

COLOMBIA CREST GOLD CORP.
Management Discussion and Analysis (Form 51-102F1)
For The Six Months Ended March 31, 2012

The Management Discussions and Analysis ("MD&A"), prepared as of May 28, 2012, 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, 2012, with those of the previous period ended, March 31, 2011. This information is intended to supplement the unaudited condensed interim consolidated financial statements for the six months ended March 31, 2012 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company adopted IFRS on October 1, 2011 with a transition date of October 1, 2010. A reconciliation of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") to IFRS is set out in Note 13 to those interim consolidated financial statements.

The following discussion and analysis is management's assessment of the results and financial condition of Colombia Crest and should be read in conjunction with the audited consolidated financial statements for year ended September 30, 2011, which have been prepared in accordance with Canadian GAAP and all dollar amounts are in Canadian dollars, unless otherwise noted. 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 or through the Company's website at www.Colombiacrest.com.

The "Qualified Persons" 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 are Dr. Richard Jemielita, a Registered Professional Geologist of Glasgow, Scotland and Peter Ellsworth who holds a Professional Geologist license granted by the Washington State Licensing Board. The Qualified Person regarding the NI 43-101 resource estimate on the L463 Gold Shoot in the Dona Amelia Zone, San Simon Project, Bolivia was Dr. Gilles Arseneau (P. Geo.), Principal Consultant, Geology at SRK Canada in Vancouver.

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.

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, 2012. 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.

Overview

Colombia Crest is involved in the acquisition and exploration of gold resource properties in Colombia and Bolivia. The Company has exploration and production rights to 52.5 square kilometers on the San Simon plateau in the Department of Beni in northeast Bolivia. The concessions have two main areas of known gold mineralization called Doña Amelia (or Trinidad-Manganeso) and San Simon (or Paititi-Buriti). The Company commenced work at San Simon in 1995. In December 2010, the Company published its first NI 43-101 resource estimate for the Doña Amelia area, as further described in the section on Mineral Properties.

The Company has executed two agreements 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. These two properties cover over 340 square kilometres and are the Company's first acquisitions in the Middle Cauca Gold Belt. After initial regional geophysical data collection and interpretation in early 2011, the Company assembled a top-tier geologic team, who identified over 20 areas with potential for gold mineralization. The team highlighted the Venecia area for initial work.

By late 2011, Colombia Crest field crews had detected, mapped and sampled two large porphyry gold anomalies in the Venecia concession; the area was named Arabia. Rock chip results returned up to 3.8 grams per tonne gold, coincident with potassic-altered porphyry outcrops. Shortly thereafter, assay results were received from 1,132 soil samples which showed two distinctly anomalous gold zones (defined as areas greater than 40 parts per billion "ppb"). The first anomalous area, named Arabia 1, covers an area of almost 400 by 800 metres, while the second area, Arabia 2, located about one kilometre to the southwest, covers an area of 300 by 400 metres. As is typical of porphyry gold-copper systems of the region, the gold anomalies have coincident copper and molybdenum anomalies.

Arabia is located about 10 kilometres west of Bellhaven Copper and Gold's La Mina project and about 15 kilometres south of Sunward Resources' Cerro Vetas project, both with porphyry gold-copper resources - these examples demonstrate that Arabia is in a neighborhood of multiple gold-rich porphyry systems.

Following discovery of outcropping gold mineralization at Arabia, IAMGOLD Corporation ("IAMGOLD") toured the project and completed a private placement, which resulted in them owning 14.0% of the outstanding shares of the Company. Upon exercising 100% of their warrants outstanding, IAMGOLD's ownership could increase to 19.7%. The IAMGOLD placement gave our Colombia projects immediate credibility in the market place and strong financial support for the drill program in 2012. As part of the agreement, Colombia Crest has formed a technical advisory team that includes representatives from both IAMGOLD and Colombia Crest. Building on Colombia Crest's community relations and social responsibility programs, IAMGOLD has added support to this important program

On March 28, 2012, the Company announced that it had mobilized a drill rig onto the property - the rig will initially test Arabia 1, where 10 drill pads are approved, then move to Arabia 2 where one drill pad is approved and three holes are planned from the same pad. Both targets have combined 5,000 metres planned in phase one.

Management is confident the Company's Colombian properties have the potential to host one or more porphyry-style gold deposits. Surface sampling in late 2011 has demonstrated that at least five gold-mineralized porphyry-style targets exist on the Fredonia and Venecia projects. There is evidence that several other buried porphyry targets exist on the 34,000 hectare land package.

With the Colombian projects moving forward to drill stage and Colombia Crest fully financed, the Board of Directors and management have a renewed vigor. The equity and capital markets are rewarding positive exploration results from Colombia as evidenced by the market valuations of our neighboring competitors who have announced drill results.

Mineral Properties

Fredonia, Colombia

Fredonia is the first acquisition among several projects the Company has been evaluating in the gold-rich 300 kilometre long Middle Cauca Belt - the acquisition provides Colombia Crest with a significant land position in a largely unexplored portion of a world-class porphyry gold belt with gold production dating back 500 years.

The Fredonia property is a package of mineral concessions and concession applications owned or controlled by Grupo de Bullet S.A. ("Bullet"). The Fredonia title holdings amount to 32,216 hectares covering 16 mineral concessions with both Technical Study and Contract status. Pursuant to an agreement dated August 13, 2010 and amended August 16, 2011, the Company can 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	-	-	-
By March 28, 2013 (iii)	1,100,000	-	-	50.0%
By March 28, 2014 (iii)	600,000	-	-	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				<u>75.0%</u>

(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.

In the event that any of the above-noted expenditures are not made within the timeframe specified above, the Company may pay the unspent portion of expenditures directly to the optionor in cash.

By June 27, 2014 (extended by six months by an amendment agreement dated August 16, 2011) the Company must deliver to the optionor written notice (the "Study Notification") of the Company's intention to fund the preparation of a feasibility study, which must 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 must 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 does 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 optioner 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.

After completion of a detailed feasibility study (NI 43-101 compliant), each party will be required to fund its pro-rata share of development costs. During the duration of the agreement, the Company will be responsible for all expenditures related to concession maintenance, including canon payments and insurance policies.

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

Venecia, Colombia

The Venecia property is owned by Colombian Mines Corporation and located within the Fredonia area. It adjoins the western edge of the La Mina property, where Bellhaven Resources recently announced the highest grade gold-copper drill intercepts in region (mentioned above). Pursuant to an agreement dated March 30, 2011, Colombia Crest has an option to acquire up to a 75% interest in the mineral title of the 1,985 hectare Venecia property as follows:

Date	Expenditures (US\$)	Common Shares or Warrants Issuance	Cash (US\$)	Interest Earned (%)
Upon signature of the LOI (September 30, 2010 - paid)	\$ -	-	\$30,000(i)	-
By April 14, 2011	50,000 (incurred)	-	-	-
By April 21, 2011	-	250,000 shares and 250,000 warrants(ii) (issued)	-	12.5%
By March 30, 2012	950,000 (incurred)	125,000 shares and 125,000 warrants(ii) (issued)	80,000	25.0%
By March 30, 2013	1,000,000	125,000 shares and 125,000 warrants(iii)	75,000	37.5%
By March 30, 2014	1,000,000	125,000 shares and 125,000 warrants(iii)	350,000	75.0%
Total	\$ 3,000,000		\$535,000	75.0%

- (i) By agreement with both parties, time for payment was extended to December 20, 2010 (paid).
- (ii) Warrants have an unit exercise price of \$0.4375 with 250,000 expiring April 15, 2013, and 125,000 expiring March 23, 2014.
- (iii) Each warrant will have an exercise price equal to the greater of the closing price of the Company's common shares at the date of execution or \$0.4375. The warrants will have an expiry date of 2 years after their date of issue.

In the event that any of the above-noted expenditures are not made within the specified timeframes and the Option has not been terminated, the Company may pay the unspent portion of expenditures directly to the optionor in cash.

Upon acquisition of a 75% interest in the Venecia Project, the parties intend to form a 75/25 joint venture and funding of further exploration and development of the project will be based on the parties' percentage interest. Or, the optionor can choose to sell its interest in the project at its fair market value or have the Company fund the optionor's share of expenses, in which event, the Company will receive 100% of proceeds from production until it has been repaid such funds plus interest at the U.S. prime rate plus 5%.

Fredonia-Venecia Exploration Program

On April 11, 2011, the Company announced that it had identified nine porphyry gold-copper targets; seven on the Fredonia property and two at Venecia. The target areas cover between three and ten square kilometres. The areas were defined through the detailed integrating of the new airborne magnetic and radiometric data acquired by MPX Geophysics, along with stream sediment sampling data for gold and copper values, and the interpretation of geologic maps and structural analysis from satellite maps. Each of the targets has been prioritized for follow up. Highest priority was given to targets with the best results from each of the data groups mentioned above, including mineral title and surface ownership as a prioritizing criteria. Subsequent interpretation by a 3rd party geophysical contractor led to the identification of over 20 targets based on combined airborne magnetic and radiometric data as a targeting tool.

In May, the Company announced the discovery of porphyry-related alteration in an area named Arabia where alteration mapping delineated an area 700 metres east-west by 900 meters north-south of quartz-sericite-pyrite alteration which overlies a magnetic high. The quartz-sericite-pyrite alteration zone is surrounded by a halo of propylitic alteration, which is typical of a zoned porphyry gold system. The target overlaps both the Venecia and Fredonia concessions.

Further rock chip sampling and mapping at the Arabia target resulted in the discovery of potassic-altered diorite porphyry rocks in outcrop. Gold mineralization in the potassic zone coincides with a stockwork of quartz-magnetite veins and sometimes traces of chalcopyrite. Assay results varied from below detection up to 3.8 grams per tonne gold in the samples collected over potassic-altered porphyry rock at Arabia.

In December, the Company announced that two areas of anomalous gold were defined by the soil sample results at Arabia. Assay results from all 1132 soil samples have now been received. Anomalous gold values are those greater than 40 parts per billion ("ppb"). Based on these final soil results, the first anomalous area, reported on November 8, 2011, covers an area of almost 400 by 800 metres, while the second area, which is located about one kilometre to the southwest, covers an area of about 300 by 400 metres. Assay results for the soil samples varied from below detection up to 405 ppb gold in the first anomalous area, or 0.4 grams per tonne gold and in the second area samples returned up to 208 ppb gold. Consistent with other porphyry gold discoveries in the Middle Cauca Belt of Colombia, and in the Andes Mountains of South America, these soil results show that gold is strongly correlated to copper and molybdenum.

On March 28, 2012, the 5,000-metre phase one drill program commenced - a total of 11 drill pads are planned for the initial drill tests of Arabia 1 and 2 targets. Canadian Drill was awarded the contract and will supply a small diamond core drill rig, capable of holes going to depths of 200 to 500 metres; also important, they are using water recycling technology to minimize consumption during drilling. Drill sites have been located over areas thought to have strong porphyry gold style mineralization based on soil assays, rock chip assays and alteration mapped in outcrop.

The Colombia Crest technical team has extensive experience drilling and discovering porphyry-style gold deposits: during the drill program, our technical team will be on-site, selecting each drill hole location and angle. Visually, the on-site geologists will be able to examine the core as it is drilled and determine which cores have the best type of mineralization. These visual observations will allow in-field modifications to each drill hole, for example, holes can be extended or the angle changed based on alteration related to gold mineralization, the abundance of copper minerals like chalcopyrite, etc.

Ground work continues on several of the 20 targets identified in early 2011. Surface sampling in 2011 has proven that at least five gold-mineralized porphyry-style targets exist on the Fredonia and Venecia projects. Evidence is that several other buried porphyry targets exist on the 34,000 hectare land package.

San Simon, Bolivia

At San Simon, the Company holds lease options for 100% of mineral title on 10 concessions covering 52.5 square kilometres, located in north-eastern Bolivia in the Iténez Province, Department of Beni. The original gold discovery on the San Simon plateau was made in 1742 by Jesuit priests, who found gold in a northeast-striking shear zone. The area of that discovery is now called Mina Vieja (“old mine”) and it is adjacent to the Trinidad sector, beneath which is the Company’s underground development. Surface geological mapping and diamond drilling from 2003 to 2008 have traced the main thrust fault for about four kilometres of east-west strike length and more than 700 metres down-dip.

In 2010, Colombia Crest commissioned SRK Consulting to complete the first NI 43-101 resource estimate for the Doña Amelia Zone, San Simon Project, Bolivia. The capped Indicated Mineral Resources showed 262,300 tonnes grading 5.15 g/t Au, and the capped Inferred Mineral Resources showed 251,800 tonnes grading 5.46 g/t gold classified, at a 3 g/t cut-off. According to SRK, these resources include mineralization along an 800 metre long section of the main quartz vein structure, which includes three distinctive mineralized shoots referred to as L463, L484, and San Pedro West.

Based on their study, SRK recommended that future drilling along the main quartz vein structure, which has been traced for 4.5 kilometres strike length, maintain a nominal spacing of 25 metres, similar to the analysis made by management in 2007-2008 drilling campaign. Future drilling should be concentrated in areas where the strike and/or dip of the MQV changes abruptly, as such changes may represent dilation zones favourable for gold deposition.

In the opinion of the Company's management, definition of additional gold resources in the Doña Amelia area requires extensive drilling and the ultimate resources, which may be amenable to production only by underground mining methods, will not be attractive to major mining companies because the daily production rate is typically lower for this style of deposit. These resources may, however, be attractive to small to medium-sized mining companies.

On January 17, 2012, the Company announced that 1,355 metres were drilled at the Paititi and Mina Vieja zones. Nineteen core holes were drilled between July and September 2011, fourteen at Paititi and five at Mina Vieja. Results from the Mina Vieja zone included 1.5 metres of 14.7 grams per tonne gold and 1.5 metres of 6.71 grams per tonne gold. The Mina Vieja results include intercepts of near-surface mineralization that the Company believes could be mined by an operator at Trinidad while further developing and possibly enhancing the project's economics and producing royalty revenue payable to Colombia Crest.

The Company further announced that it has initiated discussions with a local mining company to develop the Trinidad-Mina Vieja portion of the project, where the NI 43-101 resource calculation was completed in December 2010. The Company's extensive exploration data and positive bulk-sampling results, with gold recoveries that approached 90% by conventional flotation, should benefit the economics of a mine at Trinidad-Mina Vieja, thus may enable the Company to recover some of the cumulative expenditures there.

As part of the same drilling program announced on January 17, 2012 (discussed above), the Company drilled fourteen holes at Paititi. The holes were designed to corroborate previous drill results and test bulk-tonnage potential. The Paititi results are being evaluated to determine if a joint venture partner would be attracted to this type of disseminated gold mineralization.

Subsequent Operating Events

On May 1, 2012, the Company announced the appointment of Peter Ellsworth as Vice President of Exploration, based out of Medellín, Colombia. Additionally, it was announced that Walter Lienhard will assume the newly appointed role of Vice President Business Development Latin America, with a focus on property acquisition and monetization of existing projects.

Peter Ellsworth is a geologist with 27 years of mineral exploration and mining experience across North and South America. His expertise ranges from corporate leadership, project management, and natural resource exploration and development throughout the precious metals, base metals, diamond and industrial minerals sectors. Early in his career working as Staff Geologist for Newmont Exploration Ltd, he was involved in the discovery of the Gaby porphyry gold deposit in Ecuador and more recently he built and directed the team that successfully drilled the Alpacochoa porphyry copper deposit in southern Peru. Consulting on various international projects, his client list comprises over 25 public and private companies. Mr. Ellsworth holds a M.Sc in Geology from the University of Montana and a B.Sc in Geology from Montana State University and is bilingual in English and Spanish.

Mr. Ellsworth who will be based in Medellín, will also serve as the Qualified Person in accordance with NI 43-101 Standards of Disclosure for the Mineral Projects.

Mr. Lienhard obtained his B.Sc Degree in Geology from the University of Arizona and has over 30 years of exploration experience working with major mining companies. Due to his previous positions where Mr. Lienhard was involved with all phases of exploration and management of operations in Latin America, he will head the Company's business development in that area.

Future Outlook

For 2012, the majority of exploration funds are focused on drill testing high-priority targets like Arabia as well as acquiring new projects in the Middle Cauca Belt of Colombia. The field crews are excited to be drilling at Arabia - drilling is underway in the second hole at the time of this report.

The Company's goals for the remainder of 2012 include:

- Drill 5,000 metres core on the Arabia porphyry targets where at least two porphyry gold-copper targets were delineated in late 2011.
- Depending on drill results, the decision to take Arabia to resource delineation phase will be made, after which time more drilling will take place to accelerate the zone to inferred resource status.
- Complete analysis of soil sampling around the Arabia Complex to determine the total number of gold-rich porphyry targets.
- Evaluate with ground geology and geophysics the targets in the Titiribi area on 44 hectare concession called Margarita.
- Continue with an aggressive exploration program in the Fredonia-Venecia projects, including ground mapping and sampling as follow up to the priority porphyry targets that were identified from the aerial geophysics - new porphyry gold systems continue to be found in the field.
- Test and implement remote sensing tools in the Fredonia-Venecia area to find additional, buried porphyry targets.
- Continue to identify additional projects in the Colombia Middle Cauca Belt for acquisition.

- Maximize the value of the San Simon, Bolivia property through sale/joint venture of the project.

Management is confident that with good drill results and support from a variety of institutional investors, the markets will reward the Company for grass-roots exploration success in Colombia. Even though exploration funding remains a challenge for the majority of junior explorers, Colombia Crest is well-positioned both financially and technically to achieve its exploration objectives in 2012.

Recent Pronouncements Affecting Changes in Accounting Policies:

International Financial Reporting Standards (“IFRS”)

On January 1, 2011, Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, for the Company the effective transition date is October 1, 2010. The six months ended March 31, 2012 is the Company’s first reporting period under IFRS. Notes 2 and 13 to the condensed interim consolidated financial statements provide more detail on the significant Canadian GAAP to IFRS differences and IFRS 1, First-Time Adoption of International Financial Reporting Standards and optional exemptions for significant or potentially significant issues that have an impact on the Company’s financial statements on transition to IFRS.

Future Accounting Changes

IFRS 9, Financial Instruments (“IFRS 9”) addresses classification and measurement of financial assets and replaces multiple category and measurement models in International Accounting Standard (“IAS”) 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss (“FVTPL”). IFRS 9 also replaces the models for measuring equity instruments and such investments are either recognized at FVTPL or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses including impairments associated with these instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities are mostly carried forward from existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would normally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2013 with earlier adoption permitted.

Selected Annual Information

	IFRS Year Ended September 30 2011 \$	IFRS Year Ended September 30 2010 \$
Interest income	29,318	-
Net loss	(28,807,480)	(12,915,257)
Basic loss per share	(0.43)	(0.28)
Total assets	18,011,433	37,779,081
Current liabilities	296,414	585,674
Working capital (deficiency)	3,261,793	327,717
Dividends	Nil	Nil

The Company has been and is still in the stages of exploring and developing its mineral properties. Generally speaking, the Company has not earned any revenues from its projects. However, during fiscal 2007 and 2008 the Company undertook an underground bulk sampling program in Bolivia whereby large volumes of material were excavated and processed. The purpose was to obtain bulk samples and compare assay results for them with those for much smaller samples from drill holes collared at the surface. The process extracted gold concentrates from the masses of underground rock and were sold to a gold smelting company in Mexico. Total payments received from shipments of the gold concentrates were approximately \$1 million. These payments were not classified as revenue in the financial statements, but were offset against exploration expenditures as recovery. The underground bulk sampling program was suspended in the early part of fiscal 2008.

The Company's accounting policy is to record mineral properties at cost. Exploration and development expenditures are deferred until the properties are brought into production, at which time, they will be amortized on a unit of production basis. In the event the 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 intends to invest any major funding for exploration in that area. This is also the reason for the significant decrease in total assets in 2011.

While there was no substantial recognition of deferred exploration costs being written off in 2010, there were \$8,793,432 added to net loss due to IFRS adjustments. For a detail breakdown of these items – refer to note 12 of the condensed interim consolidated financial statements for the six months ended March 31, 2012.

Results of Consolidated Operations

For the six months ended March 31, 2012 the Company incurred a consolidated net loss of \$1,583,454 as compared to a consolidated net loss of \$656,454 for the same six-month period ended March 31, 2011.

Since completing a substantial private placement at the beginning of calendar 2011, the Company has been gearing up its exploration work program in Colombia during fiscal 2012. As a result of this moving forward, other activities such as promotion of investors' awareness, travel, shows/conventions and other marketing efforts have all increased therefore raising costs and expenditures. A non-cash item, which nevertheless, decreased the net loss in 2011, was the recognition of a gain of \$530,328 based on the valuation of foreign currency denominated warrants (as required under the new IFRS).

Significant expense accounts that increased during 2012 from 2011 were as follows:

- Accounting and audit \$67,465 (2011: \$36,830) – higher in 2012 due to additional costs incurred for the 2011 audit which overflowed into the first quarter of 2012. Also, due to the conversion to the new IFRS, additional consulting fees were accrued in 2012.
- Corporate development \$117,623 (2011: \$88,178) – along with an in-house corporate communications personnel, the company also utilize outside investor relation firms. Fees were higher in 2012 as the Company intensified efforts to inform the market of its activities in anticipation of encouraging results from its aggressive exploration program.
- Management fees \$97,311 (US\$96,000) (2011: \$89,535 (US\$90,000)) – paid to a private company owned by the CEO of the Company for management services. Fees were US\$15,000/month up to December 31, 2011 but were increased to US\$17,000/month January 1, 2012.
- Stock-based compensation \$730,324 (2011: \$559,350) – costs of options granted as calculated using to the Black-Scholes option valuation model. In 2012, 2,500,000 options were granted as compared to 2,100,000 options for the same six-month period in 2011. See note 9 (c) in the notes to the unaudited consolidated financial statements for the six months ended March 31, 2012 for the Black-Scholes option pricing model details.

- Travel and promotion \$118,005 (2011: \$65,490) – such costs increased in 2012 as travel and promotion plans coincided with the intensified marketing efforts as explained above.
- General explorations \$132,752 (2011: \$23,356) - due to encouraging results from the Company's efforts in Colombia and the significant successes of other exploration companies in neighbouring regions, management has stepped up general exploration work with the intention of identifying further potential acquisitions. Such general exploratory costs are expensed as incurred.

Significant expense accounts that decreased during 2012 from 2011 were as follows:

- Consulting \$1,620 (2011: \$102,321) – these costs in 2011 relate mainly to financial consulting and corporate financing fees pursuant to the closing a non-brokered private placement in excess of \$6.4 million.
- Filing fees \$32,405 (2011: \$45,006) – filing fees were higher in 2011 because of the \$6.4 million private placement closed during that period.
- Legal \$22,883 (2011: \$80,665) – legal costs were higher in 2011 as significant legal due diligence was incurred involving the Company's Colombian properties, which formed the main basis of the Company's proposed \$6.4 million private placement.

Other accounts:

- Gain (loss) on disposal of equipment (\$4,717) (2011: \$177,247) – major components of the inoperative recovery mill (fully depreciated) in Bolivia were dismantled and sold in 2011.
- Due diligence on general mineral property \$nil (2011: \$131,646) – exploratory work on the Fredonia and Venecia projects in Colombia prior to finalizing the option agreements were previously capitalized in 2011. IFRS require that these prior pre-ownership exploratory costs be adjusted and expensed.
- Write off of mineral properties \$121,963 (2011: \$nil) – as management has decided not to invest any more major funding for exploration in the Dona Amelia area all upkeep expenditures are expensed as incurred.
- Gain (loss) on revaluation of foreign currency denominated warrants (\$10,416) (2011: \$530,328) – gain or loss on share purchase warrants denominated in US dollars as calculated by the binomial method. See note 9 (d) in the notes to the unaudited consolidated financial statements for the six months ended March 31, 2012 for details.

2nd Quarter Review:

For the second quarter ended March 31, 2012, the Company recorded a consolidated net loss of \$421,049 as compared to a consolidated net loss of \$818,011 for the same quarter ended in 2011.

Significant expense accounts for the quarter that increased during 2012 from 2011 were as follows:

- Accounting and audit \$34,044 (2011: \$25,798) – additional fees accrued due to expected increase in auditing costs for 2012 as a result of adopting IFRS during the current period.
- Advertising \$10,200 (2011: \$nil) – company write-ups advertised in industry trade magazines and journals in 2012.
- Corporate development \$52,289 (2011: \$34,512) – during 2012, stronger marketing efforts to increase shareholders and investors' awareness of the Company's exploration activities in Colombia.

- Management fees \$51,371 (US\$51,000) (2011: \$44,112 (US\$45,000)) – fees paid to a private company owned by the CEO for management services increased in the second quarter of 2012 from US\$15,000/month to US\$17,000/month.
- Travel and promotion \$56,827 (2011: \$34,494) - such costs increased in 2012 as travel and promotion plans coincided with the intensified marketing efforts.
- General explorations \$81,983 (2011: \$23,356) - increased general exploration work in 2012 with the intention of identifying further potential acquisitions. Such general exploratory costs are expensed as incurred.

Significant expense accounts for the quarter that decreased during 2012 from 2011 were as follows:

- Consulting \$120 (2011: \$20,541) - these costs in 2011 relate mainly to financial consulting and corporate financing fees pursuant to the closing a non-brokered private placement in excess of \$6.4 million.
- Stock-based compensation \$9,896 (2011: \$559,350) – no options were granted during the current quarter in 2012. The amount recorded was due to recognition of the costs relating to options that were previously granted but vested during the period. In 2011, 2,100,000 options were granted during the period resulting in amount expensed.

Other accounts:

- Due diligence on general mineral property \$nil (2011: \$122,102) - exploratory work on the Company's Fredonia and Venecia projects in Colombia prior to finalizing the option agreements were initially capitalized in 2011. IFRS require that these prior pre-ownership exploratory costs be adjusted and expensed.
- Write-off of mineral properties \$63,633 (2011: \$nil) - as management has decided not to invest any more major funding for exploration in the Dona Amelia area all upkeep expenditures are expensed as incurred.
- Gain (loss) on revaluation of foreign currency denominated warrants (\$5,000) (2011: \$204,542) – gain or loss on share purchase warrants denominated in US dollars as calculated by the binomial method. See note 9 (d) in the notes to the unaudited consolidated financial statements for the six months ended March 31, 2012 for details.

Current Year Resource Property Expenditures

- Bolivia \$213,873 (2011: \$540,827) – costs incurred during the current six-month period relate solely to the San Simon Property as Dona Amelia was written off at the end of the previous fiscal year. These costs pertain mainly to upkeep and maintenance of the property while management is working on arrangement to sell and/or joint venture with other parties to take over the exploration and development of the property. If and when the Company formalizes a decision not to invest any further major funds towards San Simon, the property will be written off at that time.
- Colombia \$826,834 (2011: \$485,087) – the main focus of the Company's exploration activities is in Colombia and management. Drilling activities commenced in April of 2012.

Summary of Selected Highlights for the Last Eight Quarters

Description	IFRS Mar 31, 2012 \$	IFRS Dec 31, 2011 \$	IFRS Sept 30, 2011 \$	IFRS Jun 30, 2011 \$
Balance Sheet:				
Current assets	5,103,011	6,066,328	3,558,207	4,622,570
Exploration assets	14,962,139	14,602,701	14,387,706	38,576,649
Current liabilities	285,516	330,505	296,414	320,442
Shareholders' Equity				
Capital stock	79,783,706	79,757,456	76,337,456	76,372,856
Shares subscribed	1,156,000	1,156,000	1,156,000	1,156,000
Contributed surplus	6,200,674	6,185,741	5,465,313	5,383,664
Cumulative translation adjustment	2,723,581	2,913,664	3,177,506	100,000
Deficit	(70,112,269)	(69,691,220)	(68,528,815)	(40,518,353)
Working capital	4,817,495	5,735,823	3,261,793	4,302,128
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net loss	(421,049)	(1,162,405)	(28,010,462)	(140,564)
Basic per share	0.00	(0.01)	(0.42)	0.00
Balance Sheet:				
Shareholders' Equity				
Operations:				
Basic per share				
Description	IFRS Mar 31, 2011 \$	IFRS Dec 31, 2010 \$	CDN GAAP Sept 30, 2010 \$	CDN GAAP Jun 30, 2010 \$
Balance Sheet:				
Current assets	5,356,024	3,616,806	913,391	1,768,483
Resources assets	35,794,332	36,336,665	62,012,705	62,579,018
Current liabilities	544,603	681,499	585,674	407,297
Shareholders' Equity				
Capital stock	76,054,956	73,450,292	71,060,057	70,706,556
Shares subscribed	1,156,000	1,156,000	1,156,000	1,356,000
Contributed surplus	5,349,985	4,607,901	4,481,337	4,180,159
Cumulative translation adjustment	(2,057,848)	(1,041,857)	-	-
Deficit	(40,377,789)	(39,559,778)	(30,927,903)	(29,943,476)
Working capital (deficit)	4,811,421	2,935,307	327,717	1,361,186
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(818,011)	161,557	(984,427)	(1,690,173)
Basic per share	(0.01)	0.00	(0.03)	(0.03)

Significant Items Within the Quarter:

For the three months ended March 31, 2012 (IFRS):

- Wrote off \$63,633 in property evaluation assets in Bolivia
- Expensed general explorations of \$81,983
- Working capital of \$4,817,495

For the three months ended December 31, 2011 (IFRS):

- Wrote off \$58,330 in property evaluation assets in Bolivia
- Recorded \$720,428 in stock-based compensations
- Closed private placement of \$3,420,000
- Working capital of \$5,735,823

For the three months ended September 30, 2011 (IFRS):

- Wrote off \$27,935,204 in mineral properties in Bolivia
- Recorded gain of \$204,541 on revaluation of foreign currency denominated warrants
- Realized \$40,710 gain on disposal of mill equipment
- Working capital of \$3,261,793

For the three months ended June 30, 2011 (IFRS):

- Recorded gain of \$204,542 on revaluation of foreign currency denominated warrants
- Issued 250,000 shares and 250,000 warrants valued at \$117,900 pursuant to property option agreement
- Recorded \$40,920 stock-based compensation
- Working capital of \$4,302,128

For the three months ended March 31, 2011 (IFRS):

- Closed 2nd tranche of private placements for gross proceeds of \$2,989,301
- Expensed \$122,102 in due diligence on general mineral property in Colombia
- Recorded gain of \$204,542 on revaluation of foreign currency denominated warrants
- Recorded stock-based compensation of \$599,350
- Working capital of \$4,811,421

For the three months ended December 31, 2010 (IFRS):

- Recorded gain of \$325,786 on revaluation of foreign currency denominated warrants
- Closed first tranche of private placements for gross proceeds of \$3,443,477
- Issued 319,922 shares for option on Colombian property valued at \$118,371
- Gain on disposal of equipment of \$177,247
- Working capital of \$2,935,307

For the three months ended September 30, 2010 (Canadian GAAP):

- Wrote off \$1,894,984 in deferred mineral property costs
- Recognition of recovery of future income taxes of \$1,200,000
- Working capital of \$327,717

For the three months ended June 30, 2010 (Canadian GAAP):

- Wrote off \$1,333,455 in deferred mineral property costs
- \$72,000 in share subscription receivable outstanding
- Working capital of \$1,361,186
- Restated – increase in future income tax liability and resource properties by \$17,737,000

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 loans, shares for debt settlements, private placements and the exercise of options and warrants.

During the first quarter of fiscal 2011, management closed the first tranche of a non-brokered placement with gross proceeds in excess of \$3.4 million. On February 4, 2011, the second tranche was closed with gross proceeds of \$3.0 million.

The total proceeds of in excess of \$6.4 million from the private placement will be used for exploration of gold properties in Bolivia and Colombia, but with the focus on Colombia and general working capital purposes.

On November 7, 2011, the Company closed a private placement with IAMGOLD for the purchase of 12 million units at a price of \$0.285 per unit for gross proceeds of \$3,420,000. Each unit is comprised of one common share and one-half of a share purchase warrant with each full warrant exercisable to purchase an additional share of the Company at a price of \$0.35 expiring October 31, 2013.

As at March 31, 2012, the Company has cash on hand of \$4,503,410 and working capital of \$4,817,495. Cash reserves are deposited into interest bearing accounts with a major Canadian bank.

The Company has not yet determined whether its properties contain ore reserves. The recoverability of amounts shown for mineral properties is dependent upon the discovery of ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and leases, and upon sufficient future profits or proceeds from the disposition of its mineral properties.

The market price of metals is highly speculative and volatile. Instability in metal prices may affect the interest in mining properties and the development of and production from such properties. Any down turn may adversely affect the Company's ability to raise capital to explore existing or new mineral properties.

Currently, the Company has sufficient funds to pay overhead and administration expense and to finance its exploration projects for fiscal 2012. 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.

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 potentially through 2012, reflective 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 may have difficulty raising additional equity financing for the purposes of gold and other precious mineral exploration without significantly diluting the position of its current shareholders. 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 focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining the momentum on key initiatives. The Company has a strong belief in the exploration potential of its property and aims to emerge from the current economic situation in a solid financial position.

Foreign Countries and Laws and Regulations

The Company has interests in properties that are located in developing countries of Bolivia and 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:

IAS 12 Income Taxes (effective January 1, 2012).

This standard has been amended on December 20, 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. The Corporation is currently evaluating the impact of this amendment to IAS 12 on its financial statements.

IFRS 9, Financial Instruments (effective January 1, 2015).

The standard is the first step in the process to replace IAS 39, financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39, Financial instruments: recognition and measurement, derecognition of financial assets and financial liabilities. This standard is not applicable until January 1, 2015 but is available for early adoption. The Company is currently assessing the impact that the adoption of IFRS 9 may have on the Company.

IFRS 10 Consolidated Financial Statements (effective January 1, 2013).

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee, that is whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities. This standard is applicable for annual periods beginning on or after January 1, 2013 but is available for early adoption so long as IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements (2011) and IAS 28 Investments in Associates and Joint Ventures (2011) are also early applied. The Company is currently assessing the impact that the adoption of these standards may have on its financial statements.

IFRS 11 Joint Arrangements (effective January 1, 2013).

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. This standard is applicable for annual periods beginning on or after January 1, 2013 but is available for early adoption so long as IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements (2011) and IAS 28 Investments in Associates and Joint Ventures (2011) are also early applied. The Company is currently assessing the impact that the adoption of these standards may have on its financial statements.

IFRS 12 Disclosure of Interests in Other Entities (effective January 1, 2013).

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities. This standard is applicable for annual periods beginning on or after January 1, 2013 but is available for early adoption. IFRS 12 disclosure is encouraged prior to adoption of the standard. This early disclosure does not require the entity to apply IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements (2011) and IAS 28 Investments in Associates and Joint Ventures (2011). The Company is currently assessing the impact that the adoption of these standards may have on its financial statements.

IFRS 13 Fair Value Measurement (effective January 1, 2013).

The main provisions of the standard include defining fair value, setting out in a single standard framework for measuring fair value, and specifying certain disclosure requirements about fair value measurements. This new standard is effective for annual periods beginning on or after January 1, 2013.

IAS 27 Separate Financial Statements (2011) (effective January 1, 2013).

The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10. These amendments are applicable for annual periods beginning on or after January 1, 2013 but are available for early adoption so long as IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, and IAS 28 Investments in Associates and Joint Ventures (2011) are also early applied. The Company is currently assessing the impact that the adoption of these standards may have on its financial statements.

IAS 28 Investments in Associates and Joint Ventures (2011) (effective January 1, 2013).

IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12. These amendments are applicable for annual periods beginning on or after January 1, 2013 but are available for early adoption so long as IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, and IAS 27 Separate Financial Statements (2011) are also early applied. The Company is currently assessing the impact that the adoption of these standards may have on its financial statements.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the Company is currently assessing the future impact of this interpretation.

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 28, 2012:

Securities	Number	Weighted-Average Exercised Price	Expiry Date
Common shares issued and outstanding	85,649,956	N/A	N/A
Share purchase options	7,270,000	\$0.55	Jan 8, 2013 – Nov 14, 2016
Share purchase warrants (US\$)	4,481,900	US\$1.00	August 13, 2012
Share purchase warrants (CAD\$)	37,111,789	\$0.51	Sept 28, 2012 - Mar 23, 2014
Fully diluted share capital	134,513,645	N/A	N/A

For a breakdown of the securities as at March 31, 2012 refer to the notes to the unaudited March 31, 2012 financial statements.

Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The unpaid period end balances referred to below are payable on demand and have arisen from the provision of services described:

During the six months ended March 31, 2012:

- A former director of the Company was paid or accrued \$nil (2011: \$12,000) for corporate development fees and one officer of the Company was paid or accrued \$66,000 (2011: \$60,000) for accounting and administration services. At March 31, 2011, the related parties were owed \$13,440 (2011: \$12,185) for the unpaid portions of these amounts and reimbursement of expenditures made on behalf of the Company, which is included in accounts payable.
- A private company owned by a director of the Company was paid or accrued \$97,310 (US\$96,000) (2011: \$89,535 (US\$90,000) in management fees. At March 31, 2012, the related party was owed \$nil (2011: \$nil) for the unpaid portions of these amounts and reimbursement of expenditures made on behalf of the Company. The related party also had \$20,000 (2011: \$15,317) in advances at March 31, 2012, which is included in receivables.
- An officer of the Company was paid or accrued \$62,259 (2011: \$62,900) for geological consulting services. At March 31, 2012, the related party was owed \$5,488 (2011: \$11,643) for the unpaid portion of the amount, which is included in accounts payable.
- For the six months ended March 31, 2012, 2,050,000 options were granted to directors and officers of the Company with a valuation of \$577,280.

As at March 31, 2012, accounts payable are inclusive of \$18,928 (2011: \$23,828) due to related parties.

Subsequent Event

The following occurred during the period subsequent to March 31, 2012:

- Subject to acceptance by the TSXV, the Company granted to a member of the technical management team and certain other consultants, incentive options for the purchase of up to 450,000 common shares of the Company. These options have an exercise price of \$0.35 per share and expire May 14, 2015.

Risk Factors

Colombia Crest is in the exploration and development stage 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 the Colombia Crest properties are considered to be in the exploration stage only and do 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 does have mineral resources, such resources are not mineral reserves and do 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 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 has 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 are 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 operations of Colombia Crest and potential development and commencement of production on its 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 properties have 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 properties profitably or that its 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 proposed major assets of Colombia Crest and certain of its existing and proposed management are or will 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 operates in both Bolivia and Colombia. By year end, Bolivia will not be a major factor as management will be winding down its operation there and will be concentrating its exploratory efforts in Colombia. Operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces 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. Such instability may require the Company to suspend operations on its properties. Since the election of President Álvaro Uribe Vélez in May 2002, and his subsequent re-election in May 2006, the security situation in the country has improved significantly. Since the election and appointment of President Juan Manuel Santos in August 2010, the security situation has remained stable.

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.

Although the Company is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, 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 of Colombia 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.