

COLOMBIAN MINES CORPORATION
(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months Ended July 31, 2010

GENERAL

This discussion and analysis of financial position and results of operations is prepared as at September 15, 2010 and should be read in conjunction with the interim consolidated financial statements for the three months ended July 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

The drill program at Yarumalito has been expanded with the addition of a new core rig that is providing greater depth capabilities than the man portable rigs used on the property to date. Through mid-July, the Company completed 2,522 meters of core drilling in, and around, the La Escuela target area. This drilling has consistently intersected broad zones of gold-copper mineralization, including 141.4 meters averaging 0.77 grams per metric tonne (g/T) gold in YAR-11. Recently acquired ground magnetic geophysical data in the main target area of the property has been integrated with mobile metal ion (“MMI”) and rock geochemistry to identify new drill targets in the La Escuela and Balastreras areas, and along a two kilometer easterly trend to Quebrada Poleala.

At the La Escuela, Balastreras and Poleala target areas, remarkably strong MMI Response Ratios (“RR”) as high as 8,600 times background has been observed for gold. Typically for Yarumalito, MMI ratios greater than 50 are anomalous and greater than 100 are considered highly anomalous. Detailed ground magnetic and infill MMI surveys are currently underway throughout the 2.9 by 1 kilometer MMI gold anomaly area. Three crews are also extending the survey to parts of the property not previously covered. This work is expected to define new targets and refine target selection through at least September, as results and interpretations are completed.

Colombian Mines has completed YAR-06 to -13 (8 core holes) in the La Escuela area during the 2010 campaign. Hole YAR-15 is currently being drilled at La Escuela, and is targeting a magnetic high within a more extensive MMI gold anomaly. The first hole in the Balastreras area, YAR-14, has been completed (assays pending), while the drilling of nearby YAR-16 is currently underway.

El Dovio Property

The Company is currently evaluating its El Dovio gold–silver–copper–zinc poly-metallic massive sulfide property north of Cali, Colombia in the Department of El Valle. The Company believes El Dovio is a gold rich Volcanogenic Massive Sulfide (VMS) with a partially preserved stringer zone (feeder zone) that may present both high grade selective mining potential and bulk mining potential in the stringer zone. Initial field work returned highly favorable results justifying further work by the Company that will likely include the rehabilitation of historic mine workings for underground sampling, surface sampling and mapping, geophysical and geochemical surveys, and core drilling in the mineralized zones.

In addition, McClelland Labs of Reno, Nevada has been contracted for preliminary metallurgical test work to determine the amenability of the massive sulfide (gold-copper-zinc-lead-silver) mineralization to conventional extraction techniques. This preliminary metallurgical work early in the project’s assessment provides an indication of amenability to various process technologies and helps to focus exploration on the most promising targets with the best economic potential.

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 Vetás 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.

Based on these encouraging results the Company plans to complete an MMI soil sampling program on the Rio Negro Property, with a possible follow-up ground magnetics survey. This work, coupled with recent mapping and ongoing rock chip sampling, is expected to generate drill ready targets at Rio Negro later this year.

Anori Property

The Anori project is located in the Department of Antioquia's Anori-Porce Mining District north of Medellín. 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

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.

In April, the Company entered into a Binding Letter of Intent with Arcturas Ventures, Inc. outlining the terms for an Option Agreement whereby Arcturas can initially acquire 90% of the Nus property by paying the Company \$27,000, issuing 1,000,000 shares, and completing a positive feasibility study of the Property. Arcturas can then earn an additional 10% in Nus to acquire 100% of the Property by paying \$1,000,000 to the Company and reserving a 1% Net Smelter Returns Royalty for Colombian Mines. The final agreement with Arcturas has not been completed to date as Arcturas must first complete a private placement financing to raise additional capital.

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 July 31, 2010

The Company recorded a loss of \$979,714 (2009 - \$94,070) for the three months ended July 31, 2010. The loss was higher than for the comparative quarter due to higher exploration expenses mainly as a result of 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.

LIQUIDITY AND CAPITAL RESOURCES

Working capital decreased to \$3,231,675 at July 31, 2010 from \$3,981,808 at April 30, 2010, due to funds used in operations. Colombian may have to raise additional capital in order to cover its exploration and administrative costs for the next twelve months, if the Company decides to continue with the acquisition of the Yarumalito property by making the US\$500,000 payment due in March 2011.

EXPLORATION COMMITMENTS

Colombian has commitments on its option agreements on the Yarumalito and Gachala properties of US\$870,000 which fall due in the next twelve months. The Company must make these payments to keep the option agreements in good standing. The Company has a firm commitment to make the US\$350,000 payment on the Yarumalito which is due in October 2010. Except for the October payment on Yarumalito, the Company can terminate these option agreements and relinquish its interest in these properties at any time without penalty. The Company is currently seeking joint venture partners to share in the cost of future option payments and exploration programs. However the likelihood for success in completing a joint venture agreement cannot be determined.

QUARTERLY INFORMATION

	2010	2010	2010	2009
Quarter Ended	Jul. 31	Apr. 30	Jan. 31	Oct. 31
Exploration expenditures	\$ 920,504	\$ 393,022	\$ 123,049	\$ 104,112
Administrative and other items	59,210	393,657	217,965	153,056
Net loss for the period	(979,714)	(786,679)	(356,922)	(257,168)
Net loss per Share (Basic and Diluted)	(0.04)	(0.04)	(0.02)	(0.01)

	2009	2009	2009	2008
Quarter Ended	July 31	Apr. 30	Jan. 31	Oct. 31
Exploration expenditures	\$ 66,814	\$ 333,689	\$ 269,768	\$ 497,511
Administrative and other items	27,256	27,214	405,294	169,403
Net loss for the period	(94,070)	(360,903)	(675,062)	(666,914)
Net loss per Share (Basic and Diluted)	(0.01)	(0.02)	(0.04)	(0.04)

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.

The net loss for the quarter ended January 31, 2009 was similar to the loss for the prior quarter due to offsetting variances. October exploration costs were higher than for the current quarter because of a higher level of activity on the Guayabales property. Administrative and other items were higher in the quarter ended January 31, 2009 due to writing off capitalized mineral property acquisition costs for the Guayabales property partially offset by a favourable variance on exchange.

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 three months ended July 31, 2010, the Company paid \$ 37,500 (2009 - \$34,300) 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 July 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 July 31, 2010 \$35,999 (2009 - \$9,397) 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 three months ended July 31, 2010, Colombian paid the CEO \$30,174 and paid a company controlled by the President of the Company and the President of Corporacion Minera de Colombia S.A., \$66,678 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 the 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 September 15, 2010 there were 22,834,061 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 2,093,700 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.