Distinguished Mine Finders

Columbus Gold

Annual Report

- 2012 -

CGT | TSX-V

CBGDF | OTCBB

3CG | FSE

DISTINGUISHED MINE FINDERS

Contents

Letter from our CEO 2

Management Discussion & Analysis 7

Consolidated Financial Statements 43

Officers & Directors 79

Corporate Information 81

Robert F. Giustra
Chairman & Chief Executive Officer

To Our Fellow Shareholders:

In what turned out to be a roller-coaster year for commodity prices, predictions of the end of the mining "super-cycle" were proven to be unfounded, however activity in the junior mining sector remained sluggish, creating a challenging operating environment. In spite of lingering industry uncertainty, Columbus Gold nonetheless experienced another exceptional year.

In early 2012, our Paul Isnard gold project was given a significant boost following confirmation by the national government of France that it had approved new legislation related to the development of the mining industry in French Guiana. This legislation was a clear message that the region is now open for business and committed to developing its vast mineral wealth potential.

Investor confidence towards Paul Isnard has grown with the legislation providing absolute clarity on exactly where mineral exploration and development is possible. From a corporate perspective, this has also greatly increased the level of confidence with respect to the potential for future open pit mining operations at our Montagne d'Or gold deposit – one of numerous gold occurrences located within the Paul Isnard property which is 100% owned and controlled by Columbus Gold.

In mid-2012, we successfully amended the terms of an agreement with Euro Ressources S.A., a majority-owned subsidiary of IAMGOLD. The agreement gives Columbus the option to acquire the existing underlying royalty on the Paul Isnard gold project, currently held by Euro and the amendment provides an additional year in which we may consider exercising the option, effectively deferring cash and associated share payments to late-2013. Importantly, the revised terms allowed us to redirect approximately $4.2 million towards exploration and development of Montagne d'Or.

...Continued on page 4

During the year, we were also successful in raising $5.5 million through a bought deal financing – one of only a handful completed in the industry during the period. The financing was completed in what was perhaps one of the most inhospitable market environments in the last twenty years, further underlying the investment community's confidence in our ability to operate and progress in the most difficult circumstances.

During the year, Columbus Gold's portfolio in Nevada continued to expand with the acquisition of two new gold projects. Our exploration activities in Nevada continue to be managed pursuant to an exclusive agreement with Cordex, which has now been extended to the end of 2014. We remain a prolific project generator and now control 27 gold projects in Nevada, ranking us in the top three juniors in the state.

Seven of the company's Nevada gold projects were drill tested throughout the year; a level of exploration activity that is practically unprecedented for a junior, even in a favorable market setting.

In what was undoubtedly the main highlight of the reporting period, we announced the completion of Phase I drilling at the Montagne d'Or gold deposit at Paul Isnard. Drill results indicated a 184% increase on the previous resource estimate and clearly demonstrate that the deposit has both large scale and good grade.

Results confirm that the deposit begins at surface and reaches an average vertical depth of at least 250 meters, which may still be within open-pit range. Utilizing a cut-off grade of 0.3 g/t gold yields 117.1 million tonnes at an average grade of 1.43 g/t gold for a total of 5.37 million contained Inferred ounces of gold, and a significantly higher cut-off grade of 1.0 g/t gold still yield 58.1 million tonnes at an average grade of 2.22 g/t gold for a total of 4.15 million contained Inferred ounces of gold.

Looking forward, we anticipate an even more challenging market environment in 2013. Spending levels will be re-evaluated with a view to reducing overheads, and expenditures in Nevada will be focused on fewer, but the most compelling drill targets.

At Paul Isnard, the principal objective will be commencement of Phase II drilling at Montagne d'Or where infill drilling is expected to add ounces and convert much of the resource from Inferred to Indicated & Measured and where limited holes in Phase I have revealed the potential to add ounces on strike.

As always, our commitment remains to capitalize on available opportunities, while simultaneously creating shareholder value in the most accretive and least dilutive fashion.

Robert F. Giustra
Chairman & Chief Executive Officer
January 24, 2012

Management Discussion and Analysis

For the Year Ended September 30, 2012

Introduction

The following Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Columbus Gold Corporation (the "Company" or "Columbus Gold") and its subsidiary's performance and such factors that may affect its future performance. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended September 30, 2012, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements are the Company's first set of consolidated financial statements prepared in accordance with IFRS and *IFRS 1, First-Time Adoption of IFRS* ("IFRS 1) has been applied. Unless otherwise noted, all currency amounts are in Canadian dollars. This MD&A is dated January 25, 2013.

Forward Looking Information

This MD&A contains "forward-looking information and statements" that are subject to risk factors set out under the caption Caution regarding forward looking statements later in this document. The reader is cautioned not to place undue reliance on forward-looking statements.

Profile and strategy

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 and obtained a listing on the TSX Venture Exchange ("TSX-V") 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. 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, diversifies funding sources and minimizes risk through joint ventures on selected projects.

Overall performance and outlook

The following highlight's the Company's overall performance for the year ended September 30, 2012, compared to the year ended September 30, 2011:

- Net income of $2,905,958 for the year ended September 30, 2012 compared to a net loss of $2,509,247
- Recorded gain of $8,320,713 on sale of Summit property
- Recorded impairment of exploration and evaluation assets of $1,286,429 compared to $115,396
- Recorded impairment of investment in Columbus Silver Corporation of $1,367,397
- Cash increased by 32% to $4,401,356 from $3,345,974
- Working capital increased by 33% to $6,697,923 from $5,036,180
- Exploration and evaluation assets increased by 33% to $30,614,502 from $23,012,367

On January 10, 2013, the company appointed Mr. Rock Lefrançois to the position of Chief Operating Officer. Mr. Lefrancois is a professional geologist with 25 years of experience in the mining industry, more precisely in the search, evaluation and development of various types of precious and base metal deposits throughout North and Central America. During his fifteen- year engagement with mid-tier mining companies, namely in the position of Senior Geologist with Cambior and Aur Resources, he was responsible for the implementation of project generative and advanced acquisition programs and the management of exploration and extensive resource/reserve definition drilling programs.

More recently, he has held senior level management positions and directorships with publicly traded Canadian junior exploration companies. During his seven-year tenure as Vice-President and President & COO of NioGold Mining Corp., he was a key contributor to consolidating a large land package within the heart of Canada's most prolific gold mining camp, defining a +2 million-ounce gold resource, and finally attracting and negotiating a strategic partnership with a mid-tier producer to carry the project to the feasibility stage.

On December 14, 2012, the Company entered into an option agreement with Columbus Silver Corporation ("Columbus Silver") under which the Company has granted Columbus Silver an option to acquire its Bolo property located in Nevada, as well as 100% of Columbus Gold's other projects in the United States (together with Bolo, the "Property Package"). In total, approximately 25 properties located in Nevada and Arizona have been optioned by Columbus Gold to Columbus Silver.

Under the Agreement, Columbus Silver will have until December 31, 2014 to exercise the Option to acquire those subsidiaries of Columbus Gold (being Columbus Gold (US Property Holding) Corporation, Columbus Gold (U.S.) Corporation, and Columbus Gold (Nevada) Corporation) that hold the Property Package (the "CGT Subsidiaries"), by completing exploration expenditures on Bolo equal to the greater of $700,000 or the dollar amount recommended by an independent technical report as a phase I program thereon, maintaining the Property Package in good standing during the option period, maintaining Columbus Gold (U.S.) Corporation's agreement with Cordilleran Exploration LLC in good standing, and issuing 18,750,000 shares after completing a 4-for-1 consolidation of its common shares to Columbus Gold.

On November 22, 2012, the Company announced completion of its Phase I drill program and results of an additional thirty one diamond core holes, MO 12-74 to 98 and 100 to 105 totaling 10,873.65 metres, at its Paul Isnard gold project in French Guiana. The holes were laid-out to confirm and expand, internally, along strike and at depth, the Montagne d'Or gold deposit within which earlier widely spaced holes had outlined a 43-101 compliant inferred resource of 1.9 million ounces gold within 36 million tonnes grading 1.6 gpt gold.

On October 29, 2012, the Company has been issued 1,500,000 common shares in the capital of Sniper Resources Ltd. ("Sniper") pursuant to its acquisition of all of Columbus Gold's interest in the Laura Claim Group located in Lander County, Nevada.

On August 20, 2012, the Company tentatively waived its right of first refusal to acquire an option on the Karapinar copper porphyry project located in Western Turkey as a result of Columbus Copper Corporation ("Columbus Copper"), formerly Empire Mining Corporation, entering into a binding letter agreement with First Quantum Minerals Ltd. ("FQML") on the Bursa project. Columbus Copper has a 100% interest in the Turkish mineral project, which is comprised of the Demirtepe and Karapinar projects, collectively known as Bursa. Karapinar is adjacent to the Demirtepe high-grade copper-gold-silver-molybdenum skarn project, on which Columbus Gold holds a conditional option via an agreement with Columbus Copper dated March 28, 2012. The agreement further provides Columbus Gold with the aforementioned right of first refusal respecting transactions involving Karapinar. The Company signed a letter of intent ("LOI") dated March 27, 2012 with Columbus Copper to earn into 51% of the Demirtepe property located in Turkey. The terms of the LOI include the Company committing to spending $5 million over a three year period, of which $2 million is satisfied by the Company's payment of an initial deposit (the "Deposit") to Columbus Copper while the two parties negotiate a definitive agreement. Columbus Copper entered into a binding letter agreement with First Quantum Minerals Ltd. ("FQML") to acquire 51% interest on Bursa by making a $1.5 million payment to Columbus Copper and by completing $8.5 million in staged exploration expenditures over three years. Columbus Gold has reviewed the terms of the FQML deal and anticipates that it will provide a formal waiver of its right of first refusal and terminate the Columbus Copper LOI when Columbus Copper formalizes its agreement with FQML. Columbus Copper will be required to immediately refund the Deposit plus 6% simple interest thereon. The Deposit is secured by a general security interest in the Bursa property. Subject to a right of first refusal, at any time before closing, Columbus Copper can terminate the agreement by a) returning the Deposit with interest; b) paying a non-refundable break fee; and, c) paying for all of the Company's reasonable expenses up to a limit of $100,000. The transactions underlying the Columbus Copper LOI are subject to TSX-V approval, obtaining independent fairness opinions, and other conditions.

On July 26, 2012, the Company announced it amended the terms of its agreement with Euro Ressources S.A. ("EURO"), pursuant to which Columbus Gold holds an option to acquire the existing underlying royalty on the Paul Isnard Gold Project ("Paul Isnard Project") currently held by EURO. EURO is a majority-owned subsidiary of IAMGOLD with a direct ownership of approximately 86%.

On May 17, 2012, the Company completed a bought deal short form prospectus financing and issued 10,000,000 units at a purchase price of $0.55 per unit (a "Unit"), for gross proceeds to the Company of $5,500,000 (the "Offering"). Each Unit consists of one share (a "Share") and one-half of one Share purchase warrant, with each full warrant being exercisable to acquire one Share at a purchase price of $0.65 for a period of 24 months. The

Company stated in the prospectus its plan to use the net proceeds of the Offering to fund the cash component, totalling $4.2 million, of consideration payable to EURO. under the option over royalty agreement, and for further exploration of the Paul Isnard Project.

On April 18, 2012, the Company completed its obligations under its Paul Isnard earn-in agreement with Auplata. Auplata received formal notice of non-objection of applicable French authorities to its acquisition of Paul Isnard. This non-objection was required due to changes to the Company's earn-in to Paul Isnard contained in the December 5, 2011 amendment of the Company's option agreement with Auplata. In addition on April 13, 2012, the Company made the final $500,000 payment to Auplata to gain a beneficial 100% interest in Paul Isnard.

On March 22, 2012, the Company reported that it stood to gain $3,575,779 in cash from the buyout of its shares of Columbus Silver from the proposed acquisition of Silver by Santa Fe Gold Corporation ("Santa Fe"). On June 1, 2012, Columbus Silver reported that the proposed acquisition by Santa Fe had been terminated due to Santa Fe's inability to complete the transaction. As a result, the Company holds an aggregate of 17,878,898 common shares of Columbus Silver, which at September 30 30, 2012 was valued at $1,000,000

The Company's activity level is highly contingent on access to equity market financings. The Company either increases or decreases its exploration activities based on the availability of this source of funding. As such, fluctuations in quarter to quarter activity are often the norm and longer term planning or extrapolation of future activity is inherently imprecise and often misleading. As at September 30, 2012, the Company had working capital of $6,697,923 and cash of $4,401,356.

The Company's financial condition is affected by general market conditions and conditions specific to the mining industry. These conditions include, but are not limited to, the price of gold and accessibility of debt or equity. For details relating to the Company's financial performance, please refer to the *Selected annual and quarterly information* section.

Nevada

French Guiana

Air lifting core samples, Paul Isnard gold project, French Guiana

Core logging shed - Citron Camp, Paul Isnard gold project

VP of Corporate Development, Jorge Martínez, and President of the Region of French Guiana, Rodolphe Alexandre - Cayenne, French Guiana

Discussion of operations

Exploration and evaluation assets

The Company is currently focusing its exploration activities on the Paul Isnard Project located in the French Guiana. The following table summarizes the Company's portfolio of exploration and evaluation assets:

Property	Balance at October 1, 2011 ($)	Acquisition costs ($)	Deferred exploration ($)	Divestitures ($)	Impairment ($)	Reclassified to assets held for sale ($)	Balance at September 30,2012 ($)
French Guiana							
Paul Isnard	19,016,183	3,196,872	4,549,281	-	-	-	26,762,336
Nevada							
Antelope	26,694	4,539	103,324	-	(134,556)	(1)	-
Awakening	154	-	-	-	(154)	-	-
Big Lime	-	-	60,250	-	-	(60,250)	-
Bolo	1,754,834	-	144,317	-	-	(1,899,151)	-
Brown's Canyon	240,140	103,049	482,294	-	(725,483)	(100,000)	-
Chaos Creek	-	-	52,084	-	-	(52,084)	-
Chert Cliff	37	-		-	(37)	-	-
Combs Peak	40,443	-	29,791		(70,233)	(1)	-
Crestview	210,384	-	-	-	-	(210,384)	-
Dutch Flat	1	-	-	-	-	(1)	-
Eastside	392,007	-	40,347	-	-	(432,354)	-
Guild	12,063	-	-	-	(12,063)	-	-
Hughs Canyon	162,711	-	75,647	-	-	(238,358)	-
Laura	413	-	191	-	-	(604)	
North Brown	22,742	-	8,215	-	(30,956)	(1)	-
Overland Pass	6,465	-	-	-	-	(6,465)	-
Pete's Summit	52,987	-	15,534	-	-	(68,521)	-
Red Hills	15,681	11,115	12,118	-	(38,913)	(1)	-
Robinson Mountain	5,622	-	12,833	-	(18,455)	-	-
Scraper	93,836	-	28,338	-	(122,174)	-	-
Steven's Basin	88,484	-	3,523	-	(92,006)	(1)	-
Summit	75,659	-	-	(75,659)	-	-	-
Utah Clipper	395,304	607	908	-	-	(396,819)	-
Weepah	386,882	-	-	-	(542)	(386,340)	-
Westside	-	-	-	-	-	-	-
White Canyon	1,028	-	-	-	(1,027)	(1)	-
White Horse Flats	3	-	823	-	-	(826)	-
White Horse Flats North	9,168	6,159	17,867	-	(33,193)	(1)	-
White Oaks	-	-	3,883	-	(3,882)	(1)	-
Winnemucca	2,442	-	314	-	(2,755)	(1)	-
	23,012,367	**3,322,341**	**5,641,882**	**(75,659)**	**(1,286,429)**	**(3,852,166)**	**26,762,336**

A summary of the exploration and evaluation assets by cost type for the year ended September 30, 2012 and 2011 is set out below:

	Year ended, September 30, 2012 ($)	Year ended, September 30, 2011 ($)
Balance, beginning of year	23,012,367	2,861,442
Acquisition	3,322,341	17,443,536
Administration	96,257	395,842
Camp costs and site preparation	413,893	412,540
Drilling and trenching	2,768,541	842,337
Permitting, claim renewals and advance royalties	176,184	143,982
Geology and staff	1,536,740	660,659
Roads and transportation	354,196	-
Travel	228,657	166,100
Other	67,414	322,035
Total	31,976,590	23,248,473
Less:		
Option payments	-	(120,710)
Divestitures	(75,659)	-
Impairment	(1,286,429)	(115,396)
Reclassified to non-current assets held for sale	(3,852,166)	-
Balance, end of year	**26,762,336**	**23,012,367**

Paul Isnard – French Guiana

The Paul Isnard Project area and mining concessions are located in the northwestern portion of French Guiana, South America. The Montagne d'Or area, which hosts the gold mineralization, occurs in the southern part of the Paul Isnard Project. The deposit is an east-west striking, south dipping, tabular body made up of two sub-parallel zones of gold mineralization, designated Upper Felsic Zone ("UFZ") and Lower Favorable Zone ("LFZ"), hosted by laminated felsic volcanics within a Pre-Cambrian greenstone sequence.

Prior to the Company's involvement the deposit was partially outlined by 54 holes, totaling 10,600 meters, in the late 1990's. Based upon that past drilling the deposit contains a 43-101 inferred gold resource of 1.9 million ounces within 36 million tonnes grading 1.6 gpt gold (0.4 gpt cut-off) within a mineralized zone about 2,000 meters long, averaging about 70 meters thick and tested to variable depths of between 100-150 meters. The deposit is open at depth, internally between widely spaced holes and, in part, along strike.

The drilling program at the Montagne d'Or gold deposit comprises of 15,000 meters in approximately 50 holes, is designed for resource expansion principally below the previously defined deposit by drilling systematically to a vertical depth of about 200 meters from surface, and internally between widely spaced holes (within parts of the "mineralized envelope" not reached by the existing resource model). The denser drill pattern, with holes at roughly 50 meter centres, is also expected to convert certain of the inferred resource to indicated and measured categories.

Future drill programs will target potential extensions of the Montagne d'Or deposit indicated by untested geochemical anomalies extending more than 3 kilometers along strike, incompletely tested parallel zones of gold mineralization, and other untested or incompletely tested gold prospects and geochemical anomalies throughout the large Paul Isnard property.

Summary of Recent Drill Results during the Period

Drill Hole	Approx. Vertical Depth from Surface From From (m) - To (m)		Core Length (m)*	Gpt Gold	Zone
MO 11-61	185	205	12	2.36	LFZ
MO 11-62	255	275	29	1.50	LFZ
MO 11-63	115	155	80	1.21	UFZ
	180	205	15	3.85	LFZ
MO 11-64	80	125	102	1.97	UFZ
Incl.	110	125	23	7.39	
MO 11-65	125	175	85	1.60	UFZ
Incl.	165	175	10	6.02	
MO 12-66	20	95	110	1.56	UFZ
Incl.	137	160	42	2.33	
MO 12-67	70	165	15	2.23	UFZ
MO 12-68	48	148	11	2.06	UFZ
MO 12-69	135	190	29	2.02	UFZ
MO 12-70	42	95	37	2.13	UFZ
	123	158	52	1.08	LFZ
Incl.	153	158	15	2.66	
MO 11-71	90	132	6	1.69	LFZ
	253	255	3	8.47	UFZ
MO 12-72	185	290	130	1.94	UFZ
Incl.	185	250	67	3.45	
Incl.	185	235	49	4.60	
MO 12-73	275	310	35	1.94	UFZ

Notes:
1. True thicknesses approx. ±75% of core lengths.
2. Hole 65 was terminated above the Lower Favorable Zone.
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.
5. Hole 71 may have terminated before intersecting UFZ.
6. Hole 72 intercepted possible LFZ at shallow depth in Saprolite.
7. The longer intercepts include intervals of sub grade mineralization which would be discarded as waste in resource estimation or mining so 'real' intercepts will be higher grade but thinner.

Drill-holes MO 11-61 to MO 12-69 continue to support Columbus Gold's ongoing program of resource expansion through offsetting open-ended gold mineralization outlined in past work. The core intervals reported are slope lengths along holes drilled north at 60° across the plane of the steeply south-dipping UFZ and 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-hole MO 12-70 was oriented north to infill an area where there were no past holes through the UFZ and intercepted 37 meters grading 2.13 gpt gold within a longer interval of 62 meters averaging 1.37 gpt gold. The hole also cut a 15 meter interval grading 2.66 gpt in the LFZ within 52 meters grading 1.08 gpt gold. The LFZ intercept is approximately 100 meters below a shallower past hole on the section and exits the zone at a vertical depth from surface of about 160 meters.

Drill-hole MO 12-71 was oriented south within an area containing no earlier drill holes. The hole contained a single narrow intercept grading 8.47 gpt gold along three meters at the approximate projected position of the UFZ but bottomed in a post-mineral dike and may not have reached full width of the zone. The drill-hole also intersected 1.69 gpt gold along 6 meters in the LFZ.

The mineralized intervals in the UFZ of drill-hole MO 12-72 were obtained from a south drilled hole that enter the UFZ at a vertical depth from surface of about 185 meters and exited the zone at about 290 meters vertical depth. This intercept is considered particularly significant in that the UFZ mineralization on this section in drilling by past operators was weak and interrupted by multiple post mineralization dikes.

Drill-hole MO 12-73 is considered particularly significant in that it confirms the extension of the UFZ and the Montagne d'Or deposit 150 meters west of the resource area defined by past drilling.

On December 5, 2011, the Company entered into a royalty over option agreement with EURO, under which the Company has gained the right to purchase the underlying royalty on Paul Isnard in exchange for $250,000, with $166,667 payable in common shares of the Company and $83,333 in cash on December 22, 2011, a $50,000 annual maintenance fee, and $4,200,000 in cash and 12,865,000 in Shares (subject to adjustment). The option to purchase this royalty can only be exercised upon the Company earning its 100% ownership of Paul Isnard, among other things. In addition to the foregoing consideration, the Company would be required to grant EURO a Net Smelter Royalty ("NSR") over production at Paul Isnard, representing 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 therefrom. The existing royalty, which the Company is entitled to purchase based on the terms and conditions of its option over royalty agreement with EURO, requires the producer to pay 10% of the price of gold in excess of US$400 per ounce on the first 2,000,000 ounces of production and 5% of the price of gold in excess of US$400 per ounce on the next 3,000,000 ounces produced. On July 26, 2012, the Company issued EURO 650,000 common shares of the Company and amended the terms of the royalty agreement whereby the amendment generally provides an additional year in which the Company may consider to exercise the option.

On April 18, 2012, the Company completed its obligations under its Paul Isnard earn-in agreement with Auplata which received formal notice of non-objection of applicable French authorities to its acquisition of Paul Isnard. This non-objection was required due to changes to the Company's earn-in to Paul Isnard contained in the December 5, 2011 amendment of the Company's option agreement with Auplata.

Qualified Person

Columbus Gold's independent consultant and Qualified Person, John Prochnau (P. Geo), B.Sc. (Mining Engineering), M.Sc. (Geology), has reviewed and approved the technical content of this project description.

Quality Assurance/Quality Control

The technical information herein has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 by John Prochnau, an independent consultant of Columbus Gold and the Qualified Person for the Paul Isnard project (the "QP"). (The NI 43-101-compliant technical report on the Paul Isnard Project entitled "Updated NI 43-101 Technical Report, Paul Isnard Project, French Guiana" dated effective February 1, 2012 and updated February 21, 2012, prepared by Bart A. Stryhas C.P.G. Ph.D. of SRK Consulting (U.S.), Inc., who is a independent of Columbus Gold.)

Mr. Prochnau is responsible for quality control at the Paul Isnard project and has verified the data being disclosed herein, including sampling, analytical and test data underlying the information or opinions contained in the written disclosure, in consultation with Andre Adam, one of Columbus Gold's geologists and the Manager in French Guiana. The QP personally verifies the results of the quality assurance and quality control samples. The data presented herein was verified as follows: drill assay data and the average intercepts of gold mineralization were inspected, plotted on geological log sheets, averaged manually and checked to produce the drill result released. The drill hole was also plotted on the relevant cross section with existing drill

holes, to confirm and validate the interpreted mineralized zones, for purposes of correlation, in the released information. All blank samples and standards were verified against existing standards, and then the blank samples and standards of the lab were verified. Each sample is one meter long, and all standards were found to be within acceptable limits. Gold values were compared with the logging of the rocks by an experienced professional geologist and to the presence of visible alteration and mineralization and percentage of sulfide in this type of mineralization (disseminated to semi-massive sulfides and occasionally massive sulfide, also visible gold), and a strong correlation between amount of sulfides and amount of gold was found. Columbus Gold has used the laboratory of FILAB Suriname with respect to the analysis of its samples, and the processing, handling, documentation, archiving and reporting procedures are in accordance with common procedures in the mining industry. Mr. Adam and other Columbus Gold geologists or technicians are on site during drilling, examining individual drill holes and observing the procedures to maintain chain of custody of the samples and the method of processing. The drill hole was completed at Montagne d'Or, logged by professional and experienced geologists, and then sawn to measurements, taken from the drill hole whose collar location has been surveyed using hand-held GPS.

The location of the hole will be verified by an independent topographic mapping and surveying company by mid-2012. The drill hole has also been surveyed from top to bottom using industry-standard, down-hole surveying techniques with equipment provided by the drill contractor. The drill core is sawn in half along the length after geological logging, and samples are bagged for analyses in one meter increments. The saprolite material, a minor portion of the drill holes, is put in textile bags by meter, the rock is put in plastic bags and sealed. 10 samples are then combined for shipping in larger bags. All of the samples are sent from the drill site in plastic boxes, covered and sent 5km to the camp every day, from the camp to Cayenne by road or by air, and then the same transporter carries the samples every Thursday to Paramaribo, the location of the geochemical lab. Only a few of the one meter samples exceed 30 g/t Au and these are cut to 30 g/t and reported both cut and uncut, as done by the independent engineering firm, SRK, in its treatment of assays by previous operators and used in the Technical Report. Drill work is done by the Performax, a Canadian company, by qualified workers, and drill recovery is very good, averaging 82% in the saprolite (20-30 meters in each drill hole) and 98% in the rock. The presence of faults is very rare. The samples are tested at FILAB, which is an independent laboratory working for several mining companies and which has no other relationship with Columbus Gold. FILAB takes samples of approximately 2kg size, which is dried, crushed totally (to a size of less than 3mm), divided, or split to 300g, which is then pulverized to less than 100 microns. The samples are fire assayed with a finish by Flame AAS. 30 grams of rock powder is used for each analysis.

Access road preparation - Montagne d'Or

Nevada drilling and exploration activity

Big Lime

Thirty-one claims have been staked by the Company at the Big Lime gold project, located in Lincoln County, Nevada, 113 km (70 miles) north-northeast of Las Vegas.

The Company's reconnaissance sampling yielded a sample containing 2.8 g/t gold in silicified Cambrian limestone bed. The strike length of the silicification appears to exceed 600 meters (2,000 feet). The silicified bed was trenched, and possibly drilled in the 1980's, but no data respecting past work has been located.

At Big Lime, the target of interest to the Company is covered by silty and shaly Cambrian rocks, both stratigraphically above and below the silicified horizon. Preliminary reconnaissance sampling of shaly float in covered areas on the claims has yielded values of 0.30 g/t gold. Geologic mapping and further sampling is in progress.

Topography of Columbus Gold's Bolo Project

Bolo

The Bolo gold project is located 60 km (38 miles) northeast of Tonopah, Nevada. Subject to underlying royalties, Columbus Gold controls a 100% interest in the Bolo project.

Plans of operations and attendant environmental studies for drilling have been approved by the US Forest Service and, as soon as bonds are agreed and placed, the drill permits for 79 drill sites will be issued.

Browns Canyon

Browns Canyon is located approximately 20 km (12 miles) west of Barrick Gold's Archimedes open pit gold mine, in the highly prospective Battle Mountain Gold Trend of Nevada. The project is 100% controlled by Columbus Gold subject to underlying royalties. The Company performed geologic mapping and drilled holes during the fiscal year. Drilling results on the property were unexciting and the Company is actively looking to farm out the project to a joint venture partner. The Company took an impairment charge to write the project down to its recoverable amount.

Chaos Creek

Fifty-six claims have been staked by the Company at the Chaos Creek gold project, located 129 km (80 miles) northeast of Tonopah, Nye County, Nevada.

Reconnaissance sampling by Columbus Gold in altered Tertiary volcanic rocks yielded gold values up to 0.30 g/t. Government mapping programs have suggested this area consists of nested volcanic centers and calderas. Detailed geologic mapping and sampling are in progress. Columbus Gold is focusing on structural zones, up to 600 meters (2,000 feet) long, marked by barite veins containing oxidized sulfide casts that have recently been discovered on the claim block. Assays are pending on this material. To the knowledge of the Company the project has never been drilled.

Combs Peak

The Combs Peak gold project is located on the Battle Mountain Gold Trend of Nevada, approximately 16 km (10 miles) southwest of Eureka. The project adjoins the southerly margin of the Rose Mine property of Renaissance Gold. Geological mapping and preliminary sampling has been completed. Grid geochemical sampling is in progress to delineate drill targets.

Subject to underlying royalties, the Company controls a 100% interest in the Combs Peak project.

Hughes Canyon

The Hughes Canyon Property is located 48 km (30 miles) east-southeast of Lovelock, Nevada. Subject to underlying royalties, the Company controls a 100% interest in the Hughes Canyon project.

Columbus Gold has received drill permits for an initial drill program at Hughes Canyon.

Eastside

The Eastside gold project is located approximately 40 km (25 miles) west of Tonopah, Nevada. Subject to underlying royalties, the Company controls a 100% interest in the Eastside project. The Company has received drill permits for a second phase of drilling at Eastside.

Four Metals

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 (paid)	30,000
By July 28, 2010 (paid)	45,000
By July 28, 20111 (paid)	80,000
By July 28, 2012 (paid)	10,000
By July 28, 2013	115,000
By July 28, 2014	120,000
By July 28, 2015	135,000
	535,000

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

Golden Mile

On October 21, 2007, the Company entered into an option agreement, as amended, with Roscan Minerals ("Roscan") whereby Roscan can earn an initial 60% interest in the Golden Mile property by incurring US$2,500,000 in exploration expenditures and issuing to the Company 150,000 common shares (110,000 shares received) of Portage by December 31, 2012. The project was dropped by Portage and subsequently the Company too.

Guild

The Guild gold project is located approximately 120 km (74.5 miles) northeast of Tonopah, in Nye County, Nevada.

Subject to underlying royalties, the Company controls a 100% interest in the Guild project. Sniper can earn an initial 51% interest by incurring $2 million in exploration expenditures.

Sniper drilled three drill holes in early 2011. A follow-up exploration program was done in 2011 to test for possible extensions of the trench mineralized zone, as well as to explore to the southeast into another undrilled area. The program consisted of the excavation of four trenches for a total combined length of 118.9 meters (390 feet) and 4 drill holes for total footage of 359.7 meters (1,180 feet). The trench and drill results confirm the presence of anomalous gold along the interpreted strike direction both northwestward and southeastward from the recent discovery area. They indicate the mineralization remains open in at least two directions and although the values encountered in the programs were lower grade than those encountered in the original drilling and trenching, the results support undertaking further work on the project to explore for higher grade mineralization.

Subsequent to September 30, 2012, Sniper informed the Company that it was relinquishing the project.

Core logging & storage facilities - Citron Camp

Laura

The Laura gold project is located within the Cortez sector of the Battle Mountain Trend, about 2.6 km (1.6 miles) southwest from Barrick's Cortez Hills Mine and 11 km (7 miles) south of their Pipeline/Gold Acres complex.

Subject to underlying royalties, the controls a 100% interest in the Laura project. Sniper can earn a 70% interest by making cash and share payments to the Company.

Sniper reported that limited historical exploration has taken place on the Laura project. Despite its proximity to major gold deposits, only 6 shallow holes totalling 651 meters (2,136 feet) were drilled on the claims, during the early 1990's.

A new road constructed to provide access to Barrick's nearby Cortez Hills Operations, has exposed a zone of upper plate mudstone and chert on the Laura claims that is believed by Sniper to represent the mineralized structure that was previously encountered. Geochemical samples have been taken by Sniper from this zone. For more information, see Sniper's release dated June 29, 2011.

On October 29, 2012, Laura was acquired by a third party.

Overland Pass

The Overland Pass gold project is located approximately 90 km (55 miles) south of Elko, Nevada in White Pine County. The project is approximately 6.5 km (4 miles) north of Barrick Gold's Bald Mountain gold mine, on the southern extension of the Carlin Trend.

Subject to underlying royalties, the Company controls a 100% interest in the Overland Pass project. Sniper can earn an initial 51% interest by completing $2 million in exploration expenditures by December 31, 2014.

Sniper completed a Phase II drilling program that consisted of 18 drill holes from 14 drill sites, with a total drilled footage of approximately 2,225.04 meters (7,300 feet). The drilling program was designed to offset known oxide mineralization encountered in earlier drilling. For more information, see Sniper's release dated February 22, 2012.

Petes Summit

The Petes Summit gold project is located at the north end of the Shoshone Range, 32 km (20 miles) southeast of Austin, Nevada. Subject to underlying royalties, the Company controls a 100% interest in the Petes Summit project. Plans of operations and attendant environmental studies for drilling have been approved by the US Forest Service and, as soon as bonds are agreed and placed, the drill permits for 12 drill sites will be issued.

Core Sample - Citron Camp

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. Navaho returned the property during fiscal 2012. The Company dropped most of the claims but held onto 23 claims that cover a gold geochemical anomaly and is actively looking for a joint venture partner. Management chose to take an impairment charge on the property.

Utah Clipper

The Utah Clipper gold project is located directly adjacent to Barrick Gold's multi-million ounce Pipeline-Gold Acres gold mine complex, in the Cortez-Pipeline sector of the Battle Mountain Gold Trend, Nevada. The Cortez-Pipeline sector has past production plus reserves totaling more than 26 million ounces of gold.

Subject to underlying royalties, Columbus Gold controls a 100% interest in the Utah Clipper project. Navaho Gold Ltd., ("Navaho") can earn an initial 51% interest by completing $3 million in exploration expenditures.

Navaho drilled one drill hole for a total of 1,153.8 meters (3,785 feet). Navaho has informed Columbus Gold that they believe further exploration, including a second drill-hole is warranted on the project given the close proximity to world-class gold operations, a defined target with surface geochemistry potentially indicative of Carlin style mineralization at depth and encouragement from the first hole.

Weepah

Weepah is currently 100% owned by the Company, subject to third party net smelter returns royalties.

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.

The Weepah gold project is located in northern Esmeralda County approximately 32 km (20 miles) southwest of Tonopah, Nevada.

Subject to underlying royalties, the Company controls a 100% interest in the Weepah project. Sniper can earn an initial 51% interest by completing $3 million in exploration expenditures.

Sniper completed a 497 meters (1,630 feet) Phase I drilling program in February 2012, comprising of 8 shallow drill holes. Sniper reported that a Phase II follow-up drill program consisting of another 8 to 12 drill holes has commenced. For more information, see Sniper's news release dated April 24, 2012.

Sniper was required to spend $500,000 by September 26th, 2012 but was behind in its spending by approximately $250,000. Sniper issued 2,339,408 shares to the Company to make up for the shortfall and to satisfy the anniversary payment.

White Horse Flats

The White Horse Flats gold project is located 43 km (27 miles) south of Wendover, Nevada. The project is 13 km (8 miles) east of the Kinsley Mine, which has reported past production from a Carlin-type deposit.

Subject to underlying royalties, the Company controls a 100% interest in the White Horse Flats project. Navaho can earn an initial 51% interest by incurring $3 million in exploration expenditures.

Navaho drilled 11 holes for 2,206 meters (7,237 feet) in late 2011.Navaho has informed the Company that the drilling, together with historical results, has defined a potential 1,700 meters (5,577 feet) long zone of gold mineralization under shallow cover.

Further surface sampling including rock chip sampling and follow-up drilling are planned by Navaho to test the extent and controls of the gold mineralization.

For more information, see Navaho's news release dated February 13, 2012.

Other Properties

The Company has additional exploration properties in Nevada including Antelope, Crestview, Dutch Flat, Hughes Canyon, North Brown, Red Hills, White Canyon, White Horse Flats North and Winnemucca. The Company dropped claims on Scraper Springs and Robinson Mountain.

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

Dissolution of Farmed-Out Projects

Roscan Minerals Corp. has given notice of termination respecting its option to earn into the Company's Golden Mile gold project located in Mineral County, Nevada. The Company continues to hold the project. Navaho has given notice of termination respecting its option to earn into the Company's Stevens Basin gold project located on the Battle Mountain Gold Trend of Nevada. The Company continues to hold the project.

Columbus Gold Qualified Person

Andy Wallace is a Certified Professional Geologist (CPG) with the American Institute of Professional Geologists and is the Qualified Person under National Instrument 43-101 (National Instrument 43-101 is a national instrument for the Standards of Disclosure for Mineral Projects within Canada. The Instrument is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. This includes foreign-owned mining entities who trade on stock exchanges overseen by the Canadian Securities Administrators, even if they only trade on Over The Counter (OTC) derivatives or other instrumented securities.), Big Lime and Chaos Creek projects discussed herein. Mr. Wallace is the President of Columbus Gold and the principal of Cordex, which is conducting exploration and project generation activities for Columbus on an exclusive basis.

Selected annual and quarterly information

Summary of annual results

The following table presents selected financial data for each of the three years derived from the Company's consolidated financial statements:

	Sep 30, 2012 ($)	Sep 30, 2012 ($)	Sep 30, 2012 ($)
Net income (loss) for the year	2,905,958	(2,509,247)	(270,265)
Basic earnings (loss) per share	0.03	(0.05)	(0.01)
Diluted earnings (loss) per share	0.03	(0.05)	(0.01)
Cash and cash equivalents	4,401,356	3,345,974	639,826
Total assets	39,342,443	29,561,387	7,301,278
Total non-current financial liabilities	-	-	-

[1] Financial results presented in Canadian GAAP

Review of annual financial results

The Company earned net income of $2,905,958 during year ended September 30, 2012 compared to a net loss of $2,509,247 for the same period in 2011. The increase in net income is attributable to the transactions and circumstances discussed below.

During the year ended September 30, 2012, general exploration increased 215% to $908,379 from $287,819 during the same period in the prior year. The increase is attributable to increased exploration activity and project costs relating to the Paul Isnard project and Nevada properties.

Management fees increased 218% to $222,500 from $70,000 during fiscal 2012 and fiscal 2011 respectively. The increase is attributable to a general increase in management fees and the payment of a one-time bonus of $100,000.

Professional fees for fiscal 2012 increased to $426,027 from $206,335 during fiscal 2011, representing a 106% increase. The increase is attributable to legal fees associated with the Company's short form prospectus offering during the year ended September 30, 2012 and an increase in audit fees.

During the year ended September 30, 2012, share-based payments decreased by 65% to $526,454 from $1,518,893 during the same period in the prior year. The decrease reflects a lesser number of share-options granted to employees and consultants in fiscal 2012 compared to fiscal 2011, in addition to a lower fair-value determined using the Black-Scholes options pricing model. Total share options granted during fiscal 2012 was 1,295,000 with a weighted average fair value of $0.59 per share option. Total share options granted during fiscal 2011 was 2,765,000 with a weighted average fair value of $0.64. Share-based payments is recognized in profit or loss as the share-options vest.

Interest income and accretion decreased by $78 thousand to $267,015 during the year ended September 30, 2012, from $345,269 in the same period during the prior year. The decrease is attributable to the Company converting the promissory notes receivable from Columbus Silver and Columbus Silver (U.S.) into shares of Columbus Silver.

During the year ended September 30, 2012, the Company incurred a loss from its equity accounted investment in Columbus Silver of $264,791, compared to $20,392 in the prior year. The loss represents the Company's proportionate share of losses from Columbus Silver. The Company further recorded an impairment of $1.4 million on its investment in Columbus Silver as prescribed by IFRS. IFRS requires the Company to identify indicators of impairment and carry the investment in Columbus Silver at estimated recoverable value, which the Company has determined to be $1.0 million.

The Company recorded a foreign exchange loss of $206,612 during the year ended September 30, 2012 compared to a foreign exchange gain of $59,915 in the prior year as a result of the weakening of the US Dollar compared to the Canadian Dollar. The foreign exchange effect resulted in unfavourable translations of the Company's assets denominated in US dollars, primarily cash and receivables.

Fair value change on conversion option was a gain of $285,818 for the year ending September 30, 2012 compared to a loss of $276,022 in the prior year attributable changes in the assumptions used to determine the fair value of the derivative liability, mainly the increase in the share price of Columbus Silver.

The Company realized a gain of $8.3 million from the sale of the Summit Property for the year ended September 30, 2012.

During the year ended September 30, 2012, the Company evaluated the carrying amounts of its exploration and evaluation assets. The evaluation resulted in an impairment charge of $1.3 million, compared to $0.1 million in the prior year.

Summary of quarterly results

	Sep 30, 2012 ($)	Jun 30, 2012 ($)	Mar 31, 2012 ($)	Dec 31, 2011 ($)	Sep 30, 2011 ($)	Jun 30, 2011 ($)	Mar 31, 2011 ($)	Dec 31, 2010 ($)
		Restated	Restated	Restated				
Net income (loss) for the period	(2,666,714)	(653,505)	(897,011)	7,123,188	461,501	(2,094,452)	(872,112)	(4,184)
Basic earnings (loss) per share	(0.03)	(0.01)	(0.01)	0.08	0.00	(0.05)	(0.02)	(0.00)
Diluted earnings (loss) per share	(0.03)	(0.01)	(0.01)	0.08	0.00	(0.05)	(0.02)	(0.00)
Cash and cash equivalents	4,401,356	6,246,073	4,307,274	9,975,606	3,345,974	4,788,121	2,865,157	2,110,901
Total assets	39,342,443	42,264,837	38,021,449	38,763,081	29,561,387	29,044,588	9,455,706	8,126,555
Total non-current financial liabilities	69,772	-	-	-	-	-	-	-

The Company has restated its net income (loss) and basic and diluted earnings (loss) per share in the table above for the interim periods ended December 31, 2011, March 31, 2012 and June 30, 2012.

The Company had also previous recognized share-based payments expense of $510,299, $67,148 and $1,036,694 for the quarters ending December 31, 2011, March 31, 2012 and June 30, 2012 respectively. During the annual audit process, the Company restated share-based payments expense to $350,195, $58,753 and $58,753for the quarters ending December 31, 2011, March 31, 2012 and June 30, 2012 respectively. The Company has revised the estimates used in calculating its share based payments expense. Adjustments to these estimates have impacted the income statement as described above.

The Company had previously recognized a gain on the conversion of the promissory notes of $75,841 and a gain of the fair value change of the conversion option of $336,654 during the preparation of its quarterly filing. During the annual audit process, the Company concluded that the revised accounting treatment results in a gain of $86,933 and $285,818 respectively.

Review of quarterly financial results

The Company incurred a net loss of $2,666,714 during quarter ended September 30, 2012 compared to a net income of $461,501 for the same period in 2011. The change from net income to net loss is attributable to the transactions and circumstances discussed below.

During the quarter ended September 30, 2012, general exploration increased 745% to $602,333 from $71,212 during the same period in the prior year. The increase is attributable to increased exploration activity and project costs relating to the Paul Isnard project and Nevada properties.

For the year 3 months ended September 30, 2012, the Company incurred a loss from its equity accounted investment in Columbus Silver of $264,791, compared to $nil in the prior year. The loss represents the Company's proportionate share of losses from Columbus Silver. The Company further recorded an impairment of $1.4 million on its investment in Columbus Silver.

Fair value change on conversion option was $nil for the quarter ending September 30, 2012 compared to a gain of $369,377 during the same period in the prior, resulting from the conversion of the promissory notes owed from Columbus Silver to shares of Columbus Silver.

During the quarter ended September 30, 2012, the Company evaluated the carrying amounts of its exploration and evaluation assets. The evaluation resulted in an impairment charge of $1.3 million, compared to $39,082 during the same period in the prior year.

The Company reversed its previous estimated accrued tax provision of $970,000 during the quarter ended September 30, 2012 as the Company has completed tax planning and realized additional tax losses to offset the taxable gain on the sale of the Summit Property.

Typical hillside drill setup - Montagne d'Or

Liquidity and capital resources

The Company does not currently own or have an interest in any producing mineral properties and does not derive any significant 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 required to curtail its activities to a level for which funding is available and can be obtained. The Company's ability to access funding is also contingent on the ongoing demand for commodities and also a function of the demand for gold, both of which are subject to macroeconomic conditions and market fluctuations.

At September 30, 2012 the Company had cash of $4,401,356 and working capital of $6,697,923, compared to $3,345,974 and $5,036,180 respectively at September 30, 2011. The increase in liquidity resulted primarily from the sale of the Summit Property and issuing common shares for cash, resulting in cash inflows of $8.3 million and $5.0 million respectively, offset by investments in exploration and evaluation assets of $7.8 million, cash used in operating activities of $2.6 million and advancing $2.0 million as a deposit on the acquisition of a property in Turkey. Cash of $4,401,356 at September 30, 2012 represents a decrease of $1,844,717 from $6,246,073 at June 30, 2012. The decrease in cash during the quarter ended September 30, 2012 is mainly attributable to continued investing in exploration and evaluation assets. Working capital of $6,697,923 at September 30, 2012 represents an increase of $1.0 million from $5,697,904 at June 30, 2012, primarily attributable to expecting a refund of the deposit on the Turkey property of $2.1 million and a tax liability reduction of $1.0 million, offset by cash used for operations of $0.8 million, and capital investments of $0.6 million.

As at September 30, 2012, the Company had current liabilities of $475,416 and non-current liabilities of $433,977. The Company has sufficient working capital to meet these obligations as they become due.

During the year ended September 30, 2012, the Company invested $9.0 million in exploration and evaluation assets, compared to $20.4 million during the same period in the prior year. The decrease represents lower acquisition costs as a result of the completion of the acquisition of the Paul Isnard project during fiscal 2012.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Related party transactions

The following related party transactions were in the normal course of operations and are measured at fair value:

	Year ended September 30, 2012 ($)	Year ended September 30, 2011 ($)
Management fees paid or accrued to a company controlled by a director and officer of the Company	222,500	70,000
Consulting fees paid or accrued to an officer of the Company	40,375	21,000
Consulting fees paid or accrued to a company with an officer in common with the Company	134,488	120,636
Management fees paid or accrued to an officer of the Company	60,444	29,232
Directors fees paid or accrued	84,000	48,000
Administration fees received or accrued from an associated company	7,782	-
	549,589	**259,636**

The following summarizes advances or amounts that remain payable to each related party:

	September 30, 2012 ($)	September 30, 2011 ($)	October 1, 2010 ($)
Advances to a company controlled by a director and officer of the Company	12,500	5,000	-
Advances to a company with an officer in common with the Company	-	219,984	176,836
Management fees payable to an officer of the Company	(5,000)	-	-
Directors fees payable	(18,000)	-	(19,500)
Trade and interest receivable from Columbus Silver	355,112	267,060	196,248
	344,612	**492,044**	**353,584**

Commitments

Since 2005, the Company has engaged the services of Cordex to generate, evaluate, and explore mineral properties on behalf of the Company, primarily in Nevada; this has been accomplished through an agreement that is generally updated on an annual basis. The Company and Cordex have amended and restated this agreement, previously dated January 1, 2011, by entering into an agreement effective January 1, 2012 ("Amended Agreement"). Cordex and the Company share an officer in common, being Andy Wallace. The primary change to the amended agreement is to extend its term to December 31, 2014. Monthly payments have been reduced under the Amended Agreement, from a monthly overhead fee of US$44,000 to a monthly management fee of US$16,667. The Company has committed to fund annual exploration programs through Cordex of not less than US$600,000. For further details of the Amended Agreement please refer to SEDAR at www.sedar.com.

During the fiscal year, the Company amended the option over royalty agreement dated December 2011 with Euro Ressources on the Paul Isnard project. The amendment allows the Company to defer option exercise for an additional year to late 2013. In order to exercise the option, the Company must issue 15,276,976 shares (subject to upward adjustment should the Company do a financing at a price below $0.55 per share or if the 20-day volume weighted share price at the time of option exercise is below $0.55 per share) and make a $4.2 million payment. In consideration for the amendment, the Company issued 650,000 shares to Euro Ressources. The Company is budgeting to exercise the option.

Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include estimates of useful lives of depreciated and amortized assets, the recoverability of the carrying value of exploration and evaluation assets, aassumptions used in determination of share-based payments, the recoverability and measurement of deferred tax assets, decommissioning, restoration and similar liabilities and contingent liabilities.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

Changes in accounting policies

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 condensed consolidated interim 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. The Company's IFRS accounting policies are described in note 3 of the annual consolidated financial statements for the year ended September 30, 2012.

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 the 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 changes to the consolidated statements of financial position and consolidated statements of comprehensive income of the Company that were previously reported under Canadian GAAP. Reconciliations from Canadian GAAP to IFRS for the statements of financial position and comprehensive income have been prepared 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 19 of the annual consolidated financial statements for the year ended September 30, 2012 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 have a significant impact are as follows:

Treatment of Convertible Promissory Notes Receivable

The promissory notes receivable are considered financial instruments that contain loans receivable and derivative assets that are contingent on, among other variables, the stock price movement of the company that issues the instrument. 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, First-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 19 of the annual consolidated

financial statements for the year ended September 30, 2012 for a detailed description of the IFRS 1 exemptions the Company elected to apply.

Changes in accounting standards

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 consolidated financial statements. Those that may have a significant effect on the consolidated financial statements of the Company are as follows:

(a) IFRS 7 – *Financial Instruments: Disclosures* ("IFRS 7")

On December 16, 2011, the IASB published new disclosure requirements jointly with the Financial Accounting Standards Board ("FASB") that enables users of financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles. The new requirements are effective for annual periods beginning on or after January 1, 2013.

(b) IFRS 9 – *Financial Instruments* ("IFRS 9")

The IASB intends to replace IAS 39 – *Financial Instruments: Recognition and Measurement* ("IAS 39") in its entirety with IFRS 9 – *Financial Instruments* in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at FVTPL, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. In December 2011 the effective date was amended to January 1, 2015. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

(c) IFRS 10 – *Consolidated Financial Statements* ("IFRS 10")

In May 2011 the IASB published IFRS 10 – *Consolidated Financial Statements*, effective for annual periods beginning on or after January 1, 2013. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

(d) IFRS 11 – *Joint Arrangements* ("IFRS 11")

The IASB issued IFRS 11 – *Joint Arrangements*, on May 12, 2011 with an effective date for annual periods beginning on or after January 1, 2013. This standard supersedes IAS 31 – Interest in Joint Ventures and SIC 13 – Jointly *Controlled Entities – Non-Monetary Contributions by Venturers*. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement ("joint operators") have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the

parties that have joint control of the arrangement ("joint ventures") have rights to the net assets of the arrangement. IFRS 11 requires that a joint operator recognize its portion of assets, liabilities, revenues and expenses of a joint arrangement, while a joint venture recognizes its investment in a joint arrangement using equity method. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

(e) IFRS 12 – *Disclosure of Interest in Other Entities* ("IFRS 12")

In May 2011 the IASB published IFRS 12 - *Disclosure of Interests in Other Entities*, effective for annual periods beginning on or after January 1, 2013. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

(f) IFRS 13 – *Fair Value Measurement* ("IFRS 13")

In May 2011, as a result of the convergence project undertaken by the IASB with the US Financial Accounting Standards Board to develop common requirements for measuring fair value and for disclosing information about fair value measurements, the IASB issued IFRS 13 – *Fair Value Measurement*. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. IFRS 13 defines fair value and sets out a single framework for measuring fair value which is applicable to all IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 requires that when using a valuation technique to measure fair value, the use of relevant observable inputs should be maximized while unobservable inputs should be minimized. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

(g) IAS 28 – *Investments in Associates and Joint Ventures* ("IAS 28")

In May 2011 the IASB published IAS 28 - *Investments in Associates and Joint Ventures*. IAS 28 applies to all investments in which an investor has significant influence but not control or joint control except for investments held by a venture capital organization, mutual fund, unit trust, and similar entity that are designated under IAS 39 to be at fair value with fair value changes recognized in profit or loss. This standard is effective for reporting periods beginning on or after January 1, 2013. The Company does not anticipate this new standard to have a significant impact on its consolidated financial statements.

Financial instruments

The fair value of the Company's financial instruments including cash, accounts receivables, advances to related party, due from Columbus Silver, accounts payable and accrued liabilities, due to related parties and taxes payable 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. Conversion options are classified as Level 2 based upon valuation methodologies as prescribes by IFRS. At September 30, 2012, there were no financial assets or liabilities measured and recognized in the consolidated statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at September 30, 2012 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.

(a) Credit risk

The credit risk exposure on cash is limited to their carrying amounts at the date of the consolidated statements of financial position. Cash is held as cash deposits with a creditworthy banks and investment firms. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada, trade receivables and accrued interest. Management believes that the credit risk concentration with respect to receivables is minimal.

(b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash 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 September 30, 2012, the Company has working capital of $6,697,923 (September 30, 2011 - $5,036,180; October 1, 2010 - $1,867,620).

(c) Market risks

(i) Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its US subsidiary, Columbus Gold USA and French subsidiary, SOTRAPMAG. The Company also has assets and liabilities denoted in US dollars and the European Euro. A significant change in the currency exchange rates between the Canadian dollars relative to the US dollar or European Euro could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

(ii) 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 commodity prices to determine the appropriate course of action to be taken.

(iii) Interest rate risk

The Company has interest bearing cash balances therefore is exposed to interest rate risk. A 1% change in interest rates results in an immaterial impact to the Company's net income.

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 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 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 Board of Directors approves the annual and updated budgets. There have been no changes to the Company's capital management policies and procedures since the end of the most recent fiscal year.

Other information

Outstanding share data

At the date of this MD&A, the Company had 102,825,156 shares issued and outstanding. In addition, there were 6,383,000 share purchase options outstanding with exercise prices ranging from $0.25 to $1.68 per share. In addition, the Company presently has 6,000,000 warrants outstanding with an average exercise price of $0.65.

Risks and uncertainties

Risk factors

Prior to making an investment decision investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but do not represent all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected.

Exploration, development and production risks

An investment in the Company's shares is speculative due to the nature of the Company's involvement in the evaluation, acquisition, exploration and, if warranted, development and production of minerals. Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Company will result in new discoveries in commercial quantities.

While the Company has a limited number of specific identified exploration or development prospects, management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. The Company has no earnings record, no reserves and no producing resource properties.

The Company's mineral projects are in the exploration stage. Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge will not eliminate. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company must rely upon consultants and contractors for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that surface rights agreements that may be necessary for future operations will be obtained when needed, on reasonable terms, or at all, which could adversely affect the business of the Company.

No assurance can be given that minerals will be discovered in sufficient quantities at any of the Company's mineral projects to justify commercial operations or that funds required for additional exploration or development will be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; the proximity and capacity of milling facilities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Additional funding requirements

From time to time, the Company may require additional financing in order to carry out its acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities, delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties, and reduce or terminate its operations. If the Company's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on favorable terms.

Prices, markets and marketing of natural resources

Gold is a commodity whose price is determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for gold have fluctuated widely in recent years. The marketability and price of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond its control. The Company has limited direct experience in the marketing of gold.

Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of natural resources and environmental protection are all factors which may affect the marketability and price of natural resources. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in the Company not receiving an adequate return for shareholders.

Title matters

Although title to the properties has been reviewed by the Company, formal title opinions have not been obtained by the Company for most of its mineral properties and, consequently, no assurances can be given that there are no title defects affecting such properties and that such title will not be challenged or impaired. The acquisition of title to resource properties is a very detailed and time-consuming process. Title to, and the area of, resource claims may be disputed. There may be valid challenges to the title of any of the mineral properties in which the Company holds an interest that, if successful, could impair development and/or operations thereof. A defect could result in the Company losing all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates.

Any of the mineral properties in which the Company holds an interest may be subject to prior unregistered liens, agreements or transfers or other undetected title defects. There is no guarantee that title to the properties will not be challenged or impugned. The Company is satisfied, however, that evidence of title to each of the properties is adequate and acceptable by prevailing industry standards.

Enforcement of civil liabilities

Certain of the Company's directors and certain of the experts named herein reside outside of Canada and, similarly, a majority of the assets of the Company are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and experts not residing in Canada. It may also not be possible to enforce against the Company and certain of its directors and experts named herein judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Environmental risks

All phases of the natural resources business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Companies engaged in the exploration and development of mineral properties generally experience increased costs, and delays as a result of the need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

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

Amendments to current laws, regulations and permits governing operations and activities of natural resources companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in developments of new properties.

Dilution

In order to finance future operations and development efforts, the Company may raise funds through the issue of shares or securities convertible into shares. The constating documents of the Company allow it to issue, among other things, an unlimited number of shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The Company cannot predict the size of future issues of shares or securities convertible into shares or the effect, if any, that future issues and sales of shares will have on the price of the shares. Any transaction involving the issue of previously authorized but unissued shares or securities convertible into shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

Regulatory requirements

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters.

Changes in these regulations or in their application are beyond the control of the Company and could adversely affect its operations, business and results of operations.

Government approvals and permits are currently, and may in the future be, required in connection with the mineral projects in which the Company has an interest. To the extent such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of properties.

Reliance on operators and key employees

The success of the Company will be largely dependent upon the performance of its management and key employees. The Company does not have any key man insurance policies and therefore there is a risk that the

death or departure of any member of management or any key employee could have a material adverse effect on the Company. In assessing the risk of an investment in the Company's shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Company. An investment in the Company's shares is suitable only for those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment.

Permits and licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects.

Availability of equipment and access restrictions

Natural resource exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Conflict of interest of management

Certain of the Company's directors and officers are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers relating to the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies.

Competition

The Company actively competes for acquisitions, leases, licenses, concessions, claims, skilled industry personnel and other related interests with a substantial number of other companies, many of which have significantly greater financial resources than the Company.

The Company's ability to successfully bid on and acquire additional property rights to participate in opportunities and to identify and enter into commercial arrangements with other parties will be dependent upon developing and maintaining close working relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Insurance

The Company's involvement in the exploration for and development of natural resource properties may result in the Company becoming subject to liability for certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave ins, fires, floods, earthquakes, pollution, blow-outs, property damage, personal injury or other hazards. Although the Company will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable, or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer or such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

No assurance can be given that insurance to cover the risks to which the Company's activities will be subject will be available at all or at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of the disposal of waste products occurring from production) is not generally available to the Company or to other companies within the industry. The payment of such liabilities would reduce the funds available to the Company. Should the Company be unable to fund fully the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

The market price of shares may be subject to wide price fluctuations

The market price of shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside of the Company's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the shares.

The Company is unable to predict whether substantial amounts of shares will be sold in the open market. Any sales of substantial amounts of shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the shares.

Global financial conditions

Global financial conditions over the last few years have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of our Shares may be adversely affected.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk will be primarily composed of cash and amounts receivable. While the Company will attempt to mitigate its exposure to credit risk, there can be no assurance that unexpected losses will not occur. Such unexpected losses could adversely affect the Company.

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; management's strategies and objectives; the Company's tax position and the tax and royalty rates applicable; the Company's ability to acquire necessary permits and other authorizations in connection with its projects; risks associated with environmental compliance, including without limitation changes in legislation and regulation, and estimates of reclamation and other costs; the Company's cost reduction and other financial and operating objectives; the Company's environmental, health and safety initiatives; the availability of qualified employees and labour for operations; risks that may affect 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 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 operations; the availability of equity and other financing on reasonable terms; power prices; the Company's ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; the Company's ability to attract and retain skilled labour and staff; the impact of changes in Canadian/US dollar and other foreign exchange rates on costs and results; market competition; and ongoing relations with employees and with 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. Management undertakes 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.

Additional information

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Corporate Information

Head Office:	1090 Hamilton Street Vancouver, BC V6B 2R9 Canada
Directors:	Robert Giustra Gil Atzmon Don Gustafson Peter Gianulis
Officers:	Robert Giustra, Chief Executive Officer Andy Wallace, President Rock Lefrançois, Chief Operating Officer Akbar Hassanally, Chief Financial Officer Joel Schuster, Vice President Legal and Corporate Secretary Jorge Martinez, Vice President of Corporate Development
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

For the Year Ended September 30, 2012

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

VANCOUVER
1500 - 1140 W. Pender Street
Vancouver, BC V6E 4G1
TEL 604.687.4747 | FAX 604.689.2778

TRI-CITIES
700 - 2755 Lougheed Hwy.
Port Coquitlam, BC V3B 5Y9
TEL 604.941.8266 | FAX 604.941.0971

WHITE ROCK
301 - 1656 Martin Drive.
White Rock, BC V4A 6E7
TEL 604.531.1154 | FAX 604.538.2613

WWW.DMCL.CA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Columbus Gold Corporation

We have audited the accompanying consolidated financial statements of Columbus Gold Corporation, which comprise the consolidated statements of financial position as at September 30, 2012 and 2011 and October 1, 2010, and the consolidated statements of comprehensive income (loss), cash flows, and changes in stockholders' equity for the years ended September 30, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Columbus Gold Corporation as at September 30, 2012 and 2011 and October 1, 2010, and its financial performance and its cash flows for the years ended September 30, 2012 and 2011, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Columbus Gold Corporation's ability to continue as a going concern.

"DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
January 28, 2013

Consolidated Statements of Financial Position

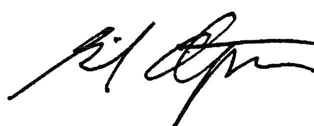
(Expressed in Canadian Dollars)	September 30, 2012 ($)	September 30, 2012 ($)	September 30, 2012 ($)
Assets		(note 20)	(note 20)
Current assets			
Cash and cash equivalents (note 13)	4,401,356	3,345,974	639,826
Term deposits	-	-	750,623
Available-for-sale investments (note 5)	138,033	407,552	350,617
Prepaid expenses and receivables	573,786	374,792	219,676
Due from Columbus Silver Corporation (note 7)	-	1,009,398	-
Refundable deposit (note 6)	2,060,164	-	-
	7,173,339	5,137,716	1,960,742
Non-current assets			
Advances to a related party for exploration (note 15)	-	219,984	176,836
Investment in Columbus Silver Corporation (note 7)	1,000,000	-	20,392
Due from Columbus Silver Corporation (note 7)	-	-	722,231
Conversion option (note 7)	-	1,113,054	1,389,076
Reclamation bonds (note 8)	195,732	78,266	35,434
Assets held for sale (note 9)	3,852,166	-	-
Exploration and evaluation assets (note 9)	26,762,336	23,012,367	2,861,442
Equipment (note 10)	358,870	-	-
	39,342,443	**29,561,387**	**7,166,153**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	431,995	101,536	73,622
Due to related parties (note 15)	23,000	-	19,500
Other current liabilities	20,421	-	-
	475,416	101,536	93,122
Non-current liabilities			
Other non-current liabilities	69,772	-	-
Restoration provision (note 11)	364,205	-	-
	909,393	101,536	93,122
Shareholders' equity			
Share capital (note 13)	42,345,791	37,389,217	13,171,639
Reserves	5,623,840	4,513,173	3,834,684
Deficit	(9,536,581)	(12,442,539)	(9,933,292)
	38,433,050	29,459,851	7,073,031
	39,342,443	**29,561,387**	**7,166,153**

Nature of operations (note 1)
Commitments (notes 10, 11 and 17)
Subsequent events (note 21)

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

Approved by the Board of Directors

Robert Giustra – Director



Gil Atzmon - Director

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

	Year ended, September 30, 2012 ($)	Year ended, September 30, 2011 ($)
		(note 20)
Expenses		
Administration and office	295,800	243,908
Consulting fees	112,695	22,400
Directors fees (note 15)	84,000	48,000
General exploration	915,182	287,819
Investor relations	156,572	248,753
Management fees (note 15)	222,500	70,000
Professional fees	426,027	206,335
Share-based payments (note 12b)	526,454	1,518,893
Transfer and filing fees	115,832	32,377
Travel, advertising and promotion	84,505	64,100
Amortization	30,648	-
Loss before other items	(2,970,215)	(2,742,585)
Other items		
Interest income and accretion	267,015	353,269
Loss from equity accounted investment (note 7)	(264,971)	(20,392)
Gain on sale of investments	780	105,089
Foreign exchange gain (loss)	(206,612)	59,915
Fair value change on conversion option (note 7)	285,818	(276,022)
Gain on debt conversion (note 7)	93,736	-
Income from third party interest in mineral property	33,520	126,875
Gain on sale of mineral property (note 9)	8,320,713	-
Impairment of exploration and evaluation assets (note 9)	(1,286,429)	(115,396)
Impairment of investment (note 7)	(1,367,397)	-
Net income (loss) for the year	**2,905,958**	**(2,509,247)**
Unrealized loss on available-for-sale investments	(271,719)	(29,625)
Foreign currency translation	(217,184)	-
Comprehensive income (loss) for the year	**2,417,055**	**(2,538,872)**
Earnings (loss) per share (note 12d)		
Basic	0.03	(0.05)
Diluted	0.03	(0.05)

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

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year ended, September 30, 2012 ($)	Year ended, September 30, 2011 ($)
		(note 20)
Operating activities		
Net income (loss) for the year	2,905,958	(2,509,247)
Items not involving cash		
Amortization	30,648	-
Share-based payments (note 12b)	526,454	1,518,893
Fair value change of conversion option (note 7)	(285,818)	276,022
Gain on debt conversion (note 7)	(93,736)	-
Gain on sale of investments	(780)	(105,089)
Impairment of mineral properties (note 9)	1,286,429	115,396
Loss from equity accounted investment (note 7)	264,971	20,392
Impairment from equity accounted investment (note 7)	1,367,397	-
Income from third party interest in mineral property	-	(126,875)
Gain on sale of mineral property (note 9)	(8,320,713)	-
Loan accretion and accrued interest	(211,613)	(287,167)
Foreign currency translation	(217,184)	
Unrealized foreign exchange	14,285	-
- Interest received	122,369	-
Cash used in operating activities before changes in non-cash working capital	(2,611,333)	(1,097,675)
Changes in non-cash working capital		
Prepaid expenses and receivables	(314,561)	(155,116)
Accounts payable and accrued liabilities	393,689	8,414
Due to related parties	23,000	-
Cash used in operating activities	(2,509,205)	(1,244,377)
Investing activities		
Refundable deposit on Turkey acquisition (note 6)	(2,000,000)	-
Related party advances for exploration (note 15)		72,248
Reclamation bonds (note 8)	(117,466)	(42,832)
Term deposits	-	750,623
Sale of investments	2,080	153,259
Sale of mineral property (note 9)	8,254,184	-
Mineral property acquisition and exploration costs (note 9)	(7,820,281)	(3,140,004)
Furniture and equipment (note 10)	(299,325)	-
Restoration costs	(15,244)	-
Cash used in investing activities	(1,996,052)	(2,206,706)
Financing activities		
Common shares issued for cash, net of share issuance costs (note 13)	4,979,700	6,102,981
Obligation to issue shares	-	54,250
Warrant exercises (note 12c)	580,939	-
Cash from financing activities	5,560,639	6,157,231
Increase in cash and cash equivalents	1,055,382	2,706,148
Cash, beginning of year	3,345,974	639,826
Cash and cash equivalents, end of year (note 13)	**4,401,356**	**3,345,974**

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

Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)

	Share capital			Reserves				
	Number of shares	Share capital ($)	Obligation to issue shares ($)	Share options and warrants ($)	Accumulated other comprehensive income ($)	Total ($)	Deficit ($)	Total ($)
Balance, October 1, 2010	36,139,518	13,171,639	-	3,696,639	138,045	3,834,684	(9,933,292)	7,073,031
Mineral property acquisition (note 9)	30,368,209	17,106,712	-	-	-	-	-	17,106,712
Private placement	13,357,176	2,871,793	-	-	-	-	-	2,871,793
Share issuance costs	-	(44,077)	-	-	-	-	-	(44,077)
Finders' fees	190,473	142,855	-	-	-	-	-	142,855
Share-based payments (note 12b)	-	-	-	1,518,893	-	1,518,893	-	1,518,893
Share options exercised (note 12b)	1,425,000	970,127	-	(295,877)	-	(295,877)	-	674,250
Warrants exercised (note 12c)	8,642,938	3,170,168	54,250	(569,152)	-	(514,902)	-	2,655,266
Comprehensive loss	-	-	-	-	(29,625)	(29,625)	(2,509,247)	(2,538,872)
Balance, September 30, 2011	**90,123,314**	**37,389,217**	**54,250**	**4,350,503**	**108,420**	**4,513,173**	**(12,442,539)**	**29,459,851**
Short form prospectus financing (note 12a)	10,000,000	4,463,305	-	1,195,039	-	1,195,039	-	5,658,344
Share issuance costs (note 12a)	-	(520,300)	-	-	-	-	-	(520,300)
Finders' fees	-	(158,344)	-	-	-	-		(158,344)
Broker warrants (note 12c)	-	-	-	58,634	-	58,634	-	58,634
Share-based payments (note 12b)	-	-	-	526,454	-	526,454	-	526,454
Warrants exercised (note 12c)	1,814,825	761,496	(54,250)	(126,307)	-	(180,557)	-	580,939
Paul Isnard royalty restructuring (note 9)	887,017	410,417	-	-	-	-	-	410,417
Comprehensive income (loss)	-	-	-	-	(488,903)	(488,903)	2,905,958	2,417,055
Balance, September 30, 2012	**102,825,156**	**42,345,791**	-	**6,004,323**	**(380,483)**	**5,623,840**	**(9,536,581)**	**38,433,050**

The accompanying notes are an integral part of these consolidated 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.

The Company's principal business activities are the exploration and development of mineral properties which are located in the United States and 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 exploration and evaluation assets 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 or from proceeds of disposition. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

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 September 30, 2012, the Company has a working capital of $6,697,923 (September 30, 2011 - $5,036,180; October 1, 2010 - $1,867,620) and an accumulated deficit of $9,536,581 (September 30, 2011 - $12,442,539; October 1, 2010 - $9,933,292). The Company presently has sufficient working capital to fund operations but will require additional funding to meet its exploration commitments and fund its intended exploration programs. 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. The factors described may cast significant doubt about the Company's ability to continue as a going concern.

The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

2. *Basis of presentation*

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements, including *First-time Adoption of International Financial Reporting Standards*, ("IFRS 1") as issued by the International Accounting Standards Board ("IASB"), and its interpretations. The date of transition to IFRS was October 1, 2010. Prior to adoption on October 1, 2010, the Company prepared its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP"). Subject to certain transition elections disclosed in note 20, the Company has applied the same accounting policies in the opening IFRS statement of financial position as at October 1, 2010 and throughout all years presented.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on January 25, 2013.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis. In addition,

these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of consolidation

These consolidated financial statements include the accounts of Columbus Gold and its subsidiaries Columbus Gold (U.S.) Corporation ("Columbus Gold (U.S.)"), Columbus Gold Nevada Corp. ("Columbus Gold (Nevada)"), Columbus Gold (Luxembourg) S.à.r.l., and Société de Travaux Publics et de Mines Aurifères en Guyane S.A.R.L. ("SOTRAPMAG"). 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 7).

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

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions used by management where there is risk of material adjustments to assets and liabilities in future accounting periods include the eestimated useful lives of depreciated and amortized assets, the recoverability of the carrying value of exploration and evaluation assets, assets held for sale, and equity accounted investments, assumptions used in determination of the fair value of share-based payments, the recoverability and measurement of deferred tax assets, decommissioning, restoration and similar liabilities and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include assumption of going concern basis of accounting, the classification of expenditures as exploration and evaluation expenditures or operating expenses and the classification of financial instruments.

3. Significant accounting policies

(a) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

(b) Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currencies have been determined through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates, and are as follows:

Entity	Functional currency
Columbus Gold Corporation	Canadian dollar
Columbus Gold (U.S.) Corporation	United States dollar
Columbus Gold Nevada Corp.	United States dollar
Columbus Gold (Luxembourg) S.à.r.l.	European euro
Société de Travaux Publics et de Mines Aurifères en Guyane S.A.R.L. (“SOTRAPMAG”)	European euro

Transactions in currencies other than the functional currency of each entity are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

(c) Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

General exploration costs consist of exploration expenditures incurred in the process of evaluating potential property acquisitions. Such expenditures will continue to be expensed until the property is acquired.

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

(d) Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated based on the estimated residual value and estimated economic life of the specific assets using the straight-line method and the rates indicated below:

Furniture	5 years
Leasehold improvements	Term of lease
Equipment	3 to 10 years

(e) Impairment of long-lived assets

At each reporting date, the Company reviews the carrying amounts of its long-lived 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 unit" or "CGU"). 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) Restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements,

discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

(g) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss). Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(h) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income taxes are accounted for using the 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 statutory tax rates applicable to future years to differences between the financial statement carrying amounts 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 the 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 probably that a deferred tax asset will be recovered, the deferred tax asset is reduced.

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 statement of comprehensive loss.

(i) Earnings (loss) per share

Earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the year. The calculation of diluted earnings per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share and is only recognized when the effect is dilutive.

(j) 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 12b.

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 recognised 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 recognised for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

(k) Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and cash is classified as FVTPL.

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

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. The Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade payables and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

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.

4. *Changes in accounting standards*

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 consolidated financial statements. Those that may have a significant effect on the consolidated financial statements of the Company are as follows:

(a) IFRS 9 – *Financial Instruments* ("IFRS 9")

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(b) IFRS 10 – *Consolidated Financial Statements* ("IFRS 10")

This new standard will replace IAS 27 "Consolidated and Separate Financial Statements", and SIC-12 "Consolidation – Special Purpose Entities". Concurrent with IFRS 10, the IASB issued IFRS 11 "Joint Ventures"; IFRS 12 "Disclosures of Involvement with Other Entities"; IAS 27 "Separate Financial Statements", which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and IAS 28 "Investments in Associates and Joint Ventures", which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

(c) IFRS 11 – *Joint Arrangements* ("IFRS 11")

The IASB issued IFRS 11 – *Joint Arrangements*, on May 12, 2011 with an effective date for annual periods beginning on or after January 1, 2013. This standard supersedes IAS 31 – Interest in Joint Ventures and SIC 13 – *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement ("joint operators") have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement ("joint ventures") have rights to the net assets of the arrangement. IFRS 11 requires that a joint operator recognize its portion of assets, liabilities, revenues and expenses of a joint arrangement, while a joint venture recognizes its investment in a joint arrangement using equity method. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

(d) IFRS 12 – *Disclosure of Interest in Other Entities* ("IFRS 12")

In May 2011 the IASB published IFRS 12 - *Disclosure of Interests in Other Entities*, effective for annual periods beginning on or after January 1, 2013. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial

performance and cash flows. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

(e) IFRS 13 – *Fair Value Measurement* ("IFRS 13")

In May 2011, as a result of the convergence project undertaken by the IASB with the US Financial Accounting Standards Board to develop common requirements for measuring fair value and for disclosing information about fair value measurements, the IASB issued IFRS 13 – *Fair Value Measurement*. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. IFRS 13 defines fair value and sets out a single framework for measuring fair value which is applicable to all IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 requires that when using a valuation technique to measure fair value, the use of relevant observable inputs should be maximized while unobservable inputs should be minimized. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

(f) New interpretation IFRIC 20 *"Stripping Costs in the Production Phase of a Surface Mine"*

This new IFRIC clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

(g) Amendments to IAS 32 *"Financial Instruments: Presentation"*

These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

(h) Financial statement presentation

In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1 *"Presentation of Financial Statements"* to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

5. *Available-for-sale investments*

	September 30, 2012 ($)	September 30, 2012 ($)	October 1, 2010 ($)
Sniper Resources Ltd.	67,350	137,041	208,209
Piedmont Mining Corp.	61,802	243,781	142,407
Navaho Gold Limited	5,380	26,730	-
Roscan Minerals	3,500	-	-
White Cloud	1	-	-
Portage Minerals Inc.	-	-	1
	138,033	**407,552**	**350,617**

6. *Refundable deposit on Turkey property*

On March 27, 2012, the Company entered a letter of intent (the "Columbus Copper LOI") with Columbus Copper Corporation (formerly Empire Mining Corporation), to earn-in to 51% of Columbus Copper's Demiretepe project based in Turkey. Columbus Copper has a 100% interest in the Turkish mineral project, which is comprised of the Demirtepe and Karapinar projects, collectively known as Bursa. The Company has paid Columbus Copper a US$2 million deposit (the "Deposit") and is further required to fund US$3 million in exploration expenditures over three years, with Columbus Copper acting as operator. Upon completion of the aforementioned obligations, a 51/49% joint venture will be formed. Subsequently, on August 20, 2012, Columbus Copper entered into a binding letter agreement with First Quantum Minerals Ltd. ("FQML") to acquire 51% interest on Bursa by making a $1.5 million payment to Columbus Copper and by completing $8.5 million in staged exploration expenditures over three years. Columbus Gold has reviewed the terms of the FQML deal and anticipates that it will provide a formal waiver of its right of first refusal and terminate the Columbus Copper LOI when Columbus Copper formalizes its agreement with FQML. Columbus Copper will be required to immediately refund the Deposit plus 6% simple interest thereon. The Deposit is secured by a general security interest in the Bursa property. Subject to a right of first refusal, at any time before closing, Columbus Copper can terminate the agreement by a) returning the Deposit with interest; b) paying a non-refundable break fee; and, c) paying for all of the Company's reasonable expenses up to a limit of $100,000. The transactions underlying the Columbus Copper LOI are subject to TSX-V approval, obtaining independent fairness opinions, and other conditions.

7. *Investment in Columbus Silver Corporation*

Columbus Silver, a company engaged in exploration and development of silver projects with mineral properties in the United States of America, was spun out of the Company in September 2008. 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 as a result of share issuances by Columbus Silver. At this time it was determined to have converted from a controlled entity to an equity investment.

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

On September 1, 2010, Columbus Silver issued a new promissory note to the Company with a face value of $845,208 in order to extend repayment terms on the previous note that was re-negotiated effective August 14, 2008 (the "Columbus Silver Canadian Note"). The Columbus Silver Canadian Note bears simple interest of 5% per annum, the principal balance is convertible into common shares of

Columbus Silver (each, a "Columbus Silver Share") at $0.10 per Columbus Silver Share and matures on August 31, 2012. Any accrued interest on principal amounts under the Columbus Silver Canadian Note is receivable on maturity. The Company recorded the fair value of the Columbus Silver Canadian Note at $424,688 and the fair value of the conversion option at $420,520 upon issuance. On February 14, 2012, the Company elected to convert Columbus Silver Canadian Note into 8,452,085 Columbus Silver Shares. The amortized cost of the Columbus Silver Canadian Note was $690,596 on February 14, 2012 (September 30, 2011 - $649,220; October 1, 2010 - $438,782).

On September 1, 2010, Columbus Silver's wholly-owned subsidiary Columbus Silver (U.S.) Corporation issued a new US dollar denominated promissory note to Columbus Gold (U.S.) with a face value of US$540,465 in order to extend repayment terms on the previous note that was re-negotiated effective August 19, 2008 (the "Columbus Silver American Note"). The Columbus Silver American Note bears simple interest of 5% per annum, the principal balance is convertible into Columbus Silver Shares at $0.10 per Columbus Silver share, and matures on August 31, 2012. Accrued interest is receivable on maturity. The Company recorded the fair value of the Columbus Silver American Note at $271,565 and the fair value of the conversion option at $276,913. On February 14, 2012, the Company elected to convert the Columbus Silver American Note into 5,406,813 Columbus Silver Shares. The amortized value of the Columbus Silver American Note was $449,164 (U$449,343) at conversion date (September 30, 2011- $435,151; October 1, 2010 - $287,606).

During the year ended September 30, 2012, the Company recognized a gain on the conversion option of $285,818 (2011 – $276,022 loss). The Company recognized a gain of $93,736 (2011 - $nil) during the year ended September 30, 2012 relating to the conversion of the promissory notes.

At September 30, 2012, management has reviewed the carrying value of its investment and estimates that $1,000,000 is recoverable. Consequently, the Company has taken an impairment charge of $1,367,397 on its investment in Columbus Silver at year end. (September 30, 2011 - $Nil)

8. *Reclamation bonds*

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

	September 30, 2012 ($)	September 30, 2012 ($)	October 1, 2010 ($)
Bolo	152,889	31,657	31,203
Eastside and Golden Mile	13,897	16,130	-
Brown's Canyon	17,035	14,517	-
Antelope	11,911	11,552	-
Awakening	-	4,410	4,231
	195,732	**78,266**	**35,434**

9. *Exploration and evaluation assets*

A summary of exploration and evaluation assets by property for the year ended September 30, 2012 is set out below:

Property	Balance at October 1, 2011 ($)	Acquisition costs ($)	Deferred exploration ($)	Divestitures ($)	Impairment ($)	Reclassified to assets held for sale ($)	Balance at September 30, 2012 ($)
French Guiana							
Paul Isnard	19,016,183	3,196,872	4,549,281	-	-	-	26,762,336
Nevada							
Antelope	26,694	4,539	103,324	-	(134,556)	(1)	-
Awakening	154	-	-	-	(154)	-	-
Big Lime	-	-	60,250	-	-	(60,250)	-
Bolo	1,754,834	-	144,317	-	-	(1,899,151)	-
Brown's Canyon	240,140	103,049	482,294	-	(725,483)	(100,000)	-
Chaos Creek	-	-	52,084	-	-	(52,084)	-
Chert Cliff	37	-		-	(37)	-	-
Combs Peak	40,443	-	29,791		(70,233)	(1)	-
Crestview	210,384	-	-	-	-	(210,384)	-
Dutch Flat	1	-	-	-	-	(1)	-
Eastside	392,007	-	40,347	-	-	(432,354)	-
Guild	12,063	-	-	-	(12,063)	-	-
Hughs Canyon	162,711	-	75,647	-	-	(238,358)	-
Laura	413	-	191	-	-	(604)	
North Brown	22,742	-	8,215	-	(30,956)	(1)	-
Overland Pass	6,465	-	-	-	-	(6,465)	-
Pete's Summit	52,987	-	15,534	-	-	(68,521)	-
Red Hills	15,681	11,115	12,118	-	(38,913)	(1)	-
Robinson Mountain	5,622	-	12,833	-	(18,455)	-	-
Scraper	93,836	-	28,338	-	(122,174)	-	-
Steven's Basin	88,484	-	3,523	-	(92,006)	(1)	-
Summit	75,659	-	-	(75,659)	-	-	-
Utah Clipper	395,304	607	908	-	-	(396,819)	-
Weepah	386,882	-	-	-	(542)	(386,340)	-
Westside	-	-	-	-	-	-	-
White Canyon	1,028	-	-	-	(1,027)	(1)	-
White Horse Flats	3	-	823	-	-	(826)	-
White Horse Flats North	9,168	6,159	17,867	-	(33,193)	(1)	-
White Oaks	-	-	3,883	-	(3,882)	(1)	-
Winnemucca	2,442	-	314	-	(2,755)	(1)	-
	23,012,367	**3,322,341**	**5,641,882**	**(75,659)**	**(1,286,429)**	**(3,852,166)**	**26,762,336**

9. *Exploration and evaluation assets - continued*

In April, the Company reported that it was evaluating strategic alternatives for its Nevada portfolio including the spin out of the Nevada assets in order to focus its efforts on developing the Paul Isnard project in French Guiana. As part of the evaluation process, management has reviewed the carrying values on a project by project basis to determine recoverability. Where the carrying value is not deemed to be recoverable either due to poor drill results or the project being dropped by a joint venture partner, management has chosen to take an impairment charge.

Subsequent to year end, the Company signed an option agreement with Columbus Silver to sell its Nevada properties. Please see note 21 - Subsequent Events for further details. As a result the Company has reclassified the carrying value of its Nevada properties to non-current assets held for sale.
A summary of the exploration and evaluation assets by property for the year ended September 30, 2011 is set out below:

Property	Balance at October 1, 2010 ($)	Acquisition costs ($)	Deferred exploration ($)	Option payments ($)	Divestitures ($)	Impairment ($)	Balance at September 30, 2011 ($)
French Guiana							
Paul Isnard	-	17,272,196	1,743,987	-	-	-	19,016,183
Nevada							
Antelope	-	7,110	19,584	-	-	-	26,694
Bolo	1,608,312	-	146,522	-	-	-	1,754,834
Brown's Canyon	18,530	35,542	186,068	-	-	-	240,140
Combs Peak	-	-	40,443	-	-	-	40,443
Crestview	210,384	-	-	-	-	-	210,384
Dutch Flat	31,485	3,973	8,414	(4,438)	-	(39,433)	1
Eastside	120,956	18,640	252,411	-	-	-	392,007
Golden Mile	-	75,960	3	-	-	(75,963)	-
Guild	47,446	-	-	(35,383)	-	-	12,063
Hughs Canyon	-	22,071	140,640	-	-	-	162,711
Laura	-	-	604	-	-	-	604
North Brown	-	5,808	16,934	-	-	-	22,742
Overland Pass	29,552	-	-	(23,087)	-	-	6,465
Pete's Summit	8,099	6,686	38,202	-	-	-	52,987
Red Hills	4,307	-	11,374	-	-	-	15,681
Robinson Mountain	3,586	-	2,036	-	-	-	5,622
Scraper	56,522	-	37,314	-	-	-	93,836
Steven's Basin	111,056	-	1,181	(23,753)	-	-	88,484
Summit	70,202	-	5,457	-	-	-	75,659
Utah Clipper	416,177	-	2,880	(23,753)	-	-	395,304
Weepah	109,442	(9,658)	287,098	-	-	-	386,882
White Canyon	1,028	-	-	-	-	-	1,028
White Horse Flats	8,051	5,208	(2,960)	(10,296)	-	-	3
White Horse Flats North	5,384	-	3,784	-	-	-	9,168
Winnemucca	923	-	1,519	-	-	-	2,442
	2,861,442	**17,443,536**	**2,943,495**	**(120,710)**	**-**	**(115,396)**	**23,012,367**

9. *Exploration and evaluation assets* *- continued*

A summary of the exploration and evaluation assets by category for the year ended September 30, 2012 and 2011 is set out below:

	Year ended, September 30, 2012 ($)	Year ended, September 30, 2011 ($)
Balance, beginning of year	23,012,367	2,861,442
Acquisition	3,322,341	17,443,536
Administration	96,257	395,842
Camp costs and site preparation	413,893	412,540
Drilling and trenching	2,768,541	842,337
Permitting, claim renewals and advance royalties	176,184	143,982
Geology and staff	1,536,740	660,659
Roads and transportation	354,196	-
Travel	228,657	166,100
Other	67,414	322,035
Total	31,976,590	23,248,473
Less:		
Option payments	-	(120,710)
Divestitures	(75,659)	-
Impairment	(1,286,429)	(115,396)
Reclassified to non-current assets held for sale	(3,852,166)	-
Balance, end of year	**26,762,336**	**23,012,367**

French Guiana – Paul Isnard

On June 30, 2011, the Company closed its transaction with Auplata SA ("Auplata") for an option to acquire up to a 100% interest in the Paul Isnard gold project ("Paul Isnard") in French Guiana, a Department of France. The Paul Isnard project consists of eight mining permits.

The agreement governing the Company's acquisition of Paul Isnard was amended a total of four times, the final amendment being on December 5, 2011; under this amendment, Auplata agreed to an accelerated option allowing the Company to earn an immediate 100% interest in the Paul Isnard property by paying Auplata US$1,500,000, of which $1,000,000 was paid on January 3, 2012 and $500,000 which was paid on April 13, 2012. On closing, the Company issued 30,276,266 shares valued at $17,030,399 to Auplata and completed a 13,357,176 share private placement to Pelican Venture SAS for gross proceeds of $2,871,793.

On December 5, 2011, the Company entered into a royalty over option agreement with Euro Ressources S.A. ("Euro Ressources"), under which the Company has gained the right to purchase the underlying royalty on Paul Isnard in exchange for $250,000, with $166,667 payable in common shares of the Company and $83,333 in cash on December 22, 2011, a $50,000 annual maintenance fee, and $4,200,000 in cash and 12,865,000 in Shares (subject to adjustment). The option to purchase this royalty can only be exercised upon the Company earning its 100% ownership of Paul Isnard, among other things. In addition to the foregoing consideration, the Company would be required to grant Euro Ressources a Net Smelter Royalty ("NSR") over production at Paul Isnard, representing 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

therefrom. The existing royalty, which the Company is entitled to purchase based on the terms and conditions of its option over royalty agreement with Euro Ressources, requires the producer to pay 10% of the price of gold in excess of US$400 per ounce on the first 2,000,000 ounces of production and 5% of the price of gold in excess of US$400 per ounce on the next 3,000,000 ounces produced. On July 26, 2012, the Company issued Euro Ressources 650,000 common shares of the Company and amended the terms of the royalty agreement whereby the amendment generally provides an additional year in which the Company may consider to exercise the option.

On April 17, 2012, the Company completed its obligations under its Paul Isnard earn-in agreement with Auplata which received formal notice of non-objection of applicable French authorities to its acquisition of Paul Isnard. This non-objection was required due to changes to the Company's earn-in to Paul Isnard contained in the December 5, 2011 amendment of the Company's option agreement with Auplata.

Nevada Projects

Browns Canyon

Browns Canyon is located approximately 20 km (12 miles) west of Barrick Gold's Archimedes open pit gold mine, in the highly prospective Battle Mountain Gold Trend of Nevada. The project is 100% controlled by Columbus Gold subject to underlying royalties. The Company performed geologic mapping and drilled holes during the fiscal year. Drilling results on the property were unexciting and the Company is actively looking to farm out the project to a joint venture partner. The Company took an impairment charge to write the project down to its recoverable amount.

Utah Clipper / Crestview Properties

On September 20, 2010, as amended August 16, 2012, 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$2,000,000, of which US$200,000 is mandatory by December 31, 2011 (incurred), in exploration expenditures by September 20, 2013, paying US$20,000 (received) by December 24, 2010 and by issuing US$160,000 in common shares of Navaho by September 20, 2013. Navaho can earn an additional 4% interesting by spending an additional US$1,000,000 within three years of exercising the intial option, and an additional 15% interest by spending an additional US$1,000,000 within three years of exercising the intial option. Navaho is currently drilling on the project.

Golden Mile Property

On October 21, 2007, the Company entered into an option agreement, as amended, with Roscan Minerals ("Roscan") whereby Roscan can earn an initial 60% interest in the Golden Mile property by incurring US$2,500,000 in exploration expenditures and issuing to the Company 150,000 common shares (110,000 shares received) of Portage by December 31, 2012. The project was dropped by Portage in fiscal 2011 and impaired by the Company.

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 agreements were subsequently amended with the required payments as follows:

Date	Amount (US$)
On Execution of the Agreement (paid)	30,000
By July 28, 2010 (paid)	45,000
By July 28, 2011[1] (paid)	80,000
By July 28, 2012 (paid)	10,000
By July 28, 2013	115,000
By July 28, 2014	120,000
By July 28, 2015	135,000
	535,000

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

Guild, Weepah, Laura and 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). Subsequent to year end, Sniper informed the Company that it was relinquishing the project.

Weepah

Weepah is currently 100% owned by the Company, subject to third party net smelter returns royalties.

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. Sniper was required to spend $500,000 by September 26th, 2012 but was behind in its spending by approximately $250,000. Subsequent to September 30, 2012, Sniper issued 2,339,408 shares to the Company to make up for the shortfall and to satisfy the anniversary property payment.

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.

On October 29, 2012, Laura was acquired by a third party. See Subsequent events note 21 for further details.

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, 2014, including US$350,000 of mandatory expenditures by December 31, 2013 (incurred). Sniper has spent $367,239 to date Sniper has spent $252,836 to date. Subsequent to period end, Sniper has requested an extension on the exploration expenditures and is in negotiation with the Company.

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.

Summit Property

Effective June 1, 2007, the Company entered into an agreement with Agnico-Eagle (USA) Limited ("Agnico") which will allow Agnico to earn a 51% interest in the Summit Property by incurring exploration expenditures of US$3,000,000 over 5 years, with minimum expenditures of US$500,000 in the first two years. Agnico will make cash payments totaling US$150,000 over 3 years (received). Agnico can increase its ownership interest to 70% by completing a feasibility study. Agnico will be the operator during the earn-in phase of the agreement and upon formalization of a joint venture. During the year ended September 30, 2012, the Company sold its interest in the Summit Property to Agnico for US$8,500,000 and recorded a gain on sale of $8,300,000 on the statement of comprehensive income.

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. Navaho returned the property during fiscal 2012. The Company dropped most of the claims but held onto 23 claims that cover a gold geochemical anomaly and is actively looking for a joint venture partner. Management chose to take an impairment charge on the property.

Other Properties

During the year ended September 30, 2012, the Company dropped claims on Scraper Springs and Robinson Mountain. The Company has additional exploration properties in Nevada including Hughes Canyon, Chert Cliff, Del Oro, White Horse Flats North, Winnemucca, Dutch Flat, White Canyon, Pete's Summit, Bolo, Eastside, Summit and Red Hills.

The Company has farmed out various of its properties to third parties in previous years, and is actively seeking joint venture partners to earn into Hughes Canyon, White Horse Flats North which was written down to $1, Winnemucca (written down to $1), Dutch Flat, and Red Hills which was written down to $1.

Impairment

At September 30, 2012, management reviewed the carrying values of its mineral property interests. Indications of impairment were identified on certain properties due to the fact that the Company had no immediate plans to conduct further exploration activities or the property was abandoned. Impairment charges totaling $1,286,429 (2011 - $115,396) were recorded.

10. *Equipment*

	Furniture ($)	Leasehold improvements ($)	Equipment ($)	Total ($)
Cost				
Balance, October 1, 2010 and September 30, 2011	-	-	-	-
Additions	30,490	169,625	204,967	405,082
Balance, September 30, 2012	30,490	169,625	204,967	405,082
Accumulated amortization				
Balance, October 1, 2010 and September 30, 2011	-	-	-	-
Amortization	(3,557)	(19,790)	(22,865)	(46,212)
Balance, September 30, 2012	(3,557)	(19,790)	(22,865)	(46,212)
Net book value, September 30, 2012	**26,933**	**149,835**	**182,102**	**358,870**

The Company holds $73,942 of net equipment under leases.

11. *Restoration provision*

The Company's restoration provision relates to the Paul Isnard property. The restoration provision has been estimated by the Company based on current legal and regulatory requirements. The Company anticipates the restoration and rehabilitation obligation will be fulfilled within two years.

As at September 30, 2012, the Company has a restoration obligation of $427,435 (September 30, 2011 - $nil; October 1, 2010 - $nil) of which $63,230 is included in accounts payable and accrued liabilities.

12. *Share capital*

(a) Common shares

Authorized - Unlimited common shares without par value.

At September 30, 2012, the Company had 102,825,156 (September 30, 2011 – 90,123,314; October 1, 2010 – 36,139,518) common shares issued and outstanding.

On August 22, 2012, the Company issued 650,000 shares to Euro Ressources S.A. for extending the

term of the Paul Isnard royalty payment, in addition to the 237,017 shares issued during the year ended September 30, 2012 for restructuring the royalty payment.

On May 17, 2012, the Company completed a bought deal short form prospectus financing and issued 10,000,000 units at a purchase price of $0.55 per unit (a "Unit"), for gross proceeds to the Company of $5,500,000 (the "Offering"). Each Unit consists of one share (a "Share") and one-half of one Share purchase warrant, with each full warrant being exercisable to acquire one Share at a purchase price of $0.65 for a period of 24 months.

The aforementioned Offering was underwritten by a syndicate of investment dealers led by Cormark Securities Inc. and included Canaccord Genuity Corp., Haywood Securities Inc. and National Bank Financial Inc (the "Underwriters"). In consideration for their services, the Underwriters have received a cash commission equal to $385,000, being 7% of the gross proceeds of the offering, and a total of 700,000 compensation options, with each such option entitling the Underwriters to acquire one share for a period of 24 months at $0.55 per such share.

(b) Share options

On April 15, 2011, the Company amended its 2009 share purchase option plan to authorize the Company to issue up to 7,000,000 share purchase options from the previous limit of 5,253,684 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. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date.

The continuity of the Company's share options is as follows:

	Number of options	Weighted average exercise price ($)
Balance, October 1, 2010	5,483,000	0.56
Granted	2,765,000	0.66
Exercised	(1,425,000)	0.47
Cancelled	(1,350,000)	0.84
Balance, September 30, 2011	**5,473,000**	**0.57**
Granted	1,295,000	0.78
Cancelled	(235,000)	0.78
Expired	(150,000)	0.93
Balance, September 30, 2012	**6,383,000**	**0.58**

A summary of the Company's options at September 30, 2012 is as follows:

	Options outstanding		Options exercisable	
Exercise price ($)	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable	Weighted average remaining contractual life (years)
0.25-0.50	3,533,500	2.05	3,533,500	2.05
0.78-0.85	2,699,500	3.85	2,264,500	4.25
1.25-1.68	150,000	0.15	150,000	0.15
0.25-1.68	**6,383,000**	**2.85**	**5,948,000**	**3.15**

The fair value of share options recognized as an expense during the year ended September 30, 2012 was $526,454 (2011 - $1,518,893).

For share options granted during the year ended September 30, 2012, the weighted average fair value of options granted was $0.59 (2011 - $0.64), resulting in a total fair value of $764,050 (2011 - $1,769,600).

The following are the weighted average assumptions used in the Black-Scholes options pricing model for the options granted the years ended September 30, 2012 and 2011:

	Year ended, September 30, 2012	Year ended, September 30, 2011
Expected price volatility	99%	137%
Risk free interest rate	1.00%	1.56%
Expected life of options	3 years	5 years
Expected dividend yield	nil	nil

The fair value of each share option 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.

(c) Warrants

The continuity of the Company's warrants is as follows:

	Number of warrants	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	0.35
Exercised	(1,814,825)	0.35
Expired	(12,025)	0.35
Granted(1)	5,000,000	0.65
Granted(1)	700,000	0.55
Granted(2)	300,000	0.80
Balance, September 30, 2012	**6,000,000**	**0.65**

(1) On May 17, 2012, the Company issued 5,000,000 warrants as part of the bought deal short form prospectus offering. The warrants are exercisable at a price of $0.65 until May 17, 2014. The Company also issued 700,000 underwriter's warrants associated with this financing exercisable at $0.55 for the same period.

(2) On February 3, 2012, the Company issued a total of 300,000 non-transferable broker warrants to National Bank Financial, each such warrant exercisable until December 20, 2012 into one common share of Columbus Gold at $0.80 per such share.

(d) Earnings(loss) per share and diluted earnings per share

	Year ended, September 30, 2012 ($)	Year ended, September 30, 2011 ($)
Earnings per share		
Basic earnings (loss) per share	0.03	(0.05)
Diluted earnings (loss) per share	0.03	(0.05)
Net income (loss) for the year	2,905,958	(2,509,247)
Shares outstanding, beginning of year	90,123,314	36,139,518
Effect of shares issued for short form prospectus financing	3,743,169	-
Effect of shares issued for Paul Isnard royal restructuring	254,953	-
Effect of shares issued for mineral property acquisition	-	7,868,489
Effect of shares issued for private placement	-	3,439,930
Effect of shares issued for finders' fees	-	48,531
Effect of share options exercised	-	858,301
Effect of warrants exercised	2,179,599	5,415,477
Basic weighted average number of shares outstanding	**96,301,036**	**53,770,246**
Effect of dilutive share options	1,052,493	-
Diluted weighted average number of shares outstanding	**97,353,529**	**53,770,246**

During the year ended September 30, 2012 there were 2,849,500 (2011 – 5,473,000) share options and 6,000,000 (2011 – 1,826,850) warrants that are potentially dilutive but not included in the diluted earnings per share calculation as the effect would be anti-dilutive.

13. *Cash and cash equivalents*

	September 30, 2012 ($)	September 30, 2011 ($)
Cash balance	2,399,301	1,594,270
Term deposits	2,002,055	1,751,704
	4,401,356	**3,345,974**

14. *Income taxes*

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	Year ended, September 30, 2012 ($)	Year ended, September 30, 2011 ($)
Net loss for the year	(2,905,958)	(2,509,247)
Canadian federal and provincial income tax rates	25.75%	27.5%
Expected income tax expense (recovery)	748,284	(692,589)
Tax rate change and differential in foreign jurisdictions	342,520	(440,244)
Non-taxable items	193,793	432,117
Future tax benefit of share issue costs not credited to share capital	(133,977)	(11,901)
True up prior year timing differences	-	53,473
Impairment of deferred tax assets	(1,150,620)	646,143
	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	September 30, 2012 ($)	September 30, 2011 ($)
Non-capital loss carry-forwards	2,094,166	3,820,743
Share issuance costs	126,578	32,767
Equipment and other	6,657	270
Resource properties costs	(199,251)	(804,631)
Valuation allowance	(2,436,241)	(3,011,436)
	-	-

The Company has accumulated tax losses which may be used to reduce future year's taxable income. These losses expire as follows:

	Canada ($)	USA (US$)	French Guiana (Euro)
2026	764,000	-	-
2027	982,000	-	-
2028	814,000	-	-
2029	543,000	-	-
2030	450,000	-	-
2031	94,000	-	-
2032	804,000	904,000	-
Various dates	-	-	6,280,000
	4,451,000	**904,000**	**6,280,000**

A valuation allowance has been recorded against the deferred income tax assets associated with the tax losses and temporary differences because of the uncertainty of their recovery.

15. *Related party transactions*

The following is a summary of related party transactions:

	Year ended, September 30, 2012 ($)	Year ended, September 30, 2011 ($)
Management fees paid or accrued to a company controlled by a director and officer of the Company	222,500	70,000
Consulting fees paid or accrued to an officer of the Company	41,000	21,000
Consulting fees paid or accrued to a company with an officer in common with the Company	134,488	120,636
Management fees paid or accrued to an officer of the Company	60,444	29,232
Directors fees paid or accrued	84,000	48,000
Administration fees received or accrued from an associated company	7,782	-
	550,214	**288,868**

The following summarizes advances or amounts that remain payable to each related party:

	September 30, 2012 ($)	September 30, 2011 ($)	October 1, 2010 ($)
Advances to a company controlled by a director and officer of the Company	12,500	5,000	-
Advances to a company with an officer in common with the Company	-	219,984	176,836
Management fees payable to an officer of the Company	(5,000)	-	-
Directors fees payable	(18,000)	-	(19,500)
Trade and interest receivable from Columbus Silver	355,112	267,060	196,248
	344,612	492,044	353,584

For additional related party transactions, refer to notes 6, 7 and 21.

16. *Segmented information*

The Company has one reportable business segment, being mineral exploration and development. Information by geographical areas are as follows:

	September 30, 2012 ($)	September 30, 2011 ($)	October 1, 2010 ($)
Current assets			
Canada	6,751,950	4,580,230	1,875,045
USA	63,969	557,486	85,697
France (French Guiana)	357,420	-	-
	7,173,339	5,137,716	1,960,742
Non-current assets			
Canada	1,176,769	666,397	1,028,909
USA	4,047,645	4,741,093	4,176,502
France (French Guiana)	26,944,690	19,016,181	-
	32,169,104	24,423,671	5,205,411
Total assets			
Canada	7,928,719	5,246,627	2,903,954
USA	4,111,614	5,298,579	4,262,199
France (French Guiana)	27,302,110	19,016,181	-
	39,342,443	**29,561,387**	**7,166,153**

17. *Commitments*

Since 2005, the Company has engaged the services of Cordex to generate, evaluate, and explore mineral properties on behalf of the Company, primarily in Nevada; this has been accomplished through an agreement that is generally updated on an annual basis. The Company and Cordex have amended and restated this agreement, previously dated January 1, 2011, by entering into an agreement effective January 1, 2012 ("Amended Agreement"). Cordex and the Company share an officer in common, being Andy Wallace. The primary change to the amended agreement is to extend its term to December 31, 2014. Monthly payments have been reduced under the Amended Agreement, from a monthly overhead fee of US$44,000 to a monthly management fee of US$16,667. The Company has committed to fund annual exploration programs through Cordex of not less than US$600,000. For further details of the Amended Agreement please refer to SEDAR at www.sedar.com.

During the fiscal year, the Company amended the option over royalty agreement dated December 2011 with Euro Ressources on the Paul Isnard project. The amendment allows the Company to defer option exercise for an additional year to late 2013. In order to exercise the option, the Company must issue 15,276,976 shares (subject to upward adjustment should the Company do a financing at a price below $0.55 per share or if the 20-day volume weighted share price at the time of option exercise is below $0.55 per share) and make a $4.2 million payment. In consideration for the amendment, the Company issued 650,000 shares to Euro Ressources. The Company is budgeting to exercise the option.

In addition, the Company has office lease commitments as follows:

	1 year ($)	2-3 years ($)	4-5 years ($)	Total ($)
Office lease payments	111,252	226,135	160,856	498,243

18. Fair value of financial instruments

The fair value of the Company's financial instruments including cash, accounts receivables, advances to related party, due from Columbus Silver, accounts payable and accrued liabilities, due to related parties and taxes payable 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. Conversion options are classified as Level 2 based upon valuation methodologies as prescribes by IFRS. At September 30, 2012, there were no financial assets or liabilities measured and recognized in the consolidated statement of position that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

19. Financial risk and capital management

Financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at September 30, 2012 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.

(a) Credit risk

The credit risk exposure on cash is limited to their carrying amounts at the date of the consolidated statements of financial position. Cash is held as cash deposits with a creditworthy banks and investment firms. The Company has receivables consisting of goods and services tax due from the Federal Government of Canada, trade receivables and accrued interest. Management believes that the credit risk concentration with respect to receivables is minimal.

(b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash 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 September 30, 2012, the Company has working capital of $6,697,923 (September 30, 2011 - $5,036,180; October 1, 2010 - $1,867,620).

(c) Market risks

(i) Foreign currency risk

The Company's functional currency is the Canadian dollar. The Company is exposed to the currency risk related to the fluctuation of foreign exchange rates in its US subsidiary, Columbus Gold USA and French subsidiary, SOTRAPMAG. The Company also has assets and liabilities denoted in US dollars and the European Euro. A significant change in the currency exchange rates between the Canadian dollars relative to the US dollar or European Euro could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

(ii) 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 commodity prices to determine the appropriate course of action to be taken.

(iii) Interest rate risk

The Company has interest bearing cash balances; therefore, it is exposed to interest rate risk. A 1% change in interest rates results in an immaterial impact to the Company's net income.

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 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 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 Board of Directors approves the annual and updated budgets. There have been no changes to the Company's capital management policies and procedures since the end of the most recent fiscal year.

20. *Transition to International Financial Reporting Standards*

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements, making them the first annual financial statements of the Company under IFRS. The accounting policies in note 3 have been applied in preparing the consolidated financial statements for the year ended September 30, 2012, the comparative information for the year ended September 30, 2011 and the preparation of the opening IFRS consolidated statement of

financial position at October 1, 2010. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 *"First-time Adoption of International Financial Reporting Standards"*, October 1, 2010 has been determined to be the date of transition to IFRS by the Company. Comparative figures that were previously reported under previous Canadian GAAP have been restated, where appropriate, in accordance with IFRS.

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, September 30, 2011 and September 30, 2012 are consistent with its Canadian GAAP estimates for the same dates.

Foreign currency translation

A first-time adopter need not comply with the requirements for cumulative translation differences that existed at the date of transition to IFRSs. If a first-time adopter uses this exemption (a) the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRSs; and (b) the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRSs and shall include later translation differences.

Reconciliation of consolidated statements of financial position as at October 1, 2010

	Note	Canadian GAAP ($)	Effect of transition to IFRS ($)	IFRS ($)
Assets				
Current assets				
Cash		639,826	-	639,826
Term deposits		750,623	-	750,623
Available-for-sale investments		350,617	-	350,617
Prepaid expenses and receivables		219,676	-	219,676
		1,960,742	-	1,960,742
Non-current assets				
Advances to a related party for exploration		176,836	-	176,836
Investment in Columbus Silver Corporation		20,392	-	20,392
Due from Columbus Silver Corporation	(b)	857,356	(135,125)	722,231
Conversion option		1,389,076	-	1,389,076
Reclamation bond		35,434	-	35,434
Exploration and evaluation assets		2,861,442	-	2,861,442
		7,301,278	**(135,125)**	**7,166,153**
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities		73,622	-	73,622
Due to related parties		19,500	-	19,500
		93,122	-	93,122
Shareholders' equity				
Share capital		13,171,639	-	13,171,639
Reserves		3,696,639	-	3,696,639
Accumulated other comprehensive income		138,045	-	138,045
Deficit	(b)	(9,798,167)	(135,125)	(9,933,292)
		7,208,156	(135,125)	7,073,031
		7,301,278	**(135,125)**	**7,166,153**

20. *Transition to International Financial Reporting Standards* - *continued*

Reconciliation of consolidated statements of financial position as at September 30, 2011

	Note	Canadian GAAP ($)	Effect of transition to IFRS ($)	IFRS ($)
Assets				
Current assets				
Cash		3,345,974	-	3,345,974
Available-for-sale investments		407,552	-	407,552
Prepaid expenses and receivables		374,792	-	374,792
Due from Columbus Silver Corporation	(b)	1,099,663	(90,265)	1,009,398
		5,227,981	(90,265)	5,137,716
Non-current assets				
Advances to a related party for exploration		219,984	-	219,984
Conversion option		1,113,054	-	1,113,054
Reclamation bond		78,266	-	78,266
Exploration and evaluation assets		23,012,367	-	23,012,367
		29,651,652	**(90,265)**	**29,561,387**
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities		101,536	-	101,536
Shareholders' equity				
Share capital		37,389,217	-	37,389,217
Reserves				
Obligation to issue shares		54,250	-	54,250
Stock options and warrants and other	(a)	4,313,391	37,112	4,350,503
Accumulated other comprehensive income		108,420	-	108,420
Deficit	(a),(b)	(12,315,162)	(127,377)	(12,442,539)
		29,550,116	(90,265)	29,459,851
		29,651,652	**(90,265)**	**29,561,387**

20. *Transition to International Financial Reporting Standards* *- continued*

Reconciliation of consolidated statements of loss and comprehensive loss for the year ended September 30, 2011

	Note	Canadian GAAP ($)	Effect of transition to IFRS ($)	IFRS ($)
Expenses				
Administration		102,607	-	102,607
Consulting fees		22,400	-	22,400
Directors fees		48,000	-	48,000
General exploration		287,819	-	287,819
Investor relations		248,753	-	248,753
Management fees		70,000	-	70,000
Office and general		141,301	-	141,301
Professional fees		206,335	-	206,335
Share-based payments	(a)	1,481,781	37,112	1,518,893
Transfer and filing fees		32,377	-	32,377
Travel, advertising and promotion		64,100	-	64,100
Loss before other items		(2,705,473)	(37,112)	(2,742,585)
Other items				
Interest income		8,888	-	8,888
Loan accretion	(b)	299,521	44,860	344,381
Loss from equity accounted investment		(20,392)	-	(20,392)
Gain on sale of investments		105,089	-	105,089
Foreign exchange gain (loss)		59,915	-	59,915
Fair value change on conversion option		(276,022)	-	(276,022)
Income from third party interest in mineral property		126,875	-	126,875
Impairment of mineral property		(115,396)	-	(115,396)
Net loss for the year		**(2,516,995)**	**7,748**	**(2,509,247)**
Unrealized (loss) on available-for-sale investments		(29,625)	-	(29,625)
Comprehensive loss for the year		**(2,546,620)**	**7,748**	**(2,538,872)**
Loss per share – basic and diluted		(0.05)		(0.05)

(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 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 June 30, 2011.

(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.

21. Subsequent events

On December 14, 2012, the Company entered into an option agreement under which Columbus Gold has granted to Columbus Silver an option to acquire its Bolo property ("Bolo") located in Nevada, as well as 100% of Columbus Gold's other projects in the United States (together with Bolo, the "Property Package"). In total, approximately 25 properties located in Nevada and Arizona have been optioned by Columbus Gold to Columbus Silver.

Under the Agreement, Columbus Silver will have until December 31, 2014 to exercise the Option to acquire those subsidiaries of Columbus Gold (being Columbus Gold (US Property Holding) Corporation, Columbus Gold (U.S.) Corporation, and Columbus Gold (Nevada) Corporation) that hold the Property Package (the "CGT Subsidiaries"), by completing exploration expenditures on Bolo equal to the greater of $700,000 or the dollar amount recommended by an independent technical report as a phase I program thereon, maintaining the Property Package in good standing during the option period, maintaining Columbus Gold (U.S.) Corporation's agreement with Cordilleran Exploration LLC in good standing, and issuing 18,750,000 common shares to Columbus Gold after completing a 4-for-1 consolidation of its common shares.

On October 29, 2012, the Company received 1,500,000 common shares in the capital of Sniper Resources Ltd. ("Sniper") pursuant to its acquisition of all of Columbus Gold's interest in the Laura Claim Group located in Lander County, Nevada. Sniper has issued these shares as partial consideration for the aforementioned acquisition; in addition to the foregoing, Sniper has also provided Columbus Gold with a 1.5% net smelter returns royalty on production from the Laura property.

Officers & Directors

Robert Giustra
Chairman & CEO

Andy B. Wallace
President

Rock Lefrançois
Chief Operating Officer

Peter Gianulis
Director

Donald Gustafson
Director

Gil Atzmon
Director

Akbar Hassanally
Cheif Financial Officer

Joel Schuster
VP Legal & Corporate Secretary

Jorge Martinez
VP of Corporate Development

Andrew Yau
Financial Controller

Corporate Information

Head Office
1090 Hamilton Street
Vancouver, BC V6B 2R9
Canada

Investor Relations
Tel: (604) 634-0970
Fax: (604) 634-0971

Directors
Robert Giustra
Gil Atzmon
Don Gustafson
Peter Gianulis

Officers
Robert Giustra, *Chief Executive Officer*
Andy Wallace, *President*
Rock Lefrançois, *Chief Operating Officer*
Akbar Hassanally, *Chief Financial Officer*
Joel Schuster, *Vice President Legal & Corporate Secretary*
Jorge Martinez, *Vice President of Corporate Development*

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

Stock Exchange
Our shares are listed on the TSX Venture Exchange
under the symbol CGT

www.columbusgoldcorp.com

Columbus Gold Corporation
1090 Hamilton Street
Vancouver, BC
Canada, V6B 2R9

Phone: +1 604 634-0970
Fax: +1 604 634-0971
Toll Free: +1 888 818-1364

www.columbusgoldcorp.com