

**CORTEZ GOLD CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the nine month period ended November 30, 2011**  
(Stated in Canadian Dollars)  
(Unaudited)

**NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

The unaudited condensed interim consolidated financial statements for the period ended November 30, 2011 have been prepared by and are the responsibility of the Company's management. These financial statements have not been reviewed or audited by the Company's auditors.

The accompanying notes form an integral part of these condensed interim financial statements

**CORTEZ GOLD CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Stated in Canadian Dollars)  
(Unaudited)

	<b>November 30, 2011</b>	<b>February 28, 2011</b> (Notes 16 and 17)
<b><u>ASSETS</u></b>		
Current		
Cash – Notes 5 and 15	\$ <b>605,603</b>	\$ 6,435
Value added taxes recoverable	<b>231,977</b>	169,215
Prepaid expenses – Note 11	<b>43,635</b>	17,962
	<b>881,215</b>	193,612
Non-current assets		
Equipment – Note 6	<b>1,090</b>	44,968
Exploration and evaluation assets – Note 7	<b>2,271,598</b>	1,692,718
	<b>2,272,688</b>	1,737,686
<b>Total assets</b>	<b>\$ 3,153,903</b>	\$ 1,931,298
<b><u>LIABILITIES</u></b>		
Current liabilities		
Trade and other payables – Note 11	\$ <b>1,028,868</b>	\$ 528,133
Non-current liabilities		
Rehabilitation provision – Note 8	<b>25,891</b>	24,285
	<b>1,054,759</b>	552,418
<b><u>SHAREHOLDERS' EQUITY</u></b>		
Share capital – Notes 7 and 9	<b>3,750,757</b>	2,770,170
Contributed surplus – Note 9	<b>529,606</b>	437,052
Accumulated deficit	<b>(2,181,219)</b>	(1,828,342)
	<b>2,099,144</b>	1,378,880
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,153,903</b>	\$ 1,931,298

Corporate Information – Note 1  
Commitments – Notes 7, 8 and 9  
Subsequent Events – Notes 7 and 9

SIGNED ON BEHALF OF THE BOARD:

<u>“Robert Eadie”</u> Robert Eadie	Director	<u>“Gary Arca”</u> Gary Arca	Director
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**CORTEZ GOLD CORP.**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Stated in Canadian Dollars)  
(Unaudited)

	For the three months ended November 30,		For the nine months ended November 30,	
	2011	2010 (Notes 16 and 17)	2011	2010 (Notes 16 and 17)
Revenue				
Finance revenue	\$ -	\$ 100	\$ 282	\$ 420
Gain on sale of equipment	-	-	<b>3,653</b>	-
<b>Total revenue</b>	<b>-</b>	<b>100</b>	<b>3,935</b>	<b>420</b>
Expenses – Note 9				
Accounting and audit fees	<b>11,334</b>	11,703	<b>33,326</b>	44,047
Depreciation	<b>208</b>	3,929	<b>5,812</b>	4,539
Finance cost – Note 8	<b>6,772</b>	778	<b>17,602</b>	2,135
Foreign exchange (gain) loss	<b>42,211</b>	(2,088)	<b>58,311</b>	2,707
Legal and corporate services	<b>32,851</b>	38,115	<b>53,056</b>	237,398
Management activities	<b>15,351</b>	73,935	<b>48,563</b>	182,446
Office, rent and administration	<b>16,885</b>	21,185	<b>52,765</b>	82,106
Pre-exploration cost	-	2,117	-	2,117
Shareholder communications	<b>25,684</b>	64,614	<b>74,132</b>	124,282
Transfer agent and filing fees	<b>2,803</b>	8,755	<b>13,245</b>	36,355
<b>Total expenses</b>	<b>(154,099)</b>	<b>(223,043)</b>	<b>(356,812)</b>	<b>(718,132)</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (154,099)</b>	<b>\$ (222,943)</b>	<b>\$ (352,877)</b>	<b>\$ (717,712)</b>
Basic and diluted loss per share – Note 13	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.06)</b>

The accompanying notes form an integral part of these condensed interim financial statements

**CORTEZ GOLD CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Stated in Canadian Dollars)  
(Unaudited)

	<b>For the nine months ended</b>	
	<b>November 30,</b>	
	<b>2011</b>	2010 (Note 16)
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Operating Activities		
Loss for the period	\$ (352,877)	\$ (717,712)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation	5,812	4,539
Finance cost	373	-
Share-based compensation – Note 9	-	181,941
Changes in non-cash working capital items:		
Value added taxes recoverable	(77,425)	(53,075)
Prepaid expenses	(25,673)	(82,205)
Accounts payable and accrued liabilities	(97,600)	(13,859)
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Cash (outflows) from operating activities	(547,390)	(680,371)
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Investing Activities		
Sale (acquisition) of equipment	38,065	(52,750)
Investment in exploration and evaluation assets	(47,032)	(857,362)
Sale of short-term investments	-	421,136
Interest received	-	320
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Cash (outflows) from investing activities	(8,967)	(488,656)
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Financing Activities		
Proceeds from share issuance	1,128,315	1,200,000
Share issue costs	(25,174)	(61,110)
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Cash inflows from financing activities	1,103,141	1,138,890
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Total increase (decrease) in cash during the period	546,784	(30,137)
Effect of foreign currency translation on cash	52,384	10,978
Cash, beginning of the period	6,435	137,365
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Cash, end of the period	\$ 605,603	\$ 118,206
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Mineral property expenditures included in accounts payable and accrued liabilities	\$ 530,946	\$ -
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Non-cash Transactions – Notes 7, 8 and 9

The accompanying notes form an integral part of these condensed interim financial statements

**CORTEZ GOLD CORP.**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the nine months ended November 30, 2011 and 2010  
(Stated in Canadian Dollars)  
(Unaudited)

	<b>Number of Shares Outstanding</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Accumulated Deficit</b>	<b>Total Equity</b>
Balance – March 1, 2010	9,100,001	\$ 1,454,846	\$ 61,545	\$ (944,321)	\$ 572,070
Common shares issued pursuant to:					
- private placement of units at \$0.30	3,500,000	892,500	157,500	-	1,050,000
- private placement of units at \$0.30	500,000	129,000	21,000	-	150,000
- acquisition of exploration and evaluation assets at \$0.25	500,000	125,000	-	-	125,000
- finder's fee on exploration and evaluation assets at \$0.25	100,000	25,000	-	-	25,000
- acquisition of exploration and evaluation assets at \$0.22	1,000,000	220,000	-	-	220,000
Stock-based compensation - Note 9	-	-	181,941	-	181,941
Share issue costs	-	(76,176)	15,066	-	(61,110)
Net loss for the period	-	-	-	(717,712)	(717,712)
Balance – November 30, 2010	14,700,001	2,770,170	437,052	(1,662,033)	1,545,189
Net loss for the period	-	-	-	(166,309)	(166,309)
Balance – February 28, 2011	14,700,001	2,770,170	437,052	(1,828,342)	1,378,880
Common shares issued pursuant to:					
- private placement of units at \$0.10	11,283,149	1,042,067	86,248	-	1,128,315
Share issue costs	-	(61,480)	6,306	-	(55,174)
Net loss for the period	-	-	-	(352,877)	(352,877)
<b>Balance – November 30, 2011</b>	<b>25,983,150</b>	<b>\$ 3,750,757</b>	<b>\$ 529,606</b>	<b>\$ (2,181,219)</b>	<b>\$ 2,099,144</b>

The accompanying notes form an integral part of these condensed interim financial statements

**CORTEZ GOLD CORP.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
For the nine months ended November 30, 2011  
(Stated in Canadian Dollars)  
(Unaudited)

**Note 1**     **Corporate Information**

Cortez Gold Corp. (the “Company”) was incorporated in the Province of British Columbia on March 29, 2007 under the Business Corporations Act of British Columbia as 0786996 BC Ltd., and has continued as a company under the Business Corporations Act of British Columbia. The Company changed its name to Cortez Resources Corp. on April 13, 2007 and again changed its name to Cortez Gold Corp. on September 18, 2009. The Company is listed on the TSX Venture Exchange (the “Exchange”), having the symbol CUT-V, as a Tier 2 issuer and is in the process of exploring its mineral properties.

The address of the Company’s corporate office and principal place of business is 750 – 580 Hornby Street, Vancouver, British Columbia, Canada.

**Note 2**     **Basis of Preparation**

a) Statement of Compliance

The financial statements for the Company for the year ending February 29, 2012, will be prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles (“pre-changeover Canadian GAAP”). These condensed interim financial statements for the nine month period ended November 30, 2011, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and as they are part of the Company’s first IFRS annual reporting period, IFRS 1 First-Time Adoption of International Financial Reporting Standards has been applied.

The Company adopted IFRS as issued by the International Accounting Standards Board effective March 1, 2011. As these are condensed interim financial statements for the third quarter financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company’s most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company’s 2011 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 17.

## **CORTEZ GOLD CORP.**

Notes to the Condensed Interim Financial Statements

November 30, 2011

(Stated in Canadian Dollars)

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### **Note 2    Basis of Preparation – (cont'd)**

a) Statement of Compliance – (cont'd)

The condensed interim financial statements were authorized for issue by the Board of Directors on January 26, 2012.

b) Basis of Measurement

The condensed interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of held-for-trading financial assets.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a loss of \$352,877 during the nine months ended November 30, 2011, and, as of that date, the Company's accumulated deficit was \$2,181,219. As at November 30, 2011, the Company had \$605,603 in cash and a working capital deficit of \$147,653. While the Company does not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period, in the past the Company has been successful in raising funds through share issuances. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. While the Company has been successful in obtaining the necessary financing through the issuance of common shares in the past, there is no assurance it will be able to raise funds in this manner in the future.

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the accompanying consolidated financial statements.

## **CORTEZ GOLD CORP.**

Notes to the Condensed Interim Financial Statements

November 30, 2011

(Stated in Canadian Dollars)

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### **Note 3 Summary of Significant Accounting Policies**

The accounting policies set out below are expected to be adopted for the year ending February 29, 2012 and have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS balance sheet at March 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

#### a) Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the period end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the period end and the related translation differences are recognised in the Company's profit or loss. Exchange gains and losses arising on the retranslation of held-for-trading financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in the Company's profit or loss. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in profit or loss or other comprehensive loss, consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

#### b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

#### c) Pre-Exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

## **CORTEZ GOLD CORP.**

Notes to the Condensed Interim Financial Statements

November 30, 2011

(Stated in Canadian Dollars)

(Unaudited) - Page 4

### **Note 3 Summary of Significant Accounting Policies – (cont'd)**

#### d) Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying and sampling costs, drilling costs, payments made to contractors, geologists, consultants, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the Company’s profit or loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. E&E assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

#### e) Reclamation Deposits

Cash which is subject to contractual restrictions on use is classified separately as “reclamation deposits”. Reclamation deposits are classified as loans and receivables.

#### f) Equipment

##### *Recognition and Measurement*

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

**CORTEZ GOLD CORP.**

Notes to the Condensed Interim Financial Statements

November 30, 2011

(Stated in Canadian Dollars)

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**Note 3 Summary of Significant Accounting Policies – (cont'd)**

f) Equipment – (cont'd)

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

*Subsequent Costs*

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in the Company's profit or loss as incurred.

*Major Maintenance and Repairs*

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Company's profit or loss during the financial period in which they are incurred.

*Gains and Losses*

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized, net, within other income in profit or loss.

*Depreciation*

Depreciation in profit or loss is provided on a straight-line basis over the estimated useful life of the assets as follows:

Vehicles	Straight line over 3.5 years
Computers	Straight line over 2.5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

g) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets including E&E assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

## **CORTEZ GOLD CORP.**

Notes to the Condensed Interim Financial Statements

November 30, 2011

(Stated in Canadian Dollars)

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### **Note 3 Summary of Significant Accounting Policies – (cont'd)**

#### g) Impairment of Non-Financial Assets – (cont'd)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit. A cash-generating unit being, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has no cash generating unit for which impairment testing is performed.

An impairment loss is charged to the Company's profit or loss, except to the extent that they reverse gains previously recognized in other comprehensive loss/income.

#### h) Financial Instruments

Financial assets are classified as one of the following categories based upon the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

##### *Loans and Receivables*

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and subsequently carried at amortised cost using the effective interest rate method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company's cash, taxes recoverable and short-term investments are all accounted for as loans and receivables.

##### *Available-for-Sale*

Non-derivative financial assets not included in the above category and other than those qualifying as subsidiaries are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/profit. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset, which constitutes objective evidence of impairment, the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income is recognized in the Company's profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

## **CORTEZ GOLD CORP.**

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

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### **Note 3      Summary of Significant Accounting Policies – (cont'd)**

#### h) Financial instruments – (cont'd)

##### *Available for Sale – (cont'd)*

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to the Company's profit or loss.

##### *Impairment on Financial Assets*

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred subsequent to the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

##### *Financial Liabilities*

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprised of trade and other payables and due to related parties. These liabilities are initially recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortised cost using the effective interest rate method. This ensures that, any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent goods and services provided to the Company prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

Due to related parties represent amounts loaned to the Company to pay for operating costs and exploration expenditures. These related party amounts are unsecured, bears interest at 8% per annum and have no specific terms for repayment.

## **CORTEZ GOLD CORP.**

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

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### **Note 3     Summary of Significant Accounting Policies – (cont'd)**

#### i) Provisions

##### *Rehabilitation Provision*

The Company is subject to various government laws and regulations relating to environmental disturbances caused by E&E activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities include: restoration, reclamation and revegetation of the affected exploration sites.

The Rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on the passage of time, current market discount rates and liability specific risks. Adjustments to the liability as a result of any of these changes are recognized as a corresponding change to the E&E asset.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

#### j) Income Taxes

Current tax and deferred tax are recognized in the Company's profit or loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

## **CORTEZ GOLD CORP.**

Notes to the Condensed Interim Financial Statements

November 30, 2011

(Stated in Canadian Dollars)

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### **Note 3 Summary of Significant Accounting Policies – (cont'd)**

#### k) Share Capital

Financial instruments issued by the Company are classified as equity, only to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares, share warrant and share options are classified as equity instruments.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are shown in equity as a deduction, net of tax, from proceeds

#### l) Profit or Loss Per Share

Basic profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period.

#### m) Share Based Payments

Where equity-settled share options are awarded to employees or non-employees, the fair value of the options at the date of grant is charged to the Company's profit or loss over the vesting period. The number of equity instruments expected to vest at each reporting date, are taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modifications, is charged to the Company's profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the Company's profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

## **CORTEZ GOLD CORP.**

Notes to the Condensed Interim Financial Statements

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### **Note 3 Summary of Significant Accounting Policies – (cont'd)**

#### m) Share-Based Payments – (cont'd)

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

#### n) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2012 or later periods.

The Company has early adopted the amendments to IFRS which replaces references to a fixed date of "1 January 2004" with "the date of transition to IFRS". This eliminates the need for the Company to restate derecognition transactions that occurred before the date of transition to IFRS. The amendment is effective for year ends beginning on or after July 1, 2011, however the Company has early adopted the amendment. The impact of the amendment and early adoption is that the Company only applies IAS 39 derecognition requirements to transactions that occurred after the date of transition.

The following new standards, amendments and interpretations, which have not been early adopted in these condensed interim financial statements, are not expected to have an effect on the Company's future results and financial position:

- IFRS 9: Financial instruments (effective for periods beginning on or after January 1, 2013)
- IFRS 1: Severe Hyperinflation (effective for periods beginning on or after July 1, 2011)
- IAS 12: Deferred Tax: Recovery of underlying assets (effective for periods beginning on or after January 1, 2012)

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### **Note 4 Critical Accounting Estimates and Judgements**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in the Company's profit or loss in the period of the change, if it affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

#### a) Rehabilitation Provisions

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provision may be higher or lower than currently provided for.

The discount rate currently applied in the calculation of the net present value of the provision is 2.0%

#### b) Exploration and Evaluation Expenditures

The application of the Company accounting policy for E&E expenditures requires judgment in determining whether it is likely that future economic benefits will follow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the Company's profit or loss in the period the new information becomes available.

#### c) Title to Mineral Property Interests

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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(Unaudited) - Page 12**Note 4     Critical Accounting Estimates and Judgements – (cont'd)**d) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recuperated.

e) Share-Based Payment Transactions

The Company measures the cost of equity-settled transactions with employees, and some with non-employees, by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

**Note 5     Cash**

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

At November 30, 2011 and February 28, 2011, the Company had no GICs. All of the Company's cash is held at one financial institution and as such the Company is exposed to the risks of that financial institution.

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**Note 6    Equipment**

	<b>Vehicles</b>		<b>Computer Equipment</b>		<b>Total</b>
<b>Cost</b>					
Balance March 1,2010	\$	-	\$	-	\$ -
Additions		51,943		1,583	53,526
Balance February 28, 2011		51,943		1,583	53,526
Additions		-		281	281
Dispositions		(51,943)		-	(51,943)
<b>Balance November 30, 2011</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1,864</b>	<b>\$ 1,864</b>
<b>Depreciation and impairment loss</b>					
Balance March 1,2010	\$	-	\$	-	\$ -
Depreciation for the year		8,402		156	8,558
Balance February 28, 2011		8,402		156	8,558
Depreciation for the period		5,194		618	5,812
Recovery on dispositions		(13,596)		-	(13,596)
<b>Balance November 30, 2011</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>774</b>	<b>\$ 774</b>
<b>Carrying amounts</b>					
Balance February 28, 2011	\$	43,541	\$	1,427	\$ 41,155
<b>Balance November 30, 2011</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1,090</b>	<b>\$ 1,090</b>

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**Note 7 Exploration and Evaluation Assets**

	<b>Timber Property</b>	<b>Guadalupe Property</b>	<b>Petlacala Property</b>	<b>Total</b>
Balance March 1, 2010	\$ 29,299	\$ -	\$ -	\$ 29,299
Acquisition Cost:				
Cash payments and advances	-	108,321	1,070,236	1,178,557
500,000 common shares at \$0.25	-	-	125,000	125,000
100,000 common shares at \$0.25	-	-	25,000	25,000
1,000,000 common shares at \$0.22	-	220,000	-	220,000
Exploration Cost:				
Assays and sampling	-	-	53,538	53,538
Geological consulting	-	-	66,338	66,338
Site restoration – Note 8	-	-	24,285	24,285
Write-down	(29,299)	-	-	(29,299)
Exploration and Evaluation Assets, February 28, 2011	-	328,321	1,364,397	1,692,718
Acquisition Cost:				
Cash payments and advances	-	-	529,140	529,140
Exploration Cost:				
Geological	-	-	900	900
Property maintenance	-	48,840	-	48,840
<b>Exploration and Evaluation Assets, November 30, 2011</b>	<b>\$ -</b>	<b>\$ 377,161</b>	<b>\$ 1,894,437</b>	<b>\$ 2,271,598</b>

During the period ended November 30, 2011 and included in E&E amounts capitalized above, the Company incurred charges of \$530,946 which remained in trade and other payables as at November 30, 2011. As a non-cash transaction, this amount has been excluded from the statement of cash flows for the period ended November 30, 2011.

**Petlacala Property**

On April 9, 2010 the Company entered into non-binding agreement, pursuant to a Letter of Intent (the “LOI”) with Cortez Minera Mexicana, S.A. de C.V. (“Minera Mexicana”), a private Mexican company. The LOI sets out the terms upon which the Company can acquire 100% of the issued and outstanding shares of Minera Mexicana. Minera Mexicana holds an option to purchase a 100% interest in the Petlacala gold-silver project in Guerrero State, Mexico, under an option agreement dated April 2, 2010 with the property vendor, Minera Petlacala, S.A. de C.V. (“Minera Petlacala”).

Effective August 6, 2010 and amended July 27, 2011 the Company executed the Definitive Agreement with Minera Mexicana and its shareholders formalizing the transaction. In order to acquire the shares of Minera Mexicana, the Company must make cash payments of US\$1,700,000 over 48 months and issue 4,000,000 shares of the Company over 24 months as follows:

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### **Note 7 Exploration and Evaluation Assets – (cont'd)**

#### Petlacala Property – (cont'd)

- (i) US \$50,000 upon signing of the Letter of Intent (paid);
- (ii) US \$50,000 upon signing a definitive agreement\*;
- (iii) an additional US \$100,000 and issue 2,000,000 shares of the Company by August 6, 2011\*;
- (iv) an additional US \$300,000 and issue 2,000,000 shares of the Company by August 6, 2012;
- (v) an additional US \$400,000 by August 6, 2013; and
- (vi) an additional US \$800,000 by August 6, 2014.

*\*As at November 30, 2011, the US\$50,000 due upon signing of a definitive agreement (August 6, 2010) and US\$100,000 and issuance of 2,000,000 due by August 6, 2011 have not yet been paid, however Minera Mexicana has not demanded payment or given notice of default and has confirmed the agreement is still in good standing. These amounts have been accrued and were included in trade and other payables as at November 30, 2011 (February 28, 2011: US\$50,000).*

In order to acquire a 100% interest in the Petlacala property from Minera Petlacala, Minera Mexicana must conduct a 3,000 meter drill program (completed) and make payments as follows:

- (i) \$5,000,000 in cash over 60 months of signing the agreement (US \$75,000 paid during the year ended February 28, 2011 and US \$75,000 during the period ended November 30, 2011 and US \$200,000 had been accrued and was included in trade and other payables as at November 30, 2011 accruing interest at 1% per month ) ;
- (ii) Issuance of 500,000 shares of Minera Mexicana, which may be substituted with shares of the Company (issued); and
- (iii) Completion of staged exploration expenditures of \$7,000,000 over 60 months.

Under the terms of the Share Purchase Agreement, the Company has agreed to fund the above cash, share and expenditure commitments required by Minera Mexicana to earn an interest in the Petlacala property.

In addition, Minera Petlacala will retain a 2% Net Profit Royalty. The Company has issued 100,000 shares as a finder's fee.

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### **Note 7 Exploration and Evaluation Assets – (cont'd)**

#### Real de Guadalupe Property

On November 1, 2010 the Company entered into a letter of agreement (the “Agreement”) with Minera Ligia, S.A. de C.V. (“Minera Ligia”), a private Mexican company at arm’s length to the Company. The Agreement sets out the terms upon which the Company can acquire 100% of the issued and outstanding shares of Minera Ligia which holds an option to purchase a 100% interest in the Real de Guadalupe polymetallic gold-silver-copper-zinc-lead project in Guerrero State, Mexico, under an option agreement dated March 12, 2010 with the current property vendors.

The Agreement provides the Company with the exclusive right to conduct due diligence on the property and on Minera Ligia, for the purpose of finalizing the agreement to purchase the shares of Minera Ligia, for cash payments of US \$800,000 over 48 months, the issue of 5,000,000 shares of the Company and expenditure of a minimum of \$1,800,000 on exploration expenses over a period of 4 years from the effective date of November 19, 2010, as follows:

- (i) Pay US \$50,000 upon signing of the Letter Agreement (paid);
- (ii) Pay US \$50,000 (paid) and issue 1,000,000 shares (issued) on November 19, 2010;
- (iii) expend US\$200,000 on exploration expenditures by November 19, 2011\*;
- (iv) Pay US \$100,000, issue 1,000,000 shares and incur exploration expenditures of \$300,000 by November 19, 2012;
- (v) Pay US \$100,000, issue 1,000,000 shares and incur exploration expenditures of \$500,000 by November 19, 2013; and
- (vi) Pay US \$500,000, issue 2,000,000 shares and incur exploration expenditures of \$800,000 by November 19, 2014.

*\*As at November 19, 2011, the US\$200,000 in exploration expenditures had not been made by the Company, however Minera Ligia has not given notice of default and has confirmed the agreement is still in good standing.*

#### Altiplano Goldsilver Processing Plant

On February 17, 2011, the Company has entered into a binding letter of intent (“LOI”) with Altiplano Goldsilver, S.A. de C.V. of Mexico (“Altiplano”), whereby the Company can acquire 100% of the issued and outstanding shares of the Altiplano. Altiplano has title to 20 hectares of land in Matehuala, S.L.P., Mexico, and to the buildings and equipment located thereon (the “Processing Plant”). The Processing Plant is in an advanced stage of construction (70% complete) and is scheduled for start-up upon receipt of necessary financing to complete. The Processing Plant is designed to process 16,500 tons per year of lead and copper concentrates with high content of gold and silver and is expected to produce an estimated 48,000 ounces of gold and 1,900,000 silver ounces per year.

The consideration for the proposed acquisition will be 6,000,000 shares of the Company at a deemed price of \$0.10 (issued subsequent to November 30, 2011) and a commitment to spend US\$1.3 million to develop and complete construction of the processing plant over 18 months. The acquisition received Exchange acceptance on June 1, 2011.

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### **Note 7 Exploration and Evaluation Assets – (cont'd)**

#### Altiplano Goldsilver Processing Plant – (cont'd)

On October 17, 2011, the Company has accepted a letter of intent (“LOI”) from Banco Base, S.A. Institucion de Banca Multiple (“BASE”) for an operating line of credit in the amount of US\$2.5 million (the “Credit Facility”) for the acquisition of inventory and operating expenses of the mineral processing business.

The Credit Facility is subject to certain conditions, including a definitive credit agreement to be executed by BASE and the Company and completion of specified conditions precedent.

#### Timber Property

The Company entered into a letter of agreement with Strategic Metals Ltd. (“Strategic”) dated January 14, 2010 under which the Company had the right and option to earn an undivided 50% interest in the Timber Property located in southeast Yukon Territory. The Option Agreement provided that the Company pay to Strategic an aggregate of \$150,000 in cash and commit to \$1,000,000 in exploration expenditures over a three-year period, in order to earn its interest.

Subsequent to February 28, 2011 the Company terminated the proposed acquisition of the Timber Property. Consequently, the Company recorded a write-down of \$29,299 in the statement of operations and deficit for the year ended February 28, 2011 relating to payments and expenditures on this property.

#### Environmental Protection Practices and Asset Retirement Obligation

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in a material liability to the Company, other than the amount accrued.

Included in the carrying value of interests in mineral property options is US\$24,285 (US\$25,000) (2011: \$24,285 [US\$25,000]) accrued as estimated reclamation costs (Note 8) arising as a result of trenching work completed on the Company’s Petlacala property.

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**Note 8 Rehabilitation Provision**

	United States Dollar	Canadian Dollar
Balance March 1, 2010	\$ -	\$ -
Change in Petlicata rehabilitation liability estimate	25,000	24,285
Balance, February 28, 2011	25,000	24,285
Accretion of discount	376	373
Effect of foreign exchange	-	1,233
<b>Balance, November 30, 2011</b>	<b>\$ 25,376</b>	<b>\$ 25,891</b>

The discount accretion has been included in finance costs for the period ended November 30, 2011, and added back as a non-cash transaction on the statement of cash flows. The Company makes full provision for the future cost of site rehabilitation on a discounted basis at the time E&E activities take place. The rehabilitation provision represents the present value of rehabilitation costs relating to E&E activities, which are expected to be incurred in or after 2014.

**Note 9 Share Capital and Reserves**a) Common Shares

The Company is authorized to issue an unlimited number of common shares, issuable in series.

The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which are declared from time-to-time. No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual assets.

At November 30, 2011, 900,001 (February 28, 2011: 1,200,001) shares were held in escrow subject to an escrow agreement and are being released in accordance with CPC policy guidelines.

The following is a summary of changes in common share capital from March 1, 2010 to November 30, 2011:

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**Note 9 Share Capital and Reserves – (cont'd)**a) Common Shares – (cont'd)

	<b>Number</b>	<b>Issue Price</b>	<b>Amount</b>
Balance, March 1, 2010	9,100,001		\$ 1,454,846
Issued for cash pursuant to:			
Private placement	4,000,000	\$0.30	1,021,500
Issued for acquisition of mineral Property	500,000	\$0.25	125,000
Issued for acquisition of mineral Property	1,000,000	\$0.22	220,000
Issued for finder's fee for acquisition of mineral property	100,000	\$0.25	25,000
Share issue costs	-		(76,176)
<b>Balance, February 28, 2011</b>	<b>14,700,001</b>		<b>2,770,170</b>
Issued for cash pursuant to:			
Private placement	11,283,149	\$0.10	1,042,067
Share issue costs	-		(61,480)
<b>Balance, November 30, 2011</b>	<b>25,983,150</b>		<b>3,750,757</b>

During the period ended November 30, 2011, the Company completed a non-brokered private placement of up to 11,283,149 units (the "Units") at \$0.10 per Unit for proceeds of \$1,128,315. Each Unit consist of one share and one-half of one share purchase warrant (a "Warrant") with each whole Warrant entitling the holder to acquire an additional common share for two years at \$0.20 per share. The Company may choose to accelerate the expiry date of the Warrants if the Company's shares on the Exchange close at a minimum of \$0.30 for a period of 20 consecutive trading days.

The \$1,128,315 proceeds from the private placement were allocated to the shares and warrants pro rata, using the market value of the shares and the fair value of the warrants. As a result, share capital increased by \$1,042,067 and warrants increased by \$86,248.

The fair value of warrants issued was determined using the Black-Scholes model with the following assumptions:

Dividend rate	0%
Risk-free interest rate	1.53%
Expected life	2 Years
Expected annual volatility	62%

All of the securities issued pursuant to this offering will have a hold period expiring four months after the closing date. The Company paid finder's fees of \$40,174 (\$10,174 paid,

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(Unaudited) - Page 20**Note 9** **Share Capital and Reserves** – (cont'd)a) Common Shares – (cont'd)

\$30,000 paid subsequent November 30, 2011) and issued 31,999 warrants subject to the policies of the Exchange.

The fair value of agents' warrants was determined using the Black-Scholes model with the following assumptions:

Dividend rate	0%
Risk-free interest rate	1.53%
Expected life	1 Year
Expected annual volatility	57%

During the year ended February 28, 2011, the Company completed two private placements for proceeds of \$1,200,000 pursuant to the issue of 4,000,000 units at \$0.30 per unit. Each Unit consists of one common share and one-half of one warrant, with each whole warrant entitling the holder to acquire an additional common share at \$0.45 per share until May, 2012 and December, 2012, respectively.

The \$1,200,000 proceeds from the private placement were allocated to the shares and warrants pro rata, using the market value of the shares and the fair value of the warrants. As a result, share capital increased by \$1,021,500 and warrants increased by \$178,500.

The fair value of warrants issued was determined using the Black-Scholes model with the following assumptions:

Dividend rate	0%
Risk-free interest rate	1.62%
Expected life	2 Years
Expected annual volatility	62%

An aggregate of \$61,110 in cash was paid to various finders for that portion of the financing attributable to these finders' efforts. In addition, a total of 160,800 in agents' warrants were issued, each warrant being exercisable at \$0.31 until May 18, 2011. Share issue costs include \$15,066 calculated as the fair value of the agent's warrants.

The fair value of agents' warrants was determined using the Black-Scholes model with the following assumptions:

Dividend rate	0%
Risk-free interest rate	1.62%
Expected life	1 Year
Expected annual volatility	57%

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(Unaudited) - Page 21**Note 9**    **Share Capital and Reserves** – (cont'd)a) Common Shares – (cont'd)

During the year ended February 28, 2011, the Company issued 500,000 common shares valued at \$0.25 per share pursuant to the Petlacala Property acquisition (Note 7). The Company also issued 100,000 common shares as finder's fees in that acquisition. These shares are valued at \$125,000 and \$25,000, respectively, using the quoted market price of the Company's shares on the date of issuance. Also, during the year ended February 28, 2011, the Company issued 1,000,000 common shares valued at \$0.22 per share pursuant to the Real de Guadalupe Property acquisition (Note 7). These shares are valued at \$220,000 using the quoted market price of the Company's shares on the date of issuance. Both of the above issuances have been excluded from the statement of cash flows.

b) Contributed Surplus

As at November 30, 2011, February 28, 2011 and March 1, 2010, contributed surplus consisted of the following:

	<b>November 30, 2011</b>	<b>February 28, 2011</b>	<b>March 1, 2010</b>
Warrants	\$ 271,054	\$ 193,566	\$ -
Expired warrants	23,954	8,888	8,888
Share purchase options	214,872	219,459	41,467
Forfeited share purchase options	19,726	15,139	11,190
<b>Contributed surplus</b>	<b>\$ 529,606</b>	<b>\$ 437,052</b>	<b>\$ 61,545</b>

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**Note 9 Share Capital and Reserves – (cont'd)**c) Share Purchase Warrants

A summary of the Company's outstanding share purchase warrants as at November 30, 2011, February 28, 2011 and March 1, 2010 and the changes during the period ended November 30, 2011 and the year ended February 28, 2011 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Amount
Outstanding at March 1, 2010	-	-	\$ -
Issued	2,160,800	\$0.44	193,566
Outstanding at February 28, 2011	2,160,800	\$0.44	193,566
Issued	6,273,573	\$0.19	92,554
Expired	(160,800)	\$0.31	(15,066)
<b>Outstanding at November 30, 2011</b>	<b>8,273,573</b>	<b>\$0.25</b>	<b>\$ 271,054</b>

At November 30, 2011, there were 8,273,573 warrants exercisable to purchase one common share for each option held as follows:

Number of Warrants	Exercise Price	Expiry Date
1,288,000	\$0.45	May 18, 2012
462,000	\$0.45	May 31, 2012
250,000	\$0.45	December 7, 2012
2,486,047	\$0.20	August 31, 2013
287,999	\$0.10	August 31, 2012
1,243,027	\$0.20	October 19, 2013
144,000	\$0.10	October 19, 2012
1,912,500	\$0.20	November 28, 2013
200,000	\$0.10	November 28, 2013
<b>8,273,573</b>	<b>\$0.25</b>	

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**Note 9 Share Capital and Reserves – (cont'd)**d) Share-Based Payments

The Company, in accordance with the policies of the Exchange, is authorized to grant share purchase options to directors, officers, employees and service providers to acquire up to 10% of common stock outstanding (the "Plan"). Under the Plan, options may be granted at, not less than the closing market price of the Company's shares on the day preceding the grant for a maximum term of 5 years. No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months.

The following is a summary of changes in options from February 28, 2011 to November 30, 2011:

Grant Date mm/dd/yy	Expiry Date mm/dd/yy	Exercise Price	Opening Balance	During the Period			Closing, Vested and Exercisable
				Granted	Exercised	Forfeited	
08/20/07	08/20/12	\$0.20	275,000	-	-	-	275,000
08/20/07	08/20/17	\$0.20	10,000	-	-	-	10,000
04/15/10	04/15/15	\$0.35	595,000	-	-	(15,000)	580,000
			880,000	-	-	(15,000)	865,000
Weighted Average Exercise Price			\$0.30	-	-	-	\$0.30
Fair Value of Options			\$219,159	-	-	(4,287)	\$ 214,872

The following is a summary of changes in options from March 1, 2010 to February 28, 2011:

Grant Date mm/dd/yy	Expiry Date mm/dd/yy	Exercise Price	Opening Balance	During the Year			Closing, Vested and Exercisable
				Granted	Exercised	Forfeited	
08/20/07	08/20/12	\$0.20	305,000	-	-	(30,000)	275,000
08/20/07	08/20/17	\$0.20	10,000	-	-	-	10,000
04/15/10	04/15/15	\$0.35	-	595,000	-	-	595,000
			315,000	595,000	-	(30,000)	880,000
Weighted Average Exercise Price			\$0.20	\$0.35	-	\$0.20	\$0.30
Fair Value of Options			\$ 41,167	\$181,941	-	\$ (3,949)	\$ 219,159

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(Unaudited) - Page 24**Note 9**    **Share Capital and Reserves** – (cont'd)d) Share-Based Payments – (cont'd)

The weighted average fair value, at grant date, of options granted during the year ended February 28, 2011, was \$0.31 per option. No options were granted during the period ended November 30, 2011. During the period ended November 30, 2011, 15,000 options were canceled.

Options issued to directors and employees are determined using the Black-Scholes option pricing model. Options issued to service providers are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes model.

The Black-Scholes option pricing model, takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended February 28, 2011 included:

Grant date mm/dd/yy	04/15/10
Expiry date mm/dd/yy	04/15/15
Spot price at grant	\$0.35
Exercise price	\$0.35
Dividend rate	0%
Risk-free interest rate	2.55%
Expected life	5 Year
Expected annual volatility	198%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

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**Note 9** Share Capital and Reserves – (cont'd)e) Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the period as part of the Company expenses as follows:

	November 30, 2011	November 30, 2010
Accounting and audit fees	\$ -	\$ 12,231
Legal and corporate services	-	108,552
Management activities	-	45,868
Shareholder communications	-	15,290
<b>Total share-based compensation</b>	<b>\$ -</b>	<b>\$ 181,941</b>

**Note 10** Income Taxes

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the interim period. The Company's effective tax rate for the period ended November 30, 2011 was 26.33% (November 30, 2010: 28.20%).

The difference between tax expense for the period and the expected income taxes based on the statutory rate are as follows:

	November 30, 2011	November 30, 2010
Loss before income taxes	\$ (352,877)	\$ (717,712)
Basic statutory and provincial income tax rate	26.33%	28.20%
Expected tax recovery on net loss, before income tax	(93,000)	(202,400)
Differences due to recognition of items for tax purposes:		
Permanent differences	7,600	65,600
Effect of reduction in statutory rate	-	13,400
Share issue costs	(15,500)	(4,500)
Unrecognized non-capital loss carry-forwards	100,900	127,900
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

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**Note 10 Income Taxes – (cont'd)**

The nature and tax effect of the temporary differences giving rise to the deferred income tax assets and liabilities at November 30, 2011 and February 28, 2011 are summarized as follows:

	February 28, 2011	Recognized in profit or loss	Recognized in equity	November 30, 2011
Non-capital losses carried forward	\$ 345,000	\$ 100,900	\$ -	\$ 445,900
Mineral property expenditures	62,000	-	-	62,000
Undeducted financing cost	28,000	-	(1,000)	27,000
Equipment	(3,000)	3,000	-	-
	432,000	103,900	(1,000)	534,900
Less: Unrecognized deferred tax asset	(432,000)	(103,900)	1,000	(534,900)
<b>Deferred income tax liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

	March 1, 2010	Recognized in profit or loss	Recognized in equity	February 28, 2011
Non-capital losses carried forward	\$ 181,000	\$ 164,000	\$ -	\$ 345,000
Mineral property expenditures	56,000	6,000	-	62,000
Undeducted financing cost	23,000	-	5,000	28,000
Equipment	-	(3,000)	-	(3,000)
	260,000	167,000	5,000	432,000
Less: Unrecognized deferred tax asset	(260,000)	(167,000)	(5,000)	(432,000)
<b>Deferred income tax liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

As at November 30, 2011, the Company had estimated non-capital losses for Canadian tax purposes of \$1,764,000. These losses may be carried forward to reduce taxable income derived in future years. A summary of these tax losses and their year of expiry are as follows:

Year of Expiry	Non-Capital Losses
2028	\$ 96,000
2029	111,000
2030	516,000
2031	654,000
2032	387,000
Total	\$ 1,764,000

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**Note 10 Income Taxes – (cont'd)**

The potential benefits of these carry-forward non-capital losses and deductible temporary differences have not been recognized in these condensed interim financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

**Note 11 Related Party Transactions**

The following is a summary of charges incurred by the Company with related parties:

Nine months ended	November 30, 2011	November 30, 2010
Accounting and audit fees	\$ 16,933	\$ 17,500
Finance costs	3,095	-
Legal and corporate services	-	41,281
Management activities	39,000	73,368
Office, rent and administration	45,000	65,644
Shareholder communications	11,250	10,250
Total	\$ 115,278	\$ 208,043

During the period ended November 30, 2010, the Company granted share purchase options to directors and officers. The fair value of the options granted to directors of \$41,281 is included in legal and corporate services. The fair value of options granted to directors that serve as officers of \$45,868 is included in management activities. No options were granted to directors or officers during the period ended November 30, 2011.

During the period ended November 30, 2011, the Company incurred office, rent and administration charges of \$45,000 (November 30, 2010: \$47,000), accounting fees of \$15,750 (November 30, 2010: \$15,750) of shareholders communications of \$11,250 (November 30, 2010: \$10,250) and finance cost of \$2,155 (November 30, 2010: \$Nil) to a company controlled by a director and officer of the Company. Included in trade and other payables at November 30, 2011 was \$Nil (February 28, 2011: \$67,942) payable to this company.

The Company also paid management fees of \$39,000 (November 30, 2010: \$27,500) and finance cost of \$940 (November 30, 2010: \$Nil) to two officers who are also directors of the Company and accounting services of \$1,183 (November 30, 2010: \$1,750) to company controlled by a director. At November 30, 2011, included in trade and other payables is \$Nil (February 28, 2011: \$10,600) due to two directors, who are also officers, in respect of management activities and HST.

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**Note 11 Related Party Transactions – (cont'd)**

Included in prepaid expenses at November 30, 2011, is \$8,000 (February 28, 2011: \$8,000) for prepaid rent and refundable expenses advanced to a company controlled by a director.

These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

**Note 12 Segmented Reporting**

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and E&E activities in Mexico.

**Note 13 Loss Per Share**

The denominator for the calculation of loss per share, being the weighted average number of common shares, is calculated as follows:

<b>Nine months ended</b>	<b>November 30, 2011</b>	<b>November 30, 2010</b>
Issued common shares at March 1	14,700,001	9,100,001
Effect of shares issued on May 18, 2010	-	1,845,353
Effect of shares issued on May 31, 2010	-	618,240
Effect of shares issued on July 12, 2010	-	258,182
Effect of shares issued on August 6, 2010	-	255,273
Effect of shares issued on November 19, 2010	-	43,636
Effect of shares issued on August 31, 2011	1,663,392	-
Effect of shares issued on October 19, 2011	388,728	-
Effect of shares issued on November 28, 2011	41,727	-
Weighted average number of common shares (basic and diluted)	16,793,848	12,120,685

**Note 14 Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

There have been no changes in the Company's approach to capital management during the period ended November 30, 2011.

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(Unaudited) - Page 29**Note 15 Financial Instruments**a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of November 30, 2011. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at November 30, 2011 is \$605,603. Cash is held at a chartered Canadian financial institution.

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company achieves this by maintaining sufficient cash reserves. As at November 30, 2011, the Company was holding cash of \$605,603. The Company's trade and other payables and amounts due to related parties are due in the short term.

d) Currency Risk

Currency risk is the risk that funds held in currencies other than the operating currency will fluctuate negatively, resulting in a foreign exchange loss. The Company is exposed to currency risk with respect to its cash, the balance of which at November 30, 2011 was \$605,603. Of the cash balance, US Dollars of \$613 (CDN\$626) is held at a Canadian financial institution.

**Note 16 Comparative Figures**

Certain comparative figures for the period ended November 30, 2010 and as at February 28, 2011 and March 1, 2010, have been reclassified to conform to the current year's financial statement presentation.

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### **Note 17 First Time Adoption of International Financial Reporting Standards**

The Company's financial statements for the year ending February 29, 2012, are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was March 1, 2010 (the "Transition Date"). IFRS 1 requires first time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be February 29, 2012. However, it also provides certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to Transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian GAAP.

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

#### Optional Exemptions

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

##### *Business Combinations*

The Company elected to not retrospectively apply IFRS 3 Business Combinations to any business combinations, as no business combinations had occurred prior to its Transition Date.

##### *Share-Based Payment Transactions*

The Company has elected to not retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition date. As a result of applying this exemption, the Company will apply the provision of IFRS 2 only to all outstanding equity instruments that are unvested at the Transition Date.

##### *Compound Financial Instruments*

The Company has elected to not retrospectively separate the liability and equity components of compound instruments for which the liability component is no longer outstanding at the Transition Date.

##### *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

The Company has elected to apply the exemption from full retrospective application of decommissioning provisions as allowed under IFRS 1. As a result, the Company has re-measured the provisions at January 1, 2010 under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and estimated the amount to be included in the cost of the related asset by discounting the liability to the date at which the liability first arose.

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(Unaudited) - Page 31**Note 17 First Time Adoption of International Financial Reporting Standards – (cont'd)**Optional exemptions – (cont'd)*Borrowing Costs*

The Company has elected to not apply the transitional provisions of IAS 23 Borrowing Costs, which permits prospective capitalization of borrowing costs on qualifying assets from the Transition Date.

Mandatory Exemptions*Derecognition of Financial Assets and Liabilities*

The Company has applied the derecognition requirements of IAS 39 Financial Instruments: Recognition and Measurement, prospectively from the Transition Date. As a result, any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAAP have not been reviewed for compliance with IAS 39.

*Estimates*

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any differences in accounting policy or where there was objective evidence that those estimates were in error. As a result, the Company has not used hindsight to reverse estimates.

Reconciliation of Pre-Changeover GAAP Equity and Comprehensive Loss to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the statements of financial position and statements of comprehensive income as shown below have resulted in reclassifications of various amounts on the statement of cash flows, however as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been prepared.

i) *Deferred Income Taxes*

IFRS requires that deferred income taxes be recognized for all temporary differences, with some exceptions. One such exception being where the initial recognition of an asset or liability in a transaction is not a business combination at the time of the transaction and affects neither accounting profit (loss) nor taxable profit (loss). This exception did not exist under pre-changeover Canadian GAAP.

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**Note 17    First Time Adoption of International Financial Reporting Standards – (cont'd)**

Reconciliation of Pre-Changeover GAAP Equity and Comprehensive Loss to IFRS – (cont'd)

i) *Deferred Income Taxes – (cont'd)*

Under pre-changeover GAAP as at February 28, 2011, the Company recognized a future income tax liability of \$48,000 based upon investments towards the potential future acquisition Minera Mexicana. Under IFRS, because a business combination has not occurred and the transactions do not affect accounting or taxable profit (loss), there is no provision for deferred income tax liability on the Company's IFRS compliant condensed interim financial statements.

ii) *Private Placement Warrants*

Historically, the Company has raised funds through private placement financings, which often include the issuance of warrants as a component of each unit that is sold in these financings. Under Pre-changeover GAAP, the Company has used the residual method in determining the fair value of the warrant component of the unit. Utilizing this method, the Company would calculate the fair value of the share component to be lesser of the market price for the shares on the date of grant, and the offering price. The fair value of the warrant component of the unit would then be assigned the residual of the private placement proceeds, less the fair value of the share component.

IFRS calls for the Company to determine the fair value of the warrant component separately, using a valuation technique. Using the Black-Scholes valuation model to determine a fair value for the warrant and the market value of the shares, under IFRS, the Company has allocated the proceeds from financings to the shares and warrants pro rata based upon their respective fair values.

As a result of this difference, the Company has increased the value assigned to the warrant component of its financings. At November 30, 2010 and February 28, 2011, the Company has reclassified \$66,220, from share capital to contributed surplus. There was no effect on the March 1, 2010 figures.

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**Note 17    First Time Adoption of International Financial Reporting Standards – (cont'd)**Reconciliation of Statement of Financial Position as at March 1, 2010 – Transition Date

	Note	Pre-Changeover Canadian GAAP	Effect of Transition to IFRS	IFRS
<b><u>ASSETS</u></b>				
Current				
Cash		\$ 137,365	\$ -	\$ 137,365
Value Added Taxes recoverable		14,247	-	14,247
Prepaid expenses		-	-	-
Short-term investments		421,136	-	421,136
		572,748	-	572,748
Non-current assets				
Equipment		-	-	-
Exploration and evaluation assets		29,299	-	29,299
		29,299	-	29,299
<b>Total assets</b>		\$ 602,047	\$ -	\$ 602,047
<b><u>LIABILITIES</u></b>				
Current liabilities				
Trade and other payables		\$ 29,977	\$ -	\$ 29,977
		29,977	-	29,977
Non-current liabilities				
Rehabilitation provision		-	-	-
Deferred income tax liability		-	-	-
		29,977	-	29,977
<b><u>SHAREHOLDERS' EQUITY</u></b>				
Share capital		1,454,846	-	1,454,846
Contributed surplus		61,545	-	61,545
Accumulated deficit		(944,321)	-	(944,321)
		572,070	-	572,070
<b>Total liabilities and shareholders' equity</b>		\$ 602,047	\$ -	\$ 602,047

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**Note 17 First Time Adoption of International Financial Reporting Standards – (cont'd)**Reconciliation of Statement of Financial Position as at November 30, 2010

	Note	Pre-Changeover Canadian GAAP	Effect of Transition to IFRS	IFRS
<b><u>ASSETS</u></b>				
Current				
Cash		\$ 118,206	\$ -	\$ 118,206
Value Added Taxes recoverable		130,956	-	130,956
Prepaid expenses		135,935	-	135,935
		385,097	-	385,097
Non-current assets				
Equipment		48,211	-	48,211
Exploration and evaluation assets		1,181,876	-	1,181,876
		1,230,087	-	1,230,087
<b>Total assets</b>		<b>\$ 1,615,184</b>	<b>\$ -</b>	<b>\$ 1,615,184</b>
<b><u>LIABILITIES</u></b>				
Current liabilities				
Trade and other payables		\$ 69,993	\$ -	\$ 69,993
		69,993	-	69,993
Non-current liabilities				
Rehabilitation provision		-	-	-
Deferred income tax liability		-	-	-
		69,993	-	69,993
<b><u>SHAREHOLDERS' EQUITY</u></b>				
Share capital	(ii)	2,836,390	(66,220)	2,770,170
Contributed surplus	(ii)	370,832	66,220	437,052
Accumulated deficit		(1,662,033)	-	(1,662,033)
		1,545,189	-	1,545,189
<b>Total liabilities and shareholders' equity</b>		<b>\$ 1,615,182</b>	<b>\$ -</b>	<b>\$ 1,615,182</b>

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**Note 17 First Time Adoption of International Financial Reporting Standards – (cont'd)**Reconciliation of Statement of Financial Position as at February 28, 2011

	Note	Pre-Changeover Canadian GAAP	Effect of Transition to IFRS	IFRS
<b><u>ASSETS</u></b>				
Current				
Cash		\$ 6,435	\$ -	\$ 6,435
Value Added Taxes recoverable		169,215	-	169,215
Prepaid expenses		17,962	-	17,962
Short-term investments		-	-	-
		193,612	-	193,612
Non-current assets				
Equipment		44,968	-	44,968
Exploration and evaluation assets	(i)	1,740,771	(48,053)	1,692,718
		1,785,739	(48,053)	1,737,686
<b>Total assets</b>		<b>\$ 1,979,351</b>	<b>\$ (48,053)</b>	<b>\$ 1,931,298</b>
<b><u>LIABILITIES</u></b>				
Current liabilities				
Trade and other payables		\$ 528,133	\$ -	\$ 528,133
		528,133	-	528,133
Non-current liabilities				
Rehabilitation provision		24,285	-	24,285
Deferred income tax liability	(i)	48,053	(48,053)	-
		600,471	(48,053)	552,418
<b><u>SHAREHOLDERS' EQUITY</u></b>				
Share capital	(ii)	2,836,390	(66,220)	2,770,170
Contributed surplus	(ii)	370,832	66,220	437,052
Accumulated deficit		(1,828,342)	-	(1,828,342)
		1,378,880	-	1,378,880
<b>Total liabilities and shareholders' equity</b>		<b>\$ 1,979,351</b>	<b>\$ (48,053)</b>	<b>\$ 1,931,298</b>

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**Note 17    First Time Adoption of International Financial Reporting Standards – (cont'd)**Reconciliation of Statement of Comprehensive Loss for the Nine Months Ended  
November 30, 2010

	Note	Pre-Changeover Canadian GAAP	Effect of Transition to IFRS	IFRS
Revenue				
Finance revenue		\$ 420	\$ -	\$ 420
Expenses				
Accounting and audit fees		44,047	-	44,047
Depreciation		4,539	-	4,539
Finance cost		2,135	-	2,135
Foreign exchange (gain) loss		2,707	-	2,707
Legal and corporate services		237,398	-	237,398
Management activities		182,446	-	182,446
Office, rent and administration		82,106	-	82,106
Pre-exploration cost		2,117	-	2,117
Shareholder communications		124,282	-	124,282
Transfer agent and filing fees		36,355	-	36,355
Total expenses		(718,132)	-	(718,132)
<b>Loss and comprehensive loss for the period</b>		<b>\$ (717,712)</b>	<b>\$ -</b>	<b>\$ (717,712)</b>
Basic and diluted loss per share		\$ (0.07)	\$ -	\$ (0.07)

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**Note 17    First Time Adoption of International Financial Reporting Standards – (cont'd)****Reconciliation of Statement of Comprehensive Loss for the Year Ended February 28, 2011**

	<b>Note</b>	<b>Pre-Changeover Canadian GAAP</b>	<b>Effect of Transition to IFRS</b>	<b>IFRS</b>
Revenue				
Finance revenue		\$ 420	\$ -	\$ 420
Expenses				
Accounting and audit fees		67,673	-	67,673
Depreciation		8,558	-	8,558
Finance cost		2,698	-	2,698
Foreign exchange (gain) loss		4,584	-	4,584
Legal and corporate services		258,657	-	258,657
Management activities		212,541	-	212,541
Office, rent and administration		85,946	-	85,946
Property investigation cost		5,463	-	5,463
Shareholder communications		164,990	-	164,990
Transfer agent and filing fees		44,032	-	44,032
Write-down of property		29,299	-	29,299
Total expenses		(884,441)	-	(884,441)
<b>Loss and comprehensive loss for the year</b>		<b>\$ (884,021)</b>	<b>\$ -</b>	<b>\$ (884,021)</b>
Basic and diluted loss per share		\$ (0.07)	\$ -	(0.07)