



**Management's Discussion & Analysis**

**Form 51-102F1**

**For the Six Months Ended March 31, 2014**

**COLOMBIA CREST GOLD CORP.**  
**Management's Discussion and Analysis (Form 51-102F1)**  
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The Management Discussion's and Analysis ("MD&A), prepared as of May 29, 2014, review and summarize the activities of Colombia Crest Gold Corp. ("Colombia Crest" or the "Company") and compare the financial results for the six months ended March 31, 2014, with those of the previous six months ended, March 31, 2013. This information is intended to supplement the unaudited condensed interim consolidated financial statements for the six months ended March 31, 2014 and the related notes thereto, which have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts included in this MD&A are stated in Canadian dollars unless otherwise indicated.

Colombia Crest's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "CLB" and its most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at [www.sedar.com](http://www.sedar.com) or through the Company's website at [www.Colombiacrest.com](http://www.Colombiacrest.com).

The "Qualified Person" under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for Colombia Crest's exploration projects in the following discussion and analysis is John Bolaños. Mr. Bolaños is a Professional Geologist (B.Sc.Eng) from Ecuador and earned a Master's degree in Mining Geology (M.Sc.) from Camborne School of Mines. He is a registered member of the Society of Mining, Metallurgy and Exploration of the USA (SME), a member of the Society of Economic Geologists (SEG), and is fluent in Spanish and English. Mr. Bolaños has 20 years of general management, exploration management and geological experience for Andean Gold Ltd., Ascendant Exploration S.A, Hampton Court Resources Company and Grant Mining S.A Companies.

#### **Forward-Looking Statements**

Except for the historical statements contained herein, this management's discussion and analysis presents "forward-looking statements" within the meaning of Canadian securities legislation that involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and other minerals and metals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "proposed" "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Colombia Crest to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to international operations, risks related to the integration of acquisitions; risks related to joint venture operations; actual results of current or future exploration activities; actual results of current or future reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other minerals and metals; possible variations in ore reserves, resources, grade or recovery rates; failure of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the management and officers of Colombia Crest believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Colombia Crest does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable

securities laws.

## **Overview**

After thirteen years of exploring in Bolivia, the Company disposed of its Bolivian assets in December, 2012 to focus its activities on the acquisition and exploration of mineral resource properties in Colombia. The Company executed two agreements in 2010 to earn up to a 75% interest in the mineral titles of the Fredonia and Venecia properties, both located in the department of Antioquia, Colombia near the City of Medellin.

In 2011, the Company acquired regional geology and geophysical data for the Fredonia-Venecia properties and identified a number of porphyry gold-copper targets including the Arabia target. The Arabia target was located about 10 kilometres west of Bellhaven Copper and Gold's La Mina project and about 15 kilometres south of Sunward Resources' Titiribi project, two projects with published porphyry associated gold-copper resources.

By early 2012, Colombia Crest outlined gold, copper, molybdenum and tellurium anomalies from rock and soil samples in the Arabia area and identified porphyry copper-gold targets. Rock chip samples returned up to 3.8 grams per tonne gold ("g/t Au") and soil samples showed four anomalous gold zones, defined as areas of greater than 40 parts per billion ("ppb") gold.

By November 2012, the Company had drilled a total of 18 holes for 6,500 metres of core in the Arabia area. Highlights of the drill program included 182 metres of 0.38 g/t Au from hole 4, with several intervals averaging over 0.5 g/t Au. It was interpreted that the holes had intersected the uppermost portions of a gold-rich porphyry complex at Arabia and that further drilling was necessary to determine if higher-grade gold mineralization occurred at depth.

The Garrucha target, located south of the La Mina property, was identified with sampling that returned anomalous gold, copper and molybdenum assays. Additionally, high-grade sample results were obtained in the El Retiro area, located east of the main porphyry belt, where rock chip samples returned up to 8.25 g/t Au and stream sediment samples returned up to 0.84 g/t Au.

Due to the downturn in the financing market for junior exploration companies in conjunction with the falling gold price, the Colombia Crest was unable to raise the necessary funds to continue exploration activities and as a result, management terminated both of its Colombian options in 2013.

The Company retains a 50% interest in the Fredonia property.

## **Mineral Properties**

### **Fredonia, Colombia**

Fredonia was the first acquisition by the Company in Colombia's gold-rich 300 kilometre-long Middle Cauca Belt. The southern end of the Middle Cauca Belt hosts the world class 24-million ounce La Calosa gold-copper resource. Total gold resources discovered the Middle Cauca Belt in the past 5 years has grown to almost 60 million ounces.

Under the Fredonia Agreement, prior to September 30, 2013, Colombia Crest retained the rights to explore 9 concessions, which includes six Technical Studies and three Contracts, covering approximately 13,123 hectares.

Pursuant to the Agreement dated August 13, 2010, which was amended August 16, 2011 and amended again on July 22, 2013, the Company could acquire a 75% interest in the Fredonia property as follows:

Date	Expenditures US\$		Common Shares / Warrants Issued	Cash US\$	Interest Earned
Upon signature of agreement	52,500	(cash paid)	-	10,000 (paid)	-
By September 28, 2010	97,500	(paid via issuance of 319,922 shares)	1,000,000 shares and 1,000,000 warrants (i) (issued)	-	-
By October 28, 2010	32,500	(ii)	319,922 shares (issued)	-	-
By March 28, 2011	47,500	(incurred)	-	50,000 (paid)	12.5%
By September 28, 2011	-		-	27,500 (paid)	25.0%
By March 28, 2012 (iii)	902,500	(incurred)	-	-	-
By March 28, 2013 (iii)	1,100,000	(incurred)	-	-	50.0%
By March 28, 2014 (iii)	600,000	(incurred)	-	-	50.0%
Total	<u>2,832,500</u>			<u>87,500</u>	<u>50.0%</u>

By March 28, 2019, upon completion of a positive feasibility study, or (through an amended agreement dated July 22, 2013) achieve gold resources of at least one million ounces in the “measured and indicated resource” category

75.0%

- (i) Each warrant exercisable to purchase an additional common share at \$0.40 per share expiring September 28, 2012.
- (ii) Reimbursement to optioner for taxes paid. By agreement with both parties, time for payment was extended to January, 2011 (paid).
- (iii) By an amendment agreement dated August 16, 2011, time stipulated was extended for six months.

Until July 22, 2013, the following terms were in effect in order for the Company to maintain its right to earn a 75% interest:

By June 27, 2014 (extended by six months by an amendment agreement dated August 16, 2011), the Company was provide the optionor written notice (the “Study Notification”) of the Company’s intention to fund the preparation of a feasibility study, which was to be completed by June 27, 2019 (extended by six months by an amendment agreement dated August 16, 2011). In order to maintain its “right to earn a” 75% interest, the optionor was to incur a minimum in exploration expenses of US\$250,000 during each one year period after the Study Notification until the earlier of: (i) completion of the feasibility study; or (ii) the end of such five year period. In the event the Company did not meet this expenditure requirement in any such one year period, the Company may maintain its right to earn a 75% interest by issuing common shares to the optionor with a value equivalent to the difference between the amount spent during that year and the US\$250,000 minimum, provided that such common shares shall be valued at the closing price on the TSXV on the last trading day before the applicable anniversary of the Study Notification date.

By an amendment agreement dated July 22, 2013, the terms as outlined above were replaced with the following:

In order to maintain its right to earn a 75% interest, the Company was to incur additional expenses aggregating at least US\$5,000,000 during the period commencing March 28, 2014 and ending March 31, 2019, with not less than US\$250,000 of such Annual Exploration Expenses being incurred during each one-year period after March 28, 2014; provided that the Company shall be deemed to have incurred the Annual Exploration Expenses for any one-year period if it pays an amount equal to the difference between the Annual Exploration Expenses actually incurred during the applicable period and US\$250,000 to the optionor within 30 days after the end of such 12 month period, in each case in cash or, at the option of the Company, in shares of the Company pursuant to specific conditions.

If the Company received any cash payments from any third party pursuant to any agreement for the sale or other disposition of an interest in the property, including by way of option or joint venture, the Company will pay to the Optionor an amount equal to 25% of such cash payments within 30 days after receipt of such payments.

Upon acquisition of a 75% interest in the Fredonia Property, the parties would have formed a 75/25 joint venture and funding of further exploration and development of the project would have been based on the parties' percentage interest. If the optionor choose not to contribute to funding such work its interest would have been diluted, based on an industry standard dilution formulae, to a minimum 2.5% net smelter royalty.

Due to lack of funding, in November, 2013, notice was provided to the optionor that the Company will maintain its earned 50% interest in the Fredonia property without intention to incur further exploration or concession expenditures at the present time. Future expenditures incurred by the optionor and/or other third parties may have the effect of diluting the Company's earned interest. At this stage it is uncertain if any future expenditures will be incurred or if the optionor will maintain the concessions. Therefore, \$3,232,315 in deferred exploration expenditures were written off and expensed as at September 30, 2013.

At the time when sufficient funding is obtained, management may consider reviving this project if conditions prove favourable.

### **Venecia, Colombia**

The Venecia property was owned by Colombian Mines Corporation and located within the Fredonia area. It adjoined the western edge of the La Mina property, owned by Bellhaven Copper and Gold Inc. Pursuant to an Earn In Agreement with Colombian Mines Corporation, dated March 30, 2011, Colombia Crest had an option to acquire up to a 75% interest in the mineral title of the 1,985 hectare Venecia property located in Antioquia, Colombia.

On August 29, 2013, the Company terminated the earn-in agreement for the Venecia project due to lack of funds combined with the lack of desired results from exploration activities. Deferred exploration expenditures of \$3,368,371 were written off and expensed as at September 30, 2013.

### **Machacala, Peru**

On August 16, 2013, the Company signed a letter of intent with Affinity Gold Corp. ("Affinity") (OCT: AFYG) to earn a 30% in its Peruvian gold-silver Machacala project near Trujillo, Peru. A deposit of US \$5,000 has been paid to Affinity. When the Company obtains sufficient financing, it will proceed on working towards a definitive agreement with Affinity.

### **Resignation of CEO**

Effective September 9, 2013, Hans Rasmussen, resigned as the Company's President and CEO but, remains a director of the Company. Mr. Rasmussen joined Colombia Crest as a director in 2006 and later assumed the role of President in January, 2007 and eventually in June, 2010, became CEO. The Board is searching for a new qualified CEO to lead Colombia Crest.

## Appointment of CEO

Mr. Walter Lienhard has been appointed CEO on an interim basis. Mr. Lienhard received a B. Sc. Degree in geology from the University of Arizona and has over 25 years of international exploration experience working with a major mining company and junior exploration companies. Mr. Lienhard joined the Company in 2007 as Vice-President of Exploration and New Business Development. He is fluent in Spanish and has managed the Company's subsidiaries in Bolivia and Colombia.

## New Director

Mr. Michael Ginn has been appointed a director for the Company. Mr. Ginn is a businessman who has owned successful telecommunications companies in Vancouver, BC, Canada and Hong Kong. His Canadian company was sold to a national telecom company in the 1980s. In Hong Kong, he was one of the cofounders of a telecommunications business that has today become one of Asia's largest telecom companies. Since selling his Hong Kong interest, he has been providing consulting services in China for more than 20 years. Mr. Ginn has also been involved with TSX Venture-listed companies and currently sits as a director on the board of two other junior exploration companies.

## Future Outlook

In addition to searching for a new CEO, the essential goal is to obtain financing to maintain the Company's operation and to seek out new mineral exploration projects. The equity market conditions still pose a challenge to most junior explorers. Colombia Crest is currently renegotiating the terms of the sale of the Bolivian subsidiary to arrange an earlier settlement of the long term receivable associated with the sale.

## Selected Annual Information

	Year Ended September 30 2013 \$	Year Ended September 30 2012 (Restated) \$	Year Ended September 30 2011 (Restated) \$
Interest income	2,266	34,860	29,318
Net loss	(8,778,799)	(12,430,367)	(25,763,360)
Basic loss per share	(0.10)	(0.11)	(0.43)
Total assets	928,274	9,469,586	18,011,433
Current liabilities	503,306	417,779	296,414
Working capital (deficit)	(374,018)	3,542,969	3,261,793
Dividends	Nil	Nil	Nil

The Company was in the stages of exploring and developing its mineral properties and the Company has not earned any revenues from its projects.

The Company's accounting policy is to record its mineral properties at cost. Exploration and development expenditures are deferred until properties are brought into production, at which time, they will be amortized on a unit of production basis. In the event that properties are sold, impaired or abandoned, the deferred cost will be written off. Considerable sums have been spent on the development of the Company's properties in the past several years, thus resulting in the sizable increases in the Company's total asset base. However, in 2011, \$27,935,204 in deferred costs expended on concessions within the Dona Amelia zone in Bolivia were written off as the Company no longer intended to invest any major funding for exploration in that area. This accounted for the significant decrease in total assets in 2011 as compared to prior years.

During the 2013 audit, the IFRS adjustments were reviewed, which resulted in a restatement of \$3,044,120 being debited (or to lower) to the cumulative translation adjustment account. An offset entry of the same amount was credited or recorded as a gain to the profit and loss statement. These adjustments pertain to the Bolivian exploration and evaluation assets on the balance sheet.

In 2012, the Company expensed a further \$4,938,801 in exploration and evaluation reserves as it wrote down the last remaining Bolivian concession (San Simon) to a value of \$4,629,154. The Bolivian subsidiary was sold outright in December of 2012 for US\$5 million cash with proceeds to be paid over a 10 year period. The \$4,629,154 represents the net present value of the sales proceeds as at September 30, 2012. A total of \$226,959 was also expended to maintain the previously written off concessions while management was in negotiations and preparations to sell the Bolivian subsidiary.

During the 2013 audit, it was determined that the original 2012 write down of San Simon was insufficient due to the application of an incorrect discount rate. As a result, the 2012 balance sheet has been restated by decreasing the Bolivian concession by \$2,381,761 as well as a decrease of the credit balance of the cumulative translation adjustment by \$39,466. An offsetting increase to deficit of \$2,342,295 was adjusted due to the additional write-off of exploration and evaluation assets of the same amount to the net loss statement. Also, as a result of the restatement of a gain to the profit and loss statement in 2011, the same amount of \$3,044,120 was recognized as a loss in 2012 to reflect the loss in the proper period.

In 2013, the Company commenced ceasing its operations in Colombia due to shortage of funds and lack of sufficiently favourable geological findings. As a result, \$6,600,686 in deferred Colombian exploration costs were written off at the 2013 fiscal year end. The sale of the Bolivian subsidiary resulted in a loss of \$87,824 (for detail - refer to note 5 of the audited September 30, 2013). The assessment of a fair value of the long term receivable associated with the sale of the subsidiary resulted in a loss of \$1,253,750 as impairment on receivable (for detail explanation - refer to note 5 of the audited September 30, 2013).

## Results of Consolidated Operations:

### Six Months ended March 31, 2014 and 2013, Review:

For the six months ended March 31, 2014, the Company recorded a consolidated net loss of \$145,166 as compared to a consolidated net loss of \$201,194 for the six months ended March 31, 2013. Losses before other items in the both six month period were \$155,425 and \$570,461 for 2014 and 2013 respectively. The expenses were significant lower in 2013 as expenditures were curtailed due to lack of funds. Notable reductions in expenditures occurred in corporate development, management fees, travel and promotion, and general explorations.

Major accounts that changed notably for the six month periods were as follows:

	2014 \$	2013 \$	Increase (Decrease)	
Expenses:				
Accounting and audit	2,500	20,000	(17,500)	1
Administration	48,000	72,000	(24,000)	2
Consulting	13,299	1,341	11,958	3
Corporate development	2,198	94,838	(92,640)	4
Foreign exchange loss (gain)	20,730	(144,803)	165,533	5
Insurance	6,035	16,354	(10,319)	6
Interest	6,898	-	6,898	7
Legal	13,328	18,947	(5,619)	8
Management fees	6,963	102,289	(95,326)	9
Office	20,534	44,109	(23,575)	10
Stock-based compensation	-	30,907	(30,907)	11
Travel and promotion	1,694	102,865	(101,171)	12
General explorations	-	193,498	(193,498)	13
	<u>142,179</u>	<u>552,345</u>	<u>(410,166)</u>	
Other items:				
Recovery/gain from discontinued operation	(10,259)	(369,267)	(359,008)	14
All other accounts	<u>13,246</u>	<u>18,116</u>	<u>(4,870)</u>	
	<u>145,166</u>	<u>201,194</u>	<u>(56,028)</u>	

1. Much lower audit fees for 2014 fiscal period due to shutting down of operations in Bolivia and Colombia.
2. Monthly administration fees reduced voluntarily in current period.
3. Vice-President Exploration fees in 2013 were charged to deferred property costs. These fees were expensed in 2014 as all deferred costs were written off.
4. All major corporate development agreements have been terminated by the current period.
5. Foreign exchange loss in 2014 due to increase in the US dollar against net liabilities denominated in US funds. In 2013, the increasing strength of US\$ resulted in the posting of a significant foreign exchange gain due to the substantial receivable of \$4.9 million denominated in US funds.
6. Only insurance in current period relate to directors and officers insurance. All other policies such as medical and ransom polices have not been renewed.
7. In 2014, interest accrued on short term loan. No interest applicable in 2013.
8. Legal cost lower in 2014 due to lack of business activities and private placement financing.
9. CEO resigned in September, 2013 and interim CEO was not appointed until February, 2014, whose management fees are substantially less than his predecessor.
10. Office expenditures restricted due to tight cash position.
11. No options granted during current reporting period. For details on options granted in 2013 refer to Note 8 (c) of the March 31, 2014, condensed interim consolidated financial statements.
12. Travel expenses were reduced drastically in current period as shows and conventions were eliminated. Trips to exploration sites were also not incurred due to closing of operations in Bolivia and Colombia.
13. No general explorations in current period as exploration operations were shut down.
14. Recovery payment received relating to sale of Bolivian subsidiary in 2014. Gain on sale of the Company's Bolivian subsidiary in fiscal 2013. For further detail refer to Note 5 of the March 31, 2014, condensed interim consolidated financial statements.

### Three Months ended March 31, 2014 and 2013, Review:

For the three months ended March 31, 2014, the Company recorded a consolidated net loss of \$87,875 as compared to a consolidated net loss of \$119,767 for the three months ended March 31, 2013.

In 2014, the Company continued to reduce overhead due to the tight cash position.

Major accounts that changed notably for the three month period were as follows:

	2014 \$	2013 \$	Increase (Decrease)	
Expenses:				
Administration	24,000	36,000	(12,000)	a.
Corporate development	1,133	31,352	(30,219)	b.
Foreign exchange loss (gain)	11,276	(148,765)	160,041	c.
Management fees	6,963	51,734	(44,771)	d.
Office	14,814	23,084	(8,270)	e.
Travel and promotion	916	32,554	(31,638)	f.
General explorations	-	57,663	(57,663)	g.
	59,102	83,622	(24,520)	
Other items:				
Recovery from discontinued operation	(10,259)	-	(10,259)	h.
All other accounts	39,032	36,145	2,887	
	87,875	119,767	(31,892)	

- a. Administration fees paid to CFO.
- b. All corporate development agreements have been terminated by 2014.
- c. Foreign exchange loss in 2014 due to net liability position on strengthening US dollar whereas in 2013 a substantially large receivable existed, resulting in a foreign exchange gain.
- d. Interim CEO appointed in February, 2014. Previous CEO resigned in September, 2013. Current interim CEO fees much lower than predecessor's.
- e. Office expenses curtailed in 2014.



- f. No incurrence of business, promotional and convention trips in 2014 due to tight cash position.
- g. No general explorations in 2014 as exploration activities have been terminated while the Company is undergoing a reorganizing period.
- h. Miscellaneous cash payment received from purchaser relating closing of the sale of the Bolivian subsidiary in fiscal 2013.

#### Summary of Selected Highlights for the Last Eight Quarters

Description	Mar 31, 2014 \$	Dec 31, 2013 \$	Sept 30, 2013 \$	Jun 30, 2013 \$ (Restated)
<b>Balance Sheet:</b>				
Current assets	61,888	106,350	129,288	223,010
Exploration assets	-	-	-	6,507,550
Current liabilities	574,735	537,276	503,306	493,663
<b>Shareholders' Equity</b>				
Capital stock	79,932,514	79,932,514	79,932,514	79,796,781
Shares subscribed	1,156,000	1,156,000	1,156,000	1,295,000
Contributed surplus	6,030,315	6,030,315	6,030,315	6,027,048
Cumulative translation adjustment				-
Deficit	(86,839,027)	(86,751,152)	(86,693,861)	(78,116,545)
Working capital (deficit)	(512,847)	(430,926)	(374,018)	(270,653)
<b>Operations:</b>				
Total revenues	Nil	Nil	Nil	Nil
Net loss	(87,875)	(57,291)	(8,577,316)	(289)
Basic loss per share	0.00	0.00	(0.10)	0.00

Description	Mar 31, 2013 \$ (Restated)	Dec 31, 2012 \$ (Restated)	Sept 30, 2012 \$ (Restated)	Jun 30, 2012 \$ (Restated)
<b>Balance Sheet:</b>				
Current assets	348,974	596,699	3,960,748	3,889,310
Resources assets	6,389,919	6,153,766	5,309,973	16,218,081
Current liabilities	372,954	278,978	417,779	465,564
<b>Shareholders' Equity</b>				
Capital stock	79,788,081	79,783,706	79,783,706	79,783,706
Shares subscribed	1,302,000	1,156,000	1,156,000	1,156,000
Contributed surplus	6,023,055	6,018,483	5,991,735	6,298,092
Cumulative translation adjustment	-	-	35,428	2,955,044
Deficit	(78,116,256)	(77,996,489)	(77,915,062)	(67,534,236)
Working capital	(23,980)	317,721	3,542,969	3,423,746
<b>Operations:</b>				
Total revenues	Nil	Nil	Nil	Nil
Net loss	(119,767)	(81,427)	(10,380,826)	(466,088)
Basic loss per share	0.00	0.00	(0.12)	(0.01)

#### Significant Items and Changes Within the Quarter:

For the three months ended March 31, 2014:

- Working capital deficit of \$512,847
- Recovery of \$10,259 from discontinued operations

Net loss increased approximately \$30,000 over last quarter due mainly to incurrence of printing and mailing of AGM material, paying annual filing fees, paying TSX Venture Exchange sustaining fees and posting of larger foreign exchange loss due to continuance of the strengthening of the US dollar.

For the three months ended December 31, 2013:

- Working capital deficit of \$430,926

Net loss of \$57,291 in current quarter as compared to net loss of \$8,577,316 in the previous quarter due to significant write offs in the prior quarter and year-end adjustments such as loss on discontinued operation and impairment on receivable.

For the three months ended September 30, 2013:

- Foreign exchange loss of \$191,669
- Working capital deficit of \$374,018
- Adjustment of loss on sale of subsidiary of \$457,091
- Impairment on receivable of \$1,253,750 as result of reassessment on fair value of long term receivable
- Wrote off \$6,600,686 in exploration and evaluation assets due to termination of explorations in Colombia

Net loss of \$8,577,316 in the quarter as compared to net loss of \$289 in the previous quarter due to the large losses incurred as a result of reassessment of the fair value of the long term receivable associated with sale of the Bolivian subsidiary. The reassessment resulted in the quarter, additional losses regarding foreign exchange; adjustment of loss on sale of subsidiary; and impairment on receivable. The largest loss for the quarter was the write off of the Colombian exploration and evaluation assets as management ceased the Company's exploration activities there.

For the three months ended June 30, 2013:

- Foreign exchange gain of \$163,530
- Working capital deficit of \$270,653

Net loss for the three months ended June 30, 2013 was \$289 as compared to a net loss of \$119,767 in the previous quarter. Significant decrease in net loss in the current quarter was due to further cutting back of expenses across the board as the capital deficit situation worsened. In addition an unrealized foreign exchange gain of \$163,530 was recorded on the Company's long term receivable denominated in US dollars.

For the three months ended March 31, 2013:

- Foreign exchange gain of \$148,765
- Expensed \$57,663 in general explorations
- Working capital deficit of \$23,980

Net loss in the 2<sup>nd</sup> quarter of 2013 was \$119,767 as compared to a net loss of \$81,427 in the previous quarter. The lower net loss in the previous quarter was mainly due to the recognition of \$369,267 gain from discontinued operation. The loss in the current quarter kept low because of the curtailment of various expenses due to a tight cash position.

For the three months ended December 31, 2012:

- Gain of \$369,267 from sale of Bolivian subsidiary
- Expensed \$135,838 in general explorations
- Working capital of \$317,721

Net loss in 1<sup>st</sup> quarter of 2013 was \$81,427 as compared to net loss of \$7,336,706 (restated – increase by \$2,342,295) in 4<sup>th</sup> quarter of 2012. Main cause of the significant difference was due to a write-off of \$7,281,096 (restated – increased by \$2,342,295) in the previous quarter and a posting of a gain from discontinued operation of \$369,267 in the current quarter.

For the three months ended September 30, 2012:

- Wrote off \$7,281,096 (restated – increase by \$2,342,295) of exploration and evaluation assets in Bolivia
- Expensed \$46,621 in maintenance costs on property evaluation assets in Bolivia
- Gain of \$32,143 on sale of property, plant and equipment
- Gain of \$33,775 on revaluation of foreign currency denominated warrants
- Working capital of \$3,542,969 (restated – increase by \$2,167,393 due to reclassifying certain assets and liabilities held for sale to current sections of the balance sheet)

Net loss for the 4<sup>th</sup> quarter 2012 was \$10,380,826 (restated) as compared to \$466,088 in the previous quarter. Significant difference was due to the writing down of \$7,281,096 (restated) in exploration and evaluation assets and adjustment of \$3,044,120 to loss from discontinued operations in the 4<sup>th</sup> quarter of 2012 due to restatement of the 2011 loss statement.

For the three months ended June 30, 2012:

- Expensed \$61,375 in maintenance costs on property evaluation assets in Bolivia
- Expensed general explorations of \$91,453
- Recorded stock-based compensations of \$97,418
- Working capital of \$3,423,746

Net loss for current quarter was higher than previous quarter due to higher stock-based compensation being recorded. Deficit restated from \$70,578,356 to \$67,534,236.

### **Liquidity and Solvency**

At this time, the Company has no operating revenues and does not anticipate any operating revenues until the Company is able to find, acquire, or place in production and operate a mining property. Historically, the Company has raised funds through private placements, loans, shares for debt settlements, and the exercise of options and warrants.

In July, 2013, the Company closed a non-brokered private placement of 9,733,333 units at \$0.015 per unit for gross proceeds of \$146,000. Each unit was comprised of one common share and one share purchase warrant exercisable to purchase an additional common share at \$0.05 expiring July 15, 2014; at \$0.10 expiring July 15, 2015; and at \$0.15 expiring July 15, 2016. A finder's fee of \$7,000 cash was paid and 466,667 warrants each exercisable to purchase one common share at \$0.10 expiring July 15, 2015 were issued. All shares issued pursuant to this private placement are subject to a four-month hold period until November 16, 2013.

In June, 2013, the Company received a short-term loan of US\$100,000 on the following terms:

The loan, which is not convertible, is repayable on demand without interest, at any time after December 7, 2013.

As consideration for the Loan, on June 19, 2013, the Company issued 400,000 common shares (fair valued at \$6,000) to the lender.

As security for repayment of the Loan, the Company assigned to the lender the US\$100,000 payment which will become due to the Company from Steinmar Ltda. ("Steinmar") on December 14, 2013, pursuant to the Share Purchase Agreement dated December 14, 2012 between the Company and Steinmar – see audited consolidated financial statements for the year ended September 30, 2013 – Note 5.

In December, 2013, the loan was extended to be due after June 7, 2014 at an annual rate of 20% per annum.

As at March 31, 2014, the Company has cash on hand of \$45,375 and a working capital deficit of \$512,847.

Currently, the Company does not have sufficient funds to pay overhead and administration expenses and to finance new exploration projects for fiscal 2014 and its survival as a going concern may be in doubt.

Management is working diligently in seeking financing opportunities. One option, currently ongoing, is renegotiating the terms of the sale of the Bolivian subsidiary to arrange an earlier settlement of the long term receivable. Originally, under the old terms, the rest of the remaining US\$4.8 million is to be paid commencing December, 2014 and to be spread over on annual payments to 2022.

The tentative revised terms (not yet finalized) would discount the US\$4.8 million to US\$1.65 million to be paid US\$50,000 in April, 2014 and US\$100,000 per month commencing in May, 2014 for 15 consecutive months and then a final payment of US\$100,000 in December, 2015 for a total of US\$1.65 million. No new payments have been received under the revised payment terms as of the date of this report.

This represents a significant discount but, under the current harsh financial market conditions for junior exploration companies, few financing alternatives are available. The accelerated receipt of needed funds would ensure the survival of the Company and the potential acquisition of mineral exploration properties. At the time of this report the agreement and paperwork concerning the revised payment schedule were in the process of being finalized.

The Company has incurred losses since inception, and the long term survival of the Company depends on the ability of management to continue raising capital. While management has successfully raised the necessary capital to finance the Company's operations in the past, there is no assurance that it will continue to be able to do so in the future.

### **Industry and Economic Factors Affecting Colombia Crest**

The Company's future performance is largely tied to the outcome of its exploration programs, the price of precious and base metals, and the overall health and stability of junior capital markets, inclusive of the TSXV. The financial markets upon which the Company is reliant are widely expected to experience continued volatility throughout 2014, reflecting of investor anxiety with regard to the strength and longevity of the global economy, global growth prospects, and their associated impact upon liquidity, security and return. This uncertainty has led to continued volatility in commodity markets. Furthermore, unprecedented uncertainty in the credit markets has also led to increased difficulties in accessing capital.

Junior exploration companies worldwide have been hit particularly hard by these trends. Accordingly, the Company is having difficulty raising equity financing for the purposes of mineral exploration. With continued market volatility and slower worldwide economic growth anticipated, the Company's strategy is to manage its treasury in a planned, deliberate and prudent manner while attempting to limit any future offering to a point in time where the associated capital markets have favourably stabilized. The Company believes this strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining the momentum on key initiatives.

### **Foreign Countries and Laws and Regulations**

The Company has interests in properties that are located in the country of Colombia and the mineral exploration and mining activities of the Company may be affected in varying degrees by political instability and government regulations relating to foreign investment and the mining industry. Any changes in regulations or shifts in political conditions or attitudes are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

### **Recent Pronouncements Affecting Changes in Accounting Policies (Standards, Amendments and Interpretations Not Yet Effective):**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after October 1, 2012 or later years. The following standards and interpretations have been issued but are not yet effective:

*New standards, interpretations and amendments effective from October 1, 2012.*

None of the new standards, interpretations and amendments, effective for the first time from October 1, 2012 have had a material effect on the financial statements.

*New standards, interpretations and amendments not yet effective*

### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. Management is in the process of evaluating the impact of the new standard on the Company.

### **IFRS 10 Consolidated Financial Statements**

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Adoption of this policy is not expected to have a material impact on the Company's financial statements.

### **IFRS 11 Joint Arrangements**

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. Adoption of this policy is not expected to have a material impact on the Company's financial statements.

### **IFRS 12 Disclosures of Interests in Other Entities**

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company intends to adopt the standard no later than the accounting period beginning on October 1, 2013. Adoption of this policy is not expected to have a material impact on the Company's financial statements.

### **Off-Balance Sheet Arrangements**

Colombia Crest does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

### **Outstanding Share Capital**

The following securities were outstanding as at May 29, 2014:

Securities	Number	Weighted-Average Exercised Price	Expiry Date
Common shares issued and outstanding	96,088,289	N/A	N/A
Share purchase options	5,585,000	\$0.52	Jan 19, 2015 – Nov 8, 2017
Share purchase warrants	10,325,000	\$0.06	Mar 22, 2015 - Jul 15, 2016
Fully diluted share capital	111,998,289	N/A	N/A

For a breakdown of the securities as at March 31, 2014, refer to the Note 8 to the condensed interim consolidated financial statements for the six months March 31, 2014.

## Related Party Transactions

Key management personnel are persons responsible for the planning, directing and controlling the activities of the entity. The Company's key management personnel included the CEO, CFO, VP of Exploration and VP Business Development and their compensation was as follows:

	For the Six months ended March 31,		For the Three months ended March 31,	
	2014	2013 \$	2014	2013 \$
Management fees	6,963	102,289	6,963	51,735
Administration fees	48,000	72,000	24,000	36,000
Consulting fees	10,580	140,412	3,939	38,442
<b>Total</b>	<b>65,543</b>	<b>314,701</b>	<b>34,902</b>	<b>126,177</b>

In addition, options were also granted to key management personnel and directors with the following option valuations as determined in Note 8 (c) of the audited financial statements for the six months ended March 31, 2014:

	For the six months ended March 31, 2014		For the six months ended March 31, 2013	
	Number of Options	Options Valuation \$	Number of Options	Options Valuation \$
CEO	-	-	-	-
CFO	-	-	-	-
Officer	-	-	250,000	23,500
Directors	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>23,500</b>

No share purchase options were granted during the three months ended March 31, 2014 and 2013.

Related party liabilities included in trade and other payable are as follows:

	As at March 31	
	2014 \$	2013 \$
Amounts due to management:		
Management fees	58,925	43,210
Administration fees	102,000	36,000
Geological consulting fees	49,463	33,856
Expenses and other	11,118	15,783
<b>Total</b>	<b>221,506</b>	<b>128,849</b>

Included in the prepaid expenses and deposits are travel expense advances to management:

	As at March 31	
	2014 \$	2013 \$
Amounts advanced to management:		
Travel expenses	-	30,334
<b>Total</b>	<b>-</b>	<b>30,334</b>

## **Events after Reporting Period**

No occurrence of material events after the reporting period.

## **Disclosure Controls and Procedures**

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and MD&A as at March 31, 2014. Although certain weaknesses such as lack of segregation of duties are inherent with small office operations, management has implemented certain controls such as frequent reviews and regular preparations of reconciliations of transactions and budgets to ensure absence of material irregularities. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are designed to ensure effective information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

### **Limitations of Controls and Procedures**

It must be recognized that any implemented system of disclosure controls and procedures or internal controls over financial reporting can only provide reasonable and not absolute assurance that the objectives of the control system are met. While designing such control systems, resource constraints cannot be ignored and the benefits of controls must be considered relative to their costs. All control systems are subject to limitations and as such, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. Breakdowns within the system can occur due to simple human error or mistakes. Furthermore, 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 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.

## **Risk Factors**

Colombia Crest's goal is to remain in mineral exploration and development and is subject to the risks and challenges similar to other companies in a comparable stage. Other than the risks relating to reliance on financing previously discussed, the risks include, but are not limited to, limited operating history, speculative nature of mineral exploration and development activities, operating hazards and risks, mining risks and insurance, no mineral reserves, environmental and other regulatory requirements, competition, stage of development, fluctuations in commodity prices, conflicts of interest, reliance on key individuals, no key man insurance and enforcement of civil liabilities.

*Limited Operating History* - An investment in Colombia Crest should be considered highly speculative due to the nature of Colombia Crest's business. Colombia Crest has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or be paying dividends in the immediate or foreseeable future.

*Speculative Nature of Mineral Exploration and Development Activities* - Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Colombia Crest may be affected by numerous factors which are beyond the control of Colombia Crest and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in Colombia Crest not receiving an adequate return of investment capital.

Substantial expenditures are required to establish mineral reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for development can be obtained on a timely basis. Estimates of mineral reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short-term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Few exploration properties are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves, develop metallurgical processes and construct mining and processing facilities at a particular site. There is no assurance that Colombia Crest's mineral exploration activities will result in any discoveries of commercial bodies of ore. Also, no assurance can be given that any or all of Colombia Crest's properties will not be subject to prior unregistered agreements or interests or undetected claims which could be materially adverse to Colombia Crest.

*No Mineral Reserves* - All of Colombia Crest past properties were considered to be in the exploration stage only and did not contain a known body of commercial ore. Mineral reserves are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different ore grades may cause a mining operation to be unprofitable in any particular accounting period. While Colombia Crest did have mineral resources, such resources were not mineral reserves and did not have demonstrated economic viability.

*Operating Hazards and Risks* - Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Colombia Crest's past operations and future operations will be subject to all the hazards and risks normally incidental to exploration, development and production of metals, such as unusual or unexpected formations, cave-ins or pollution, all of which could result in work stoppages, damage to property and possible environmental damage.

*Fluctuations in Commodity Prices* - The profitability, if any, in any mining operation in which Colombia Crest may have an interest is significantly affected by changes in the market price of precious and base metals which fluctuate on a daily basis and are affected by numerous factors beyond Colombia Crest's control.

*Conflicts of Interest* - Certain of the directors and officers of Colombia Crest are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of Colombia Crest may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

*Mining Risks and Insurance* - The business of mining for gold and other metals is generally subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, unusual or unexpected geological conditions, pressures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, blizzards and earthquakes. No assurance can be given that such insurance will continue to be available or that it will be available at economically feasible premiums. Mining operations will be subject to risks normally encountered in the mining business.



*Environmental and Other Regulatory Requirements* - Colombia Crest's activities were subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The exploration interests of Colombia Crest and potential development and commencement of production on future properties, require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Colombia Crest believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

*Competition* - Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Colombia Crest. Colombia Crest may be unable to acquire additional attractive mineral properties on terms it considers acceptable. Accordingly, there can be no assurance that Colombia Crest's exploration and acquisition programs will yield any reserves or result in any commercial mining operation.

*Stage of Development* - Colombia Crest is in the business of exploring for, with the ultimate goal of producing, precious and base metals from its mineral exploration properties. None of the Colombia Crest past properties had commenced commercial production and Colombia Crest has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that Colombia Crest will be able to develop any of its future properties profitably or that its future activities will generate positive cash flow.

Colombia Crest has not paid any dividends and it is unlikely to enjoy earnings or paying dividends in the immediate or foreseeable future. Colombia Crest has not sufficiently diversified such that it can mitigate the risks associated with its planned activities. Colombia Crest has limited cash and other assets.

A prospective investor in Colombia Crest must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of Colombia Crest's management in all aspects of the development and implementation of Colombia Crest's business activities.

*Reliance on Key Individuals* - Colombia Crest's success depends to a certain degree upon certain key members of the management. These individuals are a significant factor in Colombia Crest's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on Colombia Crest.

*Enforcement of Civil Liabilities* - As the key major assets of Colombia Crest and certain of its management are or may be located outside of Canada, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of Colombia Crest, or the management of Colombia Crest, residing outside of Canada.

*Political Risks* - The Company operated in Colombia and Bolivia and operations in these countries are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The governments in Colombia and Bolivia faced ongoing problems of inflation, unemployment and inequitable income distribution. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Depending on where Company ends up, such risks may be present in places with similar background histories.

Future political actions cannot be predicted and may adversely affect the Company. Changes, if any, in mining or investment policies or shifts in political attitude in the countries in which the Company holds property interests in the future may adversely affect the Company's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated business, results of operations and financial condition.

Other risks may involve matters arising out of the evolving laws and policies pertinent to that country, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Company's operations, or other matters. The Company also bears the risk that changes can occur in the government and a new government may void or change the laws and regulations that the Company may be relying upon.

*Mining Regulation* - The mineral exploration and development activities which may be undertaken by the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters.

Exploration and development activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both the Company's ability to undertake exploration and development activities in respect of its properties, as well as its ability to explore and operate those properties in which it current holds an interest or in respect of which it obtains exploration and/or development rights in the future.

No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.