



Management's Discussion & Analysis

Form 51-102F1

For the Six Months Ended March 31, 2017

COLOMBIA CREST GOLD CORP.
Management's Discussion and Analysis (Form 51-102F1)
For The Six Months Ended March 31, 2017

The Management's Discussion and Analysis ("MD&A"), prepared as of May 26, 2017, 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, 2017, with those of the six months ended, March 31, 2016. This information is intended to supplement the unaudited condensed interim financial statements for the six months ended March 31, 2017 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.

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). Mr. Bolaños has 20 years of general management, exploration management and geological experience with companies including 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 MD&A 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 the full recovery of the amounts owed to the Company related to the sale of its Bolivian subsidiary; risks related to international operations, risks related to the integration of acquisitions; 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. 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 more than a decade of mineral exploration in Bolivia, the Company disposed of its Bolivian assets (sold the Bolivian subsidiary) 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, near the City of Medellin.

Due to downturn in the marketplace and uncertainty of success, the Company terminated both of its Colombian options in 2013. The Company retains an earned 50% interest in the Fredonia property. Currently, the Company has no intention to incur any further exploration or concession expenditures and any future expenditure incurred by the optionor and/or other third parties may have the effect of diluting the Company's earned interest. In 2013, when management provided notice to the optionor of the Company's intention to cease exploring, the Fredonia property consisted of three concessions totaling 4,563 hectares. The optionor subsequently dropped two of the concessions and the remaining one covers 1,967 hectares.

The Colombian operations were conducted through a Panama company which was a 100% subsidiary of another Panama company, which in turn was 100% owned by Colombia Crest Gold Corp. On September 18, 2015, both Panama companies were dissolved.

Presently, management is actively seeking new opportunities.

Future Outlook

For almost two years, management has been embroiled in a legal process to collect on the remaining US\$1.2 million owing to the Company from the purchasers of the Company's Bolivian property. In December of 2016, management and the debtors and the guarantor of the debt agreed to settle the outstanding receivable amount of US\$1.2 million owing to the Company whereby the debtors will pay US\$900,000.

On March 22, 2017, upon signing of the new payment agreement, the Company received a payment of US\$300,000. On May 4, 2017, another payment of US\$300,000 was received. The sum of US\$300,000 previously paid by the debtors and held in trust by the Bolivian court is in the final stage of processing and the funds are expected to be released to the Company in the early part June, 2017.

Although improving, the equity market conditions continue to pose a challenge to most junior exploration companies. Due to the receipt of US\$600,000 and another US\$300,000 expected by early June, 2017, the Company is in position to meet its obligations and more importantly, facilitate the evaluation of opportunities. Currently, management is considering its options and will make further disclosures when appropriate.

Selected Annual Information

	Year Ended September 30, 2016 \$	Year Ended September 30, 2015 \$	Year Ended September 30, 2014 \$
Net income (loss)	204,819	(313,989)	(593,849)
Basic earnings (loss) per share	0.00	0.00	(0.01)
Total assets	429,271	56,205	497,161
Current liabilities	691,581	539,075	666,042
Working capital deficit	(265,911)	(488,015)	(271,485)
Dividends	Nil	Nil	Nil

The Company was in various stages of exploring its mineral properties and had 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 exploration of the Company's properties in the past almost two decades, thus resulting in the sizable increases in the Company's total asset base. However, from 2010 to 2013, significant write-offs in deferred exploration expenditures in Bolivia and Colombia have resulted in substantial decreases in total assets of the Company.

During fiscal 2014, the Company focused on cutting corporate overhead and expenses to conserve cash. Expenses and the net consolidated loss for the year were considerably lower compared to prior years. Total assets were further lowered in 2014 as management renegotiated the Company's long term receivable by granting a substantial discount to receive earlier settlement of payments. A further impairment on the receivable of \$357,978 was recorded as at September 30, 2014. Refer to Note 5 of the audited September 30, 2014, consolidated financial statements for more detail.

In fiscal 2015, \$473,000 (2 payments of US\$200,000) was received from the debtors, which resulted in \$24,680 being recorded as a recovery of impairment on receivable. The recovery is the excess of cash received relative to the aggregate carrying value of the receivable at September 30, 2014, of \$448,320. Furthermore, in 2015, the Company also received \$35,957 (US\$30,920) as compensation due to late closing of the sale of the Bolivian subsidiary in 2013. The \$35,957 was recorded as a recovery from discontinued operations. As at September 30, 2015, no estimate of a fair value of the remaining receivable was recorded in the financial statements, which had an effect of lowering the balance sheet assets as compared to the previous year.

During fiscal 2016, management maintained its efforts to collect on the receivable due to the Company. In December 2016 management and the debtors came to new terms to settle the receivable issue. As described in the above heading section, the Company has received a total of US\$600,000 by May 2017 with another payment of US\$300,000 expected in early June 2017. As a result of the settlement reached in December 2016, as at September 30, 2016, management estimated the fair value of the receivable to be \$393,510 (US\$300,000), which is the amount to be paid by the debtors on the day of the signing of the New Agreement. The offsetting entry was the recognition of \$393,510 in recovery of impairment on receivable.

Results of Operations:

For the six months ended March 31, 2017 and 2016 review:

For the six months ended March 31, 2017, the Company recorded a net gain of \$702,371 as compared to a net gain of \$267,724 for the six months ended March 31, 2016. The gain in both periods was a result of the recognition a recovery of impairment on receivable. Excluding the recovery of impairment on receivable, a net loss of \$96,949 and \$147,476 was incurred for the six months ended March 31, 2017 and March 31, 2016, respectively.

Major accounts that changed notably for the six month period ended March 31, 2017 and 2016 were as follows:

	2017	2016	Increase	
	\$	\$	(Decrease)	
Expenses:				
Administration	12,000	36,000	(24,000)	1.
Foreign exchange loss	1,205	11,826	(10,621)	2.
Management fees	31,221	47,569	(16,348)	3.
Travel and promotion	8,612	15,711	(7,099)	4.
	<u>(53,038)</u>	<u>(111,106)</u>	<u>(58,068)</u>	
Other items:				
Recovery of impairment on receivable	799,320	415,200	384,120	5.
All other accounts	<u>(43,911)</u>	<u>(36,370)</u>	<u>7,541</u>	
	<u>702,371</u>	<u>267,724</u>	<u>434,647</u>	

1. Company personnel took a reduction in administration fees during fiscal 2017.
2. Higher foreign exchange loss in 2015 due to a larger net liability position against a strong US dollar.
3. Company personnel took a reduction in management fees during fiscal 2016.
4. Travel expense higher in 2015 as a former consultant provided documentation of valid travel expenses applicable to a prior year.
5. Recovery of impairment on receivable due to the settlement of a legal suit to enforce payment. Payments accrued in 2017 were US\$600,000 as opposed to US\$300,000 in 2016 resulting in a much higher recovery in 2017.

For the Three months ended March 31, 2017 and 2016 review:

For the three months ended March 31, 2017, the Company recorded a net gain of \$747,993 as compared to a net loss of \$50,259 for the three months ended March 31, 2016. The gain in 2017 was due to the recognition of \$799,320 in recovery of impairment on receivable. Excluding the recognition of the recovery, the loss for 2017 was \$51,327 – no significant change compared to 2016.

Major accounts that changed notably for the three month period ended March 31, 2017 and 2016 were as follows:

	2017 \$	2016 \$	Increase (Decrease)
Expenses:			
Administration	6,000	12,000	(6,000) a.
	(6,000)	(12,000)	(6,000)
Other items:			
Recovery of impairment on receivable	799,320	-	799,320 b.
All other accounts	(45,328)	(38,259)	7,069
	<u>747,992</u>	<u>(50,259)</u>	<u>798,251</u>

- a. Company personnel took a further reduction in administration fees 2017.
- b. Accrual of receivable due to settlement resulting in a recovery in 2017.

Summary of Selected Highlights for the Last Eight Quarters

Description	Mar 31, 2017 \$	Dec 31, 2016 \$	Sept 30, 2016 \$	Jun 30, 2016 \$
Balance Sheet:				
Current assets	1,064,514	428,263	425,670	419,764
Current liabilities	643,255	725,726	691,581	672,756
Shareholders' Equity				
Capital stock	79,932,514	79,932,514	79,932,514	79,932,514
Shares subscribed	1,156,000	1,156,000	1,156,000	1,156,000
Contributed surplus	6,030,315	6,030,315	6,030,315	6,030,315
Cumulative translation adjustment				
Deficit	(86,694,509)	(87,442,501)	(87,396,880)	(87,367,834)
Working capital (deficit)	421,259	(297,463)	(265,911)	(252,992)
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net gain (loss)	747,992	(45,621)	(29,046)	(33,858)
Basic gain (loss) per share	0.01	0.00	0.00	0.00

Description	Mar 31, 2016 \$	Dec 31, 2015 \$	Sept 30, 2015 \$	Jun 30, 2015 \$
Balance Sheet:				
Current assets	424,706	457,936	51,060	118,136
Current liabilities	644,225	627,583	539,075	500,054
Shareholders' Equity				
Capital stock	79,932,514	79,932,514	79,932,514	79,932,514
Shares subscribed	1,156,000	1,156,000	1,156,000	1,156,000
Contributed surplus	6,030,315	6,030,315	6,030,315	6,030,315
Cumulative translation adjustment				
Deficit	(87,333,975)	(87,283,717)	(87,601,699)	(87,495,180)
Working capital (deficit)	(219,519)	169,647	(488,015)	(381,918)
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net gain (loss)	(50,259)	317,982	(106,519)	(53,690)
Basic gain (loss) per share	0.00	0.00	0.00	0.00

Significant Items Within the Quarter and Comparison to Previous Quarter:

For the three months ended March 31, 2017

- Recovery of impairment on receivable of \$799,320
- Working capital of \$421,259

Significant gain in the current quarter due to the recognition of \$799,320 in recovery of impairment on receivable as a result of the signing of new payment agreement during the period.

For the three months ended December 31, 2016:

- Working capital deficit of \$297,463

Net loss was lower in the previous quarter due to a write-off of accrued expenses of \$19,675 and a foreign exchange gain of \$21,216 whereas there was a slight foreign exchange loss in the current quarter.

For the three months ended September 30, 2016:

- Foreign exchange gain of \$21,216
- Write-off of accrued expense of \$19,675
- Working capital deficit of \$265,911

Net loss decreased during the 4th quarter as compared to the 3rd quarter due mainly to a net foreign exchange gain and the write-off of an accrued expense in the 4th quarter.

For the three months ended June 30 2016:

- Working capital deficit of \$252,992

Net loss decreased during current quarter from last quarter due mainly to further reductions in administration and management fees by taken by Company personnel.

For the three months ended March 31, 2016:

- Foreign exchange gain of \$487
- Working capital deficit of \$219,519

Net gain recorded in the previous quarter due to a recovery of impairment on receivable. Otherwise, the net loss in the current quarter is in line with prior quarters without major recoveries or significant foreign exchange losses being recorded.

For the three months ended December 31, 2015:

- Foreign exchange loss of \$12,313
- Recovery of impairment on receivable of \$415,200
- Working capital deficit of \$169,647

Net gain resulted in the quarter due to recognition of \$415,200 as recovery of impairment on receivable. After legal action by the Company to enforce a payment agreement, the debtors paid \$415,200 (US\$300,000) to the Bolivian court. Management is in process of filing to have the funds released.

For the three months ended September 30, 2015:

- Foreign exchange loss of \$16,145
- Working capital deficit of \$488,015
-

Increase in loss of \$52,829 during the quarter as compared to the previous quarter due to a foreign exchange gain of \$12,201 and a recovery of impairment on receivable of \$24,680 being recorded in the previous quarter. A foreign exchange loss of \$16,145 was recorded in the current quarter and there was no recovery of impairment on receivable.

For the three months ended June 30, 2015:

- Long term receivable payment of \$240,420 (US\$200,000) received
- Recovery of impairment on long term receivable in the amount of \$24,680
- Foreign exchange gain of \$12,201
- Working capital deficit of \$381,918

Decrease in loss during the current period from last quarter due mainly to the recovery of impairment on long term receivable in the amount of \$24,680. Working capital deficit also decreased from the last quarter as \$240,420 (US\$200,000) payment in long term receivable was received.

Liquidity and Solvency

At this time, the Company has no operating revenues and does not anticipate any in the near term. Historically, the Company has raised funds through private placements, loans, shares for debt settlements, and the exercise of options and warrants.

The Company entered into an agreement with an officer of the Company dated August 12, 2016 for an unsecured loan ("Loan") of US\$12,000 on the following terms:

Interest on the Loan was accrued at an annual rate of 5% commencing on September 1, 2016.

The Loan and accrued interest were to be repaid on or before March 1, 2018.

On March 31, 2017, the US\$12,000 loan was repaid along with US\$350 in interest.

The Company entered into a second agreement with an officer of the Company dated December 21, 2016 for a second unsecured loan (the "2nd Loan") of US\$10,000 on the following terms:

Interest on the 2nd Loan was accrued at an annual rate of 2.5% commencing on January 1, 2017.

The 2nd Loan and accrued interest were to be repaid on or before March 1, 2018.

On March 31, 2017, the US\$10,000 loan was repaid along with US\$62 in interest.

Management has been working diligently in seeking financing opportunities. One measure taken was amending the terms of the long term receivable (from sale of the Company's Bolivian subsidiary) so that receipt of the remaining funds would be accelerated. As at the end of fiscal 2013, under the original terms, the remaining US\$4.9 million was to be paid by annual installments commencing December, 2013 and ending in 2022.

Amendment of the terms of the long term receivable was completed in May, 2014. The amended or second agreement discounted the US\$4.8 million (US\$100,000 was received prior to the amendments) to US\$1.65 million, of which US\$50,000 was to be paid in April, 2014 with 16 subsequent payments of US\$100,000 between May 2014 and December 2015. The US\$50,000 due in April 2014 was received in July 2014, but the debtors defaulted on the following payments.

In September 2014 the Company commenced legal action in Bolivia to enforce payment and in December, 2014, the debtors and the Company finalized the third (and current) agreement with payment of the remaining US\$1.6 million as follows:

- US\$200,000 due on December 11, 2014 (received);
- US\$200,000 due on March 1, 2015 (received in April 2015);
- US\$300,000 due on June 1, 2015*;
- US\$300,000 due on September 1, 2015; (unpaid)
- US\$300,000 due on December 1, 2015; (unpaid) and
- US\$300,000 due on March 1, 2016 (unpaid).

** On August 18, 2015, the amount was paid by the debtors to the Bolivian court and due to legal actions by both parties, the funds are still held by the court.*

In addition to the payments outlined above, US\$12,000 was received in December 2014 for interest and legal costs caused by the debtors' defaulting on payments according to the previous agreement.

The agreement signed in December 2014 replaces all previous agreements and under this agreement, if any two consecutive payments are not paid as scheduled, the unpaid balance will be due on demand and will accrue interest at a rate of 2% per month.

In December of 2016, management and the debtors reached an agreement to drop all litigations and settle the outstanding receivable amount of US\$1.2 million by payments totaling US\$900,000.

On March 22, 2017, upon signing of the new payment agreement, the Company received a payment of US\$300,000. As both parties have ceased all legal action against each other, the US\$300,000 held by the court is in the final stage of processing and the funds are expected to be released to the Company in early June 2017. The payment of US\$300,000 due May 2, 2017, was received on May 4, 2017.

Due to the receipt of US\$600,000 and another US\$300,000 payment expected in early June 2017, the Company has sufficient funds to pay overhead and administration expenses and to enable evaluation of new potential exploration projects in fiscal 2017.

However, 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. If management is unsuccessful in raising further funding, the Company's survival as a going concern beyond fiscal 2017 may be in doubt.

Industry and Economic Factors Affecting Colombia Crest

The Company's future performance is largely tied to the ability of management to secure new projects, the outcome of those programs and the overall health and stability of junior capital markets, inclusive of the TSXV. The precious metal financial markets upon which the Company has been reliant are widely expected to experience continued volatility throughout 2017, reflecting 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.

During the last few years, junior exploration companies worldwide have been hit particularly hard by these market 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.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2017 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

Critical Accounting Estimates

The Company's significant accounting policies are summarized in Note 3 of its interim financial statements for the six months ended March 31, 2017. The preparation of the financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements.

The Company regularly reviews its judgements and estimates; however, actual amounts could differ and, accordingly, materially affect the results of operations.

Examples of significant judgments, apart from those involving estimates, include:

- Collectability of the long-term receivable - current portion;

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Outstanding Share Capital

The following securities were outstanding as at May 26, 2017:

Securities	Number	Weighted-Average Exercised Price	Expiry Date
Common shares issued and outstanding	96,088,289	N/A	N/A
Fully diluted share capital	96,088,289	N/A	N/A

For a breakdown of the securities as at March 31, 2017, refer to Note 8 of the interim financial statements for the six months ended March 31, 2017.

Related Party Transactions

Key management personnel are persons responsible for the planning, directing and controlling the activities of the Company. Transactions with the related parties are recorded at the exchange amount being the price agreed between the parties. The Company's key management personnel are the CEO and CFO and their compensations are included in the following:

	For the Three Months Ended		For the Six Months Ended	
	March 31,		March 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Management fees	17,912	17,490	31,221	47,569
Administrative fees	6,000	12,000	12,000	36,000
Total	23,912	29,490	43,221	83,569

No share purchase options were granted to key management personnel and directors for the six months ended March 31, 2017 and 2016.

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

	As at March 31,	
	2017	2016
	\$	\$
Amounts due to management		
Management fees	257,311	201,913
Administration fees	190,000	202,000
Consulting fees	34,371	35,158
Expenses and other	27,297	16,852
Total	508,979	455,923

Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

On August 12, 2016, the Company received a loan of \$15,534 (US\$12,000) from an officer of the Company. On March 31, 2017, the US\$12,000 loan was repaid along with US\$350 in interest.

On December 21, 2016, the Company received a second loan of \$13,929 (US\$10,000) from the same officer of the Company. On March 31, 2017, the US\$10,000 loan was repaid along with US\$62 in interest.

Subsequent Event

On May 4, 2017, the Company received the second payment of US\$300,000 pursuant to the new account receivable payment agreement signed on March 22, 2017.

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, 2017. 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 it 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 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

The Company 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.

No Mineral Reserves or Resources - Mineral reserves and resources 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.

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.

Mining Risks and Insurance - The business of mining 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 have been subject to environmental regulations promulgated by government agencies from time to time. 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 toward stricter standards and enforcement with more severe fines and penalties for non-compliance. 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 production on future properties, require permits from various federal and local governmental authorities 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.

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 competition exists for the limited number of mineral property 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. The Company 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 precious and base metals, with the ultimate goal of producing them from its mineral exploration properties. None of the Company's 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 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. By the same token, the Canadian court has no jurisdiction to enforce any claims made by the Company 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.

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 currently 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.