COLIBRI RESOURCE CORPORATION

Form 51-102F1

Management's Discussion & Analysis
for the Year Ended November 30, 2011

The following Management Discussion and Analysis ("MD&A") for Colibri Resource Corporation ("the Company") prepared as of March 22, 2012 should be read together with the audited consolidated financial statements for the year ended November 30, 2011 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All figures are in Canadian dollars unless otherwise noted.

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: 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.

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.

In July 2011, the Company was pleased to welcome Dr. Paul Bartos, Ph.D., Vice President and Chief Geologist of Esperanza Resources Corp., to its Board of Directors.

In December, the Company was pleased to announce the appointment of Mr. Brian Lewicki, C.A. as the Company's new CFO. Mr. Lewicki, a Chartered Accountant, replaces Mr. Bill Walker who has resigned as CFO, but will remain as a Director of the Company.

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

Overall Performance

Management has continued to make progress on important business issues for the Company. On April 7, 2011, the Board of Directors completed a non-brokered Private Placement to raise gross proceeds of $2,400,000 to further the Company's exploration and development projects.

In addition, the Board of Directors finalized an Earn-in and Shareholders Agreement with Agnico-Eagle Mines Ltd. ("Agnico") on May 27, 2011 to assist in the exploration and development of the Colibri Gold Project. Pursuant to the terms of this Agreement, Colibri completed a Private Placement to Agnico to raise gross proceeds of $600,000.

Annual Information

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

	For The Year Ended November 30, 2011	For The Year Ended November 30, 2010	For The Year Ended November 30, 2009
Total revenues	$ 29,958	$ 3,051	$ 4,702
Net income (loss) before extraordinary items	(686,057)	(272,724)	(595,361)
Net income (loss) and comprehensive income	(686,057)	(272,724)	(595,361)
Basic and diluted earnings (loss) per share	(0.02)	(0.01)	(0.01)
Total assets	8,634,989	6,174,818	6,375,931
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

The Company earns interest revenue from cash, short term deposits and guarantee investment certificates 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 2 attached to the financial statements.

For The Year Ended November 30, 2011

Operations in the year ended November 30, 2011 were focused on maintaining the Company's interests in its properties, as well as the continuation of field mapping and chip sampling on the Ramard property. The Company has not generated any revenues from operations for the period. Also during the second half of the year, Agnico-Eagle commenced preliminary exploration work on the Colibri property, pursuant to the recently signed Earn-in and Shareholders Agreement.

The net loss for the year ended November 30, 2011 was $686,057, which was a loss of $0.02 per share on both a basic and a fully diluted basis. This loss was primarily attributed to general and administrative expenses of $ 716,015. Major components of the loss were stock based compensation of $208,379, investor relations costs of $113,296, management fees of $112,500, accounting and audit fees of $63,970, advertising and promotion costs of $58,912, and travel and related costs of $51,497.

For The Year Ended November 30, 2010

Operations in the year ended November 30, 2010 were focused on maintaining the Company's interests in its properties, as well as the continuation of field mapping and chip sampling on the Colibri and Leon properties. The Company has not generated any revenues from operations for the period.

The net loss for the year ended November 30, 2010 was $272,724, 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 $275,775. Major components of the loss were management fees of $90,000, accounting and audit fees of $62,100, and stock based compensation of $30,583.

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

	November 30, 2011	August 31, 2011	May 31, 2011	February 28, 2011	November 30, 2010	August 31, 2010	May 31, 2010	February 28, 2010
Total assets	$8,634,989	$8,761,829	$8,998,247	$6,195,892	$6,174,818	$6,233,475	$6,342,884	$6,392,956
Mineral property costs	6,029,783	5,957,926	5,929,294	5,739,968	5,670,460	5,596,382	5,564,335	5,428,817
Working capital	2,456,819	2,670,255	2,844,448	286,184	376,659	527,419	601,768	797,677
Shareholders' equity	8,500,736	8,643,709	8,790,668	6,044,479	6,066,848	6,145,493	6,189,766	6,252,127
Revenues	10,865	17,931	291	872	980	796	599	676
Net income (loss)	(188,817)	(355,337)	(87,534)	(54,369)	(78,645)	(44,273)	(62,362)	(87,444)
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.

	November 30, 2011	November 30, 2010
Working capital	$ 2,456,819	$ 376,659
Deficit	(2,996,141)	(2,310,084)

Net cash used in operating activities during the year was $488,625 compared to $199,231 during the previous year. 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 $2,879,566 during the current year and $NIL during the previous year.

Net cash used in investing activities was $327,323 during the current year and $329,870 in the previous year. 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 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 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$100,00 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, 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 Leon, Ramard and Evelyn III properties	$	50,000
(2)	(a) Colibri Property (see Note 6 to financial statements re: Agnico-Eagle Agreement).	$	NIL
	(b) To conduct continuing exploration and drilling on the Ramard Property.	$	1,200,000
	(c) To conduct geological mapping and surface sampling on the Leon Property.	$	50,000
	(d) To conduct site mapping and initial exploration work on the Evelyn Property	$	100,000
(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 year ended November 30, 2011, the Company entered into the following transactions with related parties:

a) Paid or accrued $112,500 (2010 – $90,000) in management fees to companies controlled by directors of the Company.

b) Paid or accrued office rent of $9,000 (2010 - $9,000) to a company controlled by a director of the Company.

c) Paid or accrued $123,621 (2010 – $74,106) in geological consulting fees, of which $104,694 (2010 – $72,887) are included in mineral properties, to a company controlled by a former director.

d) Paid or accrued $34,009 (2010 – $18,089) in geological consulting fees and mapping and production, of which $25,257 (2010 – $16,471) are included in mineral properties, to directors of the Company or companies controlled by directors of the Company.

e) Paid or accrued $30,000 (2010 - $30,000) to a private Mexican company wholly-owned by Cadence Resource Corporation, a Canadian private company controlled by a former director of the Company. A director of the Company is also a director of the Canadian private company.

f) Issued 200,000 shares (2010 – NIL) for a value of $32,000 to a private Mexican company controlled by a former director of the Company.

g) Paid or accrued $26,500 (2010 - $NIL) 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 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.

Internal Controls

There has been no change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Critical Accounting Policies/Critical Accounting Estimates

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates. Significant areas requiring the use of management estimates relate to the determination of asset retirement obligations, environmental obligations, impairment of mineral properties, the assumptions used in the determination of the fair value of stock-based compensation and warrants, rates for amortization, accrued liabilities, and the determination of a valuation allowance for future income tax assets.

Stock-based compensation

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the stock options, with a corresponding increase to contributed surplus. When stock options are exercised the corresponding fair value is transferred from contributed surplus to capital stock. In the event that unvested options are cancelled, previously recognized compensation expense associated with such options is reversed.

Long-lived assets

Long-lived assets consist of equipment and mineral properties. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use wherever events or changes in circumstances indicate that the carrying value of an asset, or group of assets may not be recoverable. Impairment losses are recognized where undiscounted future cash flows from its use and disposal are less than the assets carrying amount. Impairment loss is measured as the amount by which the asset carrying value exceeds fair value. Discounted cash flows are used to measure fair value. Any impairment is included in loss for the year.

Environmental Protection Practices

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

Financial Instruments

The Company has designated its financial instruments as follows: cash is classified as held-for-trading which is measured at fair value. Amounts receivable and GST/HST 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 interest method.

CICA Handbook Section 3862, 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. The 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 and long-term investments. The Company has no financial instruments classified as level 2 or 3.

Changes in Accounting Policies

There were no changes to accounting policies by the Company during the fourth quarter and during the year ended November 30, 2011.

Future Accounting and Reporting Changes

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board (ASB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies would be required to converge with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011 with comparative figures presented on the same basis. In February 2008, the CICA ASB confirmed the effective date of the initial adoption of IFRS. The transition date for the Company will be December 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. The Company is currently evaluating these new standards to determine the potential impact on its consolidated financial statements.

The transition to IFRS will impact the Company's accounting policies, as noted below, and to a lesser extent the information technology and data systems, internal control over financial reporting and disclosure controls and training requirements. The Company's transition to IFRS will include the following four phases: 1) scoping and planning; 2) detailed assessment; 3) implementation and review; and 4) post implementation.

During the first and second phases management obtained organizational approval, identified key areas and detected the key accounting differences between IFRS and Canadian GAAP. Management is now working on the remaining items of quantification and preparation of shell financial statements for this conversion. Management has determined there will be minimal impact on the business processes such as information systems, internal control over financial reporting and disclosure controls. Phase three will include the implementation of the required changes necessary for IFRS compliance. Final decisions on accounting policies and IFRS 1 exemptions, preparation of the opening balance sheet at December 1, 2011, comparative fiscal 2011 and thereafter. Phase four on post implementation will include sustainable IFRS financial information and processes for fiscal 2012 and beyond.

IFRS 1 – First time adoption of IFRS

IFRS governs the first time adoption of IFRS, which allows for certain exemptions from retrospective application. IFRS 1 allows a company to measure property, plant and equipment at transition to fair value, which exemption can be applied on an asset by asset basis. Management expects to use the exemption to continue to record its property, plant and equipment at cost.

IFRS 1 allows a first time adopter of IFRS not to apply IFRS 2 to all equity instruments that were granted before November 7, 2002 or were granted after that date but vested before the Company's transition date. This allows the Company to apply IFRS 2 to equity instruments granted or vested after the transition date. Management plans to elect for this exemption and apply this only for share based payments which were granted after November 7, 2002 and had not vested at the transition date.

IFRS allows certain other exemptions but the Company expects that these will be immaterial to the Company's financial statements.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date will be consistent with those made under current Canadian GAAP.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS is expected to result in changes to significant accounting policies and may have an impact on the recognition and measurement of transactions and balances within the Company's financial statements. Management has not yet determined the full effects of adopting IFRS on the Company's financial statements. Included below are highlights of the areas that are expected to result in a change to significant accounting policies.

Mineral Properties

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions. Management expects to retain its current policy of capitalizing costs related to exploration. However, management expects to change its accounting policies such that capitalized exploration costs are reclassified to deferred development costs when technical feasibility and commercial viability are demonstrable.

Management does not expect this change in accounting policy to have a significant effect on it sfinancial statements at the Transition Date.

Impairment of Mineral Interests

IFRS requires a write down of assets if the higher of the fair market value and the value in use of such assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value. In addition, the grouping of assets for the purposes of impairment may be different under IFRSS than currently used under Canadian GAAP. Consequently, this could lead to the recognition of impairment losses under IFRS that would not otherwise have been recognized under Canadian GAAP.

Management will adopt the new IFRS policy, but does not expect the changes will have a significant impact on the Company's financial statements at the Transition Date.

Provisions, Including Asset Retirement Obligations

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. IFRS also differs in certain respects related to the measurement of provisions, including asset retirement obligations.

Management will adopt the new IFRS policy to reflect these differences, but does not expect the changes will have a significant impact on the Company's financial statements at the Transition Date.

Share-based Payments

In certain circumstances, IFRS requires a different measurement of share-based compensation than current Canadian GAAP. In particular, a change may be required to the measurement and timing of recognizing the expense associated with grants under the stock option plan. In addition, IFRS requires forfeitures of the Company's stock options to be estimated when the instruments are granted. Under GAAP, it is not required to account for forfeitures at the time of the grant, rather they are recorded at the time the actual forfeiture occurs.

Management is assessing the impact of the change on the measurement of compensation expense associated with the Company's stock option plan, however does not expect it to have a material impact on the financial statements.

Accounting for Income Taxes

Accounting for income taxes under IFRS and Canadian GAAP is similar, but there are some differences in the measurement of future tax assets and future tax liabilities.

Management is in the process of determining whether any changes in its accounting policies related to income taxes will have a significant effect on its financial statements.

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, November 30, 2011.

(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 in Canadian bank savings accounts with interest that varies at prime and guaranteed investment certificates with terms of one year or less.

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 $9,980 (2010 – $3,940).

(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:

November 30, 2011	Canada	Mexico	Total
Cash	$2,443,010	$ 75,532	$2,518,542
Sales tax receivable	28,071	-	28,071
	$2,471,081	$ 75,532	$2,546,613

November 30, 2010	Canada	Mexico	Total
Cash	$ 394,293	$ 60,631	$ 454,924
Sales tax receivable	28,071	-	21,870
	$ 416,163	$ 60,631	$ 476,794

(d) Derivatives – Mineral Properties

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties ("NSR"), the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

(e) 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 November 30, 2011, the Company's consolidated balance sheets included $32,585 (2010 – $42,860) of cash denominated in U.S. currency and $42,947 (2010 – $17,771) denominated in Mexican currency; $NIL (2010 – $55,383) of accounts payable which were U.S. currency denominated and $NIL (2010 – $15,274) of accounts payable which were Mexico currency denominated. The Company does not use, hold or issue financial instruments for trading or speculative purposes. At November 30, 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 $54,400 and its expenses by $3,040.

A 10% increase or decrease in the value of the US dollar compared to the Canadian dollar would not have a material effect on the Company's reported Mineral Properties and expenses.

(f) 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 November 30, 2011 to settle its current accounts payable of $134,253, and its long-term commitments on mineral claims as outlined in Note 6.

In the opinion of management, the working capital of $2,456,819 at November 30, 2011 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 financing until the second half of 2013.

Outstanding Share Data

The Company has the following shares issued and outstanding:

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

Stock Options

On May 13, 2011 the Company amended its Stock Option Plan from a fixed to a 10% rolling plan whereby the Company may grant stock options to purchase up to 10% of the issued capital of the Company at the time of the grant of any option. Under the policies of the TSX Venture Exchange, options granted under the 10% rolling plan will not be required to include the mandatory vesting provisions required by the Exchange for fixed number stock option plans, except for stock options granted to investor relations consultants. Awarded stock options are exercisable over a period not exceeding five years at exercise prices determined by the directors. Under this plan, the number of shares available for grant increase as the issued capital of the Company increases.

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, year ended November 30, 2011	2,340,000	0.23
Weighted average fair value per options granted		$ 0.15

On July 17, 2011, an aggregate of 950,000 incentive stock options were granted to directors and officers of the Company. The options are exercisable at $0.25 per share for a period of five years and will expire on July 31, 2016. The fair value of these options was $208,379 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 137% and a risk-free interest rate of 1.25%.

At November 30, 2011, the following stock options were outstanding:

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

At November 30, 2011, the 2,340,000 options outstanding have a weighted average life remaining of 2.85 years.

Warrants

The Company has 15,561,750 share purchase warrants outstanding at the end of the year, 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	1.35 years
May 26, 2013	$0.35	3,000,000	1.49 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:

November 30, 2011	Canada	Mexico	Total
Net loss for the year	$ (656,020)	$ (30,037)	$ (686,057)
Current assets	2,514,642	76,430	2,591,072
Equipment	13,862	272	14,134
Mineral properties	-	6,029,783	6,029,783
Total assets	$2,528,504	$6,106,485	$8,634,989

November 30, 2010	Canada	Mexico	Total
Net loss for the year	$ (249,087)	$ (23,637)	$ (272,724)
Current assets	423,008	61,621	484,629
Equipment	19,355	374	19,729
Mineral properties	-	5,670,460	5,670,460
Total assets	$ 442,363	$5,732,455	$6,174,818

Additional Disclosure for Venture Issuers Without Significant Revenue

	Year Ended November 30, 2011	Year Ended November 30, 2010
Capitalized or expensed Exploration and Development Costs	$ 544,414	$ 329,870
Expensed Research and Development Costs	$ -	$ -
General and Administrative Expenses	$ 716,015	$ 275,775
Material Costs	$ -	$ -

Capitalized or Expensed Exploration and Development Costs

For the Colibri property, we capitalized $71,536 during the year ended November 30, 2011 and $85,550 during the previous year. During the current year the Company also recovered IVA of $37,145, and received its first option payment of $95,980 from AEM. These cost recoveries have been netted to the above capitalized expenditures in Note 6 to the financial statements.

For the Ramaje Ardiente property, we capitalized $469,676 during the year ended November 30, 2011 and $43,621 during the previous year. During the current year the Company also recovered IVA of $13,315 which has been netted to the above capitalized expenditures in Note 6 to the financial statements.

For the Leon property, we capitalized $1,994 during the year ended November 30, 2011 and $198,165 during the previous year. During the current year the Company also recovered IVA of $38,651 which has been netted to the above capitalized expenditures in Note 6 to the financial statements.

For the Evelyn property, we capitalized $1,208 during the year ended November 30, 2011 and $2,534 during the previous year.

Additional Information

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