



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

October 31, 2012

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Colombian Mines Corporation for the six months ended October 31, 2012 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These financial statements have not been reviewed by the Company's external auditors.

COLOMBIAN MINES CORPORATION**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	October 31, 2012	April 30, 2012
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 1,782,527	\$ 1,020,514
Receivables	280,532	261,102
Prepaid expenses	71,550	146,904
	2,134,609	1,428,520
Investments (Note 4)	64,569	114,611
Land and equipment (Note 5)	92,083	123,279
Mineral properties (Note 6)	1,421,681	1,768,568
TOTAL ASSETS	\$ 3,712,942	\$ 3,434,978
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 11)	\$ 231,123	\$ 320,825
Income tax payable	37,834	37,834
	268,957	358,659
Non-current		
Accrued liabilities	51,599	104,081
EQUITY		
Share capital (Note 8)	15,753,310	14,359,597
Warrant reserve	5,093,852	4,988,949
Share based payment reserve	2,399,969	2,320,430
Investment revaluation reserve	-	(64,463)
Deficit	(19,854,745)	(18,632,275)
TOTAL EQUITY	3,392,386	2,972,238
TOTAL LIABILITIES AND EQUITY	\$ 3,712,942	\$ 3,434,978

Nature and continuance of operations (Note 1)**Approved on behalf of the Board of Directors on December 18, 2012:**

Signed: "Robert G. Carrington"

Director

Signed: "Donn Burchill"

Director

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

COLOMBIAN MINES CORPORATION**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Three months ended October 31		Six months ended October 31	
	2012	2011	2012	2011
EXPLORATION EXPENDITURES (Note 7)	\$ 221,496	\$ 706,302	\$ 701,373	\$ 1,705,294
ADMINISTRATIVE EXPENSES				
Administration and office costs	74,712	88,053	155,214	161,317
Depreciation	514	514	1,028	1,028
Investor relations and shareholder information	42,752	169,510	129,383	220,072
Professional fees	2,686	37,852	29,180	53,091
Share-based compensation (Note 8 (d))	17,105	466,842	79,539	497,735
Transfer agent and filing fees	12,836	10,093	17,469	12,693
Travel	-	1,027	-	2,459
	150,605	773,891	411,813	948,395
Loss before other income (expense)	(372,101)	(1,480,193)	(1,113,186)	(2,653,689)
OTHER INCOME (EXPENSE)				
Change in fair value of FVTPL investments	(5,337)	(6,832)	(9,493)	(12,352)
Foreign exchange (loss) gain	(3,418)	(31,887)	(10,196)	(39,778)
Interest income and other income	12,243	11,944	15,417	27,010
Impairment loss on AFS investments	(61,250)	-	(105,012)	-
	(57,762)	(26,775)	(109,284)	(25,120)
Net loss for the period	\$ (429,863)	\$ (1,506,968)	\$ (1,222,470)	\$ (2,678,809)
OTHER COMPREHENSIVE LOSS				
Net loss for the period	(429,863)	(1,506,968)	(1,222,470)	(2,678,809)
Change in fair value of investments (Note 4)	(26,250)	(26,889)	(40,549)	(35,180)
Transfer of permanent impairment of investments to net loss	61,250	-	105,012	-
Comprehensive (loss)	\$ (394,863)	\$ (1,533,857)	\$ (1,158,007)	\$ (2,713,989)
Basic and diluted loss per share	\$ (0.01)	\$ (0.05)	\$ (0.04)	\$ (0.08)
Weighted average number of common shares				
Outstanding, basic and diluted	35,441,761	32,591,761	34,187,141	32,591,761

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

COLOMBIAN MINES CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Six months ended October 31	
	2012	2011
CASH FLOWS FROM (TO)		
OPERATIONS		
Net loss for the period	\$(1,222,470)	\$(2,678,809)
Items not affecting cash:		
Depreciation	1,028	1,028
Depreciation included in exploration expense	31,592	78,394
De-recognition of equipment	-	1,054
Change in fair value of investments	9,493	12,352
Change in impairment loss on investments	105,012	-
Share-based compensation	79,539	497,735
Changes in non-cash working capital items:		
Receivables	(19,430)	(9,325)
Prepaid expenses	75,354	(73,991)
Accounts payable and accrued liabilities	(142,184)	(68,330)
	(1,082,066)	(2,239,892)
INVESTING		
Mineral properties	(29,769)	(406,425)
Mineral properties – recovery (Note 6)	376,656	-
Purchase of equipment	(1,424)	(61,139)
	345,463	(467,564)
FINANCING		
Shares issued for cash	1,510,500	-
Shares issue costs	(11,884)	-
	1,498,616	-
Change in cash and cash equivalents during the period	762,013	(2,707,456)
Cash and cash equivalents at beginning of period	1,020,514	5,487,374
Cash and cash equivalents at end of period	\$ 1,782,527	\$2,779,918
Supplementary cash flow information		
Interest received	\$ 15,417	\$ 13,368

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

COLOMBIAN MINES CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

SIX MONTHS ENDED OCTOBER 31, 2012 and 2011

	<u>Share</u> <u>Number of</u> <u>shares</u>	<u>Capital</u> <u>Amount</u> <u>\$</u>	<u>Warrant</u> <u>Reserve</u> <u>\$</u>	<u>Share Based</u> <u>Payment</u> <u>Reserve</u> <u>\$</u>	<u>Investment</u> <u>Revaluation</u> <u>Reserve</u> <u>\$</u>	<u>Deficit</u> <u>\$</u>	<u>Total</u> <u>\$</u>
Balance at April 30, 2011	32,591,761	14,359,597	4,988,949	1,697,661	(18,888)	(14,123,807)	6,903,512
Share based compensation	-	-	-	497,735	-	-	497,735
Change in fair value of investments	-	-	-	-	(35,180)	-	(35,180)
Loss for the period	-	-	-	-	-	(2,678,809)	(2,678,809)
Balance October 31, 2011	<u>32,591,761</u>	<u>14,359,597</u>	<u>4,988,949</u>	<u>2,195,396</u>	<u>(54,068)</u>	<u>(16,802,616)</u>	<u>4,687,258</u>
Balance at April 30, 2012	32,591,761	14,359,597	4,988,949	2,320,430	(64,463)	(18,632,275)	2,972,238
Share issued for cash	2,850,000	1,404,765	105,735	-	-	-	1,510,500
Share issued costs	-	(11,052)	(832)	-	-	-	(11,884)
Share based compensation	-	-	-	79,539	-	-	79,539
Change in fair value of investments	-	-	-	-	64,463	-	64,463
Loss for the period	-	-	-	-	-	(1,222,470)	(1,222,470)
Balance October 31, 2012	<u>35,441,761</u>	<u>15,753,310</u>	<u>5,093,852</u>	<u>2,399,969</u>	<u>-</u>	<u>(19,854,745)</u>	<u>3,392,386</u>

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

COLOMBIAN MINES CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

1. NATURE AND CONTINUANCE OF OPERATIONS

Colombian Mines Corporation (the “Company” or “Colombian”) was incorporated under the *Business Corporation Act (B.C.)* on May 16, 2006. The Company acquired all of the outstanding shares of Corporacion Minera de Colombia S.A. (“Minera Colombia”) on September 16, 2006 by way of a share exchange agreement. The condensed consolidated interim financial statements of Colombian as at and for the six months ended October 31, 2012 comprise the Company and its subsidiaries. Colombian is the ultimate parent of the consolidated group.

The Company has mineral properties which are located in an emerging country and, consequently, may be subject to a higher level of risk compared to developed countries. Operations, the status and title of mineral property rights and the recoverability of amounts shown for mineral properties in emerging nations can be affected by changing economic, regulatory and political situations. The Company is in the process of exploring its mineral properties and has not yet determined whether they contain reserves that are economically recoverable. These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At October 31, 2012, the Company had not yet achieved profitable operations, had accumulated losses of \$19,854,745 and is expected to incur further losses in the development of its business, all of which raises doubt about its ability to continue as a going concern. The Company will have to raise additional financing in order to conduct its planned work programs on mineral properties and meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While Colombian has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Adoption of International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The accounting policies followed in these interim financial statements are the same as those applied in the Company’s annual financial statements for the year ended April 30, 2012. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of December 18, 2012 the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company’s audited annual consolidated financial statements for the year ending April 30, 2013, could result in restatement of these condensed consolidated interim financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended April 30, 2012.

COLOMBIAN MINES CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

3. CASH AND CASH EQUIVALENTS

	October 31, 2012	April 30, 2012
Cash	\$ 392,485	\$ 255,652
Short-term bank deposits	1,390,042	764,862
	\$ 1,782,527	\$ 1,020,514

4. INVESTMENTS

	October 31, 2012	April 30, 2012
Available for sale investments	\$ 56,097	\$ 96,646
Fair value through profit and loss	8,472	17,965
	\$ 64,569	\$ 114,611

During the six months ended October 31, 2012 the Company recorded a permanent impairment on its investments in Arcturus Ventures Inc. and Colombia Crest Gold Corp. in the amount of \$43,762 and \$61,250 respectively. The total of \$105,012 was recognized in net loss with the offsetting amount credited to investment valuation reserve.

5. LAND AND EQUIPMENT

	Office	Vehicles	Field Equipment	Land	Total
Cost					
As at April 30, 2012	\$ 138,864	\$ 176,896	\$ 186,548	\$ 55,854	\$ 558,162
Additions	961	-	463	-	1,424
Write-off	(222)	-	-	-	(222)
As at October 31, 2012	139,603	176,896	187,011	55,854	559,364
Accumulated depreciation					
As at April 30, 2012	107,043	176,896	150,944	-	434,883
Additions	11,604	-	21,016	-	32,620
Write-off	(222)	-	-	-	(222)
As at October 31, 2012	118,425	176,896	171,960	-	467,281
Net book value					
As at April 30, 2012	31,821	-	35,604	55,854	123,279
As at October 31, 2012	\$ 21,178	\$ -	\$ 15,051	\$ 55,854	\$ 92,083

COLOMBIAN MINES CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

6. MINERAL PROPERTIES

	April 30, 2012	Additions	Reductions	October 31, 2012
Yarumalito	\$ 1,686,534	-	(376,656)	\$ 1,309,878
Gachala	82,034	29,769	-	111,803
	\$ 1,768,568	29,769	(376,656)	\$ 1,421,681

The Company, through its subsidiary, Minera Colombia has acquired the Yarumalito property and has an option agreement to acquire a 100% interest in the Gachala property. Option payments for these properties have been capitalized to mineral properties. In the quarter ended October 31, 2012 Colombian made its scheduled option payment of US\$30,000 for the Gachala property and this amount was capitalized to mineral properties. During the same quarter Colombian received an option payment of US\$380,000 with respect to the Yarumalito option agreement which was credited against capitalized mineral property costs.

Yarumalito

On July 18, 2012 the Company entered into an option agreement with Teck Resources Limited (“Teck”) whereby Teck’s local Colombian subsidiary (“TLS”) whereby TLS could earn up to a 70% Joint Venture Interest in the Yarumalito project by spending not less than \$10 million on exploration and making cash payments and private placements. Colombian Mines will remain manager of the Project during the initial earn-in phase through its wholly owned Colombian subsidiary Corporacion Minera de Colombia (“CMC”) and will receive a management fee equal to 10% of all exploration expenditures.

Gachala

Colombian entered into an option agreement to acquire a 100% interest in the Gachala property located in the jurisdiction of the municipalities of Gachala and Ubala. The following payments must be made in order to maintain the option in good standing and complete the acquisition.

Date	U.S. Dollars	Canadian equivalent outstanding at October 31, 2012
August 4, 2013	\$ 35,000	\$ 35,021
August 4, 2014 – 2026 (US\$50,000/yr.)	650,000	650,390
August 4, 2027	5,000	5,003
	\$ 690,000	\$ 690,414

COLOMBIAN MINES CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

7. EXPLORATION EXPENSES

Exploration expenditures incurred during the six months ended October 31, 2012 were as follows:

2012	Yarumalito	Anori	El Dovio	Gachala	Other	Total
Administration	\$ 137,006	\$ 21,674	\$ 61,257	31,688	\$ 42,945	\$ 294,570
Assaying	10,700	19	885	1,929	3,163	16,696
Consultants	59,942	8	44,461	27,375	33,106	164,892
Field costs	35,399	57,512	33,507	6,501	10,820	143,739
Salaries	56,270	50	64,391	11,511	18,162	150,384
Taxes	25,103	-	184	500	256	26,043
Travel	2,578	7	6,972	2,857	3,528	15,942
Vehicle costs	4,075	4	1,332	870	1,770	8,051
	\$ 331,073	\$ 79,274	\$ 212,989	\$ 83,231	\$ 113,750	\$ 820,317
Exploration Cost Recovery	(118,944)	-	-	-	-	(118,944)
	\$ 212,129	\$ 79,274	\$ 212,989	\$ 83,231	\$ 113,750	\$ 701,373

COLOMBIAN MINES CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

7. EXPLORATION EXPENSES (continued)

Exploration expenditures incurred during the six months ended October 31, 2011 were as follows:

2011	Yarumalito	Anori	El Dovio	Gachala	Other	Total
Administration	\$ 261,775	\$ 2,774	\$ 140,080	\$ 21,863	\$ 45,799	\$ 472,291
Assaying	73,083	-	32,790	6,130	(135)	111,868
Consultants	93,370	6,345	122,105	19,032	7,329	248,181
Drilling	457,272	-	-	-	-	457,272
Field costs	55,965	676	130,427	3,050	11,885	202,003
Salaries	70,078	9	65,999	36	23,295	159,417
Taxes	11,206	-	11,010	1,355	1,025	24,596
Travel	4,619	182	23,608	-	2,239	30,648
Vehicle costs	5,995	10	4,972	28	2,355	13,360
Geophysics	5,000	-	-	-	-	5,000
	1,038,363	9,996	530,991	51,494	93,792	1,724,636
Exploration Cost Recovery	-	-	-	-	(19,342)	(19,342)
	\$ 1,038,363	\$ 9,996	\$ 530,991	\$ 51,494	\$ 74,450	\$ 1,705,294

COLOMBIAN MINES CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

8. EQUITY

(a) Share capital

Authorized share capital consists of an unlimited number of common shares without par value.

(b) Private Placement

On July 20, 2012 the Company completed a private placement with Teck, whereby Teck subscribed for a total of 2,850,000 units at a price equal to \$0.53 per unit for gross proceeds of \$1,510,500. Each unit consisted of one common share and one-half of a common share purchase warrant. Each full warrant may be exercised at a price equal to \$0.90 per warrant from July 20, 2012 until July 20, 2013 and at a price of \$1.15 per warrant from July 21, 2013 until July 20, 2014.

The values allocated to the common shares and the warrants were based on their relative fair values on the completion date. On July 20, 2012 the closing price for Colombian's shares was \$0.32 and the fair value of one whole share purchase warrant was \$0.04. The fair value of the share purchase warrants was determined using a Black-Scholes option pricing model using the following assumptions: a stock price of \$0.32, a life of 2 years, a risk-free interest rate of 0.97%, a dividend yield of 0% and a volatility of 75%. As a result, \$1,404,765 of the gross proceeds were allocated to share capital and the balance of \$105,735 was allocated to warrant reserve. Issue costs of \$11,884 were incurred to complete the private placement, with \$11,052 being allocated to share issue costs and \$832 was allocated to warrant reserve.

(c) Share options

The continuity of share purchase options for the six months ended October 31, 2012 is as follows:

	October 31, 2012	
	Number of stock options	Weighted average exercise price (\$/option)
Outstanding, beginning of period	3,167,500	0.65
Granted	75,000	0.35
Expired	(395,000)	0.69
Outstanding, end of period	2,847,500	0.64

COLOMBIAN MINES CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

8. EQUITY (continued)

The following table summarizes information about share options outstanding and exercisable at October 31, 2012:

Exercise prices (\$)	Stock options outstanding		Stock options exercisable	
	Number	Weighted average remaining life (years)	Number	Weighted average exercise price (\$/option)
0.35 – 0.69	2,181,500	1.63	1,976,500	0.53
0.88 – 1.21	666,000	0.57	666,000	1.01
	2,847,500	1.40	2,642,500	0.66

(d) Share-Based Payments

On July 3, 2012 Colombian granted 75,000 share purchase options with an exercise price of \$0.35 per option to a director of the Company. The options were fully vested on the grant date. The option grant was valued using a Black-Scholes option pricing model with the following inputs: a share price of \$0.30, a three year life, a risk-free interest rate of 1.05%, a dividend yield of 0%, and a volatility of 110%. The grant date fair value was \$0.19 per option and the Company recorded total share-based compensation of \$14,370 for those options. The Company recorded total share-based compensation of \$79,539 for the six months ended October 31, 2012 with the offsetting amount credited to share-based payment reserve.

(e) Warrants

The continuity of share purchase warrants for the six months ended October 31, 2012 is as follows:

Expiry Date	Exercise Price	Balance, April 30 2012	Issued	Exercised	Expired / Cancelled	Balance, October 31 2012
December 22, 2012	\$0.90	4,100,000	-	-	-	4,100,000
March 2, 2013	1.15	4,855,000	-	-	-	4,855,000
March 2, 2013	0.70	627,900	-	-	-	627,900
July 20, 2014	0.90	-	1,425,000	-	-	1,425,000
Total		9,582,900	1,425,000	-	-	11,007,900
Weighted average						
Exercise price		\$ 1.14	\$ 0.90	-	-	\$ 1.00

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FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

10. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being exploration and development of mineral properties.

11. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

For the six months ended October 31, 2012	Salary or Fees	Share-Based Payment	Total
Management Compensation	\$ 127,623	\$ -	\$ 127,623
Directors' Compensation	-	14,370	14,370
Seabord Services Corp. (two officers in common)	83,400	-	83,400
	211,023	14,370	225,393

For the six months ended October 31, 2011	Salary or Fees	Share-Based Payment	Total
Management Compensation	\$ 171,413	\$ 189,700	\$ 361,113
Directors' Compensation	-	66,953	66,953
Seabord Services Corp	75,000	-	75,000
	246,413	256,653	503,066

Related party assets and liabilities	Service or item	October 31, 2012	April 30, 2012
Amounts due from:			
Seabord Services Corp.	Deposit	\$ 10,000	\$ 10,000
Amounts due to:			
Management	Management fees and expenses	44,042	51,698
Seabord Services Corp.	Management fees and expenses	38	-

Seabord Services Corp., ("Seabord") is a management services company that provides a chief financial officer, a corporate secretary, accounting staff, administration staff and office space to Colombian Mines. Related party transactions are measured at the exchange amount which is the amount agreed to by related parties.

COLOMBIAN MINES CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

12. FINANCIAL AND CAPITAL RISK MANAGEMENT**a) Financial Risk Management**

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

Foreign currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Colombia. The Company funds cash calls to its subsidiary company outside of Canada in US dollars and a portion of its expenditures are also incurred in Colombian pesos. The greatest risk is the exchange rate of the Canadian dollar relative to the Colombian peso and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. At October 31, 2012 and 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in Colombian pesos:

	October 31, 2012	October 31, 2011
Cash and cash equivalents	446,434,700	799,366,400
Receivables	499,271,000	5,773,800
Accounts payable and accrued liabilities	(255,295,100)	(277,007,600)
Net exposure	690,410,600	528,132,600
Canadian dollar equivalent	\$ 378,448	\$ 278,957

Based on the above net exposures as at October 31, 2012 and assuming that all other variables remain constant, a 10% change in the value of the Canadian dollars against the above foreign currency would result in an increase / decrease of approximately \$37,800 (2011 - \$27,900) to loss from operations.

Credit Risk

The Company's cash and cash equivalents are mainly held through large Canadian financial institutions and at October 31, 2012 are mainly held in short term deposits and accordingly, credit risk is minimized.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital resources as outlined in note 12 (b).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held mainly in short term deposits and therefore there is currently minimal interest rate risk.

b) MANAGEMENT OF CAPITAL

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. Colombian relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures

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(Unaudited – Prepared by Management)

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12. FINANCIAL AND CAPITAL RISK MANAGEMENT

and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. The Company will have to raise additional financing to cover its exploration and administrative costs for the next twelve months.

13. FINANCIAL INSTRUMENTS

The Company has classified its financial assets as follows:

October 31, 2012					
Financial assets	FVTPL	Available- for-sale	Loans-and- receivables	Total	
Cash and cash equivalents	\$ -	\$ -	\$ 1,782,527	\$	1,782,527
Receivables	-	-	280,532		280,532
Investment in securities	8,472	56,097	-		64,569
	\$ 8,472	\$ 56,097	\$ 2,063,059	\$	2,127,628

April 30, 2012					
Financial assets	FVTPL	Available- for-sale	Loans-and- receivables	Total	
Cash and cash equivalents	\$ -	\$ -	\$ 1,020,514	\$	1,020,514
Receivables	-	-	261,102		261,102
Investment in securities	17,965	96,646	-		114,611
	\$ 17,965	\$ 96,646	\$ 1,281,616	\$	1,396,227

The carrying value of its financial assets approximates their fair value as at October 31, 2012 due to their short term maturity except for investments in marketable securities which are carried at fair value. The Company classifies its only financial liability, accounts payable and accrued liabilities as other financial liabilities. The total other liabilities outstanding at October 31, 2012 was \$268,957 (April 30, 2012 - \$358,659). The carrying value of its financial liabilities approximates their fair value as at October 31, 2012 due to their short term maturity except for a patrimonial tax invoked by the Colombian government based on total assets held in Colombia as at January 1, 2011.

Fair value levels for financial assets and liabilities are as follows:

October 31, 2012	Level 1	Level 2	Total
Financial assets			
Cash	\$ 1,782,527	\$ -	\$ 1,782,527
Investment in securities	56,097	8,472	64,569

COLOMBIAN MINES CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED OCTOBER 31, 2012

13. FINANCIAL INSTRUMENTS (continued)

April 30, 2012	Level 1	Level 2	Total
Financial assets			
Cash	\$ 1,020,514	\$ -	\$ 1,020,514
Investment in securities	96,646	17,965	114,611

14. EVENTS AFTER THE REPORTING DATE

In November 2012 the Company granted 687,500 incentive stock options exercisable at \$0.40 per option for a period of two years to certain directors, officers, employees and consultants of the Company.