MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2011

This management discussion and analysis ("MD&A") has been prepared based on information available to Crown Gold Corporation ("Crown" or the "Company") as at February 10, 2012. The MD&A of the operating results and financial condition of the Company for the year ended December 31, 2011, should be read in conjunction with the Company's audited consolidated financial statements (the "Financial Statements") and the related notes for the years ended December 31, 2011 and 2010. The accompanying audited consolidated financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

OVERVIEW

Company Highlights

- On September 19, 2011, the Company entered into a Letter of Intent ("LOI") to grant an option to acquire an 80% interest in its Monte Cristo property to Argentium Resources Inc. ("Argentium"). Under the terms of the LOI, Crown received $100,000 in cash on signing (received), and would have received 2,000,000 shares of Argentium on signing of the definitive agreement, $5,000,000 worth of shares of Argentium paid annually at $1,000,000 worth on the first through fifth anniversaries. Argentium also agreed to incur exploration expenditures on the properties of US$12,000,000 over the next five years with a minimum of US$2 million to be spent on drilling in the first 12 months after receipt of drill permits. In addition, Argentium would have subscribed and paid for 14,285,714 units of Crown (each unit being comprised of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at $0.12 for six months) at a price of $0.07 per unit for an aggregate amount of $1,000,000 on or before October 18, 2011. Completion of the transaction was subject to usual terms and conditions for such a transaction, including completion of due diligence, completion and execution of a definitive agreement, receipt of all required regulatory and security holder approvals and no material adverse changes occurring in the financial condition of either company. The LOI lapsed and was terminated.
- In February 2011, the Company drilled an additional 10 holes at its McKenzie Island property at Red Lake in northwestern Ontario under its Timore property agreements to test extensions of a 100 m strike interval of an exposed quartz vein along the north-west trending Bishop's Break shear zone. Of the 10 holes drilled on the Bishops Break zone, 9 intersected the quartz vein with 4 assaying in excess of 8g/t Au over true widths between 0.7 and 1.15m.
- On November 18, 2010, the Company announced that it had entered into a Memorandum of Understanding (MOU) with American Mining Corporation (AMC), a private Nevada corporation, along with Versatech Capital for Mining, (VCM), a private Nevada corporation, to provide processing at AMC's facility in the vicinity of Crown's flagship Monte Cristo property, near Tonopah, NV. The MOU also applies to Crown's other Nevada properties.
- In September 2010, the Company completed a 10-hole core drilling program at its McKenzie Island property. All holes intersected quartz veining down dip to approximately 75 m, indicating good continuity. The more northerly six holes all contained gold values that exceeded 1 g/t and up to 65.5 g/t (1.9 opt) gold over intersected widths between 0.80 and 0.35 m.

The Company does not currently have a producing property. Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the ability to obtain the financing required to pursue the exploration and development of its properties, and profitable future production or the proceeds from the sale of its properties. The Company must periodically obtain new funds in order to pursue its activities. While it has always succeeded in doing so to date, it is not possible to predict whether financing efforts will be successful and management cannot provide assurance that it will be able to obtain the required financing.

The shares of the Company are listed on the TSX Venture Exchange and are traded under the symbol CWM.

OVERALL PERFORMANCE

Over the last three years, the global financial and commodity markets were characterized by extreme volatility as market participants reacted and responded to uncertainty and pessimism over the depressed North American and international economies. These circumstances have had an impact on the Company's operations and, in particular, on the economics of its existing exploration and development projects, its strategy to evaluate and, if attractive, complete potential acquisitions and otherwise its ability to pursue growth opportunities. In the short-term, the Company expects to continue to focus its exploration activities on its McKenzie Island property in Red Lake, Ontario and the Monte Cristo property in Nevada.

The Company will continue to evaluate its strategic options and potential acquisitions and may, if conditions are favourable, seek to raise additional funds through a private or public offering of securities or debt as required.

Trends

- The future performance of the Company is largely tied to the exploration and development of its Red Lake properties and the Monte Cristo property in Nevada.
- Financial markets have been volatile in Canada throughout fiscal 2011, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. However, there appears to be steady improvement in the markets and, with the gold and silver spot price being particularly buoyant, the Company does not foresee any significant difficulties in raising equity for the purposes of carrying out exploration and development activities on its current properties or acquiring new assets. See "Risk Factors".

SELECTED ANNUAL INFORMATION

The following tables summarize selected annual financial data of the Company for the three most recent years ended December 31, 2011, 2010 and 2009:

	December 31, 2011	**December 31, 2010**	**December 31, 2009 (CDN GAAP)**
	$	$	$
Revenue	-	-	-
Operating Expenses	1,283,655	1,201,646	173,552
Net Loss	1,897,481	1,532,309	167,552
Loss Per Share	$0.02	$0.03	$0.01
Total Assets	4,530,408	6,024,691	2,861,657
Liabilities	217,162	197,626	366,570
Dividends Paid	$Nil	$Nil	$Nil

SELECTED QUARTERLY INFORMATION

The following tables summarize selected quarterly financial data of the Company for the eight most recent quarters ended:

RESULTS OF OPERATIONS

	Q4 Dec 2011	Q3 Sep 2011	Q2 Jun 2011	Q1 Mar 2011
	$	$	$	$
Expenses	114,127	121,506	312,552	735,170
Net loss	(563,113)	(138,428)	(460,770)	(735,170)
Net loss per share (basic and diluted) $	(.007)	(.002)	(.005)	(.009)

	Q4 Dec 2010	Q3 Sept 2010	Q2 Jun 2010	Q1 Mar 2010
	$	$	$	$
Expenses	334,046	399,167	(23,322)	491,755
Net income (loss)	(334,046)	(619,469)	(87,039)	(491,755)
Net loss per share (basic and diluted) $	(.005)	(.013)	(.002)	(.015)

OPERATIONAL REVIEW & RESULTS OF OPERATIONS

THREE MONTH PERIOD ENDED DECEMBER 31, 2011

Net loss for the three month period ended December 31, 2011 was $563,113 as compared to $334,046 in 2010. The increase in net loss is attributable to a write-down of evaluation and exploration expenditures of $448,686 (2010 - $Nil) offset by a reduction in exploration activities on its properties by $152,238 to $8,325 (2010 – 160,563) to preserve cash.

Professional fees were $56,221 in the period as compared to $27,006 in 2010. Professional fees increased due to higher legal costs as the Company held its annual meeting in this quarter and was in discussions on the sale of its Monte Cristo property.

The Company's management and consulting fees for the three month period ended December 31, 2011 were $11,088 as compared to $29,658 in 2010. Management and consulting fees decreased as the Company continues to reduce expenses to preserve its cash.

YEAR *ENDED DECEMBER 31, 2011*

Net loss for year ended December 31, 2011 was $1,897,481 as compared to $1,532,309 in 2010. The increase in net loss is attributable to exploration activities increasing on its properties by $67,155 to $793,672 (2010 - $726,517), a write-down of evaluation and exploration expenditures of $613,826 (2010 - $Nil), offset by a decrease of acquisition related costs to $Nil as compared to $330,663 in 2010.

Professional fees were $160,530 in the period as compared to $97,347 in 2010. Professional fees increased due to costs incurred with the proposed Argentium transaction.

The Company's management and consulting fees for the year ended December 31, 2011 were $105,640 as compared to $67,062 in 2010. The increase is due to the increased use of management and consultants as the Company continues to advance its current mineral properties and promote the Company`s recent developments. These fees are expected to decrease in the coming periods.

The Company's office, general and administrative expenses for the year ended December 31, 2011 were $87,481 as compared to $96,114 in 2010. The decrease is a result of the Company continuing to reduce expenses to preserve its cash.

The Company had stock-based compensation expense of $25,000 (2010 - $106,000) for the year ended December 31, 2011. Stock-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and the underlying assumptions used in the model.

Acquisition related costs during the year ended December 31, 2011 were $Nil as compared to $330,663 in 2010. These costs were incurred as one-time costs in relation to the acquisition in 2010 of Gold Summit Corp.

FINANCINGS

2011

During the year ended December 31, 2011, the Company received proceeds of $502,500 through the exercise of 5,527,500 warrants.

Private Placements – 2010

On October 29, 2010, the Company completed a private placement of 15,000,000 units at a price of $0.10 per unit for proceeds of $1,500,000. Each unit consists of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share for $0.18 until January 29, 2012. In connection with the private placement, the Company paid a commission of $150,000, representing 10% of the gross proceeds and issued 1,500,000 finder warrants being 10% of the aggregate number of units purchased under the private placement. Each finder warrant entitles the holder to purchase one unit at a price of $0.10 per unit until January 29, 2012. Each unit consists of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share for $0.18 until January 29, 2012.

On June 14, 2010, the Company completed its second tranche of a private placement of 250,000 units at a price of $0.10 per unit for gross proceeds of $25,000. Each unit consists of one common share and one half common share purchase warrant, each whole warrant entitling the holder to purchase one common share for $0.20 until December 14, 2011.

On May 17, 2010, the Company completed its first tranche of a private placement of 500,000 units at a price of $0.10 per unit for gross proceeds of $50,000 and 2,916,666 flow-through units at a price of $0.12 per unit for gross proceeds of $350,000. Each unit consists of one common share and one half common share purchase warrant, each whole warrant entitling the holder to purchase one common share for $0.20 until November 17, 2011. Each flow-through unit consisted of one common share issued on a flow-through basis under the Income Tax Act (Canada) and one half common share purchase warrant, each whole warrant entitling the holder to purchase one common share for $0.25 until November 17, 2011.

On March 26, 2010, the Company completed a shares-for-debt private placement to issue 180,000 common shares at $0.16 per share to reduce accounts payable by $28,800.

MINERAL EXPLORATION PROPERTIES

None of the Company's properties are at or near production. As at December 31, 2011, the Company had the following mineral properties under exploration:

Black Warrior

On May 20, 2008, the Company acquired a 100% interest in 2 patented claims for US$25,000. Under the terms of the agreement, the Company entered into a consulting agreement for prospecting, exploration and development services at the rate of US$5,000 per year for 3 years from the closing date of the agreement. This consulting agreement ended in the year ended December 31, 2011.

The Company holds a 100% interest in 35 unpatented lode claims in Esmeralda County, Nevada. The vendors retained a 2% net smelter royalty ("NSR") on the property, of which the Company has the option to purchase half for US$1,000,000.

Byers

The Company holds a 100% interest in 12 unpatented mining claims in the Byers, Thorburn and Moberly Townships in Ontario. The vendors retain a 2% NSR on the property, of which the Company has the option to purchase half for $1,000,000.

The Company holds a 100% interest in 1 unpatented mining claim in Byers Township in Ontario. The vendors retain a 2% NSR on the property, of which the Company has the option to purchase half for $1,000,000.

Chester/Yeo

On March 4, 2010, the Company completed an agreement to acquire 100% interest in 3 unpatented claims in Yeo and Chester Townships near Timmins, Ontario. As consideration for the agreement, the Company paid $15,000 in cash and issued 150,000 shares of the Company valued at $18,000. The vendors retain a 2% NSR on the property, one half of which can be purchased for $1,000,000.

On May 19, 2010, the Company completed an agreement to sell an 80% interest in its Chester/Yeo property. Under the terms of the agreement, Crown received a one-time payment of $120,000. Crown will retain a 20% carried interest until the completion of a positive pre-feasibility study.

Gold Springs

The Gold Springs property, consists of a group of 92 unpatented lode claims in Lincoln County, Nevada, held under option by the Company. Terms of the agreement require annual advance royalty payments of US$25,000. A sliding scale NSR of between 2% and 5%, depending on the price of gold, is payable upon commencement of commercial mining production. An overriding 0.2% NSR applies to a third party.

Monte Cristo

The land package at the Monte Cristo property, a gold/silver property in Nevada, now totals 199 unpatented lode claims. The Company holds 10 unpatented lode claims that are subject to cash payments of US$5,000 annually until commercial production commences on the property. These claims are subject to a 3% NSR that can be reduced to 1% by payment of US$3,000,000. An additional 153 surrounding claims lying within an area of influence are subject to the same option agreement.

The Company also holds a separate option on 36 additional claims that is subject to advance minimum royalties of US$50,000 per annum, adjusted for CPI inflation, recoverable from a 4% production NSR. The Company maintains an option to buy that down to 1% NSR with a cash payment of US$3,000,000.

A new NI 43-101 Mineral Resource Estimate was completed in February 2010. At a 1.0 g/t gold cut-off, the inferred resource known as the McLean Lode amounts to 279,000 ounces of gold contained in 1,923,349 tonnes at a grade of 4.51 g/t gold. At a 2.0 g/t gold cut-off, the inferred resource amounts to 237,000 ounces of gold contained in 1,025,700 tonnes at a grade of 7.2 g/t gold. In addition, the study shows a separate inferred resource of 1,507,000 ounces of silver contained in 1,124,000 tonnes at a grade of 42 g/t silver using a 9 g/t silver cut-off. At a 35 g/t silver cut-off the separate inferred resource is 1,025,000 ounces of silver contained in 396,000 tonnes at a grade of 80 g/t silver.

Stairs

On November 16, 2009, the Company entered into an option agreement to acquire a 100% interest in 18 mining leases totaling 338 hectares, which includes the former Stairs gold mine near Matachewan, Ontario, for $10,000 (paid), 500,000 (issued) shares of the Company valued at $60,000 and 500,000 (issued) warrants of the Company valued at $28,000. Each warrant entitles the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of issue. Under the terms of the agreement, the Company must incur $1,500,000 in exploration expenditures as follows; $300,000 by October 31, 2010 and the remaining $1,200,000 by October 31, 2012. If the Company fails to meet the $300,000 commitment due October 31, 2010, then the Company will be required to remit the shortfall to the vendor with interest at 4%, from October 31st, unless paid before November 30, 2010 in which case the interest will be waived. As at December 31, 2011, the Company had completed its minimum commitment of $300,000. The vendor retains a 1.5% NSR on the property.

The vendor has reserved the right to earn back a 51% interest in the property by spending two times the amount spent by the Company up to $3,000,000 on the property and an additional 14% by spending an additional $1,500,000. The vendor will retain a 1.5% net smelter royalty if it elects not to earn back an interest in the property.

Timore
On October 8, 2009, the Company entered into an option agreement to acquire a 100% interest in patented claims covering 3 gold exploration properties near Timmins, Ontario and 1 gold exploration property near Red Lake, Ontario, for $20,000 plus legal fees in cash (paid) and 1,500,000 (issued) shares of the Company valued at $97,500. Under the terms of the agreement, the Company must incur $1,000,000 in exploration expenditures in annual stages of $300,000, $300,000 and $400,000 respectively over a three year period ending October 15, 2012. The vendor will retain a 3% NSR, one half of which can be purchased for $1,000,000.

Tip Top
On June 1, 2009, the Company entered into an agreement with Parker Mining Corporation ("Parker"), the owner of 24 unpatented lode mining claims located in Esmeralda County, Nevada, to acquire an option to lease/purchase the claims. The Company has made total payments of US$15,000 to date. Annual payments will escalate US$5,000 per year for a four year period. The Company will pay Parker a NSR of 4% and the Company shall have the exclusive option to purchase 75% of the 4% royalty for $2 million. The Company must complete specified work program and or spend minimum Qualified Expenditures for the benefit of the property as follows: Year 1: Completion of a NI 43-101 report. Year 2: US$100,000 and US$200,000 in each of Years 3, 4, and 5.

Warren Whiteside
On January 29, 2008, the Company acquired a 100% interest in 14 patented mining claims in Whiteside Township in Ontario (the “Warren Properties”) by a payment of a deposit of $5,000 on December 18, 2007, the payment of $45,000 and the issuance of 500,000 common shares of the Company valued at $100,000. The vendors retain a 1.5% NSR on the Warren Properties, of which the Company has the option to purchase half for $1,000,000.

On January 30, 2008, the Company acquired a 100% interest in 2 unpatented mining claims in Whiteside/Massey Township in Ontario (the “Lalonde-Whiteside Properties”) by issuance of 500,000 common shares of the Company valued at $30,000. The vendors retain a 2% NSR on the Lalonde-Whiteside properties, of which the Company has the option to purchase half for $1,000,000.

On July 31, 2008, the Company acquired 3 unpatented mining claims adjoining the Warren Whiteside Property (the “Warren Add-on Property”) for 240,000 common shares of the Company valued at $81,600. The vendors retain a 2% NSR on the Warren Add-on Property, of which the Company has the option to purchase half for $1,000,000.

OBJECTIVES AND MILESTONES

The objectives of the Company are to (i) develop the McLean Lode resource at Monte Cristo in the shortest possible time frame; and (ii) explore by drilling high quality targets, particularly, the Mackenzie Island project in Red Lake, near Dryden.

The Company has selected the existing properties carefully. Nonetheless, the Company intends to continue to seek, evaluate and, if desirable, complete potential acquisitions. Properties that fail the good target criteria after further evaluation are discarded.

In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as presence of mineralization in favourable geological settings or exploration history, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral resources; the fact that expenditures made by the Company may not result in discoveries of commercial quantities of minerals; environmental issues; land title; competition; and the potential failure of the Company to generate adequate funding for any such acquisitions or exploration activities. See "Risk Factors".

LIQUIDITY

Operating Activities

Cash flow used by operating activities during the year ended December 31, 2011 was $1,091,128 compared to cash flow used of $1,429,548 during the same period in 2010.

Financing Activities

During the year ended December 31, 2011, cash flow provided in financing activities was $502,500 (2010 – $1,653,969) mainly as a result of $Nil (2010 - 18,666,666) shares issued through private placements and 5,527,500 (2010 – $106,356) warrants exercised in the year. These financings were completed to allow the Company to acquire and advance its mineral exploration projects.

Liquidity Outlook

Crown had cash of $158,339 available at December 31, 2011, a decrease of $488,628 from the balance at December 31, 2010 of $646,967.

As at December 31, 2011, the Company had a working capital deficiency of $27,821, a decrease of $566,897 from the working capital balance of $539,076 at December 31, 2010.

The current cash will be used to continue exploration programs at Crown's property on McKenzie Island in Red Lake, Ontario and at Crown's Monte Cristo property in Nevada, as well as for general working capital purposes and other property commitments. The Company will look to complete private placement financings or the sale of mineral property assets to help fund ongoing operations in 2012.

Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and, as such, alternative funding programs are also being pursued by the Company.

The Company must utilize its current cash reserves, funds obtained from the exercise of warrants, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements, and ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company anticipates that it will raise additional capital when and if the opportunity arises. See "Risk Factors".

The Company believes that it will be able to raise funds in the short-term. Management will monitor the current market situation and make prudent business decisions as they are required. See "Risk Factors".

On the date of this MD&A, the cash resources of the Company are held in cash with a major Canadian financial institution.

Accounts receivable are comprised of sales tax receivables from the Government of Canada.

OFF STATEMENT OF FINANCIAL POSITION TRANSACTIONS

During the years ended December 31, 2011 and 2010, there were no off statement of financial position transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

PROPOSED TRANSACTIONS

There are currently no material proposed transactions.

DIVIDENDS

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

CONTINGENCIES AND COMMITMENTS

The Company has made the following commitments as of the date of this MD&A:

- Under the terms of the Stairs agreement, the Company must incur an additional $1,200,000 ($59,000 spent to date) in exploration expenditures by October 31, 2012, or return the property to the vendor.
- Under the terms of the Timore agreement, the Company must incur an additional $400,000 ($135,000 spent to date) by October 15, 2012, or return the properties to the vendor.
- Under the terms of the Gold Springs Agreement, the Company will have to pay to the vendor annual advance royalty payments of US$25,000, or the Company will have to return the properties to the vendor.
- Under the terms of the Monte Cristo Agreement, the Company will have to pay to the vendor annual advance royalty payments of US$50,000 indexed for inflation (currently US$67,000) or the Company will have to return the properties to the vendor.
- Under the terms of the Tip Top Agreement, the Company will have to pay cash as follows: June 1, 2012 – US$20,000 and June 1, 2013 and thereafter until production – US$25,000 and must complete specified work program and or spend minimum Qualified Expenditures for the benefit of the property as follows: Year 1: Completion of a NI 43-101 report, Year 2: US$100,000 and US$200,000 for each of Year 3, 4, and 5, or return the properties to the vendor.

RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to Crown.

During the year ended December 31, 2011, $97,000 (2010 - $342,000) was charged by a law firm for legal fees where a director of Crown is an executive officer and employee. A company controlled by an officer and director of the Company charged $60,000 (2010 - $60,000) in management fees. A company controlled by an officer of the Company charged $36,000 (2010 - $17,000) in professional fees. Of the amounts owed to the law firm, directors and officer, and the company controlled by an officer and director, as at December 31, 2011, $182,000 (2010 – $111,000) is in accounts payable and accrued liabilities and long-term liabilities.

Amounts due to companies controlled by directors and officers are non-interest bearing, have no set terms of repayment and are due on demand.

All transactions were conducted in the normal course of operations and are measured at the exchange amounts.

ADDITIONAL DISCLOSURE FOR VENTURE COMPANIES WITHOUT SIGNIFICANT REVENUE

Years Ended December 31,		2011		2010
Evaluation and exploration expenditures in the year				
Acquisition and staking costs	**$**	**228,470**	$	118,470
Geological consulting		**75,200**		188,165
Drilling		**225,639**		166,135
Assaying		**35,270**		56,154
Consulting		**39,059**		42,730
Management Fees		**-**		30,000
Surveying		**1,460**		32,232
Labour		**31,399**		28,724
Taxes		**65,007**		69,493
Travel, equipment rental and other		**92,168**		67,689
Airborne surveys		**-**		46,725
Dispositions		**-**		(120,000)
	$	**793,672**	$	726,517

DISCLOSURE OF OUTSTANDING SHARE DATA

SHARE CAPITAL

The following table sets forth information concerning the outstanding securities of the Company as at February 10, 2012:

Common Shares of no par value	Number
Shares	84,486,667
Warrants	5,210,885
Options	2,838,000

See note 12 to the audited consolidated financial statements for the years ended December 31, 2011 and 2010 for more detailed disclosure of outstanding securities data.

SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries Gold Summit USA, Corporation, Rykala Resources Inc., and Rykala Gold of Nevada, Inc. (Collectively the "Group"). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-Company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Company except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

Mineral properties

All acquisition and exploration costs, net of incidental revenues, except for those acquired through a business combination are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

All exploration and evaluation expenditures acquired through a business combination are capitalized as intangible assets. They are subsequently measured at cost less accumulated impairment.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the declining balance method or unit-of-production method over the following expected useful lives:

• Equipment	20%
• Software	100%

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive loss.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in

cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of loss per share.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business

combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended December 31, 2011 and 2010, all of the outstanding stock options and warrants were antidilutive.

Financial assets

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

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

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

Financial liabilities
All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

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

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At December 31, 2011 the Company has not classified any financial liabilities as FVTPL.

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Impairment of non-financial assets
At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Cash
Cash in the statement of financial position comprise cash at banks.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be

required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Related party transactions
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is the CDN$, and the functional currency of the Nevada subsidiaries in the Group is the US$. The consolidated financial statements are presented in Canadian dollars which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

Group companies

The results and financial position of all of the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of loss as part of the gain or loss on sale.

Flow-through Shares

The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive loss as a gain as and when the Company incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes).

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations, property, plant and equipment, recoverability of trade and other receivables, valuation of deferred income tax amounts, impairment testing and the calculation of share based payments. The most significant judgments relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

Comparatives

Certain prior year amounts have been reclassified to conform to account presentation in the current year. The net loss stated in prior year has not been affected by these changes.

Status of Crown's transition to IFRS

Transition to IFRS from GAAP

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt IFRS for financial periods beginning on and after January 1, 2011.

The Company has adopted IFRS with an adoption date of January 1, 2011 and a transition date of January 1, 2010.

IFRS Conversion

The Company's IFRS conversion plan was comprehensive and addressed matters including changes in accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes. To facilitate this process and ensure the full impact of the conversion was understood and managed reasonably, the Company hired an IFRS conversion project manager. The accounting staff attended several training courses on the adoption and implementation of IFRS. Through in-depth training and the preparation of reconciliations of historical Canadian GAAP financial statements to IFRS, the Company believes that its accounting personnel have obtained a thorough understanding of IFRS.

In conjunction with the adoption of IFRS the Company has implemented a new accounting system, which will satisfy all the information needs of the Company under IFRS. The Company has also reviewed its current internal and disclosure control processes and believes they will not need significant modification as a result of its conversion to IFRS.

Impact of IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP; however significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS will not change the actual cash flows of the Company, the adoption will result in changes to the reported financial position and results of operations of the Company. In order to allow the users of the financial statements to better understand these changes, the Company has provided the reconciliations between Canadian GAAP and IFRS for the total assets, total liabilities, shareholders equity and net earnings in Note 3 to the interim consolidated financial statements. The adoption of IFRS has had no significant impact on the net cash flows of the Company. The changes made to the statements of financial position and comprehensive income have resulted in reclassifications of various amounts on the statements of cash flows, however there has been no change to the net cash position.

In preparing the reconciliations, the Company applied the principles and elections of IFRS 1, with a transition date of January 1, 2010. As the Company has adopted IFRS effective January 1, 2010, it will apply the provisions of IFRS 1 as described under the section entitled "Initial Adoption – IFRS 1", with a January 1, 2010 transition date. The Company has also applied IFRS standards in effect at December 31, 2011 as required by IFRS 1.

Initial Adoption of International Accounting Standards

IFRS 1 ''First Time Adoption of International Accounting Standards'' sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional date of the statement of financial position with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. The Company has chosen to take the following exemptions under IFRS 1:

- to apply the requirements of IFRS 3, *Business Combinations,* prospectively from the transition date;
- to apply the requirements of IFRS 2, *Share-based payments*, only to equity instruments granted after November 7, 2002 which had not vested as of the transition date; and
- to transfer all foreign currency translation differences, recognized as a separate component of equity, to deficit as at the transition date including those foreign currency differences which arise on adoption of IFRS.

Comparative Information
The Company has restated all prior period figures in accordance with IFRS.

Financial Instruments and other Instruments

Fair Value of Financial Assets and Liabilities
The Company's financial instruments comprise cash, marketable securities, accounts receivable and accounts payable and accrued liabilities.

The Company has designated its cash as FVTPL, which is measured at fair value. Investments are classified as available-for-sale, which are measured at fair value. Fair value of investments is determined based on transaction value and is categorized as Level 1 measurement. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Trade and other payables are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value. Fair values of trade and other receivables trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements.

As at December 31, 2011, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

The Company has made the following classifications:

Cash	FVTPL
Investments	Available-for-sale
Trade and other receivables	Other receivables
Trade and other payables	Other liabilities

Financial Instrument Risk Exposures
It is management's opinion that the Company is not exposed to significant interest or credit risks arising from its financial instruments and that their fair values approximate their carrying value unless otherwise noted. Fluctuation in currency exchange rates, principally the Canadian/US dollar exchange rate, can impact the Company's earnings and cash flows.

Risks and Uncertainties

Political Risk
All of the Company's properties are located in Canada and the United States of America. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in these countries. The Company's mineral exploration activities could be affected in varying degrees by such political instability, aboriginal land claims and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

Interest Rate Risk
The Company invests cash surplus to its operational needs in investment-grade short-term deposits certificates issued by the bank where it keeps its Canadian bank accounts. The Company

periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short-term deposits certificates.

Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on its investments. The Company's other financial instruments (cash, accounts receivable, accounts payable and accrued liabilities) are not subject to price risk.

Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company may not always own 100% of the mineral claims, concessions, rights or other interests. Similarly, any non-compliance with or non-satisfaction of the terms of an option agreement by the Company could affect its ability to exercise the option and earn its interest in the claims, concessions and assets relating to mineral properties.

Mining claims, concessions or other interests may not include surface rights and there can be no assurance that the Company will be successful in negotiating long-term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations.

The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company's operations and financial performance.

Foreign Currency Risk

The Company's exploration and evaluation activities are substantially denominated in Canadian dollars and, to a lesser degree, in United States dollars. The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial institution.

Commodity Price Risk

The price of the common shares in the capital the Company, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold, silver and other commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and

sale of precious and base metals or interests in properties related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Environmental and Permitting

All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

OTHER INFORMATION

This MD&A of the financial position and results of operations as at December 31, 2011, should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the years ended December 31, 2011 and 2010. Additional information will be accessible at the Company's website www.crowngoldcorp.com or through the Company's public filings at www.sedar.com.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board. The consolidated financial statements were prepared by the Company's management in accordance with IFRS. The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the consolidated financial statements are presented fairly in all material respects.

The Company has designed appropriate internal controls over financial reporting ("ICFR") for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

The Company's ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with applicable IFRS. ICFR should include those policies and procedures that establish the following inter-related, non-discrete results:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of the Company's assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board ; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

There have been no changes in ICFR during the year ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this MD&A. The consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved these unaudited interim consolidated financial statements on the recommendation of the Audit Committee.

Stephen Dunn
President
February 10, 2012