COLIBRI RESOURCE CORPORATION

51A Commercial Street, P.O. Box 714
Nanaimo, BC
V9R 5M2

Telephone: 250-755-7871

INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

May 31, 2011 and 2010

(Unaudited- Prepared by Management)

COLIBRI RESOURCE CORPORATION
(An Exploration Stage Company)

Interim Consolidated Financial Statements

May 31, 2011 and 2010

(Unaudited- Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

These accompanying unaudited interim consolidated financial statements of Colibri Resource Corporation have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

COLIBRI RESOURCE CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT

FOR THE THREE MONTHS ENDED MAY 31, 2011 AND 2010

(Unaudited – Prepared by Management)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2011	**2010**	**2011**	**2010**
EXPENSES, ADMINISTRATIVE AND GENERAL				
Accounting and audit fees	$ 10,637	$ 8,741	$ 16,411	$ 17,998
Advertising and promotion	3,589	-	6,777	974
Amortization	1,402	1,971	2,804	3,942
Consulting	14,275	-	23,006	-
Foreign exchange	3,620	1,139	3,343	1,972
Legal	-	9,834	-	11,858
Management fees	22,500	22,500	45,000	45,000
Office and miscellaneous	1,755	4,008	4,306	8,623
Rent	5,206	5,193	10,392	10,382
Stock-based compensation	-	-	-	30,583
Telephone	247	510	775	1,042
Transfer agent and filing fees	14,510	3,034	16,498	5,385
Travel and related costs	10,084	6,031	13,754	13,322
LOSS BEFORE OTHER ITEM	(87,825)	(62,961)	(143,066)	(151,081)
OTHER ITEM				
Interest	291	599	1,163	1,275
NET LOSS FOR THE PERIOD	(87,534)	(62,362)	(141,903)	(149,806)
OTHER COMPREHENSIVE INCOME (Note 2)	-	-	-	-
DEFICIT, beginning of period	(2,364,453)	(2,124,804)	(2,310,084)	(2,037,360)
DEFICIT, end of period	$(2,451,987)	$ (2,187,166)	$ (2,451,987)	$ (2,187,166)
BASIC AND DILUTED LOSS PER SHARE	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	41,984,923	34,611,010	38,365,955	34,611,010

The accompanying notes are an integral part of these consolidated financial statements

COLIBRI RESOURCE CORPORATION

CONSOLIDATED BALANCE SHEETS

MAY 31, 2011

(Unaudited – Prepared by Management)

	May 31, 2011	November 30, 2010
ASSETS		
CURRENT		
Cash and cash equivalents	$2,995,938	$ 454,924
Goods and Services Tax receivable	45,786	21,870
Prepaid expenses	10,303	7,835
	3,052,027	484,629
EQUIPMENT (Note 5)	16,926	19,729
MINERAL PROPERTIES (Note 6)	5,929,294	5,670,460
	$8,998,247	$6,174,818
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 130,758	$ 98,960
Accounts payable to related parties (Note 7)	76,821	9,010
	207,579	107,970
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 8)	8,625,358	5,822,413
CONTRIBUTED SURPLUS (Note 8)	2,617,297	2,554,519
DEFICIT	(2,451,987)	(2,310,084)
	8,790,668	6,066,848
	$8,998,247	$6,174,818

SUBSEQUENT EVENT (Note 14)

Approved on behalf of the Board:

________________Director

________________Director

The accompanying notes are an integral part of these consolidated financial statements

COLIBRI RESOURCE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MAY 31, 2011 AND 2010

(Unaudited – Prepared by Management)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2011	**2010**	**2011**	**2010**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss and comprehensive income for the period	$ (87,534)	$ (62,362)	$ (141,903)	$(149,806)
Add: Items not requiring the use of cash				
Amortization	1,402	1,971	2,804	3,942
Stock-based compensation	-	-	-	30,583
Change in non-cash working capital items:				
(Increase) decrease in receivables	(32,884)	(4,259)	(23,916)	1,275
(Increase) decrease in prepaid expenses	(2,512)	2,817	(2,468)	1,801
Increase (decrease) in accounts payable and accrued liabilities	20,262	(1,631)	31,796	69,545
Increase (decrease) in accounts payable to related parties	35,902	13,921	67,811	16,631
Net cash used in operating activities	(65,364)	(49,543)	(65,876)	(26,029)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	3,000,000	-	3,000,000	-
Share Issuance costs	(166,276)	-	(166,276)	-
	2,833,724	-	2,833,724	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of mineral properties and deferred exploration costs, and cash used in investing activities	(189,326)	(135,518)	(226,834)	(223,745)
INCREASE (DECREASE) IN CASH DURING THE PERIOD	2,579,034	(185,061)	2,541,014	(249,774)
CASH, beginning of period	416,904	919,312	454,924	984,025
CASH, end of period	$2,995,938	$ 734,251	2,995,938	$ 734,251

SUPPLEMENTAL CASH FLOW DISCLOSURES (Notes 9 and 10)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF THE BUSINESS

Colibri Resource Corporation ("the Company") was incorporated on February 20, 2004 in the province of British Columbia. The Company is pursuing opportunities in the exploration of mineral and natural resource properties in Mexico and is considered to be in the exploration stage.

The Company is in the process of acquiring and exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will continue on a going concern basis, which assumes the Company will be able to realize its assets and liabilities in the normal course of business. As at May 31, 2011, the Company has working capital of $2,844,448 (2010 – $601,768) and has a cumulative deficit of $2,451,987 (2010 – $2,187,166).The Company's ability to continue as a going concern is dependent on its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations as they come due, and to continue its operations. Management is of the opinion that sufficient working capital will be obtained from external financing and/or joint venture arrangements to meet the Company's liabilities and commitments as they become due and to fund capital projects, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. The obtaining of additional financing through debt or equity markets or joint venture arrangements is dependent on investor confidence in the markets in general, and in the Company itself. There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. In the event that the Company is unable to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classifications used.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the accounts of Colibri Resource Corporation and its wholly owned subsidiaries Minera Halcones S.A. de C.V. ("Halcones"), 0901223 B.C. Ltd., and Minera Azor Dorado S.A. de C.V. Halcones was incorporated on March 30, 2004 in Mexico. The other two companies were incorporated in 2011 to facilitate the joint venture arrangement referred to in Note 6 to the financial statements. All inter-company accounts and transactions have been eliminated upon consolidation.

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. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Mineral Properties

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permitting to complete the development of the properties, and future profitable production from the disposition of the metals produced from the properties.

Impairment of 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

Office furniture	20%
Computer equipment	30%
Computer software	100%
Automotive	30%

Foreign Currency Translation

The functional currency of the Company is the Canadian Dollar. The accounts of the Company's integrated foreign subsidiary are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Non-monetary assets and liabilities and revenues and expenses are translated at the rates prevailing on the respective translation dates. Foreign exchange gains and losses are included in the determination of net loss for the year.

Basic and Diluted Loss Per Share

Basic loss per common share is calculated using the weighted-average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this proved to be anti-dilutive, so basic and diluted loss per share are the same.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Future income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax

bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

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.

As at May 31, 2011 all financial instruments measured at fair value are included in Level 1.

Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this standard, the Company is to report a statement of comprehensive income and a category, accumulated other comprehensive income, in the shareholders' equity section of the consolidated balance sheet. The components of this category may include unrealized gains and losses on financial assets classified as available-for-sale, exchange gains and losses arising from the translation of financial statements of a self-sustaining foreign operation and the effective portion of the changes in fair value of cash flow hedging instruments. As there are currently no differences between net income and comprehensive income, or shareholders' equity and accumulated other comprehensive income, no statement of comprehensive income has been included with these consolidated financial statements.

3. FUTURE ACCOUNTING POLICIES

(i) Business Combinations, Consolidated Financial Statements and Non-controlling Interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary.

CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2009). The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2012.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2009).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2012. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections on their consolidated financial statements.

(ii) International Financial Reporting Standards

In January 2007, 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, 2012 with comparative figures presented on the same basis. In February 2009, the CICA ASB confirmed the effective date of the initial adoption of IFRS. The transition date for the Company will be December 1, 2012 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2012. The Company is currently evaluating these new standards to determine the potential impact on its consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at banks and on hand, as well as a one-year guaranteed investment certificate for $1,500,088 bearing interest at 2.15% maturing April 11, 2012.

5. EQUIPMENT

	May 31, 2011			November 30, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office furniture	$ 7,090	$ 4,219	$ 2,871	$ 7,090	$ 3,889	$ 3,201
Computer equipment	24,056	17,955	6,101	24,056	16,886	7,170
Computer software	10,089	10,089	-	10,089	10,089	-
Automotive	32,100	24,146	7,954	32,100	22,742	9,358
	$ 73,335	$ 56,409	$ 16,926	$ 73,335	$ 53,606	$ 19,729

6. MINERAL PROPERTIES

Title to Mineral Properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Colibri Property

On June 16, 2004, the Company agreed to an option agreement with Minera Cadenza S de RL de CV ("Cadenza"), a private Mexican company wholly owned by Cadence Resource Corporation, a Canadian private company controlled by a director and a former director of the Company, to purchase a 90% interest in the Colibri property, located in the State of Sonora, Mexico. Upon signing the option agreement, the Company paid $50,000 and issued 200,000 common shares with a value of $30,000. The Company agreed to pay $300,000, issue a total of 1,200,000 common shares and incur a total of $1,800,000 (incurred) in exploration expenditures by June 16, 2010, to earn its 90% interest. The Company has paid the $350,000 and issued all of the 1,400,000 common shares with a total value of $244,500. The Company exercised its option and has acquired 100% interest in the Colibri Property, and Cadence Resource Corporation retains a 3% Net Smelter Returns ("NSR") royalty.

As part of the Colibri property, on June 16, 2004, the Company agreed to an assignment of contract agreement to have the right to purchase a 100% interest in two mineral claims known as the San Francisco and the Juarez claims for a total of US$1,000,000 to be paid over a six year period ending January 1, 2011. All option payments made under this agreement will be applied to the purchase price of US$1,000,000 if the Company elects to purchase these two mineral claims. To date, the Company has paid US$131,000, but has decided not to pay the remaining option payments, as the costs did not warrant the cost of finalizing the option agreements. All previously capitalized costs relating to these two mineral claims were written off in the Company's August 2009 interim financial statements.

On May 27, 2011, the Company closed an "earn-in" and shareholders agreement with Agnico-Eagle Mines Ltd., whereby Agnico may acquire up to a 75% interest in the Colibri gold project and form a joint venture with the Company by making qualified exploration expenditures and payments to Colibri. To earn its 75% interest, Agnico 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. In addition, Agnico will be required to make option payments totaling US$1,452,000 over a seven year period. After completion of the

6. MINERAL PROPERTIES *(Continued)*

Colibri Property *(Continued)*

feasibility study, and Agnico earning its 75% interest, Agnico and Colibri will form a joint venture to develop the Colibri Project. As required under this agreement, a Mexican company, Minera Azor Dorado S.A. de C.V. (the "Operating Company") was incorporated as a wholly-owned subsidiary of a newly incorporated British Columbia company, 0901223 B.C. Ltd. (the joint venture company) to hold the right, title and interest in the Colibri Project and transfer of the concessions comprising the Colibri Project to the Operating Company. The Company owns 100% of the joint venture company at this time.

Pursuant to the terms of the Agreement, Colibri has also completed a private placement of 3 million units of the Company to Agnico at a price of $0.20 per unit for proceeds of $600,000. Each unit issued consists of one common share of the Company and one share purchase warrant, with each warrant being exercisable into one additional common share at an exercise price of $0.35 per common share until May 26, 2013.

Ramaje Ardiente Property

On June 16, 2004, the Company agreed to an option agreement with Minera El Sahuaro S.A. de C.V. ("Sahuaro"), a wholly-owned subsidiary of Cadenza, to purchase a 100% interest in the Ramaje Ardiente property, located in the State of Sonora, Mexico. Upon signing the option agreement the Company paid $20,000 and issued 200,000 common shares with a value of $30,000. The Company agreed to pay $70,000, issue a total of 300,000 common shares, incur a total of $500,000 (incurred) in exploration expenditures and initiate a scoping/pre-feasibility study by June 16, 2010, to earn its 100% interest. The Company has paid the $90,000 and issued all of the 300,000 common shares with a value of $45,000. The Company exercised its option and has acquired the 100% interest.

The property is subject to a 2.0% NSR royalty. The Company has the option to purchase 50% of the royalty for $1,000,000.

Leon Property

On June 16, 2004, the Company agreed to an option agreement with Minera La Pitahaya S.A. de C.V. ("Pitahaya"), a private Mexican company, which is 50% owned by a former director of the Company, to purchase a 100% interest in the Leon property, located in the State of Sonora, Mexico. Upon signing the option agreement, the Company paid $20,000 and issued 200,000 common shares with a value of $30,000.

The Company agreed to pay a total of $190,000, issue a total of 200,000 common shares, incur a total of $500,000 (incurred) in exploration expenditures and commence a scoping/pre-feasibility study by December 16, 2009, to earn its 100% interest.

The Company has paid the $210,000 and issued all of the 400,000 common shares with a value of $48,000. The Company exercised its option and has acquired the 100% interest.

The property is subject to a 2.0% NSR royalty. The Company has the option to purchase 50% of the royalty for $1,000,000.

Evelyn Property

In March 2010 the Company's subsidiary, Minera Halcones, acquired a 100% interest in the Evelyn III claim via a Mexican government "sorteo" or claim lottery. This 506.3 hectare claim is located in the State of Sonora, Mexico.

6. MINERAL PROPERTIES *(Continued)*

For the three months ended May 31, 2011	Colibri Property	Ramaje Ardiente Property	Leon Property	Evelyn Property	May 31, 2011 Total
Balance at November 30, 2010	$2,519,152	$ 832,148	$2,306,563	$ 12,597	$5,670,460
Additions	13,887	46,871	8,546	204	69,508
Balance, February 28, 2011 (unaudited)	$2,533,039	$ 879,019	$2,315,109	$ 12,801	$5,739,968
Additions					
Mineral claims (recovery)	(65,980)	-	-	-	(65,980)
Accommodation and meals	246	6,067	245	-	6,558
Assays and lab tests	-	99,109	-	-	99,109
Drilling / mobilization / demobilization	-	97,641	-	-	97,641
Field expenses and personnel	31	19,012	30	-	19,073
Geological consulting	3,167	28,517	3,167	-	34,851
Geophysics	-	-	-	-	-
Maps and reproduction	-	5,013	-	-	5,013
Miscellaneous	10,253	8,513	26	-	18,792
Property and claim taxes	-	11,208	15,343	667	27,218
Telephone	14	243	14	-	271
Travel and transport	737	8,911	737	-	10,385
	(51,532)	284,234	19,562	667	252,931
IVA recovery (net)	(26,513)	(9,504)	(27,588)	-	(63,605)
Balance, May 31, 2011 (unaudited)	$2,454,994	$ 1,153,749	$2,307,083	$ 13,468	$5,929,294

For the year ended November 30, 2010	Colibri Property	Ramaje Ardiente Property	Leon Property	Evelyn Property	November 30, 2010 Total
Balance, November 30, 2009 (audited)	$2,433,602	$ 788,527	$2,108,398	$ 10,603	$5,340,590
Additions					
Mineral claims	-	-	-	-	-
Accommodation and meals	1,945	548	712	-	3,205
Assays and lab tests	-	-	60,778	-	60,778
Drilling / mobilization / demobilization	-	-	-	-	-
Field expenses and personnel	1,615	-	723	-	2,338
Geological consulting	23,575	21,984	33,375	-	78,934
Geophysics	-	-	60,824	-	60,824
Maps and reproduction	1,247	-	5,724	-	6,971
Miscellaneous	12,359	2,882	5,263	2,065	22,569
Property and claim taxes	41,491	17,932	27,556	469	87,448
Telephone	153	49	56	-	258
Travel and transport	3,165	226	3,154	-	6,545
	85,550	43,621	198,165	2,534	329,870
Balance, November 30, 2010 (audited)	$2,519,152	$ 832,148	$2,306,563	$ 12,597	$5,670,460

7. RELATED PARTY TRANSACTIONS

Accounts payable to related parties of $76,821 (2010 – $30,205) is comprised of reimbursable travel costs to directors of the Company, management fees due to a company controlled by a director of the Company, geological consulting fees due to a company controlled by a former director of the Company and an option payment for smelting royalties due to a company controlled by a former director of the Company.

The Company entered into the following transactions with related parties:

a) As outlined in Note 6, Colibri Property, the Company paid or accrued $NIL (2010 – $293) 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.

b) As outlined in Note 6, Colibri Property, the Company paid or accrued $30,000 (2010 - $NIL) to 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.

c) Paid or accrued $41,014(2010 – $21,154) in geological consulting fees, of which $39,918 (2010 – $20,179) are included in mineral properties, to a company controlled by a former director.

d) Paid or accrued $4,868 (2010 – $NIL) in geological consulting fees and mapping and production, of which $4,868 (2010 – $NIL) are included in mineral properties, to a director of the Company.

e) Paid or accrued $22,500 (2010 – $22,500) in management fees to companies controlled by directors of the Company.

f) Paid or accrued $2,250 (2010 – $2,250) in office rent to a company controlled by a director 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.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

Authorized
100,000,000 common shares without par value

Capital stock and contributed surplus is made up as follows:

	May 31, 2011		November 30, 2010	
	Capital Stock	Contributed Surplus	Capital Stock	Contributed Surplus
Common shares (i)	$7,549,243	$ -	$5,813,413	$ -
Warrants (ii)	1,076,115	-	-	-
Contributed surplus (i)	-	2,617,297	-	2,554,519
	$8,625,358	$2,617,297	$5,813,413	$2,554,519

(i) Common shares and contributed surplus consist of:

	Number of Shares	Amount	Contributed Surplus
Balance at November 30, 2009	34,611,010	$5,822,413	$2,523,936
Stock-based compensation	-	-	30,583
Balance at November 30, 2010	34,611,010	$5,822,413	$2,554,519
Pursuant to mineral claims	200,000	32,000	-
Balance February 28, 2011	34,811,010	$5,854,413	$2,554,519
Issued on Private Placement (a)	12,000,000	1,540,686	
Finder's warrants (a)		(62,778)	62,778
Issued on Private Placement (b)	3,000,000	383,199	
Share issue costs		(166,277)	
Balance at May 31, 2011	49,811,010	$7,549,243	$2,617,297

(ii) Warrants consist of:

Issued during April 7, 2011 Private Placement (a)	$ 859,314
Issued during May 27, 2011 Private Placement (b)	216,801
Balance at May 31, 2011	$1,076,115

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS *(Continued)*

Common Shares Issued

(a) On April 7, 2011, the Company completed a non-brokered private placement of 12,000,000 Units at a price of $0.20 per Unit for gross proceeds of $2,400,000. Each Unit consisted 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 April 6, 2013. If the closing price of the Company's common shares on the TSX Venture Exchange is $0.60 or greater for a period of 20 consecutive trading days the Company may accelerate the expiry date of the warrants. Of the $2,400,000 gross proceeds, $1,540,686 allocated to share capital and $859,314 was allocated to warrants based on their relative fair values. Finders acting in connection with the Private Placement were paid a cash finder's fee of $112,350 and an aggregate of 561,750 finder's warrants, each finder's warrant entitling the holder to purchase one common share until April 6, 2013. These finder's warrants have a fair value of $62,778, which was allocated to contributed surplus. All the common shares and warrants are subject to a four-month hold period which expires on August 7, 2011. The value of these warrants was calculated using the Black-Scholes pricing model with the following assumptions: volatility of 133%, risk-free interest rate of 1.77%, expected life of 2.0 years, and a dividend rate of 0%.

(b) On May 27, 2011, pursuant to the terms of an Earn-in and Shareholders Agreement, the Company completed a private placement of 3,000,000 Units to Agnico-Eagle Mines Ltd. at a price of $0.20 per Unit for proceeds of $600,000. Each Unit issued consists of one common share of the Company and one share purchase warrant with each warrant being exercisable into one additional common share at an exercise price of $0.35 per common share until May 26, 2013. Of the $600,000 proceeds, $383,199 was allocated to share capital and $216,801 was allocated to warrants. All the common shares and warrants are subject to a four-month hold period which expires on September 28, 2011. The value of these warrants was calculated using the Black-Scholes pricing model with the following assumptions: volatility of 135%, risk-free interest rate of 1.50%, expected life of 2.0 years, and a dividend rate of 0%.

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.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS *(Continued)*

Stock Options *(Continued)*

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 February 1, 2010	450,000	0.08
Balance, November 30, 2010 and May 31, 2011	1,840,000	0.18
Weighted average fair value per options granted		$ 0.09

The Company used the Black-Scholes option pricing model to determine the value of the options issued in 2010. The assumptions were as follows: a 5 year expected term, a stock price volatility of 197% and a risk-free interest rate of 0.62%.

At May 31, 2011, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
450,000	$0.10	October 20, 2012
940,000	$0.26	October 29, 2012
450,000	$0.08	January 31, 2015

At May 31, 2011, the 1,840,000 options outstanding have a weighted average life remaining of 1.72 years. There were no stock options issued during the period ended May 31, 2011.

Warrants

The Company has 15,561,750 share purchase warrants outstanding at the end of the period, enabling the holders to acquire common shares, determined as follows:

Expiry Date	Exercise Price	Number	Remaining Life
April 6, 2013	$0.35	12,761,750	4.85 years
May 26, 2013	0.35	3,000,000	4.99 years
Number outstanding and exercisable		15,761,750	

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	May 31, 2011	May 31, 2010
Cash paid during the period for income taxes	$ -	$ -
Cash paid during the period for interest	$ -	$ -

10. 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, 2011 (unaudited)	Canada	Mexico	Total
Net loss for the three month period	$ (79,341)	$ (8,193)	$ (87,534)
Current assets	2,933,841	118,186	3,052,027
Equipment	16,608	318	16,926
Mineral properties	-	5,929,294	5,929,294
Total assets	$2,943,949	$6,047,798	$8,991,747

November 30, 2010 (audited)	Canada	Mexico	Total
Net loss for the year	$ (249,087)	$ (23,637)	$ (272,724)
Current assets	423,008	61,621	484,629
Equipment	19,335	374	19,729
Mineral properties	-	5,670,460	5,670,460
Total assets	$ 442,363	$5,732,455	$6,174,818

12. FINANCIAL INSTRUMENTS

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, 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.

12. FINANCIAL INSTRUMENTS *(Continued)*

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 $13,800 (2010 – $7,000).

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 receivable is minimal due to the insignificant balance.

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

May 31, 2011 (unaudited)	Canada	Mexico	Total
Cash and cash equivalents	$2,878,756	$ 117,182	$2,995,938
Accounts receivable	-	-	-
	$2,878,756	$ 117,182	$2,995,938

November 30, 2010 (audited)	Canada	Mexico	Total
Cash and cash equivalents	$ 394,293	$ 60,631	$ 454,924
Accounts receivable	-	-	-
	$ 394,293	$ 60,631	$ 454,924

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.

12. FINANCIAL INSTRUMENTS *(Continued)*

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 May 31, 2011, the Company's interim consolidated balance sheets included $31,682 (2010 – $13,093) of cash denominated in U.S. currency and $85,500 (2010 – $83) denominated in Mexican currency; $52,254 (2010 – $56,295) of accounts payable which were U.S. currency denominated and $393 (2010 – $9,095) 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, 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 $15,000 and increase or decrease its expenses by $800.

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 May 31, 2011 to settle its current accounts payable of $207,579, and its long-term commitments on option payments as outlined in Note 6.

In the opinion of management, the working capital of $2,844,448 at May 31, 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 2012.

13. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. As at May 31, 2011, total managed capital was $8,790,668 (2010 – $6,189,766)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. These budgets are approved by the Company's Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in interest-bearing accounts with Canadian chartered banks.

The Company expects the capital resources available to it will be sufficient to carry its exploration and development plans and operations for the next twelve months.

There were no changes in the Company's approach to capital management during the three month period ended May 31, 2011. The Company is not subject to externally imposed capital requirements.

14. SUBSEQUENT EVENT

Subsequent to May 31, 2011, the Company granted 950,000 options exercisable at $0.25 per common share to directors, officers and employees of the Company, expiring on July 17, 2016. Any shares issued on exercise of these stock options will be subject to a four-month hold period from the date of grant.