



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Nine months ended January 31, 2016**

### **GENERAL**

This management's discussion and analysis of financial position and the results of operations is prepared as at March 28, 2016 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Colombian Mines Corporation (the "Company" or "Colombian") for the nine months ended January 31, 2016 and 2015 and related notes thereto. The MD&A should also be read in conjunction with the audited consolidated financial statements of the Company for the year ended April 30, 2015 and the related MD&A.

These condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in Canadian dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

### **FORWARD-LOOKING STATEMENTS**

Certain statements contained in the 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 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.

Due to the risks and uncertainties identified above and elsewhere in this MD&A, actual results may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law.

## **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. 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 strategic partners through joint-ventures or other associations to fund continued project development on non-key projects.

## **EXPLORATION REVIEW**

### ***El Dovio Property***

El Dovio, the Company's flagship project covers more than 10,105 hectares in the Municipio of El Dovio, Department of El Valle. The Company's 100% owned El Dovio property covers more than 10,105 hectares of granted contract concessions registered in the Company's Colombian subsidiary, Corporacion Minera de Colombia. The property covers a high grade, gold rich, poly metallic system located approximately 120 kilometers north of Cali, Colombia also in the Department of Valle de Cauca. The property lies approximately 230 road kilometers north-northeast of Colombia's largest Pacific seaport at Buena Ventura, the same port from which Atico Mining's (TSX-V: ATY), Mina El Roble ships its concentrates.

Colombian Mines was awarded the key Concession Contracts in November 2011 and the core exploration area was excluded from the Pacific forest zone in October 2012. Permits for water diversion and discharge were issued to the Company in April 2013 and the Company began its Phase I drilling program in early June 2013. The 2014, Phase II drilling program began in April 2014 and has been completed with some results pending as of August 22, 2014.

Individual samples in excess of 100 grams gold per metric tonne (g/T Au) and 10% copper (Cu) have been collected from outcrop and to date up to 30 grams in drill samples. Exploration efforts have identified new mineralization consisting of semi-massive chalcopyrite, pyrite and quartz on trend with the Sabana Blanca Zone in Quebrada El Silencio. Additional zones of mineralization have been identified at Brazo 1 approximately 200 meters northeast of the Sabana Blanca Zone and at Granizales some 500 to 600 meters southwest from the Sabana Blanca zone and indicates the system may have a strike length in excess of 1,000 meters.

Geochemical results identify a strong MMI anomaly approximately 1 kilometer in length coincident with the Sabana Blanca Zone where surface trench sampling results, included: 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, suggesting possible extensions of the mineralization currently known through mapping, channel sampling and drilling. Multiple other geochemical anomalies exist within the current study area. Follow up work on several of these discovered similar sulfide mineralization with comparable grades of gold, silver, copper and zinc to that contained in the Sabana Blanca zone. Results of diamond saw cut channels of these zones confirm similarities both in grade and style of mineralization with the Sabana Blanca zone and suggest a common source of mineralization.

## Drilling

To date the Company has completed 2,593 meters of diamond core drilling in to stages at El Dovio. Drilling has been focused on the Sabana Blanca, Sabana Blanca Creek and Brazo 1 zones. Table 1 below presents significant intercepts from that drilling.

### 2013 Phase I - Drill Program

The Phase 1 program consisted of 10 drill holes all drilled in the Sabana Blanca zone. Results for holes ED13-01A through ED13-08 have been released with results pending for drill holes ED13-09 and ED13-10. Drilling is tested the area of Sabana Blanca adit extending eastward and down dip. Holes 1A, 2 3, 4, 5, 6, 7 and 8 tested mineralization in the Sabana Blanca zone near the Sabana Blanca Adit and down dip for more than 100 meters below outcrop. Geological modeling of these holes combined with surface data indicates the system has a near vertical dip at surface, "rolling" over to a steep southerly dip at a relatively shallow depth. Drill holes D13-01A, 02, 04 and 05 have all intersected mineralization as targeted. Drill hole D13-03 did not intersect significant mineralization and appears to have been drilled in the foot wall sub parallel to the southward dipping portion of the zone.

Drilling at El Dovio consistently intersects two parallel zones of high grade mineralization within a much broader mineralized halo of stock work mineralization in metamorphosed volcanic rocks. The mineralization appears to form along the margins of a large diabase dike in the contact zones of the diabase dike and enclosing volcanic rocks. The spatial association of mineralization with the diabase dike indicates potential for significant strike and depth extensions of the Sabana Blanca zone.

Mineralization in the high grade zones contains many structural features indicative of an epithermal vein system and typically consists of multi-phased, colloform banded crystalline quartz cementing multiphased breccias with chalcopyrite, sphalerite and pyrite. Mineralization in the halo zones is typified by weak to moderate stock work quartz - sulfide veinlets and fracture fillings. Photos of mineralization are available on the Company's website as are sections through the drill holes.

Drilling confirms down dip continuity and extension of high grade gold, silver, copper mineralization in the Sabana Blanca zone more than 100 meters below outcrop and shows the mineralization remains open to extension both along strike and at depth. Table 1 below presents the announced drill intervals from the Company's 2013 drill program.

**Table 1 El Dovio Composite Drill Intercepts**

#### 2013 DRILLING

| Drill Hole Number | From      | To    | Length (m) | Au g/T | Ag g/T | Cu % | Zn % |
|-------------------|-----------|-------|------------|--------|--------|------|------|
| <b>D13-01A</b>    | 21.3      | 120.9 | 99.6       | 0.64   | 1.41   | 0.08 | 0.18 |
|                   | 26.0      | 30.0  | 4.0        | 2.26   | 1.93   | 0.05 | 0.15 |
|                   | 69.2      | 86.3  | 17.1       | 2.38   | 4.03   | 0.37 | 0.71 |
|                   | Including |       |            |        |        |      |      |
|                   | 81.4      | 86.3  | 4.9        | 7.28   | 11.74  | 1.23 | 1.99 |
|                   | including |       |            |        |        |      |      |
|                   | 81.4      | 83.5  | 2.1        | 15.60  | 20.31  | 2.24 | 2.09 |
|                   | 114.8     | 120.9 | 6.1        | 7.00   | 4.36   | 0.02 | 0.65 |

|                      |                           |           |                  |               |               |             |             |
|----------------------|---------------------------|-----------|------------------|---------------|---------------|-------------|-------------|
|                      | Including                 |           |                  |               |               |             |             |
|                      | 114.8                     | 117.7     | 3.0              | 13.77         | 5.76          | 0.02        | 0.13        |
| <b>D13-02</b>        | 47.5                      | 98.7      | 51.2             | 1.15          | 5.99          | 1.11        | 0.16        |
|                      | 51.6                      | 53.5      | 1.9              | 3.18          | 2.33          | 0.26        | 0.10        |
|                      | 77.5                      | 92.9      | 15.4             | 3.43          | 17.93         | 3.60        | 0.40        |
|                      | Including                 |           |                  |               |               |             |             |
|                      | 79.5                      | 91.9      | 12.4             | 4.02          | 20.23         | 4.17        | 0.46        |
|                      | Including                 |           |                  |               |               |             |             |
|                      | 89.3                      | 91.9      | 2.6              | 9.36          | 30.06         | 5.16        | 0.50        |
| <b>D13-04</b>        | 40.0                      | 101.5     | 61.5             | 0.60          | 3.56          | 0.72        | 0.13        |
|                      | 71.0                      | 100.6     | 29.6             | 1.14          | 6.86          | 1.48        | 0.16        |
|                      | Including                 |           |                  |               |               |             |             |
|                      | 72.0                      | 77.1      | 5.1              | 4.02          | 10.80         | 1.33        | 0.36        |
|                      | and                       |           |                  |               |               |             |             |
|                      | 93.0                      | 100.6     | 7.6              | 0.95          | 15.70         | 4.30        | 0.26        |
| <b>D13-05</b>        | 69.0                      | 95.5      | 26.6             | 1.66          | 9.55          | 1.53        | 0.36        |
|                      | Including                 |           |                  |               |               |             |             |
|                      | 86.5                      | 93.4      | 6.9              | 5.86          | 34.29         | 5.89        | 1.29        |
| <b>D13-06</b>        | 41.5                      | 59.5      | 18.0             | 1.20          | 3.24          | 0.57        | 0.46        |
|                      | including                 |           |                  |               |               |             |             |
|                      | 49.6                      | 51.6      | 2.0              | 3.60          | 3.00          | 0.07        | 0.69        |
|                      | and                       |           |                  |               |               |             |             |
|                      | 54.5                      | 56.9      | 2.4              | 3.90          | 15.60         | 4.00        | 2.26        |
| <b>D13-07</b>        | 37.7                      | 83.5      | 45.8             | 0.97          | 3.93          | 0.55        | 0.31        |
|                      | including                 |           |                  |               |               |             |             |
|                      | 47.5                      | 56.3      | 8.8              | 2.60          | 12.94         | 2.68        | 0.87        |
|                      | also                      |           |                  |               |               |             |             |
|                      | 53.0                      | 56.3      | 3.3              | 2.04          | 26.66         | 6.83        | 0.83        |
| <b>D13-08</b>        | 54.5                      | 91.3      | 36.8             | 0.80          | 1.99          | 0.26        | 0.23        |
|                      | including                 |           |                  |               |               |             |             |
|                      | 55.5                      | 58.5      | 3.0              | 3.68          | 11.57         | 1.91        | 1.08        |
|                      | and                       |           |                  |               |               |             |             |
|                      | 69.5                      | 72.5      | 3.0              | 3.88          | 5.53          | 0.63        | 1.15        |
| <b>2014 DRILLING</b> |                           |           |                  |               |               |             |             |
| <b>Hole</b>          | <b>From</b>               | <b>To</b> | <b>Intercept</b> | <b>Au PPM</b> | <b>Ag PPM</b> | <b>Cu %</b> | <b>Zn %</b> |
| <b>SB14-01</b>       | No Significant Intercepts |           |                  |               |               |             |             |
| <b>Sb14-02</b>       | 17.0                      | 22.0      | 5.0              | 0.57          | 4.96          | 0.23        | 4.0         |
| <b>SB14-03</b>       | 53.5                      | 64.3      | 10.8             | 1.18          | 3.77          | 0.26        | 0.4         |
|                      | 73.6                      | 79.5      | 5.9              | 0.78          | 3.34          | 0.24        | 0.2         |

|                 |                           |      |      |      |       |       |      |      |
|-----------------|---------------------------|------|------|------|-------|-------|------|------|
| <b>SBC14-01</b> |                           | 61.0 | 64.0 | 3.0  | 8.02  | 4.90  | 0.83 | 0.5  |
| <b>SBC14-02</b> |                           | 35.5 | 40.8 | 5.3  | 1.58  | 15.42 | 3.96 | 0.1  |
|                 |                           | 56.9 | 61.7 | 4.8  | 2.14  | 7.46  | 1.05 | 1.5  |
| <b>BR14-01</b>  | No Significant Intercepts |      |      |      |       |       |      |      |
| <b>1360-01</b>  |                           | 0    | 31.8 | 31.8 | 1.56  | 4.22  | 0.59 | 0.32 |
| including       |                           | 0    | 18.4 | 18.4 | 2.25  | 6.03  | 1.01 | 0.46 |
| including       |                           | 4.3  | 9.5  | 5.2  | 4.39  | 7.01  | 1.67 | 0.56 |
| including       |                           | 4.3  | 5.3  | 1.0  | 13.01 | 24.60 | 7.10 | 1.70 |
| 1360-02         | PENDING                   |      |      |      |       |       |      |      |
| 1360-03         | PENDING                   |      |      |      |       |       |      |      |

A composite bulk metallurgical sample from unoxidized mineralization in the Sabana Blanca adit delivered to McClelland Laboratories of Reno, Nevada returned more than 96% recovery for gold, silver and copper, and more than 94% recovery for zinc. This work confirms the Sabana Blanca mineralization is readily recovered by conventional flotation processes, and support low cutoff grades for future resource estimates. Management considers El Dovio to be a key asset going forward.

KTTM Geophysics Limited crews completed high resolution ground magnetometry over more than six (6) square kilometers centered on the Sabana Blanca zone. The survey, designed to detect magnetic pyrrhotite found to be restricted to zones of high grade gold and copper mineralization has identified multiple additional geophysical anomalies.

### Discussion of Drill Results

Drill results thus far corroborate the high grade nature and extent of mineralization as indicated in the surface and underground channel sampling in the Sabana Blanca zone. Results of outcrop and underground sampling combined with drilling confirm more than 200 meters of down dip continuity of mineralization with a potential strike length in excess of one (1) kilometer in the steeply south dipping Sabana Blanca zone. Mineralization remains open along strike and to depth.

Drilling in the Sabana Blanca zone at El Dovio consistently intersects two parallel zones of high grade mineralization within a much broader mineralized halo of stock work mineralization hosted in metamorphosed volcanic rocks. High grade mineralization occurs along the margins of a large diabase dike and enclosing volcanic rocks. The spatial association of mineralization with the diabase dike indicates potential for significant strike and depth extensions of the Sabana Blanca zone.

Mineralization in the high grade zones consists of multi-phased, colloform banded quartz, with chalcopyrite, sphalerite and pyrite that commonly exhibit multiple phases of brecciation and mineralization. Mineralization in the halo zones is typified by moderate to weak stock work quartz - sulfide veinlets and fracture fillings. Photos of mineralization are available on the Company's website as are sections through the drill holes. Other similar zones including the Granizales located 550 meters to the southwest of the Sabana Blanca zone may also be associated with similar dike structures.

Drilling in the Brazo 1 zone has discovered well developed bedded sulfides with anomalous gold, silver, copper and zinc values in cherty, carbonaceous sediments. The nature and character of mineralization in Brazo 1 is materially different than seen in drill holes in the Sabana Blanca Zone and is indicative of a Volcanogenic Massive Sulfide (VMS) style target similar to Atico Mining's (TSX-V:ATY), Mina El Roble.

**On September 3, 2014**, the Company announced significant high grade zones within larger mineralized intervals in recently completed core holes 1360-02 and 1360-03. Hole 1360-02 intersected six meters (19.7 feet) grading 7.9 grams gold per metric tonne or 8.3 grams per tonne gold equivalent (g/T AuEq) within 27.5 meters (90.2 feet) averaging 2.3 g/T Au (2.5 g/T AuEq), drill hole 1360-03 intersected 5 meters (16.4 feet) of mineralization averaging 6.8 g/T Au or 7.1 g/T AuEq within 20.5 meters (67.2 feet) averaging 1.5 g/T Au or 1.7 g/T AuEq. Table 1 below, summarizes salient mineral intercepts in holes 1360-02 and 03.

**Table 1. Summary Drill Intercepts**

| Hole           | From (m)   | To (m)      | Length (m) | Au g/T     | Ag g/T      | Cu %       | Zn %       | Combined AuEq |
|----------------|------------|-------------|------------|------------|-------------|------------|------------|---------------|
| <b>1360-02</b> | 0.0        | 27.5        | 27.5       | 2.3        | 6.2         | 0.2        | 0.9        | 2.5           |
| Including      | 1.5        | 11.8        | 10.3       | 5.2        | 12.3        | 0.5        | 2.2        | 5.4           |
| Including      | <b>4.3</b> | <b>10.3</b> | <b>6.0</b> | <b>7.9</b> | <b>18.2</b> | <b>0.8</b> | <b>3.7</b> | <b>8.3</b>    |
| <b>1360-03</b> | 0.0        | 20.5        | 20.5       | 1.5        | 12.6        | 0.1        | 0.6        | 1.7           |
| Including      | <b>4.4</b> | <b>9.4</b>  | <b>5.0</b> | <b>6.8</b> | <b>13.1</b> | <b>0.5</b> | <b>4.1</b> | <b>7.1</b>    |

\*Note: Gold Equivalent values were calculated using the following metal prices, Gold \$41.47 / gram (\$1,290/oz), Silver \$0.63 / gram (\$19.63 / oz), Copper \$3.16 / pound and Zinc \$1.06 / pound.

#### Discussion and Results

Holes 1360-02 and 1360-03 were drilled from the intersection of the Sabana Blanca Adit and the first cross cut south (XC-1S) at an Azimuth of 173o and Inclinations of -70o and -50o below horizontal respectively. Both intersected disseminated, semi-massive and massive sulfide mineralization comprised of chalcopyrite, sphalerite, pyrite and pyrrhotite as disseminated to massive sulfide zones in a gangue of multi-phased crystalline quartz. Mineralization is hosted in metamorphosed and brecciated mafic volcanic rocks in and near the contact zone of the large diabase dike and shows ample evidence of multiple episodic and repetitive mineralizing events. Core from hole 1360-03 shows striking evidence of multiple phases of brecciation and mineralization. Such multi-phased mineralization and brecciation is often considered a key aspect in developing sufficient mineral endowment to form substantial high grade systems. Photographs of this mineralization can be viewed on the Company's website by clicking [here](#).

Drilling from the 1360 meter level of the Sabana Blanca Adit provides access to drill test high grade targets the Company has not been able to adequately test from the surface. Drill results to date corroborate the Company's high grade saw cut channel samples in the Sabana Blanca Adit.

## Notes and Comments

Holes reported here test of a portion of the mineralized zone but do not cross the entire zone due to limitations of underground access. All drill intercepts reported are drilled intercept length. Insufficient drilling has been completed in this area to reasonably determine the geometry and estimate true width. Gold equivalency calculations are included to more clearly present the approximate value of the high grade polymetallic mineralization at El Dovio. Gold equivalent values, (g/T AuEq) were calculated using the following metal prices, Gold: \$1290 per troy ounce (\$41.47 / gram), Silver: \$19.63 per troy ounce (\$0.63 / gram), Copper: \$3.16 / pound and Zinc: \$1.06 / pound. One troy ounce contains approximately 31.104 grams and one percent equals approximately 22 pounds per metric tonne.

About El Dovio: The Company's 100% owned El Dovio project covers gold rich, high grade poly metallic mineralization where the Company owns 100% of both the surface and mineral rights covering the entire zone of mineralization and surrounding areas. Work to date indicates the Sabana Blanca zone is a feeder or "stringer zone" that may have a strike length in excess of one (1) kilometer that lies beneath a horizon highly prospective for the development of Volcanogenic Massive Sulfide (VMS) type deposits in the Brazo 1 zone. Metallurgical studies on bulk samples from the Sabana Blanca zone show the mineralization is highly amenable to conventional froth flotation yielding more than 96% recovery of the gold, copper and zinc values and more than 91% of the contained silver values.

## Sample Collection - Quality Control – Quality Assurance

The Company's samples are collected in accordance with accepted industry best practices. Core is transported from the site to the Company's core facility in Medellin, Colombia by Company personnel. After being logged, photographed, diamond saw cut and sampled, samples are delivered to the SGS's Medellin laboratory for preparation and analyses, (ISO9001:2000). Gold is analyzed by fire assay with an ICP/AES finish. Silver and base metal analyses were determined with ICP/AES techniques. The Company maintains and continuously monitors its rigid QC-QA through insertion of a series of blank, duplicate, certified standard samples at a rate of 1:30 or higher into the sample stream.

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 in the September 3, 2014 news release.

## ***Mercedes Property***

The 4,995 hectare Mercedes property, near the town of Natagaima in Tolima Department covers high multiple mineralized centers with high grade copper, gold and silver. Paved roads provide access to Natagaima from Medellin, Bogota and Ibabue with good gravel and dirt roads providing access well into the property. The Company's reconnaissance has thus far returned bonanza grade mineralization to 49.8 grams gold per ton, 1,120 grams silver per tonne, and 26.4% copper from outcropping mineralization.

Mercedes is an early stage exploration project with potential for large high grade gold, silver and copper deposits. Geology and geochemistry indicate mineralization may be a silver rich subtype of the Redbed type copper deposits referred to as a Revette type that has been locally overprinted by an intermediate sulfidation epithermal system hosted in a belt of volcanic rocks that extend into Colombia from Argentina after passing through Peru and Ecuador. This volcanic belt hosts multiple world class intermediate sulfidation deposits including the Fruta del Norte deposit in Ecuador with 11 million

ounces of gold and 17 million ounces of silver and Anglo Gold's Cerro Vanguardia mine in Argentina with past production plus current reserves in excess of 16 million ounces of gold.

Mineralized boulders found and sampled during the reconnaissance work assayed to 1,894 grams silver per tonne (61 troy ounces) and 10.4% Cu in grab samples and indicate, yet, undiscovered mineralization may be present elsewhere on the property.

The geological history of Mercedes is complex but may be generalized as a basin or large graben developed in platform carbonate rocks of the Triassic age Payande Formation. Volcano-sedimentary and basal intrusives of the Jurassic age Saldana Formation fill the basin and have in turn been thrust over younger Cretaceous age sediments of the Honda and Yavi formations to the southeast of the property. The late Jurassic, San Cayetano stock intrudes the Saldana formation and presumably the Payandee formation at depth. The youngest rocks on the property appear to be undated mafic dikes that are intrusive into the San Cayetano stock and older rocks.

Large scale faulting affects the property and is dominated by west northwest structures. Multiple phases of mineralization occurring as disseminated, stockwork zones, discrete individual veins up to 10 meters wide in outcrop and high grade mineralization occurring along the contacts of the mafic dikes.

The Company has initiated the process to secure water permits for drilling and anticipates these permits will be issued in Q4 2014. A program of "scout drilling" is tentatively planned to start, upon receipt of the water permits.

### ***Anori Property***

The Company's Anori project is located in the Anori-Porce Mining District north of Medellin in the Department of Antioquia, where Spanish Colonial and pre-colonial gold production reportedly exceeded 2.5 million ounces. Colombian Mines has been awarded the Concession Contracts at Anori covering 7,000 hectares.

The property completely surrounds an active artisanal mining operation where individual samples in excess of 80 grams gold per metric tonne have been collected and where the Company has sampled a true width of 17 meters assaying over 6 grams gold per metric tonne on a structure that trends directly into the Company's property. Gold mineralization is found in metamorphosed, sheared, silica flooded and quartz veined carbonaceous sediments along two distinct sets of structures, one trending east – west, and the other trending almost north - south. Several of the largest historic producing mines in the Anori area including Mina Violin and Mina La Constanzea are situated along one or more of these structures and on trend with the Company's Anori Property.

### ***Yarumalito Property***

The Company owns an undivided 100% interest in the Yarumalito mineral licenses registered in the name of the Company's Colombian operating subsidiary.

The Company was granted a consolidation of the Yarumalito mineral licenses into a single unified exploration license as allowed by the 2010 Colombian Mining Law. This consolidation simplifies management and exploration of the Yarumalito project going forward, extinguishes historical

deficiencies and allows 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.

The Yarumalito project is located along a section of the Andean Porphyry Belt referred to as the Cauca – Romeral Mineral Belt, approximately 10 kilometers north of Marmato Mountain; one of the oldest and largest producing lode gold mining complexes in Colombia. Gold mineralization at Yarumalito exhibits characteristics of typical porphyry mineralization similar to other gold porphyry deposits along the prolific Cauca-Romeral Gold Belt and has been overprinted by younger higher grade vein mineralization, where drilling has intersected values to 33.75 grams of gold per metric tonne over 1.9 meters.

Column leach tests on composite three bulk metallurgical samples from the Escuela zone submitted to McClelland Laboratories of Reno, Nevada have been finalized for Oxide, Mixed and Unoxidized mineral types. Results are better than expected, and leaching progressed very rapidly yielding over 90% of the recoverable metal in less than 30 days leaching. Overall recoveries of 91.6% of contained gold and 59% of contained silver at 12.5 mm (1.2 inch) crush in the oxide zone. Mineralization from the mixed oxide-unoxidized zone returned recoveries of 80.6% for gold and 44% for silver, while recovery in the unoxidized zone was 63.0% for gold and 56% for silver at a crush size of 1.7 mm (10 mesh) in 118 day leach cycles.

Conventional soil geochemistry was completed over 95% of the property, rock geochemical sampling was expanded, detailed geologic mapping was expanded and 2,636 meters of diamond core in seven (7) widely spaced “scout” holes were drilled to test a number of peripheral targets outside of the main Escuela and Balastreras zones. Teck’s expenditures did not meet vesting requirements, hence Teck will not retain any interest in the Yarumalito project. The property returns to the Company free and clear of any underlying retained interests, third party royalties or any other form of encumbrance. During 2012 Yarumalito was consolidated into a single exploration license with up to an eleven year exploration term.

All of the 2013 drill holes contained highly anomalous gold mineralization throughout and the entire 2,636 meters of the 2013 drilling program averaged 0.122 g/T Au with holes 3, 5, 6 and 7 all bottoming in mineralization assaying from .1 to more than .2 g/T Au. Hole YAR\_1302 averaged .231 g/T over its entire 350 meter length from surface with 160.6 meters of mineralization from the surface that averaged 0.315 g/T Au and a higher grade sub interval from surface to 24.5 meters that averaged 0.515 g/T Au.

All other holes also contained geologically significant intercepts over large intervals. The 2013 drilling penetrated intermediate phyllic (sericitic) and potassic alteration, indicating that the drilling was peripheral to or possibly above the hotter and typically more productive zone of potassic alteration in most porphyry systems.

Yarumalito shares many characteristics with other large productive Colombian porphyry and porphyry related deposits including AngloGold Ashanti’s giant La Colosa deposit that contains more than 26 million ounces of gold. Table 2 below presents some of these important similarities.

**Table 2. Comparative Deposit Similarities Yarumalito and La Colosa**

| Characteristic                    | La Colosa                        | Yarumalito                       |
|-----------------------------------|----------------------------------|----------------------------------|
| Principal Host Rock               | Horfels & early diorite porphyry | Horfels & early diorite porphyry |
| Rock Geochemical Footprint        | Approx. 133 hectares             | Approx. 123 hectares             |
| Mining Configuration              | Ridge w/ Low strip               | Ridge w/ Low Strip               |
| Age of Intrusive / Mineralization | 8.5 - 7.0 Ma                     | 8.0 - 7.0 Ma                     |
| Geologic Period                   | Late Miocene                     | Late Miocene                     |
| Porphyry Type                     | Gold dominant very low copper    | Gold dominant very low copper    |
| Style of mineralization           | stock work & veins               | stock work & veins               |

Between 2006 and late 2011, Colombian Mines completed more than 15,800 meters of diamond core drilling focused on the highly prospective Escuela and Balastreras target zones with a very high success rate. Table 3 below presents a partial list of drill intercepts from the 2006 – 2011 drilling as previously announced.

**Table 3. Colombian Mines Partial Drill Results, Yarumalito 2006 Through 2011**

| Hole Number | Depth (m) | Inclin. (Deg.) | From (m) | To (m) | Length (m) | Gold (g/T) | Copper % |
|-------------|-----------|----------------|----------|--------|------------|------------|----------|
| YAR-01      | 328.7     | -47            | 0.0      | 70.2   | 70.2       | 0.60       | N/A      |
| YAR-02      | 372.2     | -60            | 0.0      | 77.3   | 77.3       | 0.50       | N/A      |
| YAR-03      | 377.5     | -46            | 141.5    | 269.8  | 128.3      | 0.46       | N/A      |
| YAR-04      | 281.8     | -60            | 186.6    | 359.7  | 173.1      | 0.51       | N/A      |
| YAR-06      | 257.0     | -50            | 0.0      | 257.0  | 257.0      | 0.50       | 0.10     |
| YAR-07      | 244.0     | -50            | 0.0      | 124.0  | 124.0      | 0.54       | 0.12     |
| YAR-08      | 250.0     | -50            | 0.0      | 250.0  | 250.0      | 0.51       | 0.13     |
| YAR-11      | 282.0     | -50            | 0.0      | 141.4  | 141.4      | 0.77       | 0.09     |
| YAR-14      | 281.8     | -60            | 75.1     | 170.6  | 95.5       | 0.70       | 0.09     |
| YAR-23      | 130.0     | -45            | 4.0      | 120.8  | 116.8      | 0.49       | 0.08     |
| YAR-24      | 151.0     | -50            | 0.0      | 151.0  | 151.0      | 0.64       | 0.07     |

Note: N/A – Not Assayed

Drilling also intersected many high grade intervals, mostly in the late/post porphyry Culebra shear zone, most notably 1.2 meters in hole YAR-03 that assayed 14.65 g/T Au and 1.9 meters in hole YAR-11 that assayed 33.75 g/T Au.

Yarumalito's extensive area of surface and near surface mineralization has resulted in a well-developed oxide cap that is characterized by elevated metallurgical recoveries. Approximately 50% of all drilled mineralization is classified as oxidized or partially oxidized (mixed) type mineralization. As shown in Table 4 below, oxidized mineralization with a head assay of 0.47 g/T Au yielded 91.6% recovery of the gold at a 12.5 mm (1/2 inch) crush and mixed mineralization with a head assay of 1.98 g/T Au, yielded 80.6% recovery at 1.7 mm (10 mesh) crush.

**Table 4.** Escuela – Balestreras zone Column Leach Test Results as Previously Announced

| Mineral Type | Head Assay (grams / Tonne) |        | Tonnes / Meter <sup>3</sup> (T / m <sup>3</sup> ) | Crush Dimension (mm) | Leach Duration (days) | Reagent consumption (kg / T) | Recovery (%) |        |
|--------------|----------------------------|--------|---|----------------------|-----------------------|------------------------------|--------------|--------|
|              | gold                       | silver |   |                      |                       |                              | gold         | silver |
| OXIDE        | 0.47                       | 2.4    | 2.3   | 12.5                 | 118                   | 2.56                         | 91.6         | 59     |
| MIXED        | 1.98                       | 1.7    | 2.6   | 1.7                  | 106                   | 2.04                         | 80.6         | 44     |
| SULFIDE      | 0.54                       | 1.48   | 2.7   | 1.7                  | 98                    | 1.49                         | 63.0         | 56     |

Drilling in the La Escuela and Balestreras zones has identified a large mineralized body that management believes may host several million ounces of contained gold in a zone with favorable metallurgical and mining characteristics with near to intermediate term production potential. The Company has initiated a resource estimate and plans to complete a revised 43-101 compliant technical report with a resource estimate and PEA this year.

On March 11, 2014, the Company was notified by its former Joint Venture partner, Teck Resources (Teck) that Teck would be terminating the joint venture option agreement for the Yarumalito project. During 2012 - 2013, Teck sole funded more than \$1.6 million of exploration at Yarumalito.

Other:

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 applications and contracts in our Colombian property portfolio and management will continue to actively seek suitable JV partners for certain of the Company's properties. 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**

### **Three Months Ended January 31, 2016**

During the three months ended January 31, 2016, the Company recorded a net income of \$284,320 (2015 – loss of \$87,451). Significant fluctuations include the following:

- i) Administration and other costs decreased to a recovery of \$16,780 (2015 - \$12,101). The reduction is mainly due to Cross Davis forgiving historical accounts payable in the current period.
- ii) Exploration expenditures increased to \$13,998 (2015 - \$3,006). Current years' exploration costs were lower primarily due to drilling, field costs and administration, consultants and salaries at El Dovio during the three month period.

- ii) Investor relations and shareholder information decreased to \$7,928 (2015 - \$10,445) primarily as a result of decreased investor relations activity in the current period.
- iii) Professional fees decreased to \$8,098 (2015 - \$10,000) primarily as a result of a reduction in activity in 2016.
- iv) Change in the fair value of investments is described in detail in Note 4 of the January 31, 2016 financial statements.
- v) Lawsuit recovery consists of net funds received from a litigation (see Note 15 of the condensed financial statements for the period ended January 31, 2016).
- vi) Other income is detailed in Note 9 of the January 31, 2016 financial statements.

### **Nine Months Ended January 31, 2016**

During the nine months ended January 31, 2016, the Company recorded a net income of \$75,293 (2015 – loss of \$1,011,765). Significant fluctuations include the following:

- i) Administration and other costs decreased to \$20,812 (2015 - \$70,926). The reduction is mainly due to forgiveness of Cross Davis historical accounts payable in the current period.
- ii) Exploration expenditures decreased to \$111,499 (2015 - \$806,373). Previous years' exploration costs were higher primarily due to drilling, field costs and administration, consultants and salaries at El Dovia during the nine month period.
- ii) Investor relations and shareholder information decreased to \$16,110 (2015 - \$19,709) primarily as a result of less investor relations activity in the current period.
- iii) Professional fees decreased to \$10,938 (2015 - \$21,762) primarily as a result of a reduction in activity in 2015.
- iv) Change in the fair value of investments is described in detail in Note 4 of the January 31, 2016 financial statements.
- v) Lawsuit recovery consists of net funds received from a litigation (see Note 15 of the condensed financial statements for the period ended January 31, 2016).
- vi) Other income is detailed in Note 9 of the January 31, 2016 financial statements.

### **LIQUIDITY AND CAPITAL RESOURCES**

Working capital at January 31, 2016 was \$262,491. At April 30, 2015 the Company had working deficiency of \$105,792.

Colombian expects that it will have sufficient capital resources to fund its administrative and some of its exploration expenditures for the next 12 months as a result of reducing operating and administrative

costs. However, Colombian will likely require additional financing in order to fund all of its administration and exploration activities for the next twelve months.

Net proceeds will be used to expand upon the highly successful Phase I drilling program at the Company's high grade El Dovia gold – polymetallic project and to advance the high grade Mercedes gold – silver project to a “drill ready” status and for general working capital.

#### QUARTERLY INFORMATION

|   | 2016      |           | 2015      |           | 2015 |  |
|---|-----------|-----------|-----------|-----------|------|--|
| Quarter Ended                                   | Jan. 31   | Oct. 31   | Jul. 31   | Apr. 30   |      |  |
| Exploration expenditures                        | \$ 13,998 | \$ 46,017 | \$ 51,484 | \$ 76,111 |      |  |
| Administrative and other items                  | (16,780)  | 19,196    | 18,396    | 31,725    |      |  |
| Net income (loss) for the quarter               | 284,320   | (160,528) | (48,499)  | (82,575)  |      |  |
| Net income (loss) per Share (Basic and Diluted) | 0.01      | (0.00)    | (0.00)    | (0.01)    |      |  |

|  | 2015     |            | 2014       |            | 2014 |  |
|--|----------|------------|------------|------------|------|--|
| Quarter Ended                          | Jan. 31  | Oct. 31    | Jul. 31    | Apr. 30    |      |  |
| Exploration expenditures               | \$ 3,006 | \$ 258,099 | \$ 552,515 | \$ 331,401 |      |  |
| Administrative and other items         | 12,101   | 28,962     | 29,862     | 289,026    |      |  |
| Net loss for the quarter               | (87,451) | (383,954)  | (544,869)  | (484,529)  |      |  |
| Net loss per Share (Basic and Diluted) | (0.00)   | (0.01)     | (0.01)     | (0.01)     |      |  |

For the quarter ended January 31, 2015, the decrease in administrative and other expenses can be attributed to a decrease in exploration and evaluation expenditures.

#### 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:

| <b>For the nine months ended January 31, 2016</b> | <b>Salary or Fees</b> | <b>Share-Based Payment</b> | <b>Total</b> |
|---|-----------------------|----------------------------|--------------|
| Management Compensation                           | \$ -                  | \$ 29,413                  | \$ 29,413    |
| Director Compensation                             | -                     | 6,631                      | 6,631        |
| Cross Davis & Company LLP                         | 40,500                | 936                        | 41,436       |
|   | \$ 40,500             | \$ 36,980                  | \$ 77,480    |

| <b>For the nine months ended January 31, 2015</b> | <b>Salary or Fees</b> | <b>Share-Based Payment</b> | <b>Total</b> |
|---|-----------------------|----------------------------|--------------|
| Management Compensation                           | \$ 75,345             | \$ 44,315                  | \$ 119,660   |
| Director Compensation                             | -                     | 31,682                     | 31,682       |
| Cross Davis & Company LLP                         | 40,500                | 2,865                      | 43,365       |
|   | \$ 115,845            | \$ 78,862                  | \$ 194,707   |

| <b>Related party assets and liabilities</b> | <b>January 31, 2016</b> | <b>Apr 30, 2015</b> |
|---|-------------------------|---------------------|
| Due to Management                           | \$ 10,884               | \$ 30,369           |

Cross Davis & Company LLP provided management services including a chief financial officer, a corporate secretary, accounting staff, administration staff and office space to Colombian. During the period ended January 31, 2016, Cross Davis & Company LLP forgave \$ 41,465 in debt, resulting in a recovery of admin and office expenses.

## CHANGES IN ACCOUNTING STANDARDS

Please refer to the January 31, 2016 financial statements on [www.sedar.com](http://www.sedar.com) for accounting policy pronouncements.

## 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. 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 financial institutions and are mainly held in term deposits 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 12 of the consolidated 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. 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 AT MARCH 28, 2016**

There are 43,475,649 common shares issued and outstanding and 4,342,273 stock options issued and outstanding to directors, officers, employees and consultants of the Company with exercise prices ranging from \$0.05 to \$0.28 and which expire from April 11, 2016 through October 28, 2017. The Company also has 10,580,108 share purchase warrants outstanding with an exercise price ranging from \$0.05 to \$0.45 which expire from February 28, 2017 through January 10, 2019.

### **OTHER**

During the period ended January 31, 2016, the Company completed its previous litigation and was awarded approximately \$410,000 (COP 947,285,904) by the Colombian courts. The Company incurred approximately \$100,000 in legal fees associated with the litigation.

During the period ended January 31, 2016, a gain of \$291,899 (COP 642,469,699) was been recorded as lawsuit recovery.