

COLOMBIAN MINES CORPORATION

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

July 31, 2010

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of Colombian Mines Corporation for the three months ended July 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)

	July 31, 2010	April 30, 2010
ASSETS		
Current		
Cash and cash equivalents	\$ 3,294,575	\$ 4,225,970
Receivables	7,456	27,445
Prepaid expenses	156,160	161,241
	<u>3,458,191</u>	<u>4,414,656</u>
Equipment (Note 3)	174,521	198,224
Mineral properties (Note 4)	561,754	561,754
	<u>\$ 4,194,466</u>	<u>\$ 5,174,634</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities (Note 6)	\$ 226,516	\$ 244,162
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Shareholders' equity

Capital stock (Note 5)	9,879,627	9,873,655
Contributed surplus (Note 5)	4,512,149	4,500,929
Deficit	(10,423,826)	(9,444,112)
	<u>3,967,950</u>	<u>4,930,472</u>
	<u>\$ 4,194,466</u>	<u>\$ 5,174,634</u>

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)

THREE MONTHS ENDED JULY 31,

(Unaudited – Prepared by Management)

	Three months ended July 31,	
	2010	2009
EXPLORATION EXPENDITURES (Note 4)	\$ 920,504	\$ 66,814
ADMINISTRATIVE EXPENSES		
Administration and office costs	68,540	27,541
Investor relations and shareholder information	32,477	-
Professional fees	14,040	26,551
Stock based compensation	14,152	-
Transfer agent and filing fees	2,250	4,119
	131,459	58,211
Loss before other income and expense	(1,051,963)	(125,025)
OTHER ITEMS		
Foreign exchange gain	39,827	9,114
Gain on sale of equipment	-	11,545
Interest income and other income	32,422	10,296
Mineral property write-off	-	10,296
	72,249	30,955
Net loss and comprehensive loss for the period	(979,714)	(94,070)
Deficit, beginning of period	(9,444,112)	(7,949,273)
Deficit, end of period	\$ (10,423,826)	\$ (8,043,343)
Basic and diluted loss per common share	\$ (0.04)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	22,828,409	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)
THREE MONTHS ENDED JULY 31,
(Unaudited – Prepared by Management)

	Three months ended July 31,	
	2010	2009
CASH FLOWS FROM (TO):		
OPERATIONS		
Net loss for the period	\$ (979,714)	\$ (94,070)
Items not affecting cash:		
Amortization	28,870	19,564
Gain on sale of equipment	-	(11,545)
Stock based compensation	14,152	-
Change in non-cash working capital items:		
Receivables	19,989	34,816
Prepaid expenses	5,081	(2,100)
Accounts payable and accrued liabilities	(17,646)	(62,705)
	(929,268)	(116,040)
INVESTING		
Equipment	(5,167)	-
Proceeds on disposal of equipment	-	21,015
	(5,167)	21,015
FINANCING		
Shares issued for cash	3,040	-
	3,040	-
Change in cash and cash equivalents during the period	(931,395)	(95,025)
Cash and cash equivalents at beginning of period	4,225,970	1,498,665
Cash and cash equivalents at end of period (Note 8)	\$ 3,294,575	\$ 1,403,640

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 three months ended July 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.

Convergence with 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. The Company has selected its optional exemptions from retrospective application of IFRS accounting policies and has been studying the impact that adoption of IFRS will have on its transition balance sheet. Current progress towards IFRS is provided in Colombian’s Management’s Discussion and Analysis.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. EQUIPMENT

	July 31, 2010			April 30, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office	\$ 83,369	\$ 50,211	\$ 33,158	\$ 78,498	\$ 44,423	\$ 34,075
Field	172,526	80,566	91,960	172,230	70,420	101,810
Vehicles	145,682	96,279	49,403	145,682	83,343	62,339
	\$ 401,577	\$ 227,056	\$ 174,521	\$ 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. There were no option payments made in the quarter ending July 31, 2010.

	July 31, 2010	April 30, 2010
Yarumalito	\$ 523,758	\$ 523,758
Gachala	37,996	37,996
	\$ 561,754	\$ 561,754

Yarumalito

In August of 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. According to the most recent amendment of the Yarumalito option agreement, the following payments must be made in order to maintain the option in good standing.

Date	U.S. Dollars	Status	Canadian equivalent outstanding at July 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	-	361,340
March 15, 2011	500,000	-	516,200
October 15, 2011	380,000	-	392,312
	\$ 1,450,000		\$ 1,269,852

COLOMBIAN MINES CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. MINERAL PROPERTIES AND EXPLORATION EXPENDITURES (Continued)

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 Ubalá, 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. The payment due on August 4, 2010 was made subsequent to the quarter-end.

Date	U.S. Dollars	Status	Canadian equivalent outstanding at July 31, 2010
On execution of agreement	\$ 20,000	Paid	\$ -
August 4, 2009	15,000	Paid	-
August 4, 2010	20,000	-	20,648
August 4, 2011	25,000	-	25,810
August 4, 2012	30,000	-	30,972
August 4, 2013	35,000	-	36,134
August 4, 2014 – 2026 (US\$50,000/yr.)	650,000	-	671,060
August 4, 2027	5,000	-	5,162
	\$ 800,000		\$ 789,786

Exploration Expenditures

The Company incurred the following exploration expenditures (including amortization of \$28,870) during the three months ended July 31, 2010.

	Yarumalito	Nus	Anori	El Dovio	Gachala	Other	Total
Administration	\$ 88,483	\$ 4,256	\$ 2,312	\$ 7,977	\$ 8,235	\$ 9,177	\$ 120,440
Assaying	31,639	3,423	619	-	265	16,491	52,437
Consultants	55,484	-	4,221	1,233	19,405	21,131	101,474
Drilling	207,694	-	-	-	-	-	207,694
Field costs	33,438	25,369	24,591	114,260	3,029	121,362	322,049
Salaries	44,192	-	-	-	-	31,393	75,585
Taxes	700	-	-	-	-	-	700
Travel	6,296	-	-	-	-	5,046	11,342
Vehicle costs	2,229	-	-	-	-	1,336	3,565
Mapping	-	-	-	-	-	1,029	1,029
Geophysics	24,189	-	-	-	-	-	24,189
	\$ 494,344	\$ 33,048	\$ 31,743	\$ 123,470	\$ 30,934	\$ 206,965	\$ 920,504

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4. MINERAL PROPERTIES AND EXPLORATION EXPENDITURES (Continued)

The Company incurred the following exploration expenditures (including amortization of \$19,564) during the three months ended July 31, 2009.

	Yarumalito	Nus	Anori	El Dovio	Gachala	Other	Total
Administration	\$ 13,890	\$1,477	\$ 664	\$ (36,732)	\$ 1,606	\$ 51,971	\$ 32,876
Consultants	10,742	-	-	7,252	-	6,816	24,810
Field costs	3,651	206	93	(4,557)	251	7,342	6,986
Salaries	750	-	-	27	-	507	1,284
Taxes	571	-	-	-	-	-	571
Travel	29	-	-	-	80	18	127
Vehicle costs	62	-	-	-	36	62	160
	\$ 29,695	\$1,683	\$ 757	\$ (34,010)	\$ 1,973	\$ 66,716	\$ 66,814

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	-	-	14,152
Balance July 31, 2010	22,834,061	\$ 9,879,627	\$ 4,512,149

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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 July 31, 2010, the details of outstanding share purchase warrants were as follows:

	Number of Warrants	Exercise Price	Expiry Date
March 23/10 Private Placement	4,122,562	\$1.20	March 23, 2012

Stock options

The following table summarizes information about the stock options which were outstanding and exercisable at July 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	85,000	1.21	4.71
	1,381,700	1,204,033	\$0.99	3.26

During the three months ended July 31, 2010, 8,000 options with an exercise price of \$0.38 were exercised.

Stock-based compensation

There were no stock options granted in the quarter ended July 31, 2010. The Company recorded stock-based compensation of \$14,152 on previously granted options, with the offsetting amount credited to contributed surplus.

6. RELATED PARTY TRANSACTIONS

During the three months ended July 31, 2010, the Company paid \$ 37,500 (2009 - \$34,300) 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 July 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 July 31, 2010 \$35,999 (2009 - \$9,397) 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 three months ended July 31, 2010, Colombian received cash for interest income of \$7,200 (2009 - \$46,592). As at July 31, 2010, the Company's cash and cash equivalents which amounted to \$3,294,575 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 currently has sufficient capital to fund its exploration programs and to cover its administrative costs for the next twelve months and accordingly these financial statements have been prepared on a going-concern basis.

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 July 31, 2010, the Company is exposed to currency risk through the following assets and liabilities denominated in Colombian pesos:

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10. MANAGEMENT OF FINANCIAL RISK (Continued)

	Colombian Pesos
Cash and cash equivalents	262,121,400
Receivables	5,882,800
Accounts payable and accrued liabilities	(205,517,000)
Net exposure	62,487,200

Based on the above net exposure as at July 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 \$ 3,500 in the loss from operations. The Colombian peso exchange rate at July 31, 2010 was 1,798 Colombian pesos to the Canadian dollar and the peso exposure amounts to \$ 34,756.

(b) Credit Risk

The Company's cash and cash equivalents are mainly held through a large Canadian financial institution and at July 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.