



Condensed Interim Consolidated Financial Statements

For the Three Months Ended December 31, 2011

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Colombia Crest Gold Corp. discloses that the accompanying unaudited condensed interim consolidated financial statements for the three months ended, December 31, 2011, were prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed interim consolidated financial statements of Colombia Crest Gold Corp. (the "Company") (are the responsibility of the Company's management and they have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements. Management acknowledges responsibility for the preparation and presentation of these condensed interim consolidated financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. In the opinion of management, these unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the period presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee, which is comprised of non-management directors, assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Company's Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Colombia Crest Gold Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars - Unaudited)

	December 31 2011 \$	September 30 2011 \$	October 1 2010 \$
Assets			
Current			
Cash - Note 3	5,974,670	3,451,530	853,679
Receivables - Note 4	48,547	39,564	32,221
Prepaid expenses and deposits - Note 5	43,111	67,113	27,491
	6,066,328	3,558,207	913,391
Property, plant and equipment - Note 6	96,092	65,520	39,427
Exploration and evaluation assets - Note 7	14,602,701	14,387,706	36,826,263
	20,765,121	18,011,433	37,779,081
Liabilities			
Current			
Accounts payable and accrued liabilities	330,505	296,414	585,674
	330,505	296,414	585,674
Asset retirement obligation - Note 2	80,000	80,000	80,000
Warrants denominated in a foreign currency - Note 9 (d)	32,975	27,559	966,970
	443,480	403,973	1,632,644
Shareholders' Equity			
Share capital - Note 9 (a)	79,757,456	76,337,456	70,230,435
Share subscriptions - Note 9 (e)	1,156,000	1,156,000	1,156,000
Contributed surplus - Note 9 (f)	6,185,741	5,465,313	4,481,337
Cumulative translation adjustment	2,913,664	3,177,506	-
Accumulated deficit	(69,691,220)	(68,528,815)	(39,721,335)
	20,321,641	17,607,460	36,146,437
	20,765,121	18,011,433	37,779,081

Nature of operations – Note 1

Signed on behalf of the Board of Directors by:

“Thomas Pladsen”

Director

Thomas Pladsen

“Carl Hansen”

Director

Carl Hansen

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

Colombia Crest Gold Corp.
Condensed Interim Consolidated Statements of Comprehensive Loss
For the Three Months Ended December 31, 2011 and 2010
(Expressed in Canadian Dollars - unaudited)

	Three Months Ended December 31	
	2011	2010
	\$	\$
Expenses:		
Accounting and audit	33,421	11,032
Administration - Note 8	30,000	30,000
Advertising	4,576	-
Amortization	575	1,128
Bank charges	1,091	552
Consulting	-	51,780
Corporate development	66,834	53,666
Filing fees	24,040	35,864
Foreign exchange loss	10,464	5,222
Insurance	6,734	4,217
Legal	17,301	37,477
Management fees - Note 8	45,939	45,423
Office and printing	21,495	18,134
Shareholders information	4,605	2,358
Stock-based compensation - Note 9 (c)	720,428	-
Transfer agent	2,439	4,316
Travel and promotion	61,178	30,996
General explorations	50,770	-
Loss before other items	(1,101,890)	(332,165)
Other items:		
Gain (loss) on property, plant & equipment	(4,550)	177,247
Due diligence on general mineral property	-	(9,544)
Write off of mineral properties - Note 7	(58,330)	-
Gain (loss) on revaluation of foreign currency denominated warrants	(5,416)	325,786
Interest income	7,781	233
Net loss and comprehensive loss for the period	(1,162,405)	161,557
Loss per common share - Note 2	(\$0.01)	\$0.00
Weighted-average number of common shares outstanding	81,611,913	48,807,152

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

Colombia Crest Gold Corp.
Condensed Interim Consolidated Statements of Cash Flows
For The Three Months Ended December 31, 2011
(Expressed in Canadian Dollars - Unaudited)

	Three Months Ended December 31	
	2011	2010
	\$	\$
Cash flows from operating activities		
Net (loss) income for the period	(1,162,405)	161,557
Adjustments to reconcile loss to net cash used in operating activities:		
Amortization	575	1,128
Interest income	(7,781)	(233)
Loss (gain) on property plant and equipment	4,550	(177,247)
Loss on revaluation of foreign currency denominated warrants	5,416	(325,786)
Stock-based compensation	720,428	-
Write-off of mineral properties	58,330	-
	(380,887)	(340,581)
Net change in non-cash working capital items:		
Receivables	(8,983)	(1,981)
Prepaid expenses and deposits	24,002	6,879
Accounts payable and accrued liabilities	34,091	36,805
Cash used in operating activities	(331,777)	(298,878)
Investing activities		
Property, plant and equipment expenditures	(41,639)	182,716
Other deferred property expenditures	-	(30,231)
Exploration and evaluation costs	(532,312)	(432,597)
Interest received	7,781	233
Cash used in investing activities	(566,170)	(279,879)
Financing activities		
Proceeds from shares issuance	3,420,000	3,443,477
Costs of issue of shares	-	(290,407)
Cash from financing activities	3,420,000	3,153,070
Effect of exchange rate change on cash	1,087	-
Change in cash and cash equivalents in the period	2,523,140	2,574,313
Cash and cash equivalents, beginning of period	3,451,530	853,679
Cash and cash equivalents, end of period	5,974,670	3,427,992

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

Colombia Crest Gold Corp.
Condensed Interim Consolidated Statements of Changes in Equity
For the Three Months Ended December 31, 2011 and 2010
(Expressed in Canadian Dollars - Unaudited)

	Share Capital		Shares Subscribed \$	Contributed Surplus \$	Cumulative Translation Adjustment \$	Deficit \$	Total \$
	Number of Shares	Amount \$					
Balance - October 1, 2010	51,031,190	70,230,435	1,156,000	4,481,337	-	(39,721,335)	36,146,437
Shares issued for private placement	11,478,258	3,443,477	-	-	-	-	3,443,477
Shares issued for option on property	319,922	118,371	-	-	-	-	118,371
Issue costs	-	(341,991)	-	-	-	-	(341,991)
Agents' warrants issued	-	-	-	126,564	-	-	126,564
Currency translation adjustment	-	-	-	-	(1,041,857)	-	(1,041,857)
Income for the period	-	-	-	-	-	161,557	161,557
Balance - December 31, 2010	62,829,370	73,450,292	1,156,000	4,607,901	(1,041,857)	(39,559,778)	38,612,558
Shares issued for private placement	9,964,336	2,989,301	-	-	-	-	2,989,301
Shares issued for finders' fees	400,000	200,000	-	-	-	-	200,000
Shares issued for corporate financing fees	100,000	30,000	-	-	-	-	30,000
Issue costs	-	(412,762)	-	-	-	-	(412,762)
Shares issued for option on property	250,000	82,500	-	35,400	-	-	117,900
Expiry of escrow shares cancelled	(18,750)	(1,875)	-	1,875	-	-	-
Agents' warrants issued	-	-	-	173,618	-	-	173,618
Stock-based compensation	-	-	-	646,519	-	-	646,519
Currency translation adjustment	-	-	-	-	4,219,363	-	4,219,363
Loss for the period	-	-	-	-	-	(28,969,037)	(28,969,037)
Balance - September 30, 2011	73,524,956	76,337,456	1,156,000	5,465,313	3,177,506	(68,528,815)	17,607,460
Shares issued for private placement	12,000,000	3,420,000	-	-	-	-	3,420,000
Stock-based compensation expense	-	-	-	720,428	-	-	720,428
Currency translation adjustment	-	-	-	-	(263,842)	-	(263,842)
Loss for the period	-	-	-	-	-	(1,162,405)	(1,162,405)
Balance - December 31, 2011	85,524,956	79,757,456	1,156,000	6,185,741	2,913,664	(69,691,220)	20,321,641

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

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

1. Nature of Operations and Going Concern

The Company was incorporated under the laws of the Province of British Columbia on January 20, 1981 and its common shares are listed for trading on the TSX Venture Exchange (“TSXV”).

The Company is in the development stage and is in the process of exploring and developing its resource properties in Bolivia and Columbia and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

Management has estimated that the Company will have adequate funds from existing working capital to meet corporate, development, administrative and property obligations for the coming year. As at December 31, 2011, the Company had \$5,974,670 in cash and cash equivalents, working capital of \$5,735,823 and no long-term debt.

The Company will require additional financing from time to time, and while the Company has been successful in raising equity financing through the issuance of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

2. Significant Accounting Policies

Statement of compliance and conversion to International Financial Reporting Standards

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, these condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

These are the Company’s first IFRS condensed interim consolidated financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending September 30, 2012. Previously the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”).

The preparation of these condensed interim consolidated financial statements resulted in changes to the accounting policies as compared to the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented in these interim consolidated financial statements. They also have been used in preparing an opening IFRS balance sheet at October 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, “First Time Adoption of International Financial Reporting Standards (IFRS 1)”. The impact of the transition from Canadian GAAP to IFRS is explained in Note 12.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2012.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

2. Significant Accounting Policies – (cont'd)

Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain derivative financial instruments, and have been prepared using the accrual basis of accounting. The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Areas requiring a significant degree of estimation relate to the determination of the useful lives of property and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities.

Basis of Consolidation

The consolidated financial statements include all subsidiaries of the Company. Subsidiaries are entities over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases. All significant inter-company transactions and balances have been eliminated.

These consolidated financial statements include the accounts of Colombia Crest Gold Corp. and its wholly owned subsidiaries Eaglecrest Exploration Bolivia SA (“EEB”), a company incorporated in Bolivia, Eaglecrest Explorations Panama Corp. (“EEP”), a company incorporated in Panama City, Panama, and EEP’s wholly owned subsidiary, Colombiana de Oro SA (Colombiana”), a company incorporated in Panama City, Panama, as well as the branch office operations of Colombiana.

Foreign Currency Translation

The Company’s functional and reporting currency is the Canadian dollar. The functional currency of EEB is the US dollar and the Colombian peso for the branch office operations of Colombiana. EEP and Colombiana are merely holding companies with no other operations or activities. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Exchange rates published by the Bank of Canada were used to translate the subsidiaries and the Colombia branch’s financial statements into the Canadian dollar in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). The foreign exchange differences on translation of the Colombian branch are recognized in other comprehensive loss.

Foreign currency transactions are translated into the relevant functional currency of each entity using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of unsettled monetary assets and liabilities denominated in foreign currencies are recognized in net income.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

2. Significant Accounting Policies – (cont'd)

Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and receivables or at fair value through profit or loss (“FVTPL”). Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. FVTPL has two categories: designated and held for trading. The Company’s cash and short-term money market investments are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company’s trade and other receivables are classified as loans-and receivables. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. The Company does not have any derivative financial assets.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. The Company’s trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives such as those relating to warrants denominated in a foreign currency are also classified as FVTPL unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For unlisted shares classified as available for sale (“AFS”), a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable and assets that are assessed not to be impaired indirectly are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

2. Significant Accounting Policies – (cont'd)

Impairment of Financial Assets – (cont'd)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Exploration and Evaluation Assets and Expenditures

Currently, all mineral properties of the Company are at exploration stage. Pre-exploration costs are expensed in the period in which they are incurred.

The Company records its interests in mineral properties at cost. Exploration expenditures relating to these interests are capitalized until the properties to which they relate are placed into production, sold or abandoned. These expenditures will be amortized over the estimated useful life of the related property using the unit-of-production basis following commencement of production, or written-off if the mineral properties are sold or abandoned. General exploration expenditures are expensed as incurred.

The amounts shown for mineral properties represent costs to date, and do not necessarily represent future values as they are entirely dependent upon the economic recovery of current and future reserves.

The Company reviews capitalized costs on its mineral properties on a periodic basis and will recognize impairment in value based upon current exploration or production results, if any, and upon management's assessment of the future probability of profitable revenues from the property or from sale of the property. Management's assessment of the property's estimated current fair market value is also based upon management's review of other property transactions that have occurred in the same geographic area as its properties.

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and amortization is calculated on a declining balance basis at the following annual rates:

Furniture and equipment	- 20%
Computer equipment	- 30%
Vehicles	- 30%

Property, plant and equipment acquired in a fiscal year is amortized at one-half of the annual rate.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The company's cash and cash equivalents are invested with major financial institutions in business accounts and term deposits which are available on demand by the Company for its exploration programs and administrative expenses, and are not invested in any asset backed securities.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

2. Significant Accounting Policies – (cont'd)

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share subscriptions and warrants denominated in the functional currency are classified as equity instruments.

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

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the TSXV on the date of share issuance.

Stock-based Payment Transactions

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

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

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

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

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

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

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

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

2. Significant Accounting Policies – (cont'd)

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted income per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred.

Income taxes

The Company accounts for and measures future tax assets and liabilities in accordance with the liability method under which future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. The Company has taken a valuation allowance for the full amount of all potential tax assets.

Current income tax, if any, is the expected amount payable or receivable on the taxable income or loss for the period, calculated in accordance with applicable taxation laws and regulations, using income tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to amounts payable or receivable relating to previous years.

Deferred income taxes are provided using the liability method based on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using income tax rates and income tax laws and regulations that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the losses or temporary differences can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Asset Retirement Obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

2. Significant Accounting Policies – (cont'd)

Asset Retirement Obligation – (cont'd)

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after October 1, 2011 or later years. The following standards and interpretations have been issued but are not yet effective:

- IFRS 9 Financial Instruments
- IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. Management is in the process of evaluating the impact of the new standard on the Company.
- IFRS 10 Consolidated Financial Statements
IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.
- IFRS 11 Joint Arrangements
IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.
- IFRS 12 Disclosures of Interests in Other Entities
IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.
- IFRS 13 Fair Value Measurement
- There are no other IFRSs or IFRIC interpretations that are not
IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

2. Significant Accounting Policies – (cont'd)

Asset Retirement Obligation – (cont'd)

- 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 yet effective that would be expected to have a material impact on the Company.

Critical Accounting Estimates and Judgments

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

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

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

- Exploration and Evaluation Expenditures

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

- Title to Mineral Properties

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

- Income Taxes

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

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

2. Significant Accounting Policies – (cont'd)**Critical Accounting Estimates and Judgments – (cont'd)**

• Income Taxes – (cont'd)

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

• Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

3. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	December 31, 2011	September 30, 2011	October 1, 2010
	\$	\$	\$
Cash	1,190,216	410,582	853,679
Short-term deposits	4,784,454	3,040,948	-
	5,974,670	3,451,530	853,679

The cash and cash equivalents are denominated in the following currencies:

	December 31, 2011	September 30, 2011	October 1, 2010
	\$	\$	\$
Canadian dollar	5,841,920	3,188,264	247,822
US dollar	74,398	198,147	577,447
Boliviano	21,778	17,113	28,410
Colombian peso	36,574	48,006	-
	5,974,670	3,451,530	853,679

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

4. Amounts Receivable

	December 31, 2011	September 30, 2011	October 1, 2010
	\$	\$	\$
Harmonized sales tax	30,621	27,375	25,546
Other	17,926	12,189	6,675
	<u>48,547</u>	<u>39,564</u>	<u>32,221</u>

The accounts receivable of the Company are denominated in the following currencies:

	December 31, 2011	September 30, 2011	October 1, 2010
	\$	\$	\$
Canadian dollar	30,621	27,375	25,546
US dollar	-	-	-
Boliviano	6,592	6,734	6,675
Colombian peso	11,334	5,455	-
	<u>48,547</u>	<u>39,564</u>	<u>32,221</u>

5. Prepaid Expenses and Deposits

	December 31, 2011	September 30, 2011	October 1, 2010
	\$	\$	\$
Prepaid insurance	14,350	16,339	11,135
Prepaid consulting fees	-	8,625	11,100
Prepaid rent	-	2,200	1,950
Prepaid travel expenses	24,025	30,089	-
Rental deposits	4,736	3,335	3,306
Show booth deposits	-	6,525	-
	<u>43,111</u>	<u>67,113</u>	<u>27,491</u>

The carrying amounts of prepaid expenses and deposits are denominated in the following currencies:

	December 31, 2011	September 30, 2011	October 1, 2010
	\$	\$	\$
Canadian dollar	24,350	37,164	13,887
US dollar	14,025	26,614	10,298
Boliviano	4,736	3,335	3,306
	<u>43,111</u>	<u>67,113</u>	<u>27,491</u>

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

6. Property, Plant and Equipment

	Furniture & Equipment \$	Field Equipment \$	Vehicles \$	Total \$
Cost				
As at October 1, 2010	105,408	40,964	73,748	220,120
Additions	3,808	-	40,280	44,088
Disposition	(906)	-	(4,760)	(5,666)
As at September 30, 2011	108,310	40,964	109,268	258,542
Additions	4,941	-	36,698	41,639
Disposition and write-offs	(18,935)	-	-	(18,935)
Foreign exchange movement	(106)	-	(1,119)	(1,225)
As at December 31, 2011	94,210	40,964	144,847	280,021
Accumulated depreciation				
As at October 1, 2010	83,946	39,894	56,853	180,693
Additions	5,682	321	6,326	12,329
As at September 30, 2011	89,628	40,215	63,179	193,022
Additions	985	56	3,309	4,350
Disposition and write-offs	(13,368)	-	-	(13,368)
Foreign exchange movement	(1)	-	(74)	(75)
As at December 31, 2011	77,244	40,271	66,414	183,929
Net book value				
As at October 1, 2010	21,462	1,070	16,895	39,427
As at September 30, 2011	18,682	749	46,089	65,520
As at December 31, 2011	16,966	693	78,433	96,092

The net book values of equipment and vehicles are denominated in the following currencies:

	December 31, 2011 \$	September 30, 2011 \$	October 1, 2010 \$
Canadian dollar	7,426	9,658	13,066
US dollar	2,382	2,575	3,679
Boliviano	11,018	11,911	22,682
Colombian peso	75,266	41,376	-
	96,092	65,520	39,427

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

7. Exploration and Evaluation Assets

The Company's exploration properties are located in Bolivia and Colombia, South America and its interest in these resource properties is maintained pursuant to agreements with the titleholders. The Company is satisfied that evidence of title to each of its resource properties is adequate and acceptable by prevailing Bolivian and Colombian standards with respect to the current stage of exploration on these properties, however, recoverability of amounts shown for resource properties are subject to confirmation of the Company's interest in the underlying resource properties.

The Company's exploration and evaluation assets are as follows:

	Bolivia		Colombia		Total
	San Simon	Dona Amelia	Fredonia	Venecia	
Costs:					
Balance - October 1, 2010	12,853,618	24,516,781	822,762	-	38,193,161
Acquisition costs	7,560	29,839	469,249	150,228	656,876
Exploration costs	616,283	397,888	432,499	215,595	1,662,265
Foreign exchange movement	133,386	3,044,120	-	-	3,177,506
Balance - September 30, 2011	13,610,847	27,988,628	1,724,510	365,823	43,689,808
Acquisition costs	-	-	6,405	183	6,588
Exploration costs	121,873	-	160,665	189,648	472,186
Foreign exchange movement	(259,228)	-	(2,132)	(2,419)	(263,779)
Balance - December 31, 2011	13,473,492	27,988,628	1,889,448	553,235	43,904,803
Impairment write-offs:					
Balance - October 1, 2010	(1,313,474)	(53,424)	-	-	(1,366,898)
Write-offs	-	(27,935,204)	-	-	(27,935,204)
Balance - September 30, 2011	(1,313,474)	(27,988,628)	-	-	(29,302,102)
Write-offs	-	-	-	-	-
Balance - December 31, 2011	(1,313,474)	(27,988,628)	-	-	(29,302,102)
Carrying values:					
Carrying value - October 1, 2010	11,540,144	24,463,357	822,762	-	36,826,263
Carrying value - September 30, 2011	12,297,373	-	1,724,510	365,823	14,387,706
Carrying value - December 31, 2011	12,160,018	-	1,889,448	553,235	14,602,701

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

7. Exploration and Evaluation Assets – (cont'd)

Bolivia:

San Simon and Dona Amelia Zones

Pursuant to an agreement (the San Simon Agreement) executed in fiscal 1999 and subsequently amended, the Company owns the right to acquire 100% of all production from 11 mineral concessions. Total consideration paid to acquire this right was US\$600,000.

These 11 mineral concessions are subject to a 3% net smelter returns royalty, of which the Company can purchase 1% for US\$500,000 and a second 1% for US\$750,000.

In April, 2003 San Simon Resources Ltd. ("SSR") and the Company entered into an agreement by which the Company acquired from SSR an 80% interest in production from 7 non-core mineral concessions and the right to acquire one additional mineral concession (known as the California concession) by incurring US\$500,000 in mineral exploration expenditures over two years (incurred) and reimbursing SSR certain costs aggregating US\$10,000 (paid).

The Company also entered into a separate agreement in June, 2003 with the underlying owner of the California concession whereby it paid US\$48,000 and issued 200,000 common shares to obtain a 100% interest in this concession.

These concessions are subject to a 3% net smelter returns royalty, of which the Company can purchase 1% for US\$500,000 and a second 1% for US\$1,000,000. The Company advanced US\$250,000 during the year ended September 30, 2007 as security for payment of exploration services to be provided. This amount was fully expensed during the year ended September 30, 2008.

By an agreement dated November 16, 2007, the Company had a 50 year option to acquire an additional mineral concession in the San Simon zone in Bolivia, South America for US\$25,000 (paid) and US\$25,000 within six months of delivery of samples by the optionor. The option was terminated by the Company during the year ended September 30, 2008 without payment of the second US\$25,000. The initial US\$25,000 paid was recorded as a part of general exploration costs.

During the year ended September 30, 2010, certain concessions on San Simon and Dona Amelia Zones have been abandoned and \$1,313,474 and \$53,424 in related deferred costs were written off, respectively.

During the year ended September 30, 2011, \$27,935,204 in deferred costs were written off on the Dona Amelia Zone. However, no concessions on the San Simon and Dona Amelia Zones have been abandoned.

During the period ended December 31, 2011, \$58,330 expended in up-keeping and maintaining Dona Amelia were expensed as the entire property has been written off.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

7. Exploration and Evaluation Assets – (cont'd)

Colombia:

Fredonia

Pursuant to an agreement dated August 13, 2010, the Company has an option to acquire up to a 75% interest in the mineral title of the 15,000 hectare Fredonia Area located in Antioquia, Colombia, as follows:

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

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

7. Exploration and Evaluation Assets – (cont'd)

Colombia: - (cont'd)

Fredonia - (cont'd)

In the event that any of the above-noted expenditures are not made within the timeframe specified above, the Company will be required to pay the portion of expenditures unspent 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 (National Instrument 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.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

7. Exploration and Evaluation Assets – (cont'd)

Colombia: - (cont'd)

Venecia

Pursuant to an agreement dated March 30, 2011, the Company has an option to acquire up to a 75% interest in the mineral title of the 1,985 hectare Venecia Property located in Antioquia, Colombia, as follows:

Date	Expenditures (US\$)	Common Shares / Warrants Issued	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	125,000 shares and 125,000 warrants (iii)	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)	375,000	75.0%
Total	<u>2,832,500</u>		<u>535,000</u>	<u>75.0%</u>

(i) By agreement with both parties, time for payment was extended to December 20, 2011 (paid).

(ii) Warrants have an unit exercise price of \$0.4375 and expire April 15, 2013.

(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 two years after their date of issue.

In the event that any of the above-noted expenditures are not made within the timeframe specified above, the Company will be required to pay the portion of expenditures unspent 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%.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

8. Related Party Transaction

Cash remuneration paid or accrued to key management personnel for the following services:

	For the three months ended December 31	
	2011	2010
	\$	\$
Management fees	45,939	45,423
Administration fees	30,000	30,000
Corporate development	-	12,000
Consulting fees	26,742	32,626
Total	102,681	120,049

In addition to cash remunerations paid above, options were also granted to management and directors with the following option valuations:

	For the three months ended December 31, 2011		For the three months ended December 31, 2010	
	Number of Options	Options Valuation \$	Number of Options	Options Valuation \$
	CEO	900,000	253,440	-
CFO	200,000	56,320	-	-
Officer	100,000	28,160	-	-
Directors	850,000	239,360	-	-
Total	2,050,000	577,280	-	-

Related party assets and liabilities:

Amounts due to related parties are unsecured, non-interest bearing and due on demand.

	As at December 31	
	2011	2010
	\$	\$
Amounts due to management:		
Management fees	15,255	-
Administration fees	10,000	20,000
Consulting fees	-	3,000
Other	2,185	4,340
Total	27,440	27,340

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

8. Related Party Transaction – (cont'd)

Travel expense advances:

	As at December 31	
	2011	2010
	\$	\$
Amounts advanced to management:		
Travel expenses	7,992	2,093
Total	7,992	2,093

9. Share Capital**a) Authorized:**

Authorized share capital consists of an unlimited number of common shares without par value.

b) Issued:

	Number of Shares	Share Capital \$
Balance - October 1, 2010	51,031,190	70,230,435
Shares issued via private placement	21,442,594	6,432,778
Shares issued for finders' fees	400,000	200,000
Shares issued for corporate financing fees	100,000	30,000
Shares issued for option on property	569,922	200,871
Escrow shares cancelled	(18,750)	(1,875)
Issue costs	-	(754,753)
Balance - September 30, 2011	73,524,956	76,337,456
Issued:		
Private placement	12,000,000	3,420,000
Balance - December 31, 2011	85,524,956	79,757,456

During the three months ended December 30, 2011, the Company issued common shares pursuant to a non-brokered private placement of 12,000,000 units at a price of \$0.285 per unit for gross proceeds of \$3,420,000. Each unit was comprised of one common share of the Company (12,000,000 shares) and one-half of a share purchase warrant (6,000,000 warrants). Each full warrant is exercisable to purchase one additional common share of the Company for \$0.35 expiring October 31, 2013.

All proceeds from the above private placement were allocated to share capital with none allocated to warrants.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

9. Share Capital – (cont'd)**c) Stock options:**

The Company has a stock option plan whereby, the maximum number of common shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. Options vest at the date of grant, unless otherwise noted.

The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

The continuity of share purchase options is as follows:

	Number of Shares	Weighted Average Exercise Price \$
Balance - October 1, 2010	2,400,000	1.36
Options granted	3,100,000	0.45
Options cancelled/expired	(230,000)	1.29
Balance - September 30, 2011	5,270,000	0.82
Options granted	2,500,000	0.35
Balance - December 31, 2011	7,770,000	0.67

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

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For the Three Months Ended December 31, 2011 and 2010

9. Share Capital – (cont'd)**c) Stock options: – (cont'd)**

Details of stock options outstanding at December 31, 2011:

Number of Options		Option Price \$	Expiry Date	Remaining Life (years)
Outstanding	Exercisable			
370,000 (iv)	370,000	2.70	January 4, 2012	0.01
30,000 (iv)	30,000	2.70	January 9, 2012	0.02
135,000	135,000	1.80	January 8, 2013	1.02
250,000	250,000	0.45	February 8, 2013	1.23
200,000 (i)	150,000	0.45	February 9, 2013	1.23
200,000	200,000	1.20	May 29, 2013	1.41
550,000	550,000	0.45	June 13, 2013	1.45
200,000 (ii)	100,000	0.45	June 13, 2013	1.45
150,000	150,000	0.45	August 25, 2013	1.65
50,000 (iii)	12,500	0.24	August 25, 2013	1.65
100,000	100,000	0.60	January 19, 2015	3.05
1,335,000	1,335,000	1.00	January 19, 2015	3.05
1,700,000	1,700,000	0.45	February 8, 2016	4.23
2,500,000	2,500,000	0.35	November 14, 2016	4.88
7,770,000	7,582,500			3.37

- (i) Vested over one year - 50,000 options exercisable every three months commencing May 9, 2011.
(ii) Vested over one year - 50,000 options exercisable every three months commencing September 13, 2011.
(iii) Vested over one year - 12,500 options exercisable every three months commencing November 25, 2011.
(iv) Subsequent to December 31, 2011 - 400,000 options expired.

During the three months ended December 31, 2011, the following stock options, which vested immediately were granted and valued using the Black-Scholes option pricing model:

Date Granted	Number of Options	Exercise Price	Expiry Date	Fair Value
November 14, 2011	2,500,000	\$0.35	November 14, 2016	\$0.28

Black-Scholes option pricing parameters with no dividend yield expected:

Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor
2.89%	5.0	138%

For the three months ended December 31, 2011, a total stock-based compensation of \$720,428 was recorded, of which, \$704,000 pertain to the options granted above and another \$16,428 due to options granted in prior periods, but which vested during the current period.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

9. Share Capital – (cont'd)**d) Share Purchase Warrants Outstanding:**Warrants with exercise price in US\$:

	Number of Warrants	Exercise Price US\$	Expiry Date
Balance - at October 1, 2010, September 30, 2011 and December 31, 2011	4,481,900	1.00	August 13, 2012

Warrants denominated in a foreign currency different from the functional currency of the Company meet the definition of a financial liability and accordingly are presented as such on the Company's consolidated statements of financial position and are fair valued at each period using the binomial option valuation model. At December 31, 2011 the financial liability was estimated using the binomial option valuation model with the following assumptions:

Risk-free interest rate	1.15%
Expected stock price volatility	105.25%
Expected life	0.62 year
Expected dividend yield	Nil

Warrants with exercise price in CDN\$:

	Number of Warrants	Weighted Average Exercise Price \$
Balance - October 1, 2010	7,764,356	0.70
Warrants issued	23,287,833	0.45
Balance - September 30, 2011	31,052,189	0.51
Warrants issued	6,000,000	0.35
Warrants expired	(50,000)	0.50
Balance - December 31, 2011	37,002,189	0.49

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

9. Share Capital – (cont'd)**d) Share Purchase Warrants Outstanding:**

Details of purchase warrants outstanding at December 31, 2011:

Number of Warrants	Exercise Price \$	Expiry Date	Remaining Life (Years)
15,400	0.50	May 10, 2012 (i)	0.36
4,538,956	0.75	May 10, 2012 (i)	0.36
1,000,000	0.40	September 28, 2012	0.74
1,100,000	0.75	December 04, 2012 (ii)	0.93
1,060,000	0.75	December 24, 2012(iii)	0.98
12,176,351	0.45	December 30, 2012 (iv)	1.00
10,064,336	0.45	February 4, 2013 (iv)	1.10
797,146	0.45	February 4, 2013	1.10
250,000	0.44	April 15, 2013	1.29
6,000,000	0.35	October 31, 2013	1.84
37,002,189	0.49		1.08

(i) Provided that at any time the Company's common shares have a closing price higher than \$1.10 per share for a period of 20 consecutive trading days on the TSXV, the Company may issue a notice that the warrants must be exercised within the 21 days of the date of the notice or they will expire at the end of that 21 day period.

(ii) Original expiry date of December 4, 2011 amended to December 4, 2012.

(iii) Original expiry date of December 24, 2011 amended to December 24, 2012.

(iv) Provided that at any time the Company's common shares have a closing trading price of \$0.75 or higher for a period of 20 consecutive trading days on the TSXV, the Company may issue a notice that the warrants must be exercised within the 21 days of the date of the notice or they will expire at the end of that 21 day period.

e) Share Subscriptions

During the year ended September 30, 2001, the Company proposed to enter into a private placement for the issuance of 2,000,000 units at \$0.50 per unit for proceeds of \$1,000,000, less a 7.5% finder's fee. Each unit consisted of a common share and a two year share purchase warrant to purchase an additional common share at \$0.50 per share in the first year and at \$0.60 per share in the second year. The Company received subscriptions for 1,983,171 units (proceeds of \$925,000, net of related issue costs).

During the year ended September 30, 2001, the Company entered into an agreement with a purchaser for a private placement of 770,000 units at \$0.30 per unit to raise \$231,000. Each unit was to be comprised of one common share and one share purchase warrant to purchase one common share at \$0.30 per share in the first year and at \$0.40 per share in the second year. The Company subsequently amended the terms of that private placement to 1,500,000 units at \$0.154 (US\$0.10) per unit, with each unit comprised of one common share and one share purchase warrant exercisable for two years to purchase one additional common share for \$0.154 (US\$0.10). The Company has received subscriptions for 1,500,000 units for proceeds of \$231,000.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

9. Share Capital – (cont'd)**f) Contributed Surplus:**

	Stock-based Compensation \$	Brokers' Warrants \$	Equity Portion of Convertible Debentures \$	Options on Properties \$	Shares Cancelled \$	Total \$
Balance - October 1, 2010	3,703,712	16,447	460,000	301,178	-	4,481,337
Agents' warrants issued	-	126,564	-	-	-	126,564
Balance December 31, 2010	3,703,712	143,011	460,000	301,178	-	4,607,901
Stock-based compensation	646,519	-	-	-	-	646,519
Agents' warrants issued	-	173,618	-	-	-	173,618
Warrants issued for option on property	-	-	-	35,400	-	35,400
Expiry of escrow shares	-	-	-	-	1,875	1,875
Balance September 30, 2011	4,350,231	316,629	460,000	336,578	1,875	5,465,313
Stock-based compensation expense	720,428	-	-	-	-	720,428
Balance December 31, 2011	5,070,659	316,629	460,000	336,578	1,875	6,185,741

Contributed Surplus' is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

Cumulative Translation Adjustment includes the effects of foreign exchange gains and losses incurred on non-monetary assets of subsidiaries with functional currencies that differ from the functional currency of the parent company.

Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

10. Segmented Information**Geographic information**

The Company's operations comprise one reportable segment, being the exploration of mineral resource properties. The carrying value of the Company's assets on a country-by-country basis is as follows:

	Canada	Bolivia	Colombia	Total
December 31, 2011	\$	\$	\$	\$
Current assets	5,921,359	97,061	47,908	6,066,328
Property, plant and equipment	9,808	11,017	75,267	96,092
Explorations & evaluation reserves	-	12,160,018	2,442,683	14,602,701
Total Assets	5,931,167	12,268,096	2,565,858	20,765,121

	Canada	Bolivia	Colombia	Total
September 30, 2011	\$	\$	\$	\$
Current assets	3,328,426	176,320	53,461	3,558,207
Property, plant and equipment	12,234	11,910	41,376	65,520
Explorations & evaluation reserves	-	12,297,373	2,090,333	14,387,706
Total Assets	3,340,660	12,485,603	2,185,170	18,011,433

	Canada	Bolivia	Colombia	Total
October 1, 2010	\$	\$	\$	\$
Current assets	359,497	553,894	-	913,391
Property, plant and equipment	16,745	22,682	-	39,427
Explorations & evaluation reserves	-	36,003,501	822,762	36,826,263
Total Assets	376,242	36,580,077	822,762	37,779,081

11. Income Taxes

No income tax expense or recovery arises due to the losses incurred in the period. As at September 30, 2011, the Company had estimated non-capital losses of \$ 11,244,000, expiring between 2014 - 2030. The potential benefits of these carry-forward losses has not been recognized in these condensed interim consolidated financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”)

The Company’s consolidated financial statements for the year-ending September 30, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was October 1, 2010 (the “Transition Date”). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be September 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the

Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles (“pre-changeover Canadian GAAP”).

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

The accounting policies in Note 2 have been applied in preparing the condensed interim consolidated financial statements for the three months ended December 31, 2011, the comparative information for the three months ended December 31, 2010, the financial statements for the year ended September 30, 2011 and the preparation of an opening IFRS statement of financial position on the Transition Date, October 1, 2010.

The guidance for the first time adoption of IFRS is set in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for the first time adopters of IFRS. The Company has elected to take the following optional IFRS 1 exemptions.

IFRS 3 - Business combinations

Upon transition to IFRS, a company must adjust its accounting for business combinations carried out prior to transition to comply with IFRS. IFRS 1 provides an exemption which allows companies to carry forward their Canadian GAAP accounting for business combinations prior to transition date. The Company has utilized this exemption.

IAS 21 - Cumulative translation differences

The Company has elected to take the IFRS 1 exemption to deem cumulative translation adjustments arising on consolidation of foreign operations to be zero at the date of transition to IFRS.

IFRS 2- Share based payments

IFRS 1 permits the application of IFRS 2 Share Based Payments only to equity instruments that had not vested by the date of transition to IFRS. The Company has applied this exemption and will only apply IFRS 2 for equity instruments that had not vested by October 1, 2010.

IAS 32 - Compound Financial Instruments

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

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)**IFRIC 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities**

The Company has elected to apply the exemption from full retrospective application of decommissioning provisions as allowed under IFRS 1 and assessed the required provision at October 1, 2010.

IAS 23 - Borrowing Costs

The Company has elected to apply the transitional provisions of IAS 23 Borrowing Costs which permits prospective capitalization of borrowing costs on qualifying assets from the Transition Date.

The Company has applied the following mandatory IFRS 1 exemptions:

Derecognition of Financial Assets and Liabilities

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

Estimates

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

Reconciliation to previously reported financial statements

A reconciliation of the above noted changes is included in the following balance sheets, statements of comprehensive profit and loss and statements of cash flows of the dates noted below.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) - (cont’d)

Reconciliation of Assets, Liabilities and Equity as at October 1, 2010:

	CDN GAAP \$	IFRS Adjustments \$	Notes	IFRS \$
Assets				
Current				
Cash	853,679	-		853,679
Receivables	32,221	-		32,221
Pre-paid & deposits	27,491	-		27,491
	913,391	-		913,391
Property, plant and equipment	39,427	-		39,427
Other deferred property charges	6,642	(6,642)	b	-
Exploration and evaluation assets	62,012,705	(46,512)	b	36,826,263
		(16,537,000)	c	
		(1,200,000)	c	
		(7,402,930)	d	
	62,972,165	(53,154)		37,779,081
Liabilities				
Current				
Accounts payable and accrued liabilities	585,674	-		585,674
Future income tax liability	16,537,000	(16,537,000)	c	-
Asset retirement obligation	80,000	-		80,000
Warrants denominated in a foreign currency	-	966,970	e	966,970
	17,202,674	(15,570,030)		1,632,644
Shareholders' Deficiency				
Share capital	71,060,057	(829,622)	e	70,230,435
Share subscriptions	1,156,000	-		1,156,000
Contributed surplus	4,481,337	-		4,481,337
Cumulative translation adjustment	-	-	d	-
Accumulated deficit	(30,927,903)	(53,154)	b	(39,721,335)
		(1,200,000)	c	
		(137,348)	e	
		(7,402,930)	d	
	45,769,491	(882,776)		36,146,437
	62,972,165	(16,452,806)		37,779,081

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)

Reconciliation of Assets, Liabilities and Equity as at December 31, 2010:

	CDN GAAP \$	IFRS Adjustments \$	Notes	IFRS \$
Assets				
Current				
Cash	3,427,992	-		3,427,992
Receivables	168,202	-		168,202
Pre-paid & deposits	20,612	-		20,612
	3,616,806	-		3,616,806
Property, plant and equipment	31,539	-		31,539
Other deferred property charges	46,417	(16,186)	b	30,231
Exploration and evaluation assets	62,564,964	(46,512)	b	36,336,665
		(16,537,000)	c	
		(1,200,000)	c	
		(8,444,787)	d	
	66,259,726	(62,698)		40,015,241
Liabilities				
Current				
Accounts payable and accrued liabilities	681,499	-		681,499
Future income tax liability	16,537,000	(16,537,000)	c	-
Asset retirement obligation	80,000	-		80,000
Warrants denominated in a foreign currency	-	641,184	e	641,184
	17,298,499	(15,895,816)		1,402,683
Shareholders' Deficiency				
Share capital	74,279,914	(829,622)	e	73,450,292
Share subscriptions	1,156,000	-		1,156,000
Contributed surplus	4,607,901	-		4,607,901
AOCI - cumulative translation adjustment	-	(8,444,787)	d	(1,041,857)
		7,402,930	d	
Accumulated deficit	(31,082,588)	(62,698)	b	(39,559,778)
		(1,200,000)	c	
		188,438	e	
		(7,402,930)	d	
	48,961,227	(1,934,177)		38,612,558
	66,259,726	(17,829,993)		40,015,241

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)

Reconciliation of Assets, Liabilities and Equity as at September 30, 2011:

	CDN GAAP \$	IFRS Adjustments \$	Notes	IFRS \$
Assets				
Current				
Cash	3,451,530	-		3,451,530
Receivables	39,564	-		39,564
Pre-paid & deposits	67,113	-		67,113
	3,558,207	-		3,558,207
Property, plant and equipment	65,520	-		65,520
Exploration and evaluation assets	25,752,336	(184,800)	b	14,387,706
		20,980,798	c	
		(7,402,930)	d	
		(27,935,204)	c	
		3,177,506	d	
	29,376,063	(184,800)		18,011,433
Liabilities				
Current				
Accounts payable and accrued liabilities	296,414	-		296,414
Future income tax liability	1,764,000	(1,649,000)	c	-
		(115,000)	c	
Asset retirement obligation	80,000	-		80,000
Warrants denominated in a foreign currency	-	27,559	e	27,559
	2,140,414	-		403,973
Shareholders' Deficiency				
Share capital	77,167,078	(829,622)	e	76,337,456
Share subscriptions	1,156,000	-		1,156,000
Contributed surplus	5,459,209	6,104	a	5,465,313
Cumulative translation adjustment	-	(7,402,930)	d	3,177,506
		3,177,506	d	
		7,402,930	d	
Accumulated deficit	(56,546,638)	(6,104)	a	(68,528,815)
		(184,800)	b	
		20,980,798	c	
		1,649,000	c	
		115,000	c	
		(27,935,204)	c	
		802,063	e	
		(7,402,930)	d	
	27,235,649	2,347,884		17,607,460
	29,376,063	2,347,884		18,011,433

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)

Reconciliation of Loss and Comprehensive Loss for the Three Months Ended December 31, 2010:

	CDN GAAP \$	IFRS Adjustments \$	Notes	IFRS \$
Expenses:				
Accounting and audit	11,032	-		11,032
Administration	30,000	-		30,000
Amortization	1,128	-		1,128
Bank charges	552	-		552
Consulting	51,780	-		51,780
Corporate development	53,666	-		53,666
Filing fees	35,864	-		35,864
Foreign exchange loss (gain)	5,222	-		5,222
Insurance	4,217	-		4,217
Legal	37,477	-		37,477
Management fees	45,423	-		45,423
Office and printing	18,134	-		18,134
Shareholders information	2,358	-		2,358
Transfer agent	4,316	-		4,316
Travel and promotion	30,996	-		30,996
Loss from operations	(332,165)	-		(332,165)
Other items:				
Due diligence on general mineral property	-	(9,544)	b	(9,544)
Gain on revaluation of foreign currency denominated warrants	-	188,438	e	325,786
		137,348	e	
Gain on property, plant and equipment	177,247	-		177,247
Interest income	233	-		233
Net (loss) income and comprehensive (loss) income for the period	(154,685)	316,242		161,557
Income (loss) per common share - basic	0.00	-		0.00
Weighted average number of common shares outstanding - basic	48,807,152			48,807,152

Colombia Crest Gold Corp.

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For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)

Reconciliation of Loss and Comprehensive Loss for the Year Ended September 30, 2011:

	GAAP	IFRS	Notes	IFRS
	\$	Adjustments		\$
	\$	\$		\$
Expenses:				
Accounting and audit	61,830			61,830
Administration	120,000	-		120,000
Advertising	6,999			6,999
Amortization	4,511	-		4,511
Bank charges	3,339	-		3,339
Consulting	119,235	-		119,235
Corporate development	237,247	-		237,247
Filing fees	48,859	-		48,859
Foreign exchange loss (gain)	19,560	-		19,560
Insurance	22,492	-		22,492
Legal	130,768	-		130,768
Management fees	177,190	-		177,190
Office and printing	66,497	-		66,497
Shareholders information	8,870	-		8,870
Stock-based compensation	640,415	6,104	a	646,519
Transfer agent	13,759	-		13,759
Travel and promotion	154,057	-		154,057
General explorations	85,584			85,584
Loss from operations	(1,921,212)	(6,104)		(1,927,316)
Other items:				
Due diligence on general mineral property	-	(184,800)	b	(131,646)
		53,154	b	
Gain on revaluation of foreign currency denominated warrants		137,348	e	939,411
		802,063		
Write-off of exploration and evaluation reserves	(38,832,798)	38,832,798	c	(27,935,204)
		(27,935,204)	c	
Gain on property, plant and equipment	217,957	-		217,957
Interest income	29,318	-		29,318
Loss before income taxes	(40,506,735)	11,699,255		(28,807,480)
Recovery of future income taxes	14,888,000	(14,888,000)	c	-
Net loss and comprehensive loss for the year	(25,618,735)	(3,188,745)		(28,807,480)
Loss per common share - basic	(0.38)			(0.43)
Weighted average number of common shares outstanding - basic	66,843,347			66,843,347

Colombia Crest Gold Corp.

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For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)

Reconciliation of Cash Flows for the Three Months Ended December 31, 2010:

	CDN GAAP \$	IFRS Adjustments \$	Notes	IFRS \$
Cash flows from operating activities				
Net income for the period	(154,685)	316,242		161,557
Adjustments to reconcile loss to net cash used in operating activities:				
Amortization	1,128	-		1,128
Interest income	(233)	-		(233)
Gain on revaluation of foreign currency currency denominated warrants	-	(137,348) (188,438)	e e	(325,786)
Gain on property, plant and equipment	(177,247)	-		(177,247)
	(331,037)	(9,544)		(340,581)
Changes in non-cash working capital items:				
Amounts receivable	(1,981)	-		(1,981)
prepaid expenses and deposits	6,879	-		6,879
Accounts payable and accrued liabilities	36,805	-		36,805
Cash from (used) in operating activities	(289,334)	-		(298,878)
Investing activities				
Sale of property, plant and equipment	182,716	-		182,716
General explorations	(39,775)	9,544	b	(30,231)
Exploration and evaluation costs	(432,597)	-		(432,597)
Interest received	233	-		233
Cash used in investing activities	(289,423)	-		(279,879)
Financing activities				
proceeds from share issuance	3,443,477	-		3,443,477
Costs of issue of shares	(290,407)	-		(290,407)
Cash from by financing activities	3,153,070	-		3,153,070
Change in cash and cash equivalents in the period	2,574,313	-		2,574,313
Cash and cash equivalents, beginning of period	853,679	-		853,679
Cash and cash equivalents, end of period	3,427,992	-		3,427,992

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For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)

Reconciliation of Cash Flows For The Year Ended September 30, 2011:

	CDN GAAP \$	IFRS Adjustments \$	Notes	IFRS \$
Cash flow from operating activities				
Net loss for the year	(25,618,735)	(3,188,745)		(28,807,480)
Adjustments to reconcile loss to net cash used in operating activities:				
Amortization	4,511	-		4,511
Gain on property, plant and equipment	(217,957)	-		(217,957)
Gain on revaluation of foreign currency denominated warrants	-	(966,970)	e	(939,411)
		27,560	e	
Recovery of future income taxes	(14,888,000)	16,537,000	c	-
		1,649,000	c	
Shares issued for corporate finance fees	30,000			30,000
Stock-based compensation	640,415	6,104	a	646,519
Write-off of exploration and evaluation costs	38,832,798	(38,832,798)	c	27,935,204
		27,935,204	c	
	(1,216,968)	(131,646)		(1,348,614)
Changes in non-cash working capital items:				
Amounts receivable	(7,343)	-		(7,343)
Prepaid and deposits	(39,622)	-		(39,622)
Accounts payable and accrued liabilities	(89,259)	-		(89,259)
Cash from (used) in operating activities	(1,353,192)	-		(1,484,838)
Investing activities				
Property, plant and equipment expenditures	(44,088)	-		(44,088)
Proceeds on sale of property plant and equipment	223,623	-		223,623
Exploration and evaluation costs	(2,206,699)	184,800	b	(2,075,053)
		(53,154)	b	
Cash used in investing activities	(2,027,164)	131,646		(1,895,518)
Financing activities				
Proceeds from share issuance	6,432,778	-		6,432,778
Costs of issue of shares	(454,571)	-		(454,571)
Cash from financing activities	5,978,207	-		5,978,207
Change in cash and cash equivalents in the year	2,597,851	-		2,597,851
Cash and cash equivalents, beginning of year	853,679	-		853,679
Cash and cash equivalents, end of year	3,451,530	-		3,451,530

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Notes to the Condensed interim Consolidated Financial Statements

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For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)

Notes to Reconciliations:

a) Share-based Payments

IFRS 2 is effective for the Company as at October 1, 2010 and is applicable to:

- New grants of stock-based payments subsequent to October 1, 2010;
- Equity-settled stock-based compensation awards granted subsequent to November 7, 2002 and that vest after October 1, 2010; and
- Awards that are modified on or after October 1, 2010, even if the original grant of the award was not accounted for in accordance with IFRS 2.

Pre-changeover Canadian GAAP allows the Company to calculate the fair value of the stock-based compensation on awards granted with graded vesting as a single award and recognize the expense from the date of grant over the vesting period on a straight-line basis. IFRS 2 requires each tranche in an award with graded vesting features to be treated as a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. The Company determines the fair value of stock options granted using the Black-Scholes option pricing model.

As there were no unvested stock options at the transition date, there was no effect on equity at October 1, 2010. However share-based payment awards granted in the year ended September 30, 2011 have been amended, with a resulting increase in the expense and contributed surplus of \$6,104 for that year.

b) IFRS 6 - Exploration for and evaluation of mineral resources

Capitalization of pre-acquisition expenditures

IFRS 6 is effective for the Company as of October 1, 2010 and is applicable to the accounting for exploration and evaluation of mineral resources. In terms of IFRS 6 and the company's accounting policy, once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. Pre-exploration costs are expensed in the year in which they are incurred.

As of October 1, 2010, the Company has expensed \$53,154 (September 30, 2011 \$184,800; December 31, 2010 \$62,698) of pre-exploration costs incurred prior to obtaining the acquisition rights, of which \$6,642 (September 30, 2011 \$nil; December 31, 2010 \$16,186) was recorded as other deferred property charges while the remaining \$46,512 (September 30, 2011 \$184,800; December 31, 2010 \$46,512) was recorded as exploration and evaluation assets. These expenditures had previously been capitalized under Canadian GAAP.

Colombia Crest Gold Corp.

Notes to the Condensed interim Consolidated Financial Statements

(Expressed in Canadian Dollars – Unaudited)

For the Three Months Ended December 31, 2011 and 2010

12. First Time Adoption of International Financial Reporting Standards (“IFRS”) – (cont’d)

c) Reversal of deferred tax liability

The Company capitalized certain mineral property exploration costs incurred by the parent company on behalf of its foreign entities. Under Canadian GAAP, a future income tax liability was recognized and measured in accordance with CICA section 3465 Income Taxes, with a corresponding increase to the carrying value of mineral property assets. Under IAS 12 Income Taxes, this deferred tax liability and the related gross-up in the carrying value of exploration and evaluation assets would not be recognized, and at October 31, 2010 \$16,537,000 (September 30, 2011 \$1,649,000; December 31, 2010 \$16,537,000) has therefore been reversed.

Also, exploration and evaluation assets at October 1, 2010 have been reduced \$Nil (September 30, 2011 \$5,305,406; December 31, 2010 \$Nil) to account for the write-off of a mineral property previously adjusted at transition for the effect of deferred taxes, with \$Nil (September 30, 2011 \$5,190,406; December 31, 2010 \$Nil) offset against deficit and the remaining \$Nil (September 30, 2011 \$115,000; December 31, 2010 \$Nil) against future income tax liability.

Furthermore, \$1,200,000 recovery of future income tax liability during the year ended September 30, 2010 (September 30, 2011 \$1,200,000; December 31, 2010 \$1,200,000) has been reversed against deficit.

As a result of the reversal of deferred tax liability and its impact on write-offs, the mineral property assets were adjusted at October 1, 2010 by \$Nil (September 30, 2011 \$20,980,798; December 31, 2010 \$Nil) to back out a write-off of deferred taxes already adjusted for. The write-off of mineral properties was accordingly adjusted to back out the initial amount set up of \$Nil (September 30, 2011 \$38,832,798; December 31, 2010 \$Nil) and set up the actual amount of \$Nil (September 30, 2011 \$27,935,204; December 31, 2010 \$Nil).

In addition, as a result of the transition to IFRS the carrying amounts of various assets and liabilities have been adjusted (see (a) and (b) above). There has not been a corresponding change to the tax basis of these assets and liabilities. This will not impact the deferred taxes recognized. However, this will impact the disclosure of individual temporary differences.

d) Foreign currency translation - Functional currency

The cumulative translation adjustment records the exchange difference arising on consolidation of foreign operations which is recognized in other comprehensive income or loss. Due to a change in the functional currency of the Company's foreign operations in Bolivia and Colombia, the translation of transactions and balances relating to these foreign operations into the Company's functional currency, as described in the accounting policy in note 2, results in different amounts for non-monetary assets compared to those under Canadian GAAP. This change has resulted in a reduction in exploration and evaluation assets as at October 1, 2010 of \$7,402,930 (September 30, 2011 \$4,225,424, December 31, 2010 \$8,444,787) of which \$7,402,930 was charged to deficit at transition to IFRS, while the difference was offset to cumulative translation adjustment (September 30, 2011 \$3,177,506; December 31, 2010 \$1,041,857).

e) Warrants – Denominated in a foreign currency

Under Canadian GAAP, both Canadian and US dollar denominated warrants were accounted for as equity instruments. IFRS requires that warrants denominated in a currency other than the functional currency of the issuer be classified as liabilities and fair valued each period unless they are part of a pro rata issue to all existing shareholders, in which case they would be classified as equity. As a result of the adoption of IFRS, the Company's US dollar denominated warrants were therefore classified as warrant liabilities rather than equity and revalued to their fair value at each period end. Subsequent changes in the fair value of the warrants are recorded in net income. The effect of this adjustment is a reduction of \$829,622 in share capital at October 1, 2010 (September 30, 2011 \$829,622, December 31, 2010 \$829,622), an increase in warrant liability of \$966,970 at October 1, 2010 (September 30, 2011 \$27,560, December 31, 2010 \$641,184) and a corresponding increase of \$137,348 in deficit at October 1, 2010 (September 30, 2011 \$802,062 decrease; December 31, 2010 \$188,438 decrease).