



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

**October 31, 2010**

## **NOTICE TO READER**

The accompanying unaudited interim consolidated financial statements of Colombian Mines Corporation for the six months ended October 31, 2010 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**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

	October 31, 2010	April 30, 2010
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 2,020,518	\$ 4,225,970
Receivables	10,331	27,445
Prepaid expenses	86,921	161,241
	2,117,770	4,414,656
<b>Equipment</b> (Note 3)	159,136	198,224
<b>Mineral properties</b> (Note 4)	932,941	561,754
	\$ 3,209,847	\$ 5,174,634

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

Accounts payable and accrued liabilities (Note 6)	\$ 303,018	\$ 244,162
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**Shareholders' equity**

Capital stock (Note 5)	9,879,627	9,873,655
Contributed surplus (Note 5)	4,764,925	4,500,929
Deficit	(11,737,723)	(9,444,112)
	2,906,829	4,930,472

	\$ 3,209,847	\$ 5,174,634
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**Nature and continuance of operations** (Note 1)

**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 OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT**

(Expressed in Canadian Dollars)

SIX MONTHS ENDED OCTOBER 31,

(Unaudited – Prepared by Management)

	Three months ended October 31,		Six months ended October 31,	
	2010	2009	2010	2009
<b>EXPLORATION EXPENDITURES</b> (Note 4)	\$ 925,605	\$ 104,112	\$ 1,846,109	\$ 170,926
<b>ADMINISTRATIVE EXPENSES</b>				
Administration and office costs	75,670	32,035	144,210	59,576
Investor relations and shareholder information	63,274	17,607	95,751	17,607
Professional fees	15,710	8,798	29,750	35,349
Stock based compensation	252,776	92,004	266,928	92,004
Transfer agent and filing fees	14,598	9,681	16,848	13,800
Travel	1,377	1,032	1,377	1,032
	423,405	161,157	554,864	219,368
<b>Loss before other income and expense</b>	(1,349,010)	(265,269)	(2,400,973)	(390,294)
<b>OTHER ITEMS</b>				
Foreign exchange gain (loss)	(4,118)	4,630	35,709	13,744
Gain on disposal of equipment	-	-	-	11,545
Interest income and other income	39,231	3,471	71,653	13,767
	35,113	8,101	107,362	39,056
<b>Net loss and comprehensive loss for the period</b>	(1,313,897)	(257,168)	(2,293,611)	(351,238)
<b>Deficit, beginning of period</b>	(10,423,826)	(8,043,343)	(9,444,112)	(7,949,273)
<b>Deficit, end of period</b>	\$ (11,737,723)	\$ (8,300,511)	\$ (11,737,723)	\$ (8,300,511)
<b>Basic and diluted loss per common share</b>	\$ (0.06)	\$ (0.01)	\$ (0.10)	\$ (0.02)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	22,834,061	18,515,761	22,831,235	18,515,761

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

**COLOMBIAN MINES CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
SIX MONTHS ENDED OCTOBER 31,  
(Unaudited – Prepared by Management)

	Three months ended October 31,		Six months ended October 31,	
	2010	2009	2010	2009
<b>CASH FLOWS FROM (TO):</b>				
<b>OPERATIONS</b>				
Net loss for the period	\$ (1,313,897)	\$ (257,168)	\$ (2,293,611)	\$ (351,238)
Items not affecting cash:				
Amortization	28,743	19,565	57,613	39,129
Gain on disposal of equipment	-	-	-	(11,545)
Stock based compensation	252,776	92,004	266,928	92,004
Change in non-cash working capital items:				
Receivables	(2,875)	4,483	17,114	39,299
Prepaid expenses	69,239	(3,026)	74,320	(5,126)
Accounts payable and accrued liabilities	76,502	(16,101)	58,856	(78,806)
	(889,512)	(160,243)	(1,818,780)	(276,283)
<b>INVESTING</b>				
Mineral properties	(371,187)	(68,060)	(371,187)	(68,060)
Equipment	(13,358)	(72)	(18,525)	(72)
Proceeds on disposal of equipment	-	-	-	21,015
	(384,545)	(68,132)	(389,712)	(47,117)
<b>FINANCING</b>				
Shares issued for cash	-	-	3,040	-
	-	-	3,040	-
<b>Change in cash and cash equivalents during the period</b>	<b>(1,274,057)</b>	<b>(228,375)</b>	<b>(2,205,452)</b>	<b>(323,400)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,294,575</b>	<b>1,403,640</b>	<b>4,225,970</b>	<b>1,498,665</b>
<b>Cash and cash equivalents at end of period (Note 8)</b>	<b>\$ 2,020,518</b>	<b>\$ 1,175,265</b>	<b>\$ 2,020,518</b>	<b>\$ 1,175,265</b>

**Supplementary cash flow information (Note 8)**

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 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.

## **2. BASIS OF PRESENTATION**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. Therefore, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial information reflects all adjustments, consisting primarily of normal and recurring adjustments considered necessary for fair presentation of the results for the interim period. Operating results for the six months ended October 31, 2010 are not necessarily indicative of the results that may be expected for the year ending April 30, 2011. These interim consolidated financial statements follow the same accounting policies as set out in Note 2 to the annual audited consolidated financial statements of the Company for the year ended April 30, 2010. Accordingly, these financial statements should be read in conjunction with the 2010 annual audited consolidated financial statements and notes thereto. These accounting policies have been consistently applied in the preparation of these interim financial statements. Some of the comparative figures have been reclassified to conform to the current period presentation.

### **Recent Accounting Pronouncements**

### **Business Combinations and Related Sections**

CICA Handbook Section 1582, “Business Combinations” and Section 1601, “Non-Controlling Interests”, replace Sections 1581 and 1600 respectively. The new standards revise guidance on the determination of the carrying amount of assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. These standards are effective January 1, 2011 prospectively, with early adoption permitted. Colombian does not expect that the adoption of these new standards will have a material impact on its financial statements.

**COLOMBIAN MINES CORPORATION**  
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**3. EQUIPMENT**

	October 31, 2010			April 30, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office	\$ 95,189	\$ 56,725	\$ 38,464	\$ 78,498	\$ 44,423	\$ 34,075
Field	173,141	89,984	83,157	172,230	70,420	101,810
Vehicles	145,682	108,167	37,515	145,682	83,343	62,339
	\$ 414,012	\$ 254,876	\$ 159,136	\$ 396,410	\$ 198,186	\$ 198,224

**4. MINERAL PROPERTIES AND EXPLORATION EXPENDITURES**

**Mineral Properties, Colombia**

The Company, through its subsidiary, Corporacion Minera de Colombia S.A., (“Minera Colombia”) has acquired options on the Yarumalito and Gachala properties. Option payments for these properties have been capitalized to mineral properties. During the quarter ended October 31, 2010 Colombian made option payments of US\$350,000 on the Yarumalito property and US\$20,000 on the Gachala property.

	Oct 31, 2010	April 30, 2010
Yarumalito	\$ 874,650	\$ 523,758
Gachala	58,291	37,996
	\$ 932,941	\$ 561,754

**Yarumalito**

Colombian has an option agreement to acquire the Yarumalito property. The following payments must be made in order to maintain the option in good standing.

Date	U.S. Dollars	Status	Canadian equivalent outstanding at October 31, 2010
On execution of agreement	\$ 40,000	Paid	\$ -
February 28, 2007	30,000	Paid	-
February 28, 2008	50,000	Paid	-
February 28, 2009	50,000	Paid	-
October 15, 2009	50,000	Paid	-
October 15, 2010	350,000	Paid	-
March 15, 2011	500,000	-	509,950
October 15, 2011	380,000	-	387,562
	\$ 1,450,000		\$ 897,512

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**4. MINERAL PROPERTIES AND EXPLORATION EXPENDITURES (Continued)**

**Gachala**

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

Date	U.S. Dollars	Status	Canadian equivalent outstanding at October 31, 2010
On execution of agreement	\$ 20,000	Paid	\$ -
August 4, 2009	15,000	Paid	-
August 4, 2010	20,000	Paid	-
August 4, 2011	25,000	-	25,498
August 4, 2012	30,000	-	30,597
August 4, 2013	35,000	-	35,697
August 4, 2014 – 2026 (US\$50,000/yr.)	650,000	-	662,934
August 4, 2027	5,000	-	5,100
	<b>\$ 800,000</b>		<b>\$ 759,826</b>

**Exploration Expenditures**

The Company incurred the following exploration expenditures (including amortization of \$57,613) during the six months ended October 31, 2010.

	Yarumalito	Nus	Anori	El Dovio	Gachala	Other	Total
Administration	\$ 249,543	\$ 10,167	\$ 5,503	\$ 19,217	\$ 20,041	\$ 49,207	\$ 353,678
Assaying	122,325	3,423	619	-	265	21,258	147,890
Consultants	102,308	324	7,314	4,259	19,365	51,215	184,785
Drilling	594,891	-	-	-	-	-	594,891
Field costs	75,375	25,218	24,376	113,776	3,111	116,337	358,193
Salaries	76,071	-	-	4,750	-	48,130	128,951
Taxes	698	-	-	-	52	-	750
Travel	13,253	119	-	1,434	-	8,172	22,978
Vehicle costs	5,495	33	-	193	-	2,602	8,323
Mapping	-	-	-	-	-	14,391	14,391
Geophysics	31,279	-	-	-	-	-	31,279
	<b>\$ 1,271,238</b>	<b>\$ 39,284</b>	<b>\$ 37,812</b>	<b>\$ 143,629</b>	<b>\$ 42,834</b>	<b>\$ 311,312</b>	<b>\$ 1,846,109</b>



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**4. MINERAL PROPERTIES AND EXPLORATION EXPENDITURES (Continued)**

The Company incurred the following exploration expenditures (including amortization of \$39,129) during the six months ended October 31, 2009.

	Yarumalito	Nus	Anori	El Dovio	Gachala	Other	Total
Administration	\$ 45,306	\$ 5,600	\$ 1,275	\$ 3,729	\$ 6,338	\$ 35,363	\$ 97,611
Assaying	3,704	-	-	-	-	-	3,704
Consultants	15,179	-	4,283	10,433	2,173	10,096	42,164
Drilling	6,681	1,331	154	935	779	4,383	14,263
Field costs	1,759	5,373	-	34	10	155	7,331
Salaries	2,039	-	-	26	-	496	2,561
Taxes	1,202	-	-	-	45	2	1,249
Travel	665	20	12	62	78	250	1,087
Vehicle costs	291	125	-	165	36	339	956
	\$ 76,826	\$ 12,449	\$ 5,724	\$ 15,384	\$ 9,459	\$ 51,084	\$ 170,926

**5. CAPITAL STOCK**

**Authorized**

An unlimited number of common and preferred shares without par value.

**Issued and outstanding common shares**

	Number of Shares	Stated Amount	Contributed Surplus
Balance April 30, 2010	22,826,061	\$ 9,873,655	\$ 4,500,929
Share issued on exercise of options	8,000	3,040	
Reclassify contributed surplus on exercise of options		2,932	(2,932)
Stock-based compensation	-	-	266,928
Balance October 31, 2010	22,834,061	\$ 9,879,627	\$ 4,764,925

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**5. CAPITAL STOCK (Continued)**

**Warrants**

On May 27, 2010, 950,000 common share purchase warrants with an exercise price of \$ 1.00 expired unexercised. For the March 23, 2010 private placement, 4,100,000 warrants were issued to subscribers and 122,562 warrants were issued to brokers as finder's fees. As at October 31, 2010, 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 23/10 Private Placement	122,562	\$1.20	March 23, 2011
	4,222,562	\$1.20	

**Stock options**

The following table summarizes information about the stock options which were outstanding and exercisable at October 31, 2010:

Date Granted	Number Outstanding	Number Vested	Exercise Price	Weighted Average Remaining Life in Years
December 3, 2007	949,000	949,000	\$1.00	2.67
October 20, 2009	74,700	74,700	0.38	4.22
January 5, 2010	143,000	95,333	0.88	4.44
April 14, 2010	215,000	115,000	1.21	4.71
September 3, 2010	392,000	130,667	0.69	2.84
September 3, 2010	320,000	106,666	0.69	1.84
	2,093,700	1,471,366	\$0.99	2.80

During the six months ended October 31, 2010, 8,000 options with an exercise price of \$0.38 were exercised and 712,000 options with an exercise price of \$0.69 were granted.

**Stock-based compensation**

On September 3, 2010 Colombian granted 712,000 stock options to certain employees, directors and officers and consultants. Of these options, 320,000 had an option life of 2 years and 392,000 had an option of 3 years. One-third of the options vested on the grant date, one-third will vest in six months and one-third will vest in one year. These options were valued using a Black-Scholes option pricing model with the following weighted average grant date assumptions: a stock price of \$0.69, a risk-free interest rate of 1.41% a volatility of 199%, an option life of 2.55 years and a dividend yield of 0%. This resulted in a weighted grant date fair value of \$0.61 per option. The Company recorded stock-based compensation of \$213,620 during the quarter ended October 31, 2010 for this option grant and \$39,156 on previously granted options, with the offsetting amount credited to contributed surplus.

**6. RELATED PARTY TRANSACTIONS**

During the six months ended October 31, 2010, the Company paid \$ 75,000 (2009 - \$69,400) to Seabord Services Corp. (“Seabord”), a management services company that has two officers in common, for administrative services which include: a chief financial officer, a corporate secretary, accounting staff and office space. As at October 31, 2010, the Company had deposits for future services with Seabord in the amount of \$10,000 (2009 - \$10,000) which were included in prepaid expenses. As at October 31, 2010 \$nil (2009 - \$600) was owed to related parties and included in accounts payable and accrued liabilities. The amounts charged represent management’s estimate of the fair value of the services provided. These transactions were in the normal course of operations.

**7. SEGMENTED INFORMATION**

The Company operates in a single business segment, mineral exploration. The Company is currently operating in only one geographic area which is Colombia.

**8. SUPPLEMENTARY CASH FLOW INFORMATION**

For the six months ended October 31, 2010, Colombian received cash for interest income of \$ 14,128 (2009 - \$50,550). As at October 31, 2010, the Company’s cash and cash equivalents which amounted to \$2,020,518 were all in cash. As at April 30, 2010, the Company’s cash and cash equivalents which amounted to \$4,225,970 were composed of \$4,163,404 in cash and \$62,566 in term deposits.

**9. MANAGEMENT OF CAPITAL**

Colombian’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. The Company’s business model is to enter joint venture agreements on certain properties which will enable it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders’ equity as well as cash. The Company estimates exploration expenditures to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company’s investment policy is to invest its cash in 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 require additional capital to fund its exploration programs, make option payments and to cover its administrative costs for the next twelve months. The Company has historically financed its operations by equity financings. However, there is no guarantee that this source of capital will be available in the future, and if it is, whether it will be on terms acceptable to Colombian.

## 10. MANAGEMENT OF FINANCIAL RISK

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

### (a) 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, 2010, the Company is exposed to currency risk through the following assets and liabilities denominated in Colombian pesos:

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	<b>Colombian Pesos</b>
Cash and cash equivalents	173,554,400
Receivables	5,562,700
Accounts payable and accrued liabilities	(304,449,200)
Net exposure	(125,332,100)

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Based on the above net exposure as at October 31, 2010 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 \$ 6,900 in the loss from operations. The Colombian peso exchange rate at October 31, 2010 was 1,811 Colombian pesos to the Canadian dollar and the peso exposure amounts to \$ 69,195.

### (b) Credit Risk

The Company's cash and cash equivalents are mainly held through a large Canadian financial institution and at October 31, 2010 are mainly cash in interest bearing savings accounts and accordingly credit risk is minimized. The Company's receivables are mainly expenditure recoveries from third parties.

### (c) 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 9.

### (d) Interest Rate Risk

Interest rate risk is the risk that the fair value of 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 a savings account with a major Canadian bank and therefore there is currently minimal interest rate risk.