



**Suite 307 – 475 Howe Street
Vancouver, B.C.
V6C 2B3**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**For The Nine Month Period Ended
June 30, 2011**

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

INTRODUCTION

Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected Columbus Silver Corporation (the "Company") and its subsidiary's performance and such factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with interim consolidated financial statement for the six month period ended March 31, 2011 and the audited consolidated financial statements for the year ended September 30, 2010.

The financial information in this MD&A is derived from the Company's consolidated financial statements which are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are outlined within Note 2 to the interim consolidated financial statements of the Company. The Company's reporting currency is Canadian dollars unless otherwise stated. The effective date of this Management's Discussion and Analysis is August 22, 2011.

Additional information about the Corporation and its business activities is on the Company's website at www.columbussilvercorp.com or on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "planned," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

These risks, uncertainties and other factors include, but are not limited to: changes in Canadian/US dollar exchange rates; our strategies and objectives; our tax position and the tax and royalty rates applicable to us; our ability to acquire necessary permits and other authorizations in connection with our projects; risks associated with environmental compliance, including without limitation changes in legislation and regulation, and estimates of reclamation and other costs; our cost reduction and other financial and operating objectives; our environmental, health and safety initiatives; the availability of qualified employees and labour for our operations; risks that may affect our operating or capital plans; risks created through competition for mining properties; risks associated with exploration projects, and mineral reserve and resource estimates, including the risk of errors in assumptions and methodologies; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; risks associated with title; and general business and economic conditions.

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about: general business and economic conditions; the timing of the receipt of required approvals for our operations; the availability of equity and other financing on reasonable terms; power prices; our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; our ability to attract and retain skilled labour and staff; the impact of changes in Canadian/US dollar and other foreign exchange rates on our costs and results; market competition; and our ongoing relations with our employees and with our business partners and joint venturers.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

DESCRIPTION OF BUSINESS

The Company was incorporated on May 18, 2007 under the laws of the Province of British Columbia, Canada. The Company's principal business activities are the acquisition, exploration and development of resource properties, with silver as a principal focus. Currently, all of the Company's resource properties are located in the United States. The Company is in the process of exploring and developing these resource properties but has not yet determined whether the properties contain ore reserves that are economically recoverable. The Company maintains active generative (prospecting) and evaluation programs and, as a key element of strategy, broadens exposure, minimizes risk and maintains focus on high priority prospects while seeking industry finance through joint ventures on selected projects.

The Company completed the initial public offering ("IPO") of its common shares and was listed for trading on the TSX Venture Exchange ("TSX-V") on September 23, 2008.

MERGER OFFER

Columbus Silver Corporation has signed a non-binding memorandum of understanding (MOU) with Santa Fe Gold Corp. to complete a business combination by way of a court-approved plan of arrangement.

Current Activities

The Company has put its current exploration activities in a care and maintenance mode while the Santa Fe merger progresses. Columbus Silver has been informed that Santa Fe is not current with its Canadian SEDAR filings, and Santa Fe is required to resolve this issue before moving forward with the Business Combination. However, as of the date of these financial statements and accompanying notes, it is the Company's understanding that the cease trade order prohibiting trades of Santa Fe's securities in Canada remains in effect.

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

LIQUIDITY

At June 30, 2011, the Company had a working capital deficit of \$233,995 (September 30, 2010 - \$207,193) which included a cash balance of \$30,104 (September 30, 2010 - \$55,627).

The Company experienced a cash outflow from operations of \$551,909 and invested \$263,202 in cash to acquire and explore its mineral properties. As at June 30, 2011, the Company had total assets of \$2,890,353 and the principal non-cash assets of the Company were its mineral exploration properties in Utah, New Mexico and Arizona, with a carrying value of \$2,810,114 representing 97% of its total assets.

At June 30, 2011, the has a loan payable to Santa Fe of US\$200,000 as part of the MOU discussed in Note 1 of the Interim Consolidated Financial Statements for the six month period ended June 30, 2011. Additionally, the Company owes a face value of \$1,006,952 in promissory notes. They bear simple interest of 5% and are due and payable August 31, 2012. No interest payments are required prior to the maturity date.

MINERAL PROPERTIES

Currently, the Company is focusing its exploration activities on the western United States with special emphasis on Utah, Nevada, New Mexico and Arizona. The Company has one major property on which it has prepared a technical report under National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”), this being the Silver Dome Property. (The report was filed on Sedar on June 2, 2008)

Silver Dome

The Silver Dome Property is located 72 kilometres (45 miles) northwest of Delta, Utah along the western margin of the Fish Springs Mountains. Subject to net smelter royalties, Columbus controls a 100% interest in the property.

Columbus completed an initial drilling program in late 2008 consisting of 13 reverse circulation drill holes.

Five of the holes (SD-1, 2, 4, 5, and 6) were angle holes drilled to test below strongly mineralized outcrops near the Cactus Shaft. The drill holes all crossed under the target sandstone at shallower depths than expected, into relatively unmineralized carbonate rocks. As a consequence, only low-grade silver values were encountered, but subsurface information gained from the holes will allow future drilling to accurately intersect known mineralized structures where they cut the favorable sandstone layer.

The other 8 drill holes (SD-3, and SD 7 through 13) were vertical holes drilled on a grid, with 500 ft (152 m) spacing, stepping immediately north, west, and south of the Cactus Shaft into the area of alluvial cover. This drilling was surprising in that the favorable sandstone bed is thinner than expected, or even absent (none in SD-3, 10, and 13); likely due to erosion of the sandstone prior to deposition of the surficial alluvium. In general the alluvial cover averaged 140 ft (42 m) in thickness.

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

The target sandstone is commonly mineralized at depth, but is generally only anomalous in lead and silver, and at much lower grades than anticipated. SD-6 and 7 were the best holes in the Ordovician sandstone. SD-7 was the only hole to cut the maximum thickness of the sandstone which was 215 ft (65 m).

The last drill hole in the program, SD-13, cut 20 ft (6 m) of silver averaging 1.48 opt in the carbonate rocks well below the sandstone. The highest assay over 5 ft within this intercept was 3.8 opt silver. This hole was anomalous to the bottom (350 ft (106 m)) and also averaged 6215 ppm lead from 290-340 ft dept. This intercept indicates another horizon of potential to be tested with further drilling.

Mogollon Property

The Mogollon project in New Mexico was acquired in January 2009 under an agreement with John Livermore. He held the project pursuant to a number of underlying leases and option agreements dating from 1978. Columbus Silver has entered into three new mining leases directly with the underlying owners, replacing these prior agreements. The new leases simplify the commercial relationships with the underlying property owners at Mogollon and eliminate title uncertainties connected with a succession of assignments of the older agreements.

New leases were entered into with John Mack, Frederick Hott, and Wesley Parker; and Mogollon Enterprises, Inc. for the patented claim blocks respectively covering the historically productive Little Fanny and Consolidated mines and the Last Chance-Confidence mines. A third lease was entered into with Sage Associates, Inc., for the unpatented Escondido claims covering potential untested extensions of the productive vein systems in the eastern part of the district. The new leases have 10-year terms renewable at Columbus Silver's election and call for annual advance royalty payments of US\$40,000 in the aggregate, deductible from underlying net smelter returns production royalties.

The Company has also increased its land position at Mogollon through the staking of 18 unpatented claims totalling 360 acres and the purchase of the Independence-Ida May group of 10 patented mining claims, totalling approximately 187 acres, outright from Metallic Ventures Inc. for US\$100,000. The patented claim group covers the important Independence-Ida May veins which are located just north and west of the Little Fanny and Consolidated mines and represent principal targets of the initial Columbus Silver exploration program. The unpatented claims are located adjacent to the Gold Dust vein which is also a key target for the Company's initial program.

The Mogollon district, located 75 miles (120 km) northwest of Silver City in southwest New Mexico, covers an extensive, silver-gold bearing epithermal vein field with historic production, largely from the Little Fanny and Last Chance mines during the period 1905 to 1925, and the Consolidated Mine from 1937 to 1942, of 15,700,000 ounces silver and 327,000 ounces gold from about 1.7 million tons of ore. Mining ceased in 1942 due to the wartime cessation of all gold and silver mining in the United States.

Modern exploration activity at Mogollon has been limited to small programs by St. Joe Minerals and Sage Associates in the early 1980's and more comprehensive evaluations by Cordex Exploration in 1984 and John Livermore in 1988. These programs, comprising about 50 rotary and diamond core holes for an aggregate 40,000 feet (12,192 meters), were successful in outlining a silver-gold deposit in

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

the Queen vein, containing approximately 845,000 tons with an average grade of 9.35 ounces per ton silver and 0.15 ounces per ton gold.

The Mogollon silver-gold deposits are classical epithermal veins which demonstrate good continuity of grade and thickness for strike lengths of up to 4,000 ft (1,219 m) in the Little Fanny and Last Chance mines and through a remarkably consistent, elevation-controlled vertical range of about 1,000 ft (305 m). There are two sets of veins at Mogollon, an east-west set represented by the productive Little Fanny and Last Chance veins, and a north-south set represented by the Queen vein developed in the Consolidated Mine. The initial Columbus Silver program will focus on testing the east-west trending Gold Dust, Independence-Ida May and Anna E veins and confirmation, delineation and expansion of the silver-gold deposit in the Queen vein. The highly prospective east-west veins have near-surface characteristics similar to the historically productive Little Fanny and Last Chance veins but have only been explored by shallow workings above the highly predictable Mogollon productive zone.

The historic figures presented herein are not NI 43-101 compliant. They should not be relied upon and Columbus Silver does not treat them as current.

Property Expenditures

	Sep 30, 2010 (\$)	Acquisitio n Costs	Deferred Exploratio n Costs (\$)	Impairme nt	Jun 30, 2011 (\$)
Silver District – Arizona	501,971	-	38,111	-	540,882
Silver Dome – Utah	216,465	-	-	-	216,465
Clanton Hills – Arizona	18,100	-	165	-	18,265
Mogollon – New Mexico	1,692,546	-	140,888	-	1,833,434
Ferguson Flats – Nevada	42,679	-	946	-	43,605
General Thomas – Nevada	50,016	-	1,826	-	51,842
Hoyt Canyon – Nevada	48,214	-	995	-	49,209
Total Properties	2,569,991	-	182,931	-	2,752,922

All disclosure of scientific or technical information on the Company's mineral properties contained in this Management's Discussion and Analysis, with the exception of the information presented in the Silver Dome Technical Report, is based on information prepared by or under the supervision of the Company's Qualified Person, Andy Wallace.

RESULTS OF OPERATIONS

Current Quarter and YTD

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

The Company incurred a loss of \$170,325 during the current period compared to \$575,500 in the prior year period. This amounts to a decrease of \$405,175 or 70% due to decreased activity as a result of the pending merger.

Selected Financial Data

	June 30, 2011 (\$)	March 31, 2011 (\$)	Dec. 31, 2010 (\$)	Sep. 30, 2010 (\$)	Jun. 30, 2010 (\$)	Mar. 31, 2009 (\$)	Dec. 31, 2009 (\$)	Sep. 30, 2009 (\$)
Financial results:								
Loss for period	170,325	211,077	170,149	182,047	228,231	347,269	382,560	923,690
Basic and diluted loss per share	.00	.01	0.01	0.01	0.01	0.01	0.01	0.07
Mineral property acquisition and exploration costs	59,516	82,533	95,347	162,368	526,697	289,808	98,432	194,303
Balance sheet data:								
Cash and short term deposits	30,104	109,687	100,072	55,267	168,839	746,352	1,286,812	1,205,832
Mineral properties	2,810,114	2,752,524	2,574,106	2,569,991	2,407,557	1,877,856	1,349,985	1,251,553
Total assets	2,890,353	2,897,058	2,684,681	2,705,482	2,726,619	2,805,858	2,829,006	2,594,969
Shareholder's equity (deficiency)	1,369,706	1,463,666	1,543,702	1,552,642	1,171,466	1,348,697	1,461,328	1,300,160

	Sept 30, 2010 (\$)	Sep 30, 2009 (\$)	Sep 30, 2008 (\$)
Financial Results:			
Net loss for period	1,140,107	1,935,074	510,976
Basic and diluted loss per share	0.04	0.16	0.12
Mineral property acquisition and exploration expenditures	1,217,534	245,877	417,806
Balance Sheet Data:			
Cash and short term deposits	55,627	1,205,832	1,427,914
Resource properties	2,569,991	1,251,553	1,005,676
Total assets	2,705,482	2,594,969	2,620,663
L/T Financial liabilities	-	-	855,173
Shareholder's equity (deficiency)	1,552,642	1,300,160	1,644,330

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

RELATED PARTY TRANSACTIONS

During the period, the Company incurred \$31,500 (2010 - \$63,170) in geologic services fees to Cordex, a company that shares an officer in common with Columbus Silver (U.S.). Columbus Silver's contract with Cordex expired on December 31, 2010.

During the period, the Company incurred \$45,000 (2010 - \$45,000) in management fees to Perennial Capital Corporation, a corporation controlled by the Company's CEO.

During the period, the Company incurred director fees totalling \$27,000 (2010 - \$28,500). Fees are incurred at \$1,000 per month per director and at June, 2011 \$9,185 (June 30, 2010 - \$6,000) was outstanding.

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OUTSTANDING SHARE DATA

	Amount
Common Shares	36,83,730
Warrants	22,720,003
Options	3,313,500
Fully Diluted	62,117,233

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the consolidated financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with Canadian GAAP and applicable guidelines for exploration stage companies. The policy is consistent with other junior exploration companies which have not established mineral reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Exploration for mineral resources involves a high degree of risk, and the cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company attempts to mitigate its exploration risk through joint ventures with other companies.

Beyond exploration risk, management is faced with other possible risks which include the following:

Metal Price Risk

The price of silver greatly affects the value of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed.

Financial Market Risk

The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge. However, the results of the Company's investigations should not be construed as a guarantee of title.

Environmental Risk

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the country in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

Value Risk

There is no certainty that the properties which the Company has deferred as assets on its consolidated balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its properties to determine if it hosts a mineral resource that can be economically developed and profitably mined.

CHANGES IN ACCOUNTING POLICIES

The Company adopted new accounting policies which are outlined in Note 2 of the audited consolidated financial statements. Furthermore, the Company will be adopting the new IFRS accounting policies effective as outlined below:

International Financial Reporting Standards (IFRS) changeover plan

The Accounting Standards Board of the CICA announced on February 13, 2008 that Canadian generally accepted accounting principles for publicly accountable enterprises will be replaced with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011.

Implementing IFRS will have an impact on accounting, financial reporting and supporting IT systems and processes. It may also have an impact on taxes, contractual commitments involving GAAP-based clauses (including debt covenants), long-term employee compensation plans and performance metrics. Accordingly the Company's implementation plan includes measures to provide extensive training to key finance personnel, to review relevant contracts and agreements and to increase the level of awareness and knowledge amongst management, the Board and Audit Committee and investor relations. It is anticipated that additional resources will be engaged to ensure the timely conversion to IFRS.

FINANCIAL AND OTHER INSTRUMENTS

Fair value estimates of financial instruments are made in accordance with the new CICA Financial Instruments Standards for recognition, measurement and disclosure of financial instruments. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities and advances to and from related parties approximate their fair value because of the short-term nature of those instruments.

The Company issued two promissory notes in the prior year. One was for start-up cash and the other was in connection with the acquisition of mineral properties. The Company used the Black-Scholes

COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011

option model to determine the fair value the conversion option applicable to each note. The fair value of the note was determined using an effective interest rate of 12%.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the period.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls over financial reporting have been established to ensure the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP.

OTHER INFORMATION

Additional information about the Company is available on the Company's website at www.columbussilvercorp.com or SEDAR at www.sedar.com.

CORPORATE INFORMATION

Head Office: Suite 307 – 475 Howe Street
Vancouver, BC
V6C 2B3

Directors: Robert Giustra
Gil Atzmon
Don Gustafson

Officers: Robert Giustra, President and CEO
Joel Schuster, Vice President Legal
Akbar Hassanally, CFO
Jorge Martinez, VP, Corporate Development

**COLUMBUS SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2011**

Auditor: Dale Matheson Carr-Hilton LaBonte LLP
1500 – 1140 West Pender Street
Vancouver, BC
V6E 4G1

Legal Counsel: McMillan LLP
Suite 1500 - 1055 West Georgia Street
Vancouver, BC
V6E 4N7

Transfer Agent: Computershare Investor Services
2nd Floor – 510 Burrard Street
Vancouver, BC
V6C 3B9