COLOMBIA CREST GOLD CORP.
(Formerly – Eaglecrest Explorations Ltd.)
Management Discussion and Analysis (Form 51-102F1)
For The Year Ended September 30, 2011

The following discussion and analysis is management's assessment of the results and financial condition of Colombia Crest Gold Corp. ("Colombia Crest" or the "Company") and should be read in conjunction with the audited consolidated financial statements for year ended September 30, 2011. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and all dollar amounts are in Canadian dollars, unless otherwise noted. The date of this management's discussion and analysis ("MD&A") is January 27, 2012. Colombia Crest's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "CLB" and its most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at www.sedar.com or through the Company's website at www.Colombiacrest.com.

The "Qualified Person(s)" under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for Colombia Crest's exploration projects in the following discussion and analysis is Dr. Richard Jemielita, a Registered Professional Geologist of Glasgow, Scotland. The Qualified Person regarding the NI 43-101 resource estimate on the L463 Gold Shoot in the Dona Amelia Zone, San Simon Project, Bolivia was Dr. Gilles Arseneau (P. Geo.), Principal Consultant, Geology at SRK Canada in Vancouver.

Forward Looking Statements

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

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

Disclosure Controls and Procedures

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and MD&A as at September 30, 2011. Although certain weaknesses such as lack of segregation of duties are inherent with small office operations, management has implemented certain controls such as frequent reviews and regular preparations of reconciliations of transactions and budgets to ensure absence of material irregularities. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are designed to ensure effective information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Limitations of Controls and Procedures

It must be recognized that any implemented system of disclosure controls and procedures or internal controls over financial reporting can only provide reasonable and not absolute assurance that the objectives of the control system are met. While designing such control systems, resource constraints cannot be ignored and the benefits of controls must be considered relative to their costs. All control systems are subject to limitations and as such, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. Breakdowns within the system can occur due to simple human error or mistakes. Furthermore, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Overview

Colombia Crest is involved in the acquisition and exploration of gold resource properties in South America. The Company has exploration and production rights to 10 contiguous mineral concessions covering 52.5 square kilometers on the San Simon plateau in the Department of Beni in northeast Bolivia. The concessions have two main areas of known gold mineralization called Doña Amelia (or Trinidad-Manganeso) and San Simon (or Paititi-Buriti). The Company first worked at San Simon in 1995. In December, 2010, the Company obtained its first NI 43-101 resource estimate for the Doña Amelia area, as further described in the section on Mineral Properties.

In August 2009, Colombia Crest moved toward diversifying exploration assets by reviewing opportunities for gold exploration in Colombia. An exploration boom has recently occurred in Colombia after a dramatic easing of 45 years of political turmoil and security concerns, and Colombia was identified as having high exploration priority by Colombia Crest's Board of Directors for reasons including the following:

- Colombia is one of the least explored of the mineral rich Andean countries;
- It has modern infrastructure and a skilled workforce;
- It has a pro-mining government;
- Colombia has the longest running democracy in South America, 150+ years;
- Colombia is rated #1 in Latin America for Investor Protection, #5 in the world.
- Free trade agreements were recently signed with the USA and Canada, thus ensuring growth for several export industries - this will continue to support the ever-improving infrastructure in Colombia.

As further described below, in the section on Mineral properties, the Company has executed agreements to earn up to a 75% interest in the mineral title of the Fredonia and Venecia properties located in the department of Antioquia, Colombia. These two properties are the Company's first acquisitions in the Middle Cauca Gold Belt.

Paved and gravel roads provide excellent year-round access to the both Venecia and Fredonia. The Venecia property is 2½ hours from Medellín while the northernmost parts of the Fredonia property are only 1/2 hour from Medellín. Adequate supplies of power and water are situated on and near the properties and a workforce is readily available from nearby towns including Fredonia, Venecia, and Bolombolo.

With funding in place, on April 11, the Company announced the hiring of 3 new members to its technical team boosting our team to a world-class exploration team based in Medellin, Colombia. Mr. Gonzalo Lemuz is appointed Country Manager of Colombia, Mr. Carlos Moncayo is appointed Exploration Manager, and Dr. Richard Jemielita has assumed the role of Qualified Person ("QP") and technical consultant to the Company. For a more detailed review of the team's experience, please visit our website at www.colombiacrestgold.com.

Management is confident the Company's Colombian properties have the potential to host one or more porphyry-style gold deposits. Our nearby competitors have proven the Middle Cauca Belt's potential. News from surface sampling in late 2011 has proven that at least five gold-mineralized porphyry-style targets exist on the Fredonia and Venecia projects. Additionally, the Company is seeking partners to continue adding value to our San Simon project through mining and/or exploration.

Mineral Properties

San Simon, Bolivia

In 1996, the Company conducted the first drilling in the San Simon district, with 25 holes in the Doña Amelia zone and ten in the San Simon zone. Exploration was discontinued due to lack of financing. In 1999, exploration activities became focused on the San Simon (Paititi) area. Forty-two more holes were drilled in 1999 and 2000 and a tunnel was then excavated for bulk sampling. Colombia Crest spent $15 million on geologic and engineering studies of the Paititi area by 2002 without finishing exploration there. Colombia Crest spent almost $30 million on the Doña Amelia zone from 1996 to 2007. In early 2007, a new management team took over and slowly made changes to the exploration focus in Bolivia where the entire district was evaluated.

Doña Amelia

The Company's exploration at San Simon from 2003 to early 2008 was focused on the Doña Amelia area. This area contains a four kilometer long east-west structural and vein trend called the Trinidad-Manganeso trend. Exploration during this period included drilling 302 holes (for a total of 327 drill holes including those drilled in 1996), excavating an inclined tunnel for bulk sampling, and processing the bulk samples in a flotation mill.

The Doña Amelia (or Trinidad-Manganeso) area includes the location of the original gold discovery at San Simon, which was made by Jesuit priests in the Mina Vieja ("old mine") area, adjacent to the Trinidad Vein. For almost 30 years, beginning in the mid-1980's, artisanal (informal) miners have extracted gold from shallow workings in several sectors of the Trinidad-Manganeso trend and as many as 1,000 miners were working there in the mid-1990s.

In 2007, the Company's drilling in the Doña Amelia area enabled identification of several mineralized "shoots", which are bodies of gold mineralization that extend down the dip of the vein system along Trinidad-Manganeso trend. In mid-2008, using the results from detailed drilling at Trinidad, the Company completed an in-house geologic and gold resource model for the L463 shoot. The L463 shoot was the main focus of the underground exploration and bulk sampling, which were conducted from mid-2005 until late 2007.

On December 14, 2010, the Company announced that SRK had completed their resource estimate and Technical Report for the Doña Amelia area. The capped Indicated Mineral Resources are 262,300 tonnes grading 5.15 grams per tonne gold ("g/t Au") and the capped Inferred Mineral Resources are 251,800 tonnes grading 5.46 g/t Au (both classified at a 3 g/t Au cut-off grade). According to SRK, these resources include mineralization along an 800 metre long section of the Trinidad-Manganeso trend, which has some four kilometers of strike length. The 800 metre section includes three shoots referred to as L463, L484, and San Pedro West.

Based on their study, SRK recommended that future drill holes maintain a nominal spacing of 25 metres and that drilling be concentrated in areas where the strike and/or dip of the MQV changes abruptly, as such changes may represent dilation zones favorable for gold deposition. The resources are open to depth, and the presence of additional mineralized shoots has been indicated by drilling along other parts of the Trinidad-Manganeso trend.

In the opinion of the Company's management, the definition of additional gold resources in the Doña Amelia area requires extensive drilling to outline further gold resources. These resources may be attractive to small to medium-sized mining companies. Management has determined to seek such investors or acquirers for the Doña Amelia area and recover some of the Company's cumulative expenditures there. The Company's extensive exploration data base and positive bulk-sampling results, with gold recoveries that approached 90% by conventional flotation, should help attract such third parties.

<u>Paititi-Buriti (San Simon zone)</u>
Prior to 2002, extensive exploration work had been done on the Paititi-Buriti Area, including trenching, mapping, drilling, extensive surface bulk sampling and an underground decline. A total of 53 holes were drilled in the Paititi area in 1996, 1999, and 2000. The drilling totaled 5,577 metres and was concentrated near the Paititi pit, which was excavated by informal miners and covers about seven hectares. Some previously published significant drill results include:

- 23.4 metres averaging 1.4 g/t gold in drill hole EEL96-005;
- 32 metres averaging 1.8 g/t gold in EEL96-007;
- 12 metres averaging 6.6 g/t gold in ESS-99-12;
- 4.6 metres averaging 16.3 g/t gold in ESS-99-17;
- 4.5 metres averaging 2.7 g/t gold in ESS-00-31; and
- 1.5 metres averaging 31.2 g/t gold in ESS-00-34.

A 3D geological model of the Paititi drill data prepared by Kilborn Engineering in 2001 indicated potential for a significant near-surface gold resource. However, Kilborn did not assign average gold grades to the various volumes in the model. The Kilborn model along with surface bulk sampling assay results indicated potential for a near-surface open-pitable gold resource at Paititi. From the surface bulk sampling program, 197 tonnes of bulk samples collected from the surface had an average gold grade of 1.64 g/t Au.

In 2009 and 2010, the Company built an in-house geologic model for the Paititi area using available historic information and results of the recent work. The in-house model suggests potential for an open-pit gold resource at Paititi. It also demonstrated that gold mineralization is concentrated in stacked, slightly north-dipping layers or vein packages that occur from the surface to a depth of about 100 metres.

The Company also conducted mapping, sampling, and limited trenching along the Paititi-Buriti trend. Significant gold mineralization was discovered near Buriti, located about four kilometers west of Paititi. The Company announced assay results from 190 surface rock chip samples collected in the Buriti area which returned gold values from below detection to 160 g/t Au, with 35 samples assaying greater than 1.0 g/t Au.

In addition to the rock chip sampling at Buriti, 10 trenches were dug between the Buriti and Paititi zones in areas with thicker cover or considerable surface disturbance from previous activities. The trenches exposed notable structures with quartz veins or vein stockworks. Gold assay values from trench samples ranged from below detection to 13 g/t Au.

On July 12, the Company announced that it had commenced 1500 metres of core drilling designed to confirm the potential for bulk-tonnage mineralization at Paititi, with some of the holes planned to also test for near-surface mineralization at the Mina Vieja zone, which is near the Doña Amelia resource area. Drilling will be focused primarily on the Paititi target area where 10 to 15 drill holes are planned to confirm and test for extensions of gold mineralization in zones with bulk-tonnage open-pit potential. Positive results from Paititi would justify further drilling both to enable preparation of a resource estimate for Paititi and to test lower-priority vein targets in the Buriti area. It is the Company's intention to also use any positive drill results to further market the Paititi zone to potential JV partners who are interested in a bulk-tonnage gold project.

The Mina Vieja - Trinidad sector is in the eastern part of this zone and is located about eight kilometres northwest of Paititi. In 1996, the Company drilled 17 holes to test the east-trending Trinidad vein and another eight holes to test sheeted veining and mineralized north-trending structures in the adjacent Mina Vieja area. Although the Trinidad sector was the subject of extensive drilling between 2003 and 2006, no drill holes were located in the Mina Vieja sector during this period. Most recently, the Company's Bolivian exploration team has re-mapped the Mina Vieja area. Up to 4 drill holes are planned to test the near-surface bulk-mineable potential and improve on the results attained from the 1996 drill program at Mina Vieja.

Informal Miners at San Simon

Gold was discovered near San Simon in the 17th century by Jesuits, who conducted mining operations in the area called "Mina Vieja" from about 1688 to 1767. On account of the remote location and difficult access, exploration activities in the San Simon district were mostly dormant until the mid to late 1970's. Informal mining was then largely confined to the Mina Vieja area and other parts of the Trinidad-Manganeso trend until the Paititi discovery in the early 1990's. The informal miner's village of San Simon is located about one kilometre from Mina Vieja. In the last 20 years, its population has fluctuated from about 80 to as many as 1,500 to 2,000 persons. The population decreased as the easily recovered gold at Paititi was exhausted and the gold price declined in the late 1990's and early 2000's. The local population has increased to about 500 persons since late 2007 on account of the rising gold price. Most of the recent informal mining activity has been on veins with locally high grades in the Paititi-Buriti area and at Aguila 5, located a few kilometres east of Paititi.

During the last four years, the Company has monitored and documented the activities of the informal miners. The environmental liabilities attached to the San Simon property as a result of the informal mining are unknown. However, Bolivian environmental legislation provides that neither the concession owner nor the operator is responsible for environmental impacts shown to have been caused by third parties (including illegal miners). In conformity with its operating license, the Company's Bolivian subsidiary is continuing reclamation of drill sites and work areas, including the mill site, tailings pond, and the area near the portal of the underground bulk-sampling tunnel. The Company does not plan to reclaim the areas impacted by the informal miners as doing is not its obligation and could result in conflict with the miners.

Fredonia, Colombia

The acquisition of the Fredonia property in Colombia provides the Company with a significant land position in a largely unexplored portion of a world-class gold belt with gold production dating back 500 years. Fredonia is the first acquisition among several projects the Company has been evaluating in the gold-rich 300 kilometre long Middle Cauca Belt that extends from AngloGold-Ashanti’s giant La Colosa gold deposit northward beyond the city of Medellín. The Fredonia property is a package of mineral concessions and concession applications owned or controlled by Grupo de Bullet S.A. (“Bullet”). The definitive agreement with Bullet signed on August 13, 2010, gives Colombia Crest the right to earn up to a 75% interest in the Fredonia package.

On September 8, the Company announced that it had more than doubled its mineral title holdings to 32,216 hectares from the original 15,066 hectares, which was the area signed on August 13, 2010. This is the result of five Applications for mineral concession contracts being given Technical Study status by the Colombian government. The rights to all five properties are held by the Company under its Fredonia Agreement with Grupo de Bullet as described above.

Additionally, the Company notified Grupo de Bullet that it had elected to abandon 13 mineral concessions and return them to Bullet pursuant to the original Fredonia Agreement, which originally provided the Company with rights in respect of 29 mineral concessions. In detail, Colombia Crest has returned five Applications, five Technical Studies and three Contracts, all of which related to concessions which the Company considers to have a low probability for discovery of porphyry style gold-copper mineralization. The 16 concessions retained by Colombia Crest now include four Contracts, nine Technical Studies and three mineral Applications.

Pursuant to an agreement dated August 13, 2010 and amended August 16, 2011, the Company can acquire a 75% interest in the Fredonia property as follows:

Date	Expenditures (US$)	Common Shares / Warrants Issued	Cash (US$)	Interest Earned
Upon signature of agreement	$ 52,500 (paid)	-	$ 10,000 (paid)	-
By September 28, 2010	97,500 (paid via issuance of 319,922 shares)	1,000,000 shares and 1,000,000 warrants (i) (issued)	-	-
By October 28, 2010	32,500 (ii)	319,922 shares (issued)	-	-
By March 28, 2011	47,500 (incurred)	-	50,000 (paid)	12.5%
By September 28, 2011	-	-	27,500 (paid)	25.0%
By March 28, 2012 (iii)	902,500	-	-	-
By March 28, 2013 (iii)	1,100,000	-	-	50.0%
By March 28, 2014 (iii)	600,000	-	-	50.0%
Total	$ 2,832,500		$ 87,500	50.0%
By September 28, 2018, upon completion of a positive feasibility study				75.0%

(i) Each warrant exercisable to purchase an additional common share at $0.40 per share expiring September 28, 2012.

(ii) Reimbursement to optioner for taxes paid. By agreement with both parties, time for payment was extended to January, 2011 (paid).

(iii) By an amendment agreement dated August 16, 2011, time stipulated was extended for six months.

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

In addition to La Colosa, which has a 16.4 million ounce gold resource (see AngloGold Ashanti website), a number of significant projects in the Middle Cauca Belt are being advanced by multi-national exploration and mining companies. Located near the northern portion of the Fredonia area are the historic producing mines of Titiribi, Cerro Vetas and El Zancudo, which produced gold from high-grade vein structures. Sunward announced in late 2011 they had grown their gold resource at Cerro Vetas - Cisperos to 8.3 million ounces from a prior 2008 gold resource of 3.7 million ounces.

The Fredonia concessions surround the La Mina project, currently being drilled by Bellhaven Copper and Gold, Inc, who also announced a 1 million ounce gold resource in late 2011. At La Mina project, the best drill results returned 239 metres of 1.04 g/t Au and 0.45% copper, including 135 metres of 1.53 g/t Au and 0.61% copper (see Bellhaven Copper and Gold news release April 5, 2011). This intercept and those of Sunward Resources, located 15 kilometres north of Arabia, are evidence that porphyry targets in this part of the Middle Cauca Belt can also contain significant copper.

Located south of the project area is Quebradona, an apparent cluster of deposits recently discovered by AngloGold Ashanti and B2Gold. Drill holes at Quebradona have included intervals longer than 300 metres at grades over 1 g/t Au. South of Quebradona is the famous 500-year-old Marmato mining district, which has produced gold, zinc, lead and silver from high-grade vein structures. Medoro Resources Ltd.'s, now merged with Gran Colombia Gold, Marmato project has grown their NI 43-101 compliant resources to 12 million ounces of gold (see Gran Colombia Gold website).

<u>Venecia, Colombia</u>

The Venecia property is owned by Colombian Mines Corporation ("CMC") and located within the Fredonia area. It adjoins the western edge of the La Mina property, where Bellhaven Resources recently announced the highest grade gold-copper drill intercepts in region (mentioned above).

Pursuant to an agreement dated March 30, 2011, 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$)	Common Shares or Warrants Issuance	Cash (US$)	Interest Earned (%)
Upon signature of the LOI (September 30, 2010 - paid)	$ -	-	$30,000(i)	-
By April 14, 2011	50,000 (incurred)	-	-	-
By April 21, 2011	-	250,000 shares and 250,000 warrants(ii) (issued)	-	12.5%
By March 30, 2012	950,000	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)	350,000	75.0%
Total	$ 3,000,000		$535,000	75.0%

(i) By agreement with both parties, time for payment was extended to December 20, 2010 (paid).

(ii) Warrants have an unit exercise price of $0.4375 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 2 years after their date of issue.

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

Upon the Company exercising the Option and acquiring a 75% interest in the property, a joint venture will be formed and CMC may then sell its interest in the property at fair market value, fund its 25% of expenses, or have its share of expenses funded by the Company, in which case the Company will receive 100% of proceeds from production until such expenses, and interest at the U.S. Prime Rate plus 5%, have been repaid.

Fredonia-Venecia Exploration Program

Due to the size of the Fredonia-Venecia Projects, there is likely several types of gold deposits in the area, including alluvial gold. On December 20, 2010, the Company announced results of its reconnaissance rock sampling on the Fredonia project. At El Retiro, in the eastern sector of the project area, a 0.8 metre channel sample returned values of 8.25 g/t Au and 47.5 grams per tonne silver. El Retiro was first identified because of small-scale artisan mining along several vein structures. Gold mineralization occurs in quartz veins hosted in Proterozoic metamorphic rocks, and numerous outcropping veins were identified for follow-up. Very little work is being done on this target as the Company is focused on the larger potential size of the porphyry-style gold targets that have been identified in the Fredonia-Venecia projects.

As part of the December 20, 2010 announcement the Company reported assay results from the Quebrada Garrucha porphyry target. Preliminary sampling of diorite porphyry and volcanic breccia returned assay results from below detection up to 0.33 g/t gold and up to 5.4 g/t silver. The sampled breccia is strongly mineralized with sulfides (pyrite, sphalerite, pyrrhotite and jarosite). This was the first target with confirmed porphyry-style mineralization from our field program.

On February 9, 2011, the Company announced that with the closing of the second tranche of its $6.4 million financing, it has initiated a new exploration program for the Fredonia and Venecia projects. The program consists of airborne magnetic and radiometric surveys, accumulating governmental and industry exploration data and field geologic review.

In March-April, MPX Geophysics acquired 5,103 line kilometres of high-resolution airborne magnetic and radiometric data over about 60% of the Fredonia-Venecia projects. Lines were flown in an east-west direction, 100 metres apart, in an attempt to map the distribution of porphyry-related intrusions that may contain gold within the belt. Known faults that control gold mineralization trend north-south and northwest-southeast. The flight lines were designed to appropriately resolve these faults as well as any porphyry-related magnetic anomalies, which tend to be circular magnetic highs, typically only 200 to 800 metres in diameter.

The airborne magnetic mapping is a rapid and cost effective first step in the exploration program because magnetite is typically associated with gold mineralization in the porphyry gold targets we have within the Fredonia-Venecia land package. Neighboring explorers Sunward Resources, Bellhaven Resources, Batero Resources and Seafield Resources have demonstrated the effectiveness of magnetic data in their exploration program by drilling specific magnetic highs and discovering porphyry gold mineralization.

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

After a month's field work evaluating the first target area, on May 25, 2011 the Company announced the discovery of a porphyry gold-related alteration on the ground. Alteration mapping of the highest-priority target, named Arabia, has delineated an area 700 metres east-west by 900 meters north-south which overlies a magnetic high. The quartz-sericite-pyrite alteration zone is surrounded by a halo of propylitic alteration, which is typical of a zoned porphyry gold system. The target overlaps both the Venecia and Fredonia concessions, 10 kilometres west of Bellhaven Resource's La Mina project. Rock chip sampling in two separate stream drainages on either side of the alteration zone returned assay values that vary from 50 ppb to 3.85 g/t Au (see news release dated April 5, 2011).

Follow-up ground work continued in mid- to late-2011, including soil sampling, geological mapping and rock chip sampling to identify any obvious mineralized outcrops on a detailed grid over the altered area at Arabia. If the follow up work is positive, the Arabia alteration zone will represent a very high priority drill target on the Fredonia-Venecia property.

Including the Quebrada Garrucha and Arabia field results announced above, the teams now have identified a total of five areas with porphyry-style alteration in the field. Additional sampling and mapping is required on all five and results will be announced following the field campaigns when laboratory results become available. The other targets have similar magnetic characteristics to Arabia and our field teams continue to locate them in the field, map and sample them using their deep porphyry gold exploration experiences.

Ground work continues on several of the nine targets identified above. Each target area covers a minimum of 12 square kilometres, so multiple porphyry targets can exist within any given target. The team has experience identifying the characteristics of porphyry gold mineralization; therefore, as they are allowed more time and exploration in the field, additional porphyry gold targets like Arabia may be identified.

Subsequent Operating Events

On October 19, the Company announced that recent rock chip sampling and mapping at the Arabia target, which lies partially on the Venecia Project and partially on the Fredonia Project, has resulted in the discovery of potassic-altered diorite porphyry rocks in outcrop. Porphyry-style potassic-altered outcrops have been discovered over an area extending more than 1.5 kilometres of strike length in a northeastern trend of outcrops.
A total of 153 rock chip samples were analyzed as part of the first pass sampling in the Arabia area. Almost all samples were collected in exposures of bedrock in stream drainages with active flowing streams. Assay results varied from below detection up to 1.08 grams per tonne gold, up to 1,544 parts per million (0.15%) copper and up to 17.70 parts per million molybdenum; two samples show strong correlation of gold-copper-molybdenum. Out of the total samples, 12 returned values greater than 0.1 grams per tonne gold, with five having greater than 0.5 grams per tonne.

Gold mineralization at Arabia coincides with a stockwork of quartz-magnetite veins and sometimes traces of chalcopyrite associated with potassic alteration. Potassic alteration is readily apparent by a pink color tinting the feldspars and the presence of secondary biotite. Host rocks are fine-grained diorite composition. The exposures of potassic-altered rocks and thus anomalous gold-copper assays are almost always associated with faults that are oriented northeast and vertical. Some of the faults mapped during the sampling are north-trending. Dikes intrude the dioritic intrusive and they are oriented east-west and northwest-southeast.

On November 7, the Company closed a private placement with IAMGOLD Corporation ("IAMGOLD") for the purchase of 12 million units at a price of $0.285 per unit for gross proceeds of $3,420,000.

The Letter Subscription Agreement also provides for technical input from IAMGOLD on the Company's upcoming exploration programs in Colombia, and grants to IAMGOLD certain anti-dilution rights in the event that the Company conducts further financings during the three years after closing, or in the event that outstanding options and warrants increase the Company's outstanding share capital by 5% or more.

On December 7, the Company announced that two areas of anomalous gold were defined by the soil sample results at the Arabia Porphyry Gold-Copper Target, Antioquia Province, Colombia. Assay results from all 1132 soil samples have now been received. Anomalous gold values are those greater than 40 parts per billion ("ppb"). Based on these final soil results, the first anomalous area, reported on November 8, 2011, covers almost 400 by 800 metres, while the second area, which is located about one kilometre to the southwest, covers about 300 by 400 metres.

Consistent with other porphyry gold discoveries in the Middle Cauca Belt of Colombia, and in the Andes Mountains of South America, these soil results show that gold is strongly correlated to copper and molybdenum. Assay results for the soil samples varied from below detection up to 405 ppb gold in the first anomalous area, or 0.4 grams per tonne gold - in the second samples returned up to 208 ppb gold. Rock chips samples of potassic-altered porphyry outcrop taken in the same area as the first reported gold-in-soil returned values from below detection up to 3.8 parts per million gold.

Also, the Company announced that it has engaged Gemi S.A. of Medellin, Colombia, an engineering company that provides technical services to the mineral exploration industry, to assist with permitting of the drill program at Arabia in 2012. Water permit applications are being finalized for submittal to the Regional Independent Corporation of the Centre of Antioquia ("CORANTIOQUIA") the government agency responsible for executing policies, plans, programs and projects related to the environment and natural resources. Once received, the Company can begin drilling.

On January 17, the Company announced that diamond drilling of 1,355 metres was completed at the Paititi and Mina Vieja zones of its 100% owned San Simon Project, Beni Province, Bolivia. The results of this included 1.5 metres of 14.7 grams per tonne gold and 1.5 metres of 6.71 grams per tonne gold. Additionally, the Company has initiated discussions with a small-scale mining company to develop the Trinidad-Mina Vieja portion of the project, where the NI 43-101 resource calculation was completed in December 2010.

Nineteen core holes were drilled at San Simon between July and September 2011, fourteen at Paititi and five at Mina Vieja. The holes were designed to corroborate previous drill results and test bulk-tonnage potential. The Mina Vieja results do not suggest bulk-tonnage potential, but they do include intercepts of near-surface mineralization that the Company believes could be mined by an operator at Trinidad while further developing and possibly enhancing the project's economics and producing royalty revenue payable to Colombia Crest.

Future Outlook

The majority of exploration funds are focused on Colombia in 2012 with only minor, maintenance scheduled for Bolivia, while also working towards vending all of Bolivia's expenses to a third party. In Colombia, drilling and exploration will be the focus. The Company's goals for the remainder of 2012 include:

- Drill 5,000 metres core on the Arabia porphyry targets where at least two porphyry gold-copper targets were delineated in late 2011. Drilling is expected to begin in Q1, 2012.
- Depending on drill results, Arabia will be advanced to resource delineation phase in the third quarter after which time more drilling will take place to accelerate the zone to inferred resource status.
- Evaluate with ground geology and geophysics the targets in the Titiribi area on 44 hectare area called Margarita - named because the property lies on the flanks of two porphyry systems being drilled by Sunward Resources, also called Margarita and Porvenir. If the targets warrant it, drilling of both targets is planned for late 2012.
- Continue with an aggressive exploration program in the Fredonia-Venecia projects, including ground mapping and sampling as follow up to the priority porphyry targets that were identified from the aerial geophysics - new porphyry gold systems continue to be found in the field.
- Continue to monitor new projects as they become be available in the Middle Cauca Gold Belt.
- Maximize the value of the San Simon, Bolivia property through sale/joint venture of the project. Management is confident that it can reach an agreement with a small-scale gold producer on the San Simon, Bolivia, thus alleviating any cost or environmental liabilities for the project.

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

Selected Annual Information

	Year Ended September 30 2011 $	Year Ended September 30 2010 $	Year Ended September 30 2009 $
Interest income	29,318	-	346
Net loss	(25,618,735)	(4,121,825)	(1,609,609)
Basic loss per share *	(0.38)	(0.09)	(0.04)
Total assets **	29,376,063	62,972,165	63,201,847
Current liabilities	296,414	585,674	483,547
Working capital	3,261,793	327,717	237,433
Dividends	Nil	Nil	Nil

* On December 14, 2009, the Company consolidated its issued common shares on a 10:1 basis. Basic loss per share calculated based on adjusted weighted average number of post consolidated shares outstanding.

** 2009 restated by an increase of $17,523,000 to resource properties as the future income tax liability and resource balances were each understated by that amount.

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

The Company's accounting policy is to record mineral properties at cost. Exploration and development expenditures are deferred until the properties are brought into production, and at which time, they will be amortized on a unit of production basis. In the event the properties are sold, impaired or abandoned, the deferred cost will be written off. Considerable sums have been spent on the development of the Company's properties in the past several years, thus resulting in the sizable increases in the Company's total asset base. However, in 2011, $38,832,798 in deferred costs expended on concessions within the Dona Amelia zone in Bolivia were written off as the Company no longer intends to invest any major funding for exploration in that area. The underground bulk sampling program was suspended in the early part of fiscal 2008.

The sole reason for the significant increase in consolidated net loss in 2011 was due to the writing off of mineral properties: $38,832,798 (2010: $3,199,542; 2009: $Nil). However, the net loss in 2011 was tempered by the recognition of $14,888,000 in recovery of future income taxes (2010: $1,200,000; 2009: $Nil).

Consolidated net loss for the Company in fiscal 2009 was lower than in other years as advertising, corporate development, legal, stock-based compensation; travel and other financing related costs were curtailed due to the economic downturn. The 2009 loss would be further reduced if the non-cash item charge of $478,704 in debt settlement expense were removed. During the fiscal 2009 year, convertible debt with a face value of US$600,000 was settled and converted into 12 million units with each unit consisting of 12 million common shares of the company and 12 million warrants each exercisable to purchase an additional common share for US$.10 until October 19, 2010. Through a calculation based on the Black-Scholes formula an amount of $460,000 has been recorded to debt settlement expense. This amount relates to the incremental value of warrants attached to the units used to settle the convertible debt. A further amount of $18,704 was also charged to debt settlement expense due to the difference of the liability component of the convertible debt at the date of the settlement and the face value of the debenture (the entire amount of $478,704 was a non-cash item).
The Company has not paid any dividends on its common shares and does not intend to pay dividends until such time as the Company is able to earn substantial revenue. All available funds and resources are intended for use in exploring and developing the Company's properties and to finance the operations of the Company.

Year-to-Date Consolidated Results

For the year ended September 30, 2011 the Company incurred a consolidated net loss of $25,618,735 as compared to a consolidated net loss of $4,121,825 for the year ended September 30, 2010.

The main reason for the significantly higher loss in 2011 was due to the write off of $38,832,798 in differed mineral property costs relating to the Dona Amelia Zone in Bolivia. As a result of the write-off, the Company recognized a recovery of future income taxes in the amount of $14,888,000 leaving a net expense of $23,944,798 to the operating statement.

<u>Significant expense accounts that increased during 2011 were as follows:</u>

Accounting and audit $61,830 (2010: $44,352) – higher in 2011 due to additional work required to determine the effects of the overstatement of the tax basis for exploration and development expenses as a result of those expenditures incurred by the Canadian parent company and capitalized in the wholly owned Bolivian subsidiary.

Consulting $119,235 (2010: $102,331) – such costs in 2011 relate mainly to financial consulting and corporate financing fees as a result of closing a non-brokered private placement in excess of $6.4 million. In 2010, $87,500 was paid to an in-house financial consultant that was eventually terminated at the end of fiscal 2010.

Legal $130,768 (2010: $58,810) – increased substantially in 2011 as a result of closing a non-brokered private placement in excess of $6.4 million, which required substantial legal involvement during the due diligence process. Additional legal costs were also incurred in 2011 as the Company established two off-shore subsidiaries and a branch office in Colombia to handle its Colombian exploration operations.

<u>Significant accounts that decreased during 2011 were as follows:</u>

Corporate development $237,247 (2010: $359,950) – the director of corporate development (paid $144,000 per annum) was terminated early fiscal 2011 resulting in the significant drop in such fees.

Management fees $177,190 (2010: $187,515) – US$180,000 per annum paid to a private corporation owned by the CEO for his services. As the CDN$ on average was stronger in 2011, the Canadian equivalent was lower in 2011.

Office $66,497 (2010: $91,119) – costs were lower in 2011 due mainly to the cut back of office space and rental in 2011.

Stock-based compensation $640,415 (2010: $811,191) – costs of options granted as calculated using to the Black-Scholes option valuation model. See note 6 (g) in the notes to the September 30, 2011 audited financial statements for further details.

Travel and promotions $154,057 (2010: $175,845) – Travel and promotion expenses relate to magazine advertising and travels of Company personnel in attending management meetings, trade shows and conventions and meetings with potential investors. The director of corporate development was terminated in 2011, which resulted in one less personnel travelling.

<u>Other accounts:</u>

Gain on disposal of equipment $217,957 (2010: $7,603) – major components of the inoperative recovery mill (fully depreciated) in Bolivia were dismantled and sold in 2011.

General explorations $85,584 (2010: $Nil) – in addition to finalizing two major mineral concession acquisitions in Colombia during 2011, the Company is aggressively incurring general exploration activities in the hopes of identifying further potential acquisitions.

Write off of mineral properties $38,832,798 (2010: $3,199,542) – the entire amount of $38,832,798 written off during the current year relate to all concessions within the Dona Amelia zone in Bolivia as management has decided not to invest any more major funding for exploration in that area. In fiscal 2010, management dropped the entire concessions within the Marco Maria and Dona Angela Zones along with certain concession within Dona Amelia causing the ensuing write offs of $3,199,542.

Interest $29,318 (2010: Nil) – cash reserves from the closing of a major financing were deposited into interest bearing accounts in 2011.

4th Quarter Review:

For the fourth quarter ended September 30, 2011, the Company recorded a consolidated net loss of $24,225,734 as compared to a consolidated net loss of $984,427 for the same quarter ended in 2010, an increase of $23,241,307. The cause for the significant increase in 2011 was due to the writing off of $38,832,798 in mineral properties less the related recovery of future income taxes of $14,888,000 leaving a net loss of $23,944,798 being added to the statement of operation for the quarter.

Other significant accounts and deviations between the two quarters were as follows:

Administration $30,000 (2010: $30,000) - fees paid or accrued to an officer of the Company for accounting and administration services.

Corporate development $88,990 (2010: $89,936) – throughout the quarter, the Company utilized services from various Internet-based media firms as well as an investor relations group. In addition, the Company employs a full time communications manager.

Legal $13,638 (2010: $17,407) – fees pertain mainly to preparing and filing of financing and option/contractual documents as well as advising on other general corporate matters.

Management fees $44,110 (US$45,000) (2010: $46,584 (US$45,000)) - paid to a private company owned by the CEO of the Company for management services. Fees are US$15,000 per month and as these figures are reported in Canadian dollars, amounts will fluctuate in accordance to changes in exchange rates.

Office $13,909 (2010: $23,198) – expenses were lowered in 2011 generally due to the cut back of office space and rental costs.

Stock-based compensation $40,145 (2010: $Nil) - as calculated using to the Black-Scholes option valuation model based on options granted. See note 6(g) in the September 30, 2011 financial statements for further details.

Travel and promotion $53,172 (2010: $24,494) – costs relate to trips across Canada and the US for administration duties and to meet existing investors and/or potential new investors; for attending industry trade shows and conventions; for visiting the Company's Bolivian and Colombian work sites; and, for evaluation of further acquisition opportunities in Colombia.

Gain on property, plant and equipment $40,710 (2010: $Nil) – components of the inoperative and fully depreciated recovery mill in Bolivia were salvaged and sold.

General explorations $16,726 (2010: $28,897) – in addition to its two major mineral concession acquisitions in Colombia, the Company is aggressively incurring general exploration activities in the hopes of identifying further potential acquisitions.

Write-off of mineral properties $38,832,798 (2010: $1,866,087) – the entire Dona Amelia zone in Bolivia, which had been the main focus of the Company's exploration and drilling activities for many years were written off in 2011 as management concluded that the property does not warrant any further major investments.

Recovery of future income taxes $14,888,000 (2010: $1,200,000) – substantial recovery of future income taxes in 2011 related to the significant write-off of the Dona Amelia property.

Interest $12,872 (2010: Nil) – as a result of closing a major financing in 2011, cash reserves were deposited into interest bearing accounts.

Current Year Resource Property Expenditures

Bolivia - $689,343 (2010: $1,186,808 – certain concession within San Simon were terminated and $1,809,585 in deferred costs were written off) were expended in the San Simon Zone in 2011. As the Dona Amelia Zone was written-off during the year, this leaves the only remaining property in Bolivia. Presently, the majority of the Company's capital has been allocated for its projects in Colombia. Management is still studying the Bolivian situation and the extent of the Company's continuing exploration plans in Bolivia has yet to be determined.

Colombia - $1,405,859 (2010: $869,274) – with the completion of the Company's second Colombian acquisition, the Company concentrated its resources and geared up its exploration activities with projected drilling to commence in the first half of fiscal 2012.

For a detailed breakdown, see the mineral property schedule in the Company's audited financial statements for the year ended September 30, 2011.

Summary of Selected Highlights for the Last Eight Quarters

Description	Sept 30, 2011 $	Jun 30, 2011 $	Mar 31, 2011 $	Dec 31, 2010 $
Balance Sheet:				
Current assets	3,558,207	4,622,570	5,356,024	3,616,806
Resources assets	25,752,336	63,669,733	63,176,910	62,564,964
Current liabilities	296,414	320,442	544,603	681,499
Shareholders' Equity				
Capital stock	77,167,078	77,202,478	76,884,578	74,279,914
Shares subscribed	1,156,000	1,156,000	1,156,000	1,156,000
Contributed surplus	5,459,209	5,383,664	5,342,744	4,607,901
Deficit	(56,546,638)	(32,320,904)	(31,983,039)	(31,082,588)
Working capital	3,261,793	4,302,128	4,811,421	2,935,307
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(24,225,734)	(337,865)	(900,451)	(154,685)
Basic per share	(0.33)	(0.02)	(0.02)	(0.01)

Description	Sept 30, 2010 $	Jun 30, 2010 $	Mar 31, 2010 $	Dec 31, 2009 $
Balance Sheet:				
Current assets	913,391	1,768,483	244,982	992,536
Resources assets *	62,012,705	62,579,018	63,061,180	63,061,180
Current liabilities	585,674	407,297	420,067	355,317
Shareholders' Equity				
Capital stock	71,060,057	70,706,556	68,649,330	68,649,330
Shares subscribed	1,156,000	1,356,000	1,156,000	1,156,000
Contributed surplus	4,481,337	4,180,159	4,175,607	3,364,416
Deficit	(30,927,903)	(29,943,476)	(28,253,303)	(27,130,769)
Working capital (deficit)	327,717	1,361,186	(175,085)	637,219
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(984,427)	(1,690,173)	(1,122,534)	(324,691)
Basic per share **	(0.03)	(0.03)	(0.02)	(0.01)

* Restated by an increase of $17,737,000 as the future income tax (“FIT”) liability and resource balances were each understated by that amount. The FIT was subsequently lowered in the Sept 30/10 quarter by $1.2 million with an entry of the same amount being credited to the consolidated statement of operations.

** On December 10, 2009, the Company consolidated its issued common shares on a 10:1 basis. Basic loss per Share calculated based on adjusted weighted average number of post consolidated shares outstanding.

Significant Items Within the Quarter:

For the three months ended September 30, 2011:

- Wrote off $38,832,798 in mineral properties in Bolivia
- Recorded recovery of future income taxes of $14,888,000 due to the writing off of mineral properties
- Realized $40,710 gain on disposal of mill equipment
- Working capital of $3,261,793

For the three months ended June 30, 2011:

- Issued 250,000 shares (fair value $82,500) and 250,000 warrants (fair value $35,400) pursuant to property option agreement
- Recorded $40,920 stock-based compensation based on granting of 750,000 options
- Working capital of $4,302,128

For the three months ended March 31, 2011:

- Closed 2nd tranche of private placements for gross proceeds of $2,989,301
- Working capital of $4,811,421
- Granted 2,150,000 stock options and recorded stock-based compensation of $599,350

For the three months ended December 31, 2010:

- Closed 1st tranche of private placements for gross proceeds of $3,443,477
- Working capital of $2,935,307
- Gain on disposal of equipment of $177,247

For the three months ended September 30, 2010:

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

For the three months ended June 30, 2010:

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

For the three months ended March 31, 2010:

- Recorded $811,191 in stock-based compensation
- Deferred resource property costs increased by $497,077
- $72,500 in share subscription receivable outstanding
- Working capital deficit of $175,085
- Restated – increase in future income tax liability and resource properties by $17,737,000

For the three months ended December 31, 2009:

- $80,000 in share subscription receivable outstanding
- Deferred resource property costs increased by $619,311
- Incurred $31,681 in other deferred property charges relating to due diligence re: Colombia property
- Working capital of $637,219
- Restated – increase in future income tax liability and resource properties by $17,737,000

Corporate Development

To supplement in-house corporate communications activities, Colombia Crest has retained the services of Progressive IR Consultants Corp. ("Progressive") as its investor relations and corporate communication service provider, and will be responsible for managing the flow of Company information to the shareholders.

Progressive is a Vancouver based company providing investor relations services for public companies. Progressive approaches the task of providing investor relations with emphasis on multi-level communication, regular updates and thorough record keeping. Progressive employs traditional marketing techniques and augments them with modern technological communication. Their marketing technique strengthens lines of communication with existing shareholders, presents the Company's story to the large pool of qualified investors in a proprietary database, and reaches out to financial advisors and other important members of the investment community.

For its services, Progressive received $7,500 per month. The Company granted Progressive stock options expiring February 9, 2013 (subject to early termination) to acquire 200,000 shares in the capital of the Company at an exercise price of $0.45 per share. The options will vest over one year with 50,000 options becoming exercisable every three months. An additional 50,000 options vested over a one year period with 12,500 options becoming exercisable every three months expiring August 25, 2013 (subject to early termination) was granted after the end of the first six months of the agreement with an exercise price of $0.24.

Commencing January, 2012, the Company agreed to a four month maintenance contract with Progressive at a monthly fee of $3,750.

The Company has engaged Blender Media Inc. (“Blender”), a Canada-based company to handle the Company’s website management. Blender has extensive experience in website maintenance and management with a focus on dealing with mining clients. Blender employs a new technology referred to as search engine recognition, which will bring Colombia Crest to the top of any search page for gold exploration in Bolivia or Colombia. Blender has also re-designed the Company’s website that was launched in September, 2010.

The Company signed a 12 month (expired December,2011) marketing campaign with Vantage Communications Ltd. (‘Vantage”) to enhance the Company's corporate profile on the financial communication service website Vantagewire.com. In addition to other web-hosting services, Vantage was disseminating the Company’s news releases to its investors.

In August, 2011, Mr. Dan Fish joined the Company as Manager of Corporate Communications. Mr. Fish brings 30 years experience as a business owner of several major companies and a career in the investment banking and advertising industries. Mr. Fish was an advertising account executive for an NBC affiliate followed by a lucrative career as a registered investment advisor with several major US banks and investment firms. His role with the Company will be to manage and execute on all components of the corporate communications with an emphasis on marketing. Mr. Fish holds a B.Sc. in communications from the University of Oregon.

Periodically, the Company will engage certain corporate development type organizations to perform special services as the situations require for specific durations.

Liquidity and Solvency

At this time, the Company has no operating revenues and does not anticipate any operating revenues until the Company is able to find, acquire, or place in production and operate a mining property. Historically, the Company has raised funds through loans, shares for debt settlements, private placements and the exercise of options and warrants. Approximately $4.4 million were raised in fiscal 2010 using these methods.

During the 1st quarter of fiscal 2011, management closed the first tranche of a non-brokered placement with gross proceeds in excess of $3.4 million. On February 4, 2011, the second tranche was closed with gross proceeds of $3.0 million.

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

As at September 30, 2011, the Company has cash on hand of $3,451,530 and working capital of $3,155,116.

Cash reserves are deposited into interest bearing accounts with a major Canadian bank.

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

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

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

Currently, the Company has sufficient funds to pay overhead and administration expense and to finance its exploration projects for fiscal 2012. However, the Company has incurred losses since inception, and the long term survival of the Company depends on the ability of management to continue raising capital. While management has successfully raised the necessary capital to finance the Company's operations in the past, there is no assurance that it will continue to be able to do so in the future.

Industry and Economic Factors Affecting Colombia Crest

The Company's future performance is largely tied to the outcome of its exploration programs, the price of precious and base metals, and the overall health and stability of junior capital markets, inclusive of the TSX V. The financial markets upon which the Company is reliant are widely expected to experience continued volatility potentially through 2011, reflective of investor anxiety with regard to the strength and longevity of the global economy, global growth prospects, and their associated impact upon liquidity, security and return. This uncertainty has led to continued volatility in commodity markets. Furthermore, unprecedented uncertainty in the credit markets has also led to increased difficulties in accessing capital.

Junior exploration companies worldwide have been hit particularly hard by these trends. Accordingly, the Company may have difficulty raising additional equity financing for the purposes of gold and other precious mineral exploration without significantly diluting the position of its current shareholders. With continued market volatility and slower worldwide economic growth anticipated, the Company's strategy is to manage its treasury in a planned, deliberate and prudent manner while attempting to limit any future offering to a point in time where the associated capital markets have favourably stabilized. The Company believes this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining the momentum on key initiatives. The Company has a strong belief in the exploration potential of its property and aims to emerge from the current economic situation in a solid financial position.

Foreign Countries and Laws and Regulations

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

Recent Pronouncements Affecting Changes in Accounting Policies:

International Financial Reporting Standards

Canadian publicly traded companies with fiscal years beginning on or after January 1, 2011, are required to adopt accounting standards that are currently used by other publicly listed companies in Europe and many other countries around the world under a global standard termed as the International Financial Reporting Standards ("IFRS"). Depending on circumstances, there will be significant difference between Canadian GAAP and IFRS and the conversion could be complex.

The Company has initiated its procedures in gaining familiarity and knowledge regarding the changeover of reporting in compliance to the IFRS. Management is currently studying the new requirements and is evaluating the effects that are particular to the Company's situation as well as options that are available to it.

One issue identified is the determination of the Company's and subsidiaries' functional currency. The exact impact to the Company's financial statements has not been quantified, although the gathering of information for the processing of the calculations has commenced. The next phase of this process will entail the review of past years' transaction along with historical Canadian to applicable foreign exchange rates to arrive at the appropriate adjustment.

The other main issue identified is the tax basis of exploration and development expenses paid by the Canadian parent company and capitalized on the balance sheet as resource properties, but unable to claim for tax purposes in the wholly owned Bolivian subsidiary and Panama subsidiary . The exact impact and what adjustments if necessary to conform to IFRS have not yet been determined.

All financial quarterly reports in fiscal 2011 were prepared in accordance with Canadian GAAP. For its first quarter of fiscal 2012, the three months ended December 31, 2011, the Company's financial statements must conform to the IFRS along with IFRS adjusted comparative first quarter ended of December 31, 2010.

Management has been consulting with IFRS experts during the past several months in the preparation of the Company's IFRS compliant results for the reporting period ended December 31, 2011 to ensure the timely filing of the IFRS financials.

Business Combination, Consolidated Financial Statements and Non-controlling interest

For interim and annual financial statements relating to fiscal years commencing on or after January 1, 2011, companies will be required to adopt new CICA Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1582 replaces existing Section 1581 "Business Combinations", and Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements". The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to IFRS 3 "Business Combinations" and International Accounting Standard ("IAS") 27 "Consolidated and Separate Financial Statements" respectively. The impact of adopting these new standards will have nil effect to the Company as its subsidiary is wholly owned.

Off-Balance Sheet Arrangements

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

Outstanding Share Capital

The following securities were outstanding as at January 27, 2012:

Securities	Number	Weighted-Average Exercised Price	Expiry Date
Common shares issued and outstanding	85,524,956	N/A	N/A
Share purchase options	7,370,000	$0.44	Jan 8, 2013 – Nov 14, 2016
Share purchase warrants (US$)	4,481,900	US$1.00	August 13. 2012
Share purchase warrants (CAD$)	37,002,189	$0.49	Dec 4, 2011 - Oct 31, 2013
Fully diluted share capital	134,379,045	N/A	N/A

For a breakdown of the securities as at September 30, 2011 – refer to the notes to the audited September 30, 2011 financial statements.

Related Party Transactions

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

During the year ended September 30, 2011:

- A former director of the Company was paid or accrued $12,000 (2010: $138,000) for corporate development fees and one officer of the Company was paid or accrued $120,000 (2010: $120,000) for accounting and administration services. At September 30, 2011, the related parties were owed $12,185 (2010: $28,765) for the unpaid portions of these amounts and reimbursement of expenditures made on behalf of the Company, which is included in accounts payable.
- A private company owned by a director of the Company was paid or accrued $177,191 (US$180,000) (2010: $187,516 (US$180,000) in management fees. At September 30, 2011, the related party was owed $nil (2010: $32,287) for the unpaid portions of these amounts and reimbursement of expenditures made on behalf of the Company. The related party also had $10,000 (2010: $Nil) in advances at September 30, 2011, which is included in receivables.
- Officers of the Company were paid or accrued $176,094 (2010: $113,139) for geological consulting services. At September 30, 2011, the related parties were owed $23,041 (2010: $18,428) for the unpaid portion of the amount, which is included in accounts payable.

As at September 30, 2011, accounts payable are inclusive of $35,226 (2010: $79,480) due to related parties.

Subsequent Events

The following occurred during the period subsequent to September 30, 2011:

- Pursuant to a non-brokered private placement, the Company issued 12,000,000 units at $0.285 per unit for gross proceeds of $3,420,000. Each unit was comprised of one common share of the Company and one-half warrant with one full warrant exercisable to purchase one additional share of the Company for $0.35 until October 31, 2013. All shares issued as part of the private placement, and all shares which are issued pursuant to the exercise of warrants, are subject to a hold period expiring on March 1, 2012.

- Management granted stock options for the purchase of up to an aggregate of 2,500,000 common shares of the Company. These options have an exercise price of $0.35 per share and expire November 14, 2016.

- Acceptance from the TSX-V was received to extend the exercise terms of certain outstanding share purchase warrants by one additional year. The 1,100,000 warrants outstanding pursuant to a private placement completed on December 4, 2009 will now be exercisable to purchase up to 1,100,000 shares at the price of $0.75 per share until December 4, 2012. An additional 1,060,000 warrants outstanding pursuant to a private placement completed on December 24, 2009 will now be exercisable to purchase up to 1,060,000 shares at the price of $0.75 per share until December 24, 2012.

Risk Factors

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

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

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

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

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

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

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

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

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

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

Environmental and Other Regulatory Requirements - Colombia Crest's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments.

Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

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

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

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

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

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

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

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

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

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