

**COLOMBIAN MINES CORPORATION**

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

**July 31, 2009**

The accompanying unaudited interim financial statements of Columbian Mines Corporation for the three months ended July 31, 2009 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, 2009	April 30, 2009
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,403,640	\$ 1,498,665
Receivables	40,854	41,492
Prepaid expenses	14,058	11,958
	<u>1,458,552</u>	<u>1,552,115</u>
<b>Equipment</b> (Note 3)	181,639	244,851
<b>Mineral properties</b> (Note 4)	551,765	551,765
	<u>\$ 2,191,956</u>	<u>\$ 2,348,731</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

Accounts payable and accrued liabilities (Note 6)	\$ 76,074	\$ 138,779
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**Shareholders' equity**

Capital stock (Note 5)	7,659,187	7,659,187
Contributed surplus (Note 5)	2,500,038	2,500,038
Deficit	<u>(8,043,343)</u>	<u>(7,949,273)</u>
	<u>2,115,882</u>	<u>2,209,952</u>

\$ 2,191,956    \$ 2,348,731

**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)

	2009	2008
<b>EXPLORATION EXPENDITURES</b> (Note 4)	\$ 66,814	\$ 720,148
<b>ADMINISTRATIVE EXPENSES</b>		
Amortization	-	13,795
Administration and office costs	27,541	69,591
Investor relations and shareholder information	-	17,999
Professional fees	26,551	23,438
Transfer agent and filing fees	4,119	18,174
Travel	-	4,820
	58,211	147,817
<b>Loss before other income and expense</b>	(125,025)	(867,965)
<b>OTHER ITEMS</b>		
Foreign exchange gain (loss)	9,114	(15,437)
Gain on sale of equipment	11,545	-
Interest income and other income	10,296	21,054
	30,955	5,617
<b>Loss and comprehensive loss for the period</b>	(94,070)	(862,348)
<b>Deficit, beginning of period</b>	(7,949,273)	(5,384,046)
<b>Deficit, end of period</b>	\$ (8,043,343)	\$ (6,246,394)
<b>Basic and diluted loss per common share</b>	\$ (0.01)	\$ (0.05)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	18,515,761	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)

	2009	2008
<b>CASH FLOWS FROM (TO):</b>		
<b>OPERATIONS</b>		
Loss for the period	\$ (94,070)	\$ (862,348)
Items not affecting cash:		
Amortization	19,564	35,490
Gain on sale of equipment	(11,545)	-
Change in non-cash working capital items:		
Receivables	34,816	4,262
Prepaid expenses	(2,100)	38,573
Accounts payable and accrued liabilities	(62,705)	22,780
	(116,040)	(761,243)
<b>INVESTING</b>		
Mineral properties	-	(40,759)
Equipment	-	(4,645)
Proceeds on disposal of equipment	21,015	-
	21,015	(45,404)
<b>FINANCINGS</b>		
Shares issued for cash	-	883,500
	-	883,500
<b>Change in cash and cash equivalents during the period</b>	(95,025)	76,853
<b>Cash and cash equivalents at beginning of period</b>	1,498,665	2,508,931
<b>Cash and cash equivalents at end of period (Note 8)</b>	\$ 1,403,640	\$ 2,585,784

**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.

At present, Colombian has no revenue generating activities and has working capital of \$1,382,478. The Company does not have the financial resources to continue exploration activity at the same level as it has for fiscal 2009. The Company has historically financed its operations by the issuance of equity. 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 the Company. If the Company cannot secure additional financing then the going concern basis of presentation may not be appropriate and Colombian may have to realize its assets at amounts significantly below their carrying value. Colombian is currently exploring its mineral properties and has not yet determined whether its mineral properties contain reserves that are economically recoverable. The recoverability of amounts capitalized for mineral properties is dependent upon the discovery of sufficient economically recoverable ore reserves, confirmation of the Company’s interest in the underlying mineral properties, the ability of the Company to arrange appropriate financing to complete the development of the mineral properties and upon future profitable production or proceeds from the sale 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, 2009 are not necessarily indicative of the results that may be expected for the year ending April 30, 2010. 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, 2009. Accordingly, these financial statements should be read in conjunction with the 2009 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 is assessing the impact of these new standards on its consolidated financial statements.

**COLOMBIAN MINES CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
**JULY 31, 2009**

**3. EQUIPMENT**

	July 31, 2009			April 30, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office	\$ 73,259	\$ 33,051	\$ 40,208	\$ 73,259	\$ 29,400	\$ 43,859
Field	166,783	45,047	121,736	210,431	36,721	173,710
Vehicles	76,750	57,055	19,695	76,750	49,468	27,282
	\$ 316,792	\$ 135,153	\$ 181,639	\$ 360,440	\$ 115,589	\$ 244,851

**4. MINERAL PROPERTIES AND EXPLORATION EXPENDITURES**

**Mineral Properties**

The Company, through its subsidiary, Corporacion Minera de Colombia S.A., ("Minera Colombia") has acquired options on the Yarumalito and Gachala properties and a 50% interest in the Otu mining concession contract. A summary of capitalized acquisition costs is as follows.

	July 31, 2009	April 30, 2009
Yarumalito	\$ 472,313	\$ 472,313
Gachala	21,381	21,381
Otu	58,071	58,071
	\$ 551,765	\$ 551,765

**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, 2009
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	-	54,325
October 15, 2010	350,000	-	380,275
March 15, 2011	500,000	-	543,250
October 15, 2011	380,000	-	412,870
	\$ 1,450,000		\$ 1,390,720

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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 Ubala, Colombia in consideration of a cash payment of US\$20,000. In order to maintain its interest in the option, the Company was supposed to make an option payment of US\$55,000 on August 4, 2009. However, Colombian renegotiated the option agreement in August 2009 and made an option payment of US\$15,000 instead of the US\$55,000 payment. The terms of the agreement were revised significantly whereby the total purchase price was reduced from US\$1,500,000 to US\$800,000 which includes the US\$20,000 payment made on the execution of the original agreement. The next option payment is due on August 4, 2010 in the amount of US\$20,000, with additional payments due every August thereafter until the entire purchase price is paid.

**Exploration Expenditures**

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

	Yarumalito	Regional & Other	Total
Administration	\$ 13,890	\$ 18,986	\$ 32,876
Consultants	10,742	14,068	24,810
Field costs	3,651	3,335	6,986
Salaries	750	534	1,284
Taxes	571	-	571
Travel	29	97	126
Vehicle costs	62	99	161
	\$ 29,695	\$ 37,119	\$ 66,814

The Company incurred the following exploration expenditures (including amortization of \$21,695) during the three months ended July 31, 2008.

	Yarumalito	Guayabales	Regional & Other	Total
Administration	\$ 18,803	\$ 144,101	\$ 50,720	\$ 213,624
Assays	8,023	20,504	22,209	50,736
Consultants	13,601	21,480	37,109	72,190
Drilling	-	196,464	-	196,464
Field costs	5,514	18,799	13,803	38,116
Legal	4,728	6,722	6,783	18,233
Salaries	13,098	35,401	43,353	91,852
Taxes	324	1,191	254	1,769
Travel	1,307	6,839	11,526	19,672
Vehicle costs	1,191	11,188	5,113	17,492
	\$ 66,589	\$ 462,689	\$ 190,870	\$ 720,148

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**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 at July 31, 2009 and April 30, 2009	18,515,761	\$ 7,659,187	\$ 2,500,038

**Warrants**

As at July 31, 2009, the details of outstanding share purchase warrants were as follows:

	Number of Warrants	Exercise Price	Expiry Date
May 27/08 Private Placement	950,000	1.20	May 27, 2010

**Stock options**

The following table summarizes information about the stock options which were outstanding and exercisable at July 31, 2009:

Date Granted	Number of Options	Exercise Price	Weighted Average Remaining Life in Years
December 3, 2007	1,255,000	1.00	3.67

**6. RELATED PARTY TRANSACTIONS**

During the three months ended July 31, 2009, the Company paid \$34,300 (2008 - \$Nil) 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, 2009, the Company had deposits for future services with Seabord in the amount of \$10,000 (2008 - \$Nil) which were included in prepaid expenses. 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, 2009, Colombian received cash for interest income of \$46,592 (2008 - \$16,068).

As

at July 31, 2009, the Company's cash and cash equivalents were all in cash. As at April 30, 2009, the Company's cash and cash equivalents which amounted to \$1,498,665 were composed of \$118,665 in cash and \$1,380,000 in term deposits.

## 9. 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. 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, 2009, the Company is exposed to currency risk through the following assets and liabilities denominated in Colombian pesos:

	<b>Colombian Pesos</b>
Cash and cash equivalents	40,572,300
Receivables	65,179,300
Accounts payable and accrued liabilities	(54,530,200)
Net exposure	51,221,400

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JULY 31, 2009

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Based on the above net exposure as at July 31, 2009 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 \$2,700 in the loss from operations. The Colombian peso exchange rate at July 31, 2009 was 1,910 Colombian pesos to the Canadian dollar and the peso exposure amounts to \$26,824.

**10. MANAGEMENT OF FINANCIAL RISK**

(b) Credit Risk

The Company's cash and cash equivalents are mainly held through a large Canadian financial institution and at July 31, 2009 are mainly cash in high interest 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.