MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended April 30, 2011

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at August 26, 2011 and should be read in conjunction with the audited consolidated financial statements for the years ended April 30, 2011 and 2010 of Colombian Mines Corporation (the "Company" or "Colombian" or "CMJ") and the related notes thereto. Those consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All dollar amounts included therein and in the following management discussion and analysis ("MD&A") are in Canadian dollars except where noted. Financial statements and additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

DESCRIPTION OF BUSINESS

Colombian Mines Corporation was incorporated under the *Business Corporation Act* (B.C.) on May 16, 2006. The Company acquired all of the outstanding shares of Corporacion Minera Colombia S.A. ("Minera Colombia") on September 16, 2006 by way of a Share Exchange Agreement (the "Agreement"). Minera Colombia was formed in February 2006, and was conducting early stage exploration activities in Colombia.

The Company is an exploration company dedicated to the identification, acquisition and exploration of precious metal and base metal projects. The Company's strategy is to advance its key projects through prospecting, drilling and development stages and to seek new strategic partners through joint-ventures or other associations to fund continued project development on non-key projects.

EXPLORATION REVIEW

Yarumalito Property

The Company's 100% controlled, Yarumalito project is located on the Cauca – Romeral Mineral Belt approximately 10 kilometers north of Marmato Mountain; one of the oldest and largest producing lode gold mining complexes in Colombia. Gold mineralization at Yarumalito exhibits characteristics similar to that found at Marmato as well as in other gold porphyry deposits along the prolific Cauca-Romeral Gold Belt. The Company's primary exploration focus at Yarumalito is bulk tonnage "gold porphyry" style mineralization, with a secondary focus on higher grade, structurally controlled epithermal mineralization contained in the Culebra – Poleala shear zone and related structures that have potential to become targets for selective underground mining.

On March 2, 2011, the Company closed a brokered private placement for 9,660,000 units at a price of $0.70 per unit for gross proceeds of $6,762,000. Since the completion of this latest financing, the Company has attempted to accelerate the Yarumalito drill program by increasing the number of rigs to four. Difficult drilling conditions, weather related delays and problems with one drilling contractor have combined to delay drilling and will delay the completion an initial 43-101 compliant resource until at least the end of the fourth quarter of this year. The Company has submitted three composite bulk samples to McClelland Laboratories of Reno, Nevada for metallurgical testing, including column leach testing.

Drill hole modeling, surface geochemistry and the latest airborne geophysics will be used to guide drill hole placement and evaluate the potential of the gold system. With the completion of hole YAR-40 on July 1, 2011, Colombian Mines had completed 5,544.7 meters of additional drilling in calendar year 2011, for total diamond core drilling to date of approximately 12,978.7 meters. The resource evaluation work at La Escuela will require additional drilling this year. The extent of the drilling will be based on ongoing results and the drill rate achieved. Other targets have been identified that will require additional drilling once those targets are drill ready and rigs are available.

The Company completed a detailed, property wide, airborne magnetics and radiometric geophysical survey with nominal 80 meter ground clearance and 50 meter line spacing in April of this year. This survey provides important, property-wide coverage and is helping to better define the full extent of the magnetic anomaly associated with the Escuela gold zone. It also identified several other promising geophysical targets that are coincident with the latest gold and copper geochemical anomalies providing several exploration targets. The magnetic (geophysical) coverage helps identify increases in magnetic mineralization associated porphyry style mineralization, while also identifying magnetite destructive alteration such as that found in the higher grade shear zones. The magnetics work was augmented with concurrent radiometric data acquired during the same airborne survey and has also been helpful in identifying naturally occurring radiation associated with altered host rocks in the area.

The latest airborne data together when combined with surface rock, soil, and MMI geochemistry has been incorporated into the geologic model to guide future drill planning. Recent mapping at Yarumalito will be combined with our updated database to create a new geologic model for the Yarumalito resource evaluation during the second half of 2011.

El Dovio Property

Ongoing work at the Company's 100% controlled El Dovio high grade, gold rich poly metallic property has continued to return highly favorable results. The Company's efforts have expanded the estimated true width of mineralization from 2.4 meters, when we acquired the property, to over 48 meters for all mineralization currently. Within the broader mineralized zone, high grade sulfide zones vary in width from 2 to 13 meters. Recent trench sampling results, included: Trench 1 results of 41 meters (30 m true width) assaying 2.6 g/T gold, 1.6% copper, 0.2% zinc and 9.7 g/T silver; and Trench 2 results of 45 meters (35 m true width) grading 5.6 g/T gold, 0.5% copper, 0.4% zinc, and 6.8 g/T silver.

In the first half of 2011, the Company successfully re-opened the Sabana Blanca tunnel and conducted saw cut channel sampling. This work in the tunnel system returned significant values as reported in the Company's July news release that included a channel sample of a high grade gold-copper intercept of 21 meters with a gold equivalent grade of 15 g/T. This sample interval consisted of underground saw cut channel samples taken at 1 meter intervals that assayed 9.18 g/T gold, 2.46% copper, 2.04% zinc and 15.14 g/T silver. The Sabana Blanca tunnel work appears to expand the width of the mineralized trend by adding significant gold-copper and gold dominated zones to the footwall side of the previously identified trend.

Situated in the departments of El Valle and Choco, to the north of Cali, El Dovio is a gold rich, poly-metallic mineralized system hosted in chloritized, sheared and silicified volcanic rock of Cretaceous age. Genetically, the Company believes El Dovio may consist of both the bedded massive sulfide and the feeder zones to a gold rich Volcanogenic Massive Sulfide (VMS). Additional work is planned to gain a more thorough understanding of the deposit, identify additional zones of mineralization which may be present and help plan future drill programs.

The Company continues to expand its soil, rock and MMI geochemical coverage in the El Dovio area, while planning baseline geophysical studies prior to completing more comprehensive surveys on the Property during the second half of 2011. The environmental consulting firm of "Fundaparamos ONG" has been engaged, and is in the process of preparing an Environmental Assessment Report (EA) as required under Colombian law preparatory to securing drilling permits for El Dovio.

The Company anticipates it will have all necessary permits to drill at El Dovio at year end or early in the first quarter of 2012.

Rio Negro Property

This project, located in Santander Department southwest of the California Mining District, occurs along a southwest projection of the gold-bearing structures found in the California District. Field mapping by Company geologists at Rio Negro confirmed the presence of metamorphic and intrusive rocks similar to those hosting Angostura and La Bodega/Mascota in the California District 24 kilometers to the northeast.

Rock chip channel sampling has delineated two new structural zones with grades and widths that may be amenable to underground mining. Results include 11.43 g/T Au over a 1.5 meter sample width and 9.59 g/T Au over 1.15 meters from vein structures with no prior prospecting or mining. Both samples represent an approximate true width of the structure at the surface. Additionally, multiple narrow, irregular structures in the same area have returned up to 23.75 g/T Au from veins hosted in substantially

the same intrusive and metamorphic rocks that host the majority of mineralization in the California and Vetas Districts located roughly 23 kilometers northeast of Rio Negro.
As previously reported, vein structures continue to be found that are associated with two intersecting structural trends. The primary mineralized trend is northeast oriented, and is parallel to the major mineralized structures in the California District. Recognition of the importance of northeast veining and fault structures is leading Company geologists to examine similarly oriented linear topographic anomalies on the property that could represent new exploration targets. A second mineralized fault system trending north-northwest and paralleling the regionally extensive Bucaramanga Fault Zone is also being examined, with particular attention paid to areas where these structures intersect the northeasterly faults and vein zones.

Surface work planned for late 2010 and early 2011 at Rio Negro was delayed by unseasonably heavy rain and related access problems due to mud slides. Work at Rio Negro is currently suspended as the company's resources are currently being directed at Yarumalito and El Dovio.

Anori Property

The Anori project is located in the Department of Antioquia's Anori-Porce Mining District north of Medellin. The Anori property surrounds Mina Solferino, a small, operating underground gold mine recently optioned by Yamana Gold Corporation. In May 2010, the Company and Yamana Gold Inc. Yamana entered into an option agreement, subject to Colombian Mines securing a finalized Concession Contract from the Colombian government of Colombia (Ingeominas). As of May 9, 2010, the Company met all of its obligations and fulfilled all requirements to receive this contract, but the final contract has not yet been signed by the "required Colombian authority". In March 2011, Yamana notified the Company of its intent to terminate the option agreement due in part to the Company's inability to secure the contemplated Concession Contract from Ingeominas, which had prevented Yamana from conducting drilling on the Anori property. On April 29, 2011, Yamana delivered official notification and a Letter of Termination of the Anori JV to the Company. Because the Company was unable to secure the Concession Contract Yamana was never able to conduct the contemplated exploration programs and was only required to make the initial US$50,000 payment. Yamana's very limited preliminary reconnaissance of the Company's Anori license consisted of collecting two stream sediment samples, one outcrop sample and one float sample. During their reconnaissance, Yamana identified two areas of active illegal artisanal mining. One was a placer operation and the other was identified as residual gold weathered out of bedrock. Yamana did not sample either of the active mining areas, nor did they sample an area of identified vein and stock work mineralization which was apparently outcropping.

Cerro de Cobre (Gachala) Property

Located near Bogota in the Department of Boyaca, the Cerro de Cobre property is under an option agreement whereby Colombian can acquire a 100% interest. Surface and underground rock sampling on the property have identified chalcopyrite mineralized carbonate breccias grading approximately 2% to 3% copper that field mapping suggests may be present over a distance of more than 500 meters along strike, with grades and widths sufficient to warrant further exploration. A strong MMI soil anomaly was identified adjacent to the existing prospect area. Follow up geochemistry has better defined the stronger MMI anomally located on the north side of the Rio Guavia canyon. These results suggest that a covered and relatively unexplored portion of the Property may have similar potential for the discovery of additional copper mineralization in the same carbonate host rocks proximal to the fold hinge line of the regionally extensive El Diamante Anticline.

Colombian mines also completed a topographic survey on the Property that is providing a map base for further work on the Property. The Company has submitted all required reports and is waiting granting of environment permits to drill at Cerro de Cobre. The Company continues to seek a joint venture partner pursuing copper opportunities in Colombia. On August 4, 2011 the Company made an option payment on the property in the amount of US$25,000.

Other Properties

The Company has completed joint venture - option agreements, on the Nus and Venecia gold exploration properties in Colombia. Arcturas Ventures has the right to earn up to a 90% interest in the Nus property, located approximately 85 kilometers northeast of Medellin near the B2Gold/AngloGold-Ashanti Gramalote gold resource. The Company also completed an option agreement with Colombia Crest Gold Corp. for the Venecia gold-copper property, located on the Cauca-Romero Mineral Belt, south of Medellin.

The Company is engaged in preliminary discussions with several other companies interested in entering into joint venture or option agreements for certain of Colombian Mines properties. While these companies have expressed interest and most have signed Confidentiality Agreements and visited the properties, there can be no assurance that any will result in consummating a venture agreement at this time.

Colombian will continue to conduct geochemical, geophysical, mapping and rock sampling programs to assess the target potential of its property portfolio of applications and contracts in Colombia. Field crews will continue to explore select properties, while management will actively seek suitable JV partners on those properties beyond the scope of the Company's current business model and budget. A continuation of positive trends, including a strong gold price, regional stability in Colombia, and on-going discovery success in the country have further increased interest in the Company's exploration portfolio by those companies seeking either joint venture or property purchase opportunities.

Mr. Robert G. Carrington, P.Geo., a Qualified Person as defined by National Instrument 43-101 and President of the Company, has reviewed and verified the technical information that forms the basis of the above technical disclosure on Colombian exploration activities.

RESULTS OF OPERATIONS

Year ended April 30, 2011

Colombian recorded a loss of $4,536,102 (2010 - $1,494,839) for the year ended April 30, 2011. The loss was higher in 2011 due to higher exploration expenditures, stock-based compensation, investor relations and higher administration and office costs partially offset by higher interest and other income. The exploration costs were higher to a higher degree of activity on all properties, however over 70% of the exploration expenditures were on Yarumalito. A large portion of those costs were for drilling and assays as the Company is in the process of developing a resource estimate for this property. In the prior year Colombian had just begun its drilling program at Yarumalito, therefore these costs were much lower. Investor relations costs were higher due to increased activity in this area after stock market conditions improved. Office and administration costs were higher in 2011 due to management personnel having their compensation return to normal levels after accepting reduced compensation as a result of the ”world economic crisis”. In addition Colombian increased its insurance coverage over the prior year. Interest and other income was higher in 2011 due to having a higher level of cash invested in term deposits due to the private placement in late 2010 and due to increased revenue from option payments.

Three Months Ended April 30, 2011

The Company recorded a loss of $1,089,942 (2010 - $786,679) for the three months ended April 30, 2011. The loss was higher than for the comparative quarter due to higher exploration expenses partially offset by lower higher stock-based compensation expense and higher interest and other income. The higher exploration costs were mainly due to the current drilling program on Yarumalito, whereas in 2010 the Company had just started its drilling on Yarumalito. Stock-based compensation was lower in 2011 because Colombian granted 215,000 stock options in the quarter ending April 30, 2010 whereas there was no equivalent grant in 2011. Interest and other income was higher in 2011 mainly due to option payments received for its Nus and Venecia properties in the quarter.

LIQUIDITY AND CAPITAL RESOURCES

Working capital increased to $5,364,362 at April 30, 2011 from $4,170,494 at April 30, 2010, due to capital raised in the March 2011 private placement partially offset by funds used in operations, option payments and the purchase of equipment. The Company currently has sufficient capital to cover its administration costs and property payments for the next twelve months but may have to raise additional capital in order to conduct all of the planned exploration activity.

EXPLORATION COMMITMENTS

Colombian has commitments on its option agreements on the Yarumalito and Gachala properties of US$410,000 which fall due in the next twelve months. The Company must make these payments to keep the option agreements in good standing. Colombian made the US$25,000 option payment on the Gachala property that was due on August 4, 2011. The Company can terminate these option agreements and relinquish its interest in these properties at any time without penalty.

ANNUAL FINANCIAL INFORMATION

The following table summarizes selected annual financial information.

Years Ended	2011	2010	2009
Financial Results			
Exploration expenditures	$ 3,791,071	$ 686,997	$ 1,821,116
Net loss	(4,536,102)	(1,494,839)	(2,565,227)
Loss per share - basic and diluted	(0.19)	(0.08)	(0.14)
Financial Position			
Working Capital	$ 5,364,362	$ 4,170,494	$ 1,413,336
Mineral Properties	1,469,939	561,754	551,765
Total Assets	7,620,449	5,174,634	2,348,731
Share Capital	14,360,135	9,873,655	7,659,187
Contributed Surplus	6,650,275	4,500,929	2,500,038
Deficit	(13,980,214)	(9,444,112)	(7,949,273)

Exploration expenditures increased in 2011 as the Company was able to complete a private placement and therefore increase exploration activity which included a significant drilling program on its Yarumalito property. The net loss was higher in 2011 mainly due to the increased exploration expenses. Working capital increased over the prior year because of the March private placement which raised gross proceeds of $6,762,000. Mineral properties increased due mainly to the option payments made on Yarumalito during the year. Total assets increased due to the increase in cash and mineral properties.

Exploration expenditures decreased in 2010 compared to 2009 due to a lower activity level which was implemented by management in the last half of fiscal 2009, as a result of the world economic crisis. The loss in 2010 was much lower than in 2009 mainly due to the lower exploration expenditure level. Working capital, total assets and share capital all increased significantly in 2010 as a result of the private placement which closed in March and raised net proceeds of $3,757,516.

QUARTERLY INFORMATION

Quarter Ended	2011 Apr. 30	2011 Jan. 31	2010 Oct. 31	2010 Jul. 31
Exploration expenditures	$ 1,026,334	$ 918,628	$ 925,605	$ 920,504
Administrative and other items	25,774	233,921	388,292	59,210
Net loss for the period	(1,089,942)	(1,152,549)	(1,313,897)	(979,714)
Net loss per Share (Basic and Diluted)	(0.04)	(0.05)	(0.06)	(0.04)

Quarter Ended	2010 Apr. 30	2010 Jan. 31	2009 Oct. 31	2009 July 31
Exploration expenditures	$ 393,022	$ 123,049	$ 104,112	$ 66,814
Administrative and other items	393,657	217,965	153,056	27,256
Net loss for the period	(786,679)	(356,922)	(257,168)	(94,070)
Net loss per Share (Basic and Diluted)	(0.04)	(0.02)	(0.01)	(0.01)

For the quarter ended April 30, 2011 the loss was lower than for the prior quarter due to revenue received for property payments.

For the quarter ended January 31, 2011 the loss was lower than in the prior quarter due mainly to lower stock-based compensation.

For the quarter ended October 31, 2010 the loss was higher than in the prior quarter due mainly to higher stock-based compensation.

For the quarter ended July 31, 2010 the net loss was higher than in the prior quarter due to increased exploration expenses as the result of a drilling program at Yarumalito and resumption of activity on other properties. Administrative and other items were lower in the current quarter due to reduced costs for stock-based compensation, investor relations and professional fees.

The net loss for the quarter ended April 30, 2010 was higher than for the prior quarter because of increased exploration expenditures and higher stock-based compensation expense. Exploration expenditures increased as management hired back staff in Colombia and re-commenced its exploration efforts, particularly on the Yarumalito property.

The net loss for the quarter ended January 31, 2010 was higher than for the prior quarter due to higher investor relations costs partially offset by lower stock-based compensation. The higher investor relations costs were due to an increased activity level in advance of a private placement.

The net loss for the quarter ended October 31, 2009 was higher than for the prior quarter due mainly to higher stock-based compensation expense and higher exploration expense. Exploration expense increased because the Company started to do more work on the Yarumalito property. Stock-based compensation expense was higher because Colombian granted 251,000 stock options in the quarter whereas there were no stock options granted in the prior quarter.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements or obligations that are not disclosed in the financial statements.

RELATED PARTY TRANSACTIONS

During the year ended April 30, 2011, the Company paid $150,000 (2010 - $142,800) to Seabord Services Corp. ("Seabord"), a management services company which has two officers in common, for administrative services which include: a chief financial officer, a corporate secretary, accounting staff and office space. As at April 30, 2011, the Company had deposits with Seabord in the amount of $10,000 (2010 - $10,000) which were included in prepaid expenses. As at April 30, 2011, $90,469 (2010 - $25,239) was owed to related parties which was included in accounts payable. The amounts charged represent management's estimate of the fair value of the services provided. These transactions were in the normal course of operations.

MANAGEMENT COMPENSATION

For the year ended April 30, 2011, Colombian paid the Chief Executive Officer $109,423 and paid a company controlled by the President of the Company and the President of Corporacion Minera de Colombia S.A., $278,110 for management services. The Chief Financial Officer and the Corporate Secretary are provided by Seabord and therefore Colombian does not compensate them directly.

RECENT ACCOUNTING PRONOUNCEMENTS

Convergence with International Financial Reporting Standards ("IFRS")

The Company has completed the following steps which are subject to review by the Company's auditors and possible amendment thereafter:

- Determined the functional currencies for each of its reporting entities
- Determined its IFRS accounting policies
- Chosen which of the optional exemptions that it will take on the initial transition to IFRS
- Determined that only minor changes to internal controls and disclosure controls will be required in order implement IFRS.
- Determined that the Company will be making an adjustment to reduce deferred income tax liabilities with offsetting amount reducing the carrying value of mineral properties as a result of the acquisition of exploration properties where the fair value of some of the properties acquired exceeded their tax values in a transaction which was not a business combination and affected neither accounting profit or loss nor taxable profit or loss.

- Determined that the Company will make an adjustment on conversion to IFRS to previously reported stock-based compensation as the result of having unvested options at the transition date.

Below are some specific comments on the more significant IFRS standards which impact the Company:

a) Business Combinations

The Company has accounted for its more recent business combinations as asset acquisitions under GAAP and under IFRS 3, the treatment is the same. However, the Company did not do a detailed review of all historical business combinations and has decided to take the IFRS 1 election regarding business combinations, and not restate any combinations prior to the transition date.

b) Exploration for and Evaluation of Mineral Resources

Colombian has decided to maintain its policy of expensing its exploration and evaluation costs under IFRS. This is the same treatment as the Company had under GAAP and as a result there is no transition date adjustment. Under IFRS impairment testing of these assets is more rigorous than under GAAP. However, there is less likelihood that an impairment will occur because the Company is only going to capitalize mineral property acquisition costs.

c) The Effects of Changes in Foreign Exchange Rates

The Company has determined that its functional currency and the functional currency of all of its subsidiary companies is the Canadian dollar. As a result, translation gains and losses for these subsidiaries will be reported in the income statement as they currently are under GAAP and therefore there will be no adjustment to the transition balance sheet. This is a key determination and if the functional currency of the foreign subsidiaries was their local currency instead of the Canadian dollar, then the translation gains or losses would be reported as part of other comprehensive income.

d) Property, Plant and Equipment

For IFRS the Company will carry its equipment at cost, less accumulated depreciation and accumulated impairment losses. This is the same treatment as it is currently using under GAAP. Colombian's equipment assets consist mainly of vehicles, office items and computers and none of these assets requires componentization and accordingly this reduces the amount of work involved on the transition to IFRS.

e) Financial Instruments

Aside from cash, receivables and accounts payable, Colombian has investments in common shares and warrants of Canadian listed companies. The standard under GAAP was substantially converged with the IFRS standard and these investments have been recorded at fair value under GAAP and accordingly there is no transition date adjustment required for IFRS.

f) Future Income Taxes

Under GAAP Colombian recognized a future income tax liability on the acquisition of some mineral properties acquired where their fair value exceeded their tax value in a transaction which was not a business combination and affected neither accounting profit or loss nor taxable profit or loss. IFRS does not permit the recognition of deferred taxes on such transactions. As a result there will be an adjustment to Colombian's transition balance sheet which reduces future income tax liabilities with an offsetting reduction in mineral properties.

g) Share-Based Payments

The Company uses the Black-Scholes option pricing model to value its stock option grants and this procedure complies with the IFRS standard as well. There are differences between GAAP and IFRS in how awards are valued for both employees and non-employees, however there is a transitional provision under IFRS 2 – Share-base Payment that restricts the application of this IFRS standard on the transition date to options that have not yet vested. In Colombian's case some outstanding options had not vested at the transition date and therefore there will be an IFRS adjustment required for Colombian's share-based payments.

Internal Controls Over Financial Reporting and Disclosure Controls

After selecting its accounting policies under IFRS, Colombian has determined that the differences from GAAP are not significant enough to require major changes to internal controls over financial reporting and disclosure controls. The change in standards will mainly impact the collection and reporting of information at the head office level. The Company expects that it will have to add some additional general ledger accounts to capture some information at a more detailed level and also to amend worksheet calculations to comply with the new IFRS standards, mainly in terms of providing more detail for the notes to the financial statements. The Company will also have to amend its quarterly checklists for financial statement preparation and disclosure to ensure that all of the differences under IFRS are monitored and completed correctly. These changes are important and are being addressed but do not require a significant effort.

Financial Reporting Expertise

The Company has been training staff in IFRS through courses, work with consultants and through working directly on the conversion project. Training is on-going but the Company expects that the staff directly involved in the preparation of IFRS financial statements has sufficient expertise will have adequate supervision in order to comply with these new financial reporting standards for the first quarter under IFRS.

Information Technology ("IT") Systems

Colombian has determined that some changes to its head office general ledger system will be required in order to capture sufficient information to report under IFRS. In addition some spreadsheet working papers which support general ledger journal entries or which support financial note disclosures will have to be modified to ensure compliance with IFRS. However, these changes are not complex and Colombian does not expect that any outside resource will be required to complete them and that these changes can be accommodated in the normal quarterly workflow.

The Company expects to meet its IFRS reporting requirements for its first quarterly report under IFRS.

RISKS AND UNCERTAINTIES

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities.

Colombian is currently earning an interest in certain of its properties through option agreements and acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making property payments, incurring exploration expenditures on the properties and can include the satisfactory completion of pre-feasibility studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property.

The market prices for silver, gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Financing and Share Price Fluctuation Risks

Colombian has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies such as Colombian, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on Colombian's ability to raise additional funds through equity issues.

Political and Currency Risks

The Company is operating in a country that has had a high-risk political environment; however the current political situation appears to be stable. Changing political situations may affect the manner in which the Company operates. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration expenditures in Colombian pesos or in US dollars. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the US dollar or the Colombian peso could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, Colombian is subject to a number of risks and hazards, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and result in a decline in the value of the securities of the Company. Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

Environmental Risks and Hazards

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve 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 can be no assurance that future changes in environmental regulation, if any, will not adversely affect Colombian's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

Competition

Colombian will compete with many companies and individuals that have substantially greater financial and technical resources than the Company, for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

OUTSTANDING SHARE DATA

There are 32,591,761 common shares issued and outstanding and 1,632,500 stock options issued and outstanding to directors, officers, employees and consultants of the Company with exercise prices ranging from $0.38 to $1.21 and which expire from December 3, 2012 through to September 3, 2015. The Company also had the following share purchase warrants outstanding:

	Number of Warrants	Exercise Price	Expiry Date
March 23/10 Private Placement	4,100,000	$1.20	March 23, 012
March 2/11 Private Placement	627,900	$0.70	March 2, 2013
March 2/11 Private Placement	4,855,000	$1.15	March 2, 2013
	9,582,900		