**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Six Months Ended October 31, 2010**

## GENERAL

This discussion and analysis of financial position and results of operations is prepared as December 3, 2010 and should be read in conjunction with the interim consolidated financial statements for the six months ended October 31, 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 for interim financial statements and as a result they do not contain all disclosure required under generally accepted accounting principles for annual financial statements. Therefore, readers may want to refer to the April 30, 2010 annual audited consolidated financial statements. 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 projects through prospecting and drilling stages and to seek new partners through joint-ventures or other associations to fund continued project development.

## EXPLORATION REVIEW

### *Yarumalito Property*

Between February and the end of November of this year, the Company has completed over 5,000 meters of core drilling at Yarumalito. Drill patterns have been designed to test broadly mineralized gold zones as determined by surface geochemistry, but also will provide a way to map rock type and the projections of the more important mineralized fault zones. Drill hole plans for December and the first quarter of 2011 will focus primarily on definition drilling in the La Escuela area.

The Yarumalito core drilling program continues to intersect broad zones of gold mineralization in the 0.30 to 0.70 grams per metric tonne (g/T) range that are associated with higher grade mineralized fault zones commonly associated with narrower intercepts of multi-gram gold mineralization. This association is typical of gold porphyry systems and appears to confirm the Company's geologic model. Drill results recently reported in October, included 0.70 (g/T) gold over 95.5 meters in YAR-14 and 0.64 g/T over 151 meters in Yar-24.

Additional infill soil (MMI) sampling is currently underway in the La Escuela and Balastreras areas to better define the known gold and pathfinder element anomalies.

As of early December, drilling is currently underway at Balastreras with the planned completion of both drill holes by the end of the month. Drilling is expected to resume in early January in the La Escuela area, where a series of infill drill holes are planned.

### *El Dovio Property*

The Company's recent work at El Dovio returned highly favorable results and expanded the estimated true width of mineralization from 2.4 meters to over 24 meters, justifying further work by the Company. Recent trench sampling results, included: Trench 1 assaying 4.45 g/T gold, 2.65% copper, and 19.2 g/T silver over 32.7 meters; and Trench 2 assaying 3.53 g/T gold, 0.36% copper and 5.7 g/T silver over 28.8 meters.

El Dovio, situated in the departments of El Valle and Choco, to the north of Cali, is a gold rich, poly-metallic mineralized system hosted in chloritized, sheared and silicified volcanic rock of the Canasgordas volcano-sedimentary group. The Company believes El Dovio may be a feeder zone to a gold rich Volcanogenic Massive Sulfide (VMS). Additional work will be needed to determine the actual deposit type and to gain a more thorough understanding of the geologic setting.

Crews are currently on site to follow up on recent highly favorable sample results. In the coming months the Company plans to expand the surface rock sampling program, initiate soil geochemical sampling, and assess the suitability for completing geophysical surveys in the area in preparation for future drilling.

### *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.

The ongoing surface rock chip channel sampling program has discovered 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.

During the final two months of 2010, the Company will have a crew on site conducting mapping and geochemical sampling. The results from this work will be used to assess the next step in the exploration program.

### *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. Yamana has completed their planned 5,000 meters of drilling that targets a structurally controlled 20 meter wide high-grade gold zone that projects on to the Company's Anori property position. Both underground bulk-mineable and high grade vein gold target types are present at the Solferino Mine.

In May 2010 Colombian signed an option agreement with Yamana Gold Inc. ("Yamana") whereby Yamana can earn up to an 80% interest in the Anori Property. Yamana can initially earn up to a 60% interest by: a) paying US$1 million to Colombian Mines, b) fully funding US$2 million worth of exploration expenditures and c) completing a fully compliant NI 43-101 technical report defining mineral resources and mineral reserves, of which a minimum 30% must be classified in the proven and probable mineral reserve categories. These terms must be completed on or before the fourth anniversary of the agreement. Yamana can elect to earn an additional 20% interest by notifying the Company, and then fully funding a feasibility study that could be used to secure project financing within three years of earning its initial 60% interest. To date, Yamana has not notified the Company as to any work results completed at Anori.

***Cerro de Cobre (Gachala) Property***

Located near Bogota in the Department of Boyaca, the Cerro de Cobre property is under option agreement by Colombian Mines to acquire a 100% interest. Surface and underground rock sampling on the property identify 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 adjacent to the existing prospect area suggests 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. Colombian mines completed a topographic survey on the Property in July that will provide a map base for further work on the Property. The Company continues to seek a joint venture partner pursuing copper opportunities in Colombia.

***Other Properties***

Colombian Mines is in the final stages of completing agreements, pending initial property payments, 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 is also working on finalizing an option agreement with Eaglecrest Explorations Ltd for the Venecia gold-copper property, located on the Cauca-Romero Mineral Belt, near Medellin.

The Company 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. Colombian Mines 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

### Three Months Ended October 31, 2010

The Company recorded a loss of $1,313,897 (2009 - $257,168) for the three months ended October 31, 2010. The loss was higher than for the comparative quarter due to higher exploration expenses and higher stock-based compensation. The higher exploration costs were mainly due to the current drilling program on Yarumalito, whereas in 2009 the Company was not conducting much exploration activity due to program cutbacks as a result of the world economic crisis. Stock-based compensation was higher because Colombian granted 712,000 stock options with an exercise price of $0.69 in the quarter compared to a grant of 251,000 options with an exercise price of $0.38 in 2009.

**Six Months Ended October 31, 2010**

Colombian recorded a loss of $2,293,611 (2009 - $351,238) for the six months ended October 31, 2010. The loss was higher in 2010 due to higher exploration expenditures and stock-based compensation.

## LIQUIDITY AND CAPITAL RESOURCES

Working capital decreased to $ 1,814,752 at October 31, 2010 from $4,170,494 at April 30, 2010, due to funds used in operations and option payments. Colombian will have to raise additional capital in order to cover its exploration expenditures, option payments and administrative costs for the next twelve months.

## EXPLORATION COMMITMENTS

Colombian has commitments on its option agreements on the Yarumalito and Gachala properties of US$905,000 which fall due in the next twelve months. The Company must make these payments to keep the option agreements in good standing. The Company can terminate these option agreements and relinquish its interest in these properties at any time without penalty.

## QUARTERLY INFORMATION

| | 2010 | 2010 | 2010 | 2010 |
|---|---|---|---|---|
| **Quarter Ended** | **Oct. 31** | **Jul. 31** | **Apr. 30** | **Jan. 31** |
| Exploration expenditures | $ 925,605 | $ 920,504 | $ 393,022 | $ 123,049 |
| Administrative and other items | 388,292 | 59,210 | 393,657 | 217,965 |
| Net loss for the period | (1,313,897) | (979,714) | (786,679) | (356,922) |
| Net loss per Share (Basic and Diluted) | (0.06) | (0.04) | (0.04) | (0.02) |

| | 2009 | 2009 | 2009 | 2009 |
|---|---|---|---|---|
| **Quarter Ended** | **Oct. 31** | **July 31** | **Apr. 30** | **Jan. 31** |
| Exploration expenditures | $ 104,112 | $ 66,814 | $ 333,689 | $ 269,768 |
| Administrative and other items | 153,056 | 27,256 | 27,214 | 405,294 |
| Net loss for the period | (257,168) | (94,070) | (360,903) | (675,062) |
| Net loss per Share (Basic and Diluted) | (0.01) | (0.01) | (0.02) | (0.04) |

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.

The net loss for the quarter ended July 31, 2009 was lower than for the prior quarter due to lower exploration expenditures. The Company was operating with minimal exploration staff in the July quarter whereas in the prior quarter the Company had issued lay-off notices but still had most of its Colombian exploration crew in place.

The net loss for the quarter ended April 30, 2009 was lower than for the prior quarter due to higher investor relations costs and professional fees and due to the write off of capitalized acquisition costs for the Guayabales property, in the quarter ending January 31, 2009. Investor relations costs were lower in the current quarter as a result management's efforts to reduce spending in this category. Professional fees were lower in the current quarter because the Company undertook some tax planning work in the prior quarter and also in the prior quarter legal costs were higher on general corporate matters.

## 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 six months ended October 31, 2010, the Company paid $ 75,000 (2009 - $69,400) to Seabord Services Corp. ("Seabord"), a management services company that has two officers in common, for administrative services which include: a chief financial officer, a corporate secretary, accounting staff and office space. As at October 31, 2010, the Company had deposits for future services with Seabord in the amount of $10,000 (2009 - $10,000) which were included in prepaid expenses. As at October 31, 2010 $nil (2009 - $600) was owed to related parties and included in accounts payable and accrued liabilities. 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 six months ended October 31, 2010, Colombian paid the CEO $61,116 and paid a company controlled by the President of the Company and the President of Corporacion Minera de Colombia S.A., $140,899 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

### Business Combinations and Related Sections

CICA Handbook Section 1582, "Business Combinations" and Section 1601, "Non-Controlling Interests", replace Sections 1581 and 1600 respectively. The new standards revise guidance on the determination of the carrying amount of assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. These standards are effective for the first annual reporting period beginning on or after January 1, 2011 prospectively, with early adoption permitted. At that time the Company will begin reporting its financial results under International Financial Reporting Standards ("IFRS") and therefore does not expect that these new Handbook sections will have any impact on the Company's financial statements in the interim period.

### Convergence with International Financial Reporting Standards ("IFRS")

As disclosed in the year-end MD&A, Colombian has made significant progress with respect to its transition to IFRS. The Company has completed the following steps:

- Determined the functional currencies for each of its reporting entities
- Determined the majority of 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.

During the balance of calendar 2010, the Company will be completing the documentation of the remainder of its IFRS accounting policies and developing its transitional balance sheet.

## 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 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

As at December 3, 2010 there were 22,875,261 common shares issued and outstanding and 4,100,000 share purchase warrants outstanding with an exercise price of $1.20 per warrant and an expiry date of March 23, 2012. There were also 122,562 broker's warrants outstanding with an exercise price of $1.20 and an expiry date of March 23, 2011. Colombian also had 2,053,000 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 January 5, 2015.