MANAGEMENT'S DISCUSSION AND ANALYSIS

Nine Months ended January 31, 2012

GENERAL

This discussion and analysis of the financial position and results of operations is intended to supplement the unaudited condensed consolidated interim financial statements of Colombian Mines Corporation (the "Company" or "Colombian") for the nine months ended January 31, 2012 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company adopted IFRS on May 1, 2011 with a transition date of May 1, 2010. A reconciliation of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is set out in note 15 to the condensed consolidated interim financial statements.

The MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the year ended April 30, 2011 prepared in accordance with Canadian GAAP and the related MD&A with reference to the reconciliation referred to above. All dollar amounts included therein and in the following management discussion and analysis ("MD&A") are in Canadian dollars except where noted. This MD&A has been prepared as of March 26, 2012.

Additional information relating to the Company is available for viewing 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.

CORPORATE MANAGEMENT

The Company has appointed Mr. John Churchill, Manager of Operations for Colombia. Mr. Churchill is a registered professional geologist with more than 35 years' experience on six continents. In particular, he has a strong Colombian background and has worked on the Company's Yarumalito project during the late 1990's. He is a graduate of the Mackay School of Mines and Geology, a Professional Geologist registered with the Mining and Metallurgical Society of America, and a Qualified Person as defined by Canadian National Instrument 43-101. Mr. Churchill is based in Medellin, Colombia and has assumed management of the Company's operations in concert with the Company's Colombian VP of Exploration Mr. Campos Perilla. Mr. Churchill's duties will include the liaison with Teck at Yarumalito and oversight of projects, including the high grade gold-dominated polymetallic deposits at El Dovio.

The Company has also reorganized its board of directors to better reflect the technical needs of having more advanced exploration projects such as Yarumalito and El Dovio. In this regard, Colombian Mines is pleased to announce the appointment of Peter Crescenzo and David Salari to the Company's Board of Directors. Messrs' Crescenzo and Salari bring important design, commissioning and production experience to the board.

Mr. Crescenzo, a highly regarded professional engineer, is an owner of Minerals Advisory Group, LLC, a mining consultancy, of Tucson AZ. He retired from Newmont Mining Corporation after serving 15 years as worldwide Vice President of Engineering and has served as a director on many of Newmont's subsidiary companies. He brings more than 50 years of experience to the company's Board of Directors and has a strong background in minerals engineering and mineral economics. His experience covers many projects in iron ore, base and precious metals and is a qualified person as defined the Canadian National Instrument 43-101.

Mr. Salari, a respected metallurgical engineer based in Toronto has more than 30 years of experience and is the President and CEO of DENM Ltd., an engineering firm specializing in project and construction management, and in the commissioning of mining projects. Recent projects have taken David across Canada, the USA, Mexico, Brazil, Argentina and Venezuela. He is a member of the Professional Engineers Association of Ontario and Nova Scotia, and is a Qualified Person as defined by Canadian National Instrument 43-101.

The two new directors will replace current directors Richard Graham and Nathan Tewalt. Mr. Tewalt will also vacate the CEO position in favor of current Company President, Robert Carrington. Both of these dedicated individuals are stepping down to pursue other professional and personal interests, and will join the recently formed Advisory Board to provide continued technical guidance and input for the Company. The Board of Directors has appointed Mr. Robert Carrington to the position of Chief Executive Officer in addition to his current duties as President and Director of the Company.

EXPLORATION REVIEW

Yarumalito Property

In October 2011, the Company completed its purchase of the Yarumalito property and now owns an undivided 100% interest in the Yarumalito mineral licenses. There are no underlying residual or third party royalties or interests. The previous owners have executed all necessary documents and the mineral licenses are in the process of being transferred into the name of the Company's Colombian operating subsidiary by the Government of the Department of Antioquia.

The Company has submitted all necessary reports, studies and applications to effect a consolidation of the Yarumalito mineral licenses into a single unified exploration license. Management believes this consolidation will be granted pursuant to the 2010 Colombian Mining Law. This consolidation will simplify management and exploration of the Yarumalito project titles, allowing the entire property to be managed as a single integral mineral license, with up to an 11 year exploration period while streamlining permitting and reporting to regulatory agencies.

On March 2, 2012, the Company announced an agreement with Teck Resources Limited (Teck), with a potential commercial value of $15.5 million to the Company whereby Teck may earn an undivided Joint Venture interest in the Yarumalito project. By spending not less than $10 million on exploration on the Yarumalito property and making staged cash payments and private placements totaling $5.5 million to the Company over the life of the Agreement Teck may earn up to a 70% undivided joint venture interest. The funds from the cash payments and private placements are unencumbered and will be used for general corporate purposes including the exploration of the Company's El Dovio project. The Company will also be reimbursed for certain expenses related to Yarumalito totaling $380,000 from the Joint Venture funds. Colombian Mines will be the manager of the Yarumalito program during Teck's initial earn in and will be reimbursed for costs plus a 10% management fee.

The 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 some characteristics similar to that found at the nearby Marmato Mine and 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. A prominent example of the higher grade, structurally controlled gold mineralization, is contained in the Culebra – Poleala shear zone, where surface sampling and drilling continue to delineate a target that could offer the potential for selective underground mining.

Column leach tests on composite bulk metallurgical samples submitted to McClelland Laboratories of Reno, Nevada are ongoing. Preliminary results agree with early metallurgical results announced by the Company.

The Company has completed approximately 15,630 meters of cumulative drilling through early December 2011 at Yarumalito when drilling was suspended. In light of the Teck Agreement, the Company has decided to continue the drilling suspension pending joint budget and work planning for the project. Teck has also indicated their desire not to proceed with a 43-101 compliant resource estimate at this time. In light of this the Company has also suspended outside work on this until an appropriate time in the future, but may continue with such “in house” work as it deems prudent and advisable.

El Dovio Property

The Concession Contracts for the Company’s El Dovio project are now fully registered with the Registry of Mines in the name of the Company’s wholly owned Colombian operating subsidiary, Corporación Minera de Colombia. The Environmental Assessment Report, water diversion, water discharge and drilling permit applications are being reviewed by the administrative agencies and the Company has retained an environmental consultancy to help expedite the processing of these permits.

The Company’s 100% owned El Dovio high grade, gold rich, poly metallic property lies approximately 120 kilometers north of Cali, Colombia in the Department of Valle de Cauca. The Company’s efforts have expanded the known mineralized zone from an estimated true width of 2.4 meters, when the property was first assessed, to a broader mineralized zone of up to 68 meters containing multiple two to ten meter thick high grade zones. Exploration efforts have identified previously unknown mineralization consisting of semi-massive chalcopyrite, pyrite and quartz on trend with the Sabana Blanca Zone in Quebrada El Silencio. Separate mineralized zones have been identified at Granizales some 500 to 600 meters southwest from Sabana Blanca and which trends at an acute angle to the Sabana Blanca Zone. Recent mapping and sampling has indicated a potential new target area, where massive sulfide mineralization of unknown extent occurs at a favorable geologic contact between two different rock types.

Results from a recent expansion of the MMI soil geochemical program at El Dovio, identified a strong MMI anomaly approximately 1 kilometer in length coincident with the Sabana Blanca Zone, suggesting possible buried extensions of the mineralization currently known through mapping and channel sampling.

A second anomaly of similar dimension and magnitude located approximately 200 meters up slope from the main Sabana Blanca zone, is coincident with a favorable volcanic – sedimentary contact. Such contacts are known to be favorable geologic environments for the deposition of bedded volcanogenic massive sulfides (VMS) deposits. Recent follow up work on this second anomalous zone discovered sulfide mineralization similar to that contained in the Sabana Blanca zone, where surface trench sampling results, included: 32.7 meters in Trench 1 assaying 4.45 g/T gold (Au), 2.65% copper (Cu), and 19.2 g/T silver (Ag); and Trench 2 assaying 4.7 g/T Au, 0.47% Cu and 6.2 g/T Ag and 0.5% zinc (Zn) over a 68 meter estimated true width. Further trenching and diamond saw cut channel sampling is ongoing in this new mineralized zone with samples being sent to the laboratory for analysis.

Zinc, silver and copper are known to be readily leached from surface outcrops in moist, oxidizing environments such as that found at El Dovio. The distinctly higher grades seen in underground sampling support this, and it is considered likely that drill results will contain elevated levels of these three elements relative to the surface sample results.

A composite bulk metallurgical sample from unoxidized mineralization from the Sabana Blanca adit has recently been delivered to McClelland Laboratories of Reno, Nevada. The work to be done is designed to determine the amenability of El Dovio mineralization to conventional extraction methods.

Management considers El Dovio to be a key asset going forward and is focused on completing geophysical surveys, surface geology and geochemistry, and permitting prior to drilling in 2012.

Rio Negro Property

This project, consisting of mineral contracts 100% percent owned by the Company, is 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.

There was no significant work done on this property during the reporting period.

Anori Property

The Company's Anori project is located in the Anori-Porce Mining District north of Medellin in the Department of Antioquia. Colombian was awarded the Concession Contract for its original Anori application covering 2,532 hectares. Spanish Colonial and pre-colonial gold production reportedly exceeds 2.5 million ounces in the Anori – Analfi district.

There was no significant work done on this property during the reporting period.

Cerro de Cobre (Gachala) Property

Located near Gachala, three hours east of Bogota in the Department of Boyaca, the Cerro de Cobre property is held under purchase option agreement whereby Colombian can acquire a 100% undivided interest. The Company completed a topographic survey on the Property that is providing a map base for further work. Colombian has received water diversion and drilling permits for the project, and continues to seek a joint venture partner wishing to pursue copper opportunities in Colombia.

Joint Venture Properties

<u>Nus:</u>
Nus is located approximately 90 kilometers northeast of Medellin, Colombia in the Department of Antioquia within the Cisneros mining region. The properties are in part contiguous with B2Gold/AngloGold-Ashanti's Gramalote and La Trinidad gold resource properties where they are currently scheduling production for 2016. Nus also shares a common boundary with Antioquia Gold's high grade, Cisneros gold project.

Arcturus Ventures (TSX-V: AZN) has the right to earn up to a 90% interest in the Nus property. Arcturus has completed preliminary rock chip sampling and property wide airborne magnetic and radiometric surveys of the three contract areas comprising the property package. They are planning to conduct extensive soil sampling of identified anomalies in the project area.

<u>Venecia:</u>
Venecia is a large prospective porphyry target contiguous with Bellhaven's La Mina porphyry. The property is situated along the Cauca-Romero Mineral Belt in the Department of Antioquia,

approximately 80 kilometers south of Medellin. Rock chip and preliminary soil geochemistry by the Company have identified several areas of anomalous gold copper mineralization.

Colombia Crest Ltd (TSX-V: CLB) has an option to earn a joint venture interest in Venecia. Colombia Crest has completed property wide airborne magnetic and radiometric surveys. They have also completed detailed soil and rock chip geochemistry, along with significant geologic mapping. This work has yielded large coincident magnetic, potassic, gold and copper anomalies in an area of strongly altered porphyry intrusive rocks that have been termed the Arabia target. Colombia Crest has advised the Company they have designed a diamond drill program, and are awaiting approval of permits necessary for drilling, which they expect shortly.

<u>Yarumalito:</u>
The 1,456 hectare, Yarumalito property covers five separate porphyry targets and the 3 kilometer long, high grade Culebra shear zone. With the signing of the Teck Agreement, Yarumalito will now be managed by the Company under the terms of this agreement.

<u>Other:</u>
The Company is continually engaged in discussions with companies interested in entering into joint venture or option agreements from our portfolio of properties. Colombian will continue to conduct geochemical, geophysical, mapping and rock sampling programs to assess the target potential of our application and contract property portfolio in Colombia. Field crews will continue to explore select properties, while management will actively seek suitable JV partners for those properties not compatible with the Company's core business model. Continuing strong gold, silver and copper prices, improving physical security in Colombia, and on-going discovery success in the country, continue to generate interest in our portfolio from companies seeking to enter Colombia through 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

<u>Three Months Ended January 31, 2012</u>
Colombian recorded a loss of $1,105,293 (2011 - $1,158,137) for the three months ended January 31, 2012. The loss was lower in 2012 due to lower share-based compensation partially offset by lower interest income. Share-based compensation was lower because for the options granted in fiscal 2012, a larger proportion vested on the grant date than in the prior year, resulting in a lower accrual for unvested options in the quarter. Interest income was lower in the quarter due to lower cash balances available for investment compared to the prior year.

<u>Six Months Ended January 31, 2012</u>
Colombian recorded a loss of$3,784,102 (2011 - $3,478,888) for the six months ended January 31, 2012. The loss was higher in 2012 due to higher share-based payments, higher investor relations costs, and an exchange loss compared to an exchange gain in 2010, partially offset by lower exploration expenditures in 2012. The higher costs for share-based payments were due to more options being granted in the current year than in 2011. Investor relations costs were higher due to a higher level of activity at

investor shows and in print media. Exploration costs were lower in 2012 due to reduced expenditures on Yarumalito and other minor properties partially offset by increased expenditures on El Dovio. The Company incurred an exchange loss on its Colombian operations due to the weakening of the Colombian peso against the Canadian dollar in 2012 whereas in 2011 the Colombian peso strengthened against the Canadian dollar resulting in an exchange gain.

LIQUIDITY AND CAPITAL RESOURCES

Working capital decreased to $1,724,472 at January 31, 2012 from $5,364,362 at April 30, 2011, due to funds used in operations, option payments on mineral properties and the purchase of equipment and land. The Company currently has sufficient capital to cover its administration costs and property payments for the next twelve months but will have to raise additional capital in order to conduct all of the planned exploration activity.

The Company announced in March that it had entered into an agreement with Teck Resources Limited ("Teck") whereby Teck would subscribe for a total of 2,850,000 units in two separate non-brokered private placements, pending regulatory approval and the satisfaction of certain conditions. The units would be issued at a price of $0.53 and would be composed of one common share and one-half common share purchase warrant. Total proceeds from the private placements would amount to $1,510,500. Concurrent with the closing of the second private placement, Teck would enter into an option agreement with Colombian to earn a 55% interest in the Yarumalito property with a further option to increase its interest to 70%. Concurrent with entering into the first option agreement Teck will reimburse Colombian $380,000 in expenses incurred with respect to Yarumalito. Providing that this transaction closes as expected, it will provide additional capital resources for Colombian to cover its exploration programs and administrative costs, while relieving the Company of incurring further exploration costs on the Yarumalito property. Proceeds from Private Placements and cash payments under the Teck Agreement are unencumbered and will be used for general corporate purposes including overhead and exploration. However, Colombian will likely have to raise additional capital in the next twelve months in order to complete its planned exploration programs and cover its administrative costs.

EXPLORATION COMMITMENTS

Colombian has a commitment on its option agreement on the Gachala property. The Company made the US$25,000 payment that was due on August 4, 2011. The next option payment due on Gachala is for US$30,000, which is due on August 4, 2012. The Company can terminate this option agreement and relinquish its interest in the Gachala property at any time without penalty.

QUARTERLY INFORMATION

	2012	2011	2011	2011
Quarter Ended	**Jan. 31**	**Oct. 31**	**July 31**	**Apr. 30**
Exploration expenditures	$ 916,927	$ 706,302	$ 998,992	$ 1,026,334
Administrative and other items	188,366	800,666	172,849	77,683
Net loss for the period	(1,105,293)	(1,506,968)	(1,171,841)	(1,104,017)
Net loss per Share (Basic and Diluted)	(0.03)	(0.05)	(0.04)	(0.04)

	2011	2010	2010	2010 (1)
Quarter Ended	**Jan. 31**	**Oct. 31**	**Jul. 31**	**Apr. 30**
Exploration expenditures	$ 918,628	$ 925,605	$ 920,504	$ 393,022
Administrative and other items	239,509	374,191	100,451	393,657
Net loss for the period	(1,158,137)	(1,299,796)	(1,020,955)	(786,679)
Net loss per Share (Basic and Diluted)	(0.05)	(0.06)	(0.04)	(0.04)

(1) These figures were prepared in accordance with Canadian GAAP and are not required to be restated to IFRS.

For the quarter ended January 31, 2012 the net loss was lower than for the prior quarter due to lower share-based compensation partially offset by higher exploration expenditures.

For the quarter ended October 31, 2011 the net loss was higher due to share-based payments, investor relations expenses and a foreign exchange loss on the Company's Colombian operation.

For the quarter ended July 31, 2011 the loss was slightly higher than for the prior quarter because in the April 30 quarter Colombian received revenue from property payments which reduced the loss reported in that quarter.

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.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

For the nine months ended Jan 31, 2012	Salary or Fees	Share-Based Payment	Total
Management Compensation	$ 249,528	$ 189,700	$ 439,228

For the nine months ended Jan 31, 2011	Salary or Fees	Share-Based Payment	Total
Management Compensation	$ 290,403	$ 16,879	$ 307,282

Related party assets and liabilities	Service or item	January 31, 2012	April 30, 2011
Amounts due to:			
Management	Management fees & Expenses	$ 31,705	$ 90,469

Seabord Services Corp., ("Seabord") is a management services company which has two officers in common. Seabord provides a chief financial officer, a corporate secretary, accounting staff, administration staff and office space to Colombian Mines. The Chief Financial Officer is an employee of Seabord and is not paid directly by Colombian Mines. These transactions are measured at the exchange amount which is the amount agreed to by related parties. During the nine months ended January 31, 2012 the Company paid or accrued $112,500 (2010 - $112,500) for these services. Colombian also had $10,000 (2010 - $10,000) of deposits with Seabord which were included in prepaid expenses.

MANAGEMENT COMPENSATION

For the nine months ended January 31, 2012 Colombian paid or accrued to the Chief Executive Officer $51,324 and paid or accrued to a company controlled by the President of the Company and the President of Corporacion Minera de Colombia S.A., $198,204 for management services. The Chief Financial Officer and the Corporate Secretary are provided by Seabord and therefore Colombian does not compensate them directly.

NEW ACCOUNTING POLICIES

International Financial Reporting Standards ("IFRS")

For fiscal years beginning on or after January 1, 2011 Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information the effective transition date for Colombian is May 1, 2010. The three months ended July 31 31, 2011 is the Company's first reporting period under IFRS. Notes 2 and 15 to the condensed consolidated interim financial statements provide more detail on the significant Canadian GAAP to IFRS differences, accounting policy decisions and IFRS 1, First-Time Adoption of International Financial Reporting Standards and optional exemptions for significant or potentially significant issues that have an impact on the Company's financial statements on transition to IFRS.

Transitional Effect on Financial Statements

Deferred Income Taxes

Under GAAP Colombian recognized a future income tax liability on the acquisition of mineral properties where the fair value of these properties 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. IFRS does not permit the recognition of deferred taxes on such transactions. Therefore, from May 1, 2010 forward the Company has reduced "Exploration and evaluation" assets by $107,796 with an offsetting reduction in deficit.

Share Based Payments

Under GAAP share based compensation for consultants to Colombian had measurement dates which differed from those of employees where the options had vesting conditions and this affected the amount of share based compensation reported for consultants as compared to employees. Under IFRS the definition of employee is much broader than for GAAP such that persons previously categorized as consultants under GAAP are categorized as employees under IFRS. The Company has revised its Black-Scholes option pricing model inputs for persons who were previously considered to be consultants and for IFRS reporting has used the same inputs as were used for employees. This adjustment only pertained to unvested options as at May 1, 2010. This has resulted in changes to the amount of share based compensation recognized and additionally to the amount of contributed surplus reclassified to share capital on the exercise of those share options. The Company has taken the exemption provided under IFRS 2 Share Based Payments and will apply IFRS 2 for equity instruments granted after November 7, 2002 that had not vested at May 1, 2010. Therefore the Company has revised its estimate of share based compensation only for those options that had not vested at May 1, 2010 and any subsequent grants up to April 30, 2011.

Adjustments for the following amounts have been made to the comparative financial information presented in the Company's first IFRS compliant financial statements relating to "Share based payments".

Statements of Financial Position

May 1, 2010 - the Share based payment reserve has been reduced by $11,006.

January 31, 2011 - the Share based payment reserve is increased by $22,260.

April 30, 2011 – Share capital has been reduced by $538 and the Share based payment reserve has been increased by $36,335.

Statements of Loss and Comprehensive Loss

There was an increase in the amount of share based payments as follows:

Year ended April 30, 2011 - $46,803

Three months ended January 31, 2011 - $ 6,126
Nine months ended January 31, 2011 - $ 33,266

There was no significant impact on the statement of cash flows.

CHANGES IN ACCOUNTING STANDARDS

The following are IFRS changes that have been issued by the International Accounting Standards Board, which may affect the Company, but are not yet effective:

IAS 12, Income taxes, was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012.

IAS 27, Separate Financial Statements, replaced the existing IAS 27 “Consolidated and Separate Financial Statements”. IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IAS 28, Investments in Associates and Joint Ventures, was amended in 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IFRS 9, Financial Instruments, was issued in November 2009 and is the first step to replace current IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 201.

IFRS 10, Consolidated Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation—Special

Purpose Entities, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IFRS 11, Joint Arrangements, establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is assessing the effect of the changes to IFRS 11 on its financial results and financial position.

IFRS 12, Disclosure of Interests in Other Entities, applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IFRS 13, Fair Value Measurements, defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is assessing the effect of the changes to IFRS 13 on its financial results and financial position.

IFRS 7 Financial Instruments: Disclosures, introduces additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. This revised standard applies to annual periods beginning on or after July 1, 2011.

IAS 12 Deferred Tax: Recovery of Underlying Assets amends the current standard to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally be through sale. As a result of the amendments, SIC-21 Income Taxes – Recovery of Revalued Non-depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.

IAS 1 Presentation of Items of Other Comprehensive Income ("OCI") revises the current standard regarding the way other comprehensive income is presented. The amendments are as follows:

- Preserve the amendments made to IAS 1 in 2007 to require profit or loss and OCI to be presented together, i.e. either as a single "statement of profit or loss and comprehensive income" or a separate statement of profit or loss and a statement of comprehensive income – rather than requiring a single continuous statement as was proposed in the exposure draft
- Require entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently, i.e. those that might be reclassified and those that will not be reclassified
- Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax.

The revised standard is applicable to annual reporting periods beginning on or after July 1, 2012.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early-adopt any of the new requirements.

FINANCIAL INSTRUMENTS

Financial Risk Management

Colombian's strategy with respect to cash is to safeguard this asset by investing any excess cash in very low risk financial instruments such as term deposits or by holding funds in the highest yielding savings accounts with major Canadian banks. By using this strategy the Company preserves its cash resources and is able to marginally increase these resources through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

Foreign currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Colombia. The Company funds cash calls to its subsidiary company outside of Canada in US dollars and a portion of its expenditures are also incurred in Colombian pesos. The greatest risk is the exchange rate of the Canadian dollar relative to the Colombian peso and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. At January 31, 2012 the Company is exposed to currency risk through assets and liabilities denominated in Colombian pesos. However a 10% change in the exchange rate of the Colombian peso to the Canadian dollar would result in only a nominal increase or decrease to the loss from operations.

Credit Risk

The Company's cash and cash equivalents are mainly held through large Canadian or US financial institutions and at January 31, 2012 are mainly held in savings accounts and accordingly, credit risk is minimized.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital resources as outlined in note 13 (b) of the condensed consolidated interim financial statements. The Company's objective is to ensure that there are sufficient committed financial resources to meet its business requirements for a minimum of twelve months.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held mainly in term deposits and therefore there is currently minimal interest rate risk.

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 stable political environment However, due to guerilla activity there are some areas of Colombia where there are increased safety risks when conducting exploration activity. The Company does not operate in these higher risk areas. 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 3,212,500 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 September 3, 2012 through to April 14, 2015. The Company also had the following share purchase warrants outstanding:

	Number of Warrants	Exercise Price	Expiry Date
March 22/10 Private Placement	4,100,000	$0.90	Dec. 22, 2012
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		

In March 2012, the TSX Venture Exchange approved the Company's request to extend the expiry date and reduce the exercise price of a total of 4,100,000 share purchase warrants which were issued in a March 2010 private placement. The original exercise price was $1.20 per warrant and the amended price is $0.90 per warrant and the amended expiry date is December 22, 2012. The amendments to the warrants became effective on March 22, 2012.