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MANAGEMENT DISCUSSION AND ANALYSIS

**For The Nine Month Period Ended
June 30, 2010**

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

INTRODUCTION

Management Discussion and Analysis (“MD&A”) focuses on significant factors that have affected Columbus Gold Corporation (the “Company” or “Columbus Gold”) and its subsidiaries’ 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 the interim consolidated financial statements for the period ended June 30, 2010 and the audited annual consolidated financial statements for the year ended September 30, 2009.

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 consolidated financial statements of the Company. The Company’s reporting currency is Canadian dollars. The effective date of this Management Discussion and Analysis is August 22, 2010.

Additional information about the Corporation and its business activities is available on the Company’s website at www.columbusgoldcorp.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 GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

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 14, 2003 under the laws of the Province of Saskatchewan, Canada and continued in British Columbia, Canada on December 29, 2003. The Company changed its name from Purple Vein Resources Ltd. to Columbus Gold Corporation effective December 20, 2004. On May 24, 2006, the Company completed its Initial Public Offering (“IPO”) and obtained a listing on the TSX Venture Exchange (“TSX-V” or the “Exchange”) as a Tier 2 mining issuer under the trading symbol **CGT-V**.

The Company’s principal business activities are the acquisition, exploration and development of mineral properties, with gold as a principal focus. Currently, all of the Company’s mineral properties are located in the United States. The Company is in the process of exploring and developing these mineral 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 its strategy, broadens exposure, minimizes risk and maintains focus on high priority prospects while seeking industry finance through joint ventures on selected projects.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

RESULTS OF OPERATIONS

Current Quarter

The Company earned income of \$32,231 during the current quarter versus a loss of \$253,171 in the same period last year. This amounts to an increase of \$285,402 (113%) over the prior year period which can be attributed primarily to the fact that the Company is no longer consolidating the results of Columbus Silver.

Year-to-Date

The Company incurred a loss of \$859,554 during the current period versus a loss of \$788,386 in the same period last year. This amounts to an increase of \$71,168 (9%) over the prior year period which can be attributed primarily to the fact that the Company is no longer consolidating the results of Columbus Silver and an impairment in the carrying value of the Company's mineral properties during the current period.

INVESTMENT IN COLUMBUS SILVER CORPORATION

At June 30, 2010 the Company owns 4,020,000 common shares of Columbus Silver. The Company recorded its investment in Columbus Silver on a consolidated basis until August 28, 2009 at which point the Company's ownership interest declined from 35.7% to 18.5% as a result of share issuances by Columbus Silver. Commencing August 28, 2009, the Company's investment in Columbus Silver was determined to have converted from a controlled entity to an equity investment. As the Company still exerts significant influence over Columbus Silver, the Company now accounts for its investment using the equity method.

The Company's interest in Columbus Silver was diluted as a result of an equity financing completed by Columbus Silver on August 28, 2009. The result of this loss of control was a dilution gain of \$776,580 which was recorded in the fourth quarter.

At June 30, 2010, the Company held a 12.5% direct interest and a fully diluted interest of 26.7% assuming the convertible notes were converted into shares of Columbus Silver.

MINERAL PROPERTIES

Currently, the Company is focusing its exploration activities on the western United States with special emphasis on gold exploration in Nevada.

Bolo Property

The Bolo Property is located 60 kilometres (38 miles) northeast of Tonopah, Nevada. Subject to net smelter returns royalties, Columbus Gold controls a 100% interest in the Property.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

Geology

Carlin-style gold mineralization is the target at Bolo where values from 0.34 to 4.7 g/t (0.010 to 0.15 opt) gold can be obtained from jasperoids and iron-stained structures cutting Cambrian and Ordovician sedimentary rocks, along two parallel north-south trending faults known as the Mine Fault and the East Fault. Alteration along the Mine Fault has been traced for 2,750 metres (m) (9,000 feet (ft)) along strike, with surface gold values ranging from anomalous to 3.7 g/t (0.12 opt) gold. The East Fault has been mapped for 2,200 m (7,200 ft) of strike with values from anomalous to 4.7 g/t (0.15 opt) gold. Both fault zones present excellent drill targets and are essentially untested.

Past Work

Bolo has had very limited previous drilling. Drilling by Chevron, USMX and Canerta in the 1970's and 1980's, was less than 45 m (150 ft) in depth. The drilling was concentrated primarily along the southerly 300 m (1000 ft) of the Mine Fault where several of the holes had ore grade intercepts.

In 2007, Columbus Gold completed an initial drilling program at Bolo, which consisted of 19 reverse circulation holes for a total of 3,014 m (9890 ft). Fifteen of the 19 holes completed intercepted anomalous gold values; the best holes were in the Mine Fault where BL-4 encountered 18.2 m (60 ft) of gold mineralization averaging 1.086 g/t gold (from 200-260 ft of depth); hole BL-3 intercepted 25.9 m (85 ft) of 0.431 g/t gold (from 25-110 ft of depth); and, hole BL-11 encountered 16.8 m (55 ft) of 0.611 g/t gold (from 390-445 ft of depth).

Drilling in the East Fault intercepted anomalous gold near surface in several holes, however, the gold grades encountered were significantly lower in the drill results than they were in surface sampling; indicating that the cross-structures controlling the better grades were missed.

In 2008, Columbus Gold completed a Phase II drilling program consisting of nine holes totaling 1,715 m (5,625 ft) of reverse circulation drilling.

The drilling was concentrated on the south and central zones of the Mine Fault and a covered target near the East Fault. Hole BL-23 was drilled through the southernmost part of the Mine Fault and is considered potentially very significant. BL-23 was a west-directed, forty five degree angle hole that intercepted a zone of silicified limestone and siltstone. The hole encountered 30.5 m of 2.37 g/t gold (100 ft of 0.069 opt) from 96.0-126.5 m (315-415 ft) of depth. The intercept was within a broader zone of mineralization averaging 1.15 g/t gold over 76.2 m (250 ft of 0.034 opt) from 77.7 m (255 ft) to the hole bottom at 154.0 m (505 ft) where the mineralization remains open. The zone is 56.4 m (185 ft) below the surface and is open, both down-dip and to the south. It is also open up-dip to the surface, where surface sampling has yielded values up to 5.18 g/t (0.15 opt) gold.

The other 8 holes drilled in Phase II all intersected thick zones of alteration and highly anomalous gold, requiring follow-up drilling. A table with complete drill results can be viewed here:

www.columbusgoldcorp.com/i/pdf/Bolo_Phase_II_Drill_assays_2008.pdf

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

Recent Results

The Phase III drilling program consisted of 3,990 feet (1,215 meters) in six angle, rotary drill holes. Five of the holes tested for extensions of significant gold mineralization cut by rotary drill hole BL-23, completed by Columbus in late 2008. Drill hole BL-23 cut 100 ft of 0.069 opt (30.5 m of 2.37 gpt) gold in silicified and oxidized Paleozoic limestone and siltstone and highly-altered Tertiary dike. This better grade zone was contained in a broader interval of 250 ft of 0.034 opt (76 m of 1.15 gpt) gold. The hole bottomed in gold mineralization at 600 ft (182 m) of down-hole depth.

Gold mineralization at Bolo occurs along and adjacent to two principal north-trending faults, known as the Mine and East faults, traceable for 16,000 ft (4,878 m) within the project area. BL-23 was drilled at 45 degrees, essentially perpendicular to the Mine Fault Zone, as determined by mapping, and encountered gold mineralization about 200 ft (60 m) vertically below the surface. Outcrop sampling at, and near, the Mine Fault Zone, up-dip above BL-23, produced 28 samples grading from 0.029 to 0.151 opt (1 to 5.18 gpt) gold. The gold mineralization is classified as "Carlin-type", similar to many other significant gold deposits in Nevada.

In the current program, drill hole BL-29 was drilled to cut the Mine Fault 100 ft (30 m) south of BL-23 and cut 205 ft (62 m) of 0.019 opt gold, including 15 ft (4.5 m) of 0.055 opt and 10 ft (3 m) of 0.099 opt gold. Drill hole BL-32 tested the Mine Fault 100 ft (30 m) north of BL-23 and cut 170 ft (51 m) of 0.024 opt gold, including 10 ft (3 m) of 0.087 opt and an additional 30 ft (9 m) of 0.056 opt gold. Hole BL-30 intersected the Mine Fault 360 ft (109 m) north of BL-23 and cut 55 ft (16 m) of 0.006 opt gold. Hole BL-31 cut the Mine Fault 250 ft (76 m) south of BL-23 and cut 15 ft (4.5 m) of 0.030 opt gold. Hole BL-33 was drilled to cut the Mine Fault 250 ft (76 m) below BL-23 and cut only anomalous values. The Mine Fault structure is thought to be offset along a flat fault between 500 ft and 700 ft (152 m and 213 m) of depth. Drill hole BL-34 was drilled in a gravel-covered area about 1 mile (1.6 kilometers) northeast of BL-23, and intersected no significant gold values. A table with complete drill results can be viewed at the following link:

<http://www.columbusgoldcorp.com/i/pdf/nr/2009-12-18-bolo-drillresults.pdf>

The drilling, combined with historical channel sampling of five bull dozer trenches totalling 1,800 ft (548 m) in length, cut and sampled in 1980's by Canerta (now mostly reclaimed, but results verified by extensive Columbus surface sampling), suggest that the BL-23 mineralized zone is about 500 ft (150 m) long, about 200 ft (60 m) wide, and extends to a depth of about 500 ft (150 m) where it is either offset or terminates. Thirtyfour more drill holes, on 100 ft (30 m) spacing will be required to delineate this tonnage and to test for the potential offset portion of the zone at depth. In addition, there are seven undrilled areas, most with surface sampling at grades exceeding 0.029 opt (1 gpt) which remain to be tested at Bolo, along with other blind geological targets, supported by geophysical surveys. Columbus has initiated the permitting process to allow drill testing of these additional target areas and for expansion drilling in the area around drill hole BL-23.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

Summit Property

The Summit Project is located along the northeastern flank of the Pequop Range, approximately 14 miles (22 km) east of Wells, Nevada and strategically positioned along strike and approximately 4,000 feet (1.2 km) from the northern end of the Long Canyon gold deposit of AuEx Ventures, Inc. and Fronteer Development Group Inc. where ongoing drilling continues to confirm the presence of high-grade oxide gold mineralization. The Summit Project is also in close proximity to AuEx's and Agnico-Eagle Mines' West Pequop gold project.

The Summit claims are staked in an area of Nevada known as the "checkerboard" where every other square mile is private; therefore Columbus Gold's claims cover the intervening federal lands, between the private parcels.

Subject to third party net smelter returns royalties, the Summit Project is 100% controlled by Columbus Gold and has been optioned to Agnico-Eagle. Agnico-Eagle can earn an initial 51% interest in Summit by incurring exploration expenditures totalling US\$3 million over a five year period.

Geology

The claims were staked by Columbus in response to the November 2005 announcement of the discovery drill holes of good grade, Carlin-type gold mineralization, by AuEx Ventures, Inc., at their nearby Long Canyon Project. Columbus Gold's claims are positioned to cover either outcropping Lower Paleozoic sedimentary rocks similar to the host rock at Long Canyon, or shallow pediment along strike of structures trending to the Long Canyon area.

Past Work

Columbus is not aware of any prior exploration activity at Summit prior to the staking of the property in 2005. The property was optioned to Agnico-Eagle in 2007 and their work during the 2007 and 2008 field seasons was primarily directed at the interpreted strike extension of the Long Canyon deposit mineralization.

Agnico-Eagle performed geological mapping, collected 2,500 soil samples and 70 stream sediment samples, and completed seven rotary holes totalling 6,040 ft (1,830 meters) in their initial drilling program completed in December 2008.

One hole tested the Upper Paleozoic section-equivalent to the Pilot and Joana Formations, known to be favorable for Carlin-style gold deposits regionally. These favorable rocks are extensive, but almost everywhere covered by alluvium. The drill hole encountered multiple, thick sections (up to 100 ft (30 m)) of anomalous gold and arsenic both in the Upper Paleozoic section and in the underlying Guilmette Formation carbonate rocks, with a high assay of 203 ppb over five feet (1.5 m). This was the only drill hole to test this stratigraphic horizon in the Northern Pequop Range, which deserves considerable attention for further work.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

Three holes tested geochemical anomalies near a thrust fault juxtaposing Devonian Guilmette Formation and Permian sedimentary rocks. Two of these holes encountered anomalous gold and lead in multiple zones over thicknesses of 75-100 ft (23-30 m). The gold values ranged from 10-122 ppb.

The other three holes were located near the eastern range front, north of the Long Canyon discovery. These holes cut Lower Paleozoic formations and intersected scattered weakly anomalous gold over narrow intervals.

Planned Program

Agnico-Eagle has advised Columbus Gold that it intends to continue with its option to earn an interest in the Summit Project and with plans to carry-out additional exploration expenditures during the 2010 field season. Accordingly, Agnico-Eagle announced in April 2010 that drilling had begun on 2 RC holes totalling approximately 1200m. The holes will test for the northeast strike extension of the Long Canyon deposit being developed by AuEx Ventures, Inc. and Fronteer Development Group Inc. A project area map can be viewed at the following link:

<http://www.columbusgoldcorp.com/i/nr/2010-04-21-map-summit.jpg>

Utah Clipper and Crestview Properties

The Utah Clipper and Crestview Properties are situated in the Bullion Mining District, in the Shoshone Range, Lander County, Nevada.

The Company has prepared technical reports under National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“**NI 43-101**”) for the Utah Clipper Property (Sedar filed on February 21, 2006)

In December 2007, the Company entered into an agreement (the Barrick Agreement”) with Barrick Gold Exploration Inc. (“Barrick”), a subsidiary of Barrick Gold Corporation, to explore and develop the Utah Clipper and Crestview properties. On December 31, 2009, the Company received approximately US\$295,000 from Barrick in lieu of work expenditures in order to meet the aggregate US\$1,000,000 expenditure threshold and maintain the option in good standing.

In March 2010, the Company Barrick terminated the option Barrick Agreement.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

Other Properties

Property	Location	Status
Burnt Well	Arizona	No work planned. JV partner being sourced.
Chert Cliff	Nevada	Leased to Platte River Gold (US) Inc.
Crestview	Nevada	No work planned. JV partner being sourced.
Del Oro	Nevada	Joint venture to International Minerals.
Dutch Flat	Nevada	Joint venture option to Piedmont Mining Company, Inc.
Eastside	Nevada	Initial exploration. JV partner being sourced.
Four Metals	Arizona	Sale option to White Cloud LLC.
Golden Mile		Property is under option to Portage Minerals
Guild, and Overland Pass	Nevada	Joint venture option to Sniper Resources Ltd.
Laura	Nevada	No work planned. JV partner being sourced.
Pete's Summit	Nevada	No work planned. JV partner being sourced.
Red Hills	Nevada	No work planned. JV partner being sourced.
Robison Mountain	Nevada	No work planned. JV partner being sourced.
Scraper	Nevada	No work planned. JV partner being sourced.
Stevens Basin	Nevada	Drilling planned for 2010.
Summit	Nevada	Joint venture option to Agnico Eagle (USA) Ltd.
Weepah	Nevada	No work planned. JV partner being sourced.
White Canyon	Nevada	Leased to Allied Nevada.
White Horse Flats	Nevada	Drilling planned for 2010.
White Horse Flats North	Nevada	Drilling planned for 2010.
Winnemucca Mountain	Nevada	No work planned. JV partner being sourced.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

Expenditure Summary

	September 30, 2009	Acquisition Cost	Deferred Exploration	Impairment/ Divestiture	June 30, 2010
Utah Clipper – NV	\$ 689,598	\$ -	\$ (292,245)	\$ -	\$ 397,353
Awakening – NV	317,612	-	397	(318,009)	-
Dutch Flat – NV	25,946	-	-	-	25,946
Crestview – NV	210,385	-	-	-	210,385
Guild – NV	46,458	-	-	-	46,458
Overland Pass – NV	28,848	-	-	-	28,848
Pete’s Summit – NV	11,490	-	(6,160)	-	5,330
Bolo – NV	1,415,772	-	156,148	-	1,571,920
Scraper – NV	25,383	4,789	14,505	-	44,677
Eastside – NV	91,971	-	17,868	-	109,839
Robison Mountain	-	1,655	177	-	1,832
Weepah – NV	17,575	5,381	22,654	-	45,610
White Canyon – NV	5,878	-	(4,850)	-	1,028
White Horse Flats – NV	-	-	11,828	-	11,828
Summit – NV	121,582	-	(51,380)	-	70,202
Stevens Basin – NV	13,159	14,549	32,416	-	60,124
Total Properties	\$ 3,021,657	\$ 26,374	\$ (98,642)	\$ (318,009)	\$ 2,631,380

Property Locations: NV – Nevada AZ – Arizona UT – Utah NM – New Mexico

Note: The Company is no longer consolidating Columbus Silver into its accounts.

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 Utah Clipper Technical Report, is based on information prepared by or under the supervision of the Company's Qualified Person, Andy Wallace.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

SELECTED FINANCIAL DATA

	June 30, 2010 (\$)	Mar. 31, 2010 (\$)	Dec. 31, 2009 (\$)	Sep. 30, 2009 (\$)	Jun. 30, 2009 (\$)	Mar. 31, 2009 (\$)	Dec. 31, 2008 (\$)	Sep. 30, 2008 (\$)
Financial results:								
Net income (loss) for period	32,231	(723,555)	(168,230)	(1,072,200)	(253,171)	(317,831)	(217,385)	(1,616,100)
Basic and diluted loss per share	0.00	(0.02)	(0.01)	(0.04)	(0.01)	(0.01)	(0.01)	(0.08)
Balance sheet data:								
Cash and short term deposits	1,585,982	126,546	88,919	296,535	866,206	1,401,177	1,404,863	2,203,971
Mineral properties	2,631,380	2,619,171	3,151,341	3,021,657	5,213,644	4,992,860	4,697,201	4,323,431
Total assets	6,571,111	4,688,964	5,103,567	5,240,401	6,663,093	6,997,730	6,811,862	7,103,343
Shareholders' equity	6,482,327	4,609,870	5,016,318	5,169,505	6,409,617	6,600,842	6,139,764	6,206,243

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

	September 30, 2009 (\$)	September 30, 2008 (\$)	September 30, 2007 (\$)
Financial results:			
Net loss for year	1,861,037	2,552,769	1,540,856
Basic and diluted loss per share	0.07	0.11	0.07
Mineral property acquisition and exploration costs	1,063,100	1,923,471	1,403,681
Balance sheet data:			
Cash and short term deposits	396,535	2,203,971	2,316,315
Mineral properties	3,021,657	4,323,431	4,120,796
Total assets	5,240,401	7,103,343	6,960,628
L/T Financial liabilities	-	-	-
Shareholders' equity	5,169,505	6,206,243	6,880,561

CAPITAL RESOURCES

On April 26, 2010, the Company announced a private placement for aggregate proceeds of up to \$1,800,000 through the issuance of units at \$0.20 per unit. Each unit will consist of a common share and a share purchase warrant exercisable for a period of 18 months from the date of closing, with an exercise price of \$0.30 per share for the first 12 months and increasing to \$0.35 for the final 6 months of the exercise period. On May 21, 2010 the Company completed the first tranche of this placement for gross proceeds of \$926,500. On July 9, 2010 the Company completed a second tranche for gross proceeds \$1,020,650.

On January 3, 2010, the Company received approximately US\$295,000 from Barrick in lieu of work expenditures in order to meet the US\$500k threshold and maintain its option in good standing.

On January 28, 2009, the Company completed a non-brokered private placement of 3,305,500 units at \$0.20 per unit for gross proceeds of \$661,100. Each unit consisted of a common share and a share purchase warrant entitling the holder to acquire an additional common share at \$0.30 for a period of 18 months from closing. Share issuance costs of \$3,668 were incurred.

The Company is currently carrying promissory notes with a combined value of \$1,183,043 from Columbus Silver. They carry simple interest at 5% and are due and payable on August 31, 2010. The notes have a conversion option at \$0.25 per share at the option of the holder.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

LIQUIDITY

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. The Company's activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. The Company has been successful in its fund raising efforts in the past, but there can be no assurance that the Company will continue to be successful in the future. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

During the period, the Company's working capital position increased to \$1,497,198, which included a cash balance of \$1,585,982. At September 30, 2009, the Company had a working capital balance of \$782,462 which included a cash balance of \$296,535 and a term deposit of \$100,000.

The Company experienced a cash outflow from operations of \$549,512 and recovered \$114,450 in cash mainly from joint venture partner option payments and other payments made to the Company in lieu of expenditures on mineral properties. As at June 30, 2010, the Company had total assets of \$6,571,111, and the principal non-cash assets of the Company were its mineral exploration properties in Nevada with a carrying value of \$2,631,380 representing 40% of its total assets.

The Company had no long term debt at the end of the period.

OUTSTANDING SHARE DATA

	Amount
Common Shares outstanding at June 30, 2010	31,036,268
Stock Options	5,183,000
Share Purchase Warrants	8,241,237
Fully Diluted Shares	4,460,505

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

Options

A summary of stock options outstanding at June 30, 2010 is as follows:

Number of Options	Exercise Price	Expiry Date
1,205,000	\$0.85	May 24, 2011
90,000	\$1.40	December 20, 2011
35,000	\$1.68	February 15, 2012
30,000	\$1.25	April 3, 2012
70,000	\$1.50	May 2, 2012
60,000	\$1.25	October 31, 2012
90,000	\$1.25	November 29, 2012
83,000	\$0.85	March 12, 2013
1,595,000	\$0.50	August 15, 2013
200,000	\$0.25	May 28, 2014
1,725,000	\$0.25	January 28, 2015
5,183,000		

Warrants

A summary of warrants outstanding at June 30, 2010 is as follows:

Number of Warrants	Exercise Price	Expiry Date
3,305,500	\$0.30	July 28, 2010
4,935,737	\$0.30	November 21, 2011

OFF-BALANCE SHEET ARRANGEMENTS

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

COMMITMENTS

In September 2007, as amended in October 2008, the Company, through its subsidiary, entered into a new operations agreement with Cordex, a company that shares an officer in common with Columbus Gold (U.S.), to design, initiate and carry out mineral exploration and development activities on behalf of the Company with the objective of identifying, acquiring and exploring new mineral properties and operating exploration programs on the Company's existing portfolio of mineral properties.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

The agreement with Columbus Gold (U.S.) expires on December 31, 2010, but it contains an option to extend, under certain conditions, for up to an additional two years. Columbus Gold (U.S.) provides Cordex with general operating capital, exclusive of third party contractor expenses, of up to US\$22,000 per month which includes a monthly management fee to Cordex of US\$6,250.

Further, Cordex is entitled to receive a 2% NSR on any claims that it stakes on behalf of the Company. If claims or mineral rights are identified by Cordex and acquired from third parties, then the Cordex NSR shall be the difference between a 4% NSR and the third party royalty provided, however, it shall be no less than 1% nor greater than 2%. All properties acquired by the Company within two miles of a claim generated by Cordex will fall under an area of influence and become subject to the agreement.

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 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.

OUTLOOK

Commodity prices improved significantly in 2010 and consequently resource stocks, and in particular junior resource companies, have enjoyed renewed investor interest. In tandem with this, the Company began assessing opportunities to acquire development stage resource projects which might improve the Company's ability to access capital and continue its exploration activities. The Company is currently investigating opportunities in various geographic locations.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

SUBSEQUENT EVENTS

Subsequent to the end of the period, the Company completed the second tranche of a private placement for aggregate proceeds \$1,020,650 through the issuance of units at \$0.20 per unit. Each unit will consist of a common share and a share purchase warrant exercisable for a period of 18 months from the date of closing, with an exercise price of \$0.30 per share for the first 12 months and increasing to \$0.35 for the final 6 months of the exercise period. At June 30, 2010, a total of \$981,650 of the subscriptions had been received.

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 gold 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.

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.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

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.

Equipment and Service Availability

There is no certainty that the drilling equipment and crew services which the Company requires to complete its exploration programs will be available when needed. The Company primarily operates in Nevada, which is one of the busiest exploration areas in North America. Consequently, third party drill contractors are in high demand thus have limited availability.

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 annual 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.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

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, term deposits, marketable securities, 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.

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.columbusgoldcorp.com or SEDAR at www.sedar.com.

COLUMBUS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTH PERIOD ENDED JUNE 30, 2010

CORPORATE INFORMATION

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

Directors: Robert Giustra
Gil Atzmon
Don Gustafson
Peter Gianulis

Officers: Robert Giustra, President and CEO
Sean McGrath, CFO
Joel Schuster, Vice President and Corporate Secretary

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

Legal Counsel: Lang Michener 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



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

CONSOLIDATED FINANCIAL STATEMENTS

**For the Nine Month Period Ended
June 30, 2010**

(Canadian Dollars)

Columbus Gold Corporation

(An Exploration Stage Company)

Interim Consolidated Balance Sheet

Statement 1

	June 30, 2010	September 30, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,585,982	\$ 296,535
Term deposits (note 5)	-	100,000
Available-for-sale investments (note 4)	83,086	85,828
Prepays and receivables	470,114	370,995
	<u>2,139,182</u>	<u>853,358</u>
Advances to a related party for exploration (note 12)	247,188	(64,393)
Investment in Columbus Silver Corporation (note 3)	50,167	164,773
Due from Columbus Silver Corporation (note 3)	1,357,015	1,118,427
Conversion option	109,686	109,686
Reclamation bond (note 6)	36,493	36,892
Mineral properties (note 7)	2,631,380	3,021,657
	<u>\$ 6,571,111</u>	<u>\$ 5,240,400</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 84,284	\$ 44,179
Due to related parties (note 12)	4,500	26,717
	<u>88,784</u>	<u>70,896</u>
Shareholders' equity		
Share capital (note 8)	13,656,083	12,051,499
Contributed surplus (note 8)	3,213,701	2,660,516
Accumulated other comprehensive loss	-	(14,608)
Deficit	(10,387,457)	(9,527,903)
	<u>6,482,327</u>	<u>5,169,504</u>
	<u>\$ 6,571,111</u>	<u>\$ 5,240,400</u>

Nature of operations and going concern (note 1)

Commitments (notes 7 and 10)

Approved by the Board of Directors:

"Robert Giustra"

Robert Giustra - Director

"Gil Atzmon"

Gil Atzmon - Director

The accompanying notes are an integral part of these interim consolidated financial statements

Columbus Gold Corporation

(An Exploration Stage Company)

Interim Consolidated Statement of Loss and Deficit

Statement 2

	Three Month Period Ended June 30, 2010	Nine Month Period Ended June 30, 2010	Three Month Period Ended June 30, 2009	Nine Month Period Ended June 30, 2009
EXPENSES				
Administration	\$ 19,286	\$ 78,916	\$ 36,767	\$ 130,139
Amortization	-	-	-	699
Consulting fees	(265)	24,843	36,875	126,301
Director fees (note 12)	12,000	36,000	-	-
Foreign exchange gain	(60,385)	(25,790)	24,371	98,986
General exploration	45,823	212,161	27,000	75,000
Investor relations	13,928	36,441	57,296	(83,376)
Loan accretion (note 3)	(85,487)	(241,687)	154,427	505,303
Management fees (note 12)	15,000	40,000	20,564	62,743
Office and general	8,670	10,695	30,000	90,000
Professional fees	27,166	107,592	22,112	137,613
Stock-based compensation costs (note 8)	-	216,857	60,182	291,137
Transfer and filing fees	3,619	11,952	14,184	45,877
Travel, advertising and promotion	1,805	24,898	11,707	32,184
Loss before other items	(1,160)	(532,878)	(495,486)	(1,512,607)
OTHER ITEMS				
Interest income	17,460	52,789	1,432	9,630
Dilution gain from Columbus Silver (note 3)	-	51,493	-	-
Loss from equity accounted investment (note 3)	(71,937)	(166,099)	-	-
Gain (loss) on sale of investments	9,474	(4,569)	-	-
Income from third party interest in mineral	78,394	78,394	57,290	64,170
Impairment of mineral property	-	(338,684)	-	-
Non-controlling interest (note 3)	-	-	183,593	650,421
Loss for the period	32,231	(859,554)	(253,171)	(788,386)
Deficit, beginning of period	(10,419,688)	(9,527,903)	(8,202,078)	(7,666,863)
Deficit, end of period	\$ (10,387,457)	\$ (10,387,457)	\$ (8,455,249)	\$ (8,455,249)
Basic and diluted loss per common share	\$ 0.00	\$ (0.03)	\$ (0.01)	\$ (0.03)
Weighted average common shares outstanding	28,490,938	27,061,093	26,277,765	24,830,679

The accompanying notes are an integral part of these interim consolidated financial statements

Columbus Gold Corporation

(An Exploration Stage Company)

Statement 3

Interim Consolidated Statements of Comprehensive Loss and Accumulated Other Comprehensive Loss

	Three Month Period Ended June 30, 2010	Nine Month Period Ended June 30, 2010	Three Month Period Ended June 30, 2009	Nine Month Period Ended June 30, 2009
Income (loss) for the period	\$ 32,231	\$ (859,554)	\$ (253,171)	\$ (788,386)
Unrealized gain on securities available for sale	-	14,608	(11,399)	(11,399)
Comprehensive loss for the period	\$ 32,231	\$ (844,946)	\$ (264,570)	\$ (799,785)
Accumulated other comprehensive income - Beginning	\$ -	\$ (14,608)	\$ -	\$ -
Other comprehensive income	-	14,608	(11,399)	(11,399)
Accumulated other comprehensive income - End	\$ -	\$ -	\$ (11,399)	\$ (11,399)

The accompanying notes are an integral part of these interim consolidated financial statements

Columbus Gold Corporation

(An Exploration Stage Company)

Statement 4

Interim Consolidated Statement of Cash Flows

	Three Month Period Ended June 30, 2010	Nine Month Period Ended June 30, 2010	Three Month Period Ended June 30, 2009	Nine Month Period Ended June 30, 2009
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Income (loss) for the period	\$ 32,231	\$ (859,554)	\$ (253,171)	\$ (788,386)
Items not affecting cash:				
Amortization	-	-	-	699
Stock-based compensation costs	-	216,857	60,182	291,137
Shares for services	-	31,448	-	-
Loss on sale of investments	(9,474)	4,569	-	-
Dilution gain	-	(51,493)	-	-
Impairment of mineral property	-	338,684	-	-
Loss from equity accounted investment	71,937	166,099	-	-
Income from third party interest in mineral property	(78,394)	(78,394)	-	-
Loan accretion	(85,487)	(241,687)	-	-
Non-controlling interest	-	-	(183,593)	(650,421)
Foreign exchange (gain) loss	(2,461)	5,189	9,586	(10,068)
	(71,648)	(468,282)	(366,996)	(1,157,039)
Changes in non-cash working capital items:				
Increase (decrease) in prepaids and receivables	(127,036)	(99,118)	(240,090)	(184,162)
Increase (decrease) in accounts payable	9,690	40,105	48,338	16,240
Increase (decrease) in amounts due to related parties	-	(22,217)	(8,157)	(9,443)
	(188,994)	(549,512)	(566,905)	(1,334,404)
FINANCING ACTIVITIES				
Proceeds from private placement	926,500	926,500	-	661,100
Share issuance costs	(67,924)	(67,924)	-	(3,668)
Share subscriptions	981,650	981,650	-	-
	1,840,226	1,840,226	-	657,432
INVESTING ACTIVITIES				
Recovery (advance) to a related party for exploration	(222,115)	(311,581)	310,925	246,199
Redemption of term deposit	-	100,000	869,719	1,417,970
Proceeds from sale of investments	69,174	95,864	-	-
Mineral property expenditures	(38,855)	114,450	(278,991)	(906,992)
	(191,796)	(1,267)	901,653	757,177
Change in cash and cash equivalents during the period	1,459,436	1,289,447	334,748	80,205
Cash and cash equivalents - beginning	126,546	296,535	331,458	586,001
Cash and cash equivalents - end	\$ 1,585,982	\$ 1,585,982	\$ 666,206	\$ 666,206

Supplemental Cash Flow Information - Note 9

The accompanying notes are an integral part of these interim consolidated financial statements

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

1. Nature of Operations

Columbus Gold Corporation (the “Company”) was incorporated on May 14, 2003 under the laws of the Province of Saskatchewan, Canada and continued on to British Columbia, Canada on December 29, 2003. The Company is currently listed on the TSX Venture Exchange (the “TSX” or “Exchange”) classified as a Tier 2 mining issuer.

Its principal business activities are the exploration and development of mineral properties. All of the Company’s mineral properties are currently located in the United States. The Company is in the process of exploring and developing its mineral properties, but has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage.

The ability of the Company to continue as a going concern is dependent on its ability to raise additional debt or equity to fund ongoing costs of operations and/or secure new or additional partners in order to advance its projects. Management completed equity financings in the third and fourth quarters of the 2010 fiscal year in order to advance the development of its existing mineral properties and provide general working capital. At June 30, 2010, the Company has working capital of \$2,050,398 (September 30, 2009 - \$782,463) and an accumulated deficit of \$10,387,457 (September 30, 2009 - \$9,527,903).

2. Significant Accounting Policies

These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at September 30, 2009.

3. Investment in Columbus Silver

At June 30, 2010 the Company owns 4,020,000 common shares (September 30, 2009 – 4,020,000 common shares) of Columbus Silver. The Company recorded its investment in Columbus Silver on a consolidated basis until August 28, 2009 at which point the Company’s ownership interest declined from 35.7% to 18.5% as a result of share issuances by Columbus Silver. Commencing August 28, 2009, the Company’s investment in Columbus Silver was determined to have converted from a controlled entity to an equity investment. As the Company still exerts significant influence over Columbus Silver, the Company now accounts for its investment using the equity method.

The Company’s interest in Columbus Silver was diluted as a result of an equity financing completed by Columbus Silver on August 28, 2009. The result of this loss of control was a dilution gain of \$776,580 which was recorded in the prior year.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

3. Investment in Columbus Silver (continued)

The Company's interest in Columbus Silver was diluted further during the current period with the completion of two additional equity financings by Columbus Silver on October 1, 2009 and November 2, 2009. The result of this was a further dilution gain of \$51,493 which was recorded in the period. At March 31, 2010, the Company held a 12.5% direct interest and a fully diluted interest of 26.7% assuming the convertible notes were converted into shares of Columbus Silver.

Effective August 14, 2007, the Company advanced a total of \$845,450 to Columbus Silver under a promissory note. The note bears simple interest of 5% per annum, has a maturity date of August 31, 2010 and is convertible at the option of the Company into common shares of Columbus Silver at \$0.25 per share. At September 30, 2008 the Company recorded the fair value of the note at \$492,614 and the fair value of the conversion option at \$352,595. At March 31, 2010, the Company recorded \$86,866 (September 30, 2009 - \$65,794) in accrued interest and recorded the accreted value of the promissory note to be \$757,100 (September 30, 2009 - \$663,576), inclusive of accretion income totaling \$93,522 relating to the debt discount calculated using the effective interest method. The effective interest rate was determined to be 12%.

Effective September 1, 2007, as amended August 19, 2008, the Company received a promissory note with a face value of US\$540,465 for the sale of certain mineral properties to Columbus Silver. The note bears simple interest of 5% per annum, has a maturity date of August 31, 2010 and is convertible at the option of the Company into common shares of Columbus Silver at \$0.25 per share. At March 31, 2010, the Company has recorded \$69,742 (September 30, 2009 - \$60,330) in accrued interest and recorded the accreted value of the promissory note at \$491,560 (September 30, 2009 - \$454,850), inclusive of accretion income totaling \$62,678 relating to the debt discount calculated using the effective interest method.

Both of these notes receivable are recorded separately from the equity investment in Columbus Silver.

4. Available-for-sale Investments

	Number of Shares	June 30, 2010	Number of Shares	September 30, 2009
Portage Minerals Inc. (Private)	450,000	\$ 1	200,000	\$ 1
EMC Metals Corp. (TSX-V)	-	-	51,859	4,667
Piedmont Mining Corp. (OTCBB)	-	-	500,000	13,939
Platte River Gold Inc. (Private)	-	-	25,000	59,700
Golden Predator Royalty and Development Corp.(TSX-V)	-	-	12,965	7,520
Sniper Resources Ltd. (Private)	532,837	83,085	200,500	1
		\$83,086		\$85,828

All of the shares are classified as available for sale and are carried at fair value based on their closing trading price at June 30, 2010, with the exception of those which are private companies, which are carried at cost, or where fair values are not readily determinable, at a nominal value.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

5. Term Deposits

	June 30, 2010	September 30, 2009
Short-term Investment Certificate	-	\$100,000
Maturity date	-	February 19, 2010
Interest rate per annum	-	0.75%

6. Reclamation Bond

The drilling permits for the following properties call for refundable reclamation bonds on the exploration site. The bonds are held by the USA Forest Service.

	June 30, 2010	September 30, 2009
Bolo	\$ 32,136	\$ 32,488
Awakening	4,357	4,404
Total	\$ 36,493	\$ 36,892

7. Mineral Properties

A breakdown of the acquisition and exploration expenditures is as follows:

	September 30, 2009	Acquisition Cost	Deferred Exploration	Impairment/ Divestiture	June 30, 2010
Utah Clipper – NV	\$ 689,598	\$ -	\$ (292,245)	\$ -	\$ 397,353
Awakening – NV	317,612	-	397	(318,009)	-
Dutch Flat – NV	25,946	-	-	-	25,946
Crestview – NV	210,385	-	-	-	210,385
Guild – NV	46,458	-	-	-	46,458
Overland Pass – NV	28,848	-	-	-	28,848
Pete’s Summit – NV	11,490	-	(6,160)	-	5,330
Bolo – NV	1,415,772	-	156,148	-	1,571,920
Scraper – NV	25,383	4,789	14,505	-	44,677
Eastside – NV	91,971	-	17,868	-	109,839
Robison Mountain	-	1,655	177	-	1,832
Weepah – NV	17,575	5,381	22,654	-	45,610
White Canyon – NV	5,878	-	(4,850)	-	1,028
White Horse Flats – NV	-	-	11,828	-	11,828
Summit – NV	121,582	-	(51,380)	-	70,202
Stevens Basin – NV	13,159	14,549	32,416	-	60,124
Total Properties	\$ 3,021,657	\$ 26,374	\$ (98,642)	\$ (318,009)	\$ 2,631,380

Property Locations: NV – Nevada AZ – Arizona UT – Utah NM – New Mexico

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

7. Mineral Properties (continued)

A breakdown of the acquisition and exploration expenditures is as follows:

	September 30, 2008	Acquisition Cost	Deferred Exploration	Impairment/ Divestiture	September 30, 2009
Utah Clipper – NV	\$ 688,909	\$ -	\$ 689	\$ -	\$ 689,598
Awakening – NV	580,159	-	25,784	(288,331)	317,612
Dutch Flat – NV	117,653	-	-	(91,707)	25,946
Chert Cliff – NV	18,346	-	(18,346)	-	-
Silver Dome – UT	376,250	-	-	(376,250)	-
Silver District – AZ	411,508	-	-	(411,508)	-
Crestview – NV	210,385	-	-	-	210,385
Laura – NV	-	-	9,263	(9,263)	-
Guild – NV	46,458	-	-	-	46,458
Overland Pass – NV	28,848	-	-	-	28,848
Linka – NV	55,307	-	-	(55,307)	-
Pete’s Summit – NV	41,975	-	2,920	(33,405)	11,490
Bolo – NV	1,181,337	1,262	233,173	-	1,415,772
Scraper – NV	111,077	-	9,247	(94,941)	25,383
Eastside – NV	-	7,434	84,537	-	91,971
Weepah – NV	-	2,427	15,148	-	17,575
Del Oro – NV	17,356	-	(17,356)	-	-
White Canyon – NV	11,290	-	(5,412)	-	5,878
Clanton Hills – AZ	48,455	-	-	(48,455)	-
Keg – UT	75,058	-	-	(75,058)	-
Summit – NV	179,942	-	(58,360)	-	121,582
Ferguson Flats – NV	83,174	-	-	(83,174)	-
Mogollon - NM	39,944	-	-	(39,944)	-
Stevens Basin – NV	-	329	12,830	-	13,159
Westside – NV	-	2,757	11,068	(13,825)	-
Total Properties	\$ 4,323,431	\$ 14,209	\$ 305,185	\$ (1,621,168)	\$ 3,021,657

Note: The Company is no longer consolidating Columbus Silver into its accounts so a divestiture of \$1,034,389 is shown included in the above.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

7. Mineral Properties (continued)

A breakdown of the acquisition and exploration expenditures by type is as follows:

	Amount
Balance – September 30, 2008	\$4,323,431
Acquisition	14,209
Administration	31,361
Assays	30,110
Claim renewals	79,124
Drilling	64,392
Geologists and staff	117,375
Site preparation and reclamation	3,005
Travel	46,153
Trenching	33,150
Less: Columbus Silver properties *	(300,013)
Less: Option payments	(99,485)
Less: Property impairment	(1,321,155)
	(1,301,774)
Balance – September 30, 2009	3,021,657
Acquisition	26,374
Administration	25,906
Assays	21,132
Claim renewals	34,688
Drilling and trenching	8,482
Geologists and staff	152,528
Geophysics	822
Site preparation and reclamation	2,106
Travel	26,347
Less: Property impairment	(318,009)
Less: Option payments received	(62,612)
Less: Payments received in lieu of property expenditures	(308,041)
	(327,665)
Balance – June 30, 2010	\$2,631,380

* The Company is no longer consolidating Columbus Silver (Note 3).

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

7. Mineral Properties (continued)

Utah Clipper / Crestview Properties

In December 2007, the Company entered into an agreement (the "Barrick Agreement") with Barrick Gold Exploration Inc. ("Barrick"), a subsidiary of Barrick Gold Corporation, to explore and develop the Utah Clipper and Crestview properties. Under the terms of the Barrick Agreement, Barrick can earn a 60% interest in the two properties by undertaking staged work expenditures totaling US\$6 million (\$1,000,000 incurred) over a six year period. During the period, Barrick terminated the Barrick Agreement.

Golden Mile Property

On October 21, 2007, the Company entered into an option agreement with Portage Minerals Inc. ("Portage") wherein Portage can earn an initial 60% interest in the Golden Mile property by incurring \$2.5 million in exploration expenditures and issuing to the Company 500,000 common shares (200,000 shares received) of Portage by December 31, 2012. Portage can increase its interest to 70% by completing a positive feasibility study. During the period, the Company amended its agreement with Portage by granting a one year extension on the expenditure requirement in exchange for 250,000 common shares of Portage. The Company has a \$nil carrying value for this property as the option payments it has received to date exceed the previously capitalized expenditures on the property.

Awakening Property

The Company entered into a ten year lease agreement with an effective date of June 2, 2008, whereby the Company leased unpatented mining claims (the "Bald Mountain Claims") in Nevada. The Bald Mountain Claims are subject to a NSR of 3% and advance royalty payments as follows:

Date	Amount (US)	Number of Shares	
On Execution of the Agreement	\$ 10,000	25,000	(paid and issued)
By the June 2, 2009	5,000	25,000	(paid and issued)
By the June 2, 2010	30,000	-	
By the June 2, 2011	40,000	-	
By the June 2, 2012 *	\$ 50,000	-	

* And each subsequent anniversary

The Company terminated the lease and abandoned the property during the period.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

7. Mineral Properties (continued)

Dutch Flat Property

On July 2, 2006, the Company entered into an earn-in agreement with Piedmont Mining Company, Inc. ("Piedmont") which will allow Piedmont to earn a 51% interest in the Dutch Flat property by paying US\$35,000 (paid) upon signing of the agreement and by incurring exploration expenditures of US\$2,000,000 over 5 years (approximately USD\$530,000 incurred to date). Piedmont can increase its ownership interest to 70% by funding the completion of a positive feasibility study.

At June 30, 2010, the Company is owed \$145,508, plus accrued interest being charged at 1.5% per month, for exploration expenditures incurred on behalf of Piedmont in 2007. During the prior year, the Company accepted 500,000 common shares at a value of \$0.05 per share in partial settlement of the outstanding balance. Subsequent to the end of the period, the Company completed an agreement wherein it accepted 6,285,715 common shares of Piedmont in settlement of the debt and all accrued interest.

Chert Cliff Property

On April 11, 2006 and amended on October 5, 2007, the Company entered into a lease agreement (the "Platte River Lease") with Platte River Gold (US) Inc. ("Platte River") whereby the Company has leased the Chert Cliff Property to Platte River for a term of 20 years. The Platte River Lease is renewable for additional and successive terms of 10 years provided Platte River is engaged in active exploration and development and the lease payments are doubled. The initial term of annual lease payments progressively increase from US\$5,000 (paid) on signing of the Platte River Lease to US\$8,500 (1st, 2nd and 3rd anniversaries paid) due on the 20th anniversary of signing. Additional consideration to the Company was the issuance of US\$100,000 in common shares of Platte River Gold Inc., parent corporation of Platte River, within 36 months of the effective date of the Platte River Lease. During the year ended September 30, 2009, the Company received 25,000 common shares of Platte River Gold Inc., 51,859 common shares of EMC Metals Corp. and 12,965 common shares of Golden Predator Royalty and Development Corp. in settlement of this provision.

Platte River is required to incur minimum exploration expenditures of US\$100,000 by October 11, 2008 (incurred) and an additional US\$200,000 by April 11, 2009 (incurred). Further, the Company will maintain NSR royalties on the Chert Cliff Property that vary between 2% - 3% depending on the claim. The Company has a \$nil carrying value for this property as the option payments it has received to date exceed the previously capitalized expenditures on the property.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

7. Mineral Properties (continued)

Del Oro Property

On July 18, 2007, as amended November 13, 2008, the Company entered into an agreement with Ventura Gold Corp. ("Ventura"), which allows Ventura to earn an option to acquire an initial 51% interest in the Del Oro Property by paying US\$70,000 (US\$50,000 paid via issuance of 125,418 common shares of Ventura and the balance in cash) to Columbus Gold and by incurring US\$2 million in exploration expenditures within a five year period, including US\$200,000 by December 31, 2009. Subsequent to the end of the period, the Company entered into an extension agreement with International Minerals Ltd., the successor company of Ventura Gold Corp., wherein the Company agreed to extend the period for completion of the mandatory \$200,000 to June 30, 2011 in exchange for a US\$20,000 bonus payment and the immediate payment of US\$40,000 to the Company in lieu of exploration expenditures on the property.

Four Metals Property

On July 28, 2009, the Company entered into two option agreements with White Cloud Resources LLC ("White Cloud") wherein White Cloud can earn a 100% interest in the property. The aggregate payments required under the agreements are as follows:

Date	Amount (US)
On Execution of the Agreement	\$20,000 (paid)
By the July 28, 2010	30,000 (paid)
By the July 28, 2011 *	50,000
By the July 28, 2012	70,000
By the July 28, 2013	80,000
By the July 28, 2014	\$85,000

* White Cloud is required to issue common shares equivalent to 1.5% of its issued and outstanding shares at July 28, 2011.

The Company has a \$nil carrying value for this property as the option payments it has received to date exceed the previously capitalized expenditures on the property.

Overland Pass / Linka / Pete's Summit / Guild Properties

The Company entered into joint venture option agreements on October 3, 2006 with Sniper Resources Ltd. ("Sniper") on the Guild, Overland Pass, Linka and Pete's Summit properties in Nevada. The agreements were subsequently amended as follows:

Guild

Sniper can earn a 51% interest by paying the Company US\$17,500 (paid) in cash, US\$32,500 (paid) in cash by April 30, 2007, issuing 233,500 common shares of Sniper (received) and by incurring US\$2,000,000 in exploration expenditures by October 3, 2012, including US\$200,000 of mandatory expenditures by October 3, 2010.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

7. Mineral Properties (continued)

Overland Pass

Sniper can earn a 51% interest by paying the Company US\$12,500 (paid) in cash, US\$37,500 (paid) in cash by April 30, 2007, issuing 183,500 common shares of Sniper (received) and by incurring US\$2,000,000 in exploration expenditures by October 3, 2012, including US\$200,000 of mandatory expenditures by October 3, 2010 (incurred).

Linka and Pete's Summit

Sniper had the option to earn a 51% interest in both the Linka and Pete's Summit properties by paying the Company US\$17,500 (paid) in cash, US\$32,500 (paid) in cash by April 30, 2007, issuing 83,500 common shares of Sniper (received) and by incurring US\$2,000,000 in exploration expenditures by October 3, 2012, including US\$200,000 of mandatory expenditures by October 3, 2009. During the year, Sniper terminated the option agreement. During the period, the Company received 332,337 common shares of Sniper in settlement of US\$76,498 in mandatory property expenditures. In addition, the Company has abandoned the Linka property.

Summit Property

Effective June 1, 2007, the Company entered into an agreement with Agnico-Eagle (USA) Limited ("Agnico") which will allow Agnico to earn a 51% interest in the Summit Property by incurring exploration expenditures of US\$3 million over 5 years, with minimum expenditures of US\$500,000 in the first two years. Agnico will make cash payments totaling US\$150,000 over 3 years (US\$100,000 paid). Agnico can increase its ownership interest to 70% by completing a feasibility study. Agnico will be the operator during the earn-in phase of the agreement and upon formalization of a joint venture.

Other Properties

The Company has additional exploration properties in Nevada including Eastside, Weepah, Robison Mountain, Stevens Basin, White Canyon (which is being leased to Allied Nevada Gold Corp.), Scraper, Bolo, Winnemucca Mountain, White Horse Flats, White Horse North, Red Hills, Laura and Clara Moro.

Impairment of Mineral Properties

At September 30, 2009, management reviewed the carrying values of its mineral property interests. Indications of impairment were identified on certain properties due to the fact that the Company had no immediate plans to conduct further exploration activities or the property was abandoned. Impairment charges totaling \$1,321,155 were recorded based on the proportionate reduction in the number of claims abandoned.

During the current period, the Company abandoned the Awakenings and the Keg properties. Accordingly, impairment charges totaling \$318,009 were recorded.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

8. Share Capital

(a) Common Shares

Authorized - Unlimited common shares without par value.

	Number of Shares	Amount	Contributed Surplus
Balance, as at September 30, 2008	22,962,924	\$ 11,529,910	\$ 2,343,196
Private placement at \$0.20 per unit ¹	3,305,500	516,839	140,593
Property acquisitions	25,000	4,750	-
Stock-based compensation	-	-	176,727
Balance, as at September 30, 2009	26,293,424	12,051,499	2,660,516
Property acquisition	110,344	31,448	-
Private placement at \$0.20 per unit ²	4,362,500	657,296	269,204
Share issuance costs	-	(65,810)	(2,114)
Share subscriptions ³	-	981,650	-
Stock-based compensation	-	-	286,095
Balance, as at June 30, 2010	31,036,268	\$ 13,656,083	\$ 3,213,701

¹ On January 28, 2009, the Company completed a non-brokered private placement of 3,305,500 units at \$0.20 per unit for gross proceeds of \$661,100. Each unit consisted of a common share and a share purchase warrant entitling the holder to acquire an additional common share at \$0.30 for a period of 18 months from closing. Share issuance costs of \$3,668 were incurred.

² On May 21, 2010, the Company completed the first tranche of a non-brokered private placement of 4,632,500 units at \$0.20 per unit for gross proceeds of \$926,500. Each unit consisted of a common share and a share purchase warrant entitling the holder to acquire an additional common share at \$0.30 for a period of 18 months from closing. Share issuance costs of \$92,763 were incurred.

³ On July 10, 2010, the Company completed a non-brokered private placement of 5,103,250 units at \$0.20 per unit for gross proceeds of \$1,020,650. Each unit consisted of a common share and a share purchase warrant entitling the holder to acquire an additional common share at \$0.30 for a period of 18 months from closing. Share issuance costs of \$132,027 were incurred. At June 30, 2010 at total of \$981,650 in share subscriptions had been received.

(b) Stock Options

The Company has established a share purchase option plan whereby the Board of Directors, may from time to time, grant options to directors, officers, employees or consultants to a maximum of 20% of the issued and outstanding share capital amount. Options granted must vest over 18 months and be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

8. Share Capital (continued)

A summary of stock options outstanding as at June 30, 2010 is set out below:

Number of Options	Exercise Price	Expiry Date
1,205,000	\$0.85	May 24, 2011
90,000	\$1.40	December 20, 2011
35,000	\$1.68	February 15, 2012
30,000	\$1.25	April 3, 2012
70,000	\$1.50	May 2, 2012
60,000	\$1.25	October 31, 2012
90,000	\$1.25	November 29, 2012
83,000	\$0.85	March 12, 2013
1,595,000	\$0.50	August 15, 2013
200,000	\$0.25	May 28, 2014
1,725,000	\$0.25	January 28, 2015
5,183,000		

A summary of the changes in the Company's stock options is set out below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Time To Expiry	Weighted Average Grant Date Fair Value
Balance – Sept. 30, 2009	4,090,500	\$0.70	3.01 yrs	\$0.36
Granted during the period	1,725,000	0.25	5.00	0.15
Cancelled during the period	(632,500)	-	-	-
Balance – June 30, 2010	5,183,000	\$0.56	3.03 yrs	\$0.30

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Time To Expiry	Weighted Average Grant Date Fair Value
Balance – Sept. 30, 2008	4,538,000	\$0.72	3.88 yrs	\$0.36
Granted during the period	200,000	0.25	5.00	0.25
Cancelled during the period	(647,500)	-	-	-
Balance – Sept. 30, 2009	4,090,500	\$0.70	3.01 yrs	\$0.36

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

8. Share Capital (continued)

(b) Stock Options (continued)

On January 28, 2010, the Company granted a total of 1,725,000 incentive stock options to Director, Officer and consultants at an exercise price of \$0.25 per share and a term of 5 years. The options were assigned a fair value of \$265,414 on the date of grant and were expensed during the period.

On May 28, 2009, the Company granted a total of 200,000 incentive stock options to a Director at an exercise price of \$0.25 per share and a term of 5 years. The options were assigned a fair value of \$21,653 on the date of grant. The options vest over a period of eighteen months.

The estimated fair value of the stock options granted in 2010 and 2009 was determined using a Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	Nil
Expected price volatility	75% - 101%
Risk free interest rate	2.24% - 2.70%
Expected life of options	5 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

(c) Warrants

A summary of share purchase warrants outstanding as at June 30, 2010 is set out below:

Number of Warrants	Exercise Price	Expiry Date
3,305,500	\$0.30	July 28, 2010
4,632,500	\$0.30	November 21, 2011
303,237 *	\$0.30	November 21, 2011

* Indicates Agent's warrants.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

Share Capital (continued)

(c) Warrants (continued)

A summary of the changes in the Company's share purchase warrants is set out below:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Time To Expiry	Weighted Average Grant Date Fair Value
Balance – Sept. 30, 2009	3,305,500	\$0.30	0.33 yrs	\$0.04
Granted during the period	4,935,737	0.30	1.50	0.08
Balance – June 30, 2010	8,241,237	\$0.56	0.87 yrs	\$0.07

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Time To Expiry	Weighted Average Grant Date Fair Value
Balance – Sept. 30, 2008	800,000	\$0.40	0.95 yrs	\$0.19
Issued during the period	3,305,500	0.30	1.50	0.04
Expired during the period	(800,000)	-	-	-
Balance – Sept. 30, 2009	3,305,500	\$0.30	0.33 yrs	\$0.04

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

9. Supplemental Cash Flow Information

	June 30, 2010	September 30, 2009
Cash and cash equivalents consisted of:		
Cash	\$1,585,982	\$196,535
Term deposits	-	100,000
	\$1,585,982	\$296,535

The only significant non-cash investing or financing activity during the period was the Company capitalizing \$69,238 (2009 - \$41,428) of stock-based compensation costs into mineral properties for stock options granted to consultants of Cordex and \$39,448 for 110,344 common shares issued under the Golden Mile agreement.

	2010	2009
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

10. Commitments

In September 2007, as amended in October 2008, the Company, through its subsidiary, entered into a new operations agreement with Cordex, a company that shares an officer in common with Columbus Gold (U.S.), to design, initiate and carry out mineral exploration and development activities on behalf of the Company with the objective of identifying, acquiring and exploring new mineral properties and operating exploration programs on the Company's existing portfolio of mineral properties.

The agreement with Columbus Gold (U.S.) expires on December 31, 2010, but it contains an option to extend, under certain conditions, for up to an additional two years. Columbus Gold (U.S.) provides Cordex with general operating capital, exclusive of third party contractor expenses, of up to US\$22,000 per month which includes a monthly management fee to Cordex of US\$6,250.

Further, Cordex is entitled to receive a 2% NSR on any claims that it stakes on behalf of the Company. If claims or mineral rights are identified by Cordex and acquired from third parties, then the Cordex NSR shall be the difference between a 4% NSR and the third party royalty provided, however, it shall be no less than 1% nor greater than 2%. All properties acquired by the Company within two miles of a claim generated by Cordex will fall under an area of influence and become subject to the agreement.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

12. Related Party Transactions

The following related party transactions occurred during the period ended March 31, 2010:

	Corp Admin Fees	Consulting fees	Management fees	Director fees
Don Gustafson (Director)	-	-	-	9,000
Perennial Capital Corp. ⁽²⁾ (Company with an officer in common)	-	-	45,000	9,000
Gil Atzmon (Director)	-	-	-	9,000
Peter Gianulis (Director)	-	-	-	9,000
Cordilleran Exploration Co. ("Cordex") ⁽³⁾ (Company with an officer in common)	-	62,551	-	-
HRG Management Ltd. ⁽⁴⁾ (Company with 2 former directors in common)	8,927	-	-	-
Balance at June 30, 2010	\$ 8,927	\$ 62,551	\$ 45,000	\$ 36,000

The following related party transactions occurred during the period ended June 30, 2009:

	Corp Admin fees	Consulting fees	Management fees	Director fees
Hamilton Capital Partners Ltd. ⁽¹⁾ (Company with a former director in common)	\$ -	\$ 29,000	\$ -	\$ 18,000
Perennial Capital Corp. (Company with an officer in common)	-	-	90,000	18,000
Gil Atzmon (Director)	-	-	-	18,000
Don Gustafson (Director)	-	-	-	18,000
Cordilleran Exploration Co. ("Cordex") (Company with an officer in common)	-	163,094	-	-
HRG Management Ltd. (Company with 2 directors in common)	229,993	-	-	-
Balance at June 30, 2009	\$ 229,993	\$ 192,094	\$ 90,000	\$ 72,000

1. Ken Judge is a director of Hamilton Capital Partners Ltd.
2. Robert Giustra is the president of Perennial Capital Corp.
3. Consulting fees paid to Cordilleran Exploration Co. are capitalized into mineral properties.
4. Robert Giustra and Ken Judge were both directors of HRG Management Ltd.

(Note: the prior year figures are consolidated figures which include the results of Columbus Silver.)

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

12. Related Party Transactions (continued)

At June 30, 2010, a total of \$247,188 (September 30, 2009 - \$64,393) was owing from Cordex, a company with an officer in common with Columbus Gold (U.S.) Corp., for exploration expenditures on the Company's mineral properties.

At June 30, 2010, a total of \$34,500 (September 30, 2009 - \$19,500) was owing to directors of the Company for director fees.

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.

Refer to note 3.

13. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company's investment policy is to invest its cash in low risk highly liquid short-term interest bearing investments, selected with regards to the expected timing of upcoming expenditures.

The Company expects that its current capital resources in conjunction with the second tranche financing completed in July 2010 will be sufficient to carry its exploration and development plans and operations through its current operating period.

The Company is not exposed to any externally imposed capital requirements, and there have been no changes to its capital management in the period.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

14. Financial Instruments

(a) Fair Values

The following provides a comparison of carrying and fair values of each classification of financial instrument as at June 30, 2010:

	Loans and receivables	Available for sale	Held for trading	Other financial liabilities
Financial assets				
Cash and cash equivalents	\$ -	\$ -	\$ 1,585,982	\$ -
Prepays and receivables	47,114	-	-	-
Available-for-sale investments	-	83,086	-	-
Reclamation bonds	36,493	-	-	-
Advances to related parties	1,604,203	-	-	-
Financial liabilities				
Accounts payable and accrued liabilities	-	-	-	54,284
Due to related parties	-	-	-	34,500

The following provides a comparison of carrying and fair values of each classification of financial instrument as at September 30, 2009:

	Loans and receivables	Available for sale	Held for trading	Other financial liabilities
Financial assets				
Cash and cash equivalents	\$ -	\$ -	\$ 126,546	\$ -
Term deposits	-	-	100,000	-
Prepays and receivables	370,995	-	-	-
Available-for-sale investments	-	85,828	-	-
Reclamation bonds	36,892	-	-	-
Advances to related parties	1,054,034	-	-	-
Financial liabilities				
Accounts payable and accrued liabilities	-	-	-	44,179
Due to related parties	-	-	-	26,717

(b) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at June 30, 2010, the Company had a cash balance of \$1,585,982 (September 30, 2009 - \$296,535) to settle current liabilities of \$88,784 (September 30, 2009 - \$70,896). The Company expects that its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period.

Columbus Gold Corporation

(An Exploration Stage Company)

Notes to the Interim Consolidated Financial Statements

For the Nine Month Period Ended June 30, 2010

14. Financial Instruments (continued)

(c) Credit and Interest Rate Risk

The Company has cash balances and interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company has interest bearing debt at a fixed rate and therefore the Company is not exposed to interest rate risk on its debts.

The Company has receivables consisting of goods and services tax due from the Federal Government of Canada and payments due from a property optionee. Management believes that the credit risk concentration with respect to receivables is minimal.

(d) Market Risks

Foreign Currency Risk

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the Company's operations are located in the United States of America. The Company also has liabilities denoted in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

Commodity Price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Investment risk

The Company hold investments in common shares of publicly traded companies which give rise to market risk and share price variance. The Company monitors the trading of these companies in order to minimize this risk.

15. Subsequent Events

Subsequent to the end of the period, the Company completed the second tranche of a private placement for aggregate proceeds \$1,020,650 through the issuance of units at \$0.20 per unit. Each unit will consist of a common share and a share purchase warrant exercisable for a period of 18 months from the date of closing, with an exercise price of \$0.30 per share for the first 12 months and increasing to \$0.35 for the final 6 months of the exercise period. At June 30, 2010, a total of \$981,650 of the subscriptions had been received.