



CGT: TSX-V  
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# 2013 Annual Report

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## Columbus Gold Corporation

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### Nevada

19 gold projects in Nevada  
8 optioned to partners  
Gold discovery at Eastside project

### French Guiana

#### Paul Isnard Gold Project

5.37M oz. 43-101 compliant  
inferred gold resource  
Substantial expansion potential  
Phase II drilling underway

## Table of Contents

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### Forward-Looking Statements

This annual report contains forward-looking statements. Please refer to the caution on forward-looking information on page 83.

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<b>01</b>	Letter from our CEO	<b>1</b>
<b>02</b>	Management Discussion and Analysis	<b>4</b>
<b>03</b>	Consolidated Financial Statements	<b>48</b>
<b>04</b>	Caution on Forward-Looking Information	<b>83</b>
<b>05</b>	Officers and Directors	<b>85</b>
<b>06</b>	Corporate Information	<b>86</b>

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**Robert Giustra**  
Chairman & CEO

### To our fellow shareholders,

In 2013, the gold mining industry underwent a significant cyclical downturn and according to majority opinion, including that of Columbus Gold management, this sustained period of volatility and reduced metals prices will be the new “normal”—at least in the short to medium term.

Despite this, we achieved a number of successes during the year, as we sought to enhance our mineral project portfolio by advancing our flagship Paul Isnard gold project in French Guiana, and simultaneously progressing a number of projects in Nevada, particularly our highly prospective East-side property.

Following on from the exceptional work undertaken in 2012, the potential of our Paul Isnard project was validated in early 2013 with the announcement of a 184% increase on the previous Montagne d’Or resource estimate and clearly demonstrated that the deposit has both large scale and good grade. The gold deposit is estimated to contain a NI 43-101 compliant inferred resource of 117.1 million tonnes grading 1.43 g/t gold for 5.37 million ounces gold using a 0.3 g/t cut off and an impressive grade of 2.22 g/t with a 1.0 g/t cut off for 4.15 million ounces gold in 58.1 million tonnes.\*

Despite inhospitable market conditions characterizing the mining sector throughout the year, the impressive result from Paul Isnard led to a successful funding effort through the sale of a 1% net smelter royalty in consideration for \$5 million; underlining the industry’s confidence in our ability to operate and progress in the most difficult of circumstances.

**“The potential of the Montagne d’Or project was validated with the announcement of a 184% increase in the gold resource.”**

In what was the main highlight of the reporting period, Columbus Gold announced that it had entered into a binding letter option agreement with major gold producer Nord Gold N.V., under which Nord Gold was granted the right to earn a 50.01% interest in certain licences at Paul Isnard. Nord Gold may earn a 50.01% interest in the project by completing a bankable feasibility study and by expending a minimum of US\$30 million over three years in staged work expenditures, including a payment to Columbus Gold of \$4.2 million no later than May 21, 2014. Columbus is acting as operator and benefiting from a 10% management fee on most expenditures. The agreement is noteworthy in that it provides Columbus with the option to participate in mine construction or delegate it to Nord Gold under a favourable dilution formula that if triggered could result in Columbus shareholders holding a significant and valuable interest in a significant gold mine.

The significance of the Nord Gold agreement was underlined in September when Columbus commenced a US\$11.8 million work program at Montagne d'Or. The 14-month program entirely funded by Nord Gold, includes 27,600 meters of diamond core drilling, detailed metallurgy, and baseline environmental studies, with the aim of completing a resource update and announcing a preliminary economic assessment (PEA) in early 2015.

Two other notable milestones round-out our achievements in 2013; first, Columbus Gold exercised its option to acquire the existing 10% gross underlying royalty on the Paul Isnard project, thereby removing a major financial impediment to the development of the project. Second, Columbus addressed any doubts respecting its capabilities to navigate French government bureaucracy by forming a French advisory board of highly-respected individuals, including celebrated French intellectual and economist Jacques Attali, French constitutional expert and former senior government official Ms. Marie-Hélène Bérard, and the highly regarded French geologist Mr. Michel Jébrak.

In Nevada, Columbus drill tested targets at several projects in 2013 and encountered encouraging results at its Eastside Project, including 27 meters of 1.82 g/t gold within a wider 53.4 meter intercept grading 1.108 g/t gold. Initial interpretations suggest that these deeper, higher grade intercepts may be minable by open pit at a reasonable stripping ratio, along with the overlaying lower grade "cloud" mineralization. In addition, all drill intercepts to date are in oxide.

Eastside has district scale potential, covering some 550 mining claims over 11,000 acres or 45 square kilometres. It has outstanding infrastructure for mining and processing. The project is 32 kilometers west of Tonopah, Nevada, and lies 10 kilometers north of paved highway US 95, the main road from Las Vegas to Reno. A good gravel road, maintained by the county, leads from the highway through the claim block. A major power transmission line passes through the claim block. The claim block extends well into the adjacent flats which would provide an excellent operating site and the valley is known to have shallow water available.

Looking ahead, we will continue to pursue our principal objective of preserving and creating shareholder value, by aiming to advance our Paul Isnard project to feasibility, by progressing exploration at Eastside, and by pursuing new opportunities while maintaining a staunch aversion of share dilution.



**Robert Giustra**

Jan 31, 2014

\* For complete disclosure of the mineral resource refer to Columbus Gold's news release dated February 5, 2013 which is available on Columbus Gold's website and filed on SEDAR. For parameters and methods used to estimate the mineral resources please refer to the Mineral Resource Estimate NI 43-101 Technical Report, Coffey Mining, November 23, 2012, available on Columbus Gold's website and filed on SEDAR.



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 **In this photo:** Camp Citron—Paul Isnard gold project, French Guiana.

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# Management Discussion & Analysis

**For The Year Ended  
September 30, 2013**

(Stated in Canadian Dollars)

Dated January 9, 2014



**Table of Contents**

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Profile and strategy	<b>6</b>
Overall performance and outlook	<b>6</b>
Discussion of operations	<b>7</b>
Summary of annual and quarterly results	<b>25</b>
Liquidity and capital resources	<b>27</b>
Off-balance sheet arrangements	<b>28</b>
Related party transactions	<b>31</b>
Commitments	<b>32</b>
Critical accounting estimates	<b>33</b>
Changes in accounting standards	<b>33</b>
Financial instruments	<b>35</b>
Other information	<b>37</b>

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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 subsidiaries' 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, 2013 which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise noted, all currency amounts are in Canadian dollars. "This quarter" or "current period" means the three month period ended September 30, 2013. This MD&A is dated January 9, 2014.

### 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 three months and year ended September 30, 2013:

- net loss of \$1,905,189 for the three months ended September 30, 2013 compared to \$2,502,074 during the same period in the prior year, a decrease of 24%;
- net loss of \$3,771,337 for the year ended September 30, 2013 compared to a net income of \$2,905,958 in the prior year;
- cash balance of \$6,995,783 at September 30, 2013 compared to \$8,435,480 at June 30, 2013 and \$4,401,356 at September 30, 2012; and
- working capital of \$5,779,428 at September 30, 2013 compared to \$8,708,909 at June 30, 2013 and \$6,697,923 at September 30, 2012.

On November 7, 2013, the Company exercised an "Option Over Royalty Agreement" to acquire the existing 10% gross underlying royalty on the Company's "Paul Isnard Gold Project" located in the north western region of French Guiana, South America. For further details, please refer to the *Discussion of Operations* section.

On September 18, 2013 the Company announced that it had entered into a binding letter option agreement with Nord Gold N.V. ("Nord Gold") under which Nord Gold has been granted the right to a 50.01% interest in certain licenses at the Company's Paul Isnard Gold Project. For further details, please refer to the *Discussion of Operations* section.

On May 21, 2013, the Company announced that it had entered into an agreement with Sandstorm Gold Ltd. ("Sandstorm") and sold a 1% net smelter returns royalty on production from the Paul Isnard Gold Project for cash proceeds of US\$5,000,000.


On April 19, 2013, the Company announced that it had terminated an option agreement with Columbus Exploration Corporation (“Columbus Exploration”) previously announced on December 14, 2012 (the “Property Package Agreement”). The Property Package Agreement was subject to a number of conditions to be satisfied on or before June 30, 2013; Columbus Exploration informed the Company that it was unlikely to complete these conditions in a timely fashion and the two companies have accordingly agreed to terminate the Property Package Agreement.

On March 27, 2013, Columbus Gold announced that it had terminated a letter agreement with Columbus Copper Corporation (“Columbus Copper”, formerly Empire Mining Corporation) first announced on March 29, 2012 (the “Columbus Agreement”). The Columbus Agreement granted a contingent option under which the Company could earn up to a 51% interest in Columbus Copper’s Demirtepe property in Turkey. In connection with the termination, Columbus Gold has been repaid a \$2,000,000 refundable deposit plus \$219,671 in interest, fees and expenses.

On February 5, 2013, the Company announced an updated resource estimate for the Montagne d’Or gold deposit. For additional information, see *Discussion of Operations*.

On January 10, 2013, the company announced it had appointed Mr. Rock Lefrançois to the position of Chief Operating Officer. Mr. Lefrançois is a professional geologist with 25 years of experience in the mining industry. 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 Corporation, Mr. Lefrançois was a key contributor to consolidating a large land and defining a 2 million-ounce gold resource, and attracting and negotiating a strategic partnership with a mid-tier producer to carry the project to the feasibility stage.



 **In this photo:** Drill rig at Elysee—Paul Isnard gold project, French Guiana.

On October 29, 2012, the Company announced that it had 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. Sniper has provided the Company with a 1.5% net smelter returns royalty on production from the Laura property.

### **Discussion of operations**

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.

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 *summary of quarterly results* section.

**Exploration and evaluation assets**

A summary of exploration and evaluation assets by property for the year ended September 30, 2013 is set out below:

Property	Balance at September 30, 2012 (\$)	Reclassified from non- current assets held for sale (\$)	Acquisition and deferred exploration (\$)	Other (\$)	Foreign ex- change (\$)	Balance at September 30, 2013 (\$)
<b>French Guiana</b>						
Paul Isnard	26,762,336	-	2,051,356	(5,103,386) <sup>1</sup>	513,709	24,224,015
<b>Nevada</b>						
Antelope	-	1	-	-	-	1
Big Lime	-	103,095	53,048	-	2,174	158,317
Bolo	-	1,960,611	573,200	-	42,650	2,576,461
Brown's Canyon	-	103,120	4,339	-	2,321	109,780
Chaos Creek	-	53,135	-	(54,759) <sup>2</sup>	1,624	-
Combs Peak	-	206	-	(206) <sup>2</sup>	-	-
Crestview	-	182,502	-	-	4,130	186,632
Dutch Flat	-	1	-	-	-	1
Eastside	-	465,562	227,732	-	9,853	703,147
Four Metals	-	-	4,822	-	(14)	4,808
Golden Mile	-	30,436	5,876	-	671	36,983
Hugh's Canyon	-	255,089	11,261	-	5,739	272,089
Monitor Hills	-	84,652	111,048	-	1,583	197,283
North Brown	-	300	3,740	-	(4)	4,036
Overland Pass	-	1	-	-	-	1
Pete's Summit	-	65,783	25,644	-	1,412	92,839
Red Hills	-	1	1,264	-	(4)	1,261
Steven's Basin	-	277	-	(291) <sup>2</sup>	14	-
Utah Clipper	-	280,282	-	(31,002) <sup>3</sup>	6,436	255,716
Weepah	-	244,693	-	-	5,537	250,230
White Canyon	-	1	-	-	-	1
White Horse Flats	-	1	2,693	-	(8)	2,686
White Horse Flats North	-	406	5,087	-	(6)	5,487
White Oaks	-	1	-	-	-	1
Winnemucca	-	1	-	-	-	1
	<b>26,762,336</b>	<b>3,830,157</b>	<b>3,081,110</b>	<b>(5,189,644)</b>	<b>597,817</b>	<b>29,081,776</b>

<sup>1</sup> During year ended September 30, 2013, the Company sold a 1% net smelter returns royalty on production from the Paul Isnard Gold Project for cash proceeds of US\$5,000,000.

<sup>2</sup> The Chaos Creek, Combs Peak and Steven's Basin projects were dropped by the

Company during the year ended September 30, 2013. The Company correspondingly wrote-off the balances of the projects.

<sup>3</sup> During the year ended September 30, 2013, the Company received shares of Navaho Gold Ltd. as required under an option agreement relating to the Utah Clipper Project.

Property	Balance at October 1, 2011 (\$)	Acquisition costs (\$)	Deferred ex- ploration (\$)	Divesti- tures (\$)	Impair- ment (\$)	Reclassified to assets held for sale (\$)	Balance at September 30, 2012 (\$)
<b>French Guiana</b>							
Paul Isnard	19,016,183	3,196,872	4,549,281	-	-	-	26,762,336
<b>Nevada</b>							
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)	-
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)	-
	<b>23,012,367</b>	<b>3,322,341</b>	<b>5,641,882</b>	<b>(75,659)</b>	<b>(1,286,429)</b>	<b>(3,852,166)</b>	<b>26,762,336</b>

A summary of the exploration and evaluation assets by expenditure category for the years ended September 30, 2013 and 2012 is set out below:

	(\$)
Balance at October 1, 2011	23,012,367
Acquisition	3,322,341
Administration	96,257
Camp costs and site preparation	413,893
Drilling and trenching	2,768,541
Permitting, claim renewals and advance royalties	176,184
Geology and staff	1,536,740
Roads and transportation	354,196
Travel	228,657
Other	67,414
Divestitures	(75,659)
Impairment	(1,286,429)
Reclassified to non-current assets held for sale	(3,852,166)
<b>Balance at September 30, 2012</b>	<b>26,762,336</b>

	(\$)
Reclassified from non-current assets held for sale	3,830,157
Acquisition	99,603
Administration	492,481
Assays and analysis	57,464
Camp costs and site preparation	73,502
Drilling and trenching	692,917
Geology and staff	1,295,602
Maps and reports	95,520
Roads and transportation	28,556
Travel	217,064
Other	28,401
Payments received	(5,134,388)
Impairment	(55,256)
Foreign exchange	597,817
<b>Balance at September 30, 2013</b>	<b>29,081,776</b>



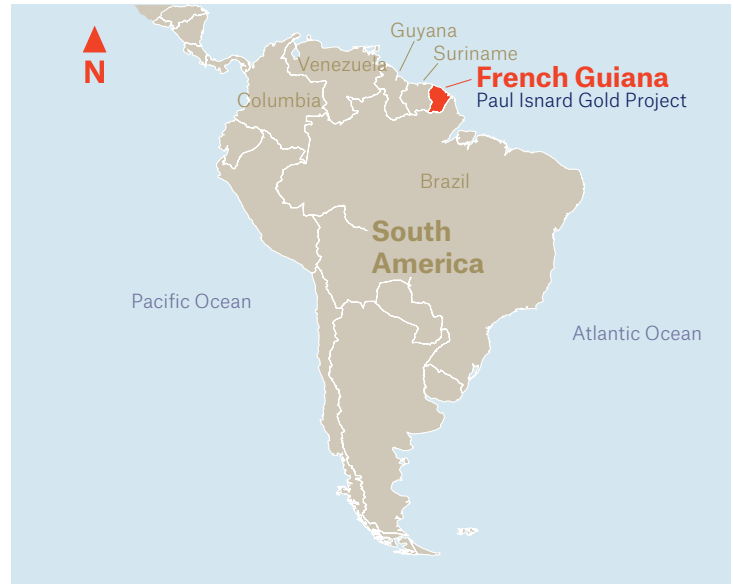
### Paul Isnard – French Guiana

The Paul Isnard Gold Project area and mining concessions are located in the north western region of French Guiana, South America, 180 km west of the capital, Cayenne and 80 km south of the department capital of Saint-Laurent-du-Maroni. The Montagne d’Or resource area, which hosts significant gold mineralization, is located within the southern part of the Paul Isnard Gold Project.

On May 21, 2013, the Company announced that it had entered into an agreement with Sandstorm and sold a 1% net smelter returns royalty on production from the Paul Isnard Gold Project for cash proceeds of US\$5,000,000.

On September 18, 2013 the Company announced that it had entered into a binding letter option agreement with Nord Gold under which Nord Gold has been granted the right to a 50.01% interest in certain licenses at the Company’s 100% owned Paul Isnard Gold Project in French Guiana. Nord Gold may earn a 50.01% interest in certain licenses at the Paul Isnard Gold Project by completing a bankable feasibility study and by expending not less than US\$30 million in 3 years in staged work expenditures, which includes a requirement for Nord Gold to pay Columbus Gold US\$4.2 million in cash no later than May 21, 2014. During the earn-in period, Columbus Gold will act as operator on the Paul Isnard Gold Project and charge a 10% management fee on certain expenditures.

On November 7, 2013, the Company exercised the Option Over Royalty Agreement to acquire the existing 10% gross underlying royalty on the Paul Isnard Gold Project. In consideration for acquiring the royalty, the Company issued 18,208,328 common shares to Euro Ressources S.A. (“Euro Ressources”), paid \$4.2 million and granted Euro Ressources a net smelter returns royalty of 1.8% on the first 2 million ounces of gold produced and 0.9% on the next 3 million ounces produced.



French Guiana is located on the northern Atlantic coast of South America.



In this photo: Capital city of Cayenne, French Guiana.

“Nord Gold must spend  
US\$30 million and complete  
a bankable feasibility study at  
Montagne d’Or.”



 **In this photo:** Looking north onto Boeuf Mort—Montagne d’Or, Paul Isnard gold project, French Guiana.

During the year ended September 30, 2013, the Company's wholly owned subsidiary, Société de Travaux Publics et de Mines Aurifères en Guyane S.A.S. ("SOTRAPMAG"), received an "Order to Pay" in the amount of €375,066, as filed by a third party. The Order to Pay relates to services provided by the third party that the Company believes were not explicitly authorized by the Company. The Company is of the opinion the amount is not payable by the Company, and has already indicated to the local court that it is opposing the Order to Pay.

At Montagne d'Or, the gold mineralization is hosted within a 400 m thick sequence of intercalated felsic and mafic volcanic and subordinate volcanoclastic rocks that strike east-west and dip steeply south. The deposit consists of four closely-spaced stratiform, sub-parallel, east-west-striking and south-dipping sulphide mineralized horizons, which include the principal Upper Felsic Zone (UFZ) and Lower Favorable Zone (LFZ) having average thicknesses of 50 m and 17.5 m, respectively. Gold mineralization is associated with disseminated and stringer sulphides with occasional semi-massive seams to several centimetres in width, mainly as pyrite, and is accompanied by pervasive hydrothermal alteration. Only a small portion of the deposit has been subjected to upper level weathering and oxidation. Prior to Columbus Gold's involvement the deposit was partially outlined by 56 widely-spaced diamond drill holes completed in the late 1990's, for a total of 10,916 m. Based on the drilling, the deposit contained an inferred gold resource using a cut-off grade of 0.4 grams per tonne gold of 1.89 million ounces within 36.7 million tonnes at an average grade of 1.6 grams per tonne gold. The inferred resource was defined over a strike extent of approximately 2,000 m, and to variable depths between 100 and 150 m. The deposit remained open at depth, internally between widely spaced holes and, in part, along strike.

An updated mineral resource estimate on the Montagne d'Or gold deposit was filed on March 14, 2013. The estimate is based on 56 historic diamond drill holes and the results of 45 additional holes completed by Columbus Gold from late 2011 to August 2012 (Phase I).

The modelling and updated mineral resource estimate was prepared by independent consultants, Coffey Mining ("Coffey"), in accordance with NI 43-101 Standards of Disclosure for Mineral Projects. Coffey largely utilised the same parameters as the pre-Phase I drilling resource estimate conducted by SRK Consulting ("SRK") in February 2012, with the exception of the lower and top cut-off grades, for which Coffey used 0.3 grams per tonne and 16 grams per tonne gold versus the 0.4 grams per tonne and 30 grams per tonne gold used by SRK.

The updated inferred gold resources are tabulated below at the reportable 0.3 grams per tonne gold cut-off grade. Additional cut-offs are also provided in the second table for grade-distribution information.

**"The potential of the Montagne d'Or project was validated with the announcement of a 184% increase in the gold resource."**





 In this photo: Typical drill site at Montagne d'Or, Paul Isnard, French Guiana.



 In this photo: Collecting drill core at Montagne d'Or, Paul Isnard, French Guiana.

## Paul Isnard Gold Project

Montagne d'Or Inferred Resource Report - 0.3 g/t Au cut-off

Domain	Tonnes	g/t Au	Density (t/m <sup>3</sup> )	Grams Au	Oz Au
<b>Fresh rock</b>					
1	4,621,000	0.65	2.88	3,008,000	96,700
2 (UFZ)	77,750,000	1.49	2.91	115,848,000	3,724,600
3 (LFZ)	26,762,000	1.48	2.97	39,581,000	1,272,500
4	6,040,000	1.13	2.95	6,813,000	219,000
<b>Total</b>	<b>115,173,000</b>	<b>1.44</b>	<b>2.93</b>	<b>165,250,000</b>	<b>5,312,800</b>
<b>Saprolite</b>					
5	1,524,000	0.810	1.45	1,241,000	39,900

## Paul Isnard Gold Project

Montagne d'Or Grade-Tonnage Report at various cut-off grades

	Lower Cut-Off Grade	Million Tonnes	Average Grade g/t Au	Contained Gold ('000s oz)
	<b>0.3</b>	<b>117.1</b>	<b>1.43</b>	<b>5,371</b>
	0.4	111.2	1.48	5,304
	0.5	101.9	1.58	5,170
<b>Inferred Resources</b>	0.7	81.7	1.82	4,781
	0.9	64.2	2.10	4,333
	1.0	58.1	2.22	4,146
	1.2	48.3	2.45	3,801
	>1.5	37.8	2.76	3,349

### Updated resource highlights

- The inferred resources are now estimated at 117.1 million tonnes @ 1.43 g/t Au at a cut-off grade of 0.3 g/t Au (5.37 million ounces gold);
- This represents a 184% increase from the pre-Phase 1 drilling resource estimate done by SRK of 36.7 million tonnes @ 1.6 g/t Au at a cut-off grade of 0.4 g/t Au (1.89 million ounces gold);
- At the higher cut-off grade of 1.0 g/t Au, the inferred resources are estimated to be 58.1 million tonnes @ 2.22 g/t Au (4.15 million ounces gold);
- The resources are defined within a gold mineralised area of 2,250 m by 400 m wide and from surface to at least 200 m vertical depth. The resource block model extends to an average depth of 247 m from surface;
- The resources are contained within four (4) closely-spaced stratiform, subparallel, east-west-striking and south-dipping sulphide-gold mineralised horizons, which include the principal UFZ and LFZ having average thicknesses of 50 m and 17.5 m, respectively;
- The zones remain open in part along strike and at depth. Lower grade zones of mineralisation also occur above and below the principal UFZ and LFZ but are less well defined;
- The resource was classified as inferred due to available drill hole density and distance between drill holes;
- Additional in-fill drilling to a nominal spacing of 50 m between drill holes along strike and dip is expected to:
  - Convert some or all of the existing inferred mineral resource to an Indicated mineral resource;
  - Increase tonnage as a result of the overall continuity of the main UFZ and LFZ;
  - Increase confidence on the estimated average gold grade;
  - Define higher-grade envelopes;
- In-fill drilling at 50 m spacing of the current resource is estimated to be 33,000 m.



### *Technical Information on Resource Estimate and Qualified Person*

The mineral resource estimate was prepared by Coffey Mining in compliance with CIM Definition Standards (2010). The estimation is based on 56 historic drill holes, included as part of previous resource estimates, together with the results of 45 diamond drill holes completed by Columbus Gold from late 2011 to August 2012 (Phase I). The digital drill-hole database includes 26,280 samples and 25,221 gold assay results. No channel samples were included in the database or used in the interpretation because of the difference in the sample support. Drill hole spacing in the central part of the deposit varies between about 35 m to 75 m and 100 m to 200 m on the extremities.

The mineral resource estimation was prepared from a geostatistical block modelling method based on the drill hole data. The mineral resource model is encompassed by a geological and structural boundary of the gold mineralisation. This boundary was determined from sectional drilling and assay data and is represented by a three-dimensional wireframe. The wireframe represents four sulphide-gold mineralised horizons. A fifth separate surface was created for the saprolite as a hard boundary between fresh and oxidized mineralisation. There has been insufficient drilling data for the upper saprolite region, as a result, a 3-dimensional surface (DTM or digital terrain model) was modelled as a distinct boundary between fresh and oxidized mineralisation.

Evaluation of mineral resources following steps:

1. Database compilation and verification;
2. Import of 3D wireframes and verification;
3. Validation of database and wireframes received from Columbus Gold;
4. 3D modelling of boundaries using Studio 3 software version 3.21.7164 mining software;
5. Data processing (compositing and capping), statistical analysis and variography;
6. Selection of estimation strategy and parameters;
7. Block modelling and grade estimation;
8. Validation, classification and reporting;

9. Assessment of “reasonable prospects” and selection of cut-off grades;
10. Preparation of Mineral Resource Statement and sensitivity; and
11. Reconciliation.

Parameters used for the evaluation of mineral resources are:

1. 0.3 g/t Au cut-off grade and 16 g/t Au top-cut grade;
2. 2.5 m composites from a data range between 0.25 g/t Au and 16 g/t Au;
3. densities of 2.88, 2.91, 2.97 and 2.95 t/m<sup>3</sup> were assigned to the zones 1, 2 (UFZ), 3 (LFZ) and 4, respectively, and 1.45 t/m<sup>3</sup> for the saprolite layer;
4. 25 m x 5 m x 10 m block model size with 8 m x 8 m sub-blocking in the XZ plane and variable sub-celled in the Y direction;
5. Ordinary Kriging as the primary method for the grade estimation and Nearest Neighbour as the secondary method for validation purpose; and
6. 75 m along strike by 10 m cross strike by 75 m down dip search ellipse with restrictions of minimum two drill holes and minimum and maximum samples of 2 and 15, respectively.

The resource was classified as an inferred resource due to available drill hole density and distance between drill holes. The resource remains open in several directions. Additional in-fill drilling to a nominal spacing of 50 m between drill holes along strike as well as down-dip drilling may convert some or all of the existing inferred Mineral Resource to an Indicated Mineral Resource. Coffey has informed Columbus Gold that in its opinion a major drilling program and budget is warranted to upgrade the resource in both fresh rock and the saprolite cover.

*An updated NI 43-101-compliant technical report on the resource estimate has been filed on SEDAR.*

*Mr. Robert J. Fraser, P.Geo., is the Qualified Person for the purpose of preparing the NI 43-101 Technical Report, and Mr. Hassan Waberi, P.Geo., is the Qualified Person for the resource estimation. Both Mr. Fraser and Mr. Waberi prepared or supervised the preparation of the information that forms the basis for the above written disclosure and have reviewed and approved the contents of this document as far as it relates to their work. Mr. Fraser and Mr. Waberi have no relationship with the Company and have certified their independence under section 1.5 of National Instrument 43-101 in the updated NI 43-101.*

### **Auger Sampling Program**

The auger saprolite/soil sampling program initiated in January progressed during fiscal Q3-2013. The program is planned to confirm and better delineate undrilled gold-in-soil anomalies outlined by past operators and the BRGM in proximity to the Montagne d'Or resource.

The 2013 sampling program will cover a strike extent of 7 km east-west along the Montagne d'Or gold mineralised trend and 4 km north-south to investigate the hanging wall and footwall sequences as well as a prominent IP chargeability anomaly identified parallel to and 500 m to the south of the Montagne d'Or resource.

Twenty-eight north-south sample lines for a total of 13.5 line km are planned. Samples are taken at 25 m intervals. Two samples are taken at each site; one from 0-1 m and one from 1-2 m depth. Altered bedrock (saprolite or sap rock) is the principal sample material. Alluvial gravels or areas covered by gravels piled up by alluvial miners are avoided. The samples are assayed for gold and 40-element ICP.

At the end of June, complete assay results were received for 511 samples, taken from 262 sites on 15 lines located to the north and south of the Montagne d'Or resource. Note that 13 sites have no sample at 1-2 m depth.

Highlights of results received to date are:

- Significant gold anomalies were obtained along four sample lines completed directly north of the central portion of the Montagne d'Or resource;
- Values of up to 4,490 and 4,230 parts per billion gold were obtained at the southern end of three of the lines and may correlate with a mineralized horizon intersected in 1997 Guyanor drill holes MO-97-29 (10.96 grams per tonne gold over 3.0 m) and MO-97-30 (11.58 grams per tonne gold over 4.5 m) drilled 1 km on strike to the west end;
- Clusters of gold values were also obtained further to the north, including 1,620, 2,930 and 2,910 parts per billion gold. These gold-in-soil anomalies line up along previously unrecognized broad northeast-southwest trends. The presence of northeast-southwest structures are strongly supported by airborne magnetic data, lineaments mapped by the recently completed satellite imagery study and topographic features;
- A best of value of 40 parts per billion gold was obtained from the seven lines investigating the prominent IP anomaly identified 500 m to the south of the Montagne d'Or resource. The chargeability response is associated with graphitic schistose sediments overlying the Montagne d'Or felsic volcanic sequence. The unit does not represent a priority drilling target;
- Results received to date indicate the potential for additional stratiform and/or structurally-controlled gold mineralised zones to the north of the Montagne d'Or resource.

### Remote Sensing Study

A remote sensing study was undertaken by Japosat Satellite Mapping to provide regional-scale geological data. The study covered a 1,850 km<sup>2</sup> area centred on the Paul Isnard Gold Project. The work commenced on March 2013 and was completed during Q3-2013.

Three types of the remote sensing data were used for the study: Landsat-5 TM (2005, 30 m pixel), RapidEye Ortho 3A (2012, 5 m pixel) and digital elevation model (30 m pixel) from the 2000 Shuttle Radar Topography Mission (SRTM) using a specially modified SIR-C/X-SAR radar system. All acquired data was processed in order to enhance the geological, geomorphological, and geobotanical features and land cover and gold washing sites. A special emphasis was given to enhance and map the gold washing mining sites, lineaments and their density/stress and the anomalous geobotany classes.

In total, 113 gold washing mining sites were interpreted and mapped from Landsat 2005 data and 155 from RapidEye 2012 data.

The study area comprises several dominating groups of lineaments. The classification based on their magnitude, direction, length and abundance revealed the east-west group as a main linear trend of interpreted lineaments, followed by northeast-southwest, northwest-southeast and north-south groups. From a spatial distribution point of view, the dissimilarity in spatial distribution, magnitude and direction of the extracted lineaments might indicate several tectonic events and/or geomorphologic controls.

The geobotany work aims to detect the geobotanical information related to geology and gold mineralization in the area of Montagne d'Or resource and to map similar and other geobotanical anomalies over the entire study area. The calculation of geobotany anomalous classes from Landsat and RapidEye images were made based on leaf pigments and biochemical components, chlorophyll absorption and leaf area, leaf moisture and water, and soil/vegetation brightness. The geobotany anomalies of Montagne d'Or-like zones and the vegetation gossan-like kill zones were identified.



 **In this photo:** The Eastside project is located 9.7km from Nevada Highway 95.

The examination of the spatial arrangement of features on Landsat and RapidEye images and Landsat/RapidEye/SRTM lineaments data reveals that the geobotany circumscribing the Montagne d'Or resource is limited by two regional lineaments. The vegetation kill zones located in the Montagne d'Or resource area are also limited by the same two regional lineaments. The Montagne d'Or-like geobotany is also mapped in the southeastern, southwestern and central part of the study area, while vegetation kill zones are also located in southwestern and northwestern areas.

Two targets identified by the study have been selected for a first pass reconnaissance fly over and initial ground investigation.

*Rock Lefrançois, P.Geo. (OGQ), Columbus Gold's COO and Qualified Person has reviewed and approved the technical content of this document as it relates to the Paul Isnard project.*

### Nevada drilling and exploration activity

#### Big Lime

Sixty-seven 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.

At Big Lime, the target of interest to the Company after geologic mapping is covered fault structures cutting Cambrian limestone, shale and siltstone, in a geological setting similar to the Pinson and Getchell gold deposits in Northern Nevada. Three principal structures of interest, totalling approximately 8 km (5 miles) of strike length, have been identified. Ten excavator trenches were completed in May, 2013 but were not successful in exposing the target structures as the alluvium was too deep (in excess of 5 m, the limit of the excavator). Permitting for drilling in late 2013 or early 2014 is in progress.

#### 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 the permits for 79 drill sites and attendant road building have been issued. Road and drill pad construction was completed in June 2013. Drilling commenced on June 25, 2013, and 19 drill holes were completed (total of 11,400 feet or 3,455 m of drilling). Results were announced in a Columbus Gold press release dated September 25, 2013.



 **In this photo:** Typical drill site—Bolo project, Nevada.



 **In this photo:** View from the Bolo project, Nevada.

In addition, the Uncle Sam patented claim was purchased by Columbus on October 4, 2013 from a third party for US\$22,000. The claim lies just south of the South Mine Fault Zone drilling. There is no retained royalty.



**In this photo:** The Eastside project is located 32 km from Tonopah, Nevada on Highway 95.

#### *Browns Canyon*

Browns Canyon is located approximately 20 km (12 miles) west of Barrick Gold Corporation's ("Barrick Gold") 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.

#### *Eastside*

The Eastside gold project is located approximately 32 km (20 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. Road and drill pad construction was completed in June 2013 and drilling commenced in September 2013. Twelve angled, reverse circulation holes were completed (2,391 m or 7,890 feet). Results were announced by Columbus Gold in a press release on October 17, 2013. Subsequent to the positive drill results, the Company staked additional claims making the number of total claims to be 274.

"Eastside has district scale potential, covering some 550 mining claims over 11,000 acres or 45 km<sup>2</sup>."

"Eastside has outstanding infrastructure for mining and processing."

#### *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 16 drill holes for an initial drill program at Hughes Canyon, and drilling is planned for the spring of 2014.



### *Monitor Hills*

The Company has 106 unpatented lode mining claims fifteen miles southeast of Tonopah, in Nye County, Nevada. The claims cover a zone of irregular, iron-stained breccia (2.2 km long) up to 60 m (200 feet) wide along a fault zone cutting Paleozoic sedimentary rocks. Much of the zone is covered with shallow alluvium, but preliminary sampling of outcrops has yielded values from 0.1 to 1.2 g/t Au. There has been no drilling on the zone. Geologic mapping and grid geochemical sampling was completed in June, 2013. Permitting for drilling in 2014 is in progress.

### *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 m (7,300 feet). The drilling program was designed to offset known oxide mineralization encountered in earlier drilling.

### *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. Drilling has been approved, a bond is being placed, and drilling of 10-12 holes commenced in October 2013. No assay results have been received yet.

### *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 totalling 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.

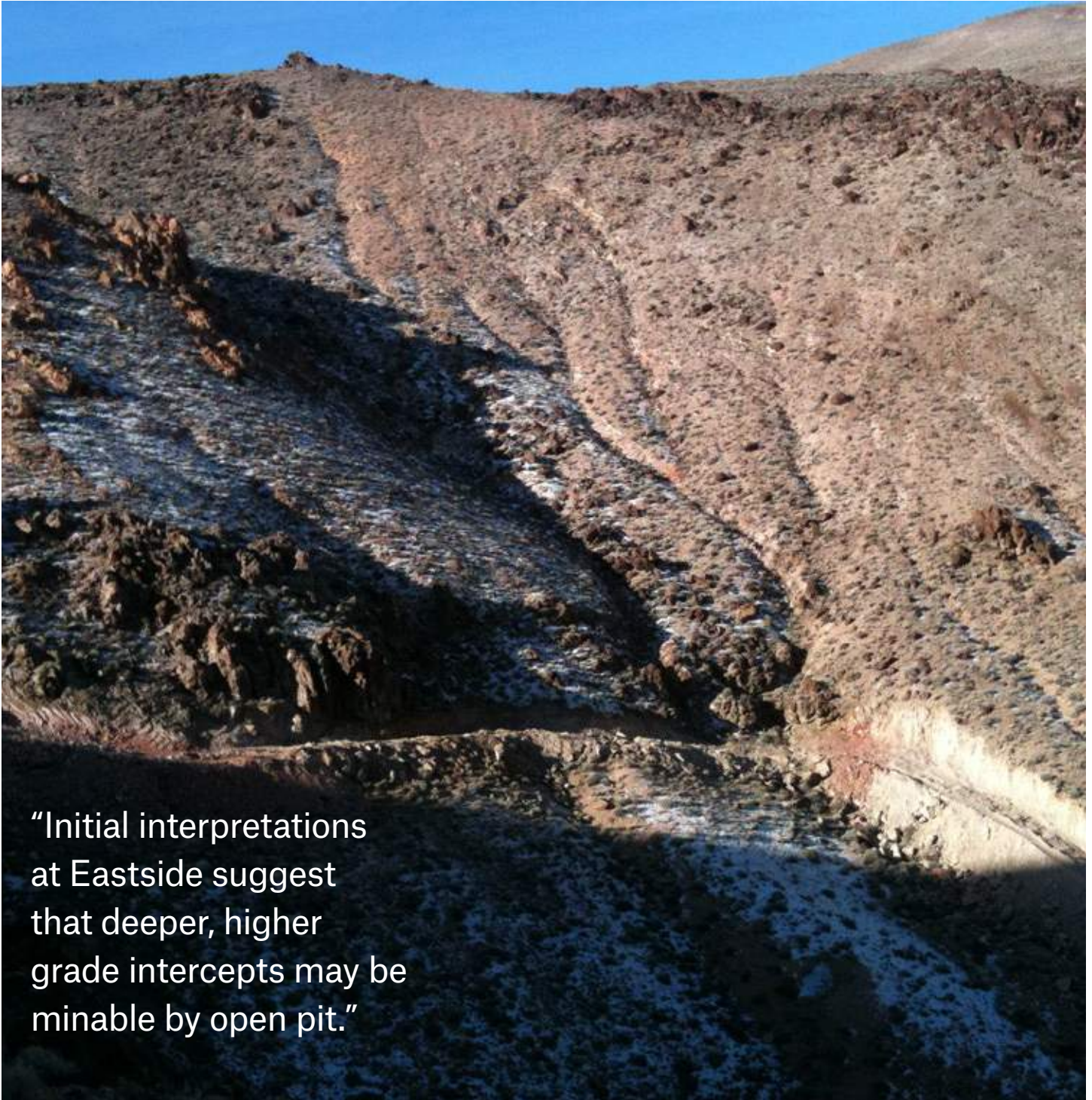
Navaho drilled one drill hole for a total of 1,153.8 m (3,785 feet). Navaho has informed Columbus Gold that a second deep drill-hole is warranted on the project given the close proximity to world-class gold operations, a defined target with surface geochemistry potentially indicative of Carlin style mineralization at depth and encouragement from the first hole. Drilling on the second Navaho drill hole began in January, 2013, but no results of the hole have been released by Navaho.

### *Weepah*

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

Pursuant to the terms of the option agreement dated September 26, 2011 and as amended on July 23, 2013, Sniper can earn an initial 51% interest by: (i) incurring staged exploration expenditures for a cumulative total of \$3,000,000 by December 31, 2015; (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 completed a 497 m (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.


Sniper was required to spend \$500,000 by September 26th, 2012 but was behind in its spending by approximately \$250,000. During fiscal 2013, sniper issued 2,339,408 shares



“Initial interpretations at Eastside suggest that deeper, higher grade intercepts may be minable by open pit.”

 **In this photo:** Access road to the Eastside gold project, Nevada.



 **In this photo:** Rock sampling at the Eastside gold project, Nevada (2010).

“A number of Nevada projects were advanced in 2013, particularly highly prospective Eastside.”



to the Company to make up for the shortfall and to satisfy the anniversary payment.

Subsequent to the year ended September 30, 2013, Sniper issued the Company an additional 400,000 shares of Sniper as required under the option agreement.

### *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.

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 completing certain expenditure requirements. On June 20, 2013, Navaho informed the Company of its decision to withdraw from the Whitehorse Flats Project.

Columbus Gold reduced the size of the claim block to 18 in September 2013 and is actively seeking a joint venture partner for White Horse Flats.

### *Red Hills*

Columbus Gold entered into an agreement in August 2013 with a third party that allows the third party to earn into the Red Hills Project. The third party plans mapping, geophysics, and possibly drilling at Red Hills in the next twelve months. The third party has to spend US\$160,000 by August, 2014, and an additional US\$1,840,000 over the first five years following signing to earn 51% of the project.

### *Other Properties*

The Company has additional exploration properties in Nevada including North Brown, White Canyon, and White Horse Flats North.

The Company dropped the Stevens Basin, Combs Peak, and Chaos Creek Projects in 2013.

### *Columbus Gold Qualified Person – U.S. properties disclosure only*

*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 and has reviewed and approved the technical content relating to the properties located in the USA 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.*



**Summary of annual and quarterly results**

*Summary of annual results*

	Year Ended		
	September 30, 2013 (\$)	September 30, 2012 (\$)	September 30, 2011 (\$)
Net (loss) income for the year	(3,771,337)	2,905,958	(2,509,247)
Basic (loss) earnings per share	(0.04)	0.03	(0.05)
Diluted (loss) earnings per share	(0.04)	0.03	(0.05)
	September 30, 2013 (\$)	September 30, 2012 (\$)	September 30, 2011 (\$)
Cash and cash equivalents	6,995,783	4,401,356	3,345,974
Total assets	37,303,688	39,342,443	29,561,387
Total non-current financial liabilities	49,351	69,772	-

The Company had a net loss of \$3,771,337 during the year ended September 30, 2013 compared to net income of \$2,905,958 in 2012. Significant factors resulting in the change in financial performance are discussed below.

Operating expenses during the year ended September 30, 2013 were \$2,411,382, compared to \$4,223,124 in the prior year. This decrease is mainly attributable to reduced impairment of exploration and evaluation assets of \$1,231,173 and reduced general exploration expenditures of \$510,628.

During fiscal 2013, the Company recorded a gain on the sale of its Laura Property of \$104,489, compared to a gain of \$8,320,713 relating to the sale of the Summit Property during fiscal 2012. In addition, the Company recorded a loss from the sale of its equity accounted investment of \$571,423 during fiscal 2013. The aforementioned transac-

tions were partially offset by the absence of an impairment charge on the Company's equity accounted investment during fiscal 2013, which was \$1,367,397 during fiscal 2012. There were also gains relating to a fair value change on a debt conversion option and the subsequent gain on the debt conversion itself in fiscal 2012 that were absent during fiscal 2013.

The company estimated a current income tax expense of \$800,926 during the year ended September 30, 2013, compared to \$nil during the same period in the prior year. The estimated current income tax expense is mainly attributable to the sale of a 1% net smelter returns royalty on production from the Paul Isnard Gold Project during fiscal 2013, partially offset by available tax losses carried forward previously not recognized as a deferred income tax asset. Subsequent to the year ended September 30, 2013, the Company exercised the Option Over Royalty Agreement and expects certain expenditures associated with the exercise to offset or partially offset the aforementioned income tax liability.



Summary of quarterly results

	Q4 2013 (\$)	Q3 2013 (\$)	Q2 2013 (\$)	Q1 2013 (\$)	Q4 2012 (\$)	Q3 2012 (\$)	Q2 2012 (\$)	Q1 2012 (\$)
						Restated <sup>1</sup>	Restated <sup>1</sup>	Restated <sup>1</sup>
Net (loss) income for the period	(1,905,189)	(738,545)	(570,326)	(557,277)	(2,502,074)	(701,656)	(1,013,500)	7,123,188
Basic (loss) earnings per share	(0.02)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	0.08
Diluted (loss) earnings per share	(0.02)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	0.08
	Sep 30, 2013 (\$)	Jun 30, 2013 (\$)	Mar 31, 2013 (\$)	Dec 31, 2012 (\$)	Sep 30, 2012 (\$)	Jun 30, 2012 (\$)	Mar 31, 2012 (\$)	Dec 31, 2011 (\$)
Cash and cash equivalents	6,995,783	8,435,480	4,337,609	3,209,352	4,401,356	6,246,073	4,307,274	9,975,606
Total assets	37,303,688	39,348,141	38,631,580	39,420,244	39,342,443	42,264,837	38,021,449	38,763,081
Total non-current financial liabilities	49,351	54,457	59,562	64,667	69,772	-	-	-

<sup>1</sup> 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. Please refer to the Company's Management's Discussion and Analysis for the year ending September 30, 2012 for further details.

During this quarter, the Company had a 24% decrease in its net loss to \$1,905,189 from \$2,502,074 during the same period in the prior year. The decrease in the net loss is attributable to the factors and considerations discussed below.

Operating expenses during the three months ended September 30, 2013 were \$323,374, compared to \$2,016,658 during the same period in the prior year. This decrease is mainly attributable to reduced impairment of exploration and evaluation assets and reduced general exploration expenditures.

During this quarter, loss from the sale of equity accounted investment was \$571,423 and impairment of available-for-sale investments was \$122,850, compared to \$nil for both categories during the same period in the prior year. The loss incurred in the current year resulted from the Company selling its shares in Columbus Exploration for which the fair value was lower than the book value under IFRS. The impairment

of available-for-sale investments during fiscal 2013 is attributable to one of the Company's available-for-sale investments for which the decline in value was other than temporary. During the three months ended September 30, 2012 the Company recorded an impairment of \$1,367,397 on its equity accounted investment in Columbus Exploration.

During the three months ended September 30, 2013, the Company dropped the Chaos Creek, Combs Peak and Steven's Basin projects and correspondingly wrote-off the carrying value of the projects in the amount of \$55,256. During the three months ended September 30, 2012, the Company recorded an impairment charge on its exploration and evaluation assets of \$1,286,429.



 **In this photo:** Rock sampling at the Eastside gold project, Nevada (2010).

The company estimated a current income tax expense of \$800,926 during the quarter ended September 30, 2013, compared to \$nil during the same period in the prior year. The estimated current income tax expense is mainly attributable to the sale of a 1% net smelter returns royalty on production from the Paul Isnard Gold Project during fiscal 2013, partially offset by operating expenses and available tax losses carried forward previously not recognized as a deferred income tax asset. Subsequent to the year ended September 30, 2013, the Company exercised the Option Over Royalty

Agreement and expects certain expenditures associated with the exercise to offset or partially offset the aforementioned income tax liability.

#### **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, 2013 the Company had cash of \$6,995,783 and working capital of \$5,779,428, compared to \$4,401,356 and \$6,697,923 respectively at September 30, 2012. At June 30, 2013 the Company had cash and working capital of \$8,435,480 and \$8,708,909 respectively. The change in liquidity is discussed below.

Cash from operating activities for the three months ended September 30, 2013 was \$139,179, compared to cash used of \$932,394 during the same period in the prior year. Cash used in operating activities for the year ended September 30, 2013 was \$1,412,837, a decrease of 46% compared to \$2,631,574 during the prior year. The decrease in cash used during both comparative periods is mainly attributable management's implementation of cost control measures, a reduction in general exploration and changes in non-cash working capital.

During the three months ended September 30, 2013, the Company used \$1,573,770 in investing activities compared to \$722,773 during the same period in the prior year. The increase in spending is mainly attributable to an increased investment of \$1,496,146 in exploration and evaluation assets to \$1,777,018 compared to \$280,872 during the same period in the prior year. The Company devoted a majority of these investments to the Paul Isnard, Bolo and Eastside Projects during this quarter. This amount was partially offset by receiving proceeds of \$203,609 from the sale of a portion of the Company's investments during the three months ended September 30, 2013.

During fiscal 2013, the Company received \$4,027,685 from investing activities, primarily from the sale of a 1% net smelter returns royalty on production from the Paul Isnard Gold Project for cash proceeds of US\$5,000,000, and the termination of the Columbus Agreement which resulted in a refund to the Company of \$2,219,671. The aforementioned cash inflows were offset by investments of \$3,428,060 in exploration and



 **In this photo:** View from the Eastside project, 32km from Tonopah, Nevada.

evaluation assets, primarily relating to the Paul Isnard, Bolo and Eastside projects. During fiscal 2012, the Company received \$8,254,184 from the sale of certain exploration and evaluation assets, offset by \$7,820,281 invested in exploration and evaluation assets and a \$2,000,000 refundable deposit to Columbus Copper Corporation.


There were no significant amounts of cash from or used in financing activities during the three months and year ended September 30, 2013. During the year ended September 30, 2012, the Company received proceeds of \$4,979,700 net of share issuance costs from private placements and \$580,939 from warrant exercises.

As at September 30, 2013, the Company had current liabilities of \$1,893,674 and non-current liabilities of \$49,351. The Company has sufficient working capital to meet these obligations as they become due.

### **Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.



 **In this photo:** Typical drill site—Montagne d'Or, Paul Isnard gold project, French Guiana.





“Columbus commenced a 27,600 m drilling program at Montagne d’Or in 2013.”





**Related party transactions**

The following is a summary of related party transactions:

	Year Ended	
	September 30, 2013 (\$)	September 30, 2012 (\$)
Management fees incurred to a company controlled by a director and officer of the Company	160,000	222,500
Consulting fees paid or accrued to an officer of the Company	38,667	41,000
Consulting fees paid or accrued to a company with an officer in common with the Company	184,727	134,488
Management and legal fees paid or accrued to officers of the Company	128,000	129,833
Directors fees paid or accrued	96,000	84,000
Administration fees received or accrued from Companies under common management	(28,064)	(7,782)
	<b>579,330</b>	<b>604,483</b>

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

	Year Ended	
	September 30, 2013 (\$)	September 30, 2012 (\$)
Advances to a company controlled by a director and officer of the Company	12,500	12,500
Advances to officers of the Company	8,026	5,000
Management fees payable to an officer of the Company	-	(5,000)
Directors fees payable	-	(18,000)
Trade and interest receivable from a company under common management	348,587	355,112
	<b>369,113</b>	<b>349,612</b>

Subsequent to the year ended September 30, 2013, the board of directors paid a discretionary bonus of \$150,000 to a company controlled by a director and officer of the Company in connection with the signing of a letter of intent with Nord Gold in September 2013.

**Commitments**

Since 2005, the Company has engaged the services of Cordex Exploration LLC (“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 (“January 2012 Agreement”). The primary change to the January 2012 Agreement is to extend its term to December 31, 2014. Monthly payments have been reduced under the January 2012 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. The Company and Cordex have further amended the January 2012 Agreement in June 2013 (the “June 2013 Agreement”). The primary change in the June 2013 Agreement is to specify a NSR royalty for Cordex on existing and new Columbus Gold properties. Cordex and the Company share an officer in common.

In addition, the Company has commitments as follows:

	<b>1 year (\$)</b>	<b>2-3 years (\$)</b>	<b>4-5 years (\$)</b>	<b>Total (\$)</b>
Minimum drilling commitment	400,000	-	-	400,000
Office lease payments	101,382	204,676	42,641	348,699
	501,382	204,676	42,641	748,699



 In these photos: Core storage racks—Camp Citron, Paul Isnard gold project, French Guiana.

### 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, assumptions 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. In addition, the Company has commitments as follows:

### 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, 2013, 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.





 **In this photo:** Camp Citron—Paul Isnard gold project, French Guiana.

## Financial instruments

The fair value of the Company's financial instruments, financial statement classification and associated risks are presented in the table below:

Financial instrument	Financial statement classification	Associated risks	Fair value at September 30, 2013 (\$)
Cash	Carrying value	Credit, currency, and interest rate	6,995,783
Available-for-sale investments	Fair value	Credit, currency, and exchange	192,214
Receivables	Carrying value	Credit, currency, and concentration	382,136
Reclamation bonds	Carrying value	Credit, currency and concentration	244,192
Accounts payable	Carrying value	Currency	(453,206)
Income taxes payable	Carrying value	Currency	(800,926)
Other non-current financial liabilities	Carrying value	n/a	(49,351)
			<b>6,510,842</b>



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. At September 30, 2013, 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, 2013 are summarized below. The Board of Directors reviews the principal risks affecting the Company with management 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 and trade receivables. Management believes that the credit risk with respect to receivables is minimal. The Company also has available-for-sale investments and reclamation bonds subject to credit risk, which management believes the credit risk 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, 2013, the Company has working capital of \$5,779,428 (September 30, 2012 - \$6,697,923).

### (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 (U.S.) Corporation ("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.

### *Sensitivity analysis*

A 1% change in interest rates does not have a material effect to the Company's profit or loss and equity.

The Company maintains significant cash balances and receivables in US Dollars, a currency other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian Dollar relative to the US Dollar would have a corresponding inverse effect of approximately \$200,000 to profit or loss.

### *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 prior fiscal year.

### **Other information**

#### *Outstanding share data*

At September 30, 2013, the Company had 102,825,156 shares issued and outstanding. In addition, there were 10,075,000 share purchase options outstanding with exercise prices ranging from \$0.25 to \$0.78 per share and 5,700,000 warrants outstanding with exercise prices ranging from \$0.55 to \$0.65 per share.

At the date of this MD&A, the Company has 121,033,484 shares issued and outstanding. In addition, there are 12,000,000 share purchase options outstanding with exercise prices ranging from \$0.25 to \$0.78 per share and 5,700,000 warrants outstanding with exercise prices ranging from \$0.55 to \$0.65 per share.

#### *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



 **In this photo:** Preparing drill site at Montagne d'Or, Paul Isnard, French Guiana.

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.





 In this photo: Typical drill site—Nevada.

### *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



**In this photo:** Airstrip at Camp Citron—Paul Isnard gold project, French Guiana.

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, par-



ticularly 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.

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## Additional information

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com)

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## Corporation information

### Head Office:

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1090 Hamilton Street  
Vancouver, BC V6B 2R9 Canada

### Directors:

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Robert Giustra  
Gil Atzmon  
Don Gustafson  
Peter Gianulis

### Officers:

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Robert Giustra	Chief Executive Officer
Andy Wallace	President
Rock Lefrançois	Chief Operating Officer
Akbar Hassanally	Chief Financial Officer
James Isaac	Vice President Legal & Corporate Secretary
Jorge Martinez	Vice President of Corporate Development

### Auditor:

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DMCL LLP  
1500 - 1140 West Pender Street  
Vancouver, BC V6E 4G1

### Legal Counsel:

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McMillan LLP  
Suite 1500 - 1055 West Georgia Street  
Vancouver, BC V6E 4N7

### Transfer Agent:

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Computershare Investor Services  
2nd Floor - 510 Burrard Street  
Vancouver, BC V6C 3B9

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 **In this photo:** View from the Eastside project, 32km from Tonopah, Nevada.



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# Consolidated Financial Statements

**For The Year Ended  
September 30, 2013**

(Stated in Canadian Dollars)



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

January 9 2014  
Vancouver, Canada

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, 2013 and 2012, and the consolidated statements of comprehensive income (loss), cash flows, and changes in stockholders' equity for the years ended September 30, 2013 and 2012, 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, 2013 and 2012, and its financial performance and its cash flows for the years ended September 30, 2013 and 2012, in accordance with International Financial Reporting Standards.

"DMCL"



# Consolidated Statements of Financial Position

03

(Expressed in Canadian Dollars)

	September 30, 2013 (\$)	September 30, 2012 (\$)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 14)	6,995,783	4,401,356
Available-for-sale investments (note 5)	192,214	138,033
Receivables (note 6)	382,136	511,545
Prepaid expenses	102,969	62,241
Refundable deposit (note 7)	-	2,060,164
	<b>7,673,102</b>	<b>7,173,339</b>
<b>Non-current assets</b>		
Investment in Columbus Exploration Corporation (note 8)	-	1,000,000
Reclamation bonds (note 9)	244,192	195,732
Assets held for sale (note 10)	-	3,852,166
Exploration and evaluation assets (note 11)	29,081,776	26,762,336
Equipment (note 12)	304,618	358,870
	<b>37,303,688</b>	<b>39,342,443</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable	453,206	339,186
Accrued liabilities	172,078	50,000
Income taxes payable (note 18)	800,926	-
Restoration provision	467,464	63,230
Due to related parties (note 15)	-	23,000
	<b>1,893,674</b>	<b>475,416</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	49,351	69,772
Restoration provision	-	364,205
	<b>1,943,025</b>	<b>909,393</b>
<b>Shareholders' equity</b>		
Share capital (note 13)	42,345,791	42,345,791
Reserves	6,322,790	5,623,840
Deficit	(13,307,918)	(9,536,581)
	<b>35,360,663</b>	<b>38,433,050</b>
	<b>37,303,688</b>	<b>39,342,443</b>

Nature of operations and going concern (note 1)  
Commitments (note 17)  
Contingent liability (note 20)  
Subsequent events (note 21)

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

**Approved by the Board of Directors**

# Consolidated Statements of Comprehensive Income (Loss)

03

(Expressed in Canadian Dollars)

	Year Ended September 30, 2013 (\$)	September 30, 2012 (\$)
<b>Expenses</b>		
Administration and office	424,986	295,800
Directors fees (note 15)	96,000	84,000
General exploration	404,554	915,182
Investor relations	83,742	156,572
Management fees (note 15)	160,000	222,500
Professional fees	500,824	538,722
Share-based payments (note 13b)	495,728	526,454
Transfer and filing fees	37,853	115,832
Travel, advertising and promotion	111,011	84,505
Amortization	82,133	30,648
Impairment of exploration and evaluation assets	55,256	1,286,429
Income from third party interest in exploration and evaluation assets	(40,705)	(33,520)
Loss before other items	(2,411,382)	(4,223,124)
<b>Other items</b>		
Interest income and accretion	93,640	267,015
Fees received on termination of option agreement (note 7)	100,000	-
Other income	35,541	780
Loss from equity accounted investment (note 8)	(208,085)	(264,971)
Loss on sale of equity accounted investment (note 8)	(571,423)	-
Fair value change on conversion option (note 8)	-	285,818
Gain on debt conversion (note 8)	-	93,736
Gain on sale of exploration and evaluation assets (note 11)	104,489	8,320,713
Foreign exchange gain (loss)	9,659	(206,612)
Impairment of equity accounted investment (note 8)	-	(1,367,397)
Impairment of available-for-sale investments (note 5)	(122,850)	-
(Loss) income before taxes	(2,970,411)	2,905,958
Income tax expense (note 18)	800,926	-
<b>Net (loss) income for the year</b>	<b>(3,771,337)</b>	<b>2,905,958</b>
Unrealized loss on available-for-sale investments	(146,714)	(271,719)
Foreign currency translation	349,936	(217,184)
<b>Comprehensive (loss) income for the year</b>	<b>(3,568,115)</b>	<b>2,417,055</b>
(Loss) earnings per share (note 13d)		
Basic	(0.04)	0.03
Diluted	(0.04)	0.03

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

# Consolidated Statements of Cash Flows

03

(Expressed in Canadian Dollars)

	Year Ended September 30, 2012 (\$)	September 30, 2012 (\$)
<b>Operating activities</b>		
Net (loss) income for the year	(3,771,337)	2,905,958
Items not involving cash		
Amortization	82,133	30,648
Share-based payments (note 13b)	495,728	526,454
Loss from equity accounted investment (note 8)	208,085	264,971
Loss on sale of equity accounted investment (note 8)	571,423	-
Impairment of equity accounted investment (note 8)	-	1,367,397
Gain on sale of exploration and evaluation asset (note 11)	(104,489)	(8,320,713)
Impairment of exploration and evaluation assets	55,256	1,286,429
Impairment of available-for-sale investments (note 5)	122,850	-
Fair value change of conversion option (note 8)	-	(285,818)
Gain on debt conversion	-	(93,736)
Loan accretion and accrued interest	-	(211,613)
Other gains and non-cash income	(21,039)	(780)
Unrealized foreign exchange loss (gain)	5,354	(202,899)
	(2,356,036)	(2,733,702)
Changes in non-cash working capital:		
Receivables and prepaid expenses	(70,826)	(314,561)
Accounts payable and accrued liabilities	236,099	393,689
Income taxes payable	800,926	-
Due to related parties	(23,000)	23,000
Cash used in operating activities	(1,412,837)	(2,631,574)

CONTINUED ON NEXT PAGE.



## Consolidated Statements of Cash Flows (Continued)

03

(Expressed in Canadian Dollars)

<b>Investing activities</b>		
Proceeds from sale of Paul Isnard royalty	5,103,386	-
Refundable deposit (note 7)	2,100,000	(2,000,000)
Interest received on refundable deposit	119,671	122,369
Sale of exploration and evaluation asset (note 11)	-	8,254,184
Reclamation bonds	(38,519)	(117,466)
Sale of investments	203,609	2,080
Exploration and evaluation assets (note 11)	(3,428,060)	(7,820,281)
Equipment (note 12)	(12,958)	(299,325)
Restoration costs	(19,444)	(15,244)
Cash from (used in) investing activities	4,027,685	(1,873,683)
<b>Financing activities</b>		
Common shares issued for cash, net of share issuance costs	-	4,979,700
Repayment of leasehold improvements costs	(20,421)	-
Warrant exercises	-	580,939
Cash from (used in) financing activities	(20,421)	5,560,639
Increase in cash and cash equivalents	2,594,427	1,055,382
Cash, beginning of year	4,401,356	3,345,974
<b>Cash and cash equivalents, end of year (note 14)</b>	<b>6,995,783</b>	<b>4,401,356</b>

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

# Consolidated Statements of Shareholders' Equity

03

(Expressed in Canadian Dollars)

	Share capital		Reserves			Total	Deficit	Total
	Number of shares	Share capital (\$)	Obligation to issue shares (\$)	Share options and warrants (\$)	Accumulated other comprehensive income (loss)			
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
Share-based payments (note 13b)	-	-	-	526,454	-	526,454	-	526,454
Paul Isnard royalty restructuring	887,017	410,417	-	-	-	-	-	410,417
Warrants exercised (note 13c)	1,814,825	761,496	(54,250)	(126,307)	-	(180,557)	-	580,939
Short form prospectus financing	10,000,000	4,463,305	-	1,195,039	-	1,195,039	-	5,658,344
Share issuance costs	-	(520,300)	-	-	-	-	-	(520,300)
Finders' fees	-	(158,344)	-	-	-	-	-	(158,344)
Broker warrants	-	-	-	58,634	-	58,634	-	58,634
Comprehensive income (loss)	-	-	-	-	(488,903)	(488,903)	2,905,958	2,417,055
<b>Balance,</b>								
<b>September 30, 2012</b>	<b>102,825,156</b>	<b>42,345,791</b>	<b>-</b>	<b>6,004,323</b>	<b>(380,483)</b>	<b>5,623,840</b>	<b>(9,536,581)</b>	<b>38,433,050</b>
Share-based payments (note 13b)	-	-	-	495,728	-	495,728	-	495,728
Comprehensive income (loss)	-	-	-	-	203,222	203,222	(3,771,337)	(3,568,115)
<b>Balance,</b>								
<b>September 30, 2013</b>	<b>102,825,156</b>	<b>42,345,791</b>	<b>-</b>	<b>6,500,051</b>	<b>(177,261)</b>	<b>6,322,790</b>	<b>(13,307,918)</b>	<b>35,360,663</b>

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

## 1. Nature of operations and going concern

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. The Company’s exploration and evaluation activities are not dependent on seasonality and may operate year-round, however, the Company may adjust the level of exploration and evaluation activities to manage capital structure in light of changes in the economic conditions. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

These consolidated 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, 2013, the Company has working capital of \$5,779,428 (September 30, 2012 - \$6,697,923) and an accumulated deficit of \$13,307,918 (September 30, 2012 - \$9,536,581). 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.

On September 17, 2013, the Company entered into a binding letter option agreement with Nord Gold N.V. (“Nord Gold”) under which Nord Gold has been granted the right to a 50.01% interest in certain licenses of the Company’s Paul Isnard Gold Project. Please see note 11 for further details.

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 as issued by the International Accounting Standards Board (“IASB”), and its interpretations.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on January 9, 2014.



(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 (US Property Holding) Corporation, 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.S. ("SO-TRAPMAG"). All inter-company transactions and balances have been eliminated upon consolidation.

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 estimated 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 (US Property Holding) Corporation	Canadian dollar
Columbus Gold (U.S.) Corporation	U.S. dollar
Columbus Gold (Nevada) Corp.	U.S. dollar
Columbus Gold (Luxembourg) S.à.r.l.	European euro
Société de Travaux Publics et de Mines Aurifères en Guyane S.A.S. ("SOTRAPMAG")	European euro

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, 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. 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.

# Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2013 & 2012

## (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.



# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

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## (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 probable 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 13b.

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

## 4. Changes in accounting standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2013, 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.

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

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(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.



# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

- (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, 2013 (\$)	September 30, 2012 (\$)
Navaho Gold Limited	62,998	5,380
Piedmont Mining Corp.	7,771	61,802
Roscan Minerals Corporation	3,000	3,500
White Cloud Resources, LLC	1	1
	<b>192,214</b>	<b>138,033</b>

During the year ended September 30, 2013, the Company determined that its investment in Piedmont Mining Corp. has been impaired, and the Company consequently reclassified the corresponding cumulative loss of \$122,850 (2012 - \$nil) from accumulated other comprehensive loss to profit or loss.

## 6. Receivables

	September 30, 2013 (\$)	September 30, 2012 (\$)
Interest receivable from Columbus Exploration Corporation	290,091	297,443
Other receivables	84,992	161,860
GST receivable	7,053	52,242
	<b>382,136</b>	<b>511,545</b>

## 7. Refundable deposit on Turkey property

On March 27, 2013, the Company terminated the letter of intent entered into on March 29, 2012 with Columbus Copper Corporation (“Columbus Copper”, formerly Empire Mining Corporation), to earn-in to 51% of Columbus Copper’s Demiretepe project based in Turkey. In connection with the termination, the Company was repaid a \$2 million deposit plus \$219,671 in interest, fees and expenses.

## 8. Investment in Columbus Exploration Corporation

Columbus Exploration, formerly Columbus Silver Corporation, 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 Exploration 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 Exploration. 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 Exploration was written down to nil at December 31, 2010. In addition, two convertible promissory notes of Columbus Exploration held directly and indirectly by the Company matured on August 31, 2010 and two new promissory notes were issued by Columbus Exploration. On February 14, 2012, the Company converted the promissory notes into 3,464,724 (adjusted for a 4-for-1 share consolidation) shares of Columbus Exploration and recorded an investment in Columbus Exploration of \$2,632,368. 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.

On August 13, 2013, the Company sold 4,323,724 shares of Columbus Exploration and accordingly discontinued the use of the equity method for its investment in Columbus Exploration.

A continuity schedule detailing the Company's investment in Columbus Exploration is as follows:

	Number of shares	(\$)
Balance at October 1, 2011	1,005,000	-
Conversion of promissory notes	3,464,724	2,632,368
Proportionate share of losses	-	(264,971)
Impairment of investment	-	(1,367,397)
<b>Balance at September 30, 2012</b>	<b>4,469,724</b>	<b>1,000,000</b>
Proportionate share of losses	-	(189,505)
Proportionate share of foreign currency translation	-	(18,184)
Sale of shares	(4,323,724)	(195,008)
Loss from sale of shares	-	(571,423)
Loss on fair value re- measurement of retained shares	-	(18,580)
Reclassified to available-for-sale investments	(146,000)	(7,300)
<b>Balance at September 30, 2013</b>	<b>-</b>	<b>-</b>

As at September 30, 2013, the Company does not hold any shares of Columbus Exploration.

## 9. 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, 2013 (\$)	September 30, 2012 (\$)
Antelope	4,993	11,911
Big Lime	19,970	-
Bolo	160,211	152,889
Brown's Canyon	7,140	17,035
Eastside and Golden Mile	14,563	13,897
Hugh's Canyon	14,236	-
Pete's Summit	23,079	-
	<b>244,192</b>	<b>195,732</b>

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

## 10. Assets held for sale

On December 14, 2012, the Company entered into an option agreement under which Columbus Gold had granted to Columbus Exploration 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"). The agreement was subject to a number of conditions to be satisfied on or before July 30, 2013; however, in April, 2013 Columbus Exploration informed the Company that it was unlikely to complete these conditions. On April 19, 2013, Columbus Gold terminated the option agreement to sell the Property Package to Columbus Exploration. The carrying amount of \$3,830,157 (note 11) was reclassified to exploration and evaluation assets during the quarter ended June 30, 2013.

Property	September 30, 2012 (\$)	Additions	Option payments received (\$)	Foreign Exchange (\$)	Reclassified to exploration and evaluation assets (\$)	September 30, 2013 (\$)
Antelope	1	-	-	-	(1)	-
Big Lime	60,250	41,978	-	867	(103,095)	-
Bolo	1,899,151	118,615	-	(57,155)	(1,960,611)	-
Brown's Canyon	100,000	7,121	-	(4,001)	(103,120)	-
Chaos Creek	52,084	836	-	215	(53,135)	-
Combs Peak	1	203	-	2	(206)	-
Crestview	210,384	-	-	(27,882)	(182,502)	-
Dutch Flat	1	-	-	-	(1)	-
Eastside	432,354	39,521	-	(6,313)	(465,562)	-
Golden Mile	-	30,104	-	332	(30,436)	-
Hughs Canyon	238,358	22,559	-	(5,828)	(255,089)	-
Laura	604	-	-	(604)	-	-
Monitor Hills	-	83,803	-	849	(84,652)	-
North Brown	1	296	-	3	(300)	-
Overland Pass	6,465	-	(5,835)	(629)	(1)	-
Pete's Summit	68,521	1,240	-	(3,978)	(65,783)	-
Red Hills	1	-	-	-	(1)	-
Steven's Basin	1	273	-	3	(277)	-
Utah Clipper	396,819	-	(20,618)	(95,919)	(280,282)	-
Weepah	386,340	-	(141,269)	(378)	(244,693)	-
White Canyon	1	-	-	-	(1)	-
White Horse Flats	826	-	(795)	(30)	(1)	-
White Horse Flats North	1	401	-	4	(406)	-
White Oaks	1	-	-	-	(1)	-
Winnemucca	1	-	-	-	(1)	-
	<b>3,852,166</b>	<b>346,950</b>	<b>(168,517)</b>	<b>(200,442)</b>	<b>(3,830,157)</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

## 11. Exploration and evaluation assets

A summary of exploration and evaluation assets by property for the year ended September 30, 2013 is set out below:

Property	Balance at September 30, 2012 (\$)	Reclassified from non-current assets held for sale (\$)	Acquisition and deferred exploration (\$)	Other (\$)	Foreign exchange (\$)	Balance at September 30, 2013 (\$)
<b>French Guiana</b>						
Paul Isnard	26,762,336	-	2,051,356	(5,103,386) <sup>1</sup>	513,709	24,224,015
<b>Nevada</b>						
Antelope	-	1	-	-	-	1
Big Lime	-	103,095	53,048	-	2,174	158,317
Bolo	-	1,960,611	573,200	-	42,650	2,576,461
Brown's Canyon	-	103,120	4,339	-	2,321	109,780
Chaos Creek	-	53,135	-	(54,759) <sup>2</sup>	1,624	-
Combs Peak	-	206	-	(206) <sup>2</sup>	-	-
Crestview	-	182,502	-	-	4,130	186,632
Dutch Flat	-	1	-	-	-	1
Eastside	-	465,562	227,732	-	9,853	703,147
Four Metals	-	-	4,822	-	(14)	4,808
Golden Mile	-	30,436	5,876	-	671	36,983
Hugh's Canyon	-	255,089	11,261	-	5,739	272,089
Monitor Hills	-	84,652	111,048	-	1,583	197,283
North Brown	-	300	3,740	-	(4)	4,036
Overland Pass	-	1	-	-	-	1
Pete's Summit	-	65,783	25,644	-	1,412	92,839
Red Hills	-	1	1,264	-	(4)	1,261
Steven's Basin	-	277	-	(291) <sup>2</sup>	14	-
Utah Clipper	-	280,282	-	(31,002) <sup>3</sup>	6,436	255,716
Weepah	-	244,693	-	-	5,537	250,230
White Canyon	-	1	-	-	-	1
White Horse Flats	-	1	2,693	-	(8)	2,686
White Horse Flats North	-	406	5,087	-	(6)	5,487
White Oaks	-	1	-	-	-	1
Winnemucca	-	1	-	-	-	1
	<b>26,762,336</b>	<b>3,830,157</b>	<b>3,081,110</b>	<b>(5,189,644)</b>	<b>597,817</b>	<b>29,081,776</b>

<sup>1</sup> During year ended September 30, 2013, the Company sold a 1% net smelter returns royalty on production from the Paul Isnard Gold Project for cash proceeds of US\$5,000,000.

<sup>2</sup> The Chaos Creek, Combs Peak and Steven's Basin projects were dropped by the

Company during the year ended September 30, 2013. The Company correspondingly wrote-off the balances of the projects.

<sup>3</sup> During the year ended September 30, 2013, the Company received shares of Navaho Gold Ltd. as required under an option agreement relating to the Utah Clipper Project.



# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

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 (\$)
<b>French Guiana</b>							
Paul Isnard	19,016,183	3,196,872	4,549,281	-	-	-	26,762,336
<b>Nevada</b>							
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)	-	-

CONTINUED ON NEXT PAGE.

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

Property	Balance at October 1, 2011 (\$)	Acquisition costs (\$)	Deferred ex- ploration (\$)	Divesti- tures (\$)	Impair- ment (\$)	Reclassified to assets held for sale (\$)	Balance at September 30, 2012 (\$)
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)	-
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)	-
	<b>23,012,367</b>	<b>3,322,341</b>	<b>5,641,882</b>	<b>(75,659)</b>	<b>(1,286,429)</b>	<b>(3,852,166)</b>	<b>26,762,336</b>

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

A summary of the exploration and evaluation assets by cost category is set out below:

	(\$)
Balance at October 1, 2011	23,012,367
Acquisition	3,322,341
Administration	96,257
Camp costs and site preparation	413,893
Drilling and trenching	2,768,541
Permitting, claim renewals and advance royalties	176,184
Geology and staff	1,536,740
Roads and transportation	354,196
Travel	228,657
Other	67,414
Divestitures	(75,659)
Impairment	(1,286,429)
Reclassified to non-current assets held for sale	(3,852,166)
<b>Balance at September 30, 2012</b>	<b>26,762,336</b>
Reclassified from non-current assets held for sale	3,830,157
Acquisition	99,603
Administration	492,481
Assays and analysis	57,464
Camp costs and site preparation	73,502
Drilling and trenching	692,917
Geology and staff	1,295,602
Maps and reports	95,520
Roads and transportation	28,556
Travel	217,064
Other	28,401
Payments received	(5,134,388)
Impairment	(55,256)
Foreign exchange	597,817
Balance at September 30, 2013	29,081,776

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

## **French Guiana - Paul Isnard**

The Company's 100% owned "Paul Isnard Gold Project" consists of eight mining permits located in French Guiana, a department of France.

On May 21, 2013, the Company entered into an agreement with Sandstorm Gold Ltd. ("Sandstorm") and sold a 1% net smelter returns royalty (the "May 2013 Royalty") on production from the Paul Isnard Gold Project for cash proceeds of US\$5,000,000.

On September 17, 2013, Columbus Gold entered into a binding letter option agreement with Nord Gold under which Nord Gold has been granted the right to a 50.01% interest in certain licenses of the Paul Isnard Gold Project. Under the terms of the aforementioned letter option agreement, Nord Gold may earn a 50.01% interest in the Paul Isnard Gold Project by completing a bankable feasibility study and by expending not less than US\$30 million in 3 years in staged work expenditures, which includes a requirement for Nord Gold to pay Columbus Gold US\$4.2 million in cash no later than May 21, 2014. During the earn-in period, Columbus Gold will act as operator on the Paul Isnard Gold Project and charge a 10% management fee on certain expenditures.

## **Bolo**

The Bolo property is located approximately 60 km north-east of Tonopah, Nevada. Bolo is 100% controlled by Columbus Gold, subject to underlying royalties.

## **Browns Canyon**

Browns Canyon is located approximately 20 km 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.

## **Crestview and Utah Clipper 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 Crestview and Utah Clipper 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, 2015. Navaho can earn an additional 4% interest by spending an additional US\$1,000,000 within three years of exercising the initial option, and an additional 15% interest by spending an additional US\$1,000,000 within three years of exercising the initial option. Navaho is currently drilling on the project.

## **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:

<b>Date</b>	<b>Amount (US\$)</b>
On Execution of the Agreement (paid)	30,000
By July 28, 2010 (paid)	45,000
By July 28, 2011 <sup>1</sup> (paid)	80,000
By July 28, 2012 (paid)	10,000
By July 28, 2013 (not paid)	115,000
By July 28, 2014	120,000
By July 28, 2015	135,000
	<b>535,000</b>

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

On January 25, 2013, White Cloud informed the Company it did not intend to maintain its option agreements relating to the Four Metals property beyond the anniversary date of July 28, 2013.



# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

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## **Monitor Hills**

The Company has 106 unpatented lode mining claims approximately 24 km southeast of Tonopah, in Nye County, Nevada. The claims cover a two-long zone of irregular, iron-stained breccia (2.2 km) up to 60 m wide along a fault zone cutting Paleozoic sedimentary rocks. There has been no drilling on the zone. Permitting for drilling in 2014 is in progress.

## **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. On June 20, 2013, Navaho informed the Company of its decision to withdraw from the Whitehorse Flats Project.

## **Laura, Overland Pass and Weepah properties**

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

### **Laura**

Laura was 100% owned by the Company, subject to third party NSR. On October 29, 2012, the Company received 1,500,000 common shares in the capital of 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, and the Company has recorded a corresponding gain of \$104,489. 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.

## **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).

## **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. On October 23, 2012, Sniper issued 2,339,408 shares to the Company to make up for the shortfall and to satisfy the anniversary property payment.

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

## 12. Equipment

	Furniture (\$)	Lease improve- ments (\$)	Equipment (\$)	Total (\$)
<b>Cost</b>				
October 1, 2011	-	-	-	-
Additions	30,490	169,625	225,884	425,999
Balance, September 30, 2012	30,490	169,625	225,884	425,999
Additions	-	12,958	-	12,958
Foreign exchange	-	-	26,553	26,553
Balance, September 30, 2013	30,490	182,583	252,437	465,510
<b>Accumulated amortization</b>				
October 1, 2011	-	-	-	-
Amortization	(3,557)	(19,790)	(43,782)	(67,129)
Balance, September 30, 2012	(3,557)	(19,790)	(43,782)	(67,129)
Amortization	(6,098)	(35,799)	(40,236)	(82,133)
Foreign exchange	-	-	(11,630)	(11,630)
Balance, September 30, 2013	(9,655)	(55,589)	(95,648)	(160,892)
<b>Net book value, September 30, 2012</b>	<b>26,933</b>	<b>149,835</b>	<b>182,102</b>	<b>358,870</b>
<b>Net book value, September 30, 2013</b>	<b>20,835</b>	<b>126,994</b>	<b>156,789</b>	<b>304,618</b>

## 13. Share capital

### (a) Common shares

Authorized - Unlimited common shares without par value.

At September 30, 2013, the Company had 102,825,156 (September 30, 2012 – 102,825,156) common shares issued and outstanding.

On August 22, 2012, the Company issued 650,000 shares to Euro Ressources S.A. ("Euro Ressources") in consideration for amending an agreement whereby the Company has gained the right to purchase the underlying royalty on the Paul Isnard Gold Project (the "Option Over Royalty Agreement").

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 January 25, 2013, the Company amended its share purchase option plan to authorize the Company to issue share options whereby the total share options outstanding may be up to 10% of its issued capital at the time of an applicable option grant. The Board of Directors may from time to time, grant options to directors, officers, employees or consultants. 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, 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
Granted	5,000,000	0.32
Expired	(1,308,000)	0.61
<b>Balance, September 30, 2013</b>	<b>10,075,000</b>	<b>0.45</b>

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

A summary of the Company's options at September 30, 2013 is as follows:

Exercise price (\$)	Options outstanding		Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life (years)	Number of Options exercisable	Weighted average remaining contractual life (years)
0.25	1,250,000	1.33	1,250,000	1.33
0.25	200,000	0.66	200,000	0.66
0.30	2,650,000	9.53	2,475,000	9.53
0.30	1,750,000	9.94	-	-
0.45	600,000	9.33	-	-
0.50	1,008,500	2.18	1,008,500	2.18
0.78	1,331,500	2.71	1,331,500	2.71
0.78	1,285,000	3.23	1,285,000	3.23
<b>0.25-0.78</b>	<b>10,075,000</b>	<b>5.95</b>	<b>7,550,000</b>	<b>4.68</b>

The fair value of share options recognized as an expense during the year ended September 30, 2013 was \$495,728 and (2012 - \$526,454).

5,000,000 share options were granted during the year ended September 30, 2013 (2012 - 1,295,000). The weighted average fair value of options granted during year ended September 30, 2013 was \$0.15 (2012 - \$0.59), resulting in a total fair value of \$772,521 (2012 - \$764,050).

The following are the weighted average assumptions used in the Black-Scholes options pricing model for share options granted during the years ended September 30, 2013 and 2012:

Exercise price (\$)	Year Ended	
	September 30, 2013	September 30, 2012
Expected price volatility	93%	99%
Risk free interest rate	1.23%	1.00%
Expected life of options	3 years	3 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.



# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

## (c) Warrants

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

	Number of warrants	Weighted average
Balance, October 1 2011	1,826,850	0.35
Exercised	(1,814,825)	0.35
Expired	(12,025)	0.35
Granted <sup>(1)</sup>	5,000,000	0.65
Granted <sup>(1)</sup>	700,000	0.55
Granted <sup>(2)</sup>	300,000	0.80
Balance, September 30, 2012	6,000,000	0.65
Expired <sup>(2)</sup>	(300,000)	0.80
<b>Balance, September 30, 2013</b>	<b>5,700,000</b>	<b>0.64</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

A summary of the Company's warrants at September 30, 2013 is as follows:

Exercise price (\$)	Warrants outstanding		Warrants exercisable	
	Number of warrants outstanding	Weighted average remaining contractual life (years)	Number of warrants exercisable	Weighted average remaining contractual life (years)
0.65	5,000,000	0.63	5,000,000	0.63
0.55	700,000	0.63	700,000	0.63
<b>0.55-0.65</b>	<b>5,700,000</b>	<b>0.63</b>	<b>5,700,000</b>	<b>0.63</b>

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

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

	Year Ended	
	September 30, 2013	September 30, 2012
Basic earnings (loss) per share	(0.04)	0.03
Diluted earnings (loss) per share	(0.04)	0.03
Net income (loss) for the year	(3,771,337)	2,905,958

	Year Ended	
	September 30, 2013	September 30, 2012
Shares outstanding, beginning of year	102,825,156	90,123,314
Bought deal short form prospectus financing	-	3,743,169
Effect of shares issued for Paul Isnard royalty restructuring	-	254,954
Effect of warrants exercised	-	2,179,599
<b>Basic weighted average number of shares outstanding</b>	<b>102,825,156</b>	<b>96,301,036</b>
Effect of dilutive share options	-	1,052,493
Effect of dilutive warrants	-	-
<b>Diluted weighted average number of shares outstanding</b>	<b>102,825,156</b>	<b>97,353,529</b>

During the year ended September 30, 2013 there were 10,075,000 and 5,700,000 (2012 - 2,849,500 and 6,000,000) share options and warrants respectively that were potentially dilutive but not included in the diluted earnings per share calculation as the effect would be anti-dilutive.

## 14. Cash and cash equivalents

	September 30, 2013 (\$)	September 30, 2012 (\$)
Cash balance	6,995,783	2,399,301
Term deposits	-	2,002,055
	<b>6,995,783</b>	<b>4,401,356</b>

## 15. Related party transactions

The following is a summary of related party transactions:

	Year Ended	
	September 30, 2013	September 30, 2012
Management fees incurred to a company controlled by a director and officer of the Company	160,000	222,500
Consulting fees paid or accrued to an officer of the Company	38,667	41,000
Consulting fees paid or accrued to a company with an officer in common with the Company	184,727	134,488
Management and legal fees paid or accrued to officers of the Company	128,000	129,833
Directors fees paid or accrued	96,000	84,000
Administration fees received or accrued from Companies under common management	(28,064)	(7,782)
	<b>579,330</b>	<b>604,039</b>

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

	September 30, 2013	September 30, 2012
Advances to a company controlled by a director and officer of the Company	12,500	12,500
Advances to officers of the Company	8,026	5,000
Management fees payable to an officer of the Company	-	(5,000)
Directors fees payable	-	(18,000)
Trade and interest receivable from a company under common management	348,587	355,112
	<b>369,113</b>	<b>349,612</b>

For additional related party transactions, refer to notes 7 and 8.

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

## 16. Segmented information

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

	September 30, 2013 (\$)	September 30, 2012 (\$)
<b>Current assets</b>		
Canada	6,922,255	6,751,950
USA	-	63,969
France (French Guiana)	750,847	357,420
	7,673,102	7,173,339
<b>Non-current assets</b>		
Canada	153,429	1,176,769
USA	5,101,949	4,047,645
France (French Guiana)	24,375,208	26,944,690
	29,630,586	32,169,104
<b>Total assets</b>		
Canada	7,075,684	7,928,719
USA	5,101,949	4,111,614
France (French Guiana)	25,126,055	27,302,110
	<b>37,303,688</b>	<b>39,342,443</b>

## 17. Commitments

Since 2005, the Company has engaged the services of Cordex Exploration LLC ("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 (the "January 2012 Agreement"). The primary change to the January 2012 Agreement is to extend its term to December 31, 2014. Monthly payments have been reduced under the January 2012 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. The Company and Cordex have further amended the January 2012 Agreement in June 2013 (the "June 2013 Agreement"). The primary change in the June 2013 Agreement is to specify a NSR royalty for Cordex on existing and new Columbus Gold properties. Cordex and the Company share an officer in common.

In addition, the Company has commitments as follows:

	1 year (\$)	2-3 years (\$)	4-5 years (\$)	Total (\$)
Minimum drilling commitment	400,000	-	-	400,000
Office lease payments	101,382	204,676	42,641	348,699
	501,382	204,676	42,641	748,699



# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

## 18. Income taxes

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

	Year Ended	
	September 30, 2013 (\$)	September 30, 2012 (\$)
(Loss) income before taxes	(2,970,411)	2,905,958
Canadian federal and provincial income tax rates	25.00%	25.75%
Expected income tax (recovery) expense	(742,600)	748,300
Foreign tax differences, rate changes and foreign exchange	(226,200)	342,500
Non-taxable items	460,700	193,800
Future tax benefit of share issue costs not credited to share capital	-	(134,000)
True up prior year timing differences	(386,874)	-
Change in valuation of deferred tax assets	1,695,900	(1,150,600)
Income tax expense	800,926	-

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

	September 30, 2013 (\$)	September 30, 2012 (\$)
Net operating losses carried forward	2,408,900	2,094,200
Share issuance costs	93,900	126,600
Equipment and other	13,900	6,700
Investments	-	408,100
Capital losses carried forward	315,700	-
Resource properties costs	1,299,800	(199,300)
Valuation allowance	(4,132,200)	(2,436,300)
	-	-

# Notes to the Consolidated Financial Statements

03

For the Years Ended September 30, 2013 & 2012

As of September 30, 2013, the Company has Canadian tax loss carry-forwards of approximately \$6,086,400 (2012 - \$5,716,200) available to reduce future years' taxable income. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in the relevant jurisdictions. The Company's tax loss carry-forwards will expire, if not utilized as follows:

	Canada (\$)	USA (US\$)	Luxembourg (Euro)
September 30, 2014	536,300	-	-
September 30, 2015	672,400	-	-
September 30, 2026	764,300	-	-
September 30, 2027	982,300	-	-
September 30, 2028	813,800	-	-
September 30, 2029	542,800	-	-
September 30, 2030	450,200	-	-
September 30, 2031	93,600	-	-
September 30, 2032	860,500	-	-
September 30, 2033	370,200	-	-
Various dates	-	2,261,200	37,600
	<b>6,086,400</b>	<b>2,261,200</b>	<b>37,600</b>

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.

## 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, 2013 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, 2013, the Company has working capital of \$5,779,428 (September 30, 2012 - \$6,697,923).

(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.

## Sensitivity analysis

A 1% change in interest rates does not have a material effect to the Company's profit or loss and equity.

The Company maintains significant cash balances and receivables in US Dollars, a currency other than the functional currency of Company. The Company estimates that a +/-10% change in the value of the Canadian Dollar relative to the US Dollar would have a corresponding inverse effect of approximately \$200,000 to profit or loss.

## 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.

## Fair value

The fair value of the Company's financial instruments including cash, receivables and accounts 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. At September 30, 2013, 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.

## 20. Contingent liability


During the year ended September 30, 2013, SOTRAPMAG received an "Order to Pay" in the amount of €375,066, as filed by a third party. The Order to Pay relates to services provided by the third party that the Company believes were not explicitly authorized by the Company. The Company is of the opinion the amount is not payable by the Company, and has already indicated to the local court it is opposing the Order to Pay. The outcome of this legal proceeding is currently not determinable. The loss, if any, resulting from this action will be recognized in the period it occurs.

## 21. Subsequent events

On November 7, 2013, the Company exercised the Option Over Royalty Agreement to acquire the existing 10% gross underlying royalty on the Paul Isnard Gold Project. In consideration for acquiring the royalty, the Company issued 18,208,328 common shares to Euro Ressources, paid \$4.2 million and granted Euro Ressources a net smelter returns royalty of 1.8% on the first 2 million ounces of gold produced and 0.9% on the next 3 million ounces produced.

On December 18, 2013, the Company granted incentive stock options to certain of its directors, officers, consultants and employees to purchase up to an aggregate of 2,125,000 common shares at an exercise price of \$0.35 per share. 1,200,000 of the options vest immediately. 775,000 of the options vest as to 1/3 on June 18, 2014 and 1/3 at the end of each of the next two 6 month periods. 150,000 of the options vest as to 50% on December 18, 2014 and the remaining 50% on December 18, 2015. All of the foregoing options expire on December 18, 2018.



 **In this photo:** Alluvial mining at the Paul Isnard gold project, French Guiana.





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,” “engages,” “aims,” “estimates,” “continues,” “forecasts,” “projects,” “predicts,” “intends,” “anticipates” or “does not anticipate,” or “believes,” or variations of such words and phrases, or statements that certain actions, events or results “may,” “could,” “would,” “should,” “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

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

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

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

“Columbus commenced a 14 month US\$11.8 million work program at Montagne d'Or in 2013.”



 In this photo: Road from Camp Citron to Montagne d'Or



**Robert Giustra**  
Chairman & CEO



**Andy Wallace**  
President



**Rock Lefrançois**  
Chief Operating Officer



**Peter Gianulis**  
Director



**Don Gustafson**  
Director



**Gil Atzmon**  
Director



**Akbar Hassanally**  
Chief Financial Officer



**André Adam**  
Country Manager, French Guiana



**James Isaac**  
VP Legal &  
Corporate Secretary



**Jorge Martinez**  
VP of Corporate  
Development



**Andrew Yau**  
Financial Controller



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Robert Giustra  
Gil Atzmon  
Don Gustafson  
Peter Gianulis

#### Officers & Senior Management:

Robert Giustra	Chief Executive Officer
Andy Wallace*	President
Rock Lefrançois*	Chief Operating Officer
André Adam	Country Manager - French Guiana
Akbar Hassanally	Chief Financial Officer
James Isaac	Vice President Legal & Corporate Secretary
Jorge Martinez	Vice President of Corporate Development

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### Additional information

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com)

Our shares are listed on the TSX venture Exchange under the symbol CGT

\*Is a Qualified Person Under National Instrument 43-101



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