



**CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)**

April 30, 2011

Independent Auditor's Report

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To the Shareholders of Colombian Mines Corporation

We have audited the accompanying financial statements of Colombian Mines Corporation, which comprise the consolidated balance sheets as at April 30, 2011 and 2010, and the consolidated statements of loss and other comprehensive loss, consolidated statements of deficit and accumulated other comprehensive loss and consolidated statements of cash flows for the two years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Colombian Mines Corporation as at April 30, 2011 and 2010, and the results of its operations and its cash flows for the two years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Vancouver, British Columbia
August 26, 2011

COLOMBIAN MINES CORPORATION
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
AS AT APRIL 30, 2011 AND 2010

	2011	2010
ASSETS		
Current		
Cash and cash equivalents	\$ 5,487,374	\$ 4,225,970
Receivables	30,286	27,445
Prepaid expenses	317,979	161,241
	<u>5,835,639</u>	<u>4,414,656</u>
Long Term Investment (Note 3)	143,901	-
Equipment (Note 4)	170,970	198,224
Mineral properties (Note 5)	1,469,939	561,754
	<u>\$ 7,620,449</u>	<u>\$ 5,174,634</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 433,443	\$ 244,162
Income tax payable (Note 9)	37,834	-
	<u>471,277</u>	<u>244,162</u>
Non-current		
Accrued liabilities	137,864	-
Shareholders' equity		
Capital stock (Note 8)	14,360,135	9,873,655
Contributed surplus (Note 8)	6,650,275	4,500,929
Accumulated other comprehensive loss	(18,888)	-
Deficit	(13,980,214)	(9,444,112)
	<u>7,011,308</u>	<u>4,930,472</u>
	<u>\$ 7,620,449</u>	<u>\$ 5,174,634</u>

Nature and continuance of operations (Note 1)
Subsequent Event (Note 15)

On behalf of the Board:

Signed: "Nathan A. Tewalt" Director Signed: "Richard Graham" Director

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

COLOMBIAN MINES CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
YEARS ENDED APRIL 30, 2011 AND 2010

	2011	2010
EXPLORATION EXPENDITURES (Note 6)	\$ 3,791,071	\$ 686,997
ADMINISTRATIVE EXPENSES		
Administration and office costs	295,790	220,195
Investor relations and shareholder information	235,895	130,803
Professional fees	74,872	96,176
Stock-based compensation (Note 8)	416,728	283,689
Transfer agent and filing fees	37,692	32,650
Travel	8,205	4,519
	1,069,182	768,032
Loss before other income and expense	(4,860,253)	(1,455,029)
OTHER ITEMS		
Change in fair value of derivative financial instrument	(5,213)	-
Foreign exchange gain (loss)	6,499	(42,170)
Gain on sale of equipment	-	11,545
Write-off of capitalized mineral property	-	(58,071)
Interest income	30,573	26,332
Other income (Note 7)	330,126	22,554
	361,985	(39,810)
Net loss before income tax expense	(4,498,268)	(1,494,839)
Current income tax expense (Note 9)	(37,834)	-
Net loss for the year	(4,536,102)	(1,494,839)
Other comprehensive loss		
Change in fair value of financial instruments (Note 3)	(18,888)	-
Comprehensive loss	(4,554,990)	(1,494,839)
Basic and diluted loss per common share	\$ (0.19)	\$ (0.08)
Weighted average number of common shares outstanding – basic and diluted	24,450,013	18,979,736

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

COLOMBIAN MINES CORPORATION**CONSOLIDATED STATEMENTS OF DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

YEARS ENDED APRIL 30, 2011 AND 2010

	2011	2010
Deficit, beginning of year	\$ (9,444,112)	\$ (7,949,273)
Net loss for the year	(4,536,102)	(1,494,839)
Deficit, end of year	\$ (13,980,214)	\$ (9,444,112)
Accumulated other comprehensive loss		
beginning of the year	\$ -	\$ -
Change in fair value of financial instruments	(18,888)	-
Accumulated other comprehensive loss end of year	\$ (18,888)	\$ -

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

COLOMBIAN MINES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
YEARS ENDED APRIL 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM (TO):		
OPERATIONS		
Net loss for the year	\$ (4,536,102)	\$ (1,494,839)
Items not affecting cash:	-	-
Amortization	121,251	82,597
Change in fair value of derivative financial instrument	5,213	-
Gain on sale of equipment	-	(11,545)
Other income – Long term investments (Note 3)	(168,002)	-
Write-off of capitalized mineral property	-	58,071
Stock-based compensation	416,728	283,689
Change in non-cash working capital items:		
Receivables	(2,841)	14,047
Prepaid expenses	(156,738)	(149,283)
Accounts payable and accrued liabilities	327,145	105,383
Income tax payable	37,834	-
	(3,955,512)	(1,111,880)
INVESTING		
Purchase of mineral properties	(908,185)	(68,060)
Purchase of equipment	(93,997)	(79,618)
Proceeds on disposal of equipment	-	55,193
	(1,002,182)	(92,485)
FINANCINGS		
Shares issued for cash (net of issuance costs)	6,219,098	3,931,670
	6,219,098	3,931,670
Increase in cash and cash equivalents during the year	1,261,404	2,727,305
Cash and cash equivalents at beginning of year	4,225,970	1,498,665
Cash and cash equivalents at end of year (Note 11)	\$ 5,487,374	\$ 4,225,970

Supplementary cash flow information (Note 11)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Colombian Mines Corporation (the “Company” or “Colombian”) has mineral properties which are located in Colombia, 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. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their exploration and development, confirmation of the Company’s interest in the underlying claims and leases, and from future profitable production or proceeds from the disposition of the mineral properties.

These consolidated financial statements have been prepared assuming that the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends on its ability to achieve profitable operations or to continue to raise adequate financing. There can be no assurance that this will occur and if the Company does not achieve this, the net realizable value of the Company’s assets may be materially less than the amounts recorded in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). They include the accounts of the Company and its wholly-owned subsidiaries: Corporacion Minera de Colombia S.A., 0766888 BC Ltd., Colombian Investments (BVI) Ltd., Colombian Resources (BVI) Inc. and Colombian Holdings (BVI) Ltd. All significant inter-company balances have been eliminated.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates include recoverability of mineral properties, amortization periods for equipment, stock-based compensation, fair value of warrants and valuation of long term investments, . Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term highly liquid investments with a period to maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Financial instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in the statement of loss. Financial assets classified as held-to-maturity or loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

other comprehensive income (loss) and reported in shareholders' equity. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income (loss), and there is objective evidence that the impairment is other than temporary, the cumulative loss that had been previously recognized is removed from accumulated other comprehensive income (loss) and recognized in the statement of loss even though the financial asset has not been de-recognized. Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments. The Company is required to classify its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate fair values:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments (refer to note 13). Cash and cash equivalents have been designated as "held for trading" and measured at fair value. Receivables have been designated as "loans and receivables" and have been measured at amortized cost. Long term investments are measured at market value. Accounts payable and accrued liabilities have been designated as "other liabilities" and have been measured at amortized cost. The fair value of cash and cash equivalents approximates their carrying value due to their short-term maturity or capacity for prompt liquidation. The Company's cash equivalents can be converted into cash in ninety days or less.

Equipment

Equipment is recorded at cost less accumulated amortization. The Company provides for amortization using the straight line method over three years for computer equipment, which is included in office equipment and over five years all other equipment. The Company periodically compares the carrying value of equipment to the estimated recoverable amounts, based on estimated future undiscounted cash flows, to determine whether there is an indication of impairment. Impairment would be indicated if the asset's carrying value exceeded the estimated recoverable amount, which is fair value, and the asset would be written down to fair value.

Mineral Properties and exploration expenditures

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent prices, issued for mineral properties pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be commercially feasible, exploration and development expenditures on the property are capitalized. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

A mineral property acquired under an option agreement where payments are made at the sole discretion of the Company, is capitalized at the time of payment. Property interests granted to others under an option agreement

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

where payments to be made to the Company are at the sole discretion of the optionee, are recorded as recoveries at the time of receipt.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. The amounts shown for mineral properties represent acquisition costs incurred to date, less recoveries and write-downs, and are not intended to reflect present or future values.

Stock-based compensation

The Company accounts for options granted under its stock option plan using the fair value based method of accounting. Accordingly, the fair value of the options at the date of the grant is charged to statement of loss, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital. Forfeitures of warrants and shares are accounted for when incurred.

Income taxes

Future income taxes are accounted for using the asset and liability method. Under this method, future income taxes are recognized for temporary differences between the financial statement carrying amounts and tax basis of the Company's assets and liabilities. Future income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect of a change in income tax rates on future income tax assets and liabilities is included in operations in the period in which the change is substantively enacted. The amount of future income tax assets recognized is limited, by the recording of a valuation allowance to the amount of the benefit that is more likely than not to be realized.

Loss per share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under this method, the weighted average number of shares includes the potential net issuances of common shares for "in-the-money" options and warrants, assuming the proceeds are used to repurchase common shares at the average market price during the period. The effect of potential issuances of shares under options and warrants would be anti-dilutive if a loss is reported and therefore basic and diluted loss per share are the same.

COLOMBIAN MINES CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
APRIL 30, 2011 AND 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The functional currency of the Company and its subsidiaries is the Canadian dollar. The Company's Colombian subsidiary is an integrated foreign operation and its financial statements are translated into Canadian dollar equivalents using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at the average exchange rate for the period. Exchange gains and losses are recorded in the statement of loss.

Transition to international financial reporting standards ("IFRS")

A decision of the CICA Accounting Standards Board (the "AcSB") will require the Company to report under International Financial Reporting Standards for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company will be required to restate for comparative purposes amounts reported for the year ended, April 30, 2011 and provide an opening balance sheet as at May 1, 2010 in accordance with IFRS.

3. LONG TERM INVESTMENTS

During the year ended April 30, 2011 the Company received 359,710 common shares of Arcturus Ventures Inc. and 250,000 common shares and 250,000 warrants of Colombia Crest Gold Corp. as consideration for option payments (Note 5). The non-cash consideration received totaled \$168,002.

	Cost	Fair Value April 30,2011	Statement of Loss/Other Comprehensive Income
Held for trading investments	\$ 33,143	\$ 27,930	\$ (5,213)
Available for sale investments	134,859	115,971	(18,888)
	\$ 168,002	\$ 143,901	\$ (24,101)

The common shares have been designated as available for sale investments and the warrants have been designated as held for trading.

In April 2011, the Company completed an option agreement on its Venecia property (classified with other properties in Note 5), with Colombia Crest Gold Corp. ("CCGC"). The property comprises 1,985 hectares in Antioquia, Colombia. CCGC can earn a 75% interest in Venecia over a three year period by incurring US\$2,950,000 in exploration expenditures, paying US\$505,000 in cash and by issuing 625,000 common shares and 625,000 warrants to the Company. Colombian received 250,000 common shares and 250,000 CCGC warrants upon signing the agreement and after regulatory approval. The shares were valued at \$0.35 each for a total of \$87,500. The warrants were valued using a Black-Scholes option pricing model with a warrant price of \$0.4375, a life of two years, a risk free interest rate of 1.71% and an expected volatility of 81%. As at April 30, 2011, US\$30,000 (\$30,426) of cash payments was received as scheduled. Based on these inputs the warrants were valued at \$33,143. The Company recorded total consideration from the option agreement of \$151,069 with \$18,800 recorded as a recovery against exploration expenditures on the property (Note 6) and \$132,269 as other income (Note 7).

In September 2010, the Company completed an option agreement on its Nus property with Arcturus Ventures Inc. ("Arcturus"). The Company received 259,710 common shares of Arcturus in December of 2010 in lieu of an initial cash payment of US\$27,000 and received a further 100,000 common shares of Arcturus in February 2011 following regulatory approval of the agreement. Arcturus can acquire a 90% interest in the property by issuing a further 900,000 common shares to Colombian at any time before the 60th calendar day after the Company has received an NI 43-101

COLOMBIAN MINES CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
APRIL 30, 2011 AND 2010

3. LONG TERM INVESTMENTS (continued)

compliant feasibility study indicating that the mining and production of ores on the property could be economically viable. If Arcturus acquires a 90% interest in Nus, it will have the option to purchase the remaining 10% interest. The Company recorded total consideration from the option agreement of \$47,359 with \$36,359 recorded as a recovery against exploration expenditures on the property (Note 6) and \$11,000 as other income (Note 7).

4. EQUIPMENT

	April 30, 2011			April 30, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office	\$ 131,594	\$ 76,934	\$ 54,660	\$ 78,498	\$ 44,423	\$ 34,075
Field	180,993	109,197	71,796	172,230	70,420	101,810
Vehicles	176,896	132,382	44,514	145,682	83,343	62,339
	\$ 489,483	\$ 318,513	\$ 170,970	\$ 396,410	\$ 198,186	\$ 198,224

5. MINERAL PROPERTIES

In the year ended April 30, 2011 the Company made a US\$900,000 in option payments on the Yarumalito property and a US\$20,000 option payment on the Gachala property.

In the year ended April 30, 2010, the Company, made a US\$50,000 option payment on the Yarumalito property and a US\$15,000 option payment on the Gachala property and wrote off the capitalized cost of Otu property in the amount of \$58,071.

The cumulative capitalized cost of the Company's mineral properties is as follows:

	April 30, 2011	April 30, 2010
Yarumalito	\$ 1,411,648	\$ 523,758
Gachala	58,291	37,996
	\$ 1,469,939	\$ 561,754

Yarumalito

In August 2009, Colombian renegotiated the Yarumalito agreement to revise the timing and the amounts of the remaining payments from those agreed upon in the February 2009, amendment. The Company must make a payment of US\$380,000 on or before October 15, 2011 in order to acquire a 100% interest in the Yarumalito property.

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, Colombia in consideration of a cash payment of US\$20,000. In August 2009 Colombian renegotiated the option agreement. The total purchase price was reduced from US\$1,500,000 to US\$800,000 and the amount and timing of individual option payments were amended. The following payments must be made in order to maintain the option in good standing and complete the acquisition.

COLOMBIAN MINES CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
APRIL 30, 2011 AND 2010

5. MINERAL PROPERTIES (continued)

Date	U.S. Dollars	Canadian equivalent outstanding at April 30, 2011
August 4, 2011	25,000	23,758
August 4, 2012	30,000	28,509
August 4, 2013	35,000	33,261
August 4, 2014 – 2026 (US\$50,000/yr.)	650,000	617,694
August 4, 2027	5,000	4,752
	\$ 745,000	\$ 707,974

6. EXPLORATION EXPENDITURES

The Company incurred the following exploration expenditures (including amortization of \$121,080) during the year ended April 30, 2011. The majority of the expenditures included under "Other" for 2010 were for regional exploration work done in order to make applications for additional licenses and were not incurred on properties that were licensed to Colombian. Exploration expenditures incurred at the Gachala property are also included under "Other" as they were insignificant for all periods presented.

	Yarumalito	Nus	Anori	El Dovio	Other	Total
Administration	\$ 358,967	\$ 3,053	\$ 7,767	\$ 94,111	\$ 269,464	\$ 733,362
Assaying	313,576	777	619	20,821	33,205	368,998
Consultants	199,670	339	12,258	37,909	123,659	373,835
Drilling	1,288,171	-	-	-	-	1,288,171
Field costs	160,600	24,009	23,149	148,838	128,053	484,649
Salaries	173,275	9	-	56,622	67,044	296,950
Taxes	119,654	7,105	4,007	18,203	53,531	202,500
Travel	16,386	125	-	6,301	12,045	34,857
Vehicle costs	11,314	58	-	2,970	4,457	18,799
Mapping	364	-	-	364	15,119	15,847
Geophysics	80,842	-	-	-	-	80,842
	\$ 2,722,819	\$ 35,475	\$ 47,800	\$ 386,139	\$ 706,577	\$ 3,898,810
Exploration Cost Recovery	(5,007)	(36,359)	(47,563)	-	(18,810)	(107,739)
	\$ 2,717,812	\$ (884)	\$ 237	\$ 386,139	\$ 687,767	\$ 3,791,071

COLOMBIAN MINES CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
APRIL 30, 2011 AND 2010

6. EXPLORATION EXPENDITURES (continued)

The Company incurred the following exploration expenditures (including amortization of \$82,597) during the year ended April 30, 2010.

	Yarumalito	Nus	Anori	El Dovio	Other	Total
Administration	\$ 100,556	\$ 13,958	\$ 2,432	\$ 1,403	\$ 1,746	\$ 120,095
Assaying	17,860	5,531	11	-	10,118	33,520
Consultants	68,587	761	20,373	21,017	51,671	162,409
Drilling	194,563	1,116	198	145	992	197,014
Field costs	42,327	7,152	85	32	9,095	58,691
Salaries	36,862	10,384	3,833	24	36,929	88,032
Taxes	2,688	-	-	-	44	2,732
Travel	7,151	1,464	369	57	9,425	18,466
Vehicle costs	2,202	517	214	152	2,953	6,038
	\$ 472,796	\$ 40,883	\$ 27,515	\$ 22,830	\$ 122,973	\$ 686,997

7. OTHER INCOME

The Company recorded the following amounts for the years ended April 30, 2011 and 2010:

	2011	2010
Gain on sale of options on properties (Note 3)	304,769	-
Other	25,538	22,554
Total	330,307	22,554

In addition to the agreements described in Note 3, the Company also executed other agreements for cash consideration:

In April 2010, the Company completed an option agreement on its Anori property with Yamana Colombia ("Yamana"). Yamana can earn up to an 80% indirect interest in the Anori property over a four year period by incurring USD \$2,000,000 in exploration expenditures, paying US\$1,000,000 in cash. The Company received US\$50,000 (\$52,852) in the year ended April 30, 2011. The Company recorded total proceeds from the option agreement of \$52,852, with \$47,563 recorded as a recovery against exploration expenditures on the property (Note 6) and \$5,289 as other income. In April 2011 Yamana terminated the option agreement.

In September 2010, the Company completed an option agreement on its Otu property with Carla Resources S.A. ("Carla"). Carla can earn up to 50% interest in the property by making total payments of US\$160,000 (\$156,211) over a year. The full balance was received in year ended April 30, 2011. As there were no exploration expenditures incurred by the Company on the property, the full balance was recorded as other income in the current year.

COLOMBIAN MINES CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
APRIL 30, 2011 AND 2010

8. SHARE CAPITAL

Authorized:

An unlimited number of common shares without par value

Issued and outstanding:

	Share Capital		
	Number of Shares	Stated Amount	Contributed Surplus
Balance April 30, 2009	18,515,761	\$ 7,659,187	\$ 2,500,038
Shares issued for cash	4,100,000	2,103,300	1,791,700
Brokers' warrants granted on March 2010 private placement	-	(117,362)	117,362
Share issue costs	-	(74,241)	(63,243)
Stock-based compensation	-	-	283,689
Shares issued on exercise of options	210,300	174,154	-
Reclassify contributed surplus on exercise of options	-	128,617	(128,617)
Balance April 30, 2010	22,826,061	\$ 9,873,655	\$ 4,500,929
Shares issued for cash	9,660,000	5,225,182	1,536,818
Share issued as finder's fees	50,000	15,400	(15,400)
Brokers' warrants granted on March 2011 private placement	-	(364,182)	364,182
Share issue costs	-	(438,986)	(129,112)
Stock-based compensation	-	-	416,728
Shares issued on exercise of options	55,700	25,196	-
Reclassify contributed surplus on exercise of options	-	23,870	(23,870)
Balance April 30, 2011	32,591,761	\$ 14,360,135	\$ 6,650,275

On March 2, 2011 Colombian completed a brokered private placement of 9,660,000 units of the Company at a price of \$0.70 per unit for gross proceeds of \$6,762,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each warrant is exercisable for one common share at a price of \$1.15 for a period of two years with an Expiry date of March 2, 2013. The broker received a cash commission of 6.5% of the gross proceeds of the private placement, a corporate finance fee of 50,000 units and broker warrants to purchase 627,900 common shares of the Company at a price of \$0.70 per share, with an expiry date of March 2, 2013. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis based on relative fair values as follows: the fair value of the common shares is based on the market close on the date the units are issued and the fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model. 22.7% of the proceeds were allocated to the share purchase warrants. The broker warrants were valued using a Black-Scholes option pricing model with the following assumptions: a life of two years, a risk-free interest rate of 1.74%, an expected volatility of 129% and a dividend yield of 0% which resulted in a value of \$438,913. The volatility was based on two years of stock price data using the weekly closing price.

COLOMBIAN MINES CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
APRIL 30, 2011 AND 2010

8. SHARE CAPITAL (continued)

On March 23, 2010 Colombian completed a private placement of 4,100,000 units at a price of \$0.95 per unit for gross proceeds of \$3,895,000. Each unit consists of one common share and one non-transferable common share purchase warrant to purchase another Share for \$1.20 for two years. If, after the expiry of all Canadian resale restrictions, the closing price of the Colombian's common shares on the TSX Venture Exchange is \$1.50 or higher for a period of 20 consecutive trading days, the Company may accelerate the expiry of the warrants to 21 trading days after giving notice thereof. Finder's fees were payable in a combination of 6% cash and 6% broker warrants which totaled \$117,259 and 122,562 broker warrants. Colombian also paid \$20,225 in filing fees to the TSX Venture Exchange with respect to the private placement. The broker warrants were valued using a Black-Scholes option pricing model with the following assumptions: a life of one year, a risk-free interest rate of 1.48%, an expected volatility of 194% and a dividend yield of 0% which resulted in a value of \$117,362. The volatility was based on two years of stock price data using the weekly closing price.

Stock options

The Company adopted a stock option plan (the "Plan") pursuant to the policies of the TSX Venture Exchange. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time. The vesting terms are determined at the time of grant. During the years ended April 30, 2011 and 2010 the change in stock options was as follows:

	Number of Shares	Weighted Average Exercise Price
Balance as of April 30, 2009	1,472,000	\$1.00
Granted	609,000	0.69
Exercised	(210,300)	0.83
Expired/forfeited	(481,000)	0.86
Balance as of April 30, 2010	1,389,700	0.98
Granted	712,000	0.69
Exercised	(55,700)	0.45
Expired/forfeited	(358,500)	0.93
Balance as of April 30, 2011	1,687,500	\$0.89

The following table summarizes information about the stock options which were outstanding and exercisable at April 30, 2011:

Date Granted	Number Outstanding	Number Vested	Exercise Price	Weighted Average Remaining Life in Years
December 3, 2007	684,000	684,000	\$1.00	1.93
October 20, 2009	40,000	40,000	0.38	3.48
January 5, 2010	118,000	118,000	0.88	3.69
April 14, 2010	215,000	145,000	1.21	3.96
September 3, 2010	310,500	261,333	0.69	2.35
September 3, 2010	320,000	106,667	0.69	1.35
	1,687,500	1,355,000	\$0.89	2.31

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8. SHARE CAPITAL (continued)

Stock-based compensation

For the year ending April 30, 2011, the Company granted 712,000 stock options to certain directors, officers, employees and consultants with an exercise price of \$0.69 per option. For the year ending April 30, 2010, the Company granted 609,000 stock options to certain directors, officers, employees and consultants with exercise prices ranging from \$0.38 to \$1.21 per option. The options were valued using a Black-Scholes option pricing model with the following weighted average grant date assumptions:

	2011	2010
Stock price	\$0.69	\$0.79
Risk-free interest rate	1.41%	1.88%
Expected dividend yield	0%	0%
Expected stock price volatility	137%	202%
Expected life of options in years	2.6	4
Grant date fair value	\$0.50	\$0.75

The Company recorded total stock-based compensation for the year ended April 30, 2011 of \$416,728 (2010 - \$283,689) with the offsetting amount credited to contributed surplus.

Warrants

During the years ended April 30, 2011 and 2010 the change in warrants outstanding was as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance as at April 30, 2009	2,350,000	\$1.08
Issued	4,222,562	1.20
Expired	(1,400,000)	1.00
Balance as at April 30, 2010	5,172,562	1.20
Issued	5,482,900	1.10
Expired	(1,072,562)	1.20
Balance as at April 30, 2011	9,582,900	\$1.14

On March 2, 2011 Colombian issued 5,482,900 common share purchase warrants in conjunction with a private placement which entitle the holder to purchase one common share of the Company. Of those warrants, 4,855,000 have an exercise price of \$1.15 and 627,900 have an exercise price of \$0.70. All of the warrants expire on March 2, 2013.

On March 23, 2010 the Company issued 4,100,000 non-transferable common share purchase warrants in conjunction with a private placement. The common share purchase warrants entitle the holder to purchase one common share of the Company at a price of \$1.20 and expire on March 23, 2012. On May 27, 2010, 950,000 common share purchase

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8. SHARE CAPITAL (continued)

warrants with an exercise price of \$1.20 expired unexercised. As at April 30, 2011, the details of outstanding share purchase warrants were as follows:

	Number of Warrants	Exercise Price	Expiry Date
March 23/10 Private Placement	4,100,000	\$1.20	March 23, 2012
March 2/11 Private Placement	4,855,000	1.15	March 2, 2013
March 2/11 Private Placement	627,900	0.70	March 2, 2013
	9,582,900		

9. INCOME TAX

The Canadian statutory federal income tax rate for the year ended April 30, 2010 was 27.8% (2010 – 29.5%). A reconciliation of income tax recovery at statutory rates compared to reported income tax expense is as follows:

	2011		2010	
Loss for the year	\$	(4,498,268)	\$	(1,494,839)
Expected income tax recovery	\$	(1,252,182)	\$	(441,018)
Non-deductible expenses		1,291,249		137,387
Other		(1,332,157)		18,662
Valuation allowance		1,330,925		284,969
Total income tax expense	\$	37,834	\$	-

Income tax payable for the year ended April 30, 2011 relates to capital gains tax outstanding on sale of mineral properties in Colombia.

The significant components of the Company's future income tax assets and liabilities at April 30, 2011 are as follows:

	2011		2010	
Future income tax assets:				
Equipment	\$	46,095	\$	29,994
Non-capital loss carry forwards		1,425,433		768,261
Mineral properties		1,499,046		849,773
Share issuance costs		181,653		174,816
Other		1,424		-
Future income tax assets		3,153,650		1,822,844
Valuation allowance and other adjustments		(3,153,650)		(1,822,844)
Net future income tax assets	\$	-	\$	-

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9. INCOME TAX (continued)

The Company has available non-capital losses in Canada and in Colombia, for deduction against future taxable income, of approximately \$2,537,835 and 4.5 billion pesos (\$2,412,000) respectively. The Canadian losses, if not utilized, will expire starting in 2027 to 2031. The Colombian losses can be carried forward indefinitely. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance.

10. RELATED PARTY TRANSACTIONS

During the year ended April 30, 2011, the Company paid \$150,000 (2010 - \$142,800) to Seabord Services Corp. ("Seabord"), a management services company which has two officers in common, for administrative services which include: a chief financial officer, a corporate secretary, accounting staff and office space. As at April 30, 2011, the Company had deposits with Seabord in the amount of \$10,000 (2010 - \$10,000) which were included in prepaid expenses. As at April 30, 2011, \$90,469 (2010 - \$25,239) was owed, the balance was included in accounts payable. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

11. SUPPLEMENTARY CASH FLOW INFORMATION

During the year ended April 30, 2011, the Company received \$28,476 (2010 - \$85,737) in interest income. The Company did not make any cash payments for income taxes or interest. At April 30, 2011, the Company's cash equivalents were composed of \$ 755,045 (2010 - \$4,163,404) in cash and \$4,732,329 (2010 - \$62,566) in term deposits.

12. SEGMENTED INFORMATION

The Company operates in a single business segment, mineral exploration. The Company is currently conducting exploration activities in only one geographic area which is Colombia. Its operational results are reviewed by the Chief Financial Officer.

13. MANAGEMENT OF CAPITAL

The Company's objectives of capital management are intended to safeguard the Company's normal operating requirements on an ongoing basis and the continued development and exploration of its mineral properties. The capital of the Company consists of the items included in the capital stock and contributed surplus.

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. Although the Company has completed private placements, it will still need to target sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions to assure continuation of the Company's exploration and development programs. There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. The net realizable value of the Company's assets may be materially less than the amounts recorded in these financial should the Company be unable to secure sufficient additional financing in the future and therefore be in a position to realize its assets and discharge its liabilities in the normal course of business.

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13. MANAGEMENT OF CAPITAL (continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maintain or adjust its capital structure the Company may issue new shares. The Company is not subject to any externally imposed capital requirements. The Company currently has sufficient capital to cover its administrative costs and fund some exploration programs for the next twelve months.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has classified its financial assets as follows:

Financial assets	2011			2010		
	Held-for-trading	Available-for-sale	Loans and receivables	Held-for-trading	Available-for-sale	Loans and receivables
Cash and cash equivalents	\$5,487,374	\$ -	\$ -	\$4,225,970	\$ -	\$ -
Receivables	-	-	30,286	-	-	-
Investments	27,930	115,971	-	-	-	27,445
	\$5,515,304	\$ 115,971	\$ 30,286	\$ 4,225,970	\$ -	\$ 27,445

The carrying value of its financial assets approximates their fair value as at April 30, 2011 and 2010 due to their short term maturity except for investments in marketable securities which are carried at fair value.

The Company classifies its financial liabilities, accounts payable and accrued liabilities and current income tax payable as other financial liabilities. The total other liabilities outstanding at April 30, 2011 were \$609,141 (2010 - \$244,162). The carrying value of its financial liabilities approximates their fair value as at April 30, 2011 and 2010 due to their short term maturity except for a patrimonial tax invoked by the Colombian government based on total assets held in Colombia. This tax is payable in eight equal installments over four years in May and September of each year beginning in 2011. The total amount payable is estimated to be \$283,000 and has been discounted at 20% to a fair value of \$205,307, of which \$137,864 is recorded as long term accrued liability, at April 30, 2011.

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

	Level 1	Level 2	Level 3	Total
2011				
Financial assets				
Cash and Cash Equivalent	\$ 5,487,374			
Investments	\$ 115,971	\$ 27,930	\$ -	\$ 143,901
Financial liabilities				
Accounts payable and accrued liabilities	-	-	609,141	609,141

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, as it is still in exploration stage, and does not have any customers. The Company limits exposure to credit risk by maintaining its cash and cash equivalents with large financial institutions.

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 ensures there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short-term requirements. As at April 30, 2011 the Company had cash and cash equivalents of \$5,487,374 (2010 - \$4,225,970) to settle current liabilities of \$408,443 (2010 - \$244,162). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms except for the Colombian patrimonial tax as disclosed above.

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 Colombian pesos 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 April 30, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in Colombian pesos:

	Colombian Pesos
Cash and cash equivalents	526,387,900
Receivables	4,508,200
Accounts payable and accrued liabilities	(303,620,500)
Net exposure	227,275,600

Based on the net peso exposure as at April 30, 2011 and assuming that all other variables remain constant, a 10% change in the value of the Canadian dollar against the Colombian peso would result in an increase / decrease of approximately \$12,100 in the loss from operations. The exchange of the peso at April 30, 2011 was 1,879 pesos to the Canadian dollar and the peso exposure amounts to \$120,900.

Other price risk

The Company is exposed to price risk on its investments in common shares and warrants. A 10% change in the value of these investments would result in an increase or decrease of the net loss in the amount of approximately \$14,400.

15. SUBSEQUENT EVENT

On August 4, 2011, the Company made an option payment on the Gachala property in the amount of USD \$25,000 (\$24,417).