(formerly Eaglecrest Explorations Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011 and 2010

(Expressed in Canadian Dollars)

Tel: 604 688 5421
Fax: 604 688 5132
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Shareholders of Colombia Crest Gold Corp. (formerly Eaglecrest Explorations, Ltd.)

We have audited the accompanying consolidated financial statements of Colombia Crest Gold Corp. (formerly Eaglecrest Explorations, Ltd.) which comprise the consolidated balance sheets as at September 30, 2011 and 2010, and the consolidated statements of operations and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Colombia Crest Gold Corp. (formerly Eaglecrest Explorations, Ltd.) as at September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) “ BDO Canada LLP”

Chartered Accountants

Vancouver, Canada
January 27, 2012

COLOMBIA CREST GOLD CORP.
(formerly Eaglecrest Explorations Ltd.)
CONSOLIDATED BALANCE SHEETS
September 30, 2011 and 2010
(Expressed in Canadian Dollars)

	2011	2010
ASSETS		
Current		
Cash	$ 3,451,530	$ 853,679
Receivables – Note 5	39,564	32,221
Prepaid expenses and deposits	67,113	27,491
	3,558,207	913,391
Property, plant and equipment – Note 3	65,520	39,427
Other deferred property charges	-	6,642
Resource properties – Note 4	25,752,336	62,012,705
	$ 29,376,063	$ 62,972,165
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Note 5	$ 296,414	$ 585,674
Future income tax liability – Note 9	1,764,000	16,537,000
Asset retirement obligation – Note 2	80,000	80,000
	2,140,414	17,202,674
SHAREHOLDERS' EQUITY		
Share capital – Note 6(b)	77,167,078	71,060,057
Share subscriptions – Note 6(f)	1,156,000	1,156,000
Contributed surplus – Note 6(i)	5,459,209	4,481,337
Deficit	(56,546,638)	(30,927,903)
	27,235,649	45,769,491
	$ 29,376,063	$ 62,972,165

Nature of Operations – Note 1
Subsequent Events – Notes 6 and 12

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Thomas Pladsen" Director
Thomas Pladsen

"Carl Hansen" Director
Carl Hansen

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COLOMBIA CREST GOLD CORP.
(formerly Eaglecrest Explorations Ltd.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
For the Years Ended September 30, 2011 and 2010
(Expressed in Canadian Dollars)

	2011	2010
Expenses:		
Accounting and audit	$ 61,830	$ 44,352
Administration – Note 5	120,000	120,000
Advertising	6,999	1,409
Amortization	4,511	5,152
Bank charges	3,339	2,440
Consulting	119,235	102,331
Corporate development – Note 5	237,247	359,950
Filing fees	48,859	47,971
Foreign exchange loss	19,560	19,285
Insurance	22,492	27,533
Legal	130,768	58,810
Management fees – Note 5	177,190	187,515
Office and printing	66,497	91,119
Shareholders' information	8,870	15,175
Stock-based compensation – Note 6	640,415	811,191
Transfer agent	13,759	30,911
Travel and promotion	154,057	175,845
General explorations	85,584	-
Loss before other items	(1,921,212)	(2,100,989)
Other items:		
Gain on property, plant and equipment	217,957	7,603
Due diligence on general mineral property	-	(28,897)
Write-off of mineral properties – Note 4	(38,832,798)	(3,199,542)
Interest income	29,318	-
Loss before income taxes	(40,506,735)	(5,321,825)
Recovery of future income taxes	14,888,000	1,200,000
Net loss and comprehensive loss for the year	(25,618,735)	(4,121,825)
Deficit – beginning of year	(30,927,903)	(26,806,078)
Deficit – end of year	$ (56,546,638)	$ (30,927,903)
Loss per common share – Note 2	$ (0.38)	$ (0.09)
Weighted average number of common shares outstanding	66,843,347	46,821,518

COLOMBIA CREST GOLD CORP.
(formerly Eaglecrest Explorations Ltd.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For Years Ended September 30, 2011 and 2010
(Expressed in Canadian Dollars)

	2011	2010
Cash provided by (used in):		
Operating Activities		
Net loss for the year	$ (25,618,735)	$ (4,121,825)
Items not affecting cash:		
Amortization	4,511	5,152
Gain on property plant and equipment	(217,957)	(7,603)
Recovery of future income taxes	(14,888,000)	(1,200,000)
Shares issued for corporate finance fee	30,000	-
Stock-based compensation	640,415	811,191
Write-off of mineral properties	38,832,798	3,199,542
	(1,216,968)	(1,313,543)
Net change in non-cash working capital items:		
Receivables	(7,343)	(2,098)
Prepaid expenses and deposits	(39,622)	7,645
Accounts payable and accrued liabilities	(89,260)	(94,372)
	(1,353,193)	(1,402,368)
Financing Activities		
Subscription receivable	-	112,938
Cash received for capital stock issued (net)	5,978,207	3,347,208
	5,978,207	3,460,146
Investing Activities		
Property, plant and equipment expenditures	(44,087)	(22,818)
Proceeds on sale of property plant and equipment	223,623	18,900
Other deferred property expenditures	-	(6,642)
Resource property expenditures	(2,206,699)	(1,849,260)
	(2,027,163)	(1,859,820)
Increase in cash	2,597,851	197,958
Cash - beginning of year	853,679	655,721
Cash - end of year	$ 3,451,530	$ 853,679
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

Non-cash Transactions – Note 11

SEE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Nature of Operations

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 September 30, 2011, the Company had $3,451,530 in cash and cash equivalents, working capital of $3,261,793 and no long-term debt. Additional funds were obtained after September 30, 2011 as disclosed in note 12.

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.

Note 2 Summary of Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada and are stated in Canadian dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates.

Principles of Consolidation

These consolidated financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

These consolidated financial statements include the accounts of Colombia Crest Gold Corp. (formerly Eaglecrest Explorations, Ltd.)and its wholly owned subsidiaries Eaglecrest Exploration Bolivia SA, 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. All significant inter-company transactions and balances have been eliminated.

Note 2 Summary of Significant Accounting Policies – (cont'd)

Resource Properties

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

These costs are depleted over the useful lives of the properties upon the commencement of commercial production, or written off if the properties are abandoned or the claims are allowed to lapse.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Management's estimates of mineral prices, recoverable proven and probable reserves and operating capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

The acquisition of title to mineral properties is a detailed and time-consuming process. The Company has taken steps, in accordance with industry standards, to verify mineral properties in which it has an interest. Although the Company has taken every precaution to ensure that legal title to its properties is properly recorded in the name of the company, there can be no assurance that such title will ultimately be secured.

Administrative costs, along with costs related to the determination of the feasibility of a project, are expensed as incurred.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost and amortized over their estimated useful economic lives using the declining balance method at annual rates of 30% for office equipment, automotive and field equipment and 20% for office furniture.

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

Note 2 Summary of Significant Accounting Policies – (cont'd)

Foreign Currency Translation

The Company's foreign operations are considered integrated with those of the Company's domestic operations.

The Company translates its accounts denominated in foreign currencies as follows: monetary assets and liabilities at the rate of exchange in effect at the balance sheet date and non-monetary assets and liabilities at their applicable historical rates. Revenues and expenses are translated at rates prevailing at the date of the transaction except for amortization which is translated at historical rates.

Exchange gains and losses from the translation of foreign currencies are recognized in the period in which they occur.

Share Issue Costs

Costs incurred for the issue of common shares are deducted from share capital or the balance of share subscriptions prior to the issuance of the shares. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue the shares was reached.

Stock-based Compensation

The Company records a compensation cost attributable to all share options granted at fair value at the grant date using the Black-Scholes valuation model and the cost is expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

The Black-Scholes option valuation model requires the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation, as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the years presented.

For the year ended September 30, 2011, potentially dilutive common shares (relating to options and warrants outstanding at year-end) totaling 40,804,089 (2010: 14,464,256) were not included in the computation of loss per share because their effect was anti-dilutive.

Note 2 Summary of Significant Accounting Policies – (cont'd)

Future Income Taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. 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. Such an allowance applies fully to all potential income tax assets of the Company.

Asset Retirement Obligations

The Company records a liability for the fair value of the statutory, contractual or legal asset retirement obligations ("ARO") associated with the retirement and reclamation of tangible long-lived assets in the period in which it is incurred, with a corresponding increase to the carrying amount of the related assets. This corresponding increase to capitalized costs is amortized to earnings on a basis consistent with depreciation, depletion, and amortization of the underlying assets. Subsequent changes in the estimated fair value of the ARO are capitalized and amortized over the remaining useful life of the underlying asset. The ARO liabilities are carried on the consolidated balance sheet at their discounted present value and are accreted over time for the change in their present value, with this accretion charge included in depreciation, depletion and amortization.

As at September 30, 2011, the Company has recorded $80,000 (2010: $80,000) as an estimated asset retirement obligation.

Impairment of Long-Lived Assets

Long-lived assets and intangibles to be held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Except as described in Note 4, management believes there has been no impairment of the Company's long-lived assets as at September 30, 2011 and 2010.

Environmental Expenditures

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable. The Company's policy is to meet or, if possible, surpass environmental standards set by relevant legislation by the application of technically proven and economically feasible measures.

Note 2 Summary of Significant Accounting Policies – (cont'd)

Environmental Expenditures – (cont'd)

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against operations as incurred or capitalized and amortized depending on their expected future economic benefit. Estimated future removal and site restoration costs are recognized when the ultimate liability is reasonably determinable and are charged against operations over the estimated remaining life of the related business operations, net of expected recoveries.

Financial Instruments - Recognition and Measurement

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of changes in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately.

Financial Instruments- Presentation and Disclosure

CICA Handbook Section 3862, "Financial Instruments – Disclosures" establishes standards for the disclosure of financial instruments. The standard established a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments as follows:

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 – fair values are based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

- Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian Dollars unless otherwise indicated) – Page 6

Note 2 Summary of Significant Accounting Policies – (cont'd)

Financial Instruments- Presentation and Disclosure – (cont'd)

Changes in valuation methods may result in transfers into or out of an investment's assigned level. During the years ended September 30, 2011 and 2010, all of the financial instruments measured at fair value on the balance sheet, which includes only cash, are included in level 1. The Company has classified its financial instruments as follows:

- Cash is classified as held-for-trading.
- Receivables are classified as loans and receivables.
- Accounts payable and accrued liabilities are classified as other liabilities.

The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Future Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over a five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of October 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011.

Note 3 Property, Plant and Equipment

	September 30, 2011			September 30, 2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	$ 108,310	$ 89,628	$ 18,682	$ 21,462
Field equipment	40,964	40,215	749	1,070
Automotive	109,268	63,179	46,089	16,895
	$ 258,542	$ 193,022	$ 65,520	$ 39,427

Note 4 Resource Properties

The Company's resource 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.

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 $1,809,585 and $60,072 in related deferred costs have been written off, respectively.

During the year ended September 30, 2011, $38,832,798 in deferred costs have been written off on the Dona Amelia Zone. However, no concessions on the San Simon and Dona Amelia Zones have been abandoned.

Note 4 Resource Properties – (cont'd)

Bolivia: – (cont'd)

Marco Maria Zone

Pursuant to an agreement (the Marco Maria Agreement) signed during fiscal 1999, the Company acquired the right to 100% of all production from 8 mineral concessions located contiguous to the existing San Simon mineral concessions. Total consideration paid to acquire this right was US$50,000 plus the issuance of 650,000 common shares.

During the year ended September 30, 2010, the Marco Maria concessions have been abandoned and $543,307 in related deferred costs have been written off.

Dona Angela (Campo Nuevo) Zone

Pursuant to an agreement signed in March, 2001, the Company has acquired the right to 100% of all production from 13 concessions located to the north, east and west of the Company's existing holdings at the San Simon property. The Company had originally agreed to pay US$95,000 (US$20,000 paid) to the optionor prior to July 31, 2003. Pursuant to an amended agreement signed in August, 2003, a total of US$80,000 payments were made including the issuance of 375,000 shares of the Company at a price of US$0.10 per share.

During the year ended September 30, 2010, the Dona Angela concessions have been abandoned and $786,578 in related deferred costs have been written off.

(Expressed in Canadian Dollars unless otherwise indicated) – Page 9

Note 4 Resource Properties – (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	-	-	-
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 March 28, 2019 (iii), upon completion of 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.

Note 4 Resource Properties – (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.

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:

(Expressed in Canadian Dollars unless otherwise indicated) – Page 11

Note 4 Resource Properties – (cont'd)

Colombia: – (cont'd)

Venecia – (cont'd)

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, 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%.

Note 5 Related Party Transactions

All transactions with related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the transacting parties. The unpaid balances referred to below are non-interest bearing, 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 $177,190 (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.

Note 6 Share Capital

a) Authorized:

The Company's authorized share capital consists of an unlimited number of common shares without par values.

(Expressed in Canadian Dollars unless otherwise indicated) – Page 13

Note 6 Share Capital – (cont'd)

b) Issued:

	September 30, 2011				September 30, 2010			
	Number of Shares		Amount		Number of Shares		Amount	
Issued – beginning of year	51,031,190		$ 71,060,057		433,812,034		$ 67,689,035	
Shares consolidation 10:1	-		-		(390,430,800)	(i)	-	
Issued:								
Private placements	21,442,594		6,432,778	(ii)	6,798,956		3,429,908	
Shares issued for finder's fees	400,000		200,000		105,000		55,356	
Shares issued for corporate financing fees	100,000		30,000		-		-	
Shares issued for option on property	569,922		200,871		1,000,000		400,000	
Returned to treasury/cancelled	(18,750)	(iv)	(1,875)		(254,000)	(v)	(213,240)	
Issue costs	-		(754,753)	(iii)	-		(301,002)	(vi)
Issued – end of year	73,524,956		$ 77,167,078		51,031,190		$ 71,060,057	

(i) On December 10, 2009, the Company consolidated its issued common shares on a 10:1 basis.

(ii) 21,442,594 units issued pursuant to a non-brokered private placement at a price of $0.30 per unit for gross proceeds of $6,432,778.

(iii) $454,571 in cash was paid and 1,495,239 agent warrants valued at $300,182 were issued as finders' fees.

(iv) Expiry of escrow shares. Refer to Note 6(c).

(v) Shares returned to treasury and cancelled due to non-payment of common shares subscribed for.

(vi) $32,700 in cash was paid, 65,400 agent's warrants valued at $16,447 and 105,000 common shares valued at $55,356 were issued and another 400,000 common shares valued at $200,000 have been accrued as finders' fees – net of decrease adjustment of $3,501 in cash finder's fees pertaining to 2006.

Note 6 Share Capital – (cont'd)

b) Issued: – (cont'd)

During the year ended September 30, 2011:

The Company issued common shares pursuant to a non-brokered private placement of 21,442,594 units at a price of $0.30 per unit for gross proceeds of $6,432,778. The first tranche, 11,478,258 units consisted of one common share and one share purchase warrant exercisable to purchase one additional common share for $0.45 until December 30, 2012, and the 2nd tranche, 9,964,336 units consisted of one common share and one share purchase warrant exercisable to purchase one additional common share for $0.45 until February 4, 2013; provided that if after the issuance of the warrants (for both tranches) the average closing trading price of the common shares is $0.75 or higher for a period of 20 consecutive trading days, the Company may issue a notice that the warrants must be exercised within 21 days of the date of the notice or they will expire at the end of that 21 day period. Cash of $454,571 has been paid and 1,495,239 agent share purchase warrants with a fair value of $300,182 have been issued as finders' fees. The 698,093 finders' fees warrants applicable to the first tranche have the same exercise terms as the first tranche private placement warrants. The remaining 797,146 finder's fees warrants have the same exercise term and expiry date as the second tranche private placement warrants except that the accelerate exercise clause does not apply. The fair value of finders' fees issued was estimated using the Black-Scholes option valuation model with the following assumptions; risk-free interest rate 1.39% - 1.42%; expected dividend yield – Nil; expected stock price volatility 83 % - 106%; and expected warrant life of 2.0 years.

As a corporate financing fee relative to the second tranche of the private placement, 100,000 units (100,000 common shares and 100,000 warrants) valued at $30,000 (based on the private placement subscription price of $0.30 per unit) were also issued. These corporate financing warrants have the same exercise terms as the second tranche of the private placement warrants.

The Company issued 569,922 common shares valued at $200,871 pursuant to two property option agreements. Also, 250,000 warrants valued at $35,400 were issued. Each warrant is exercisable to purchase one common share of the Company at $0.4375 until April 15, 2013. The property option warrants value was estimated using the Black-Scholes option valuation model with the following assumptions: risk-free interest rate - 1.49%; expected dividend yield – Nil; expected stock price volatility - 90% and expected warrant life of 2.0 years.

The Company issued 400,000 finder's fee common shares valued at $200,000, which were previously accrued. Refer to Note 6(f).

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

Note 6 Share Capital – (cont'd)

b) Issued: – (cont'd)

During the year ended September 30, 2010:

The Company issued common shares pursuant to a no-brokered private placement of 11,000,000 pre-consolidation units at a price of US$0.05 per unit for gross proceeds of US$550,000. Each unit consists of one pre-consolidation common share and one pre-consolidation non-transferable share purchase warrant exercisable to purchase one additional common share for US$0.10 until December 4, 2010. Finders' fees of 1,050,000 pre-consolidation common shares have been issued. As a result of the share capital consolidation on December 10, 2009, the private placement units and finder's fee shares issued were reduced to 1,100,000 units and 105,000 common shares respectively. The value of the 105,000 common shares issued as finder's fees was determined by the market value of the common shares issued in the private placement.

The Company issued common shares pursuant to a no-brokered private placement of 1,160,000 post-consolidation units at a unit price of $0.50 raising a total of $580,000. Each post-consolidation unit consists of one common share and one warrant exercisable to purchase an additional common share at a price of $0.75 expiring December 24, 2011. A finder's fee of $25,000 cash has been paid and 50,000 warrants each exercisable to purchase one common share at $0.50 expiring December 24, 2011 have been issued in connection to the private placement. The fair value of warrants issued was estimated using the Black-Scholes option valuation model with the following assumptions; risk-free interest rate 1.39%; expected dividend yield – Nil; expected stock price volatility 200.28%; and expected warrant life of 2.0 years.

The Company issued common shares pursuant to a no-brokered private placement of 4,538,956 post-consolidation units pursuant to a non- brokered private placement at a unit price of $0.50 raising a total of $2,269,478. Each post-consolidation unit consists of one common share of the Company and one warrant exercisable to purchase an additional common share of the Company at a price of $0.75 expiring May 10, 2012; provided that at any time the Company's shares have a closing price higher than $1.10 per share for a period of 20 consecutive trading days on the TSXV, the Company shall be entitled to give notice to the holders of warrants that the warrants will expire 21 days after the date of such notice unless exercised before the expiry of that period.

A finder's fee of $7,700 cash has been paid, 15,400 agent warrants have been issued and 400,000 common shares will be issued in connection to the private placement. Each agent warrant is exercisable to purchase one common share at $0.50 per share expiring May 10, 2012; provided that at any time the Company's shares have a closing price higher than $1.10 per share for a period of 20 consecutive trading days on the TSXV, the Company shall be entitled to give notice to the holders of warrants that the warrants will expire 21 days after the date of such notice unless exercised before the expiry of that period. The fair value of warrants issued was estimated using the Black-Scholes option valuation model with the following assumptions; risk-free interest rate 1.93%; expected dividend yield – Nil; expected stock price volatility 201.65%; and expected warrant life of 2.0 years.

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

(Expressed in Canadian Dollars unless otherwise indicated) – Page 16

Note 6 Share Capital – (cont'd)

c) Escrow Shares:

In accordance with an Escrow Agreement dated September 19, 1999, 187,500 common shares were subject to escrow and may not be transferred, assigned or otherwise dealt with without the consent of the TSXV. These common shares may not be released from escrow unless the escrow agent receives a letter consenting to release from the TSXV. Any common shares not released will expire in ten years from the date of the agreement. As at September 30, 2010, the Company had a balance of 18,750 post-consolidation common shares in escrow. During the year ended September 30, 2011, the 18,750 post-consolidation escrow shares were cancelled and returned to the Company's treasury.

d) Directors' and Employees' Stock Options Outstanding:

i) 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.

ii) The continuity of stock options outstanding is as follows:

	September 30, 2011	Weighted Average Exercise Price	September 30, 2010	Weighted Average Exercise Price$
Balance outstanding - beginning of year	2,400,000	$1.36	11,150,000	$0.20
Consolidation 10:1	-	-	(10,035,000)	-
	2,400,000	$1.36	1,115,000	$1.96
Options granted	3,100,000	$0.45	1,735,000	$0.93
Options cancelled/expired	(230,000)	$1.29	(450,000)	$1.21
Balance outstanding - end of year	5,270,000	$0.82	2,400,000	$1.36

(Expressed in Canadian Dollars unless otherwise indicated) – Page 17

Note 6 Share Capital – (cont'd)

d) Directors' and Employees' Stock Options Outstanding: – (cont'd)

iii) Details of stock options outstanding at September 30, 2011:

Number of Shares		Option Price	Expiry Date
370,000	(iv)	$2.70	January 4, 2012
30,000	(iv)	$2.70	January 9, 2012
100,000		$0.60	January 19, 2015
135,000		$1.80	January 8, 2013
200,000		$1.20	May 29, 2013
1,335,000		$1.00	January 19, 2015
200,000	(i)	$0.45	February 9, 2013
250,000		$0.45	February 8, 2013
550,000		$0.45	June 13, 2013
200,000	(ii)	$0.45	June 13, 2013
150,000		$0.45	August 25, 2013
50,000	(iii)	$0.24	August 25, 2013
1,700,000		$0.45	February 8, 2016
5,270,000			

(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 September 30, 2011, 400,000 options expired.

As at September 30, 2011, the contractual weighted average remaining life is 2.90 years (2010 – 3.38 years) and 4,970,000 options were exercisable.

(Expressed in Canadian Dollars unless otherwise indicated) – Page 18

Note 6 Share Capital – (cont'd)

e) Share Purchase Warrants Outstanding:

i) The continuity of share purchase warrants outstanding is as follows:

Warrants with exercise price in US$:

	Number of Warrants	Weighted Average Exercise Price US$
Balance - September 30, 2009	81,402,283	$0.19
Consolidation 10:1	(73,262,055)	
	8,140,228	$1.90
Warrants issued	1,100,000	$1.00
Warrants expired	(3,658,328)	$3.00
Warrants amended (i)	(1,100,000)	$1.00
Balance - September 30, 2010 and 2011	4,481,900	$1.00

(i) Warrants originally exercisable at a unit price of US$1.00 expiring December 4, 2010 have been amended to a unit price of CDN$0.75 expiring December 4, 2011.

Warrants with exercise price in CDN$:

	Number of Warrants	Weighted Average Exercise Price CDN$
Balance - September 30, 2009	-	-
Warrants issued	6,664,356	$0.70
Warrants amended (i)	1,100,000	$0.75
Balance – September 30, 2010	7,764,356	$0.70
Warrants issued	23,287,833	$0.45
Balance – September 30, 2011	31,052,189	$0.51

(i) Warrants originally exercisable at a unit price of US$1.00 expiring December 4, 2010 have been amended to a unit price of CDN$0.75 expiring December 4, 2011.

(Expressed in Canadian Dollars unless otherwise indicated) – Page 19

Note 6 Share Capital – (cont'd)

e) Share Purchase Warrants Outstanding:

ii) Details of share purchase warrants outstanding at September 30, 2011:

Warrants outstanding with exercise price in US$:

Number of Shares	Exercise Price (US$)	Expiry Date	
4,481,900	1.00	August 13, 2012	(i)

(i) Expiry date was extended from August 13, 2010 to August 13, 2012

As at September 30, 2011, the weighted average remaining contractual life of warrants exercisable in US$ is 0.87 years (2010: 1.87 years).

Warrants outstanding with exercise price in CDN$:

Number of shares	CDN $ Exercise Price	Expiry Date
1,100,000	0.75	December 04, 2011 (i)
1,060,000	0.75	December 24, 2011(ii)
50,000	0.50	December 24, 2011
4,538,956	0.75	May 10, 2012 (iii)
15,400	0.50	May 10, 2012 (iii)
1,000,000	0.40	September 28, 2012
12,176,351	0.45	December 30, 2012 (iv)
10,064,336	0.45	February 4, 2013 (iv)
797,146	0.45	February 4, 2013
250,000	0.44	April 15, 2013
31,052,189		

(i) Subsequent to September 30, 2011, the TSXV accepted an application to extend expiry date to December 4, 2012.

(ii) Subsequent to September 30, 2011, the TSXV accepted an application to extend expiry date to December 24, 2012.

(iii) Provided that at any time the Company's common shares have a closing price higher than $1.10 per share for aperiod 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.

Note 6 Share Capital – (cont'd)

e) Share Purchase Warrants Outstanding:

ii) Details of share purchase warrants outstanding at September 30, 2011: - (cont'd)

(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.

(v) Subsequent to September 30, 2011, 50,000 warrants expired.

As at September 30, 2011, the weighted average remaining contractual life of warrants exercisable in CDN$ is 1.11 years (2010: 1.55 years).

f) 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.

Pursuant to a private placement closed during the year ended September 30, 2010, 400,000 common shares (issued in April, 2011) valued at $200,000 payable as a finder's fee were accrued in accounts payable and accrued liabilities. The value of this finder's fee was determined by the market value of the common shares issued in the private placement. Refer to Note 6(b).

g) Stock-based Compensation

The Company recorded stock-based compensation during the year ended September 30, 2011 of $640,415 (2010: $811,191). The fair value of stock options granted was estimated using the Black-Scholes option valuation model with the following assumptions; risk-free interest rate 1.42% - 3.20% (2010: 1.89% - 3.44%); expected dividend yield – Nil (2010: Nil); expected stock price volatility 82% - 179% (2010: 142.99% - 198.59%); and expected option life of 2.0 – 5.0 years (2010: 2.0 – 5.0 years).

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Note 6 Share Capital – (cont'd)

h) Subscriptions Receivable:

During the year ended September 30, 2011, there was no increase to subscriptions receivable.

During the year ended September 30, 2010, the Company received $112,938 (US$104,750) of subscriptions receivable and $163,240 (US$154,000) in subscriptions receivable were nullified which were included in the 2008 private placement of 33,057,700 common shares (10:1 consolidation to 3,305,770 common shares). The corresponding 1,540,000 share certificates (10:1 consolidation to 154,000 common shares) were cancelled and returned to treasury due to non-payment.

i) Contributed Surplus:

Continuity of contributed surplus is as follows:

Balance - September 30, 2009	$	3,352,521
Agent's warrants issued		16,447
Stock-based compensation		811,191
Fair value of warrants for Fredonia acquisition		301,178
Balance - September 30, 2010		4,481,337
Agents' warrants issued		300,182
Stock-based compensation		640,415
Fair value of warrants for Venecia acquisition		35,400
Cancellation of escrow shares		1,875
Balance - September 30, 2011	$	5,459,209

Note 7 Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold excess cash in interest bearing bank accounts.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended September 30, 2011.

Note 8 Financial Risk Management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable relates to Goods and Services Tax, Harmonized Sales Tax input tax credits and related party advances.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company anticipates it will have adequate liquidity to fund its financial liabilities through its future equity placements.

As at September 30, 2011, the Company's financial liabilities were comprised of accounts payable and accrued liabilities.

c) Market Risk

Market risk consists of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the development stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. Although a portion of the Company's transactions are denominated in US dollars, Bolivian Boliviano and Colombian Pesos, the Company is not significantly exposed to foreign currency exchange risk at this time. As at September 30, 2011, US$92,000 is included in accounts payable; a change in the exchange rate of 10% could expose the Company to a potential loss of $9,000.

ii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at September 30, 2011, the Company's cash was subject to or exposed to interest rate risk, however, this risk is not significant.

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Note 9 Income Taxes

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2011	2010
Basic statuary and provincial income tax rate	27.00%	28.88%
Expected income tax recovery on net loss, before income tax	$ 10,937,000	$ 1,537,000
Foreign income taxed at other than Canadian rate	4,469,000	275,000
Differences due to recognition of items for tax purposes:		
Effect of reduction in statutory rate	(25,000)	(51,000)
Expiry of loss carryforward	-	(84,000)
Share issue cost	114,000	71,000
Permanent difference	(176,000)	(233,000)
Valuation allowance	(431,000)	(315,000)
Income tax recovery	$ 14,888,000	$ 1,200,000

The significant components of the Company's future income tax assets and liabilities are as follows:

	2011	2010
Future income tax assets:		
Non-capital losses carried forward	$ 2,811,000	$ 2,472,000
Capital losses carried forward	104,000	104,000
Undeducted financing cost	164,000	113,000
Exploration and development expenses	(1,544,000)	(16,436,000)
Capital assets	51,000	129,000
Less: valuation allowance	(3,350,000)	(2,919,000)
Net future income tax assets (liabilities)	$ (1,764,000)	$ (16,537,000)

The Company has recorded a valuation allowance against its future income tax assets based on the extent to which it is more likely-than-not that sufficient taxable income will be realized during the carry-forward period to utilize all the future tax assets.

As at September 30, 2010, the Company had accumulated non-capital losses totaling $11,244,000 in Canada that are available to offset future years' taxable income. The non-capital losses expire as follows:

2014	$ 1,203,000
2015	1,177,000
2026	1,342,000
2027	1,699,000
2028	1,826,000
2029	1,118,000
2030	1,478,000
2031	1,401,000
	$ 11,244,000

(Expressed in Canadian Dollars unless otherwise indicated) – Page 24

Note 9 Income Taxes – (cont'd)

In the ordinary course of business the Company transacts in multiple foreign jurisdictions and is subject to the tax regime of each foreign jurisdiction. The Company records tax contingencies for specific transactions when it determines that the likelihood of an unfavorable outcome is likely and the loss is reasonably estimable. Management currently believes that the Company is not exposed to tax contingencies that could have a material impact on the liquidity results of operations or financial condition of the Company. As at September 30, 2011 and 2010, the Company has not recorded an accrual for any tax contingencies.

Note 10 Segmented Information

The Company operates in a single reportable operating segment, the exploration and development of mineral properties. Geographic information is as follows:

	September 30 2011	September 30 2010
Assets		
Canada		
Assets other than mineral property interests	$ 3,340,660	$ 376,242
Colombia		
Assets other than mineral property interests	94,837	-
Mineral property interests	2,275,133	875,916
Bolivia		
Assets other than mineral property interests	188,230	576,576
Mineral property interests	23,477,203	61,143,431
Total Assets	$ 29,376,063	$ 62,972,165

Note 11 Non-cash Transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows.

During the years ended September 30, 2011 and 2010:

- Equipment amortization of $7,817 (2010: $5,941) was included in resource properties.
- The Company issued or accrued nil common shares (2010: 505,000) valued at $nil (2010: $255,356) and 1,495,239 agent warrants (2010: 65,400) valued at $300,182 (2010: $16,447) as a finder's fee.
- The Company issued 569,922 common share valued at $200,871and 250,000 warrants valued at $35,400 pursuant to their option to acquired the Venecia and Fredonia resource properties.

Note 11 Non-cash Transactions – (cont'd)

Additionally during 2010:

- The Company issued 1,000,000 common shares valued at $400,000 and 1,000,000 warrants valued at $301,178 pursuant to their option to acquire the Fredonia resource property.

- The Company issued 400,000 common share valued at $200,000 which were accrued in accounts payable and accrued liabilities during the year ended September 30, 2010.

Note 12 Subsequent Events

In addition to information disclosed elsewhere in these notes, 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.

COLOMBIA CREST GOLD CORP.
(formerly Eaglecrest Explorations Ltd.)
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS
(Expressed in Canadian Dollars)
(Unaudited)

Bolivia:	September 30, 2009	Additions During the Year	September 30, 2010	Additions During the Year	September 30, 2011
San Simon Zone					
Acquisition costs	$ 4,393,600	$ 71,245	$ 4,464,845	$ 7,560	$ 4,472,405
Administration and office	623,542	69,430	692,972	59,763	752,735
Assays	852,159	115,931	968,090	3,800	971,890
Camp costs	1,972,911	148,449	2,121,360	55,158	2,176,518
Consulting fees	4,509,410	269,254	4,778,664	105,684	4,884,348
Drilling	2,454,918	-	2,454,918	179,437	2,634,355
Mapping	122,400	1,487	123,887	-	123,887
Equipment rental	1,215,250	46,070	1,261,320	10,384	1,271,704
Environmental	21,630	10,009	31,639	10,052	41,691
Field costs	738,319	770	739,089	724	739,813
Geophysical and surveys	193,526	2,776	196,302	322	196,624
Professional fees	217,391	-	217,391	-	217,391
Sampling and analysis	132,529	-	132,529	-	132,529
Wages	1,030,041	383,809	1,413,850	230,780	1,644,630
Travel/transportation	581,562	67,578	649,140	25,679	674,819
Underground development	3,958,198	-	3,958,198	-	3,958,198
Vehicle maintenance	393,251	-	393,251	-	393,251
Write-off of mineral property costs	-	(1,809,585)	(1,809,585)	-	(1,809,585)
	23,410,637	(622,777)	22,787,860	689,343	23,477,203
Dona Amelia Zone					
Acquisition costs	311,458	83,985	395,443	29,839	425,282
Administration and office	1,898,042	66,408	1,964,450	51,195	2,015,645
Amortization	1,009,645	5,941	1,015,586	5,105	1,020,691
Assays	1,610,561	2,422	1,612,983	5,649	1,618,632
Camp costs	1,437,930	71,398	1,509,328	75,697	1,585,025
Consulting fees	4,665,043	177,713	4,842,756	110,180	4,952,936
Drilling	14,361,102	-	14,361,102	41,266	14,402,368
Environmental	325,551	10,009	335,560	8,313	343,873
Mapping	66,560	1,737	68,297	-	68,297
Equipment rental	1,221,089	22,512	1,243,601	10,070	1,253,671
Field costs	2,176,362	770	2,177,132	725	2,177,857
Geophysical and surveys	82,153	2,776	84,929	322	85,251
Supplies	159,349	-	159,349	-	159,349
Travel/transportation	825,943	25,200	851,143	-	851,143
Underground development	5,934,895	-	5,934,895	31,095	5,965,990
Wages	2,794,976	67,925	2,862,901	107,771	2,970,672
Write-off of mineral property costs	-	(60,072)	(60,072)	(38,832,798)	(38,892,870)
Recovery – gold concentrates	(1,003,812)	-	(1,003,812)	-	(1,003,812)
	37,876,847	478,724	38,355,571	(38,355,571)	-

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COLOMBIA CREST GOLD CORP.
(formerly Eaglecrest Explorations Ltd.)
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS
(Expressed in Canadian Dollars)
(Unaudited)

Bolivia:	September 30, 2009	Additions During the Year	September 30, 2010	Additions During the Year	September 30, 2011
Marco Maria Zone					
Acquisition costs	356,517	29,329	385,846	-	385,846
Administration and office	24,796	4,258	29,054	-	29,054
Camp costs	15,981	5,590	21,571	-	21,571
Consulting fees	23,051	5,733	28,784	-	28,784
Equipment rental	9,122	-	9,122	-	9,122
Mapping	-	125	125	-	125
Professional fees	10,701	-	10,701	-	10,701
Field costs	1,897	-	1,897	-	1,897
Travel/transportation	4,100	2,008	6,108	-	6,108
Wages	27,769	22,330	50,099	-	50,099
Write-off of mineral property costs	-	(543,307)	(543,307)	-	(543,307)
	473,934	(473,934)	-	-	-
Dona Angela (Campo Nuevo) Zone					
Acquisition costs	270,025	61,601	331,626	-	331,626
Administration and office	48,494	3,805	52,299	-	52,299
Assays	19,871	-	19,871	-	19,871
Camp costs	73,807	5,670	79,477	-	79,477
Consulting fees	61,704	6,855	68,559	-	68,559
Equipment rental	52,217	127	52,344	-	52,344
Environmental	632	-	632	-	632
Field costs	28,240	-	28,240	-	28,240
Mapping	2,777	125	2,902	-	2,902
Professional fees	3,147	-	3,147	-	3,147
Travel/transportation	24,118	2,349	26,467	-	26,467
Wages	95,419	25,595	121,014	-	121,014
Write-off of mineral property costs	-	(786,578)	(786,578)	-	(786,578)
	680,451	(680,451)	-	-	-

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COLOMBIA CREST GOLD CORP.
(formerly Eaglecrest Explorations Ltd.)
CONSOLIDATED SCHEDULE OF RESOURCE PROPERTY COSTS
(Expressed in Canadian Dollars)
(Unaudited)

Colombia:	September 30, 2009	Additions During the Year	September 30, 2010	Additions During the Year	September 30, 2011
Fredonia					
Acquisition costs	-	711,722	711,722	469,249	1,180,971
Administration and office	-	22,778	22,778	74,262	97,040
Camp costs	-	-	-	203	203
Consulting fees	-	52,610	52,610	146,452	199,062
Equipment rental	-	-	-	299	299
Field costs	-	54,065	54,065	18,427	72,492
Geophysical and surveys	-	-	-	128,612	128,612
Supplies	-	9,920	9,920	-	9,920
Travel/transportation	-	18,179	18,179	57,780	75,959
Wages	-	-	-	4,659	4,659
Assays	-	-	-	1,121	1,121
Amortization	-	-	-	684	684
	-	869,274	869,274	901,748	1,771,022
Venecia					
Acquisition costs	-	-	-	150,228	150,228
Administration and office	-	-	-	32,155	32,155
Consulting	-	-	-	104,686	104,686
Equipment rental	-	-	-	580	580
Field costs	-	-	-	35,440	35,440
Geophysical and surveys	-	-	-	127,120	127,120
Travel/transportation	-	-	-	37,082	37,082
Wages	-	-	-	11,780	11,780
Assays	-	-	-	3,012	3,012
Amortization	-	-	-	2,028	2,028
	-	-	-	504,111	504,111
Total Bolivia	62,441,869	(1,298,438)	61,143,431	(37,666,228)	23,477,203
Total Colombia	-	869,274	869,274	1,405,859	2,275,133
All Total	$ 62,441,869	$ (429,164)	$ 62,012,705	$ (36,260,369)	$ 25,752,336