

COLIBRI RESOURCE CORPORATION

Form 51-102F1

Management's Discussion & Analysis for the Quarter Ended May 31, 2008

The following Management Discussion and Analysis ("MD&A") for Colibri Resource Corporation ("the Company") prepared as of July 29, 2008 should be read together with the audited consolidated financial statements for the year ended November 30, 2007 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 Subsidiary, Minera Halcones 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 the right to acquire a majority interest in three 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, and the Ramaje Ardiente (Ramard) 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 and on SEDAR at <http://www.sedar.com>.

Overall Performance

- 1) On May 1, 2008, the Company paid \$25,000 pursuant to a mineral property option agreement on the Colibri property.

Annual Information

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

	For The Quarter Ended May 31, 2008	For The Quarter Ended May 31, 2007
Total revenues	\$ 15,540	\$ 12,683
Net income (loss) before extraordinary items	(92,770)	(79,667)
Net income (loss) and comprehensive income	(92,770)	(68,323)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)
Total assets	7,075,968	5,655,482
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 2 attached to the financial statements.

For The Quarter Ended May 31, 2008

Operations in the period from March 1, 2008 to May 31, 2008 were focused on maintaining the Company's interests in the properties for which it has entered into option agreements, as well as the construction of access roads and the continuation of exploratory drilling programs on all three properties. The Company has not generated any revenues from operations for the period.

The net loss for the three month period ended May 31, 2008 was \$92,770, 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 \$108,310. Major components of the loss were accounting and audit fees of \$23,008, management fees of \$22,500 and travel and related costs of \$11,864.

For The Quarter Ended May 31, 2007

Operations in the period from March 1, 2007 to May 31, 2007 were focused on maintaining the Company's interests in the properties for which it has entered into option agreements. The Company also conducted a drill program on the Colibri and the Ramaje properties and completed a private placement. The Company has not generated any revenues except for interest revenue during the period.

The net loss for the three month period ended May 31, 2007 was \$68,323 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 \$79,667. Major components of the loss were \$20,563 for transfer agent and filing fees and \$14,130 for accounting and audit fees..

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly (except periods ended November 30) financial information for each of the last eight most recently completed quarters:

	Three Months Ended							
	May 31, 2008	February 29, 2008	November 30, 2007	August 31, 2007	May 31, 2007	February 28, 2007	November 30, 2006	August 31, 2006
Total assets	\$7,075,968	\$7,329,003	\$ 7,357,464	\$7,212,573	\$5,655,482	\$ 3,082,599	\$ 3,259,555	\$ 2,961,008
Mineral property costs	4,800,156	4,096,859	3,423,150	3,052,711	2,786,801	2,380,801	2,037,465	1,482,906
Working capital	2,141,940	2,933,373	3,644,656	4,049,928	2,795,754	575,568	807,864	1,435,612
Shareholders' equity	6,985,296	7,078,066	7,120,275	7,155,326	5,598,941	2,987,032	2,850,312	2,923,483
Revenues	15,540	28,160	41,345	31,743	9,385	7,321	11,164	16,654
Net income (loss)	(92,770)	(42,209)	(371,830)	(85,666)	(68,323)	(25,330)	(124,017)	(27,310)
Earnings (loss) per share	(0.01)	(0.01)	(0.02)	(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.

	May 31, 2008	May 31, 2007
Working capital	\$ 2,141,940	\$ 2,795,754
Deficit	(1,301,383)	(708,908)

Net cash used in operating activities during the period was \$ 57,889 compared to \$86,981 during the previous period. 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 \$2,680,232 during the previous period.

Net cash used in investing activities was \$703,297 during the current period and \$420,066 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 will entitle 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 (expired) on the same terms as the warrants issued as part of the Units under the private placement.

The proceeds of the private placement are being used primarily for exploration and drilling on the Company's Sonora, Mexico claim properties, as well as for general working capital.

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 current fiscal year ended November 30, 2008 (updated May 31, 2008):

Description	Amount
(1) To make property option payments and mineral property tax estimated payments on the Colibri, Leon, and Ramard properties and on the San Francisco and Juarez claims situated on the Colibri property.	\$ 200,000
(2) (a) To conduct continuing exploration and drilling on the Colibri Property.	\$ 500,000
(b) To conduct continuing exploration and drilling on the Ramard Property.	\$ 200,000
(c) To conduct continuing exploration and drilling on the Leon Property.	\$ 1,250,000
(3) To cover estimated general and administrative expenses for a 12-month period	\$ 300,000
(4) To provide general working capital	\$ 1,300,000

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

Accounts payable to related parties of \$56,637 (November 30, 2007 – \$30,925) is comprised of reimbursable travel costs to directors and a former director of the Company, consulting fees due to a company controlled by a director of the Company, and geological consulting fees due to a company controlled by former director of the Company.

During the period from March 1, 2008 to May 31, 2008, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$22,500 (2007 - \$7,500) to companies controlled by directors of the Company.
- b) Paid or accrued office rent of \$2,250 (2007 - \$NIL) to a company controlled by a director of the Company.
- c) Paid or accrued \$50,826 (2007 - \$23,775) in geological consulting fees, of which \$50,826 (2007 - \$23,775) are included in deferred exploration costs, to a company controlled by a former director of the Company.
- d) Paid \$25,000 (2007 - \$NIL) to a private Mexican company which is wholly owned by a private Canadian company that is controlled by a former director of the Company, of which a director of the Company is also a director of the private Canadian company. (Colibri property)
- e) Paid \$NIL (2007 - \$5,681) to a private Mexican company which is 50% owned by a former director of the Company. (Leon property)

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.

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.

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.

CHANGES IN ACCOUNTING POLICIES

(a) Financial Instruments

Effective December 1, 2007, the Company adopted two new accounting standards and related amendments to other standards on financial instruments issued by the CICA. Prior periods have not been restated.

(i) CICA 3862, “Financial Instruments – Disclosures”

This standard relates to the disclosures of financial instruments. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Early adoption is permitted. CICA 3863, “Financial Instruments – Presentation” must be adopted at the same time, replacing CICA 3861, “Financial Instruments – Disclosure and Presentation”. The Company has adopted the standard commencing December 1, 2007.

(ii) CICA 3863, “Financial Instruments – Presentation”

This standard relates to the presentation of financial instruments. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Early adoption is permitted. CICA 3862, “Financial Instruments – Presentation” must be adopted at the same time, replacing CICA 3861, “Financial Instruments – Disclosure and Presentation”. The Company has adopted the standard commencing on December 1, 2007.

(b) CICA 1535, “Capital Disclosures”

This standard relates to the disclosure of capital management strategies. It applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2007. The Company has adopted the standard commencing December 1, 2007.

(c) CICA 1400, “General Standards of Financial Statement Presentation”

In May 2007, the CICA issued amended Handbook Section 1400, “General Standards of Financial Statement Presentation”. The section provides revised guidance related to management’s responsibility to assess and disclose the ability of an entity to continue as a going concern. This amended standard applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2008. Early adoption is permitted. The Company has adopted this standard commencing on March 1, 2008.

The changes were adopted prospectively on the dates noted above. These new standards had no significant impact on the Company’s Consolidate Financial Statements.

RECENT ACCOUNTING PRONOUNCEMENTS

(a) CICA 3064, "Goodwill and Intangible Assets"

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2008. Early adoption is permitted. The Company will adopt the standard commencing for its interim and annual financial statements for the fiscal year ending November 30, 2009. The adoption of this standard is not expected to have a significant impact on the Company's financial statements.

(b) International Financial Reporting Standards

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 impact of the transition to IFRS on the Company's consolidated financial statements has not yet been determined.

OUTSTANDING SHARE DATA

Capital stock

	Number of Shares
Authorized	
Common shares without par value	100,000,000
Issued and Outstanding as at May 31, 2008	34,011,010

Stock options

At May 31, 2008, the following stock options were outstanding, with a weighted average life remaining of 4.1 years and weighted average fair value of \$0.19 per option:

Number of Options	Exercise Price	Expiry Date
450,000	\$ 0.10	October 20, 2011
1,090,000	0.26	October 29, 2012
1,540,000		

There were no changes in stock options during the three month period ended May 31, 2008.

Warrants

The Company has no share purchase warrants outstanding enabling the holders to acquire common shares, determined as follows:

	Number of Shares	Exercise Price	Expiry Date
Balance at February 29, 2008	7,832,943	\$0.70	April 20, 2008
Expired during the period	<u>(7,832,943)</u>	\$0.70	April 20, 2008
Balance at May 31, 2008	-	-	-

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 May 31, 2008	Canada	Mexico	Total
Net Loss	\$ (111,212)	\$ (23,767)	\$ (134,979)
Current assets	2,207,180	25,432	2,232,612
Equipment	42,347	853	43,200
Mineral properties	-	4,800,156	4,800,156
Total assets	\$ <u>2,249,527</u>	\$ <u>4,826,441</u>	\$ <u>7,075,968</u>

As at November, 2007	Canada	Mexico	Total
Net Loss	\$ (501,419)	\$ (49,730)	\$ (551,149)
Current assets	3,487,605	394,240	3,881,845
Equipment	51,477	992	52,469
Mineral properties	-	3,423,150	3,423,150
Total assets	\$ <u>3,539,082</u>	\$ <u>3,818,382</u>	\$ <u>7,357,464</u>

Additional Disclosure for Venture Issuers Without Significant Revenue

	Period Ended May 31, 2008	Period Ended May 31, 2007
Capitalized or expensed Exploration and Development Costs	\$ 4,800,156	\$ 2,786,801
Expensed Research and Development Costs	\$ -	\$ -
General and Administrative Expenses	\$ 108,310	\$ 79,667
Material Costs	\$ -	\$ -

Capitalized or Expensed Exploration and Development Costs

For the Colibri property, we capitalized \$364,615 during the period ended May 31, 2008 and \$197,260 during the same period for 2007.

For the Ramaje Ardiente property, we capitalized \$1,447 during the period ended May 31, 2008 and \$138,805 during the same period for 2007.

For the Leon property, we capitalized \$337,235 during the period ended May 31, 2008 and \$69,935 during the same period for 2007.

FINANCIAL RISK MANAGEMENT

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, 2008.

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.

Currency 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, 2008 and November 30, 2007, the Company's consolidated balance sheets included: \$23,982 (2007 - \$242,877) of cash denominated in U.S. currency and \$NIL (2007 - \$39,714) denominated in Mexico currency; \$NIL of accounts payable (2007 - \$169,247) which were U.S. currency denominated and \$5,556 (2007 - \$6,965) 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, 2008 there were no foreign exchange contracts outstanding.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk with respect to its accounts receivable; however, this is minimized because the amounts are due from a government agency and a Canadian bank with high investment-grade ratings.

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.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. Management monitors the company's liquidity and is of the opinion that it is unlikely that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

CAPITAL MANAGEMENT

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.

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 highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

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.

Additional Information

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