	-	-	-	-	(281)	-
Equity earnings and dilution gains	(146)	(1,196)	-	-	-	-	-	-	-	-
<b>Loss (earnings)</b>	<b>68</b>	<b>(12,444)</b>	<b>2,498</b>	<b>2,087</b>	<b>2,142</b>	<b>746</b>	<b>1,670</b>	<b>2,826</b>	<b>4,600</b>	<b>4,497</b>
Other Comprehensive Income	53	(225)	(524)	(174)	1,214	(527)	(224)	207	(697)	(17)
<b>Comprehensive Loss (income)</b>	<b>121</b>	<b>(12,669)</b>	<b>1,974</b>	<b>1,913</b>	<b>3,356</b>	<b>219</b>	<b>1,446</b>	<b>3,033</b>	<b>3,903</b>	<b>4,480</b>
Basic loss (earnings) per share	\$0.00	\$(0.13)	\$0.02	\$0.01	\$0.02	\$0.00	\$0.01	\$0.02	\$0.03	\$0.03
Fully diluted loss (earnings) per share	\$0.00	\$(0.11)	\$0.02	\$0.01	\$0.02	\$0.00	\$0.01	\$0.02	\$0.03	\$0.03
<b>Exploration Expenditures by project</b>										
<b>Chile:</b>										
Berta	-	-	-	200	485	165	442	2,005	200	2,446
Chacay	26	231	108	732	297	(10)	47	6	840	54
Flores	17	25	13	34	(2)	-	12	12	47	24
Llancahue	4	1	-	10	-	1	-	-	10	-
El Desesperado	-	-	-	-	-	-	230	24	-	254
Other	85	106	124	326	246	299	141	361	426	502
<b>Total exploration</b>	<b>115</b>	<b>337</b>	<b>245</b>	<b>1,278</b>	<b>1,028</b>	<b>455</b>	<b>872</b>	<b>2,408</b>	<b>1,523</b>	<b>3,280</b>

Table 18: (\$000's)	Summary of Financial Position							
	Q310	Q410	Q111	Q211	Q311	Q411	Q112	Q212
<b>Financial Position</b>								
<b>Assets</b>								
Cash and cash equivalents	2,617	7,985	18,838	15,116	12,017	11,965	10,971	7,868
AR and prepaids	43	84	100	68	57	76	91	43
Other current assets	-	8,979	2,424	2,304	1,028	479	58	27
<b>Total Current Assets</b>	<b>2,661</b>	<b>17,048</b>	<b>21,362</b>	<b>17,488</b>	<b>13,102</b>	<b>12,520</b>	<b>11,120</b>	<b>7,938</b>
Property, plant and equipment	628	625	649	645	650	629	630	638
Mineral property interests	<b>19,427</b>	<b>20,109</b>	<b>20,729</b>	<b>25,493</b>	<b>26,336</b>	<b>27,115</b>	<b>27,719</b>	<b>28,073</b>
<i>Engineering</i>	2,205	2,211	2,211	2,211	2,301	2,543	2,642	2,654
<i>Environmental &amp; permitting</i>	1,040	1,409	1,563	1,799	2,021	2,195	2,251	2,352
<i>General &amp; administration</i>	5,550	5,763	5,900	6,207	6,572	6,739	6,984	7,179
<i>Geology</i>	3,842	3,934	3,992	4,121	4,202	4,310	4,426	4,487
<i>Property acquisition costs</i>	6,619	6,619	6,619	10,619	10,619	10,619	10,619	10,619
<i>Share-based compensation</i>	171	173	445	537	622	710	797	838
Other assets	1,805	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>24,521</b>	<b>37,782</b>	<b>42,740</b>	<b>43,626</b>	<b>40,088</b>	<b>40,264</b>	<b>39,469</b>	<b>36,649</b>
<b>Liabilities</b>								
AP and accrued liabilities	544	579	401	969	586	519	704	630
Deferred income tax liability	-	276	-	-	-	-	-	-
	544	855	401	969	586	519	704	630
<b>Shareholders' Equity</b>								
Common shares	41,827	42,090	49,630	51,800	51,897	51,650	51,650	51,657
Contributed surplus	3,246	3,266	3,112	3,189	3,281	3,986	4,452	4,733
AOCI	106	331	855	1,028	(185)	342	566	359
Deficit	(21,204)	(8,760)	(11,258)	(13,360)	(15,491)	(16,233)	(17,903)	(20,730)
<b>Total Shareholders' Equity</b>	<b>23,976</b>	<b>36,927</b>	<b>42,339</b>	<b>42,657</b>	<b>39,502</b>	<b>39,745</b>	<b>38,765</b>	<b>36,019</b>
<b>Total Liabilities and Equity</b>	<b>24,519</b>	<b>37,782</b>	<b>42,740</b>	<b>43,626</b>	<b>40,088</b>	<b>40,264</b>	<b>39,469</b>	<b>36,649</b>
Weighted average # of shares (000's)	104,275	99,094	128,830	135,626	137,874	135,170	138,269	138,271
Working Capital	2,117	16,192	20,912	16,519	11,488	12,001	10,416	7,308

Table 19: Selected Annual Information	2010	2011	2012 (YTD)
Net sales or revenues	-	-	-
Earnings (loss) before discontinued operations	10,709	(7,462)	(4,497)
Earnings (loss) before discontinued operations per-share	0.11	(0.06)	(0.03)
Earnings (loss) before discontinued operations diluted per-share	0.09	(0.06)	(0.03)
Net earnings (loss)	10,709	(7,462)	(4,497)
Net earnings (loss) per-share	0.11	(0.06)	(0.03)
Net earnings (loss) diluted per-share	0.09	(0.06)	(0.03)
Total assets	37,782	40,264	36,649
Total long-term financial liabilities	-	-	-
Cash dividends declared	-	-	-