



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

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

**For The Six Month Period Ended
March 31, 2012**

**(Stated in Canadian Dollars)
(Unaudited)**

Dated as at May 30, 2012

COLUMBUS GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2012

INTRODUCTION

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

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

DESCRIPTION OF BUSINESS

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

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

INVESTMENT IN COLUMBUS SILVER CORPORATION

Columbus Silver Corporation ("**Columbus Silver**") was spun out of the Company in September 2008. The Company recorded its investment in Columbus Silver on a consolidated basis until August 28, 2009 at which point the Company's ownership interest declined as a result of share issuances by Columbus Silver. At this time it was determined to have converted from a controlled entity to an equity investment. The carrying value of the investment in Columbus Silver account was written down to zero at December 31, 2010. In addition, two convertible promissory notes of Columbus Silver held directly and indirectly by the Company matured on August 31, 2010 and were replaced by two new promissory notes issued by Columbus Silver as at such time, the details of which are described below.

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On September 1, 2010, Columbus Silver issued a new promissory note to the Company with a face value of \$845,208 in order to extend repayment terms on the previous note that was re-negotiated effective August 14, 2008 (the “**Columbus Silver Canadian Note**”). The Columbus Silver Canadian Note bears simple interest of 5% per annum, the principal balance is convertible into common shares of Columbus Silver (each, a “**Columbus Silver Share**”) at \$0.10 per Columbus Silver Share, and matures on August 31, 2012. Any accrued interest on principal amounts under the Columbus Silver Canadian Note is receivable on maturity. The Company recorded the fair value of the Columbus Silver Canadian Note at \$424,688 and the fair value of the conversion option at \$420,520 upon issuance.

On February 14, 2012, the Company elected to convert the Columbus Silver Canadian Note into 8,452,085 Columbus Silver Shares. The amortized cost of the Columbus Silver Canadian Note was \$690,234 on February 14, 2012 after accretion income of \$30,392 during the quarter (September 30, 2011 - \$603,602).

The fair value of the conversion option of the Columbus Silver Canadian Note was determined by the Company to be \$853,784 using the Black-Scholes option pricing model (see below for details on assumptions). The proceeds of \$1,605,896 (8,452,085 Columbus Silver Shares multiplied by Columbus Silver’s closing stock price of \$0.19 on February 14, 2012), compared to the accreted note receivable balance of \$690,234 and the fair value of the conversion option of \$853,784 resulted in a gain recorded on the Company’s income statement of \$61,878.

The estimated fair value of the conversion option of the Columbus Silver Canadian Note was determined using a Black-Scholes option pricing model on February 14, 2012 with the following assumptions:

Expected price volatility	105%
Risk free interest rate	1.10%
Expected life of option	6 months
Expected dividend yield	Nil

On September 1, 2010, Columbus Silver’s wholly-owned subsidiary Columbus Silver (U.S.) Corporation issued a new US dollar denominated promissory note to Columbus Gold (U.S.) with a face value of US\$540,465 (C\$556,751) in order to extend repayment terms on the previous note that was re-negotiated effective August 19, 2008 (the “**Columbus Silver American Note**” and together with the Columbus Silver Canadian Note, the “**Columbus Silver Notes**”). The Columbus Silver American Note bears simple interest of 5% per annum, the principal balance is convertible into Columbus Silver Shares at \$0.10 per Columbus Silver Share, and matures on August 31, 2012. Accrued interest is receivable on maturity. The Company recorded the fair value of the Columbus Silver American Note receivable at \$279,658 and the fair value of the conversion option at \$276,913.

On February 14, 2012, the Company elected to convert the Columbus Silver American Note into 5,406,813 Columbus Silver Shares. The amortized value of the Columbus Silver American Note receivable was \$441,804 at conversion date including accretion income of \$19,434 incurred during the current quarter.

The fair value of the conversion option of the Columbus Silver American Note was determined to be \$571,555 using the Black-Scholes option pricing model (see below for details on assumptions). The proceeds of \$1,027,294 (5,406,813 shares multiplied by Columbus Silver’s closing stock price of \$0.19 on February 14, 2012), compared to the accreted note receivable balance of \$441,804 and the fair value of the conversion option of \$571,555 resulted in a gain recorded on the income statement of \$13,935.

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The estimated fair value of the conversion option of the Columbus Silver American Note was determined using a Black-Scholes option pricing model with the following assumptions:

Expected price volatility	105%
Risk free interest rate	1.10%
Expected life of option	6 months
Expected dividend yield	Nil

LIQUIDITY

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

At March 31, 2012, the Company's working capital position was \$3,770,419 which included a cash and cash equivalents balance of \$4,307,274. The Company has committed to spending \$5 million over 3 years pursuant to a letter of intent dated March 27, 2012 with Empire Mining Corporation ("**Empire**"), of which \$2 million has been satisfied at period end. See Note 4 of the condensed consolidated interim financial statements for the period ended March 31, 2012, and "Commitments" contained herein for additional details.

On February 14, 2012, the Company elected to convert the principal amounts of the Columbus Silver Notes (See Note 3 of the Condensed Consolidated Interim Financial Statements, and also "Investment in Columbus Silver" above, for additional details on the conversion of the Columbus Silver Notes). Post conversion, the Company now owns 17,878,898 Columbus Silver Shares. Columbus Silver has entered a definitive arrangement agreement under which Santa Fe Gold Corporation has agreed to acquire all of the Columbus Silver Shares at \$0.20 per such share, and should such transaction close the Company stands to collect \$3,575,779 in consideration for those Columbus Silver Shares it holds. Notwithstanding the foregoing, the Company understands that the transaction between Santa Fe Gold Corporation and Columbus Silver is required to complete on or before May 31, 2012, and as at the date hereof meeting such deadline may be in doubt.

Additionally, on May 17, 2012, the Company announced that it has completed a bought deal short form prospectus financing underwritten by (among other parties) Cormark Securities Inc., in order to raise gross proceeds of \$5.5 million. See "Events after the Reporting Period" for further details. Management believes that the Company is adequately funded to execute its current financial obligations and commitments.

The Company experienced a cash outflow from operations of \$2,060,634 and invested \$5,415,736 in cash to acquire and explore its mineral properties. As at March 31, 2012, the Company had total assets of \$38,021,448 and the principal non-cash asset of the Company was its mineral exploration property in French Guiana; the Company has other mineral exploration properties in Nevada and Arizona. The aforementioned non-cash assets of the Company have an aggregate carrying value of \$28,261,436 representing 74% of the Company's total assets.

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

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EXPLORATION AND EVALUATION ASSETS

Paul Isnard – French Guiana

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

The agreement governing the Company’s acquisition of Paul Isnard was amended a total of four times, the final amendment being on December 5, 2011; under this amendment, Auplata agreed to an accelerated option allowing the Company to earn an immediate 100% interest in the Paul Isnard property by paying Auplata US\$1,500,000, of which \$1,000,000 has been paid on January 3, 2012 and the remaining \$500,000 has been paid on March 28, 2012.

On December 5, 2011, the Company entered into a royalty over option agreement with Euro Ressources S.A. (“**Euro Ressources**”), under which the Company has gained the right to purchase the existing royalty on Paul Isnard in exchange for \$250,000, with \$166,667 payable through the issuance of common shares of the Company (each, a “**Share**”) and \$83,333 in cash on December 22, 2011, a \$50,000 annual maintenance fee, and \$4,200,000 in cash and 12,865,000 in Shares (subject to adjustment). The option to purchase this royalty can only be exercised upon the Company earning its 100% ownership of Paul Isnard, among other things. In addition to the foregoing consideration, the Company would be required to grant Euro Ressources a Net Smelter Royalty over production at Paul Isnard, representing 1.8% on the first 2,000,000 ounces of gold produced therefrom and 0.9% on the next 3,000,000 ounces of gold so produced. The existing royalty, which the Company is entitled to purchase based on the terms and conditions of its option over royalty agreement with Euro Ressources, requires the producer to pay 10% of the price of gold in excess of US\$400 per ounce on the first 2,000,000 ounces of production and 5% of the price of gold in excess of US\$400 per ounce on the next 3,000,000 ounces produced.

On April 18, 2012, the Company obtained formal notice that the government of France had not objected to the Company’s acquisition of a 100% interest in Paul Isnard. See “Events after the Reporting Period” for additional details.

The Company is evaluating options for a possible spin-out of its Nevada and Turkish projects (see “Events after the Reporting Period” for more details).

Nevada Projects

The Company has 25 exploration projects in Nevada, 11 of which are joint-ventured to junior and major mining companies.

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Expenditure Summary

The following table sets out the expenses incurred by the Company on its mineral projects during the six month period ended March 31, 2012:

Properties	Balance at September 30 2011	Expenses Incurred During the Six Month Period			Balance at March 31, 2012
		Acquisition Cost	Deferred Exploration	Impairment / Divestiture	
FRENCH GUIANA					
Paul Isnard-FG	\$19,016,181	\$1,970,018	\$2,687,164	-	\$23,673,364
NEVADA					
Utah Clipper-NV	395,304	607	909	\$ -	\$396,820
Antelope-NV	26,693	4,539	21,803	-	53,035
Dutch Flat-NV	1	-	757	-	758
Crestview-NV	210,384	-	-	-	210,384
Guild-NV	12,063	-	-	-	12,063
Overland Pass-NV	6,465	-	-	-	,465
Pete's Summit -NV	52,987	-	7,542	-	60,529
Bolo-NV	1,754,834	-	54,989	-	1,809,823
Scraper-NV	93,835	-	19,454	-	113,289
Eastside-NV	392,007	-	25,949	-	417,956
Weepah-NV	386,883	-	-543	-	386,340
Brown's Canyon-NV	240,141	103,049	260,099	-	603,289
Robinson Mtn./Red Hills-NV	21,303	11,115	19,838	-	52,256
WHF & WHF North-NV	9,170	6,159	14,215	-	29,544
Stevens Basin-NV	88,485	-	-	-	88,485
Winnemucca-NV	2,442	-	314	-	2,756
White Canyon-NV	1,028	-	-	-	1,028
Hughs Canyon-NV	162,711	-	62,455	-	225,166
Combs Peak-NV	40,443	-	23,503	-	63,946
North Brown-NV	22,741	-	1,342	-	24,083
Laura-NV	607	-	-	-	607
Summit-NV	75,659	-	-	(75,659)	-
Chaos Creek-NV	-	-	15,537	-	15,537
White Oaks-NV	-	-	3,882	-	3,882
Big Lime-NV	-	-	10,031	-	10,031
Total	\$ 23,012,367	2,095,487	\$ 3,229,240	\$ (75,659)	\$ 28,261,436

The properties located in Arizona (Four Metals and Clara Moreau) are not listed as they have no carrying value.

During the six months ended March 31, 2011, the Company incurred \$585,393 of acquisition and exploration costs in connection with its mineral properties.

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Turkey

On March 29nd, 2012, the Company announced that it had entered into a letter of intent with Empire, pursuant to which the Company can earn a 51% interest in Empire's Demirtepe project located in western Turkey. For further details, see Note 4 of the accompanying condensed consolidated financial statements, and also "Liquidity" and "Commitments" herein.

RESULTS OF OPERATIONS

Current Quarter

The Company incurred a loss of \$865,662 during the current quarter versus a loss of \$872,112 in the same period last year. Expenses increased by 43% from \$709,041 in the prior year quarter to \$1,015,717 in the current quarter due to a number of factors including increase an in management fees to \$135,000 from \$37,333, or by 261%, an increase in general exploration expense to \$154,978 from \$98,576 in the prior year period, or by 57%, and due to a 260% increase in the loss on foreign exchange expense to \$226,477 versus \$62,758 in the prior year period.

Year to Date

The Company earned net income during the six months ended March 31, 2012 of \$6,088,238 versus a loss of \$876,296 in the prior year period. The change is attributable to the sale of the Company's Summit project located in Nevada for net proceeds after tax of \$7,398,402.

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Selected Financial Data

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

	March 31, 2012 (\$)	Dec 31, 2011 (\$)	Sept, 30, 2011⁽¹⁾ (\$)	Jun 30, 2011⁽¹⁾ (\$)	Mar 31, 2011⁽¹⁾ (\$)	Dec 31, 2010⁽¹⁾ (\$)	Sep 30, 2010⁽²⁾ (\$)	Jun 30, 2010⁽²⁾ (\$)
Financial Results:								
Net loss (income) for period	(865,662)	(6,863,084)	451,190	2,084,140	872,113	12,373	589,289	(32,231)
Basic and diluted loss (income) per Share	0.01	(0.07)	0.00	0.05	0.02	0.00	0.02	0.00
Acquisition and exploration costs	3,114,916	2,193,395	1,334,032	18,144,416	585,393	87,084	230,062	12,209
Balance Sheet Data:								
Cash and cash equivalents	3,114,916	9,975,606	3,345,974	4,788,121	2,865,157	2,110,901	1,390,449	1,585,982
Exploration and evaluation Assets	28,261,436	25,205,762	23,012,367	21,648,335	3,533,919	2,948,526	2,861,442	2,631,380
Total assets	38,021,449	38,763,081	29,561,387	29,044,588	9,455,706	8,126,555	7,301,278	6,571,111
Shareholders' equity	36,769,343	37,459,242	29,459,851	28,819,942	9,336,917	8,030,725	7,280,156	6,482,327

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

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

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FINANCIAL INSTRUMENTS AND RELATED RISKS

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

Please refer to the "Risks and Uncertainties" section in this report for a full description of the types of risks that the Company is exposed to and its objectives and policies for managing those risk exposures.

Aside from the commitment noted under "Commitments" below, there are no other contracts that give rise to future minimum payments. At March 31, 2012, the following accounts all become due within one year: accounts payable and accrued liabilities and due to related parties.

In the opinion of management, the cash and cash equivalents available at March 31, 2012, will be sufficient to meet the Company's financial requirements and continue its exploration and development plans through its current operating period.

RELATED PARTY TRANSACTIONS

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

	Six months ended	
	March 31 2012	March 31 2011
Don Gustafson – Director; director fees	\$ 9,000	\$ 6,000
Perennial Capital Corp – management and director fees (i)	161,500	46,000
Gil Atzmon - Director; director fees	9,000	6,000
Peter Gianulis - Director; director fees	9,000	6,000
Cordilleran Exploration Company, LLC ("Cordex") (ii) – consulting fees	87,500	75,000
Andy Wallace – President; management fees (iii)	30,000	nil
Total	\$ 306,000	\$ 139,000

- i. Perennial Capital Corp is the private company of the Company's chairman Robert Giustra. For the six months ended March 31, 2012, amount includes management fees of \$52,500 (2011 - \$30,000) to this company, \$9,000 in director fees (2011 - \$6,000) and a bonus of \$100,000 (2011 - \$10,000).
- ii. At March 31, 2012, a total of \$33,363 (September 30, 2011 - \$219,984) has been advanced to Cordex, a company with an officer in common with the Company (being Andy Wallace), for exploration expenditures on the Company's exploration and evaluation assets.
- iii. Andy Wallace received \$5,000 per month as management fees for his duties as President of the Company.

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COMMITMENTS

In December 2010, the Company extended its agreement with Cordex until December 31, 2011. This agreement was subsequently renewed to December 31, 2012. Cordex designs, initiates and carries out mineral exploration and development activities on behalf of the Company with the objective of identifying, acquiring and exploring new mineral properties and operating exploration programs on the Company's existing portfolio of mineral properties. Cordex and the Company share an officer in common, being Andy Wallace. The agreement is exclusive to the Company. Columbus USA provides Cordex with general operating capital, exclusive of third party contractor expenses, of up to US\$44,000 per month which includes a monthly management fee to Cordex of US\$16,667.

On March 27, 2012, the Company entered a letter of intent (the "**Empire LOI**") with Empire Mining Corporation ("**Empire**"), to earn-in to 51% of Empire's Demiretepe project based in Turkey. Empire is in the process of purchasing 100% interest in the Turkish mineral project, which is comprised of the Demirtepe and Karapinar projects, collectively known as Bursa. The Company has paid Empire a US\$2 million deposit (the "**Deposit**") and is further required to fund US\$3 million in exploration expenditures over three years, with Empire acting as operator. Upon completion of the aforementioned obligations, a 51/49% joint venture will be formed. The parties have agreed to use best efforts to replace the LOI with a definitive agreement; in the event that the transactions contemplated by the definitive agreement are not completed three months thereafter, Empire will be required to immediately refund the Deposit plus 6% simple interest thereon. The Deposit is secured by a general security interest in the Bursa property. Subject to a right of first refusal, at any time before closing, Empire can terminate the agreement by a) returning the Deposit with interest; b) paying a non-refundable \$250,000 break fee; and, c) paying for all of the Company's reasonable expenses up to a limit of \$100,000. The transactions underlying the Empire LOI are subject to TSX-V approval, obtaining independent fairness opinions, and other conditions.

OUTSTANDING SHARE DATA

At May 30, 2012, the Company had 92,175,156 Shares issued and outstanding. In addition, the Company had 6,458,000 Share purchase options outstanding with exercise prices ranging from \$0.25 to \$1.50 per Share, of which 5,923,000 were exercisable. There were 300,000 warrants outstanding at May 30, 2012, with each such warrant exercisable into a Share at an exercise price of \$0.80.

The following Share purchase options were outstanding at March 31, 2012:

Number of Options	Exercise Price	Expiry Date
50,000	\$1.25	May 2012
60,000	\$1.25	October 2012
90,000	\$1.25	November 2012
83,000	\$0.85	March 2013
1,075,000	\$0.50	August 2013
200,000	\$0.25	May 2014
1,250,000	\$0.25	January 2015
1,008,500	\$0.50	December 2015
1,356,500	\$0.78	June 2016
1,285,000	\$0.78	December 2016
Total	6,458,000	

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The following warrants were outstanding at March 31, 2012:

Number of Warrants	Exercise Price	Expiry Date
300,000	0.80	December 20, 2012

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Exploration and Evaluation Assets

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

Financial Instruments

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

INTERNATIONAL ACCOUNTING REPORTING STANDARDS

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

The Company issued its first interim consolidated financial statements prepared under IFRS for the three months ended December 31, 2011, with restatement of comparative information presented to be in accordance with

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IFRS unless specifically noted otherwise. Our IFRS accounting policies are described in note 3 of the condensed consolidated interim financial statements.

The Company implemented its conversion from Canadian GAAP to IFRS through a transition plan that included the following three phases: (a) scope assessment; (b) impact assessment and (c) implementation. The IFRS transition plan progressed according to schedule and addressed topics such as the impact of IFRS on accounting policies and implementation decisions, information systems and technology and the impact on reporting activities. Both the audit committee and senior management were updated on the progress of the project and any major issues highlighted as a result of the work performed were brought to their attention and addressed with them as necessary. With the issuance of our first interim financial statements under IFRS, the Company has completed its conversion project through the initial implementation.

Comparison of IFRS to Canadian GAAP

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

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

Treatment of Convertible Promissory Notes Receivable

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

IFRS 1 First-Time Adoption of International Financial Reporting Standards

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

Control Activities

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

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Impact on Information Systems and Technology

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

Anticipated changes to IFRS

The post-implementation phase of the IFRS transition will involve continuous monitoring of changes in IFRS in future periods. The IASB continues to amend and add to current IFRS standards with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's first IFRS annual consolidated financial statements for the year ending September 30, 2012 may differ from the significant accounting policies used in the preparation of the Company's condensed consolidated interim financial statements as at and for the six months ended March 31, 2012 which are based on IFRS standards issued and outstanding as of the date of this document. The Company does not currently expect any of the IFRS standard developments to have a significant impact on its 2012 consolidated financial statements. For further information on the proposed standards refer to note 2 of the March 31, 2012 condensed consolidated interim financial statements.

EVENTS AFTER THE REPORTING PERIOD

- a) On April 13, 2012, the Company announced that it had obtained non-objection of applicable French authorities to its acquisition of Paul Isnard. This non-objection was required due to changes to the Company's earn-in to Paul Isnard contained in the fourth amendment of the Company's option agreement with Auplata dated December 5, 2011. The Company made this announcement based on oral information provided to the Company by Auplata after discussions between Auplata and applicable French authorities, and received formal notice of this non-objection on April 18, 2012. On April 13, 2012, the Company made the final \$500,000 payment to Auplata to gain a beneficial 100% interest in Paul Isnard, and is in the process of completing the transfer of Paul Isnard to the Company either through the transfer of shares of the holding company or via direct transfer of the mineral properties that constitute Paul Isnard. Auplata provided the Company with a receipt as to the final payment and French non-objection on April 18, 2012, and the Company considers that date to be the completion date of its obligations under its Paul Isnard earn-in agreement with Auplata.
- b) On April 18, 2012, the Company announced assay results of three diamond core holes drilled at Paul Isnard, containing an intercept of 49 meters of 4.60 gpt gold; this intercept is contained within wider intervals grading 3.45 gpt over 67 meters and 1.94 gpt over 130 meters. These assay results are for drill-holes MO 12-70 to MO 12-72, totaling 960 meters were drilled to infill gaps between widely spaced past holes, or to extend gold mineralization under past shallower holes. The mineralized intervals in the Upper Felsic Zone ("UFZ") of drill-hole MO 12-72 were obtained from a south drilled hole that enter the UFZ at a vertical depth from surface of about 185 meters and exited the zone at about 290 meters vertical depth; UFZ mineralization on this section (3050E) in drilling by past operators was weak and interrupted by multiple post mineralization dikes. Drill-hole MO 12-70, on Section 3010E, was oriented north to infill an area where there were no past holes through the UFZ and intercepted 37 meters grading 2.13 gpt gold within a longer interval of 62 meters averaging 1.37 gpt gold. The hole also cut a 15 meter interval grading 2.66 gpt in the Lower Favorable Zone ("LFZ") within 52 meters grading 1.08 gpt gold. The LFZ intercept is approximately 100 meters below a shallower past hole on the section and exits the zone at a vertical depth from surface of about 160 meters. Drill hole MO 12-71, on Section 3200E, was oriented south within an area containing no earlier drill holes. The hole contained a single narrow intercept grading 8.47 gpt gold along three meters at the approximate projected position of the UFZ but

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bottomed in a post-mineral dike and may not have reached full width of the zone. The drill-hole also intersected 1.69 gpt gold along 6 meters in the LFZ.

John Prochnau (P. Geo), B.Sc. (Mining Engineering), M.Sc. (Geology), a qualified person under National Instrument 43-101 that is independent of the Company, reviewed and approved the technical content summarized above. For additional information regarding the quality assurance and control employed in connection with the aforementioned technical information, please see the Company's news release dated April 18, 2012, a copy of which is available on SEDAR at www.sedar.com.

Mr. Prochnau is responsible for quality control at Paul Isnard and has verified the data being disclosed above, including sampling, analytical and test data underlying the information or opinions contained in the written disclosure, in consultation with Andre Adam, one of the Company's Geologists and the Manager in French Guiana. Mr. Prochnau personally verifies the results of the quality assurance and quality control samples. The data presented herein was verified as follows: drill assay data and the average intercepts of gold mineralization were inspected, plotted on geological log sheets, averaged manually and checked to produce the table of drill results released. The drill holes were also plotted on cross sections with existing drill holes, to confirm and validate the interpreted mineralized zones, for purposes of correlation, in the released information. All blank samples and standards were verified against existing standards, and then the blank samples and standards of the lab were verified. Each sample is one meter long, and all standards were found to be within acceptable limits. Gold values were compared with the logging of the rocks by an experienced professional geologist and to the presence of visible alteration and mineralization and percentage of sulfide in this type of mineralization (disseminated to semi-massive sulfides and occasionally massive sulfide, also visible gold), and a strong correlation between amount of sulfides and amount of gold was found. The Company has used the laboratory of FILAB Suriname with respect to the analysis of its samples, and the processing, handling, documentation, archiving and reporting procedures are in accordance with common procedures in the mining industry. Mr. Prochnau or other members of his team are on site during drilling, examining individual drill holes and observing the procedures to maintain chain of custody of the samples and the method of processing. All drill holes were completed at Montagne d'Or, logged by professional and experienced geologists, then sawn to measurements, taken from drill holes whose collar location has been surveyed using hand-held GPS, as well as measuring from existing drill holes completed by previous operators.

The location of holes will be verified by an independent topographic mapping and surveying company by mid-2012. The drill holes have also been surveyed from top to bottom using industry-standard, down-hole surveying techniques with equipment provided by the drill contractor.

The drill core is sawn in half along the length after geological logging, and samples are bagged for analyses in one meter increments. The saprolite material, a minor portion of the drill holes, is put in textile bags by meter, the rock is put in plastic bags and sealed. 10 samples are then combined for shipping in larger bags. All of the samples are sent from the drill site in plastic boxes, covered and sent 5km to the camp every day, from the camp to Cayenne by road or by air, and then the same transporter carries the samples every Thursday to Paramaribo, the location of the geochemical lab. Only a few of the one meter samples exceed 30 g/t Au and these are cut to 30 g/t and reported both cut and uncut, as done by the independent engineering firm, SRK, in its treatment of assays by previous operators and used in the NI 43-101-compliant technical report on the Paul Isnard Project entitled "Updated NI-43101 Technical Report, Paul Isnard Project, French Guiana" ("Technical Report"). Drill work is done by the Performax, a Canadian company, by qualified workers, and drill recovery is very good, averaging 82% in the saprolite (20-30 meters in each drill hole) and 98% in the rock. The presence of faults is very rare. The samples are tested at FILAB, which is an independent laboratory working for several mining

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companies and which has no other relationship with the Company. FILAB takes samples of approximately 2kg size, which are dried, crushed totally (to a size of less than 3mm), divided, or split to 300g, which is then pulverized to less than 100 microns. The samples are fire assayed with a finish by Flame AAS. 30 grams of rock powder is used for each analysis.

- c) On April 26, 2012, the Company re-filed its condensed consolidated interim financial statements and associated MD&A for the interim period ended December 31, 2011, which were originally filed on SEDAR on March 30, 2012. The Company re-filed such financial statements and associated MD&A to include a tax liability associated with the sale of the Company's Summit project located in Elko county, Nevada.
- d) On May 17, 2012, the Company announced that it has 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 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.

Each Unit consists of one 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.

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.

The Company will use the net proceeds of the offering to fund the cash component of consideration payable to Euro Ressources under the option over royalty agreement, and for further exploration of Paul Isnard.

- e) On May 23, 2012, the Company announced the latest assay result of a step-out, diamond core hole drilled at Paul Isnard. Drill hole MO 12-73, on Section 2600E, contains an intercept of 1.94 gpt gold along 25 meters (true width approximately 15 meters).

The intercept was obtained from a hole oriented south at 50°, that entered the Upper Felsic Zone ("UFZ") at an approximate vertical depth of 250 meters from surface. Results from DH-73 are considered particularly significant in that they confirm the extension of the UFZ and the Montagne d'Or deposit 150 meters west of the resource area defined by past drilling. The Montagne d'Or gold deposit at Paul Isnard is an east-west striking, south dipping, tabular body made up of two sub-parallel zones of gold mineralization, designated Upper Felsic Zone (UFZ) and Lower Favorable Zone (LFZ), hosted by laminated felsic volcanics within a Pre-Cambrian greenstone sequence. Prior to the Company's involvement the deposit was partially outlined by 54 holes, totaling 10,600 meters, in the late 1990's. Based upon that past drilling, the deposit contains a 43-101 inferred gold resource of 1.9 million ounces within 36 million tonnes grading 1.6 gpt gold (0.4 gpt cut-off) within a mineralized zone about 2,000 meters long, averaging about 70 meters thick and tested to variable depths of between 100-150 meters. The deposit is open at depth, internally between widely spaced holes and, in part, along strike.

John Prochnau (P. Geo), B.Sc. (Mining Engineering), M.Sc. (Geology), a qualified person under National Instrument 43-101 that is independent of the Company, reviewed and approved the technical content summarized above. For additional information regarding the quality assurance and control

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employed in connection with the aforementioned technical information, please see the Company's news release dated May 23, 2012, a copy of which is available on SEDAR at www.sedar.com.

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

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development will be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; the proximity and capacity of milling facilities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Uncertainty of Mineral Reserves and Mineral Resources

The Company's mineral properties are in the exploration stage and have no known body of economic mineralization. The known mineralization at the Company's properties has not yet been determined to be economic, and may never be determined to be economic. Mineral reserves and resources estimates for the Company's properties are estimates of the size and grade of deposits based on limited sampling and on certain assumptions and parameters. Only an inferred mineral resource has been defined at Paul Isnard. There is no certainty that further exploration and development will result in the definition of any further inferred or indicated mineral resources, or any measured resources, or probable or proven reserves, at Paul Isnard or any other mineral property in which the Company has or will have an interest. No assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery of gold will be realized. The ore grade actually recovered may differ from the estimated grades of the mineral reserves and mineral resources. Prolonged declines in the market price of gold may render the Company's inferred resources containing relatively lower grades of gold mineralization uneconomic to exploit and could materially reduce the Company's inferred resources. Should such reductions occur, the Company could be required to take a material write-down of its investment in mining properties or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Market price fluctuations of gold, as well as increased production costs or reduced recovery rates, may render inferred mineral resources containing relatively lower grades of mineralization uneconomical to recover and may ultimately result in a restatement of inferred mineral resources.

Future Profits/Losses and Production Revenues/Expenses

There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production, if any, of Paul Isnard and any other properties the Company has or may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. The Company does not expect to receive revenues from operations in the foreseeable future, if ever. The Company expects to incur losses unless and until such time as Paul Isnard and any other properties the Company may hold or subsequently acquire may enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of Paul Isnard and any other properties the Company may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate

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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 favourable terms.

Prices, Markets and Marketing of Natural Resources

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

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

Title Matters

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

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

Foreign Operations

The Company's mineral operations are currently conducted in French Guiana and the United States, and as such the Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties may include, but are not limited to: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; corruption; changes in taxation policies; and changing political conditions, social unrest and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of or purchase supplies from a particular jurisdiction.

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The Company's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

A number of other approvals, licenses and permits are required for various aspects of mineral exploration and mine development. While the Company will use its best efforts to ensure title to its mineral properties continues into the future, these interests may be disputed, which could result in costly litigation or disruption of operations. Future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities on the Company's mineral projects.

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

Political Risk

The Company's primary property is located in French Guiana and is subject to changes in political conditions and regulations in that country.

Changes, if any, in mining or investment policies or shifts in political attitude in France and French Guiana could adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

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

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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

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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.

The Company's material property is located in French Guiana and as such is subject to the jurisdiction of the laws of France and French Guiana. The Company believes the present attitude to foreign investment and to the mining industry is favourable but conditions may change. Operations may be affected in varying degrees by government regulation with respect to restrictions on production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine safety. These uncertainties may make it more difficult for the Company to obtain required production financing in the event that Paul Isnard Project goes to production.

Reliance on Operators and Key Employees

The success of the Company will be largely dependent upon the performance of its management and key employees. The Company does not have any key man insurance policies and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Company. In assessing the risk of an investment in the Company's Shares, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the management of the Company. An investment in the Company's Shares is suitable only for those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment.

Permits and Licenses

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

Availability of Equipment and Access Restrictions

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

Conflict of Interest of Management

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

Competition

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

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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

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volatility and market turmoil continue, the operations of the Company may suffer adverse impact and the price of our Shares may be adversely affected.

Currency Risk

Currency fluctuations may affect the costs the Company incurs at its operations. Gold is sold throughout the world based principally on the US dollar price, but a portion of the Company's operating expenses may be incurred in other currencies. Fluctuation in these and other currencies coupled with stable or declining metal prices may have an adverse effect on the Company's earnings, in the event it has any, halt or delay development of new projects, and reduce funds available for further mineral exploration.

Credit risk

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

DISCLOSURE AND INTERNAL CONTROLS

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

CAUTION REGARDING FORWARD LOOKING STATEMENTS

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

These risks, uncertainties and other factors include, but are not limited to: changes in Canadian/US dollar exchange rates; 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

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2012

with environmental compliance, including without limitation changes in legislation and regulation, and estimates of reclamation and other costs; our cost reduction and other financial and operating objectives; our environmental, health and safety initiatives; the availability of qualified employees and labour for our operations; risks that may affect our operating or capital plans; risks created through competition for mining properties; risks associated with exploration projects, and mineral reserve and resource estimates, including the risk of errors in assumptions and methodologies; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; risks associated with title; and general business and economic conditions.

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

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

OTHER INFORMATION

Additional information relating to the Company, including the Company's Annual Information Form dated February 23, 2012, is available on SEDAR at www.sedar.com.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2012

CORPORATE INFORMATION

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

Directors: Robert Giustra
Gil Atzmon
Don Gustafson
Peter Gianulis

Officers: Robert Giustra, President and CEO
Andy Wallace, President
Joel Schuster, Vice President Legal and Corporate Secretary
Jorge Martinez, Vice President of Corporate Development
Akbar Hassanally, Chief Financial Officer

Auditor: DMCL LLP
1500 – 1140 West Pender Street
Vancouver, BC V6E 4G1

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

Transfer Agent: Computershare Investor Services
2nd Floor – 510 Burrard Street
Vancouver, BC V6C 3B9



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**For The Six Month Period Ended
March 31, 2012**

**(Stated in Canadian Dollars)
(Unaudited)**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

May 30, 2012

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Month Period Ended March 31, 2012

(Expressed in Canadian Dollars)

Columbus Gold Corporation

(An Exploration Stage Company)

Condensed Consolidated Statements of Financial Position

(Unaudited in Canadian Dollars)

	March 31, 2012	September 30, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,307,274	\$ 3,345,974
Available-for-sale investments (note 5)	302,452	407,552
Prepays and receivables	412,798	374,792
Conversion option (note 3)	-	1,113,054
Due from Columbus Silver Corporation (note 3)	-	1,009,398
	5,022,524	6,250,770
Investment in Silver (note 3)	2,631,545	-
Advances to a related party for exploration (note 9)	33,363	219,984
Loan to Empire Mining Corporation (note 4)	2,000,000	-
Reclamation bond (note 6)	72,581	78,266
Exploration and Evaluation Assets (note 7)	28,261,436	23,012,367
	\$ 38,021,449	\$ 29,561,387
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 282,106	\$ 101,536
Taxes payable	970,000	-
	1,252,106	101,536
Shareholders' equity		
Share capital (note 8)	38,367,966	37,389,217
Obligation to issue shares	-	54,250
Share based payments reserve (note 8)	4,751,058	4,350,503
Accumulated other comprehensive income (loss)	4,620	108,420
Deficit	(6,354,301)	(12,442,539)
	36,769,343	29,459,851
	\$ 38,021,449	\$ 29,561,387

Nature of operations (note 1)

Commitments (notes 4)

Approved by the Board of Directors:

"Robert Giustra"

Robert Giustra - Director

"Gil Atzmon"

Gil Atzmon - Director

Columbus Gold Corporation

(An Exploration Stage Company)

Consolidated Statements of Income (loss) and Comprehensive Income (loss)

(Unaudited in Canadian Dollars)

	Three Month Period Ended March 31, 2012	Six Month Period Ended March 31, 2012	Three Month Period Ended March 31, 2011	Six Month Period Ended March 31, 2011
EXPENSES				
Administration	\$ 101,517	\$ 154,076	\$ 68,087	\$ 88,722
Consulting fees	61,865	69,739	374	19,884
Directors fees (note 9)	21,000	33,000	12,000	24,000
Foreign exchange loss	226,477	324,613	62,758	85,221
General exploration	154,978	215,088	98,576	167,384
Investor relations	48,627	65,140	78,235	128,392
Management fees (note 9)	135,000	152,500	37,333	72,646
Office and general	32,225	80,492	33,529	42,421
Professional fees	105,117	152,683	44,120	88,173
Share-based compensation (note 8(c))	67,148	577,447	222,266	296,656
Transfer and filing fees	18,787	52,955	16,894	18,657
Travel, advertising and promotion	42,976	60,131	34,869	44,500
Loss before other items	(1,015,717)	(1,937,864)	(709,041)	(1,076,656)
OTHER ITEMS				
Interest income	30,456	35,851	-	-
Loan accretion and loan interest (note 3)	62,514	178,574	83,598	161,399
Loss from equity accounted investment	-	-	-	(20,392)
Gain on sale of investments	780	780	2,771	84,482
Gain on debt conversion (note 3)	75,841	75,841	-	-
Net gain on the sale of mineral property	-	8,368,402	-	-
Fair value change of conversion option (note 3)	(19,536)	336,654	(249,440)	51,185
Impairment of mineral property	-	-	-	(76,314)
Income (Loss) for the period before taxes	(865,662)	7,058,238	(872,112)	(876,296)
Income taxes	-	(970,000)	-	-
Net Income (loss) for the period	(865,662)	6,088,238	(872,112)	(876,296)
Unrealized loss on available for sale securities	(103,800)	(103,800)	-	-
Comprehensive income (loss)	\$ (969,462)	\$ 5,984,438	\$ (872,112)	\$ (876,296)
Weighted average common shares outstanding	92,152,079	92,710,749	40,969,018	38,879,349
Deficit, beginning of period	(5,479,455)	(12,442,539)	(9,810,540)	(9,798,167)
Deficit, end of period	(6,345,301)	(6,354,301)	(10,809,589)	(10,809,589)
Basic income (loss) per common share (note 8 (e))	\$ (0.01)	\$ 0.07	\$ (0.02)	\$ (0.02)
Diluted income (loss) per common share (note 8 (e))	(0.01)	0.06	(0.02)	(0.02)

Columbus Gold Corporation

(An Exploration Stage Company)

Consolidated Statements of Cash Flows
(Unaudited in Canadian dollars)

	Three Month Period Ended March 31, 2012	Six Month Period Ended March 31, 2012	Three Month Period Ended March 31, 2011	Six Month Period Ended March 31, 2011
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Income (loss) for the period	\$ (865,662)	\$ 6,088,238	\$ (872,112)	\$ (876,296)
Items not affecting cash:				
Stock-based compensation	67,148	577,447	222,266	296,656
Fair value change of conversion option	19,536	(336,654)	249,440	(51,185)
Loss (gain) on sale of investments	(780)	(780)	(2,771)	(84,482)
Gain on debt conversion	(75,841)	(75,841)	-	-
Impairment of exploration and evaluation assets	-	-	-	76,314
Loss from equity accounted investment	-	-	-	20,392
Net gain on sale of mineral property	-	(8,368,402)	-	-
Shares issued for property	-	166,667	-	-
Loan accretion and accrued interest	(98,365)	(178,574)	(44,342)	(93,441)
Foreign exchange loss	88,982	67,265	56,291	85,221
	(864,982)	(2,060,634)	(391,228)	(626,821)
Changes in non-cash working capital items:				
Increase (decrease) in prepaids and receivables	(26,754)	(38,006)	(32,236)	(63,683)
Increase (decrease) in accounts payable	48,266	183,866	(17,278)	(4,070)
Increase (decrease) in taxes payable	-	970,000	-	-
Decrease in amounts due to related parties	-	-	(18,000)	(7,500)
	(843,470)	(944,775)	(458,742)	(702,074)
FINANCING ACTIVITIES				
Shares issued on exercise of options	-	-	819,162	656,387
Shares issued on exercise of warrants	54,250	635,189	2,103,108	2,179,113
	54,250	635,189	2,922,270	2,835,500
INVESTING ACTIVITIES				
Increase (decrease) in loan to Empire Mining Corporation	(2,000,000)	(2,000,000)	-	-
Recovery (advance) to a related party for exploration	233,724	186,621	20,208	107,300
Proceeds from sale of properties	-	8,500,000	-	-
Proceeds from sale of investments	2,080	-	15,972	138,935
Acquisition and exploration costs	(3,114,916)	(5,415,736)	(479,547)	(565,631)
	(2,879,112)	3,270,885	(443,367)	(319,396)
Change in cash during the period	(3,668,332)	2,961,300	2,020,161	1,814,030
Cash and cash equivalents - beginning	9,975,606	3,345,974	88,919	296,535
Cash and cash equivalents - ending (note 11)	\$ 6,307,274	\$ 6,307,274	\$ 2,110,565	\$ 2,110,565

Columbus Gold Corporation

(An Exploration Stage Company)

Consolidated Statement of Changes in Equity

(Unaudited in Canadian Dollars)

	Number of Shares	Share Capital	Obligation to Issue Shares	Share Based Payments Reserve	Accumulated Other Comprehensive Income	Deficit	Total
October 1, 2010	36,139,518	\$ 13,171,639	\$ -	\$ 3,696,639	\$ 138,045	\$ (9,933,292)	\$ 7,073,031
Share based payments expense	-	-	-	296,656	-	-	296,656
Fair value of warrants exercised	1,411,977	423,593	-	(423,593)	-	-	-
Mineral property acquisition	91,943	76,313	-	-	-	-	76,313
Shares issued for cash	8,657,230	2,823,426	-	-	-	-	2,823,426
Change in value of available for sale investments	-	-	-	-	(56,212)	-	(56,212)
Net loss	-	-	-	-	-	(769,406)	(769,406)
Prom note IFRS adjustment	-	-	-	-	-	(106,891)	-
March 31, 2011	46,300,668	\$ 16,494,971	\$ -	\$ 3,569,702	\$ 81,833	\$ (10,809,589)	\$ 9,443,808
October 1, 2011	90,123,314	\$ 37,389,217	\$ 54,250	\$ 4,350,503	\$ 108,420	\$ (12,442,539)	\$ 29,459,851
Share based payments expense	-	-	-	577,447	-	-	577,447
Obligation to issue shares	-	-	190,750	-	-	-	190,750
Shares issued for option agreement	237,017	166,667	-	-	-	-	166,667
Fair value of warrants exercised	-	176,892	(245,000)	(176,892)	-	-	(245,000)
Shares issued on exercise of warrants	1,814,825	635,189	-	-	-	-	635,189
Change in value of available for sale investments	-	-	-	-	(103,800)	-	(103,800)
Net income	-	-	-	-	-	6,088,238	6,088,238
March 31, 2012	92,175,156	\$ 38,367,965	\$ -	\$ 4,751,058	\$ 4,620	\$ (6,354,301)	\$ 36,769,342

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Month Period Ended March 31, 2012

(Expressed in Canadian Dollars)

1. Nature of operations

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

The Company’s principal business activities are the exploration and development of exploration and evaluation assets. The Company’s exploration and evaluation assets 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 mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

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

2. Basis of Presentation

(a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting* (“**IAS 34**”) and IFRS 1, *First-time Adoption of International Financial Reporting Standards*, (“**IFRS 1**”) as issued by the International Accounting Standards Board (“**IASB**”), and its interpretations. Accordingly, these condensed consolidated interim financial statements do not include all of the information required by International Financial Reporting Standards (“**IFRS**”) for annual financial statements. The interim results are not necessarily indicative of results for the full year. The condensed consolidated interim financial statements have been prepared on a basis consistent with the significant accounting policies disclosed in note 3 of the most recent interim financial statements and therefore should be read in conjunction with the condensed consolidated interim financial statements for the period ended December 31, 2011.

The effect of the transition to IFRS on the reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company’s consolidated financial statements prepared under Canadian GAAP. Further, Note 12 presents IFRS reconciliations that are material to the understanding of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements have been amended and restated to correct for certain errors which were determined in the review of these financial statements by the Company’s auditors pursuant to the filing of a short form offering prospectus and to update subsequent event disclosures. These financial statements were approved by the Board of Directors and authorized for issue on May 30, 2012.

(b) Basis of Measurement

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

These financial statements have been prepared on a going concern basis which implies that the Company will continue realizing assets and discharging liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. At March 31, 2012, the Company had working capital of \$3,770,418 (September

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Month Period Ended March 31, 2012

(Expressed in Canadian Dollars)

2011 - \$5,036,180) and an accumulated deficit of \$6,354,300 (September 2011 - \$12,442,539). The Company presently had sufficient working capital to fund operations but will require additional funding to meet its

2. Basis of Presentation (Continued)

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.

(c) Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of Columbus Gold and its subsidiary Columbus Gold (U.S.) Corporation (“**Columbus Gold (U.S.)**”). All inter-company transactions and balances have been eliminated upon consolidation. The Company’s investment in Columbus Silver Corporation (“**Columbus Silver**”) is accounted for using the equity method of accounting (note 3).

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.

3. Investment in Columbus Silver

Columbus Silver was spun out of the Company in September 2008. The Company recorded its investment in Columbus Silver on a consolidated basis until August 28, 2009 at which point the Company’s ownership interest declined as a result of share issuances by Columbus Silver. At this time it was determined to have converted from a controlled entity to an equity investment.

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

On September 1, 2010, Columbus Silver issued a new promissory note to the Company with a face value of \$845,208 in order to extend repayment terms on the previous note that was re-negotiated effective August 14, 2008 (the “**Columbus Silver Canadian Note**”). The Columbus Silver Canadian Note bears simple interest of 5% per annum, the principal balance is convertible into common shares of Columbus Silver (each, a “**Columbus Silver Share**”) at \$0.10 per Columbus Silver Share and matures on August 31, 2012. Any accrued interest on principal amounts under the Columbus Silver Canadian Note is receivable on maturity. The Company recorded the fair value of the Columbus Silver Canadian Note at \$424,688 and the fair value of the conversion option at \$420,520 upon issuance.

On February 14, 2012, the Company elected to convert Columbus Silver Canadian Note into 8,452,085 Columbus Silver Shares. The amortized cost of the Columbus Silver Canadian Note was \$690,234 on February 14, 2012 after accretion income of \$30,392 during the quarter (September 30, 2011 - \$603,602).

The fair value of the conversion option of the Columbus Silver Canadian Note was determined by the Company to be \$853,784 using the Black-Scholes option pricing model (see below for details on assumptions). The proceeds of \$1,605,896 (8,452,085 Columbus Silver Shares multiplied by Columbus Silver’s closing stock price of \$0.19 on February 14, 2012), compared to the accreted note receivable balance of \$690,234 and the fair value of the conversion option of \$853,784 resulted in a gain recorded on the Company’s income statement of \$61,878.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Month Period Ended March 31, 2012

(Expressed in Canadian Dollars)

3. Investment in Columbus Silver (continued)

The estimated fair value of the conversion option of Columbus Silver Canadian Note was determined using a Black-Scholes option pricing model on February 14, 2012 with the following assumptions:

Expected price volatility	105%
Risk free interest rate	1.10%
Expected life of option	6 months
Expected dividend yield	Nil

On September 1, 2010, the Columbus Silver's wholly-owned subsidiary Columbus Silver (U.S.) Corporation issued a new US dollar denominated promissory note to Columbus Gold (U.S.) with a face value of US\$540,465 (C\$556,751) in order to extend repayment terms on the previous note that was re-negotiated effective August 19, 2008 (the "**Columbus Silver American Note**"). The Columbus Silver American Note bears simple interest of 5% per annum, the principal balance is convertible into Columbus Silver Shares at \$0.10 Columbus Silver share, and matures on August 31, 2012. Accrued interest is receivable on maturity. The Company recorded the fair value of the Columbus Silver American Note at \$279,658 and the fair value of the conversion option at \$276,913.

On February 14, 2012, the Company elected to convert the Columbus Silver American Note into 5,406,813 Columbus Silver Shares. The amortized value of the Columbus Silver American Note was \$441,804 at conversion date including accretion income of \$19,434 incurred during the current quarter.

The fair value of the conversion option of the Columbus Silver American Note was determined to be \$571,555 using the Black-Scholes option pricing model (see below for details on assumptions). The proceeds of \$1,027,294 (5,406,813 shares multiplied by Columbus Silver's closing stock price of \$0.19 on February 14, 2012), compared to the accreted note receivable balance of \$441,804 and the fair value of the conversion option of \$571,555 resulted in a gain recorded on the income statement of \$13,935.

The estimated fair value of the conversion option of the Columbus Silver American Note was determined using a Black-Scholes option pricing model with the following assumptions:

Expected price volatility	105%
Risk free interest rate	1.10%
Expected life of option	6 months
Expected dividend yield	Nil

4. Loan to Empire Mining Corporation

On March 27, 2012, the Company entered a letter of intent (the "**Empire LOI**") with Empire Mining Corporation ("**Empire**"), to earn-in to 51% of Empire's Demiretepe project based in Turkey. Empire is in the process of purchasing 100% interest in the Turkish mineral project, which is comprised of the Demirtepe and Karapinar projects, collectively known as Bursa. The Company has paid Empire a US\$2 million deposit (the "**Deposit**") and is further required to fund US\$3 million in exploration expenditures over three years, with Empire acting as operator. Upon completion of the aforementioned obligations, a 51/49% joint venture will be formed. The parties have agreed to use best efforts to replace the LOI with a definitive agreement; in the event that the transactions contemplated by the definitive agreement are not completed three months thereafter, Empire will be required to immediately refund the Deposit plus 6% simple interest thereon. The Deposit is secured by a general security interest in the Bursa property. Subject to a right of first refusal, at any time before closing, Empire can terminate the agreement by a) returning the Deposit with interest; b) paying a non-refundable \$250,000 break fee; and, c) paying for all of the Company's reasonable expenses up to a limit of \$100,000.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Month Period Ended March 31, 2012

(Expressed in Canadian Dollars)

The transactions underlying the Empire LOI are subject to TSX-V approval, obtaining independent fairness opinions, and other conditions.

5. Available-for-Sale Investments

	March 31, 2012		September 30, 2011	
	Number of Shares	Value	Number of Shares	Value
Piedmont Mining Corp.	6,285,715	187,346	6,285,715	243,781
Sniper Resources Ltd.	748,337	98,584	761,337	137,041
Navaho Gold Limited	263,236	16,521	263,236	26,730
Balance	7,297,288	302,451	7,310,288	\$ 407,552

6. Reclamation Bond

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

	March 31, 2012		September 30, 2011	
Bolo	\$	30,225	\$	31,657
Eastside/Golden Mile		12,247		16,130
Brown's Canyon		17,769		14,517
Antelope ¹		12,340		11,552
Awakening		-		4,410
Total	\$	72,581	\$	73,856

1. These amounts were incorrectly allocated to the wrong property (Weepah) in previous statements.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Month Period Ended March 31, 2012

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets

Details of exploration and evaluation assets are described below:

Property	Balance at September 30 2011	Spending during period		Impairment/ Divestiture	Balance at March 31, 2012
		Acquisition Cost	Deferred Exploration		
FRENCH GUIANA -Paul					
Isnard-FG	19,016,181	1,970,018	2,687,165	-	23,673,365
NEVADA					
Utah Clipper-NV	\$ 395,304	607	909	\$ -	\$ 396,820
Antelope-NV	26,693	4,539	21,803	-	53,035
Dutch Flat-NV	1	-	757	-	758
Crestview-NV	210,384	-	-	-	210,384
Guild-NV	12,063	-	-	-	12,063
Overland Pass-NV	6,465	-	-	-	6,465
Pete's Summit-NV	52,987	-	7,542	-	60,529
Bolo-NV	1,754,834	-	54,989	-	1,809,823
Scraper-NV	93,835	-	19,454	-	113,289
Eastside-NV	392,007	-	25,949	-	417,956
Weepah-NV	386,883	-	(543)	-	386,340
Brown's Canyon-NV	240,141	103,049	260,099	-	603,289
Robinson Mtn./Red Hills-NV	21,303	11,115	19,838	-	52,256
WHF & WHF North-NV	9,170	6,159	14,215	-	29,544
Stevens Basin-NV	88,485	-	-	-	88,485
Winnemucca-NV	2,442	-	314	-	2,756
White Canyon-NV	1,028	-	-	-	1,028
Hughs Canyon-NV	162,711	-	62,455	-	225,166
Combs Peak-NV	40,443	-	23,503	-	63,946
North Brown-NV	22,741	-	1,342	-	24,083
Laura-NV	607	-	-	-	607
Summit-NV	75,659	-	-	(75,659)	
Chaos Creek-NV	-	-	15,537	-	15,537
White Oaks-NV	-	-	3,882	-	3,882
Big Lime-NV	-	-	10,031	-	10,031
Total	\$ 23,012,367	\$ 2,095,487	\$ 3,229,240	\$ (75,659)	\$ 28,261,436

NV – Nevada, United States of America

FG – French Guiana

The properties located in Arizona (Four Metals and Clara Moreau) are not listed as they have a zero carrying value.

The balance as at March 31, 2012 for both properties are as follows: Four Metals \$0.46 and Clara Moreau \$0

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7. Exploration and Evaluation Assets (continued)

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

	Six months ended March 31, 2012	Year ended September 30, 2011
Balance – beginning of year	\$ 23,012,367	\$ 2,861,442
Acquisition	2,095,487	17,444,033
Administration	367,231	395,842
Assays	33,449	74,752
Camp costs	-	412,540
Claim renewals	(2,750)	143,982
Drilling and trenching	2,138,642	842,337
Equipment	-	66,873
Geologists and staff	353,595	660,659
Geophysics	4,657	104,182
Maps and Reports	-	40,305
Site Preparation and Reclamation	137,708	35,425
Travel	196,709	166,100
Property impairment	-	(115,396)
Option payments received	-	(120,709)
Property divestiture	(75,659)	-
Balance	\$ 28,261,436	\$ 23,012,367

Paul Isnard – French Guiana

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

The agreement governing the Company’s acquisition of Paul Isnard was amended a total of four times, the final amendment being on December 5, 2011; under this amendment, Auplata agreed to an accelerated option allowing the Company to earn an immediate 100% interest in the Paul Isnard property by paying Auplata US\$1,500,000, of which \$1,000,000 has been paid on January 3, 2012 and the remaining \$500,000 has been paid on March 28, 2012.

On December 5, 2011, the Company entered into a royalty over option agreement with Euro Ressources S.A. (“**Euro Ressources**”), under which the Company has gained the right to purchase the existing royalty on Paul Isnard in exchange for \$250,000, with \$166,667 payable in common shares of the Company and \$83,333 in cash on December 22, 2011, a \$50,000 annual maintenance fee, and \$4,200,000 in cash and 12,865,000 in Shares (subject to adjustment). The option to purchase this royalty can only be exercised upon the Company earning its 100% ownership of Paul Isnard, among other things. In addition to the foregoing consideration, the Company would be required to grant Euro Ressources a Net Smelter Royalty (“**NSR**”) over production at Paul Isnard, representing 1.8% on the first 2,000,000 ounces of gold produced and 0.9% on the next 3,000,000 ounces of gold produced therefrom. The existing royalty, which the Company is entitled to purchase based on the terms and conditions of its option over royalty agreement with Euro Ressources, requires the producer to pay 10% of the price of gold in excess of US\$400 per ounce on the first 2,000,000 ounces of production and 5% of the price of gold in excess of US\$400 per ounce on the next 3,000,000 ounces produced.

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On April 18, 2012, the Company obtained formal notice that the government of France had not objected to the Company's acquisition of a 100% interest in Paul Isnard. See Events after the Reporting Period for additional details.

7. Exploration and Evaluation Assets (continued)

The Company is evaluating options for a possible spin-out of its Nevada and Turkish projects (see Events After Reporting Period for more details).

Impairment

Management reviewed the carrying values of its exploration and evaluation assets and determined that none of these assets were impaired at March 31, 2012. At March 31, 2011, management reviewed of the carrying values of the exploration and evaluation assets and identified impairment indicators on certain properties due to the fact that the Company had no immediate plans to conduct further exploration activities or the property was abandoned.

8. Share Capital and Share-Based Payments

(a) Common Shares

Authorized - Unlimited common shares without par value.

The following transactions occurred during the six months ended March 31, 2012:

On January 4, 2012, the Company issued a total of 700,000 common shares upon exercise of warrants.

(b) Share Options

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

	Number of Optioned Common Shares	Weighted Average Exercise Price \$
Balance, September 30, 2011	5,473,000	0.57
Granted	1,295,000	0.78
Options cancelled	(210,000)	0.78
Options Expired	(100,000)	0.93
Balance, as at March 31, 2012	6,458,000	0.59

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8. Share Capital and Share-Based Payments (continued)

At March 31, 2012, the number of optioned common shares outstanding and exercisable is as follows:

Exercise price range (CAD\$)	Number of Options Outstanding	Weighted average remaining life of options (years)	Number of Options Exercisable	Weighted average remaining life of options (years)
\$0.25 - \$0.50	3,533,500	2.6	3,533,500	2.6
\$0.78 - \$0.85	2,724,500	4.4	2,189,500	4.7
\$1.25 - \$1.68	200,000	0.5	200,000	0.5
	6,458,000	3.5	5,923,000	3.3

(c) Share-based Payments

The fair value of share options recognized as an expense during the six months ended March 31, 2012 was \$577,447 (six months ended March 31, 2011 - \$296,656). For share options granted during the six months ended March 31, 2012, the weighted average fair value of options granted was \$0.59 (six months ended March 31, 2011 - \$0.36), resulting in a total fair value of \$763,137 (six months ended March 31, 2011 - \$289,391).

The following are the weighted average assumptions used in the Black-Scholes options pricing model for the December 22, 2011 option grant:

Expected price volatility	133%
Risk free interest rate	0.92%
Expected life of options	3 years
Expected dividend yield	Nil

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

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8. Share Capital and Share-Based Payments (continued)

(d) Warrants

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

	Warrants Outstanding	Weighted Average Exercise Price
Balance – September 30, 2011	1,826,850	\$0.30
Exercised	(1,814,825)	\$0.35
Expired	(12,025)	\$0.35
Granted	300,000	0.80
Balance – March 31, 2012	300,000	\$0.80

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8. Share Capital and Share-Based Payments (continued)**(d) Income (loss) per share**

Three months ended March 31, 2012			
	Net income	Weighted Average Number of Shares	Per share amount
Basic net income per share	\$ (865,662)	92,152,079	\$ (0.01)
Effect of dilutive securities:			
Share options	-	6,458,000	
Warrants	-	300,000	
Diluted net income per share	\$ (865,662)	98,910,079	\$ (0.01)
Three months ended March 31, 2011			
	Net loss	Weighted Average Number of Shares	Per share amount
Basic net loss per share	\$ (872,113)	40,969,018	\$ (0.02)
Effect of dilutive securities:			
Share options	-	4,916,500	
Warrants	-	3,077,558	
Diluted net loss per share	\$ (872,113)	48,963,076	\$ (0.02)

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8. Share Capital and Share-Based Payments (continued)**(e) Income (loss) per share**

Six months ended March 31, 2012			
	Net income	Weighted Average Number	Per share
Basic net income per share	\$ 6,088,238	92,710,749	\$ 0.07
Effect of dilutive securities:			
Share options	-	6,458,000	
Warrants	-	300,000	
Diluted net income per share	\$ 6,088,238	99,468,749	\$ 0.06
Six months ended March 31, 2011			
	Net loss	Weighted Average Number	Per share
Basic net loss per share	\$ (876,296)	38,879,349	\$ (0.02)
Effect of dilutive securities:			
Share options	-	4,916,500	
Warrants	-	3,077,558	
Diluted net loss per share	\$ (876,296)	46,873,407	\$ (0.02)

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9. Related Party Transactions

At March 31, 2012, the Company owed \$6,000 (September 30, 2011 - \$nil) for director fees.

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

	Six months ended	
	March 31 2012	March 31 2011
Don Gustafson – Director; director fees	\$ 9,000	\$ 6,000
Perennial Capital Corp – management and director fees (i)	161,500	46,000
Gil Atzmon - Director; director fees	9,000	6,000
Peter Gianulis - Director; director fees	9,000	6,000
Cordilleran Exploration Company, LLC (“Cordex”) (ii) – consulting fees	87,500	75,000
Andy Wallace – President; management fees (iii)	30,000	-
Total	\$ 306,000	\$ 139,000

- i. Perennial Capital Corp is the private company of the Company’s chairman Robert Giustra. For the six months ended March 31, 2012, the total amount includes management fees of \$52,500 (2010 - \$15,000) to this company, \$9,000 in director fees to Mr. Giustra and a cash bonus of \$100,000 to his company.
- ii. At March 31, 2012, Andy Wallace, who is both the principal of Cordex and the President of Columbus Gold has received \$30,000 as management fees for his duties as President. Cordex has received \$87,500 in consulting fees during the six month period.

10. Financial Instruments

a) Fair Value of Financial Instruments

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

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

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

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

At March 31, 2012, there were no financial assets or liabilities measured and recognized in the consolidated statement of position that would be categorized as Level 3 in the fair value hierarchy above.

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Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

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11. Supplemental Cash Flow Information

Cash and cash equivalents consist of:

	March 31 2012	September 30 2011
Cash	\$ 4,307,274	\$ 1,594,270
Term deposit	-	1,751,704
Total	\$ 4,307,274	\$ 3,345,974

12. Transition to IFRS

For a description of the significant IFRS accounting policies, refer to note 3 of the condensed consolidated interim financial statements for the first quarter ended December 31, 2011. Those IFRS accounting policies have been applied in preparing the condensed consolidated interim financial statements for the period ended March 31, 2012, the comparative information presented in these interim financial statements for the three and six month periods ended March 31, 2011 and the year ended September 30, 2011 and in the preparation of an opening IFRS statement of financial position at October 1, 2011, the Company's date of transition. An explanation of the IFRS 1 exemptions and the required reconciliations between IFRS and Canadian GAAP are described below.

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

Transition date exemptions

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

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

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

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12. Transition to IFRS (continued)

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

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

Reconciliation of total assets

	Note	September 30, 2011	March 31, 2011	October 1, 2010
Total assets under Canadian GAAP		\$ 29,651,652	\$ 9,562,597	\$ 7,301,278
Adjustments for differing accounting treatments				
Promissory note	b)	(90,265)	(106,891)	(135,125)
Total assets under IFRS		\$ 29,561,387	\$ 9,455,706	\$ 7,166,153

Reconciliation of total liabilities

	Note	September 30, 2011	March 31, 2011	October 1, 2010
Total liabilities under Canadian GAAP		\$ 101,536	\$ 118,789	\$ 93,122
Adjustments for differing accounting treatments		-	-	-
Total liabilities under IFRS		\$ 101,536	\$ 118,789	\$ 93,122

Consolidated statements of equity

	Note	September 30, 2011	March 31, 2011	October 1, 2010
Total equity under Canadian GAAP		\$ 29,550,116	\$ 9,443,808	\$ 7,208,156
Adjustments for differing accounting treatments				
Conversion option	b)	(90,265)	(106,891)	(135,125)
Total equity under IFRS		\$ 29,459,851	\$ 9,336,917	\$ 7,073,031

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12. Transition to IFRS (continued)

Consolidated statements of loss and comprehensive loss

	Note	Three months ended March 31, 2011	Twelve months ended September 30, 2011
Total net loss under Canadian GAAP		\$ (892,158)	\$ (2,516,995)
Adjustments for differing accounting treatments			
Share based payments	a)	-	(37,112)
Conversion option	b)	20,045	44,860
Total net loss under IFRS		\$ (872,113)	\$ (2,509,247)
Accumulated other comprehensive income / (loss)			
	Note		
Total other comprehensive income / (loss) under Canadian GAAP		\$ 81,833	\$ 108,420
Adjustments for differing accounting treatments		-	-
Other comprehensive loss under IFRS		\$ 81,833	\$ 108,420

a) Share-based payments

Certain previously issued share options had not fully vested at transition date. Consequently these equity instruments do not fall within the scope of the IFRS exemption pertaining to share-based payments and must be re-measured in accordance with IFRS 2 on a retrospective basis. The re-measurement of these share options under IFRS was not materially different at transition date to IFRS. For the year ended September 30, 2011, an adjustment of the share-based payment expense was recorded, representing the difference in measurement of the options under Canadian GAAP and IFRS. No adjustment was recorded for the period of three months ended December 31, 2010.

b) Conversion option

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

Cash Flows

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

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13. Events after the reporting period

- a) On April 13, 2012, the Company announced that it had obtained non-objection of applicable French authorities to its acquisition of Paul Isnard. This non-objection was required due to changes to the Company's earn-in to Paul Isnard contained in the fourth amendment of the Company's option agreement with Auplata dated December 5, 2011. The Company made this announcement based on oral information provided to the Company by Auplata after discussions between Auplata and applicable French authorities, and received formal notice of this non-objection on April 18, 2012. On April 13, 2012, the Company made the final \$500,000 payment to Auplata to gain a beneficial 100% interest in Paul Isnard, and is in the process of completing the transfer of Paul Isnard to the Company either through the transfer of shares of the holding company or via direct transfer of the mineral properties that constitute Paul Isnard. Auplata provided the Company with a receipt as to the final payment and French non-objection on April 18, 2012, and the Company considers that date to be the completion date of its obligations under its Paul Isnard earn-in agreement with Auplata.
- b) On April 26, 2012, the Company re-filed its condensed consolidated interim financial statements and associated MD&A for the interim period ended December 31, 2011, which were originally filed on SEDAR on March 30, 2012. The Company re-filed such financial statements and associated MD&A to include a tax liability associated with the sale of the Company's Summit project located in Elko county, Nevada.
- c) On May 17, 2012, the Company announced that it has 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 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.

Each Unit consists of one 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.

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.

The Company will use the net proceeds of the offering to fund the cash component of consideration payable to Euro Ressources under the option over royalty agreement, and for further exploration of Paul Isnard.