TSX.V:CBI

COLIBRI RESOURCE CORPORATION

Form 51-102F1

Management Discussion & Analysis

Three months Ended May 31, 2019

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Overview

The following Management Discussion and Analysis ("MD&A") for Colibri Resource Corporation ("the Company") prepared as of July 26, 2019 should be read together with the unaudited condensed consolidated interim financial statements for the three months ended May 318, 2019 and related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars unless otherwise noted.

This MD&A contains forward-looking information. Please see "Forward-Looking Information" and "Risk and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

FORWARD-LOOKING INFORMATION

Forward-looking information is included in this MD&A, which involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Such information may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this MD&A. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following factors: financial health of the Company's subsidiary and the related cash flows, competitive and economic environment, seasonality and fluctuations in results, expansion, interest rates, foreign exchange, cash distributions are not guaranteed and will fluctuate with the performance of its subsidiary, and federal income tax changes in Mexico and Canada.

Although the forward-looking information contained in this MD&A is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Forward-looking information reflects management's current beliefs and is based on information currently available to the Company. Such information reflects current assumptions regarding future events and operating performance including, without limitation, a strong economy in Canada, stable interest rates and continued strength in the mining exploration industry in which the Company operates, and speaks only as of the date of this discussion. The forward-looking information is made as of the date of this MD&A and the Company assumes no obligation to update or revise such information to reflect new events or circumstances.

Description of the Business

The Company was incorporated on February 20, 2004 in the province of British Columbia. On August 5, 2005, the Company's common shares and purchase warrants began trading on the TSX Venture Exchange under the symbols CBI and CBI.WT respectively.

Through its subsidiary company Minera Bestep S.A. de C.V, the Company is engaged in the acquisition, exploration, and if warranted, development of gold, silver, copper, molybdenum and other metal deposits in Mexico. Minera has acquired a majority interest in three mineral properties located in Sonora, Mexico. Sonora is the northernmost state in Mexico and borders the United States of America. All of the Company's property interests are located within or adjacent to, a free trade zone within the State, a fact that facilitates cross-border access and general business. The properties are characterized by ease of accessibility, well developed infrastructure, access to a ready and skilled labour pool and a large degree of common logistics due to their relative proximity to each other.

The Company's mineral property interests are the Colibri Property, the Evelyn III Property, the Pilar Property, and the Sun Property. These properties are in the exploration stage only and are without a known body of commercial ore.

Additionl information related to the Company is available for view on the Company's website at www.colibriresource.com and on SEDAR at http://www.sedar.com.

Overall Performance

On April 18, 2013, the Company revised an option agreement for the acquisition of two additional mining claims located within the Company's Ramard concession in Sonora, Mexico. The two claims are called "Picacho" and "El Dorado", and are 60 and 64 hectares in size respectively. Pursuant to the Agreement, the Company has been granted the exclusive option to acquire a 100% right, title and interest in the Claims.

Agnico-Eagle Mines Ltd. (AEM), through one of its subsidiaries, is maintaining the former Colibri gold project, now known as "Pitaya". Some preliminary drilling and exploration work was completed pursuant to the Earn-In and Shareholders Agreement completed with AEM on May 27, 2011. As of February 28, 2018, AEM has incurred US$3,771,722 in exploration and related costs on the "Pitaya" project with the Company holding a 24.45% interest in the project. AEM has informed Colibri that they are not planning to drill on the Pitaya in 2018. Preliminary results of AEM's drilling program to-date are available on the Company's website as well as on SEDAR.

The Company has also continued with preliminary surveying and groundwork, and collecting of surface soil samples, on its Evelyn property. A total of 703 surface soil samples were collected in two campaigns. Processing of surface soil samples and lab assay work was also competed, and details are available on the Company's website as well as SEDAR.

The Company acquired the Pilar and Sun properties in August 2017 and has completed a phase 1 drilling program on the Pilar property. Results of the drilling program are available on SEDAR.

During the 2018 fiscal year, the Company entered into an agreement with Agnico with respect to the sale of the Colibri Project whereby Agnico will manage the sale process. In the event of a sale, if the consideration is any combination of cash and securities the Company will receive its proportionate share of such cash and securities. If the consideration received is other than a combination of cash and securities, the Company will receive cash proceeds from Agnico in the amount of $US500,000.

As a result, management determined there were indicators of impairment on the Colibri property, and accordingly, recorded an impairment charge of $1,730,793.

During the 2018 fiscal year, management determined there were indicators of impairment on its remaining properties, and accordingly, recorded an impairment charge of $5,092,012.

Quarterly Information.

The following table table provides a brief summary of the Company's financial operations. For the more detailed information, refer to the Consolidated Financial Statements.

	Three months Ended May 31, 2019	Three months ended May 31, 2018
Total Revenue	$ -	$ -
Net income (Loss) before extraordinary items	(190,891)	(599,097)
Net income (Loss) and comprehensive loss	(196,178)	(801,079)
Basic and diluted earnings (loss) per share	(0.00)	(0.01)
Total assets	763,384	7,550,387
Total long-term liabilities	-	-
Cash dividends	-	-

The Company no intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance the growth of its business.

Results of Operations

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 period. Actual results may be different from those estimates. Additional significant accounting policies are detailed in Note 3 attached to the financial statements.

For the three months Ended May 31, 2019

Operations in the three months ended May 31, 2019 were focused on maintaining the Company's interests in its properties in Sonora, Mexico, as well as continued efforts to seek option arrangements for any of these properties.

The net loss for the three months ended May 31, 2019 was $190,891, which was a loss of $0.00 per share on both a basic and a fully diluted basis. This loss was fully attributed to general and administrative expenses. Major components of the administrative expenses were wages and benefits of $21,230, audit and accounting of $15,750, transfer agent and filing fees of $11,782, travel costs of $12,082, advertising and promotion costs of $6,806, consulting fees of $21,501 and management fees of $18,000. Also included in the loss for 2019 was non cash share based compensation expense of $22,632.

For the three months Ended May 31, 2018

Operations in the three months ended May 31, 2018 were focused on maintaining the Company's interests in its properties in Sonora, Mexico, as well as continued efforts to seek option arrangements for any of these properties.

The net loss for the three months ended May 31, 2018 was $599,097, which was a loss of $0.01 per share on both a basic and a fully diluted basis. This loss was fully attributed to general and administrative expenses. Major components of the administrative expenses were wages and benefits of $21,860, audit and accounting of $14,383, transfer agent and filing fees of $6,125, travel costs of $15,076, consulting fees of $13,200 and management fees of $18,000. In addition, share-based compensation expenses were $188,271 as a result of the grant of incentive options to directors, officers and consultants. The Company also incurred a loss of $140,792 on the sale of a subsidiary company.

Increases in each category resulted from increased activity during the quarter ended May 31, 2018 compared to the quarter ended May 31, 2017. Details of the change are disclosed in the financial report for the period ended May 31, 2018.

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly financial information for each of the last eight most recently completed quarters:

	Three Months Ended							
	May 31, 2019	February 28, 2019	November 30, 2018	August 31, 2018	May 31, 2018	February 28, 2018	November 30, 2017	August 31, 2017
Total assets	$ 763,284	$838,764	$781,358	$7,567,122	$7,550,387	$8,238,219	$7,259,699	$7,311,897
Mineral property costs	650,000	650,000	650,000	7298,004	7,018,062	6,903,806	6,937,148	6,838,015
Working capital	(523,845)	(439,995)	(519,099)	(225,690)	267,555	847,531	(81,112)	(34,326)
Shareholders' equity	137,917	218,328	139,039	7,080,807	7,287,539	7,842,149	6,857,029	6,805,876
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(190,891)	(161,923)	(7,062,642)	(301,021)	(599,097)	(170,541)	(44,943)	(227,171)
Earnings (loss) per share	(0.00)	(0.00)	(0.13)	(0.01)	(0.01)	(0.00)	(0.01)	(0.02)

Liquidity

The Company has no history of profitable operations and its mineral projects are at an early stage. Therefore, it is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

The Company's ability to continue as a going concern in the short term is dependent upon its ability to obtain financing. The Company has obtained financing by the issuance of share capital. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

	May 31, 2019	May 31, 2018
Working capital (deficit)	$ (523,845)	$ 267,555
Deficit	(14,758,576)	(10,464,024)

Net cash used in operating activities during the period was $306,788 compared to $74,888 during the previous period. The net cash used in operating activities primarily consists of the operating loss and a change in non-cash working capital.

Financing activities provided net cash of $98,374 during the current three months and $15,524 during the previous three months. Cash was received from a private placement which closed Q2 2019.

Net cash used in investing activities was $nil during the current three months and $8,697 in the previous three months. No cash was expended on the acquisition and maintenance of mineral claims and exploration work conducted on the claims in Mexico.

Capital Resources

The Company's sources of funds have been derived from private placement financings and the completion of the Company's IPO. The Company closed its IPO on July 28, 2005, pursuant to which it received gross proceeds of $2,500,000 from the sale of 10,000,000 units (the "Units") with each Unit consisting of one common share in the capital of the Company (a "Share") and one transferable common share purchase warrant (a "Warrant"). Two whole warrants entitled the holder thereof to acquire one additional common share of the Company (a "Warrant Share") until July 28, 2007 at an exercise price of $0.30 per Warrant Share. During the three month period ended August 31, 2007, 7,729,950 of these warrants were exercised.

Also, on April 19, 2007, the Company closed a brokered, private placement of 7,013,000 Units at a price of $0.40 per Unit for gross proceeds of $2,805,200. Each Unit consists of one common share and one full, non-transferable share purchase warrant. Each warrant will entitle the holder to purchase an additional common share of the Company at a price of $0.70 per share until April 20, 2008.

Bolder Investment Partners Ltd. acted as agent in respect of the placement. Bolder was paid a cash commission of $162,933 and 118,643 Units or 7.5 % of the total gross proceeds and was issued broker's warrants authorizing the purchase of up to 701,300 common shares at $0.70 per share until April 20, 2008 on the same terms as the warrants issued as part of the Units under the private placement.

During 2007, the Company also received gross proceeds of $1,787,851 from the exercise of share purchase warrants, and another $15,000 from the exercise of stock options.

On April 7, 2011, Colibri completed a non-brokered private placement for gross proceeds of $2,400,000 (the "Private Placement"). This non-brokered private placement is comprised of an aggregate of 12,000,000 units at a price of $0.20 per unit. Each unit consists of one common share of the Company and one share purchase warrant, providing the holder with the right to purchase one additional Colibri common share for $0.35 per share until April 6, 2013. The warrants are subject to an early acceleration provision which provides for the mandatory exercise or expiry of the warrants in the event Colibri's shares close at $0.60 or higher for a period of 20 consecutive trading days. The Company paid finder's fees of $112,350 in cash as well as 561,750 finder's warrants, each finder's warrant entitling the holder to purchase one common share until April 6, 2013. The proceeds from the private placement have been used for general working capital for the Company's operations in Sonora, Mexico including its 2000 meter drilling program at the Ramard silver project near the municipality of Carbo, Sonora.

On May 27, 2011, the Company finalized an Earn-In and Shareholders Agreement with Agnico-Eagle Mines Ltd. (AEM) regarding the Company's Colibri property. Pursuant to the Agreement, AEM may acquire up to a 75% interest in the Company's Colibri gold project in Sonora, Mexico (the "Colibri Project") and form a joint venture with the Company by making qualified exploration expenditures and payments to Colibri. To earn a 75% interest in the Colibri Project, AEM is required to spend, over the next three three months, a minimum of US$3.0 million ($2,595,595 incurred to February 29, 2015) in exploration expenditures, of which US$1.5million (more thanUS$2.8M incurred to date) is to be spent in the first 18 months, as well as complete a positive feasibility study within five three months. As required under the Agreement, the Company incorporated a Mexican wholly-owned subsidiary of a B.C. company (0901223 B.C. Ltd.) and transferred all rights, title and interest in the Colibri Project to the Mexican subsidiary.

Pursuant to the above Agreement, AEM will be required to make option payments to Colibri totalling US$1,452,000 (US$218,000 paid to-date) over a seven three month period. After completion of the feasibility study and earning a 75% interest in the Colibri Project, AEM and Colibri may form a joint venture to develop the Colibri Project. Pursuant to the Agreement, AEM also made an equity investment in Colibri by purchasing 3 million units at $0.20 per unit for gross proceeds of $600,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.35 per common share. All warrant expired on May 26, 2013.

AEM has indicated that, pending budget approval, they will be doing a 2,000 meter drilling program on the Colibri property in 2016 at a cost of $650,000. The Company will have the option to participate in the program or if not, the ownership % in the property will decrease. The Company decided it would not participate.

On December 14, 2015, in connection with a private placement, the Company issued 1,666,666 common shares at a price of $0.03 per share for net proceeds of $50,000.

On April 29, 2016, the Company completed a non-brokered private placement for gross proceeds of $80,000. The non-brokered private placement consisted of 1,600,000 units at a price of $0.05 per unit with each consisting of one common share and one common share purchase warrant, providing the holder with the right to purchase one additional Colibri common share for $0.075 during the first twelve months following the date of issue, and for $0.085 for the subsequent twelve months.

On June 30, 2016, the Company completed a non-brokered private placement for gross proceeds of $100,000. The non-brokered private placement consisted of 1,000,000 units at a price of $0.10 per unit with each unit consisting of one common share and one-half common share purchase warrant, providing the holder with the right to purchase one additional common share of Colibri with one whole share purchase warrant for $0.15 for a period of twenty-four months from the date of issue.

On October 26, 2016, the Company completed a non-brokered private placement for gross proceeds of $400,075. The non-brokered private placement consisted of 2,667,166 units at a price of $0.15 per unit with each unit consisting of one common share and one common share purchase warrant, providing the holder with the right to purchase one additional common share of Colibri for $0.25 for a period of twenty-four months following the date of issue. The Company incurred finder's fees of $30,806 in cash as well as 205,272 finder's warrants, and legal fees of $3,181.

On April 19, 2017 and August 1, 2017, the Company received cash proceeds of $108,000 and $48,750 respectively resulting from the exercise of share purchase warrants.

On September 6, 2017, the Company completed a non-brokered private placement for gross proceeds of $639,750. The non-brokered private placement consisted of 4,265,000 units at a price of $0.15 per unit with each unit consisting of one common share and one common share purchase warrant, providing the holder with the right to purchase one additional common share of Colibri for $0.25 for a period of twelve months following the date of issue. The Company incurred finder's fees of $29,663 in cash as well as 197,500 finder's warrants, and legal fees of $13,725.

On August 1, 2017, the Company issued 24,242,425 common shares in exchange for all of the issued and outstanding shares of Canadian Gold Resources Ltd. valued at $4,000,000. The transaction is a related party transaction as the Company and Canadian Gold Resources Ltd. are managed by officers and directors in common.

On February 28, 2018 and March 15, 2018, the Company completed a non-brokered private placement for gross proceeds of $1,212,098. The non-brokered private placement consisted of 12,120,980 units at a price of $0.10 per unit with each unit consisting of one common share and one common share purchase warrant, providing the holder the right to purchase one additional common share of Colibri for $0.15 for a period of sixty months from the date of issue. The Company incurred finder's fees of $31,350 as well as 372,000 finders warrants and legal fees of $33,102.

On April 23, 2018, the Company received cash proceeds of $13,600 resulting from the exercise of share purchase warrants.

On March 13, 2019, the Company completed a non-brokered private placement for gross proceeds of $317,000. The non-brokered private placement consisted of 6,340,000units at a price of $0.05 per unit with each unit consisting of one common share and one common share purchase warrant, providing the holder the right to purchase one additional share of Colibri for $0.10 for a period of thirty six months from the date of issue. The Company incurred finder's fees of $9,000 as well as 73,000 finders warrants and other fees of $2,365.

Additional disclosure concerning the Company's general and administrative expenses and resource property obligations and commitments are provided in the Company's consolidated statements of operations and deficit and notes therein. The Company does not have any commitments for specific capital expenditures, as the agreements under which it may earn the interests in the mineral exploration properties are option agreements. However, the Company anticipates incurring the following expenditures from its available funds over the next fiscal year:

Description:			
(1)	To make property option payments and mineral property tax estimated payments on the Evelyn, Pilar and Sun properties	$	16,000
(2)	(a) Colibri Property (see Note 6 to financial statements), NSR option payment.	$	0
	(b) To maintenance and storage on the Sun Property.	$	1,000
	(c) To exploration on the Pilar Property.	$	100,000
	(d) To maintenance and storage on the Evelyn Property	$	20,000
(3)	To cover estimated general and administrative expenses for a 12-month period	$	160,000

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Transactions with Related Parties

During the three months ended May 31, 2019, the Company entered into the following transactions with related parties:

Name	Relationship	Purpose of Transaction	Amount
617337 NB Inc.	Company controlled by the President and CEO of the Company	Management	$18,000
Brant Capital Partners Inc.	Company controlled by the CFO of the Company	Accounting	$3,500
Ian McGavney	Chief Operating Office	Management	$9,000

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts payable and accrued liabilities to related parties for 2019 of $482,826 (2018 – $199,494) is comprised of management fees and loans plus accrued interest due to companies controlled by officers of the Company. Amounts payable to related parties bear interest at 6% per annum, are due on demand, and are unsecured.

Risk and Uncertainties

The Company holds certain mineral property interests in Mexico, and as such is exposed to numerous risks and uncertainties common to other junior exploration companies.

The Company's business, results of operations, financial condition, and the trading price of its common shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to development of mineral deposits, metal prices, title matters, reclamation costs, metal price volatility, competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Company.

The Company and its mineral exploration programs are at an early stage. The Company is not profitable and has no sources of revenue. The Company is reliant on raising equity and while this has been successful in the past, there is no assurance that it will be able to do so in the future.

The mineral claim that the Company has an interest in are in the exploration stage only. There is no assurance that the exploration activities of the Company will result in the discovery of a commercially viable mineral deposit.

Mineral exploration activities could result in injury and damage to life and property, possible adverse environmental impacts and possible legal liability.

The Company's financial results are denominated and reported in Canadian dollars. The Mexican operations involve payments in US dollars and Mexican pesos. Significant fluctuations of these currencies against the Canadian dollar could have a material effect on the Company's financial performance.

Critical Accounting Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The carrying value and recoverable amount of exploration and evaluation assets;
- The determination of the Company's functional currency;
- The inputs used in accounting for share-based compensation expense in the statements of operations and comprehensive loss;
- The valuation of shares issued in non-cash transactions;
- The valuation allowance applied against deferred income tax assets; and
- Management's assumption of no material provisions or obligations, based on the facts and circumstances that existed during the period.

Carrying value and recoverable amount of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserve

Accounting standards adopted

On April 1, 2018, the Company adopted IFRS 9 *Financial Instruments* ("IFRS 9"). IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), introduces new requirements for the recognition and measurement of financial assets and liabilities, a single, forward looking "expected loss" impairment model and a reformed approach to hedge accounting. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules previously under IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The International Accounting Standards Board ("IASB") requires an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018.

Application of IFRS 9 to the Company's other financial instruments also has no impact on the Company's financial position or results of operations and there is no financial impact that requires disclosure.

On April 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 – Revenue, IAS 11 – Construction Contracts and the related interpretations. In adopting the guidance, the Company has opted to use the modified retrospective basis in accordance with the transitional provisions of IFRS 15 whereby the cumulative effect of initially applying the standard has been recognized as an adjustment to the opening deficit at April 1, 2018 and comparative figures are not restated and continue to be reported under the accounting standards in effect for those periods.

The Company has no revenue and management has determined that the application of IFRS 15 did not result in any adjustment to the financial statements.

Accounting standards issued but not yet adopted:

For the purposes of preparing and presenting the Company's consolidated financial statements, the Company has adopted all applicable standards and interpretations issued other than those discussed below. These standards have not yet been adopted because they are not effective for the Company until subsequent to February 28, 2019.

IFRS 16 Leases ("IFRS 16") eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing the asset.

The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. Prospective application is required is required beginning on or after January 1, 2019 with early adoption permitted only if an entity early adopts IFRS 15 as well. The Company does not anticipate a significant impact on its financial results from adopting this standard.

Financial Instruments and Other Instruments

The Company has designated its financial instruments as follows: cash is classified as held-for-trading which is measured at fair value. Cash is measured at fair value on a recurring basis. Accounts receivable are classified as receivables and are recorded at amortized cost. Accounts payable and accrued liabilities and amounts due to related party are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective rate method.

IFRS 7, Financial Instruments – Disclosure; increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance. This standard establishes a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – fair values are based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

Financial instruments classified as level 1 – quoted prices in active markets include cash. The Company has no financial instruments classified as level 2 or 3.

Financial Risk Factors

The Company, through its financial assets and liabilities is exposed to various risks. The following analysis provides a measurement of risks as at the balance sheet date, May 31, 2019.

(a) Fair Value

The carrying values of cash, accounts receivable, accounts payable to related parties, and accounts payable and accrued liabilities approximate their fair values due to the short terms to maturity of the instruments.

(b) 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 market interest rates. The Company has cash balances primarily in large Canadian chartered banks. The Company's current policy is to invest cash Canadian bank savings accounts with interest that varies at prime.

(c) Credit Risk

The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with reputable financial institutions, primarily in Canada, and is kept in highly liquid accounts that are closely monitored by management. Credit risk with respect to its accounts receivable is minimal due to the insignificant balances that are primarily due from government agencies.

The Company's maximum exposure to credit risk is as follows:

May 31, 2019	Canada	Mexico	Total
Cash and cash equivalents	$ 26,817	$ 3,636	$ 30,453
Receivable	10,883	25,163	36,046

	$ 37,700	$ 28,799	$ 66,499

May 31, 2018	Canada	Mexico	Total
Cash and cash equivalents	$161,409	$ 48,815	$210,224
Receivable	18,089	3,107	21,196
	$174,498	$ 51,922	$231,420

(d) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company's cash flow exposure to foreign currency is due mainly to cash, option payments and costs incurred for the development of its mineral properties in Mexico. As at May 31, 2019, the Company's consolidated balance sheets included $NIL (2018 – $1,215) of cash denominated in U.S. currency and $3,636 (2018 – $47,600) denominated in Mexican currency; $NIL (2018 – $NIL) of accounts payable which were U.S. currency denominated and $45,123 (2018 – $12,839) of accounts payable which were Mexico currency denominated. The Company does not use, hold or issue financial instruments for trading or speculative purposes. At May 31, 2019 there were no foreign exchange contracts outstanding.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined below. The Company has insufficient funds as at May 31, 2019 to settle its current accounts payable of $625,467 and taking into account funds received subsequent to the quarter end, is insufficient to meet the current amount of its long-term commitments on mineral claims as outlined in Note 5.

In the opinion of management, working capital deficit of $523,8495 at May 31, 2019 is insufficient to support the Company's normal operating requirements through its current reporting period. The Company is continuing to review expenditures in order to ensure adequate liquidity and flexibility to support its exploration and development strategies.

Outstanding Share Data

The Company has the following shares issued and outstanding as at May 31, 2019 and July 26, 2019:

	May 31, 2019	May 31, 2018
Authorized		
Common shares without par value unlimited		
Issued and Outstanding	59,242,986	52,902,986
Issued subsequent to the period end	2,280,000	-
Issued and outstanding July 26, 2019 and July 30, 2018	61,522,986	52,902,986

On September 24, 2016, the Company implemented a share consolidation of all its outstanding common shares on the basis of one post-consolidation share for every fifteen pre-consolidated shares.

The effect of the consolidation will provide the Corporation with increased flexibility to seek additional financing opportunities and to pursue strategic transactions and will improve the market's perception of the Corporation. The Consolidation is also expected to aid in the reduction of the spread between bid and offer prices quoted by market makers in the Common Shares. Such a reduction in turn should allow shareholders to realize improved prices when buying or selling the Common Shares.

Stock options

The Company has in place a rolling stock option plan whereby the Company may grant stock options to eligible persons to acquire a total of up to 10% of the then existing number of shares outstanding. Awarded stock options generally vest at the discretion of the directors and are exercisable over a period not exceeding ten years at exercise prices determined by the directors. The exercise price of each option is subject to a minimum price of $0.10 and cannot be less than the discounted market price of the Company's stock as calculated pursuant to the policies of the TSX Venture Exchange.

The number of stock options outstanding at July 26, 2019 is summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance November 30, 2017	700,000	$	0.15
Options granted	625,000	$	0.10
Options granted	3,775,00	$	0.10
Balance April 29, 2019	5,100,000	$	0.11

At May 31, 2019, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
550,000	$0.15	June 14, 2021
150,000	$0.15	January 23, 2019
1,800,000	$0.10	April 16, 2028
1,975,000	$0.10	April 16, 2023
625,000	$0.10	March 13, 2024
5,100,000		

At May 31, 2019, the 5,100,000 options outstanding have a weighted average life remaining of 5.44 years.

Warrants

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	
Balance, November 30, 2017	7,267,166	$	0.24
Exercised during the 2018 fiscal year	(160,000)	$	0.08
Expired during the 2018 fiscal year	(175,000)	$	0.15
Expired during the 2018 fiscal year	(2,667,166)	$	0.25

Issued during the 2018 fiscal year	12,12098	$	0.15
Balance November 30, 2018	16,385,980	$	0.15
Issued during the period	6,340,000	$	0.10
Balance May 31, 2019	22,725,980	$	0.15

The following warrants are outstanding at May 31, 2019:

Number of warrants	Exercise price per warrant	Expiry date
4,265,000	$0.15	September 6, 2019
10,770,980	$0.15	February 26, 2023
1,350,000	$0.15	March 15, 2023
6,340,000	$0.10	March 13, 2022
22,725,980		

In addition, there are 542,500 broker warrants outstanding of which 197,500 are exercisable at $0.25 per share and expire on September 6, 2019, 272,000 which are exercisable at $0.15 per shares and expire on February 26, 2023, and 73,000 are exercisable at $0.10 and expire on March 13, 2022.

Subsequent to the period end an additional 2,280,000 warrants were issued exercisable at $0.10 for three years from the date of issue. The number of warrants outstanding at July 26, 2019 is 25,548,480.

Segmented Information

The Company primarily operates in one reportable business segment, being the acquisition and exploration of mineral properties located in Mexico. The net loss and assets identifiable with these geographic areas are as follows:

May 31, 2019	Canada	Mexico	Total
Net loss for the three month	$(184,695)	$(6,196)	$(190,891)
Current assets	70,216	31,406	101,622
Capital assets	1,911	9,851	11,762
Mineral properties	-	650,000	650,000
Total assets	$147,643	$691,133	$838,764
Total liabilities	$580,344	$ 45,123	$625,467

May 31, 2018	Canada	Mexico	Total
Net loss for the three month	$ (528,686)	$ (70,511)	$ (599, 097)
Current assets	477,708	52,695	530,403
Mineral properties	-	7,018,062	7,018,062
Capital assets	1,922	-	1,922
Total assets	$ 479,630	$7,070,757	$7,550,387
Total liabilities	$ 250,009	$ 12,839	$ 262,848

Additional Disclosure for Venture Issuers Without Significant Revenue

	Three months Ended May 31, 2019	Three months Ended May 31, 2018
Capitalized or expensed exploration and development costs	$ -	$ 208,919
General and administrative expenses	$ 190,891	$ 458,305

Capitalized or Expensed Exploration and Development Costs

For the Colibri property, we capitalized $NIL during the three months ended May 318, 2019 and $NIL during the previous three months.

For the Pilar property, we capitalized $Nil during the three months ended May 31, 2019 and $NIL during the previous three months.

For the Sun property, we capitalized $NIL during the three months ended May 31, 2019 and $NIL during the previous three months.

For the Evelyn property, we capitalized $Nil during the three months ended May 31, 2019 and $Nil during the previous three months.

Proposed Transaction

During the 2018 fiscal year the Company entered into an agreement to acquire Yaque Minerales S.A. de C.V., a Mexico incorporated company which owns two mineral concessions, the El Mesquite property and the Jackie property located in the State of Sonora, Mexico. Consideration for the transaction is the issue of an unsecured convertible debenture by the Company with a face value of $1,000,000, a term of five years, bearing interest at 2.5% per annum, and convertible at any time to common shares of the Company at $0.20 per common share.

The transaction was approved by the Company's shareholders on May 16, 2019, is subject to regulatory approval, and is expected to close during Q3 of fiscal 2019.

Management's Responsibility for Financial Information

The Company's financial statements and other information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

The Company maintains internal control systems designed to ensure that financial information is relevant and reliable and that assets are safeguarded.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

Evaluation of Disclosure Controls and Procedures

Management has evaluated the effectiveness of its disclosure controls and procedures and has concluded that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

Approval

The Board of Directors of Colibri Resource Corporation has approved the disclosure contained in this Management Discussion & Analysis. A copy of this Management Discussion & Analysis will be provided to anyone who requests it.

Subsequent Events

Subsequent to the period end, the Company announced a private placement financing consisting of 2,280,0000 units at $0.05 per unit with each unit consisting of one common share and one common share purchase warrant exercisable at $0.10 per share for a period of three years from the date of issue. The financing is subject to regulatory approval and is expected to close during Q3 of fiscal 2019.

Additional Information

Additional information relating to our Company is available for viewing on the SEDAR website at http://www.sedar.com.