COLOMBIA CREST
GOLD CORP

Management's Discussion & Analysis

Form 51-102F1

For the Nine Months Ended June 30, 2013

The Management Discussion's and Analysis ("MD&A), prepared as of August 22, 2013, review and summarize the activities of Colombia Crest Gold Corp. ("Colombia Crest" or the "Company") and compare the financial results for the nine months ended June 30, 2013, with those of the previous nine months ended, June 30, 2012. This information is intended to supplement the unaudited condensed interim consolidated financial statements for the nine months ended June 30, 2013 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts included in this MD&A are stated in Canadian dollars unless otherwise indicated.

Colombia Crest's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "CLB" and its most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at www.sedar.com or through the Company's website at www.Colombiacrest.com.

The "Qualified Person" under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for Colombia Crest's exploration projects in the following discussion and analysis is John Bolaños. Mr. Bolaños is a Professional Geologist (B.Sc.Eng) from Ecuador and earned a Master's degree in Mining Geology (M.Sc.) from Camborne School of Mines. He is a registered Member (Qualified Person) of the Society of Mining, Metallurgy and Exploration of the USA (SME), Member of the Society of Economic Geologists (SEG), Professional Geologist Engineer (G.E.) and is fluent in Spanish and English. Mr. Bolaños has 20 years of general management, exploration management and geological experience for Andean Gold Ltd., Ascendant Exploration S.A, Hampton Court Resources Company and Grant Mining S.A Companies.

Forward-Looking Statements

Except for the historical statements contained herein, this 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.

Overview

Colombia Crest is involved in the acquisition and exploration of gold resource properties in Colombia where the Company executed two agreements in 2010 to earn up to a 75% interest in the mineral titles of the Fredonia and Venecia properties, both located in the department of Antioquia, near the city of Medellin. Today, these two properties cover almost 170 square kilometres. Both are the Company's first acquisitions in the Middle Cauca Gold Belt where almost 50 million ounces have been discovered in the past five years.

After raising funds in early 2011, the Company assembled a top-tier geologic team, and acquired regional geology and geophysical data. In the Fredonia-Venecia land bock, over 20 areas were identified with potential for porphyry gold-copper mineralization and from these targets one drill target was identified in late 2011, called the Arabia target, which became the focus of the majority of exploration funds in 2012. The Arabia target is located about 10 kilometres west of Bellhaven Copper and Gold's La Mina project and about 15 kilometres south of Sunward Resources' Titiribi project, both with porphyry gold-copper resources - these examples demonstrate that Arabia is in a neighborhood of multiple gold-rich porphyry systems.

By early 2012, Colombia Crest field crews had detected, mapped and sampled gold, copper, molybdenum and tellurium anomalies contained within samples from rocks and soils in the Arabia area – when interpreted with geophysical data, four distinct porphyry copper-gold targets were identified – based on the geologic teams experience in other parts of the Andes Mountains of South America, gold-copper, plus molybdenum, tellurium and other metals are pathfinders of large porphyry gold-copper systems. Rock chip results returned up to 3.8 grams per tonne gold ("g/t Au"), coincident with potassic-altered porphyry outcrops. Assay results received from soil samples over the Arabia area showed four anomalous gold zones, defined as areas greater than 40 parts per billion ("ppb"), including gold values up to 405 ppb gold in the first anomalous area, or 0.4 g/t Au.

To test the Arabia target, a drill rig was mobilized in late March and by November 2012, the Company had drilled a total of 18 holes, or over 6,500 metres of core; highlights of the drill program were announced, including 182 metres of 0.38 g/t Au from hole 4 of the program, with several intervals averaging over 0.5 g/t Au. With these assay results, it can be concluded that at Arabia, the Company has discovered porphyry-style gold mineralization in an area that has never been explored or touched by artisanal gold mining. Based on further analysis by the geologic team, the holes are just touching the uppermost portions of a gold-rich porphyry complex at Arabia, and further drilling is necessary in the area to find the high-grade gold portions of the system.

Because there is evidence that several other buried porphyry targets may exist on the huge land package. From the regional work, the newly identified Garrucha target returned gold, copper and molybdenum anomalies consistent of a porphyry target – this target is located less than five kilometres south of the La Mina porphyry complex of Bellhaven Copper and Gold. Additionally, high-grade gold targets were sampled in the El Retiro area, located east of the main porphyry belt, and rock chips samples returned up to 8.25 g/t Au. Stream sediment sampling in the Retiro area has expanded the area for exploration with stream samples returned up to 0.84 g/t Au, which is highly anomalous and represents a high-priority for follow up work.

While the equity and capital markets have been the worst in 30 years for exploration companies, Colombia Crest remains focused on developing high-quality drill targets so that when the markets return for exploration companies, the Company will be in a position to finance and drill. Currently, the Company does not have sufficient funds to pay overhead and administration expense and to finance its exploration projects for fiscal 2013, and management is currently working on financing opportunities. 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, during more robust venture capital markets, there is no assurance that it will continue to be able to do so in the future. See "Liquidity and Solvency" section for further discussion.

Mineral Properties

Fredonia, Colombia

Fredonia was the first acquisition among several projects the Company has been evaluating in the gold-rich 300 kilometre-long Middle Cauca Belt - the acquisition provides Colombia Crest with a significant land position in a largely unexplored portion of a world-class porphyry gold belt with gold production dating back 500 years. The southern end of the Middle Cauca Belt hosts the world class 24-million ounce La Calosa gold-copper resource. Total gold resources discovered the Middle Cauca Belt in the past 5 years has grown to almost 60 million ounces. The acquisition was made also considering the excellent infrastructure and safety of the area compared to other areas in Colombia.

On June 21 the Company announced that it has it is no longer interested in holding five (5) concessions of the 15 contained in the Fredonia Agreement. Colombia Crest will continue to explore 10 concessions covering a total of 15,123.3 hectares under the Fredonia Agreement. Subsequently, on August 1, 2013, the Company announced that it has returned concession 7340 to Grupo de Bullet, SA, which covered 1,999.6 hectares.

Therefore, under the Fredonia Agreement, Colombia Crest now retains the rights to explore 9 concessions, which includes six Technical Studies and three Contracts, covering approximately 13,123 hectares. Pursuant to the Agreement dated August 13, 2010, which was amended August 16, 2011 and amended again on July 22, 2013, the Company can acquire a 75% interest in the Fredonia property as follows:

Date	Expenditures US$		Common Shares / Warrants Issued	Cash US$	Interest Earned
Upon signature of agreement	52,500	(cash paid)	-	10,000 (paid)	-
By September 28, 2010	97,500	(paid via issuance of 319,922 shares)	1,000,000 shares and 1,000,000 warrants (i) (issued)	-	-
By October 28, 2010	32,500	(ii)	319,922 shares (issued)	-	-
By March 28, 2011	47,500	(incurred)	-	50,000 (paid)	12.5%
By September 28, 2011	-		-	27,500 (paid)	25.0%
By March 28, 2012 (iii)	902,500	(incurred)	-	-	-
By March 28, 2013 (iii)	1,100,000	(incurred)	-	-	50.0%
By March 28, 2014 (iii)	600,000		-	-	50.0%
Total	2,832,500			87,500	50.0%
By March 28, 2019, upon completion of a positive feasibility study, or (through an amended agreement dated July 22, 2013) achieve gold resources of at least one million ounces in the "measured and indicated resource" category					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.

Until July 22, 2013, the following terms were in effect in order for the Company to maintain its right to earn a 75% interest:

By June 27, 2014 (extended by six months by an amendment agreement dated August 16, 2011) the Company must deliver to the optionor written notice (the “Study Notification”) of the Company’s intention to fund the preparation of a feasibility study, which must be completed by June 27, 2019 (extended by six months by an amendment agreement dated August 16, 2011). In order to maintain its “right to earn a” 75% interest, the optionor must incur a minimum in exploration expenses of US$250,000 during each one year period after the Study Notification until the earlier of: (i) completion of the feasibility study; or (ii) the end of such five year period. In the event the Company does not meet this expenditure requirement in any such one year period, the Company may maintain its right to earn a 75% interest by issuing common shares to the optioner with a value equivalent to the difference between the amount spent during that year and the US$250,000 minimum, provided that such common shares shall be valued at the closing price on the TSXV on the last trading day before the applicable anniversary of the Study Notification date.

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

By an amendment agreement dated July 22, 2013, the terms as outlined above have been replaced with the following:

In order to maintain its right to earn a 75% interest, the optioner must incur additional expenses aggregating at least US$5,000,000 during the period commencing March 28, 2014 and ending March 31, 2019, with not less than US$250,000 of such Annual Exploration Expenses being incurred during each one-year period after March 28, 2014; provided that the optionee shall be deemed to have incurred the Annual Exploration Expenses for any one-year period if it pays an amount equal to the difference between the Annual Exploration Expenses actually incurred during the applicable period and US$250,000 to the optioner within 30 days after the end of such 12 month period, in each case in cash or, at the option of the optionee, in shares of the optionee issued in accordance as described below.

Any shares issued by the optionee to satisfy the Annual Exploration Expenses shall be in accordance to the policies of the Exchange, be issued at a price equal to the greater of:

a) The market price of the optionee’s shares o March 28 of the relevant year or, if March 28 is not a trading day, the immediately preceding trading day; or

b) $0.05.

All such shares will be subject to a four month hold period from their respective dates of issuance.

If the Company receives any cash payments from any third party pursuant to any agreement for the sale or other disposition of an interest in the property, including by way of option or joint venture, the Company will pay to the Optioner an amount equal to 25% of such cash payments within 30 days after receipt of such payments.

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

Venecia, Colombia

The Venecia property is owned by Colombian Mines Corporation and located within the Fredonia area. It adjoins the western edge of the La Mina property, owned by Bellhaven Copper and Gold Inc. Pursuant to an Earn In Agreement with Colombian Mines Corporation, dated March 30, 2011, Colombia Crest has an option to acquire up to a 75% interest in the mineral title of the 1,985 hectare Venecia property as follows:

Date	Expenditures US$	Common Shares / Warrants Issued	Cash US$	Interest Earned
Upon signature of the LOI (September 30, 2010 - paid)	-		30,000 (i)	-
By April 14, 2011	50,000 (incurred)	-	-	-
By April 21, 2011		250,000 shares and 250,000 warrants (ii) (issued)	-	12.5%
By March 30, 2012	950,000 (incurred)	125,000 shares and 125,000 warrants (ii) (issued)	80,000 (paid)	25.0%
By March 30, 2013	1,000,000 (incurred)	125,000 shares and 125,000 warrants (iii) (issued)	75,000 (v)	37.5%
By March 30, 2014	1,000,000	125,000 shares and 125,000 warrants (iv)	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 with 250,000 expiring April 15, 2013 and 125,000 expiring March 23, 2014.

(iii) Warrants have an unit exercise price of $0.4375 expiring March 22, 2015.

(iv) Warrants 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.

(v) Through an amendment agreement dated March 30, 2013, the US$75,000 payment has been revised as follows:

US$10,000 to be paid on or before April 2, 2013 (paid)
US$25,000 to be paid on or before July 1, 2013 (unpaid) *****
US$40,000 to be paid on or before September 30, 2013

The Company issued 180,000 shares on June 4, 2013, as consideration for the amendment. These shares are subject to a four month hold period.

∗ **On July 29, 2013, the Company was given notice of default of the Venecia Agreement and the amendments thereto by the Optioner, and was provided 30 days from July 29, 2013, to cure this default or the Venecia Agreement will be terminated.**

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

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

Fredonia-Venecia Exploration Program

Following the fundraising efforts in early 2011, the Company embarked on an aggressive exploration beginning March 2011. The program consisted of an airborne geophysical survey over 50% of the project area, building a team of senior and junior geologists, and initiating ground work began to validate new porphyry targets. The land package as of June 30, 2013 consisted of over 17,100 hectares; 20 porphyry targets were initially identified for follow up.

In early 2011, the Company announced the discovery of porphyry-related alteration in an area named Arabia where mapping had delineated quartz-sericite-pyrite alteration on surface. The quartz-sericite-pyrite alteration zone is surrounded by a halo of propylitic alteration, which is typical of a zoned porphyry gold system. Further rock chip sampling and mapping at the Arabia target resulted in the discovery of potassic-altered diorite porphyry rocks in outcrop. Gold mineralization in the potassic zone coincides with a stockwork of quartz-magnetite veins and sometimes traces of chalcopyrite. Assay results from rock chip sampling of the potassic zone varied from below detection up to 3.8 g/t Au in the samples collected over potassic-altered porphyry rock at Arabia. Soil sampling covering 5.28 square kilometres followed the initial rock-sampling program at Arabia. Four large porphyry targets at the Arabia were found with the soil survey where assay results returned from below detection up to 405 ppb gold, or 0.4 g/t Au.

Consistent with other porphyry gold discoveries in the Andes Mountains of South America, the rock chip and soil assay results show that gold is strongly correlated to copper, molybdenum and tellurium. By comparison, in-house airborne magnetic data over the same area also verifies coincidence of the four anomalous soil zones to magnetic highs, thus validating that porphyry targets exist.

On March 28, 2012, the 5,000-metre phase one drill program commenced. Drill sites were located over areas thought to have strong porphyry gold style mineralization based on soil assays, rock chip assays and alteration mapped in outcrop. By the end of November, Arabia drilling totaled 6,574 metres from 18 holes. Three zones stand out as future targets at Arabia:

1. Drill holes AR12-3 and AR12-4 (see October 17, 2012 press release) were first to cut elevated gold grades, greater than 0.5 g/t Au, related to porphyry-style mineralization. <u>Hole 4 cut the longest, most altered section of mineralized porphyry</u>; Hole 4 returned 182 metres of 0.38 g/t Au, with several shorter intervals over 0.5 g/t Au.
2. Drill hole AR12-8 also intersected an interval >0.5 g/t Au which is located near a surface rock chip sample that returned 3.8 g/t Au – both are located near Arabia Creek – the mineralized zone remains open to the south and east, thus additional drill testing is warranted in this area.
3. The high-grade gold intercept of 15.7 g/t Au over 1.3 metres was returned from the lower portion of hole AR12-15 (see December 19, 2012 press release). This intercept is interpreted to be associated with a mineralized fault zone adjacent to mineralized porphyry on the westernmost portion of the drilled area at Arabia. Such high grade structurally controlled mineralization has been shown to have significant strike and depth potential in other nearby deposits such as Continental Gold's Buritica deposit and in the Marmato district where similar veins are known to have greater than 3 kilometre strike lengths and more than 1,000 metres of vertical development.

Following drilling at Arabia, the Colombian-based exploration team has spent the past several months focused on evaluating the drilling results, including the down hole geochemistry, petrography and all the surface geologic, geochemical and geophysical data. The Company believes that based on the drilling results to date only part of the top of a gold mineralized porphyry has been tested and that the porphyry system becomes stronger to the southeast of our holes, with both gold grades and thicknesses increasing in that direction – the mineralization remains open in that direction and should be drilled to determine if economic gold grade-thicknesses exist.

Additionally, the geologic team has been evaluating other targets in the Fredonia land package. In the eastern sector of the Fredonia project, named El Retiro, a chip channel sample taken in 2010 from a 0.8 metre quartz vein returned values up to 8.25 g/t Au and up to 47.5 g/t silver. Gold mineralization occurs in quartz veins, hosted in Paleozoic meta-sedimentary rocks of the Cajamarca Complex.

On January 14, 2013, the Company announced the discovery of high-grade stream sediment sample results collected from the El Retiro target area, in the eastern portion of the Fredonia project. A total of 16 samples were collected over an area that covered about 35 square kilometres. The sample results showed from below detection to 0.84 g/t Au. The results indicate five distinct drainages with anomalous gold eroding from a bedrock lode-gold source – all targets for follow up sampling. Each basin represents approximately two square kilometres in aerial extent. The Company now has both disseminated porphyry style and high-grade vein style gold targets on the same property.

Also announced on January 14th, stream-sediment sampling results from the Garrucha porphyry target yielded anomalous gold up to 98 parts per billion showing a clear anomalous area on the north-east part of the concession 7350-B. Multivariate statistics have been applied to data indicating a probable Cu-Mo-Au porphyry mineralization style. These anomalies are located less than five kilometres south of the La Mina project, currently being explored by Bellhaven Copper and Gold. These stream-sediment anomalies are also coincident with magnetic and resistivity anomalies observed in the newly-acquired ZTEM data flown by Geotech in late 2012. ZTEM is a proven technique for identifying potential porphyry systems in the Americas with examples from Alaska to Chile. This technology will be an important addition to the magnetics data the team uses to identify extensive depths of conductive and resistive elements associated with gold-copper porphyries.

Subsequent Operating Events

On July 2, 2013 the Company announced that follow-up float chip sampling in the El Retiro area, eastern Fredonia Project, returned up to 4.1 and 59.3 grams per tonne gold, with 35 and 253 grams per tonne silver. More-dispersed areas of up to 1.27 grams per tonne gold were also discovered in a contact between intrusive and metamorphic rocks which contained numerous sheeted quartz veinlets related to the mineralization, and could represent a larger-tonnage type gold target.

Since outcrop is limited, the recent follow-up sampling was of float chip samples in the area of the original high-grade prospect. A previous channel sample reported by Colombia Crest on December 20, 2010 was from a small prospect which returned 8.25 grams per tonne gold. El Retiro has consistently been returning interesting gold results, and now silver and tellurium are also anomalous. In the same area, on January 14, 2013, the Company reported stream-sediment gold results of 839 parts per billion (0.839 grams per tonne), which was confirmed by a follow-up sample with 656 parts per billion. Because this area has such strong numbers, additional field work will continue to delineate the high-grade structures in this area, as well as the potential for low-grade, bulk mineable gold from the quartz veinlet zone at the mineralized meta-sediment/intrusive contact.

The geology of the gold-anomalous area consists mainly of micaceous and graphitic schist. A medium-grained dioritic stock is also near to the gold- bearing samples from quartz veinlets filling structures associated with the contact zone. There is evidence of more than one mineralized structure, and multi-stage quartz phases associated with the mineralized contact zone near the intrusive. Three types of gold-bearing mineralization have been observed:

1. Gold bearing orogenic/mesothermal quartz veins (up to 8.5 g/t Au);
2. Outcropping intrusive related mesothermal quartz veinlets (4.1 and 59.3 g/t Au from nearby float); and,
3. A sheeted veinlets zone (up to 1.27 g/t Au). Potential for larger tonnages and lower gold grade overall.

Additional work is recommended: including shallow trenching around the strong float samples reported above, more detailed rock sampling to the extent outcrop is available and close-spaced soil sampling near the old workings and along the intrusive/schist contact.

Machacala Project, Peru

On August 16, 2013, the Company signed a letter of Intent (“LOI”) with Affinity Gold Corp. (OTC: AFYG) to earn a 30% interest in its Peruvian gold-silver project, Machacala. Machacala is located in a mining-friendly area near Trujillo, Peru and the project has had extensive exploration and mining activity completed to date – even today, artisanal miners continue to actively leach tailings from prior mining activities. Companies like Gold Hawk Resources and Meridian Gold have worked on the project, so there is an abundance of information confirming the technical merits of the project. These merits include average grades from 1.3 to 2.0 grams per tonne gold ("g/T Au") and 50.8 to 74.0 grams per tonne silver ("g/T Ag") from bulk sampling of the mine tailings, which are available on surface for near-term production. Sampling in the underground veins returned average grades of 5.0 g/T Au and 155.0 g/T Ag. Affinity is working on a current resource estimate and Colombia Crest will work with them to study the feasibility of future mining operations thus determining if they will be economically viable.

According to the terms of the LOI, Colombia Crest has the option to earn an undivided 30% legal and beneficial interest in and to the Machacala Project in exchange for a total capital investment of US$1,500,000 over the course of 12 months following the signing of a definitive agreement. The terms and schedule of the capital investment are as follows, subject to modification with mutual consent of the parties:

- (i) US$10,000 upon execution of this LOI;
- (ii) US$40,000 cash payment, 250,000 common shares and 250,000 warrants of the Company, both priced in accordance with TSX Venture Exchange guidelines upon execution of a definitive agreement, which will be not more than 120 days after executing this LOI;
- (iii) US$250,000 within six months from execution of a definitive agreement for which proceeds are to be used towards development and production expenditures on the mine tailings;
- (iv) US$1,200,000 additional over the 12 months following the execution of a definitive agreement for which proceeds are to be used towards accelerating production.

After 12 months and/or US$1.5 million expenditure, Colombia Crest will have earned a 30% interest in the Machacala Project and a joint venture arrangement will be formed amongst Colombia Crest, Affinity Gold Corp and Corizona Mining Partners, LLC, the underlying title owner:

- (i) Colombia Crest will receive 75% of net proceeds from the production at Machacala until full US$1.5 million of investment capital is recovered.
- (ii) All capital costs will be divided 30% Colombia Crest, 30% Affinity Gold Corp and the balance 40% Corizona Mining Partners, LLC.
- (iii) Upon Colombia Crest recovering its full US$1.5 million capital invested the net revenue percentages will revert to: 30% to Colombia Crest, 30% to Affinity and 40% Corizona Mining Partners, LLC.

The Machacala Project is a low-sulphidation epithermal gold-silver-copper deposit located in the district of Carabamba, province of Julcan, La Libertad region to the north of Peru, at an elevation of 3,300 metres above sea level. The property is approximately 180 kilometres southeast of the city of Trujillo, capital of the region, and 575 kilometres north of Lima, capital of Peru.

The project was most recently explored by Gold Hawk Resources and Meridian Gold between 1997 and 2004 with a total of 8,500 metres in 45 diamond core and reverse circulation drill holes completed. The project has multiple low sulphidation epithermal gold-silver veins on property of which 13 have been identified and four have been only modestly exploited where average grades are estimated to be 5.0 g/T Au and 155.0 g/T Ag.

Affinity Gold Corp, under a separate agreement (see Affinity Gold Corp news release June 13, 2013), will earn a 60% interest in the Machacala Project from underlying owner Corizona Mining Partners, LLC given the following general agreement terms:

- (i) a total capital investment of US$2 million over the course of two years which will be used towards exploration, development and production expenditures.
- (ii) 15 million warrants issued over the course of two years in step with the capital investments and project milestones accomplished as responsible for by Corizona Mining Partners, LLC.

Additional terms and conditions will be included in a definitive agreement which is expected to be signed by August 31, 2013.

Affinity Gold Corp. is a mineral exploration and development company engaged in the acquisition and development of near-term precious mineral production properties within Peru. Affinity Gold Corp.'s primary focus is on developing assets that have demonstrated historical production, contain documented and reliable data and can reasonably begin producing within 12-18 months at a cost of less than US$900 per gold equivalent ounce.

Future Outlook

The upcoming year will build on the foundation that was set during the aggressive exploration program achieved in 2011-12. Specific items include:

- Evaluate the mining potential at Machacala and sign the Definitive Agreement if the project remains viable based on analysis by the technical team and management of Colombia Crest.
- Financing pending, in Colombia, advance the Arabia, Garrucha and El Retiro targets to follow up on significant gold grades from drilling, outcrop and stream sediment sampling.
- Evaluate the ZTEM geophysical data alongside the geologic work to verify the location of porphyry gold targets in both Arabia and Garrucha target areas.
- Continue to identify additional projects in Colombia, Peru and Nevada for acquisition.

The schedule of this work will be dependent on the availability of equity financing. Even though exploration funding remains a challenge for the majority of junior explorers, Colombia Crest is well-positioned with a strong team and large property package – the team remains focused to achieve its exploration objectives in 2013.

Selected Annual Information

	IFRS Year Ended September 30 2012 $	IFRS Year Ended September 30 2011 $	Canadian GAAP Year Ended September 30 2010 $
Interest income	34,860	29,318	-
Net loss	(7,043,952)	(28,807,480)	(4,121,825)
Basic loss per share	(0.08)	(0.43)	(0.09)
Total assets	11,851,347	18,011,433	62,972,165
Current liabilities	337,779	296,414	585,674
Working capital	1,375,576	3,261,793	327,717
Dividends	Nil	Nil	Nil

The Company has been and is still in the stages of exploring and developing its mineral properties and the Company has not earned any revenues from its projects.

The Company's accounting policy is to record its Colombian mineral properties at cost. Exploration and development expenditures are deferred until properties are brought into production, at which time, they will be amortized on a unit of production basis. In the event that properties are sold, impaired or abandoned, the deferred cost will be written off. Considerable sums have been spent on the development of the Company's properties in the past several years, thus resulting in the sizable increases in the Company's total asset base. However, in 2011, $27,935,204 in deferred costs expended on concessions within the Dona Amelia zone in Bolivia were written off as the Company no longer intends to invest any major funding for exploration in that area. This accounted for the significant decrease in total assets in 2011 as compared to 2010.

In 2012, the Company expensed another $4,938,801 in exploration and evaluation reserves as it wrote down the last remaining Bolivian concession (San Simon) to a value of $4,629,154. The Bolivian subsidiary was sold outright in December of 2012 for US$5 million cash with proceeds to be paid over a 10 year period. The $4,629,154 represents the net present value of the sales proceeds as at September 30, 2012. A total of $226,959 was also expended to maintain the previously written off concessions while management was in negotiations and preparations to sell the Bolivian subsidiary.

Results of Consolidated Operations

Nine Months ended June 30, 2013, Review:

For the nine months ended June 30, 2013, the Company incurred a consolidated net loss of $201,483 as compared to a consolidated net loss of $2,049,541 for the same nine-month period ended June 30, 2012.

Main reasons for the substantial drop in net loss for 2013 were due to items such as stock-based compensation and maintenance of mineral property, which were substantial in 2012, but were minor in 2013. Furthermore, in 2013, the sales of the Bolivian subsidiary, which resulted in a gain along with the posting of a large foreign exchange gain, aided to lower the loss.

Major accounts that changed notably during the nine months ended were as follows:

	2013 $	2012 $	Increase (Decrease)	
Expenses:				
Accounting and audit	42,582	94,196	(51,614)	1.
Advertising	-	15,150	(15,150)	2.
Corporate development	105,403	163,830	(58,427)	3.
Filing fees	11,490	37,189	(25,699)	4.
Foreign exchange gain	(308,333)	(47,134)	261,199	5.
Management fees	128,385	148,829	(20,444)	6.
Stock-based compensation	34,900	827,742	(792,842)	7.
Travel and promotion	112,876	175,978	(63,102)	8.
General explorations	199,994	224,205	(24,211)	9.
	327,297	1,639,985	(1,312,688)	
Other items:				
Gain from discontinued operations	(369,267)	-	369,267	10.
Maintenance of mineral property	-	183,338	(183,338)	11.
All other accounts	243,453	226,218	17,235	
	201,483	2,049,541	(1,848,058)	

1. Higher accounting fees in 2012 due to additional work relating to converting to IFRS standards. Furthermore the excess accrual of audit fees in 2012 resulted in a credit against the 2013 audit expense.
2. Advertising in two European trade magazines in 2012.
3. Cutting back of corporate development fees in 2013 to preserve cash.
4. Higher filing fees in 2012 due to filing of a significant private placement from IAMGOLD Corporation.
5. Majority of foreign exchange gain due to the increase of the US$ vs. the CDN$ on significant receivables denominated in US$.
6. Management fees paid to a private company owned by the CEO. Monthly fees lowered by 50% commencing April, 2013.
7. A large number of options issued in 2012. For detail refer to Note 7(c) of the June 30, 2013, unaudited condensed interim consolidated financial statements.
8. Travel and promotions consists of mainly of attending trade shows/conventions, meeting and making presentations to potential investors or joint venture partners in Canada, the United States and Europe, and travels to project sites in Colombia and up until December, 2012, in Brazil. Such trips were curtailed during latter part of 2013 due to tight cash position.
9. General explorations relate to field and geological work incurred to identify new project acquisitions. Due to tight cash position in 2013, the program has been cut-back.
10. The gain in 2013 was a result of the sale of the Company's Bolivian subsidiary. For details, refer to Note 5 in the March 31, 2013, unaudited condensed interim consolidated financial statements.
11. Costs incurred in 2012 to maintain the Company's Bolivian concessions that were written-off. No such expense in 2013 as the Bolivian subsidiary was sold.

Three Months ended March 31, 2013, Review:

For the three months ended June 30, 2013, the Company recorded a consolidated net gain of $3,704 as compared to a consolidated net loss of $466,088 for the three months ended June 30, 2012.

Main causes for the gain in 2013 were the recording a foreign exchange gain on a large receivable denominated in US dollars and generally across the board cut in expenditures because of a tight cash position.

Major accounts that changed notably for the three month period were as follows:

	2013 $	2012 $	Increase (Decrease)	
Expenses:				
Administration	18,000	36,000	(18,000)	1.
Corporate development	10,565	46,207	(35,642)	2.
Foreign exchange loss (gain)	(163,530)	(44,787)	118,743	3.
Management fees	26,096	51,519	(25,423)	4.
Travel and promotion	10,011	57,973	(47,962)	5.
General explorations	6,496	91,453	(84,957)	6.
	(92,362)	238,365	(330,727)	
Other items:				
Maintenance of mineral property	-	61,375	(61,375)	7.
All other accounts	96,066	166,348	(70,282)	
	3,704	466,088	(462,384)	

1. Monthly administration fees reduced by 50% commencing April, 2013.
2. Corporate development costs curtailed in 2013 due to tight cash position.
3. Large foreign gain in 2013 as a result of increasing strength of the US dollar on significant US denominated receivables.
4. Management fees paid in US funds will fluctuate on conversion to Canadian dollars. Monthly fees were reduced by 50% commencing April, 2013.
5. Travel expenses were reduced in 2013 to conserve funds.
6. General explorations cut-back in 2013 to conserve funds.
7. No maintenance costs incurred in 2013 as the Bolivian mineral assets held by Bolivian subsidiary were sold in 2013.

Current Year Resource Property Expenditures

- Bolivian subsidiary sold in fiscal 2013.
- Colombia - $1,197,577 (2012: $1,762,817) – the main focus of the Company's exploration activities is in Colombia. Higher expenditures in 2012 due to drilling activities that commenced in April of 2012.

Summary of Selected Highlights for the Last Eight Quarters

Description	Jun 30, 2013 $	Mar 31, 2013 $	Dec 31, 2012 $	Sept 30, 2012 $
Balance Sheet:				
Current assets	223,010	348,974	596,699	1,713,355
Exploration assets	6,507,550	6,389,919	6,153,766	9,939,127
Current liabilities	493,663	372,954	278,978	337,779
Shareholders' Equity				
Capital stock	79,796,781	79,788,081	79,783,706	79,783,706
Shares subscribed	1,295,000	1,302,000	1,156,000	1,156,000
Contributed surplus	6,027,048	6,023,055	6,018,483	5,991,735
Cumulative translation adjustment	-	-	-	-
Deficit	(75,774,250)	(75,773,961)	(75,654,194)	(75,572,767)
Working capital (deficit)	(270,653)	(23,980)	317,721	1,375,576
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net gain (loss)	3,704	(119,767)	(81,427)	(4,994,411)
Basic loss per share	0.00	0.00	0.00	(0.06)

Description	Jun 30, 2012 $	Mar 31, 2012 $	Dec 31, 2011 $	Sept 30, 2011 $
Balance Sheet:				
Current assets	3,889,310	5,103,011	6,066,328	3,558,207
Resources assets	16,218,081	14,962,139	14,602,701	14,387,706
Current liabilities	465,564	285,516	330,505	296,414
Shareholders' Equity				
Capital stock	79,783,706	79,783,706	79,757,456	76,337,456
Shares subscribed	1,156,000	1,156,000	1,156,000	1,156,000
Contributed surplus	6,298,092	6,200,674	6,185,741	5,465,313
Cumulative translation adjustment	2,955,044	2,723,581	2,913,664	3,177,506
Deficit	(70,578,356)	(70,112,269)	(69,691,220)	(68,528,815)
Working capital (deficit)	3,423,746	4,817,495	5,735,823	3,261,793
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net gain (loss)	(466,088)	(421,048)	(1,162,405)	(28,010,462)
Basic loss per share	(0.01)	0.00	(0.01)	(0.42)

Significant Items Within the Quarter:

For the three months ended June 30, 2013:

- Foreign exchange gain of $163,530
- Working capital deficit of $270,653

For the three months ended March 31, 2013:

- Foreign exchange gain of $148,765
- Expensed $57,663 in general explorations
- Working capital deficit of $23,980

For the three months ended December 31, 2012:

- Gain of $369,267 from sale of Bolivian subsidiary
- Expensed $135,838 in general explorations
- Working capital of $317,721

For the three months ended September 30, 2012:

- Wrote off $4,938,801 of exploration and evaluation assets in Bolivia
- Expensed $46,621 in maintenance costs on property evaluation assets in Bolivia
- Gain of $32,143 on sale of property, plant and equipment
- Gain of $33,775 on revaluation of foreign currency denominated warrants
- Working capital of $1,375,576

For the three months ended June 30, 2012:

- Expensed $61,375 in maintenance costs on property evaluation assets in Bolivia
- Expensed general explorations of $91,453
- Recorded stock-based compensations of $97,418
- Working capital of $3,423,746

For the three months ended March 31, 2012:

- Expensed $63,633 in maintenance costs on property evaluation assets in Bolivia
- Expensed general explorations of $81,983
- Working capital of $4,817,495

For the three months ended December 31, 2011:

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

For the three months ended September 30, 2011:

- Wrote off $27,935,204 of exploration and evaluation reserves in Bolivia
- Gain of $204,541 on revaluation of foreign currency denominated warrants
- Gain of $40,710 on property, plant and equipment
- Working capital of $3,261,793

Liquidity and Solvency

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

During fiscal 2012, the Company closed a private placement with IAMGOLD Corporation for the purchase of 12 million units at a price of $0.285 per unit for gross proceeds of $3,420,000. Each unit was 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.

In July, 2013, the Company closed a non-brokered private placement of 9,733,333 units at $0.015 per unit for gross proceeds of $146,000. Each unit was comprised of one common share and one share purchase warrant exercisable to purchase an additional common share at $0.05 expiring July 15, 2014; at $0.10 expiring July 15, 2015; and at $0.15 expiring July 15, 2016. A finder's fee of $7,000 cash was paid and 466,667 warrants each exercisable to purchase one common share at $0.10 expiring July 15, 2015 were issued. All shares issued pursuant to this private placement are subject to a four-month hold period until November 16, 2013.

In June, 2013, the Company received a short-term loan of US$100,000 on the following terms:

The loan, which is not convertible, is repayable on demand without interest, at any time after December 7, 2013.

As consideration for the Loan, on June 19, 2013, the Company issued 400,000 common shares (fair valued at $6,000) to the lender. These shares are subject to a four month hold period.

As security for repayment of the Loan, the Company assigned to the lender the US$100,000 payment which will become due to the Company from Steinmar Ltda. ("Steinmar") on December 14, 2013, pursuant to the Share Purchase Agreement dated December 14, 2012 between the Company and Steinmar – see interim financial statements for the nine months ended June 30, 2013 – Note 5.

As at June 30, 2013, the Company has cash on hand of $87,770 and a working capital deficit of $270,653.

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 does not have sufficient funds to pay overhead and administration expense and to finance its exploration projects for the remainder of fiscal 2013, and management is working diligently in seeking financing opportunities. The Company has incurred losses since inception, and the long term survival of the Company depends on the ability of management to continue raising capital. While management has successfully raised the necessary capital to finance the Company's operations in the past, there is no assurance that it will continue to be able to do so in the future.

Industry and Economic Factors Affecting Colombia Crest

The Company's future performance is largely tied to the outcome of its exploration programs, the price of precious and base metals, and the overall health and stability of junior capital markets, inclusive of the TSXV. The financial markets upon which the Company is reliant are widely expected to experience continued volatility throughout 2013, reflecting 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 is having 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 the country of 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 (Standards, Amendments and Interpretations Not Yet Effective):

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

IFRS 9, Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. Management is in the process of evaluating the impact of the new standard on the Company.

IFRS 10 Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013

IFRS 11 Joint Arrangements

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

IFRS 13 Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning on January 1, 2013.

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

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

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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 August 22, 2013:

Securities	Number	Weighted-Average Exercised Price	Expiry Date
Common shares issued and outstanding	96,088,289	N/A	N/A
Share purchase options	6,035,000	$0.50	Aug 25, 2013 – Nov 8, 2017
Share purchase warrants	16,450,000	$0.17	Oct 31, 2013 - Jul 15, 2016
Fully diluted share capital	118,573,289	N/A	N/A

For a breakdown of the securities as at June 30, 2013, refer to the Note 8 to the unaudited condensed interim consolidated financial statements for the nine months ended June 30, 2013.

Related Party Transactions

Key management personnel are persons responsible for the planning, directing and controlling the activities of the entity. The Company's key management personnel included the CEO, CFO, VP of Exploration and VP Business Development and their compensation is as follow:

	For the Nine Months Ended June 30	
	2013	2012
	$	$
Management fees	128,385	148,828
Administration fees	90,000	102,000
Geological consulting fees	147,799	118,657
Total	366,184	369,485

In addition, options were also granted to key management personnel and directors with the following option valuations:

	For the Nine Months Ended			
	June 30, 2013		June 30, 2012	
	Number of Options	Options Valuation $	Number of Options	Options Valuation $
CEO	-	-	900,000	253,440
CFO	-	-	200,000	56,320
Officer	250,000	23,500	300,000	69,580
Directors	-	-	850,000	239,360
Total	250,000	23,500	2,250,000	618,700

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

	As at June 30	
	2013	2012
	$	$
Amounts due to management:		
Management fees	31,549	-
Administration fees	48,000	12,000
Geological consulting fees	43,887	28,774
Expenses and other	11,887	13,237
Total	135,323	54,011

Included in the prepaid expenses and deposits are travel expense advances to management:

	As at June 30	
	2013	2012
	$	$
Amounts advanced to management:		
Travel expenses	-	30,382
Total	-	30,382

Events after Reporting Period

After the period ended June 30, 2013, pursuant to a non-brokered private placement the Company issued 9,733,333 units at $0.015 per unit for gross proceeds of $146,000. Each unit was comprised of one common share and one share purchase warrant exercisable to purchase an additional common share at $0.05 expiring July 15, 2014; at $0.10 expiring July 15, 2015; and at $0.15 expiring July 15, 2016. A finder’s fee of $7,000 cash was paid and 466,667 warrants each exercisable to purchase one common share at $0.10 expiring July 15, 2015 were issued. All shares issued pursuant to this private placement are subject to a four-month hold period until November 16, 2013.

After the period ended June 30, 2013, pursuant to a certain consulting agreement, incentive stock options for the purchase of up to 200,000 common shares of the Company at a price of $0.10 per share expiring July 2, 2016 were granted. These options are vested over a one-year period with 50,000 options becoming exercisable every three months commencing October 2, 2013. The consulting agreement and options granted are subject to acceptance by the TSX Venture Exchange.

After the reporting period, as a result of a US$25,000 cash payment not paid when due, the Company was given notice of default of the Venecia Agreement and the amendments thereto. The Company was provided 30 days from July 29, 2013, to cure this default or the Venecia Agreement will be terminated.

After the period ended June 30, 2013, the Company signed a letter of intent to earn a 30% interest in a Peruvian gold-silver project in Peru.

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 June 30, 2013. 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.

Risk Factors

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

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

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

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

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

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

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

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

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

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

Environmental and Other Regulatory Requirements - Colombia Crest's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

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

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Colombia Crest believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.
Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

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

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

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

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

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

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

Political Risks - The Company operates in Colombia and operations in Colombia are subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems of inflation, unemployment and inequitable income distribution. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. Such instability may require the Company to suspend operations on its properties. Since the election of President Álvaro Uribe Vélez in May 2002, and his subsequent re-election in May 2006, the security situation in the country has improved significantly. Since the election and appointment of President Juan Manuel Santos in August 2010, the security situation has remained stable.

Future political actions cannot be predicted and may adversely affect the Company. Changes, if any, in mining or investment policies or shifts in political attitude in the countries in which the Company holds property interests in the future may adversely affect the Company's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated business, results of operations and financial condition.

Although the Company is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Company's operations, or other matters. The Company also bears the risk that changes can occur in the government of Colombia and a new government may void or change the laws and regulations that the Company may be relying upon.

Mining Regulation - The mineral exploration and development activities which may be undertaken by the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters.

Exploration and development activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both the Company's ability to undertake exploration and development activities in respect of its properties, as well as its ability to explore and operate those properties in which it current holds an interest or in respect of which it obtains exploration and/or development rights in the future.

No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.