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MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Three Month Period Ended
December 31, 2011

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Columbus Gold Corporation (the "Company") and its subsidiary's performance and such factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the three months ended December 31, 2011, which have been prepared in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards* and International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). In addition, reference should be made to the Company's audited consolidated financial statements and MD&A for the year ended September 30, 2011, which were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The significant accounting policies under IFRS are outlined within Note 3 to the unaudited condensed consolidated interim financial statements of the Company for the three months ended December 31, 2011. Unless otherwise noted, all currency amounts are in Canadian dollars. This MD&A has been prepared as of March 27, 2012.

Additional information about the Corporation and its business activities is available on the Company's website at www.columbusgoldcorp.com or on SEDAR at www.sedar.com. For a discussion of the Company's adoption of International Financial Reporting Standards ("IFRS"), refer to page 13 of this MD&A.

This MD&A contains "forward-looking information and statements" that are subject to risk factors set out under the caption "Cautionary Note Regarding Forward-Looking Information". The reader is cautioned not to place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company was incorporated on May 14, 2003 under the laws of the Province of Saskatchewan, Canada and continued in British Columbia, Canada on December 29, 2003. The Company changed its name from Purple Vein Resources Ltd. to Columbus Gold Corporation effective December 20, 2004. On May 24, 2006, the Company completed its Initial Public Offering ("IPO") and obtained a listing on the TSX Venture Exchange ("TSX-V" or the "Exchange") as a Tier 2 mining issuer under the trading symbol **CGT-V**.

The Company's principal business activities are the acquisition, exploration and development of mineral properties, with gold as a principal focus. Until recently, all of the Company's mineral properties were located in the United States. In December 2010, the Company acquired a project with a 1.9 million ounce inferred gold resource in French Guiana. The Company is in the process of exploring and developing its mineral properties but has not yet determined whether the properties contain ore reserves that are economically recoverable. The Company maintains active generative (prospecting) and evaluation programs and, as a key element of its strategy, broadens exposure, minimizes risk and maintains focus on high priority prospects while seeking industry finance through joint ventures on selected projects.

INVESTMENT IN COLUMBUS SILVER CORPORATION

Columbus Silver Corporation was spun out of Columbus Gold in September 2008. At December 31, 2011, the Company owns 4,000,000 common shares (September 30, 2011 – 4,000,000 common shares) of Columbus Silver. The Company recorded its investment in Columbus Silver on a consolidated basis until August 28, 2009 at which point the Company's ownership interest declined from 35.7% to 18.5% as a result of share issuances by Columbus Silver. Commencing August 28, 2009, the Company's investment in Columbus Silver was determined to have converted from a controlled entity to an equity investment. The Company's interest in Columbus Silver was diluted as a result of an equity financing completed by Columbus Silver on August 28, 2009.

The carrying value of the investment in Columbus Silver account was written down to zero at December 31, 2010. In addition, two convertible notes held by Columbus Gold matured on August 31, 2010 and two new notes were issued the details of which are described below.

PROMISSORY NOTES RECEIVABLE

On September 1, 2010, the Company entered into a new promissory note in order to extend repayment. The note bears simple interest of 5% per annum, the principal balance is convertible into common shares of the Company at $0.10 per share and it matures on August 31, 2012. Any accrued interest is payable on maturity. The Company allocated the principal balance of $845,208 first to the fair value of the conversion option of $420,520 with the difference allocated to the loan receivable of $424,688. At December 31, 2011 the Company has recorded $56,183 in accrued interest which is recorded in accounts receivable. At December 31, 2011, the amortized cost of the promissory note was $659,841. Accretion expense for the three months ended December 31, 2011 was $56,240 (2010 - $34,629) relating to the debt discount calculated using the effective interest method. The effective interest rate was determined to be 40%.

On September 1, 2010, the Company entered into a new promissory note in order to extend repayment. The note bears simple interest of 5% per annum, the principal balance is convertible into common shares of the Company at $0.10 per share and it matures on August 31, 2012. Any accrued interest is payable on maturity. . The Company allocated the principal balance of U$540,465 (C$556,751) first to the fair value of the conversion option of $276,913 with the difference allocated to the loan receivable of $279,658. At December 31, 2011, the Company had recorded $36,226 in accrued interest which is recorded in accounts receivable. At December 31, 2011, the amortized cost of the promissory note was $429,417. Accretion expense for the three months ended December 31, 2011 was $36,948 (2010 - $22,703) relating to the debt discount calculated using the effective interest method. The effective interest rate was determined to be 40%.

At the end of each reporting period, the conversion option is measured at fair value. At December 31, 2011, the fair value of the conversion options of the new convertible notes increased by $390,045 from September 30, 2011. The estimated fair value of the conversion option was determined using a Black-Scholes option pricing model with the following assumptions:

Expected price volatility	133%
Risk free interest rate	1.0%
Expected life of options	8 months
Expected dividend yield	Nil

Both notes have been converted into Columbus Silver shares described in "Events after the Reporting Period".

LIQUIDITY

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. The Company's activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. The Company has been successful in its fund raising efforts in the past, but there can be no assurance that the Company will continue to be successful in the future. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

On November 30, 2011 the Company announced that the option agreement between Agnico-Eagle and the Company, dated June 1, 2007, was terminated and replaced with a definitive purchase and sale agreement providing for a 100% interest (subject to a 2% NSR royalty to Cordilleran Exploration Company) in the Summit Project to Agnico-Eagle for consideration of US$8.5 million. The completion of this transaction was announced on December 22, 2011. A US$250,000 break-up fee was paid to Newmont on December 21, 2011, in accordance with an agreement between Columbus Gold Corp. and Newmont dated October 12, 2011.

During the period, the Company's working capital position increased to $11,503,023 which included a cash balance of $9,975,606.

The Company experienced a cash outflow from operations of $11,869 and invested $2,193,395 in cash to acquire and explore its mineral properties. As at December 31, 2011, the Company had total assets of $38,782,644 and the principal non-cash assets of the Company were its mineral exploration properties in French Guiana, Utah, Nevada, New Mexico and Arizona, with a carrying value of $25,202,762 representing 65% of its total assets.

The Company had no long term debt at the end of the period.

On February 15, 2012, the Company announced the conversion of all of the principal amounts owed to it by Columbus Silver Corporation under the promissory and has thereby obtained 13,858,898 common shares of Columbus Silver. See "Events after the Reporting Period".

EXPLORATION AND EVALUATION ASSETS

French Guiana – Paul Isnard

On December 5, 2011, the Company announced that it has entered into an agreement with Euro Ressources SA ("Euro"), a majority-owned subsidiary of Iamgold Corporation ("Iamgold"), pursuant to which the Company has purchased an option to acquire the existing royalty on the Paul Isnard gold project currently held by Euro. Under the terms of the agreement, the option is exercisable by Columbus Gold or Euro prior to July 30, 2015 after which Columbus Gold meets certain conditions including having earned 100% interest in the project, paying Euro $4.2 million, issuing 12,865,600 shares (subject to certain adjustments) and delivery of a net smelter returns ("NSR") of 1.8% on the first two million ounces and 0.9% on the next three million ounces produced. In exchange for fulfilling the above mentioned terms, the Company will receive the original royalty which was calculated by taking 10% of the difference between the price of gold less US$400 per ounce on the first 2 million ounces produced and 5% of the difference between the price of gold less US$400 per ounce on the next 3 million ounces produced.

On December 6, 2011, the Company announced that it executed an amending agreement that accelerates its ability to earn-in to the Paul Isnard gold project in French Guiana. With the amendment, the Company is now able to acquire an immediate 100% interest in the project by paying US$1.5 million to the vendor, Auplata SA ("Auplata"). The Company will also no longer be required to complete minimum exploration expenditures or complete a bankable feasibility study as it was required to do under the original agreement. As consideration for entering into the agreement, the Company made a $250,000 payment to Euro consisting of $83,333 in cash and $166,667 in shares.

On December 23, 2011, the Company received TSX Venture Exchange approval for the two strategic agreements outlined above.

On March 19, 2012, the Company announced drill results at Paul Isnard. For details see "Events after the Reporting Period" section.

The Paul Isnard gold project is a National Instrument 43-101 ("NI 43-101") compliant 1.9 million ounce inferred gold resource based in Cayenne, French Guiana.

Nevada Projects

Columbus Gold has 26 strategically located gold projects in Nevada, 12 of which are joint ventured to junior and major mining companies.

Expenditure Summary

	September 30 2011	Acquisition Cost	Deferred Exploration	Impairment/ Divestiture	December 31 2011
Utah Clipper	$ 395,304	$ -	$ -	$ -	**$ 395,304**
Antelope	26,694	-	5,986	-	**32,680**
Dutch Flat	1	-	-	-	**1**
Crestview	210,384	-	-	-	**210,384**
Guild	12,063	-	-	-	**12,063**
Overland Pass	6,465	-	-	-	**6,465**
Pete's Summit	52,987	-	957	-	**53,944**
Bolo	1,754,834	-	12,676	-	**1,767,510**
Scraper	93,836	-	16,365	-	**110,201**
Eastside	392,007	-	(396)	-	**391,611**
Weepah	386,882	-	(1,508)	-	**385,374**
Brown's Canyon	240,140	-	343,598	-	**583,738**
Robinson Mtn./Red Hills	21,303	-	11,194	-	**32,497**
WHF & WHF North	9,171	-	7,443	-	**16,614**
Stevens Basin	88,484	-	-	-	**88,484**
Winnemucca	2,442	-	(443)	-	**1,999**
White Canyon	1,028	-	-	-	**1,028**
Hughs Canyon	162,711	-	10,374	-	**173,085**
Combs Peak	40,443	-	8,515	-	**48,958**
North Brown	22,742	-	314	-	**23,056**
Laura	604	-	3	-	**607**
Summit	75,659	-	-	(75,659)	**-**
Paul Isnard	19,016,183	1,054,861	799,115	-	**20,870,159**
Total	$ 23,012,367	**$ 1,054,861**	**$ 1,214,193**	**$ (75,659)**	**$ 25,205,762**

During the three months ended December 31, 2010, the Company incurred $160,840 of acquisition and exploration costs.

All disclosure of scientific or technical information on the Company's mineral properties contained in this Management's Discussion and Analysis, with the exception of the information presented in the Utah Clipper Technical Report and the Golden Mile Technical Report, is based on information prepared by or under the supervision of the Company's Qualified Person, Andy Wallace.

RESULTS OF OPERATIONS

Current Quarter

The Company earned income of $7,952,647 during the current quarter versus a loss of $4,184 in the same period last year. The change is attributable to the sale of the Company's Summit property located in Nevada for net proceeds of $8,368,402. The loss before other items during the current quarter was $921,860 versus $451,103 in the prior year period. The increase in the loss is attributable to several factors including stock based compensation which increased to $510,299 from $74,390 in the prior year and foreign exchange loss which was $105,723 in the current period versus $22,463 in the prior year period. Other expenses that increased include administration expenses which grew by 155% to $52,559 in the current quarter from $20,635 in 2010 and office and general which increased by 443% to $48,267 in the current quarter from $8,892 in the prior year period.

Selected Financial Data

The following table presents unaudited selected financial data for each of the last eight quarters. This data has been derived from our condensed consolidated interim financial statements, which in our opinion include all necessary adjustments, consisting solely of normal recurring adjustments, for the fair presentation of such information.

	Dec 31, 2011 ($)	Sept, 30, 2011(1) ($)	Jun 30, 2011(1) ($)	Mar 31, 2011(1) ($)	Dec 31, 2010(1) ($)	Sep 30, 2010(2) ($)	Jun 30, 2010(2) ($)	Mar 31, 2010(2) ($)
Financial Results:								
Net loss (income) for period	(7,952,647)	451,190	2,084,140	872,113	12,373	589,289	32,231	723,555
Basic and diluted loss (income) per share	(0.09)	(0.00)	0.05	0.02	0.00	0.02	0.00	0.02
Acquisition and exploration costs	2,193,395	1,334,032	18,144,416	585,393	87,084	230,062	12,209	282,989
Balance Sheet Data:								
Cash and cash equivalents	9,975,606	3,345,974	4,788,121	2,865,157	2,110,901	1,390,449	1,585,982	126,546
Exploration and evaluation Assets	25,205,762	23,012,367	21,678,335	3,533,919	2,948,526	2,861,442	2,631,380	2,619,171
Total assets	38,782,644	29,561,387	28,953,833	9,455,706	8,126,555	7,301,278	6,571,111	4,688,964
Shareholders' equity	38,548,805	29,459,851	28,819,942	9,336,917	8,030,725	7,280,156	6,482,327	4,609,870

(1) These amounts have been restated in accordance with IFRS and reflect changes as per Note 14 of the condensed consolidated interim financial statements.

(2) These figures are reported in accordance with Canadian GAAP.

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company manages its exposure to financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and price risk in accordance with systems put in place to manage these risks, as monitored by the board of directors. The Board approves and monitors the risk management processes and there were no changes to the objectives or the process from the prior year.

Please refer to the Company's condensed consolidated interim financial statements for the three months ended December 31, 2011, for a full description of the types of risks that the Company is exposed to and its objectives and policies for managing those risk exposures.

Aside from the commitment noted under "Commitments" below, there are no other contracts that give rise to future minimum payments. At December 31, 2011, the following accounts all become due within one year: accounts payable and accrued liabilities and due to related parties.

In the opinion of management, the cash and cash equivalents available at December 31, 2011, will be sufficient to meet its financial requirements and continue its exploration and development plans through its current operating period.

RELATED PARTY TRANSACTIONS

The following transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	Three months ended	
	December 31 2011	December 31 2010
Don Gustafson – Director; director fees	$ 3,000	$ 3,000
Perennial Capital Corp – management and director fees (i)	118,000	18,000
Gil Atzmon - Director; director fees	3,000	3,000
Peter Gianulis - Director; director fees	3,000	3,000
Cordilleran Exploration Co. ("Cordex") (ii) – consulting fees	35,297	18,750
Andy Wallace – President; management fees (iii)	15,000	-
Total	$ 177,297	$ 45,750

i. Perennial Capital Corp is the private company of the Company's chairman Robert Giustra. For the three months ended December 31, 2011, amount includes a bonus amount of $100,000 (2010 - $nil) and management fees of $15,000 (2010 - $15,000) to this company. Remainder represents director fees.
ii. At December 31, 2011, a total of $275,277 (September 30, 2011 - $120,836) has been advanced to Cordex, a company with an officer in common with Columbus Gold (U.S.) Corp., for exploration expenditures on the Company's exploration and evaluation assets.
iii. Andy Wallace received $5,000 per month as management fees for his duties as President of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the period.

COMMITMENTS

In December 2010, the Company extended its agreement with Cordex until December 31, 2011. This agreement was subsequently renewed to December 31, 2013. Cordex designs, initiates and carries out mineral exploration and development activities on behalf of the Company with the objective of identifying, acquiring and exploring new mineral properties and operating exploration programs on the Company's existing portfolio of mineral properties. Cordex and Columbus Gold Corporation share an officer in common. The agreement is exclusive to Columbus Gold. Columbus Gold (U.S.) provides Cordex with general operating capital, exclusive of third party contractor expenses, of up to US$44,000 per month which includes a monthly management fee to Cordex of US$12,500.

Further, Cordex is entitled to receive a 2% NSR on any claims that it stakes on behalf of the Company. If claims or mineral rights are identified by Cordex and acquired from third parties, then the Cordex NSR shall be the difference between a 4% NSR and the third party royalty provided, however, it shall be no less than 1% or greater than 2%. All properties acquired by the Company within two miles of a claim generated by Cordex will fall under an area of influence and become subject to the agreement. No amount has been paid to Cordex for NSR's as there are no producing assets.

OUTSTANDING SHARE DATA

At March 27, 2012, there were 92,175,156 common shares issued and outstanding. In addition, there were 6,468,000 share purchase options outstanding with exercise prices ranging from $0.25 to $1.68 per share, of which 5,933,000 were exercisable. Subsequent to December 31, 2011, 700,000 of the 701,275 warrants which expired on January 9, 2012 were exercised and common shares were issued. There were 300,000 warrants outstanding at March 27, 2012 with an exercise price of $0.80 as the result of the issuance described in "Events after the Reporting Period".

The following share purchase options were outstanding at December 31, 2011:

Number of Options	Exercise Price	Expiry Date
10,000	$1.68	February 2012
50,000	$1.50	May 2012
60,000	$1.25	October 2012
90,000	$1.25	November 2012
83,000	$0.85	March 2013
1,075,000	$0.50	August 2013
200,000	$0.25	May 2014
1,250,000	$0.25	January 2015
1,008,500	$0.50	December 2015
1,356,500	$0.78	June 2016
1,295,000	$0.78	December 2016
Total 6,478,000		

The following warrants were outstanding at December 31, 2011:

Number of Warrants	Exercise Price	Expiry Date
700,000	0.35	January 9, 2012
1,275	0.35	January 9, 2012

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the consolidated financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process. The Company's accounting policies under IFRS are disclosed in the interim consolidated financial statements, for the period ended December 31, 2011. Management has identified the following critical accounting policies and estimate which it believes are important for understanding the Company's financial results and for which a change in these policies or estimates could materially impact the consolidated financial statements.

Exploration and Evaluation Assets

The Company is in the exploration stage and defers all expenditures related to its exploration and evaluation costs until such time as the property is put into commercial production, sold, abandoned or determined to be impaired. At each reporting period, the Company reviews and evaluations its non-current assets including exploration and evaluation assets to determine whether there is an indication that those assets may be impaired. If any such indication exists, the recoverable amount of the relevant asset is estimated to determine the extent of the impairment, if any. At this stage of the Company's operations an impairment charge is generally warranted where the property is abandoned or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding. Impairment losses are recognized in the period incurred. Reversals of impairment losses are recognized in the period the reversal occurred.

Financial Instruments

For the promissory notes receivable, the Company recognizes separately the components of the financial instrument that creates a loan receivable of the Company and also the derivative related to the conversion option. Financial and derivative instruments, including embedded derivatives, are recorded at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are recorded in profit loss for the period. The fair value is calculated using the Black Scholes option valuation model using estimates of volatility, interest rate risk, etc. based on the expected life of the promissory note.

INTERNATIONAL ACCOUNTING REPORTING STANDARDS

Effective January 1, 2011, Canadian publicly accountable enterprises were required to adopt IFRS for fiscal years beginning on or after January 1, 2011.

The Company issued its first interim consolidated financial statements prepared under IFRS for the three months ended December 31, 2011, with restatement of comparative information presented to be in accordance with IFRS unless specifically noted otherwise. Our IFRS accounting policies are described in note 3 of the condensed consolidated interim financial statements

The Company implemented its conversion from Canadian GAAP to IFRS through a transition plan that included the following three phases: (a) scope assessment; (b) impact assessment and (c) implementation. The IFRS

transition plan progressed according to schedule and addressed topics such as the impact of IFRS on accounting policies and implementation decisions, information systems and technology and the impact on reporting activities. Both the audit committee and senior management were updated on the progress of the project and any major issues highlighted as a result of the work performed were brought to their attention and addressed with them as necessary. With the issuance of our first interim financial statements under IFRS, the Company has completed its conversion project through the initial implementation.

Comparison of IFRS to Canadian GAAP

The adoption of IFRS resulted in some changes to the consolidated balance sheets and income statements of the Company that were previously reported under Canadian GAAP. Reconciliations from Canadian GAAP to IFRS for total equity, assets and liabilities have been prepared as well as net loss for the comparative reporting periods. These reconciliations are intended to help users of the financial statements better understand the impact of the adoption of IFRS on the Company. Please refer to Note 14 of the December 31, 2011 condensed consolidated interim financial statements for the reconciliations between Canadian GAAP and IFRS.

The key differences between the accounting policies applied in preparing its first consolidated IFRS financial statements and its accounting policies in accordance with previous Canadian GAAP that are expected to have an impact on an ongoing basis are as follows:

Treatment of Convertible Promissory Notes Receivable

The promissory notes receivable are considered financial instruments that contain loans receivable and derivative assets. IFRS requires that the derivative assets be measured first and the residual allocated to the loan receivable. This treatment is divergent from Canadian GAAP and therefore an adjustment on transition to the conversion option and loan receivable is required. The loans receivable thus had different present values on initial recognition and therefore accretion under IFRS is different than under Canadian GAAP.

IFRS 1 First-Time Adoption of International Financial Reporting Standards

Adoption of IFRS requires the application of IFRS 1, F*irst-time Adoption of International Financial Reporting Standards*, which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 gives entities adopting IFRS for the first time a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. Please refer to note 14 of the condensed consolidated interim financial statements for a detailed description of the IFRS 1 exemptions the Company elected to apply

Control Activities

Controls over the IFRS transition process have been implemented, as necessary. We, with the assistance of our external accounting advisors, identified and implemented the required accounting process changes that resulted from the application of IFRS accounting policies. All accounting policy changes were subject to review by senior management and the Audit Committee of the Board of Directors.

Impact on Information Systems and Technology

The IFRS transition project did not have a significant impact on our information systems for the convergence periods. We do not anticipate any significant impact to applications arising from the transition to IFRS for post-convergence periods.

Anticipated changes to IFRS

The post-implementation phase of the IFRS transition will involve continuous monitoring of changes in IFRS in future periods. The IASB continues to amend and add to current IFRS standards with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's first IFRS annual consolidated financial statements for the year ending September 30, 2012 may differ from the significant accounting policies used in the preparation of the Company's condensed consolidated interim financial statements as at and for the three months ended December 31, 2011 which are based on IFRS standards issued and outstanding as of the date of this document. The Company does not currently expect any of the IFRS standard developments to have a significant impact on its 2012 consolidated financial statements. For further information on the proposed standards refer to note 3(k) to the December 31, 2011 condensed consolidated interim financial statements.

EVENTS AFTER THE REPORTING PERIOD

a) On January 3, 2012, the Company paid $1,000,000 to Auplata of the $1,500,000 required payment for an option to accelerate the 100% earn-in of the Paul Isnard property located in French Guiana. The remaining $500,000 is due upon receiving the French Government's non-objection letter which has not yet been received.

b) On February 3, 2012, the Company announced it issued a total of 300,000 non-transferable broker warrants to National Bank Financial Inc. ("NBF"), each such warrant exercisable until December 20, 2012, into one common share of the Company at $0.80 per share. This warrant issuance was in accordance with the Strategic Financing Advice Agreement, dated December 21, 2011, between Columbus Gold Corp. and NBF, whereby NBF had assisted the Company in completing the Company's sale of its Summit Property to Agnico-Eagle (USA) Limited.

c) On February 15, 2012, the Company announced the conversion of all of the principal amounts owed to it by Columbus Silver Corporation under the promissory notes and has thereby obtained 13,858,898 common shares of Columbus Silver. The promissory notes represented principal debt amounts owed to Columbus Gold of $845,208 and US$540,465, which amounts were convertible at Columbus Gold's election into common shares at $0.10 per share. Columbus Gold has elected to convert all of the principal debt owing under the promissory notes, and Columbus Silver has thus issued it a total of 13,858,898 common shares. Interest of $166,060 and US$120,383 remains owing under the promissory notes; such interest is not convertible into common shares and must be paid by Columbus Silver to Columbus Gold on or before August 1, 2012. This interest relates to the new and previous promissory notes.

d) On March 19, 2012, the Company announced assay results from the latest four diamond core holes, MO 12-66 to 69 totaling 1,327 meters, at its Paul Isnard gold project in French Guiana. Three of the four holes, including MO 12-66 containing 1.56 gpt gold along 110 meters, confirm extension and continuity of gold mineralization between widely spaced holes from earlier programs in the under-drilled central part of the 43-101 compliant 1.9 million ounce inferred Montagne d'Or gold deposit. The fourth hole, MO 12-69, contains an intercept averaging 2.02 gpt gold along 29 meters extending mineralization 50 meters west of the current deposit and resource area. Assay results have been received and announced for nine (9) holes to date and continue to support Columbus Gold's ongoing program of resource expansion through offsetting open-ended gold mineralization outlined in past work. Following is a tabular summary of the principal mineralized intervals from the latest four (4) holes. The core intervals reported are slope lengths along holes drilled north at 60° across the plane of the steeply south-dipping

Upper Felsic Zone (UFZ) and Lower Favorable Zone (LFZ) mineralization and represent approximately 75% of true thicknesses. Maximum vertical depths from surface of the mineralized intercepts, for infill holes MO 12-66 to 68 range from 70 to 150 meters in the UFZ and 110 to 200 meters in the LFZ. The UFZ mineralization in MO 12-69 is at a vertical depth from surface of 200 meters but the hole was stopped before reaching the LFZ. Mineralization in both zones remains open at depth.

Drill Results at Paul Isnard:

Drill Hole	**From (m)**	**To (m)**	**Core Length (m)**	**gpt Gold**	**Zone**	**Section**
12-66	37	164	127	1.41	UFZ	3800E
including	**37**	**147**	**110**	**1.56**		
including	**65**	**107**	**42**	**2.33**		
and	114	125	11	3.13		
and	141	147	6	2.85		
	196	208	12	1.01	LFZ	
	244	247	3	27.51 (10.96)	Undesignated	
12-67	37	44	7	1.12	Saprolite	3650E
	119	276	157	0.76	UFZ	
including	135	204	69	0.87		
Including	**135**	**150**	**15**	**2.23**		
	295	323	28	0.82	LFZ	
Including	316	323	7	2.16		
	344	358	14	1.21	Undesignated	
Including	356	358	2	4.53		
12-68	7	9	2	3.38	Saprolite	3450E
	25	30	5	1.89	Saprolite	
	79	234	155	0.55	UFZ	
including	**79**	**90**	**11**	**2.06**		
and	142	148	6	2.73		
	253	292	39	0.74	LFZ	
12-69	**216**	**245**	**29**	**2.02**	UFZ	2725E

Notes:

1. *True thicknesses approx. ±75% of core lengths.*
2. *Gold grades in brackets averaged by reducing high grades to 31.1 gpt gold.*
3. *Hole 68 has an aggregate mineralized interval through UFZ and LFZ of 0.50 gpt gold over 234 meters.*
4. *Hole 69 was terminated above the Lower favorable Zone.*

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Exploration for mineral resources involves a high degree of risk, and the cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company attempts to mitigate its exploration risk through joint ventures with other companies.

Beyond exploration risk, management is faced with other possible risks which include the following:

Metal Price Risk

The price of gold greatly affects the value of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed.

Financial Market Risk

The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge. However, the results of the Company's investigations should not be construed as a guarantee of title.

Value Risk

There is no certainty that the carrying value of mineral properties which the Company has recorded as assets on its consolidated balance sheet will be realized at the amounts recorded.

Environmental Risk

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the country in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

Equipment and Service Availability

There is no certainty that the drilling equipment and crew services which the Company requires to complete its exploration programs will be available when needed. The Company operates in French Guiana which is remote and difficult to travel to, and Nevada, which is one of the busiest exploration areas in North America. Third party drill contractors are in high demand thus have limited availability. While the Company has secured drillers for its programs, there remains the risk that this could change.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its properties to determine if it hosts a mineral resource that can be economically developed and profitably mined.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls over financial reporting have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "planned," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

These risks, uncertainties and other factors include, but are not limited to: changes in Canadian/US dollar exchange rates; our strategies and objectives; our tax position and the tax and royalty rates applicable to us; our ability to acquire necessary permits and other authorizations in connection with our projects; risks associated with environmental compliance, including without limitation changes in legislation and regulation, and estimates of reclamation and other costs; our cost reduction and other financial and operating objectives; our environmental, health and safety initiatives; the availability of qualified employees and labour for our operations; risks that may affect our operating or capital plans; risks created through competition for mining properties; risks associated with exploration projects, and mineral reserve and resource estimates, including the risk of errors in assumptions and methodologies; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; risks associated with title; and general business and economic conditions.

Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about: general business and economic conditions; the timing of the receipt of required approvals for our operations; the availability of equity and other financing on reasonable terms; power prices; our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; our ability to attract and retain skilled labour and staff; the impact of changes in Canadian/US dollar and other foreign exchange rates on our costs and results; market competition; and our ongoing relations with our employees and with our business partners and joint venturers.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

OTHER INFORMATION

Additional information about the Company is available on the Company's website at www.columbusgoldcorp.com or SEDAR at www.sedar.com.

CORPORATE INFORMATION

Head Office:	1090 Hamilton Street Vancouver, BC V6B 2R9
Directors:	Robert Giustra Gil Atzmon Don Gustafson Peter Gianulis
Officers:	Robert Giustra, President and CEO Andy Wallace, President Joel Schuster, Vice President Legal and Corporate Secretary Jorge Martinez, Vice President of Corporate Development Akbar Hassanally, Chief Financial Officer
Auditor:	DMCL LLP 1500 – 1140 West Pender Street Vancouver, BC V6E 4G1
Legal Counsel:	McMillan LLP Suite 1500 - 1055 West Georgia Street Vancouver, BC V6E 4N7
Transfer Agent:	Computershare Investor Services 2nd Floor – 510 Burrard Street Vancouver, BC V6C 3B9

1090 Hamilton Street, Vancouver, B.C.
V6B 2R9

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Month Period Ended
December 31, 2011

(Stated in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

March 27, 2012

Columbus Gold Corporation

(An Exploration Stage Company)
Condensed Consolidated Statements of Changes in Financial Position
(Unaudited in Canadian Dollars)

	December 31, 2011	September 30, 2011	October 1, 2010
ASSETS			
Current assets			
Cash and cash equivalents	$ 9,975,606	$ 3,345,974	$ 1,390,449
Available-for-sale investments (note 5)	285,954	407,552	350,617
Prepaids and receivables	386,044	374,792	219,676
Due from Columbus Silver Corporation (note 4)	1,089,258	1,009,398	-
	11,736,862	5,137,716	1,960,742
Investment in Columbus Silver	-	-	20,392
Due from Columbus Silver Corporation	-	-	722,231
Advances to a related party for exploration (note 10)	275,277	219,984	176,836
Conversion option (note 4)	1,488,807	1,113,054	1,389,076
Reclamation bond (note 6)	75,936	78,266	35,434
Exploration and Evaluation Assets (note 7)	25,205,762	23,012,367	2,861,442
	$ 38,782,644	$ 29,561,387	$ 7,166,153
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	$ 233,839	$ 101,536	$ 73,622
Due to related parties (note 10)	-	-	19,500
	233,839	101,536	93,122
Shareholders' equity			
Share capital (note 8)	38,038,870	37,389,217	13,171,639
Obligation to issue shares	245,000	54,250	-
Contributed surplus	4,768,005	4,350,503	3,696,639
Accumulated other comprehensive income (loss)	(13,178)	108,420	138,045
Deficit	(4,489,892)	(12,442,539)	(9,933,292)
	38,548,805	29,459,851	7,073,031
	$ 38,782,644	$ 29,561,387	$ 7,166,153

Nature of operations (note 1)
Commitments (notes 7 and 9)

Approved by the Board of Directors:

"Robert Giustra"
Robert Giustra - Director

"Gil Atzmon"
Gil Atzmon - Director

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

Columbus Gold Corporation

(An Exploration Stage Company)
Consolidated Statements of Income (loss) and Comprehensive Income (loss)
(Unaudited in Canadian Dollars)

	Three Month Period Ended December 31, 2011	Three Month Period Ended December 31, 2010
EXPENSES		
Administration	$ 52,559	$ 20,635
Impairment of exploration and evaluation assets (note 7)	-	76,314
Directors fees (note 10)	12,000	12,000
Foreign exchange loss	105,723	22,463
General exploration	60,110	95,492
Investor relations	16,513	50,157
Management fees (note 10)	17,500	35,313
Office and general	48,267	8,892
Professional fees	47,566	44,053
Share-based compensation (note 8(c))	510,299	74,390
Transfer and filing fees	34,168	1,763
Travel, advertising and promotion	17,155	9,631
Loss before other items	(921,860)	(451,103)
OTHER ITEMS		
Interest income	5,395	2,980
Loan accretion and loan interest (note 4)	110,665	74,821
Loss from equity accounted investment (note 4)	-	(20,392)
Loss on sale of investments	-	81,711
Net gain on the sale of mineral property	8,368,402	7,174
Fair value change of conversion option (note 4)	390,045	300,625
Income (Loss) for the period	7,952,647	(4,184)
Unrealized gain (loss) on available for sale securities	(121,598)	(56,212)
Comprehensive income (loss)	$ 7,831,049	$ (60,396)
Basic income (loss) per common share (note 8 (e))	$ 0.09	$ (0.00)
Diluted income (loss) per common share (note 8 (e))	$ 0.09	$ (0.00)

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

Columbus Gold Corporation

(An Exploration Stage Company)

Consolidated Statements of Cash Flows
(Unaudited in Canadian dollars)

	Three Month Period Ended December 31, 2011	Three Month Period Ended December 31, 2010
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the year	$ 7,952,647	$ (4,184)
Items not affecting cash:		
Stock-based compensation	510,299	74,390
Fair value change of conversion option	(390,045)	(300,625)
Loss on sale of investments	-	(81,711)
Impairment of exploration and evaluation assets	-	76,314
Loss from equity accounted investment	-	20,392
Net gain on the sale of Summit	(8,368,402)	-
Shares issued for property	166,667	-
Income from third party int. in exploration and evaluation asset	-	(7,174)
Loan accretion and accrued interest	(113,665)	(77,717)
Foreign exchange loss	109,580	28,930
	(132,919)	(271,386)
Changes in non-cash working capital items:		
Increase (decrease) in prepaids and receivables	(11,252)	(31,447)
Increase (decrease) in accounts payable	132,303	13,208
Decrease in amounts due to related parties	-	(10,500)
	(11,869)	(300,125)
FINANCING ACTIVITIES		
Shares issued on exercise of warrants	390,189	867,387
	390,189	867,387
INVESTING ACTIVITIES		
Recovery (advance) to a related party for exploration	(55,293)	115,326
Proceeds from sale of properties	8,500,000	-
Proceeds from sale of investments	-	122,963
Acquisiton and exploration costs	(2,193,395)	(87,084)
	6,251,312	151,205
Change in cash during the period	6,629,632	718,467
Cash and cash equivalents - beginning	3,345,974	639,826
Cash and cash equivalents - ending (note 13)	$ 9,975,606	$ 1,358,293

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

Columbus Gold Corporation

(An Exploration Stage Company)
Consolidated Statement of Changes in Equity
(Unaudited in Canadian Dollars)

	Number of Shares	Share Capital	Obligation to Issue Shares	Contributed Surplus	Other Comprehensive Income	Deficit	Total
October 1, 2010	36,139,518	$ 13,171,639	-	$ 3,696,639	$ 138,045	$ (9,933,292)	$ 7,073,031
							-
Share based payments expense	-	-	-	74,390	-	-	$74,390
Fair value of warrants exercised	-	192,374	-	(192,374)	-	-	$0
Mineral property acquisition	91,943	76,313	-	-	-	-	$76,313
Shares issued for warrants	2,891,289	867,387	-	-	-	-	$867,387
Change in value of available for sale investments	-	-	-	-	(56,212)		-$56,212
Net loss	-	-	-	-	-	(4,184)	-$4,184
December 31, 2010	39,122,750	14,307,713	-	3,578,655	81,833	(9,937,476)	$ 8,030,725
October 1, 2011	90,123,314	37,389,217	54,250	4,350,503	108,420	(12,442,539)	$ 29,459,851
Share based payments expense	-	-	-	510,299	-	-	$510,299
Obligation to issue shares	-	-	190,750	-	-	-	$190,750
Shares issued for option agreement	237,017	166,667	-	-	-	-	$166,667
Fair value of warrants exercised		92,797		(92,797)			$0
Shares issued on exercise of warrants	1,114,825	390,189	-	-	-	-	$390,189
Change in value of available for sale investments	-	-	-	-	(121,598)	-	-$121,598
Net income	-	-	-	-	-	7,952,647	$7,952,647
December 31, 2011	91,475,156	38,038,870	245,000	4,768,005	(13,178)	(4,489,892)	$ 38,548,805

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

1. Nature of operations

Columbus Gold Corporation (the "Company" or "Columbus Gold") was incorporated on May 14, 2003 under the laws of the Province of Saskatchewan, Canada and continued on to British Columbia, Canada on December 29, 2003. The Company is currently listed on the TSX Venture Exchange (the "TSXV" or "Exchange") classified as a Tier 2 mining issuer.

Its principal business activities are the exploration and development of mineral properties. Most of the Company's mineral properties are currently located in the United States with the recent signing of an option to acquire a property in French Guiana. The Company is in the process of exploring and developing its mineral properties, but has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, Canada.

2. Basis of Presentation

(a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting* ("IAS 34") and IFRS 1, *First-time Adoption of International Financial Reporting Standards*, ("IFRS 1") as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these condensed consolidated interim financial statements do not include all of the information required by International Financial Reporting Standards ("IFRS") for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended September 30, 2011 prepared under Canadian generally accepted accounting principles. The interim results are not necessarily indicative of results for the full year.

Note 14 describes the effect of the transition to IFRS on the reported financial position, financial performance and cash flows of the Company. Further, Note 14 presents IFRS information for the year ended September 30, 2011 that is material to the understanding of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on March 27, 2012.

(b) Basis of Measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. At December 31, 2011, the Company had working capital of $11,503,023 (September 2011 - $5,036,180, October 1, 2010 - $1,867,620) and an accumulated deficit of $4,489,892 (September 2011 - $12,442,539, October 1, 2010 - $9,933,292). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to raise additional debt or equity to fund ongoing costs of operations and/or secure new or additional partners in order to advance its projects.

2. Basis of Presentation (Continued)

(c) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of Columbus Gold Corporation and its subsidiary Columbus Gold (U.S.) Corporation ("Columbus Gold (U.S.)"). All inter-company transactions and balances have been eliminated upon consolidation. The Company's investment in Columbus Silver Corporation ("Columbus Silver") is accounted for using the equity method of accounting (note 4).

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial report from the date control commences until the date control ceases.

(d) Use of Estimates and Judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires that the Company's management make judgments, estimates and form assumptions that affect the amounts in the consolidated financial statements and related notes to those financial statements. Actual results could differ from those estimates. Judgments, estimates and assumptions are reviewed on an ongoing basis based on management's experience and other factors that are considered to be relevant under the circumstances. Revisions to judgments, estimates and assumptions are accounted for prospectively. The areas of estimation and judgment that management considers most significant include but are not limited to the following:

- Determination of deferred income tax assets and liabilities;
- Assumptions used in determination the share based payments;
- Assessment of impairment indicators of exploration and evaluation assets; and
- Fair value of derivative instruments such as the conversion feature on the promissory notes receivable.

While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. Significant Accounting Policies

(a) Foreign Currency Translation

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of each entity is determined after consideration of the primary economic environment of the entity. Transactions denominated in foreign currencies have been translated into Canadian dollars at the approximate rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the Canadian dollars at the period end exchange rate. Foreign currency translation gains or losses are recorded in earnings (loss) in the period in which they occur.

(b) Cash and cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased.

(c) Available-for-sale investments

Marketable securities are classified as available for sale and are carried at fair value based on their closing trading price at December 31, 2011, with the exception of those which are private companies, which are carried at cost.

3. Significant Accounting Policies (continued)

(d) Exploration and Evaluation Assets

The Company is in the exploration stage and defers all expenditures related to its mineral properties until such time as the property is put into commercial production, sold or abandoned. Under this method, the amounts reported represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

Exploration and evaluation expenditures comprise costs that are directly attributable to:

- Researching and analyzing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Acquisition costs for exploration and evaluation stage properties are capitalized.

Subsequent to completion of a positive economic analysis on a mineral property, capitalized acquisition costs are reclassified to mineral property. Exploration and evaluation expenditures are capitalized as mineral property in the accounting period the expenditure is incurred when management determines there is sufficient evidence that the expenditure will result in a future economic benefit to the Company.

If the property is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the property is sold or abandoned, then the expenditure will be charged to operations. The Company does not accrue the estimated future costs of maintaining in good standing its mineral properties.

Property exploration costs consist of exploration expenditures incurred in the process of evaluating potential property acquisitions. These costs are expensed as incurred unless the property is subsequently acquired and then the expenses are deferred.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped projects there may be only inferred resources to form a basis for the impairment review. The review is based on the Company's intentions for development of such a project. Any property that is not considered to be a priority focus for exploration by the Company or by a joint venture partner is written down to its net recoverable value. If a project does not prove viable, all unrecoverable costs associated with the project are charged to profit or loss in the year in which the property becomes impaired.

The proceeds from royalties granted and option payments are deducted from the costs of the related property and any excess is recorded as income.

(e) Impairment of non-current assets

At each reporting date, the Company reviews the carrying amounts of its non-current assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating

3. Significant Accounting Policies (continued)

unit"). This generally results in the Company evaluating its non-financial assets on an exploration asset by exploration asset basis.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the consolidated statement of comprehensive income (loss).

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reduced if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(f) Provision for Site Reclamation and Closure and Other Provisions

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. The Company records the fair value of a provision for site reclamation and closure as a liability in the period in which it incurred a legal or constructive obligation associated with the reclamation of the mine site and the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the assets, if a reliable estimate of fair value can be made.

The provision for site reclamation and closure is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is included in finance expense. The liability is also accreted to full value over time through periodic charges to earnings. This method requires management to make assumptions as to future risk-adjusted site reclamation and restoration costs, scope and extent of future site reclamation and restoration activities, timing of such activities and expected inflation.

At each reporting date, the Company reviews its provision for site reclamation and closure to reflect the current best estimate. The provision for site reclamation and closure is adjusted for changes in factors such as the amount or timing of the expected underlying cash flows, or the credit-adjusted risk-free discount rate, with the offsetting amount recorded to the site reclamation and closure asset included in mineral properties, plant and equipment, which arises at the time of establishing the provision. The site reclamation and closure asset is amortized on the same basis as the related asset. Changes in estimates are accounted for prospectively from the period the estimate is revised.

As at December 31, 2011, September 30, 2011 and October 1, 2010 the Company did not have any measurable asset retirement obligations.

(g) Deferred Income Taxes

Deferred income taxes are accounted for using the statement of position liability method of tax allocation. Under this method deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying substantively enacted tax rates applicable to future years to differences between the financial statement carrying amount and the tax bases of existing assets and liabilities.

The effect on deferred taxes for a change in tax rates is generally recognized in income in the period that includes substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it to be probable that a future tax asset will be recovered, the deferred tax asset is reduced.

3. Significant Accounting Policies (continued)

The Company records foreign exchange gains and losses representing the impacts of movements in foreign exchange rates on the tax bases of non-monetary assets and liabilities which are denominated in foreign currencies. Foreign exchange gains and losses relating to deferred income taxes are included in deferred income tax expense or recovery in the consolidated statements of loss and comprehensive loss.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

(h) Share-based payments

The Company grants share-based awards, including options, as an element of compensation to directors, officers, employees and service providers. Details of the Company's share option plan are disclosed in Note 7 below.

The Company uses the Black-Scholes option pricing model to measure the fair value for all share options granted, modified or settled during the period. Compensation expense is recorded based on the fair value of the award at the grant date, amortized over the vesting period. Each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of comprehensive income or as capitalized mineral resource property cost with a corresponding entry within equity, against share based payments reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in share-based payment reserve, are credited to share capital.

(i) Income (Loss) per share

Basic income (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. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding, if diluted. Diluted income (loss) per share is calculated using the treasury share method, in which the assumed proceeds from the potential exercise of those share options and warrants whose average market price of the underlying shares are used purchased the Company's common shares at their average market price for the period. In a period when net losses are incurred, potentially dilutive share options are excluded from the loss per share calculation as the effect would be anti-dilutive.

(j) Financial Instruments

Financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as fair-value-through profit or loss (FVTPL), available for sale financial assets, held to maturity, loans and receivables, or other financial liabilities as follows:

- FVTPL financial instruments are measured at their fair value with changes in fair value recognized in net income for the period.
- Available for sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet.
- Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.
- Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period unless the instrument is a cash flow hedge and hedge accounting applies in which case changes in fair value are recognized in other comprehensive income.

3. Significant Accounting Policies (continued)

The Company does not engage in any form of hedging instruments.

The Company's financial instruments consist of cash, term deposits, available-for-sale investments, and reclamation bonds, amounts due from Columbus Silver, conversion rights on convertible loans, accounts payable and amounts due to related parties.

The Company designated its cash and term deposits as FVTPL, which is measured at fair value. Investments in common shares have been designated as available for sale, which are measured at fair value. Differences in value as a result of foreign exchange are charged directly to the statement of loss and are not included as accumulated other comprehensive income.

The conversion option on the convertible promissory loans receivable are classified as embedded derivative assets and are measured at fair value on initial recognition. The underlying loan receivable of the instrument was recorded as the different between the receivable due from Columbus Silver and the fair value of the derivative asset. Subsequent to initial recognition, the derivative asset component is recorded at fair value at each reporting period with changes to fair value being recognized in the statement of operations and comprehensive loss. The carrying value of the underlying loan receivable is accreted to the original face value of the instrument, over the term of the loan receivable, using the effective interest method. Upon conversion, any gain or loss arising from extinguishment of the receivable was recorded in the statement of operations and comprehensive income (loss).

Receivables and the amount due from Columbus Silver have been designated as loans and receivables, which are measured at amortized cost. Accounts payable and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Transaction costs directly attributable to the acquisition or issue of financial instruments classified as loans and receivables or other financial liabilities and measured at amortized cost are initially recognized as part of the fair value of the asset or liability and amortized using the effective interest rate method through the expected life of the financial instrument. Transaction costs directly attributable to the acquisition or issue of financial instruments classified as at FVTPL are recognized in net income (loss) in the period incurred.

Net Smelter Royalties ("NSR") are a form of derivative financial instrument. The fair value of the Company's right to purchase the NSR is not determinable at the current stage of the Company's exploration program. No value has been assigned by management.

Impairment and uncollectible financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or group of financial assets, other than those at fair-value-through-profit and loss may be impaired. If such evidence exists, the estimated recoverable amount of the asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount as follows: the carrying amount of the asset is reduced to its discounted estimated recoverable amount, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated statement of earnings (loss) for the year. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of earnings (loss).

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through statement of earnings (loss) to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3. Significant Accounting Policies (continued)

(k) New Standards and Interpretations Not Yet Adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2012, and have not been applied in preparing these condensed consolidated interim financial statements. Those that may have a significant effect on the consolidated financial statements of the Company are discussed below.

Leases
As part of their global conversion project, the IASB and the U.S. Financial Accounting Standards Board ("FASB") issued in August 2010 a joint Exposure Draft proposing that lessees would be required to recognize all leases on the statement of financial position. The IASB and FASB currently expect to issue an updated Exposure Draft in 2012.

The following standards have an effective date of January 1, 2013 with early adoption permitted under certain circumstances. The Company intends to adopt these standards in its financial statements for the annual period beginning on October 1, 2013 and is currently evaluating the impact the standards are expected to have on its consolidated financial statements.

Consolidation Accounting
In May 2011 the IASB issued IFRS 10, Consolidated Financial Statements which replaces IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities with a single standard on consolidation. The IASB revisited the definition of "control," which is a criterion for consolidation accounting. The impact of applying consolidation accounting or the equity method of accounting under this new standard is not expected to result in any change to net earnings or shareholders' equity, but is expected to result in certain presentation related changes.

In addition, the IASB issued IFRS 12 – Disclosure of Interests in Other Entities (“IFRS 12”) which combines and enhances the disclosure requirements for a Company’s subsidiaries, joint arrangements, associates and unconsolidated structured entities. The requirements of IFRS 12 include enhanced reporting of the nature of risks associated with the Company’s interests in other entities, and the effects of those interests on the Company’s consolidated financial statements. The Company does not anticipate IFRS 12 will have a significant impact on its consolidated financial statements.

Joint Arrangements
In May 2011, the IASB issued IFRS 11 – Joint Arrangements (“IFRS 11”), which supersedes IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. This standard applies in determining the treatment of joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangements.

Disclosure of Interest in Other Entities
In May 2011, the IASB also issued IFRS 12 - *Disclosure of Interests in Other Entities,* which combines and enhances the disclosure requirements for the Company’s subsidiaries, joint arrangements, associates and unconsolidated structured entities. The requirements of IFRS 12 include reporting of the nature of risks associated with the Company’s interests in other entities, and the effects of those interests on the Company’s consolidated financial statements.

Fair value measurement
In May 2011 the IASB issued IFRS 13, Fair Value Measurement. This standard defines fair value and sets out in a single IFRS a framework for measuring fair value. The standard applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements.

3. Significant Accounting Policies (continued)

Financial instruments

In November 2009, the IASB issued IFRS 9, Financial Instruments ("IFRS 9") and in October 2010 the IASB published amendments to IFRS 9 (IFRS 9 (2010)) as the first step in its project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 requires two primary measurement categories for financial assets and liabilities: 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 guidance in IAS 39 on impairment of financial assets and on hedge accounting continues to apply. Under IFRS 9 (2010), for financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income (OCI), with the remainder of the change recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. Amounts presented in OCI will not be reclassified to profit or loss at a later date.

4. Investment in Columbus Silver Corporation

Columbus Silver Corporation was spun out of Columbus Gold in September 2008. At December 31, 2011, the Company owns 4,000,000 common shares (September 30, 2011 – 4,000,000; October 1, 2010 – 4,000,000) of Columbus Silver. The Company recorded its investment in Columbus Silver on a consolidated basis until August 28, 2009 at which point the Company's ownership interest declined from 35.7% to 18.5% as a result of share issuances by Columbus Silver. Commencing August 28, 2009, the Company's investment in Columbus Silver was determined to have converted from a controlled entity to an equity investment. The Company's interest in Columbus Silver was diluted as a result of an equity financing completed by Columbus Silver on August 28, 2009.

The carrying value of the investment in Columbus Silver account was written down to zero at December 31, 2010. In addition, two convertible notes held by Columbus Gold matured on August 31, 2010 and two new promissory notes were issued the details of which are described below. The principal balances of each note have been converted into Columbus Silver shares as described in note 15(c) 'Events after the reporting period'.

Promissory Note Receivable

On September 1, 2010, the Company entered into a new promissory note in order to extend repayment. The note bears simple interest of 5% per annum, the principal balance is convertible into common shares of the Company at $0.10 per share and it matures on August 31, 2012. Any accrued interest is payable on maturity. The Company allocated the principal balance of $845,208 first to the fair value of the conversion option of $420,520 with the difference allocated to the loan receivable of $424,688. At December 31, 2011 the Company has recorded $56,183 in accrued interest which is recorded in accounts receivable. At December 31, 2011, the amortized cost of the promissory note was $659,841 (September 30, 2011 - $603,602; October 1, 2010 - $435,424). Accretion expense for the three months ended December 31, 2011 was $56,240 (2010 - $34,629) relating to the debt discount calculated using the effective interest method. The effective interest rate was determined to be 40%.

On September 1, 2010, the Company entered into a new promissory note in order to extend repayment. The note bears simple interest of 5% per annum, the principal balance is convertible into common shares of the Company at $0.10 per share and it matures on August 31, 2012. Any accrued interest is payable on maturity. . The Company allocated the principal balance of U$540,465 (C$556,751) first to the fair value of the conversion option of $276,913 with the difference allocated to the loan receivable of $279,658. At December 31, 2011, the Company had recorded $36,226 in accrued interest which is recorded in accounts receivable. At December 31, 2011, the amortized cost of the promissory note was $429,417 (September 30, 2011 -$405,796; October 1, 2010 - $286,807). Accretion expense for the three months ended December 31, 2011 was $36,948 (2010 - $22,703) relating to the debt discount calculated using the effective interest method. The effective interest rate was determined to be 40%.

4. Investment in Columbus Silver Corporation (continued)

At the end of each reporting period, the conversion option is measured at fair value. At December 31, 2011, the fair value of the conversion options of the new convertible notes increased by $390,045 from September 30, 2011. The estimated fair value of the conversion option was determined using a Black-Scholes option pricing model with the following assumptions:

Expected price volatility	133%
Risk free interest rate	1.0%
Expected life of options	8 months
Expected dividend yield	Nil

5. Available-for-Sale Investments

	December 31, 2011		September 30, 2011		October 1, 2010	
	Number of Shares	Value	Number of Shares	Value	Number of Shares	Value
Piedmont Mining Corp.	6,285,715	**111,871**	6,285,715	243,781	6,285,715	142,407
Sniper Resources Ltd.	761,337	**152,267**	761,337	137,041	832,837	208,210
Navaho Gold Limited	263,236	**21,816**	263,236	26,730	-	-
Balance	7,310,288	**$285,954**	7,310,288	$ 407,552	7,310,288	$ 350,617

6. Reclamation Bond

The drilling permits for the following properties require refundable reclamation bonds. The bonds are held by the USA Forest Service and the US Bureau of Land Management.

		December 31 2011		September 30 2011		October 1 2010
Bolo	$	30,583	$	31,657	$	31,203
Eastside		15,650		16,130		-
Brown’s Canyon		14,085		14,517		-
Weepah		11,208		11,552		-
Awakening		4,410		4,410		4,231
Total	$	75,936	$	78,266	$	35,434

7. Exploration and Evaluation Assets

Details of exploration and evaluation assets are described below:

	September 30 2011	Acquisition Cost	Deferred Exploration	Impairment/ Divestiture	December 31 2011
Utah Clipper	$ 395,304	$ -	$ -	$ -	**$ 395,304**
Antelope	26,694	-	5,986	-	**32,680**
Dutch Flat	1	-	-	-	**1**
Crestview	210,384	-	-	-	**210,384**
Guild	12,063	-	-	-	**12,063**
Overland Pass	6,465	-	-	-	**6,465**
Pete's Summit	52,987	-	957	-	**53,944**
Bolo	1,754,834	-	12,676	-	**1,767,510**
Scraper	93,836	-	16,365	-	**110,201**
Eastside	392,007	-	(396)	-	**391,611**
Weepah	386,882	-	(1,508)	-	**385,374**
Brown's Canyon	240,140	-	343,598	-	**583,738**
Robinson Mtn./Red Hills	21,303	-	11,194	-	**32,497**
WHF & WHF North	9,171	-	7,443	-	**16,614**
Stevens Basin	88,484	-	-	-	**88,484**
Winnemucca	2,442	-	(443)	-	**1,999**
White Canyon	1,028	-	-	-	**1,028**
Hughs Canyon	162,711	-	10,374	-	**173,085**
Combs Peak	40,443	-	8,515	-	**48,958**
North Brown	22,742	-	314	-	**23,056**
Laura	604	-	3	-	**607**
Summit	75,659	-	-	(75,659)	**-**
Paul Isnard	19,016,183	1,054,861	799,115	-	**20,870,159**
Total	$ 23,012,367	$ **1,054,861**	**$ 1,120,492**	**$ (75,659)**	**$ 25,205,762**

7. Exploration and Evaluation Assets (continued)

	October 1 2010	Acquisition Cost	Deferred Exploration	Impairment/ Divestiture	**September 30 2011**
Utah Clipper	$ 416,177	$ (23,535)	2,662	-	**$ 395,304**
Antelope	-	7,110	19,584	-	**26,694**
Golden Mile	-	75,960	3	(75,963)	**-**
Dutch Flat	31,485	3,972	3,977	(39,433)	**1**
Crestview	210,385	-	(1)	-	**210,384**
Guild	47,446	-	(35,383)	-	**12,063**
Overland Pass	29,552	-	(23,087)	-	**6,465**
Pete's Summit	8,099	6,686	38,202	-	**52,987**
Bolo	1,608,311	-	146,523	-	**1,754,834**
Scraper	56,522	-	37,314	-	**93,836**
Eastside	120,956	18,640	252,411	-	**392,007**
Weepah	109,442	(9,658)	287,098	-	**386,882**
Brown's Canyon	18,530	35,542	186,068	-	**240,140**
Robinson Mtn/Red Hills	7,893	-	13,410	-	**21,303**
WHF &WHF North	13,435	5,208	(9,472)	-	**9,171**
Stevens Basin	111,056	-	(22,572)	-	**88,484**
Winnemucca	923	-	1,519	-	**2,442**
White Canyon	1,028	-	-	-	**1,028**
Hughs Canyon	-	22,071	140,640	-	**162,711**
Combs Peak	-	-	40,443	-	**40,443**
North Brown	-	5,808	16,934	-	**22,742**
Laura	-	-	604	-	**604**
Summit	70,202	-	5,457	-	**75,659**
Paul Isnard	-	17,272,196	1,743,987	-	**19,016,183**
Total	**$** 2,861,442	$ 17,420,000	$ 2,846,321	$ (115,396)	**$ 23,012,367**

A breakdown of the acquisition, exploration and evaluation expenditures by type is as follows:

	Three months ended December 31 2011	Year ended September 30 2011
Balance – beginning of year	**$ 23,012,367**	**$ 2,861,442**
Acquisition	1,054,861	17,444,033
Administration	157,142	395,842
Assays	27,540	74,752
Camp costs	-	412,540
Claim renewals	(2,750)	143,982
Drilling and trenching	527,035	842,337
Equipment	-	66,873
Geologists and staff	220,660	660,659
Geophysics	3,100	104,182
Maps and Reports	-	40,305
Site Preparation and Reclamation	130,565	35,425
Travel	150,901	166,100
Property impairment	-	(115,396)
Option payments received	-	(120,709)
Property divestiture	(75,659)	-
Balance	**$ 25,205,762**	**$ 23,012,367**

7. Exploration and Evaluation Assets (continued)

Paul Isnard – French Guiana

On June 30, 2011, Columbus Gold closed its transaction with Auplata SA ("Auplata") for an option to acquire up to a 100% interest in the Paul Isnard gold project in French Guiana, a Department of France. Auplata has agreed to never hold 50% or more of the Company due to share issuances related to the transaction. The Paul Isnard project consists of eight mining permits.

The Company is able to earn an initial 51% interest in the Paul Isnard project by incurring $7,000,000 in exploration expenditures by June 29, 2013. Upon the Company earning a 51% interest in the project, it will have the option to increase its interest to 100% by completing a bankable feasibility study by June 29, 2015. The agreement was further amended on December 5, 2011, whereby the Company agreed to pay a US$1,000,000 production payment to Golden Star Resources Ltd. ("Golden Star") 30 days after the date that gold is first commercially produced by Columbus Gold on the property. In exchange, Auplata agreed to an accelerated option allowing Columbus Gold to earn an immediate 100% interest in the Paul Isnard property by paying Auplata US$1,500,000, of which $1,000,000 has been paid to January 3, 2012. See note 15 Events after the reporting period.

On December 5, 2011, the Company entered into an option agreement with Euro Ressources S.A. ("Euro Ressources"). The Company agreed to enter into an option to purchase the existing royalty on the Paul Isnard project in exchange for $250,000 in cash and $83,333 payable in shares, a $50,000 annual maintenance fee, and $4,200,000 in cash and 12,865,000 in shares of the Company. The option to purchase this royalty can only be exercised upon the Company earning its 100% ownership of the Paul Isnard asset, and certain regulatory approval by the French government. In exchange, Euro Ressources has agreed to grant a Net Smelter Royalty ("NSR") over the property under which the Company would earn 1.8% on the first 2,000,000 ounces of gold produced and 0.9% on the next 3,000,000 ounces of gold produced as calculated per the option agreement.

On December 6, 2011, the Company announced that it has executed an amended agreement that provides for Columbus Gold to accelerate its ability to earn-in to the Paul Isnard gold project. With the amendment, Columbus Gold is able to acquire an immediate 100% interest to the project by paying $1.5 million to Auplata SA. Columbus Gold will no longer be required to complete minimum exploration expenditures nor complete a bankable feasibility study.

TSXV approval for both strategic agreements referenced above was received on December 23, 2011.

Summit Property - Divestiture

On November 30, 2011, the Company announced that the option agreement between Agnico-Eagle Mines Limited ("Agnico-Eagle") and the Company, dated June 1, 2007, was terminated and replaced with a definitive purchase and sale agreement providing for a 100% interest (subject to a 2% NSR royalty to Cordilleran Exploration Company) in the Summit Project to Agnico-Eagle for consideration of US$8.5 million. The completion of this transaction was announced on December 22, 2011. A US$250,000 break-up fee was paid to Newmont USA Limited ("Newmont") on December 21, 2011, in accordance with an agreement between Columbus Gold Corp. and Newmont dated October 12, 2011.

Nevada Projects

Utah Clipper / Crestview Properties

On September 20, 2010, the Company entered into an agreement with Navaho Gold Ltd. ("Navaho") wherein Navaho can earn an initial 51% interest in the Utah Clipper and Crestview Properties by incurring US$3,000,000 in exploration expenditures, of which US$200,000 is mandatory by December 31, 2011 (paid to Columbus) by September 20, 2015, paying US$20,000 (received) by December 24, 2010 and by issuing US$160,000 in common shares of Navaho by September 20, 2015. Navaho can earn an additional 19% interest by completing a bankable

7. Exploration and Evaluation Assets (continued)

feasibility study or by making an additional US$10,000,000 in expenditures within 4 years of attaining a 51% interest.

Four Metals Property

On July 28, 2009, the Company entered into two option agreements with White Cloud Resources LLC ("White Cloud") wherein White Cloud can earn a 100% interest in the property. The aggregate payments required under the agreements are as follows:

Date	Amount (US)	
On Execution of the Agreement	$20,000	(paid)
By the July 28, 2010	30,000	(paid)
By the July 28, 2011 *	50,000	(paid)
By the July 28, 2012	70,000	
By the July 28, 2013	80,000	
By the July 28, 2014	$85,000	

* White Cloud is required to issue common shares equivalent to 1.5% of its issued and outstanding shares at July 28, 2011. (received)

The Company has a $nil carrying value for this property as the option payments it has received to date exceed the previously capitalized expenditures on the property.

Guild / Weepah / Laura / Overland Pass Properties
The Company entered into joint venture options with Sniper Resources Ltd. ("Sniper") on the Guild, Weepah, Laura and Overland Pass properties in Nevada.

Guild:
Sniper can earn a 51% interest by paying the Company US$17,500 (paid) in cash, US$32,500 (paid) in cash by April 30, 2007, issuing 233,500 common shares of Sniper (233,500 shares received) and by endeavoring to spend US$700,000 in exploration expenditures by December 31, 2011, including US$200,000 of mandatory expenditures by December 31, 2011 (incurred).

Weepah:
Pursuant to the terms of the option agreement dated September 26, 2011, Sniper can earn an initial 51% interest by: (i) incurring $3,000,000 in exploration expenditures over three years; (ii) paying $20,000 on execution of the agreement (paid); and (iii) issuing an aggregate of $60,000 worth of Sniper common shares over three years. In the event that Sniper earns its initial 51% interest in Weepah, it will have the option to earn an additional 19% interest therein, for a total 70% interest, by completing a bankable feasibility study.

Laura:
Laura is currently 100% owned by the Company, subject to third party NSR. Pursuant to the terms of the option agreement dated April 13, 2011, Sniper is in the process of earning an initial 70% interest in the underlying lease to the Laura property by: (i) having paid US$10,000 cash and issued 100,000 common shares of Sniper to the Company; and (ii) by fulfilling the third party underlying lease and maintenance payment obligations through August 7, 2012. Sniper will then have a 30 day period in which to earn a further 30% interest, for 100% in total, by paying US$200,000 in cash or shares and granting it a 1.5% NSR on the project.

7. Exploration and Evaluation Assets (continued)

Overland Pass:
Sniper can earn a 51% interest by paying the Company US$12,500 (paid) in cash, US$37,500 (paid) in cash or shares by April 30, 2007, and by incurring US$2,000,000 in exploration expenditures by December 31, 2012, including US$350,000 of mandatory expenditures by December 31, 2011 (incurred).

White Horse Flats
On September 20, 2010, the Company entered into an agreement with Navaho wherein Navaho can earn an initial 51% interest in the White Horse Flats Property by incurring US$3,000,000 in exploration expenditures, of which US$250,000 is mandatory, by September 20, 2015, paying US$20,000 (received) by December 24, 2010 and by issuing US$160,000 in common shares of Navaho by September 20, 2015. Navaho can earn an additional 19% interest by completing a bankable feasibility study or by making an additional US$10,000,000 in expenditures within 4 years of attaining a 51% interest.

Stevens Basin
On September 20, 2010, the Company entered into an agreement with Navaho wherein Navaho can earn an initial 51% interest in the Stevens Basin Property by incurring US$3,000,000 in exploration expenditures, of which US$250,000 is mandatory by December 31, 2010, by September 20, 2015, paying US$20,000 (received) by December 24, 2010 and by issuing US$160,000 in common shares of Navaho by September 20, 2015. Navaho can earn an additional 19% interest by completing a bankable feasibility study or by making an additional US$10,000,000 in expenditures within 4 years of attaining a 51% interest.

Other Properties
The Company has additional exploration properties in Nevada including Hughes Canyon, Chert Cliff, Del Oro, White Horse North, Winnemucca Mountain, Robison Mtn, Scraper Springs, Dutch Flat, White Canyon, Pete's Summit, Bolo, Eastside, and Red Hills.

The Company has farmed out several of its properties to third parties in previous years, and is actively seeking joint venture partners to earn into Hughes Canyon, White Horse North, Winnemucca Mountain, Scraper Springs, Dutch Flat, and Red Hills.

Impairment
Management reviewed the carrying values of its exploration and evaluation assets and determined that none of these assets were impaired at December 31, 2011. At December 31, 2010, management reviewed of the carrying values of the exploration and evaluation assets and identified impairment indicators on certain properties due to the fact that the Company had no immediate plans to conduct further exploration activities or the property was abandoned. An impairment charge of $76,314 was recorded.

8. Share Capital and Share-based payments

(a) Common Shares

Authorized - Unlimited common shares without par value.

The following transactions occurred during the three months ended December 31, 2011:

On December 22, 2011, the Company issued 237,017 shares valued at $166,667 and made a cash payment of $83,333 to Euro Ressources for a total of $250,000 as consideration for entering into an Option Agreement to acquire the existing outstanding royalty on the Paul Isnard gold project. The agreement was first announced on December 5, 2011. Euro Ressources is a majority-owned subsidiary of IAMGOLD with a direct ownership of approximately 86%.

8. Share Capital and Share-based payments (continued)

(b) Share Options

The Company's shareholders adopted the share option plan (the "Option Plan") for its directors, officers, employees and service providers. The Option Plan provides that options to purchase commons shares may be granted to eligible persons on terms determined within the limitations set out in the Option Plan. On April 15, 2011, the Company amended its 2009 share purchase option plan to increase the maximum number of common shares to be reserved for issuance from 5,253,584 to 7,000,000 share purchase options. The board of directors may from time to time, grant options to directors, officers, employees or consultants to a maximum of 20% of the issued and outstanding share capital amount. The exercise price of a share purchase option granted under the Option Plan may not be less than that permitted by applicable regulatory authorities. Options granted may be subject to vesting requirements. The options have average terms of five years and generally have vesting terms ranging from immediate vesting to up to 18 months after grant.

A summary of the changes in the Company's share options is set out below:

	Number of Optioned Common Shares	**Weighted Average Exercise Price $**
Balance, October 1, 2010	**5,483,000**	**0.56**
Options granted	2,765,000	**0.66**
Options exercised	(1,425,000)	**0.47**
Options forfeited/cancelled/expired	(1,350,000)	**0.85**
Balance, September 30, 2011	**5,473,000**	**0.57**
Granted	1,295,000	**0.78**
Options forfeited/cancelled/expired[1]	(290,000)	**0.97**
Balance, December 31, 2011	**6,478,000**	**0.69**
Exercisable, December 31, 2011	**5,933,000**	**0.57**

At December 31, 2011, the number of optioned common shares outstanding and exercisable is as follows:

Exercise price range (CAD$)	Number of Options Outstanding	Weighted average remaining life of options (years)	Number of Options Exercisable	Weighted average remaining life of options (years)
$0.25 - $0.50	3,533,500	2.8	3,533,500	2.8
$0.78 - $0.85	2,734,500	4.6	2,189,500	4.5
$1.25 - $1.68	210,000	0.7	210,000	0.7
	6,478,000	3.5	5,933,000	3.4

The weighted average market price of the Company's common shares on the dates when the share options were exercised was $0.77 for the year ended September 30, 2011.

[1] *200,000 options were cancelled as per the Company's policy for employees who leave before satisfying the terms of the vesting period. 90,000 options expired as they were not exercised before their contractual end date.*

(c) Share-based Payments

The fair value of share options recognized as an expense during the three months ended December 31, 2011 was $510,299 (three months ended December 31, 2010 -74,390). For share options granted during the three months ended December 31, 2011, the weighted average fair value of options granted was $0.78 (three months ended December 31, 2010 – $0.66), resulting in a total fair value of $1,012,642 (three months ended December31, 2010 - $667,228). The following are the weighted average assumptions used in the Black-Scholes options pricing model for the December 22, 2011 option grant:

Expected price volatility	112%
Risk free interest rate	0.96%
Expected life of options	3 years
Expected dividend yield	Nil

The fair value of each share option payment is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the table above. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate. The expected forfeiture rate represents the cumulative historical rate of forfeitures occurring within the vesting period.

(d) Warrants

A summary of the changes in the Company's share purchase warrants is set out below:

	Warrants Outstanding	Weighted Average Exercise Price
Balance – October 1, 2010	**10,469,788**	**$0.30**
Exercised	(8,642,938)	$0.30
Balance – September 30, 2011	**1,826,850**	**$0.30**
Exercised	(1,114,825)	$0.35
Expired [1]	(10,750)	$0.35
Balance – December 31, 2011	**701,275**	**$0.35**

A summary of share purchase warrants outstanding as at December 31, 2011 is set out below:

Number of Warrants	Exercise Price	Expiry Date
700,000	0.35	January 9, 2012
[1] 1,275	0.35	January 9, 2012

(1) Indicates Agent's Warrants.

(e) Income (loss) per share

	Three months ended December 31, 2011		
	Net income	Weighted Average Number of Shares	Per share amount
Basic net income per share	**$ 7,952,647**	**90,675,912**	**$ 0.09**
Effect of dilutive securities:			
Share options	-	1,540,287	
Warrants	-	659,456	
Diluted net income per share	**$ 7,952,647**	**92,875,655**	**$ 0.09**

	Three months ended December 31, 2010		
	Net loss	Weighted Average Number of Shares	Per share amount
Basic net loss per share	**$ (4,184)**	**36,139,518**	**$ (0.00)**
Effect of dilutive securities:			
Share options	-	-	
Warrants	-	-	
Diluted net loss per share	**$ (4,184)**	**36,139,518**	**$ (0.00)**

9. Commitments

In December 2010, the Company extended its agreement with Cordex until December 31, 2011. This agreement was subsequently renewed to December 31, 2013. Cordex designs, initiates and carries out mineral exploration and development activities on behalf of the Company with the objective of identifying, acquiring and exploring new mineral properties and operating exploration programs on the Company's existing portfolio of mineral properties. Cordex and Columbus Gold Corporation share an officer in common. The agreement is exclusive to Columbus Gold. Columbus Gold (U.S.) provides Cordex with general operating capital, exclusive of third party contractor expenses, of up to US$44,000 per month which includes a monthly management fee to Cordex of US$12,500.

Further, Cordex is entitled to receive a 2% NSR on any claims that it stakes on behalf of the Company. If claims or mineral rights are identified by Cordex and acquired from third parties, then the Cordex NSR shall be the difference between a 4% NSR and the third party royalty provided, however, it shall be no less than 1% or greater than 2%. All properties acquired by the Company within two miles of a claim generated by Cordex will fall under an area of influence and become subject to the agreement. No amount has been paid to Cordex for NSR's as there are no producing assets.

10. Related Party Transactions

At December 31, 2011, the Company owed $nil (September 30, 2011 - $nil) for director fees.

The following related party transactions were in the normal course of operations and are measured at their exchange amounts being the amount of consideration as agreed to between parties and consists of the following items.

	Three months ended			
		December 31 2011		December 31 2010
Don Gustafon – Director; director fees	$	3,000	$	3,000
Perennial Capital Corp – management and director fees (i)		118,000		18,000
Gil Atzmon - Director; director fees		3,000		3,000
Peter Gianulis - Director; director fees		3,000		3,000
Cordilleran Exploration Co. (“Cordex”) (ii) – consulting fees		35,297		18,750
Andy Wallace – President; management fees (iii)		15,000		-
Total	$	177,297	$	45,750

i. Perennial Capital Corp is the private company of the Company’s chairman Robert Giustra. For the three months ended December 31, 2011, amount includes a bonus amount of $100,000 (2010 - $nil) and management fees of $15,000 (2010 - $15,000) to this company. Remainder represents director fees.
ii. At December 31, 2011, a total of $275,277 (September 30, 2011 - $120,836) has been advanced to Cordex, a company with an officer in common with Columbus Gold (U.S.) Corp., for exploration expenditures on the Company’s exploration and evaluation assets.
iii. Andy Wallace received $5,000 per month as management fees for his duties as President of the Company.

11. Capital Management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders’ equity as well as cash and cash equivalents and receivables.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. There have been no changes to the Company’s capital management policies and procedures since the end of the most recent fiscal year.

The Company’s investment policy is to invest its cash in low risk highly liquid short-term interest bearing investments, selected with regards to the expected timing of upcoming expenditures.

The Company expects its current capital resources will be exhausted by the end of the current operating period and thus plans to obtain additional working capital through an equity financing. The Company is not exposed to any externally imposed capital requirements, and there have been no changes to its capital management in the past year.

12. Financial Instruments

a) Fair Value of Financial Instruments

The fair value of the Company's financial instruments including cash and cash equivalents, term deposits, receivables, amounts due to related parties and accounts payable and accrued liabilities approximates their carrying value due to the immediate or short term maturity of these financial instruments. The fair value of the reclamation bonds approximates their fair value based on current interest rates and high liquidity.

The fair values of available-for-sale investments are based on quoted market prices for publicly traded shares.

IFRS 7, *Financial Instruments: Disclosure* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. Available-for-sale investments are classified as Level 1. Level 2 classifications include the conversion option on the promissory note receivable (and the warrant liability). The promissory note was recognized in two components with the conversion option classified as FVTPL and based on the Black-Scholes model which incorporates market prices of the underlying shares.

At December 31, 2011, there were no financial assets or liabilities measured and recognized in the consolidated statement of position that would be categorized as Level 3 in the fair value hierarchy above.

b) Financial Instrument Risk Exposure and Risk Management

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at December 31, 2011 are summarized below. The board of directors reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

Liquidity Risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at December 31, 2011, the Company had a combined cash and cash equivalents balance of $9,975,606 (September 30, 2011 - $3,345,974; October 1, 2010 - $1,390,449) to settle current liabilities of $233,839 (September 30, 2011 - $101,536; October 1, 2010 - $93,122). The Company expects that its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period.

The Company is committed is spending at least $44,000 month related to its agreement with Cordex to December 31, 2013 in the event Cordex continues to provide services.

Interest and Credit Rate Risk

The Company has significant cash balances and no interest-bearing debt. Aside from the promissory note due from Columbus Silver, the Company has no significant concentrations of credit risk arising from operations. The note receivable from Columbus Silver was converted to equity on February 15, 2012 (see note 15(c)). The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

The Company has receivables consisting of goods and services tax due from the Federal Government of Canada and payments due from a property optionee. Management believes that the credit risk concentration with respect to receivables is low.

Market Risks

Foreign Currency Risk

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the Company's operations are located in the United States of America and French Guiana. The Company also has liabilities denoted in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors gold prices to determine the appropriate course of action to be taken.

Investment risk

The Company hold investments in common shares of publicly traded companies which give rise to market risk and share price variance. The Company monitors the trading of these companies in order to minimize this risk.

13. Supplemental Cash Flow Information

Cash and cash equivalents consist of:

		December 31 2011		September 30 2011		October 1 2010
Cash	$	8,975,606	$	1,594,270	$	639,826
Term deposit		1,000,000		1,751,704	$	750,623
Total	$	9,975,606	$	3,345,974	$	1,390,449

The term deposit held at December 31, 2011 matures in August 2012; however, is fully redeemable at any time without penalty and thus is recorded as cash and cash equivalents. Interest is earned at prime less 1.8% on the balance drawn.

The significant non-cash investing or financing activities during the three months ended December 31, 2011 were:

a) In accordance with the Option Agreement between Columbus Gold and Euro Ressources S.A, dated December 2, 2011, the Company issued to 237,017 shares to Euro Ressources valued at $166,667.

14. Transition to International Financial Reporting Standards

As stated in Note 2, these are the Company's first consolidated interim financial statements prepared in accordance with IAS 34. The accounting policies described in Note 3 have been applied in preparing the consolidated interim financial statements for the three months ended December 31, 2011, the comparative information presented in these interim financial statements for the three months ended December 31, 2010 and in the preparation of consolidated statements of financial position as at October 1, 2010 and September 30, 2011. October 1, 2010 was the Company's date of transition to IFRS (the "date of transition").

In preparing its consolidated statements of financial position in accordance with IFRS, the Company has adjusted amounts previously reported in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's total equity, net loss and cash flows is set out in the following tables and the notes that accompany these tables.

Transition date exemptions

IFRS 1 sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transition date with all adjustments to assets and liabilities recognized in deficit, unless certain exemptions are applied.

The following are the optional exemptions available under IFRS 1 that the Company has elected to apply to its opening statement of financial position as at October 1, 2010:

Share-based payments – This exemption permits the first-time adopter to not apply IFRS 2, *Share-based Payments* ("IFRS 2") to equity instruments that vested before the date of transition or any unvested equity instruments that were granted prior to November 7, 2002. The Company has elected not to apply IFRS 2 to awards that vested prior to October 1, 2010.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition must be consistent with the estimates made for the same date under previous GAAP, unless there is new objective evidence that the estimates were in error. The Company's IFRS estimates as of October 1, 2010, December 31, 2011 and September 30, 2011 are consistent with its Canadian GAAP estimates for the same dates.

Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS

IFRS 1 requires an entity to provide a reconciliation of total assets, total liabilities, equity, loss and comprehensive loss for comparative periods reported under previous GAAP. The following tables provide such reconciliation and provide details on the impact of adoption of IFRS on amounts previously reported by the Company under Canadian GAAP.

Reconciliation of total assets

	Note	September 30, 2011	December 31, 2010	October 1, 2010
Total assets under Canadian GAAP		$ 29,651,652	$ 8,253,491	$ 7,301,278
Adjustments for differing accounting treatments				
Promissory note	b)	(90,265)	(126,936)	(135,125)
Total assets under IFRS		$ 29,561,387	$ 8,126,555	$ 7,166,153

14. Transition to International Financial Reporting Standards (continued)

Reconciliation of total liabilities

	Note	September 30, 2011	December 31, 2010	October 1, 2010
Total liabilities under Canadian GAAP		$ 101,536	$ 95,830	$ 93,122
Adjustments for differing accounting treatments		-	-	-
Total liabilities under IFRS		$ 101,536	$ 95,830	$ 93,122

Consolidated statements of equity

	Note	September 30, 2011	December 31, 2010	October 1, 2010
Total equity under Canadian GAAP		$ 29,550,116	$ 8,157,661	$ 7,208,156
Adjustments for differing accounting treatments				
Conversion option	b)	(90,265)	(126,936)	(135,125)
Total equity under IFRS		$ 29,459,851	$ 8,030,725	$ 7,073,031

Consolidated statements of loss and comprehensive loss

	Note	Three months ended December 31, 2010	Twelve months ended September 30, 2011
Total net loss under Canadian GAAP		$ (12,373)	$ (2,516,995)
Adjustments for differing accounting treatments			
Share based payments	a)	-	(37,112)
Conversion option	b)	8,189	44,860
Total net loss under IFRS		$ (4,184)	$ (2,509,247)
Accumulated other comprehensive income / (loss)	**Note**		
Total other comprehensive income / (loss) under Canadian GAAP		$ 81,833	$ 108,420
Adjustments for differing accounting treatments		-	-
Other comprehensive loss under IFRS		$ 81,833	$ 108,420

a) Share-based payments

Certain previously issued share options had not fully vested at transition date. Consequently these equity instruments do not fall within the scope of the IFRS exemption pertaining to share-based payments and must be re-measured in accordance with IFRS 2 on a retrospective basis. The re-measurement of these share options under IFRS was not materially different at transition date to IFRS. For the year ended September 30, 2011, an adjustment

14. Transition to International Financial Reporting Standards (continued)

of the share-based payment expense was recorded, representing the difference in measurement of the options under Canadian GAAP and IFRS. No adjustment was recorded for the period of three months ended December 31, 2010.

b) Conversion option

IFRS requires that the derivative asset be measured first and the residual allocated to the loan receivable. This treatment is divergent from Canadian GAAP and therefore an adjustment on transition to the conversion option and loan receivable is required. The loan receivable thus had a different present value on initial recognition and therefore accretion under IFRS is different than under Canadian GAAP. Foreign exchange differences resulting on revaluation of the conversion option will be included in the fair value adjustment of the conversion option.

Cash Flows

The adoption of IFRS has had no impact on the net cash flows of the Company. The presentation of the cash flow statement in accordance with IFRS differs from the presentation of cash flow statement in accordance with Canadian GAAP. IAS 7, Statement of Cash Flows, requires that cash flows relating to finance costs/interest and income tax to be separately presented within the relevant cash flow categories. Under Canadian GAAP these amounts were previously excluded from the reconciliation of changes in net cash flows and instead disclosed as part of the notes to the consolidated financial statements. These amounts have been included in the reconciliation of cash flows from operating activities' within the consolidated statement of cash flows under IFRS.

15. Events after the reporting period

a) On January 3, 2012, the Company paid $1,000,000 to Auplata of the $1,500,000 required payment for an option to accelerate the 100% earn-in of the Paul Isnard property located in French Guiana. The remaining $500,000 is due upon receiving the French Government's non-objection letter which has not yet been received.

b) On February 3, 2012, the Company announced it issued a total of 300,000 non-transferable broker warrants to National Bank Financial Inc. ("NBF"), each such warrant exercisable until December 20, 2012, into one common share of the Company at $0.80 per share. This warrant issuance was in accordance with the Strategic Financing Advice Agreement, dated December 21, 2011, between Columbus Gold and NBF, whereby NBF had assisted the Company in completing the Company's sale of its Summit Property to Agnico-Eagle (USA) Limited.

c) On February 15, 2012, the Company announced the conversion of all of the principal amounts owed to it by Columbus Silver Corporation under the promissory notes. The promissory notes represented principal debt amounts owed to Columbus Gold of $845,208 and US$540,465, which amounts were convertible at Columbus Gold's option into common shares at C$0.10 per share. Columbus Gold has elected to convert all of the principal debt owing under the promissory notes, and Columbus Silver has thus issued it a total of 13,858,898 common shares. Interest of $166,060 and US$120,383 remains owing under the promissory notes; such interest is not convertible into common shares and must be paid by Columbus Silver to Columbus Gold on or before August 1, 2012. This interest related to the new and previous promissory note (note 4).