

# COLIBRI RESOURCE CORPORATION

## Form 51-102F1

### *Management's Discussion & Analysis for the Third Quarter Ended August 31, 2012*

The following Management Discussion and Analysis ("MD&A") for Colibri Resource Corporation ("the Company") prepared as of July 24, 2012 provides an analysis of the operations and financial results of Colibri Resource Corporation ("the Company") for the three months ended August 31, 2012, and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and notes for the three months ended August 31, 2012. All figures are in Canadian dollars unless otherwise noted.

As of December 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"), with a transition date of December 1, 2010. The unaudited condensed consolidated interim financial statements for the three months ended August 31, 2012 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and using accounting policies consistent with IFRS. Readers of this MD&A should refer to financial statement Note 13(b) "Changes in Accounting Policies" for a discussion of IFRS and its affect on the Company's financial presentation. This MD&A should also be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended November 30, 2011, which were prepared in accordance with previous Canadian GAAP, and the Company's interim consolidated financial statements for the third quarter ended August 31, 2012, which were prepared in accordance with IFRS.

This MD&A contains forward-looking information. Please see "Forward-Looking Information" and "Risks 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: general business and economic conditions, conditions in the financial markets generally and specifically with respect to the prospects for junior exploration companies, financial health of the Company and its subsidiaries and the related cash flows, seasonality and fluctuations in results, expansion, interest rates, foreign exchange, ability to secure the necessary consulting, drilling and related services and supplies on favorable terms, the nature and location of the Company's mineral exploration projects, and the ability to complete planned exploration projects in a timely manner within budget.

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.

## **General**

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 Subsidiaries, Minera Halcones S.A. de C.V., 0901223 B.C. Ltd., and Minera Azor Dorado 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. Halcones has acquired a majority interest in four large 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 Leon Property, the Ramaje Ardiente (Ramard) Property and the Evelyn III Property. These properties are in the exploration stage only and are without a known body of commercial ore.

Additional information related to the Company is available for view on the Company's website at [www.colibriresourcecorp.com](http://www.colibriresourcecorp.com) and on SEDAR at <http://www.sedar.com>.

## **Overall Performance**

The Company has continued its focus on the exploration and evaluation of its Ramard silver project located near the municipality of Carbo, State of Sonora, Mexico. In November 2011, SJ Geophysics was contracted to conduct an Induced Polarization survey of the property. This survey covered approximately 2,000 hectares of the claim site, including the La Bronca zone, location of the last drill program, and areas to the southwest referred to as "Verde" and "Picacho" zones.

Results of the IP survey were correlated with surface soil and rock chip samples, and geological mapping, to develop a 2,000 metre diamond drilling program. The drilling program began in early March 2012 and was completed on May 15, 2012 with nearly 2,300 metres completed. Processing of the drill core and laboratory assay work was completed, and the detailed results are available on the Company's website as well as on SEDAR.

Agnico-Eagle Mines Ltd. (AEM), through one of its subsidiaries, has also continued its diamond-core drilling program on the former Colibri gold project, now known as "Pitaya". This work is being completed pursuant to the Earn-In and Shareholders Agreement completed with AEM on May 27, 2011. As of August 31, 2012, AEM has incurred US\$1,897,472 in exploration and related costs on this project.

## Annual Information

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

	Three Months Ended August 31, 2012	Three Months Ended August 31, 2011
Total revenues	\$ 2,868	\$ 17,931
Net income (loss) before extraordinary items	(109,921)	(355,337)
Net income (loss) and comprehensive income	(109,921)	(355,337)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)
Total assets	8,204,155	8,761,829
Total long-term liabilities	-	-
Cash dividends	-	-

The Company earns interest revenue from cash and term deposits held in banks. It has 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 Quarter Ended August 31, 2012

Operations in the period from June 1, 2012 to August 31, 2012 were focused on completing geological interpretation and mapping of the Company's Ramard silver project, as well as organizing and commencing field sampling on its Evelyn gold project.

The net loss for the three month period ended August 31, 2012 was \$109,921 which was a loss of \$0.01 per share on both a basic and a fully diluted basis. This loss was primarily attributed to general and administrative expenses of \$113,720. Major components of the loss were management fees of \$25,722, investor relations costs of \$19,500, and Director fees and benefits of \$14,551.

### For The Quarter Ended August 31, 2011

Operations in the period from June 1, 2011 to August 31, 2011 were focused on maintaining the Company's interests in the properties that it owns in the province of Sonora, Mexico, as well as the construction of access roads and the continuation of exploratory drilling programs on the Ramard property. The Company has not generated any revenues from operations for the period.

The net loss for the three month period ended August 31, 2011 was \$355,337 which was a loss of \$0.01 per share on both a basic and a fully diluted basis. This loss was primarily attributed to general and administrative expenses of \$373,268. Major components of the loss were stock-based compensation of \$208,379, consulting fees of \$49,825, management fees of \$23,750, advertising/promotion costs of \$20,694 and travel related costs of \$20,160.

## 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**

	August 31, 2012	May 31, 2012	February 29, 2012	November 30, 2011	August 31, 2011	May 31, 2011	February 28, 2011	November 30, 2010
Total assets	\$8,204,155	\$8,381,202	\$8,534,948	\$8,634,989	\$8,761,829	\$8,998,247	\$6,195,892	\$6,174,818
Mineral property costs	7,038,920	6,899,500	6,254,220	6,029,783	5,957,926	5,929,294	5,739,968	5,670,460
Working capital	1,104,259	1,347,526	2,113,018	2,456,819	2,670,255	2,844,448	286,184	376,659
Shareholders' equity	8,149,250	8,259,171	8,380,377	8,500,736	8,643,709	8,790,668	6,044,479	6,066,848
Revenues	2,868	5,849	10,150	10,865	17,931	291	872	980
Net income (loss)	(109,921)	(340,425)	(120,359)	(188,817)	(355,337)	(87,534)	(54,369)	(78,645)
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

**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.

	August 31, 2012	August 31, 2011
Working capital	\$ 1,104,259	\$ 2,670,255
Deficit	(3,566,846)	(2,807,325)

Net cash used in operating activities during the period was \$183,294 compared to \$196,016 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 \$NIL during the current period and \$NIL during the previous period.

Net cash used in investing activities was \$132,920 during the current period and \$28,632 in the previous period. 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. The Units were subject to a hold period that expired August 20, 2007.

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 will be 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 which is currently under way.

Also, 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 years, a minimum of US\$3.0 million in exploration expenditures over the next three years, of which US\$1.5million (US\$118,398 incurred to date) is to be spent in the first 18 months, as well as complete a positive feasibility study within five years. 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 year 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 until May 26, 2013.

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. However, the Company anticipates incurring the following expenditures from its available funds over the fiscal year ended November 30, 2012:

<b>Description:</b>		
(1)	To make NSR option payments and mineral property tax estimated payments on the Colibri, Leon, Ramard and Evelyn III properties	\$ 75,000
(2)	(a) Colibri Property (see Note 6 to the financial statements).	\$ NIL
	(b) To conduct continuing exploration and drilling on the Ramard Property.	\$ 1,100,000
	(c) To conduct continuing exploration and drilling on the Leon Property.	\$ 25,000
	(d) To conduct site mapping and initial exploration work on the Evelyn Property	\$ 50,000
(3)	To cover estimated general and administrative expenses for a 12-month period	\$ 300,000
(4)	To provide general working capital	\$ 50,000

## **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 period from June 1, 2012 to August 31, 2012, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$25,722 (2011 - \$23,750) and accounting fees of \$4,800 (2011 - \$NIL) to companies controlled by directors of the Company.
- b) Paid or accrued office rent of \$2,250 (2011 - \$2,250) to a company controlled by a director of the Company.
- c) Paid or accrued \$6,500 (2011 - \$26,209) in geological consulting fees, of which \$NIL (2011 - \$23,869) are included in deferred exploration costs, to a company controlled by a former director of the Company.
- d) Paid or accrued \$10,706 (2011 - \$8,628) in geological consulting fees and mapping and production, of which \$10,706 (2011 - \$8,628) are included in deferred exploration costs, to a director of the Company.
- f) Paid or accrued \$14,551 (2011 - \$12,500) in fees to Directors of the Company.

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.

## **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 claims that the Company has a right to acquire 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.

## Significant Accounting Judgments and Estimates

The preparation of these condensed consolidated interim 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 condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim 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 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.

## Changes in Accounting Policies including Initial Adoption of IFRS

The Company has adopted IFRS effective December 1, 2011 with a transition date of December 1, 2010. For further details of the Company's initial adoption to IFRS, please refer to Notes 3 and 14 of the February 19, 2012 condensed consolidated interim financial statements.

## New Accounting Standards Not Yet Adopted

The following standards and interpretations are not yet in effect, and will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. The Company has not yet assessed the impacts of these standards:

IFRS 9 establishes the requirements for recognizing and measuring financial assets and financial liabilities, and is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IFRS 10 supersedes IAS 27: Consolidated and Separate Financial Statements and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement and supersedes IAS 31: Interests in Joint Ventures and SIC 13: Jointly Controlled Entities - Non- Monetary Contributions by Venturers. This new standard is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unstructured entity. This new standard is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. This new standard is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9. This new standard is effective for periods beginning January 1, 2013 with earlier application permitted.

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This amendment is effective for annual periods beginning January 1, 2013 with earlier application permitted.

## 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, August 31, 2012.

### (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, and no interest bearing debt. The Company's current policy is to invest cash Canadian bank savings accounts with interest that varies at prime.

If interest rates applicable to this floating rate bank account were to increase or decrease by 1%, the Company's annual interest income would increase or decrease by \$10,900 (\$2011- \$12,000).

### (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 receivables is minimal due to the insignificant balance.

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

August 31, 2012	Canada	Mexico	Total
Cash and cash equivalents	\$ 1,044,541	\$ 46,486	\$ 1,091,027
Sales tax receivable	58,641	-	58,641
	\$ 1,103,182	\$ 46,486	\$ 1,149,668
August 31, 2011	Canada	Mexico	Total
Cash and cash equivalents	\$2,635,446	\$ 135,844	\$2,771,290
Sales tax receivable	-	-	-
	\$2,635,446	\$ 135,844	\$2,771,290

**(d) Foreign Exchange risk**

Currency 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 August 31, 2012 and 2011, the Company's consolidated balance sheets included \$134,327 (2011 - \$32,035) of cash denominated in U.S. currency and \$31,060 (2011 - \$103,809) denominated in Mexican currency; \$4,000 of accounts payable (2011 - \$52,837) which were U.S. currency denominated and \$NIL (2011 - \$1,243) of accounts payable which were Mexico currency denominated. The Company does not use hold or issue financial instruments for trading or speculative purposes. At August 31, 2012 and 2011 there were no foreign exchange contracts outstanding.

A 10% increase or decrease in the value of the Mexican peso compared to the Canadian dollar could increase or decrease the Company's reported mineral properties by \$10,500 and increase or decrease its expenses by \$500 for the three months ended August 31, 2012.

A 10% increase or decrease in the value of the United States dollar compared to the Canadian dollar could increase or decrease the Company's reported mineral properties by \$13,550 and increase or decrease its expenses by \$1,200 for the three months ended August 31, 2012.

**(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 sufficient funds as at August 31, 2012 to settle its current accounts payable of \$54,905, and any annual commitments on its mineral claims as outlined in Note 6 of the Company's audited financial statements.

In the opinion of management, the working capital of \$1,104,259 at August 31, 2012 is sufficient to support the Company's normal operating requirements through its current reporting period. However, taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company is continuing to review expenditures in order to ensure adequate liquidity and flexibility to support its exploration and development strategies.

The Company believes that external financing, likely in the form of equity offerings, will be required to complete its major exploration and development projects; however, it is not likely that there will be a need for more financing until the second half of 2013.

**Outstanding Share Data**

**The Company has the following shares issued and outstanding:**

	August 31, 2012	November 30, 2011	November 30, 2010
Authorized			
Common shares without par value	100,000,000	100,000,000	100,000,000
Issued and Outstanding	50,236,010	50,236,010	34,611,010

**Stock options**

On April 17, 2012, the Company granted options to its Directors and Officers to purchase 1,950,000 common shares of the Company. These stock options have an exercise price of \$0.14 per share, and expire on April 17, 2017.

On May 30, 2012 the Company amended its Stock Option Plan from a 10% rolling plan to a fixed plan, whereby the Company may grant stock options to eligible persons to acquire a total of 500,000 common shares of the Company. Awarded stock options generally vest immediately, and are exercisable over a period not exceeding ten years at exercise

prices determined by the directors. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant.

The number of stock options outstanding is summarized as follows:

	Number Of Options	Weighted Average Exercise
Balance, November 30, 2009	1,390,000	\$ 0.21
Options granted	450,000	0.10
Balance, November 30, 2010	1,840,000	0.18
Options granted	950,000	0.25
Options exercised	(425,000)	0.10
Options expired	(25,000)	0.10
Balance, November 30, 2011	2,340,000	0.23
Options granted	1,950,000	0.14
Balance, August 31, 2012	4,290,000	\$ 0.19
Weighted average fair value per options granted		\$ 0.13

On April 17, 2012, an aggregate of 1,950,000 incentive stock options were granted to directors and officers of the Company. The options are exercisable at \$0.14 per share for a period of five years and will expire on April 17, 2017. The fair value of these options was \$219,219 and has been expensed in the statement of operations.

The Company used the Black-Scholes option pricing model to determine the value of the issued options. The assumptions were as follows: a 5 year expected term, a stock price volatility of 125% and a risk-free interest rate of 1.63%, and a forfeiture rate of 5%.

As at August 31, 2012, the following stock options were outstanding, with a weighted average life remaining of 3.25 years:

Number of Options	Exercise Price	Expiry Date
940,000	0.26	October 29, 2012
450,000	0.10	January 31, 2015
950,000	0.25	July 17, 2016
1,950,000	0.14	April 17, 2017
4,290,000	\$ 0.19	

## Warrants

The Company has 15,561,750 share purchase warrants outstanding as at August 31, 2012, enabling the holders to acquire common shares, determined as follows:

Expiry Date	Exercise Price	Number	Remaining Life
April 6, 2013	\$0.35	12,561,750	0.60 years
May 26, 2013	\$0.35	3,000,000	0.73 years
Number outstanding and exercisable		15,561,750	

## 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:

As at August 31, 2012	Canada	Mexico	Total
Net Loss	\$ (104,918 )	\$ (5,003 )	\$ ( 109,921)
Current assets	1,112,678	46,486	1,159,164
Equipment	5,854	217	6,071
Mineral properties	-	7,038,920	7,038,920
Total assets	\$ 1,118,532	\$ 7,085,623	\$ 8,204,155
As at August 31, 2011	Canada	Mexico	Total
Net Loss	\$ (347,613)	\$ (7,724)	\$ (355,337)
Current assets	2,651,579	136,796	2,788,375
Equipment	15,234	294	15,528
Mineral properties	-	5,957,926	5,957,926
Total assets	\$ 2,666,813	\$ 6,095,016	\$ 8,761,829

## Additional Disclosure for Venture Issuers Without Significant Revenue

	Quarter Ended August 31, 2012	Quarter Ended August 31, 2011
Capitalized or expensed Exploration and Development Costs	\$ 139,420	\$ 28,632
Expensed Research and Development Costs	\$ -	\$ -
General and Administrative Expenses	\$ 113,720	\$ 373,268
Material Costs	\$ -	\$ -

## **Capitalized or Expensed Exploration and Development Costs**

For the Colibri property, we capitalized \$5,146 during the period ended August 31, 2012 and \$12,204 during the same period for 2011. The Company also recovered IVA of \$NIL (2011 - \$10,632). These recoveries were netted to the above capitalized expenditures, as shown in Note 6 to the financial statements.

For the Ramaje Ardiente property, we capitalized \$99,332 during the period ended August 31, 2012 and \$37,345 during the same period for 2011. The Company also recovered IVA of \$NIL (2011 - \$3,811). These recoveries have been netted to the above capitalized expenditures, as shown in Note 6 to the financial statements.

For the Leon property, we capitalized \$24,220 during the period ended August 31, 2012 and \$4,559 during the same period for 2011. The Company also recovered IVA of \$NIL (2011 - \$11,063). These recoveries have been netted to the above capitalized expenditures, as shown in Note 6 to the financial statements.

For the Evelyn property, we capitalized \$10,722 during the period ended August 31, 2012 and \$4,080 during the same period for 2011.

## **Controls and Procedures**

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. TSX Venture listed companies are not required to provide representations in their annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Management's Responsibility for Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## **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.

## **Transition to International Financial Reporting Standards**

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards (“IFRS 1”), which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company’s financial statements for the year ending November 30, 2012 are the first annual financial statements that will be prepared in accordance with IFRS. IFRS 1, *First-time Adoption of International Financial Reporting Standards*, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was December 1, 2010 (the ‘Transition Date’). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be November 30, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles (“pre-changeover Canadian GAAP”).

In preparing the Company’s opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

### **a) Optional exemptions:**

Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, “Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to December 1, 2010.

Mineral exploration properties and deferred exploration expenses

IFRS 1 and IFRS 6 allow companies involved in the exploration for and evaluation of mineral resources to retain its previous accounting policies under Canadian GAAP. The Company has elected to use this exemption.

### **b) Mandatory exceptions:**

Estimates

In accordance with IFRS 1, an entity’s estimates under IFRS at the date of transition to IFRS must be consistent with estimates made under previous GAAP, unless there is objective evidence that those estimates were in error. IFRS employs a conceptual framework that is similar to Canadian GAAP. The Company’s IFRS estimates as December 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

## **Reconciliation to previously reported financial statements**

The reconciliation from Canadian GAAP to IFRS had no material impact on the unaudited condensed interim financial statements for the three and nine months ended August 31, 2012 and for the year ended November 30, 2011.

Please refer to the February 29, 2012 unaudited condensed consolidated interim financial statements on [www.sedar.com](http://www.sedar.com) for details on the Company’s initial transition to IFRS.

- Note 3 – Significant Accounting Policies
- Note 4 – New Accounting Standards Not Yet Adopted
- Note 14 – Transition to IFRS

**Additional Information**

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