

COLIBRI RESOURCE CORPORATION
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED FEBRUARY 28, 2007
(Unaudited – Prepared by Management)

COLIBRI RESOURCE CORPORATION

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UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended February 28, 2007.

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

COLIBRI RESOURCE CORPORATION

**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006**

(Unaudited – Prepared by Management)

	Three Months Ended	
	Feb. 28,	
	2007	2006
EXPENSES, ADMINISTRATIVE AND GENERAL		
Accounting and audit fees	\$ 56	\$ 4,405
Amortization	320	348
Consulting	6,500	9,729
Foreign exchange	(2,656)	7,424
Legal	2,432	2,928
Management fees	-	15,000
Office and miscellaneous	7,180	2,549
Rent	7,367	8,673
Shareholder costs	-	523
Telephone	1,396	967
Transfer agent and filing fees	1,925	6,127
Travel and related costs	8,131	158
LOSS BEFORE OTHER ITEM	(32,651)	(58,831)
OTHER ITEM		
Interest	7,321	10,699
NET LOSS FOR THE PERIOD	(25,330)	(48,132)
DEFICIT, beginning of period	(615,255)	(335,917)
DEFICIT, end of period	\$(640,585)	\$(384,049)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding	20,681,022	20,319,867

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

COLIBRI RESOURCE CORPORATION

CONSOLIDATED BALANCE SHEET

FEBRUARY 28, 2007

(Unaudited – Prepared by Management)

	Feb. 28 <u>2007</u>	Nov. 30 <u>2006</u> (Audited)
ASSETS		
CURRENT		
Cash	\$ 653,956	\$1,143,193
Accounts receivable	22,677	32,092
Prepaid expenses	<u>20,502</u>	<u>41,822</u>
	671,135	1,217,107
EQUIPMENT (Note 3)	4,663	4,983
MINERAL PROPERTIES (Note 4)	<u>2,380,801</u>	<u>2,037,465</u>
	<u>\$3,082,599</u>	<u>\$3,259,555</u>
LIABILITIES		
CURRENT		
Accounts payable and accruals	\$ 62,710	\$ 383,632
Accounts payable to related parties (Note 5)	<u>32,857</u>	<u>25,611</u>
	<u>95,567</u>	<u>409,243</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 6)	3,428,654	3,266,604
CONTRIBUTED SURPLUS (Note 6)	198,963	198,963
DEFICIT	<u>(640,585)</u>	<u>(615,255)</u>
	<u>2,987,032</u>	<u>2,850,312</u>
	<u>\$3,082,599</u>	<u>\$3,259,555</u>

NATURE AND CONTINUANCE OF OPERATIONS (Note 2)

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006

(Unaudited – Prepared by Management)

	Three Months Ended	
	Feb. 28,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (25,330)	\$ (48,132)
Add: Item not requiring the use of cash		
Amortization	320	348
Change in non-cash working capital items:		
Decrease (increase) in receivables	9,415	(7,570)
Decrease (increase) in prepaid expenses	21,320	(5,185)
(Decrease) in accounts payable		
and accrued liabilities	(320,922)	(15,957)
Increase in accounts payable		
to related parties	<u>7,246</u>	<u>-</u>
Net cash used in operating activities	<u>(307,951)</u>	<u>(76,496)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock, and		
net cash used in financing activities	<u>162,050</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(1,326)
Acquisition of mineral properties		
and deferred exploration costs	<u>(343,336)</u>	<u>(214,217)</u>
Net cash used in investing activities	<u>(343,336)</u>	<u>(215,543)</u>
(DECREASE) IN CASH		
DURING THE PERIOD	(489,237)	(292,039)
CASH, beginning of period	<u>1,143,193</u>	<u>2,146,598</u>
CASH, end of period	<u>\$ 653,956</u>	<u>\$1,854,559</u>

Supplemental disclosure with respect to cash flows (Note 7)

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

COLIBRI RESOURCE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006

(Unaudited – Prepared by Management)

1. BASIS OF PRESENTATION

The consolidated financial statements contained herein include the accounts of Colibri Resource Corporation and its wholly owned subsidiary, Minera Halcones S.A. de C.V. (“Halcones”). Halcones was incorporated on March 30, 2004 in Mexico. All significant inter-company accounts and transactions have been eliminated upon consolidation.

The interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period consolidated statements should be read together with the Company’s audited consolidated financial statements and the accompanying notes for the year ended November 30, 2006. In the opinion of the Company, its unaudited consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

2. NATURE AND CONTINUANCE OF THE BUSINESS

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 be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the company’s ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

COLIBRI RESOURCE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006

(Unaudited – Prepared by Management)

3. EQUIPMENT

	Feb. 28, 2007			Nov. 30, 2006		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Office furniture	\$ 3,085	\$ 1,006	\$ 2,079	\$ 3,085	\$ 895	\$ 2,190
Computer equipment	<u>5,448</u>	<u>2,864</u>	<u>2,584</u>	<u>5,448</u>	<u>2,655</u>	<u>2,793</u>
	<u>\$ 8,533</u>	<u>\$ 3,870</u>	<u>\$ 4,663</u>	<u>\$ 8,533</u>	<u>\$ 3,550</u>	<u>\$ 4,983</u>

4. 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 conveyancing 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 (“Cadenza”), a private Mexican 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 in exploration expenditures by June 16, 2009, to earn its 90% interest. To date, the Company has paid \$150,000 and issued 700,000 common shares with a total value of \$100,000. The Company is required to incur \$400,000 (incurred) in exploration expenditures on or before April 30, 2007, to pay \$50,000 (paid \$25,000), and to issue 300,000 common shares on or before June 16, 2007.

Once the terms of the option agreement have been completed, Cadenza has the option to maintain its remaining 10% interest or revert to a sliding scale Net Smelter Returns (“NSR”) royalty. The Company has the option to purchase the NSR royalty at any time for \$6,000,000.

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, 2010. 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\$62,000 (CDN\$80,782). The Company is required to pay US\$39,000 on or before November 30, 2007

COLIBRI RESOURCE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006

(Unaudited – Prepared by Management)

4. MINERAL PROPERTIES (continued)

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 200,000 common shares, incur a total of \$500,000 (\$437,009 incurred to date) in exploration expenditures and initiate a scoping/pre-feasibility study by June 16, 2009, to earn its 100% interest. To date, the Company has paid \$45,000 and issued 300,000 common shares with a value of \$45,000. The Company is required to incur \$125,000 (incurred) in exploration expenditures on or before April 30, 2007 and to pay \$20,000 on or before June 16, 2007.

The property is subject to a 2.5% 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 (\$85,627 incurred to date) in exploration expenditures and commence a scoping / pre-feasibility study by June 16, 2009, to earn its 100% interest. To date, the Company has paid \$70,000 and issued 300,000 common shares with a value of \$45,000. The Company is required to incur \$250,000 (incurred \$90,941) by June 16, 2006 and a further \$125,000 by June 16, 2007 in exploration expenditures and to pay \$40,000 (paid \$17,109) on or before June 16, 2007.

COLIBRI RESOURCE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006

(Unaudited – Prepared by Management)

4. MINERAL PROPERTIES (continued)

Leon Property (Continued)

The property is subject to a 2.5% NSR royalty. The Company has the option to purchase 50% of the royalty for \$1,000,000.

	<u>Colibri Property</u>	<u>Ramaje Ardiente Property</u>	<u>Leon Property</u>	<u>Feb. 28, 2007 Total</u>	<u>Nov. 30, 2006 Total</u>
Balance, beginning of period	\$ <u>1,387,115</u>	\$ <u>445,343</u>	\$ <u>205,007</u>	\$ <u>2,037,465</u>	\$ <u>934,458</u>
Additions:					
Mineral claims	25,000	-	17,109	42,109	171,676
Accommodation and meals	3,753	3,051	-	6,804	9,614
Assays and lab tests	5,129	15,559	307	20,995	47,284
Drilling/mobilization /demobilization	23,262	18,011	-	41,273	457,611
Field expenses and personnel	6,181	5,135	697	12,013	35,676
Geological consulting	25,585	18,581	-	44,166	279,546
Geophysics	92,993	-	-	92,993	-
Maps and reproduction	-	-	-	-	28,244
Miscellaneous	19,562	13,727	3,811	37,100	23,125
Property and claim taxes	7,313	18,722	3,137	29,172	25,006
Telephone	984	877	69	1,930	1,640
Travel and transport	<u>7,626</u>	<u>6,725</u>	<u>430</u>	<u>14,781</u>	<u>23,585</u>
	<u>217,388</u>	<u>100,388</u>	<u>25,560</u>	<u>343,336</u>	<u>1,103,007</u>
Balance, end of period	\$ <u>1,604,503</u>	\$ <u>545,731</u>	\$ <u>230,567</u>	\$ <u>2,380,801</u>	\$ <u>2,037,465</u>

COLIBRI RESOURCE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006

(Unaudited – Prepared by Management)

5. RELATED PARTY TRANSACTIONS

Accounts payable to related parties of \$32,857 (November 30, 2006 – \$25,611) is comprised of geological consulting fees due to a company controlled by a former director of the Company and reimbursable travel costs to a former director of the Company.

During the period from November 30, 2006 to February 28, 2007, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$NIL (2006 - \$15,000) to a company controlled by a former director of the Company.
- b) As outlined in Note 4, Colibri Property, the Company paid \$25,000 (2005 - \$50,000) to a private Mexican company controlled by a former director of the Company of which a director of the Company is also a director of the private company.
- c) As outlined in Note 4, Leon Property, the Company paid \$17,109 (2006 - \$NIL) and issued NIL (2005 - 100,000) common shares with a value of \$NIL (2005 - \$15,000) to a private Mexican company which is 50% owned by a former director of the Company.
- d) Paid or accrued \$21,175 (2006 - \$NIL) in geological consulting fees, of which \$21,175 (2006 - \$NIL) are included in deferred exploration costs, to a company controlled by a former director.

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

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

Authorized

100,000,000 common shares without par value

Issued

	Number of <u>Shares</u>	<u>Amount</u>	Contributed <u>Surplus</u>
Balance – November 30, 2006	20,569,867	\$3,266,604	\$198,963
Warrants exercised	<u>540,165</u>	<u>162,050</u>	<u>-</u>
Balance – February 28, 2007	<u>21,110,032</u>	<u>\$3,428,654</u>	<u>\$198,963</u>

COLIBRI RESOURCE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006

(Unaudited – Prepared by Management)

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

A total of 1,716,000 common shares are subject to an escrow agreement with their release at the discretion or determination of the applicable regulatory authority.

Stock options

The Company grants stock options in accordance with the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the policies, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest immediately on the date of grant or over a period of time determined by the board of directors.

At February 28, 2007, the following stock options were outstanding:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
600,000	\$0.10	October 20, 2011

Warrants

At February 28, 2007, the Company had non-publicly traded (non-transferable) share purchase warrants outstanding enabling the holders to acquire common shares as follows:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,603,350	\$0.30	July 28, 2007

At February 28, 2007, the Company had publicly traded (transferable) share purchase warrants outstanding enabling the holders to acquire common shares as follows:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
5,484,010	\$0.30	July 28, 2007

COLIBRI RESOURCE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006

(Unaudited – Prepared by Management)

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Feb. 28 <u>2007</u>	Nov. 30 <u>2006</u>
Cash paid during the period for income taxes	\$ <u>0</u>	\$ <u>0</u>
Cash paid during the period for interest	\$ <u>0</u>	\$ <u>0</u>

8. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations on one business segment, being the acquisition and exploration of mineral properties in Mexico (Note 4). The loss from operations for the three month period ended February 28, 2007 is attributed to the Company's corporate office in Canada except for \$341 of the loss which relates to the operations in Mexico.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consists of cash, receivables, accounts payable and accrued liabilities and accounts payable to related party. In management's opinion, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

COLIBRI RESOURCE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007 AND 2006

(Unaudited – Prepared by Management)

10. SUBSEQUENT EVENTS

The following events occurred subsequent to November 30, 2006:

- a) The Company issued an aggregate of 344,925 common shares from the exercise of agent warrants at a price of \$0.30 for total proceeds of \$103,478.
- b) The Company issued an aggregate of 462,740 common shares from the exercise of 925,480 warrants at a price of \$0.30 for every two warrants for total proceeds of \$138,822.
- c) 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 will consist 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 for a period of one year. The Units are subject to a hold period that expires 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 for one year from the date of closing on the same terms as the warrants issued as part of the Units under the private placement.

This placement is subject to the approval of the TSX Venture Exchange Inc. The proceeds of the private placement will be used primarily for exploration and drilling on the Company's Sonora, Mexico claim properties, as well as for general working capital.

COLIBRI RESOURCE CORPORATION

Management's Discussion & Analysis for the Quarter Ended February 28, 2007

The following Management Discussion and Analysis ("MD&A") for Colibri Resource Corporation ("the Company") prepared as of April 19, 2007 should be read together with the audited consolidated financial statements for the year ended November 30, 2006 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 certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Description of Business

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

Through its Subsidiary, 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 December 19, 2006, the Company paid \$17,109 pursuant to a mineral property option agreement on the Leon property.
- 2) On January 28, 2007, 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 February 28, 2007	For The Quarter Ended February 28, 2006
Total revenues	\$ 7,321	\$ 10,699
Net income (loss) before extraordinary items	(25,330)	(384,049)
Net income (loss)	(25,330)	(384,049)
Basic and diluted earnings (loss) per share	(0.01)	(0.02)
Total assets	3,082,599	3,048,920
Total long-term liabilities	-	-
Cash dividends	-	-

The Company earns interest revenue from cash 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 February 28, 2007

Operations in the period from November 30, 2006 to February 28, 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. The Company has not generated any revenues except for interest revenue during the period.

The net loss for the three month period ended February 28, 2006 was \$25,330 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 \$32,651. Major component of the loss were \$7,367 for rent and \$8,131 for travel costs.

For The Quarter Ended February 28, 2006

Operations in the period from November 30, 2005 to February 28, 2006 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 property. The Company has not generated any revenues except for interest revenue during the period.

The net loss for the three month period ended February 28, 2006 was \$48,132 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 \$58,831. A major component of the loss was \$15,000 for management fees and \$9,729 in consulting fees. Accounting and audit fees increased significantly as a result of more activity primarily attributed to the Company's exploration activities.

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							
	February 28, 2007	November 30, 2006	August 31, 2006	May 31, 2006	February 28, 2006	November 30, 2005	August 31, 2005	May 31, 2005
Total assets	\$ 3,082,599	\$ 3,259,555	\$ 2,961,008	\$ 2,959,633	\$ 3,048,920	\$ 3,113,009	\$ 2,913,213	\$ 724,781
Mineral property costs	2,380,801	2,037,465	1,482,906	1,267,527	1,148,675	934,458	604,277	463,409
Working capital	575,568	807,864	1,435,612	1,645,395	1,843,719	2,107,046	2,255,798	148,088
Shareholders' equity	2,987,032	2,850,312	2,923,483	2,918,293	2,998,172	3,046,304	2,865,186	692,133
Revenues	7,321	11,164	16,654	9,385	10,699	14,969	529	272
Net income (loss)	(25,330)	(124,017)	(27,310)	(79,879)	(48,132)	(27,985)	(118,968)	(41,653)
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.

	February 28, 2007	February 28, 2006
Working capital	\$ 575,568	\$ 1,843,719
Deficit	(640,585)	(384,049)

Net cash used in operating activities during the quarter was \$307,951 compared to \$76,496 during the quarter ended February 28, 2006. 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 \$162,050 during the current quarter and \$Nil during the quarter ended February 28, 2006. Cash during the current quarter came from the warrants being exercised.

Net cash used in investing activities was \$343,336 during the current quarter and \$215,543 in the quarter ended February 28, 2006. Cash was expended on the acquisition and maintenance of mineral claims and exploration work conducted on the claims in Mexico.

Private Placement

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 will consist 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 for a period of one year. The Units are subject to a hold period that expires 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 for one year from the date of closing on the same terms as the warrants issued as part of the Units under the private placement.

This placement is subject to the approval of the TSX Venture Exchange Inc. The proceeds of the private placement will be used primarily for exploration and drilling on the Company's Sonora, Mexico claim properties, as well as for general working capital.

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 period from November 30, 2006 to February 28, 2007, 540,615 of these warrants were exercised.

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 and proceeds of the private placement:

Description

(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.	\$	180,000
(4)	(a) To conduct continuing exploration and drilling on the Colibri Property.	\$	475,000
	(b) To conduct continuing exploration and drilling on the Ramard Property.	\$	1,100,000
	(c) To conduct continuing exploration and drilling on the Leon Property.	\$	300,000
(5)	To cover estimated general and administrative expenses for a 12-month period	\$	300,000
(6)	To provide general working capital	\$	200,000

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 \$32,857 (November 30, 2006 – \$25,611) is comprised of geological consulting fees due to a company controlled by a former director of the Company and reimbursable travel costs to a former director of the Company.

During the period from November 30, 2006 to February 28, 2007, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$NIL (2006 - \$15,000) to a company controlled by a former director of the Company.
- b) Paid or accrued \$21,175 (2006 - \$NIL) in geological consulting fees, of which \$21,175 (2006 - \$NIL) are included in deferred exploration costs, to a company controlled by a former director.
- c) As outlined in Note 4, Colibri Property, the Company paid \$25,000 (2005 - \$50,000) to a private Mexican company controlled by a former director of the Company of which a director of the Company is also a director of the private company.
- d) As outlined in Note 4, Leon Property, the Company paid \$17,108 (2006 - \$NIL) and issued Nil (2005 - 100,000) common shares with a value of \$Nil (2005 - \$15,000) to a private Mexican company which is 50% owned by a former 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.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and account payable to related party. In management's opinion, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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 quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Outstanding Share Data

Capital stock

	Number of Shares
Authorized Common shares without par value	100,000,000
Issued and Outstanding as at February 28, 2007	21,110,032

Stock options

At February 28, 2007, the following stock options were outstanding to directors and officers:

Number of Options	Exercise Price	Expiry Date
600,000	\$ 0.10	October 20, 2011

Warrants

At February 28, 2007, the Company had non-publicly traded (non transferable) 1,603,350 share purchase warrants outstanding enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,603,350	\$ 0.30	July 28, 2007

At February 28, 2007, the Company had the following publicly traded (transferable) 10,968,020 share purchase warrants outstanding enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
5,484,010	\$ 0.30	July 28, 2007

Additional Disclosure for Venture Issuers Without Significant Revenue

	Quarter Ended February 28, <u>2007</u>	Quarter Ended February 28, <u>2006</u>
Capitalized or expensed Exploration and Development Costs	\$ 2,380,801	\$ 1,148,675
Expensed Research and Development Costs	\$ -	\$ -
General and Administrative Expenses	\$ 32,651	\$ 58,831
Material Costs	\$ -	\$ -

Capitalized or Expensed Exploration and Development Costs

For the Colibri property, we capitalized \$217,388 during the period from November 30, 2006 to February 28, 2007 and \$147,605 during the same period for 2006.

For the Ramaje Ardiente property, we capitalized \$100,388 during the period from November 30, 2006 to February 28, 2007 and \$41,921 during the same period for 2006.

For the Leon property, we capitalized \$25,560 during the period from November 30, 2006 to February 28, 2007 and \$24,691 during the same period for 2006.

Subsequent Events

The following events occurred subsequent to November 30, 2006:

- a) The Company issued an aggregate of 344,925 common shares from the exercise of agent warrants at a price of \$0.30 for total proceeds of \$103,478.
- b) The Company issued an aggregate of 462,740 common shares from the exercise of 925,480 warrants at a price of \$0.30 for every two warrants for total proceeds of \$138,822.
- c) 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 will consist 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 for a period of one year. The Units are subject to a hold period that expires August 20, 2007. For more information, see the "Private Placement" information section above.

Additional Information

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