COLIBRI RESOURCE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

NINE MONTH PERIOD ENDED
AUGUST 31, 2005

UNAUDITED INTERIM 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 August 31, 2005.

COLIBRI RESOURCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)

	August 31, 2005	November 30, 2004 (Audited)
ASSETS		
Current		
Cash and cash equivalents	$ 2,292,118	$ 281,705
Receivables	9,496	1,598
Prepaid expenses	2,211	6,212
	2,303,825	289,515
Equipment (Note 3)	5,111	4,500
Mineral properties (Note 4)	604,277	292,619
Deferred share issue costs	-	26,790
	$ 2,913,213	$ 613,424
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 42,677	$ 27,608
Due to related parties (Note 5)	5,350	4,548
	48,027	32,156
Shareholders' equity		
Capital stock (Note 6)	3,019,491	678,832
Share subscriptions received	-	25,000
Contributed surplus (Note 6)	153,627	-
Deficit	(307,932)	(122,564)
	2,865,186	581,268
	$ 2,913,213	$ 613,424

Nature and continuance of operations (Note 1)

Subsequent events (Note 10)

On behalf of the Board:

"Ian de W. Semple" Director   *"Douglas G. Irwin"* Director

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	Three Month Period Ended August 31, 2005	Three Month Period Ended August 31, 2004	Nine Month Period Ended August 31, 2005	Period From Incorporation on February 20, 2004 to August 31, 2004
GENERAL AND ADMINISTRATIVE EXPENSES				
Accounting and audit fees	$ 10,905	$ 765	$ 11,255	$ 1,700
Amortization	310	372	930	512
Consulting	3,849	-	8,849	-
Investor relations	1,971	-	1,971	-
Legal	10,040	6,093	26,266	27,351
Management fees	18,750	14,875	44,250	48,875
Office and miscellaneous	685	430	3,196	3,937
Printing	58	1,396	619	1,396
Rent	3,379	2,961	10,082	8,888
Shareholder costs	699	-	699	-
Stock-based compensation (Note 6)	60,160	-	60,160	-
Telephone	558	814	1,613	814
Transfer agent and filing fees	6,524	349	8,759	699
Travel and related	1,609	551	7,885	551
Loss before other income	(119,497)	(28,604)	(186,534)	(94,721)
OTHER INCOME				
Interest	529	265	1,166	496
Loss for the period	(118,968)	(28,339)	(185,368)	(94,225)
Deficit, beginning of period	(188,964)	(65,886)	(122,564)	-
Deficit, end of period	$ (307,932)	$ (94,225)	$ (307,932)	$ (94,225)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.04)
Weighted average number of shares outstanding	12,445,943	3,746,522	8,434,150	2,193,958

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Month Period Ended August 31, 2005	Three Month Period Ended August 31, 2004	Nine Month Period Ended August 31, 2005	Period From Incorporation on February 20, 2004 to August 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (118,968)	$ (28,339)	$ (185,368)	$ (94,225)
Item not affecting cash:				
Amortization	310	372	930	512
Stock-based compensation	60,160	-	60,160	-
Change in non-cash working capital items:				
(Increase) decrease in receivables	1,226	1,341	(7,898)	(2,940)
Increase (decrease) in prepaid expenses	(1,000)	(2,500)	4,001	(3,712)
Increase in accounts payable and accrued liabilities	14,577	12,714	15,069	14,894
Increase (decrease) in due from related parties	-	3,686	-	(3,685)
Increase (decrease) in due to related parties	802	(2,272)	802	6,822
Net cash provided by (used in) operating activities	(42,892)	(14,998)	(112,304)	(82,334)
CASH FLOWS FROM FINANCING ACTIVITIES				
Deferred share issue costs	76,756	(13,395)	26,790	(13,395)
Proceeds from issuance of capital stock	2,550,250	339,416	2,752,515	339,416
Share issuance costs	(385,889)	-	(385,889)	-
Share subscriptions received	-	(164,250)	(25,000)	189,250
Net cash provided by (used in) financing activities	2,241,117	161,771	2,368,416	515,271
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	(1,541)	-	(1,541)	(5,384)
Acquisition of mineral properties and deferred exploration costs	(73,368)	(123,080)	(244,158)	(169,540)
Net cash used in investing activities	(74,909)	(123,080)	(245,699)	(174,924)
Increase in cash during the period	2,123,316	23,693	2,010,413	258,013
Cash, beginning of period	168,802	234,320	281,705	-
Cash, end of period	$ 2,292,118	$ 258,013	$ 2,292,118	$ 258,013

Supplemental disclosure with respect to cash flows (Note 7)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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 and is considered to be in the development 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.

	August 31, 2005	November 30, 2004
		(Audited)
Working capital	$ 2,255,798	$ 257,359
Deficit	(307,932)	(122,564)

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and of 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.

Use of estimates

The preparation of 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 financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Cost of maintaining mineral properties

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. 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.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at an annual rate of:

Office furniture	20%
Computer equipment	30%

Deferred share issue costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign currency translation

The Company's activities denominated in currencies other than Canadian dollars are translated as integrated operations using the temporal method. Under this method, monetary items are translated at the exchange rate in effect at the balance sheet date, non-monetary items are translated at historical rates, and revenue and expense items are translated at exchange rates prevailing when such items are recognized in the statement of operations. Exchange gains or losses arising on translation of foreign currency items are included in operating results.

Stock-based compensation

Stock options granted to employees and non-employees are recorded at fair value on the date of grant. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Loss per share

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 loss 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 period.

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the period.

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 period 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.

3. EQUIPMENT

	August 31, 2005			November 30, 2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office furniture	$ 2,803	$ 328	$ 2,475	$ 1,262	$ 163	$ 1,099
Computer equipment	4,122	1,486	2,636	4,122	721	3,401
	$ 6,925	$ 1,814	$ 5,111	$ 5,384	$ 884	$ 4,500

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 two directors 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 for a value of $30,000. Over the next five years the Company has 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 to earn its 90% interest. The Company paid $25,000 and issued 250,000 common shares on June 16, 2005. The Company is required to incur $500,000 in exploration expenditures on or before December 16, 2005.

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. The Company paid US$10,000 in the period ended November 30, 2004 and in the year ended November 30, 2005 is required to pay US$20,000 (US$10,000 paid).

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 for a value of $30,000. Over the next four years the Company has agreed to pay $70,000, issue a total of 200,000 common shares, incur a total of $500,000 in exploration expenditures and initiate a scoping/pre-feasibility study to earn its 100% interest. The Company paid $10,000 and issued 100,000 common shares on June 16, 2005. The Company is required to incur $250,000 in exploration expenditures on or before December 16, 2005.

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.

4. MINERAL PROPERTIES (cont'd…)

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 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 for a value of $30,000. Over the next four and half years the Company has agreed to pay a total of $190,000, issue a total of 200,000 common shares, incur a total of $500,000 in exploration expenditures and commence a scoping / pre-feasibility study to earn its 100% interest. The Company paid $10,000 and issued 100,000 common shares on June 16, 2005. The Company is required to incur $250,000 in exploration expenditures on or before June 16, 2006.

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.

MINERAL PROPERTY COSTS

	Colibri Property	Ramaje Ardiente Property	Leon Property	August 31, 2005 Total	November 30, 2004 Total
Balance, beginning of the period	$ 173,958	$ 59,359	$ 59,302	$292,619	$ -
Additions					
Mineral claims	108,191	25,000	35,000	168,191	193,557
Accommodation and meals	3,887	1,914	-	5,801	-
Assays and lab tests	3,500	511	613	4,624	1,774
Field expenses	692	342	-	1,034	-
Field surveying	-	-	-	-	1,015
Geological consulting	24,671	4,310	-	28,981	58,334
Geophysics	62,129	-	-	62,129	-
Miscellaneous	888	437	-	1,325	-
Property and claim taxes	9,739	12,421	6,602	33,913	22,294
Telephone	418	206	-	624	-
Travel and transport	3,362	1,674	-	5,036	15,645
Total additions during the period	217,477	51,966	42,215	311,658	292,619
Balance, end of period	$ 391,435	$ 111,325	$ 101,517	$ 604,277	$ 292,619

5. RELATED PARTY TRANSACTIONS

During the nine month period ended August 31, 2005, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $44,250 (November 30, 2004 - $63,750) to a company controlled by a director of the Company.

b) Paid or accrued $20,750 (November 30, 2004 - $16,050) in geological consulting fees, which 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 $50,000 (November 30, 2004 - $50,000) and issued 250,000 (November 30, 2004 – 200,000) common shares for a value of $37,500 (November 30, 2004 - $30,000) to a private Mexican company controlled by a director of the Company and a former director.

d) As outlined in Note 4, Ramaje Ardiente Property, the Company paid $10,000 (November 30, 2004 - $20,000) and issued 100,000 (November 30, 2004 - 200,000) common shares for a value of $15,000 (November 30, 2004 - $30,000) to a private Mexican company controlled by a director of the Company and a former director.

e) As outlined in Note 4, Leon Property, the Company paid $20,000 (November 30, 2004 - $20,000) and issued 100,000 (November 30, 2004 - 200,000) common shares for a value of $15,000 (November 30, 2004 - $30,000) to a private Mexican company which is 50% owned by a former director.

Due to related parties of $5,350 (November 30, 2004 - $4,548) is comprised of $5,350 (November 30, 2004 - $4,548) for management fees due to a company controlled by a director.

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.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount	Contributed Surplus
Authorized			
100,000,000 common shares without par value			
Issued			
Balance as at November 30, 2004	5,770,000	$ 678,832	$ -
Private placements	2,496,867	202,265	-
Pursuant to mineral property agreements	450,000	67,500	-
Pursuant to prospectus	10,000,000	2,500,000	-
Corporate finance fee	240,000	60,000	12,672
Agent's commission paid with shares	4,500	1,125	-
Agent's options	201,000	50,250	-
Agent's warrants	-	-	80,795
Stock-based compensation	-	-	60,160
Share issue costs	-	(540,481)	-
Balance as at August 31, 2005	19,162,367	$ 3,019,491	$ 153,627

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Capital stock

A total of 2,574,000 shares are subject to an escrow agreement with their release at the discretion or determination of the applicable regulatory authority.

During the nine month period ended August 31, 2005, the Company issued 2,496,867 shares for gross proceeds of $202,265 pursuant to private placements.

Initial Public Offering completed

On July 28, 2005, the Company completed an initial public offering on the TSX-V. Through its Agent, the Company issued 10,000,000 units at $0.25 per unit for gross proceeds of $2,500,000.

Each unit consists of one common share and one transferable share purchase warrant. Two whole warrants will entitle the holder to acquire one additional common share until July 28, 2007 at an exercise price of $0.30. The warrants are to be listed for trading on the TSX-V, subject to meeting distribution requirements.

The Company granted the Agent an option (the "Greenshoe Option") exercisable until September 28, 2005 at $0.25 per unit to purchase up to 1,500,000 units. During the period, the Agent exercised 201,000 of the options and 1,157,500 options were exercised subsequent to the period (see note 10). Each Unit consists of one common share and one transferable share purchase warrant. Two whole warrants will entitle the holder to acquire one additional common share until July 28, 2007 at an exercise price of $0.30.

The Company has agreed to pay a commission to the Agent equal to 8.5% of the gross proceeds of the Offering (including units that may be sold pursuant to the Greenshoe Option). The Agent may elect to receive $1,125 in commission in the form of 4,500 units (the "Agent's Units"). Each Agent's Unit will be comprised of one common share of the Company, and one non-transferable share purchase warrant entitling the Agent to purchase up to an additional 4,500 common shares of the Company at a price of $0.30 per share until July 28, 2007.

The Company also issued to the Agent non-transferable share purchase warrants (the "Agent's Warrants") entitling the Agent to acquire 1,530,150 common shares of the Company. The Agent's Warrants will be exercisable at a price of $0.30 per share until July 28, 2007. These warrants have been recorded at a fair value of $80,795 and are included in contributed surplus.

The Company also issued to the Agent, as a corporate finance fee, 240,000 units, entitling the Agent to acquire 240,000 common shares and non-transferable share purchase warrants entitling the Agent to purchase up to an additional 240,000 common shares of the Company at a price of $0.30 per share until July 28, 2007. These warrants have been recorded at a fair value of $12,672 and are included in contributed surplus.

The Company agreed to and did pay for all reasonable expenses incurred by the Agent in connection with the Offering, including the Agent's fees, out-of-pocket expenses and fees and disbursements of the Agent's legal counsel, and an administration fee of $20,000.

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Stock options

The Company grants stock options in accordance with the policies of the TSX Venture Exchange ("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 stock 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.

During the nine month period ended August 31, 2005, the Company granted a total of 550,000 stock options to directors and officers.

The estimated fair value of these options is recorded as $60,160. This amount has been expensed as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in shareholders' equity.

The following weighted average assumptions were used for the Black-Scholes Pricing Model valuation of stock options and warrants granted during the period:

Risk-free interest rate	3.80%
Expected life of options	5.0 years
Annualized volatility	197.92%
Dividend rate	0.00%

At August 31, 2005, the following stock options were outstanding:

	Number of Shares	Exercise Price	Expiry Date
	550,000	$ 0.25	July 28, 2010
(Agent's options)	1,299,000	0.25	September 28, 2005 (subsequently exercised 1,157,500 and 141,500 expired)

Warrants

At August 31, 2005, the Company had the following non-publicly traded (non transferable) share purchase warrants outstanding:

Number of Shares	Exercise Price	Expiry Date
1,774,650	$ 0.30	July 28, 2007

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Warrants (cont'd…)

At August 31, 2005, the Company had the following publicly traded (transferable) share purchase warrants outstanding where two warrants and $0.30 allows the purchase of one common share.

Number of Warrants	Exercise Price	Expiry Date
10,201,000	$ 0.30	July 28, 2007

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2005	2004
Cash paid during the period for income taxes	$ -	$ -
Cash paid during the period for interest	$ -	$ -

The significant non-cash transactions during the nine month period ended August 31, 2005 consisted of the following:

a) The issuance of 166,667 common shares for $25,000 which were share subscriptions received at November 30, 2004.
b) The issuance of 450,000 common shares pursuant to mineral claims.
c) The issuance of 4,500 common shares to the Agent as a commission in lieu of cash pursuant to the initial public offering.
d) The issuance of 240,000 common shares to the Agent as a commission pursuant to the initial public offering.

The significant non-cash transaction that occurred during the period ended November 30, 2004 consisted of the Company issuing 600,000 common shares with a value of $90,000 for the acquisition of various mineral claims located in Mexico (Note 4).

8. SEGMENT INFORMATION

The Company currently conducts substantially all of its operations in one business segment, being the acquisition and exploration of mineral properties in Mexico (Note 4). The loss from operations for the nine month period ended August 31, 2005 is primarily attributed to the Company's corporate office in Canada.

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and due to a 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.

The Company has its cash in commercial banks in Canada and Mexico.

10. SUBSEQUENT EVENTS

Subsequent to August 31, 2005, the Company issued 1,157,500 common shares pursuant to the exercise of Agent's options for gross proceeds of $289,375. The Company also issued 173,625 Agent's warrants, which represents 15% of the balance of the Green Shoe Option exercised. These warrants are non-transferable and entitle the holder to purchase one additional common share at $0.30 until July 28, 2007.

COLIBRI RESOURCE CORPORATION

Form 51-102F1

Management's Discussion & Analysis for the Nine Month Period Ended August 31, 2005

The following Management Discussion and Analysis ("MD&A") for Colibri Resource Corporation ("the Company") prepared as of October 17, 2005 should be read together with the unaudited consolidated financial statements for the nine month period ended August 31, 2005 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. 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 SEDAR at www.sedar.com.

Performance Summary

1) The Company was incorporated on February 20, 2004, in the province of British Columbia.

2) The Company incorporated its wholly owned subsidiary Minera Halcones S.A. de C.V. ("Halcones") on March 30, 2004 in Mexico.

3) The Company formally filed a technical report dated July 8, 2005 related to its Colibri Project in Mexico with the British Columbia Securities Commission.

4) On July 13, 2005, the Company filed its final long form prospectus and it was accepted by the British Columbia Securities Commission on July 28, 2005. The common shares of the Company began trading on August 5, 2005 under the symbol CBI and the share purchase warrants began trading under the symbol CBI.WT.

   The prospectus resulted in the Company completing an initial public offering on the TSX-V. Through its Agent, the Company issued 10,000,000 units at $0.25 per unit for gross proceeds of $2,500,000. Each unit consists of one common share and one transferable common share purchase warrant. Two whole warrants will entitle the holder to acquire one additional common share until July 28, 2007 at an exercise price of $0.30. The warrants also be listed for trading on the TSX-V.

Selected Interim Information

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

	Three months ended August 31, 2005	Three months ended August 31, 2004	Nine months ended August 31, 2005	Period ended November 30, 2004
Total revenues	$ 529	$ 265	$ 1,166	$ 761
Net income (loss) before extraordinary items	(118,968)	(28,339)	(185,368)	(122,564)
Net income (loss)	(118,968)	(28,339)	(185,368)	(122,564)
Basic and diluted earnings (loss) per share	(0.01)	(0.01)	(0.02)	(0.05)
Total assets	2,913,213	456,157	2,913,213	613,424
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.

Period from incorporation on February 20, 2004 to November 30, 2004

Operations in the period from incorporation on February 20, 2004 to November 30, 2004 were focused on the incorporation of the Company, the establishment of its management team and the investigation of the properties for which it has entered into agreements to acquire interests in. The Company has not generated any revenues, except for interest revenue in the period from incorporation on February 20, 2004 to November 30, 2004 and does not expect to do so in the near future.

The net loss for the period from incorporation on February 20, 2004 to November 30, 2004 was $122,564 which was a loss of $0.05 per share on both a basic and a fully diluted basis. This loss was primarily attributed to general and administrative expenses of $123,325, the major component of which was management fees of $63,750 paid to a company controlled by the Company's President. In addition, the Company paid or accrued geological consulting fees of $16,050 to a company controlled by a director of the Company, which amount has been included in deferred explorations costs.

Nine Month Period Ended August 31, 2005

Operations in the nine month period ended August 31, 2005 were focused on the preparation of the Company's Initial Public Offering and in maintaining the Company's interests in the properties for which it has entered into option agreements. The Company has not generated any revenues from operations for the nine month period ended August 31, 2005.

The net loss for the nine month period ended August 31, 2005 was $185,368 which was a loss of $0.02 per share on both a basic and a fully diluted basis. This loss was primarily attributed to general and administrative expenses of $186,534 the major component of which was stock-based compensation with an estimated fair value of $60,160 in the form of stock options granted to executive officers and directors..

Summary of Quarterly Results

The following table sets forth selected (unaudited) quarterly financial information for each of the last six most recently completed quarters, as the Company was incorporated on February 20, 2004:

	Three Months Ended			
	August 31, 2005	May 31, 2005	February 28, 2005	November 30, 2004
Total assets	$ 2,913,213	$ 724,781	$ 626,410	$ 613,424
Mineral property costs	604,277	463,409	439,769	292,619
Working capital	2,255,798	148,088	64,073	257,359
Shareholders' equity	2,865,186	692,133	561,521	581,268
Revenues	529	272	365	265
Net income (loss)	(118,968)	(41,653)	(24,747)	(28,339)
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ended			
	August 31, 2004	May 31, 2004	February 29, 2004	November 30, 2003
Total assets	$ 456,157	$ 279,261	$ -	$ -
Mineral property costs	169,540	26,832	-	-
Working capital (deficiency)	246,635	235,910	-	-
Shareholders' equity	434,441	267,986	-	-
Revenues	265	231	-	-
Net Income (loss)	(28,339)	(85,514)	-	-
Earnings (loss) per share	(0.01)	(0.02)	-	-

Liquidity

The Company has no history of profitable operations and its mineral projects are at an early stage. Therefore, it is subject to many risks common to comparable junior venture resource companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of revenues.

The Company's ability to continue as a going concern in the short term is dependent upon its ability to obtain financing. The Company has obtained financing by the issuance of share capital. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

	August 31, 2005	November 30, 2004 (Audited)
Working capital	$ 2,255,798	$ 257,359
Deficit	(307,932)	(122,564)

Net cash used in operating activities for the period consists primarily of the operating loss and a change in non-cash working capital.

Net cash used by operating activities during the period was $112,304 compared to net cash used by operating activities of $82,334 during the previous comparable period.

Financing activities provided net cash of $2,368,416 during the current period and $515,271 during the previous comparable period from the issuance of common stock.

Net cash used in investing activities was $245,699 during the current period and $174,924 in the previous comparable period. Cash was expended on the acquisition 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 most recently the completion of the Company's IPO. The Company closed its IPO on July 28, 2005, pursuant to which it received net proceeds of $2,243,625 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. The Company has granted Canaccord Capital Corporation (the "Agent") an option (the "Greenshoe Option") exercisable within 60 days of the closing of the Offering to acquire from the Company, at the Offering Price, that number of Units which is equal to the lesser of 15% of the number of Units sold pursuant to the Offering. In the event the Agent exercises the Greenshoe Option in full, up to 1,500,000 additional Shares and 750,000 Warrant Shares may be issued for gross proceeds to the Company of $375,000 (less the Agent's commissions of $31,875) for net proceeds to the Company of $343,125.

Additional disclosure concerning the Company's general and administrative expenses and resource property obligations and commitments are provided in the Company's unuadited 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:

Description

(1) To make property option payments on the San Francisco and Juarez claims on the Colibri gold property, collectively for the sum of US$5,000 on 01 January, 2006, and US$9,000 on each of 01 April, 2006, 01 July, 2006, and 01 October 2006 — $ 40,000

Note: C$/US$ foreign exchange assumption = 1.25

(2) To make property option payments of C$ due per schedule below — $ 40,000

	15 December, 2005
Colibri property	$25,000
Leon property	$15,000
Ramard property	nil

(3)	To make mineral property tax estimated payments due per schedule below		$	27,908

	01 January, 2006	01 July 2006
Colibri property	$5,851	$6,436
Leon property	$2,439	$2,682
Ramard property	$5,000	$5,500

Note: Mexican peso/C$ foreign exchange assumption = 8.5

(4)	(a)	To conduct the Phase I exploration – Colibri property	$	1,000,000
	(b)	To conduct the Phase I exploration program on the Ramard Property (consisting of $50,000 for line cutting, soil sampling and geological mapping; $100,000 for ground geophysics; and $100,000 for a 1,000 meter drill program)	$	250,000
	(c)	To conduct a basic exploration program on the Leon Property to maintain it in good standing and Mexican Mining Regulations.	$	40,000
(5)		To cover estimated general and administrative expenses for a 12-month period	$	264,684
(6)		To provide general working capital	$	639,022

Transactions with Related Parties

During the nine month period ended August 31, 2005, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $44,250 (November 30, 2004 - $63,750) to a company controlled by a director of the Company.

b) Paid or accrued $20,750 (November 30, 2004 - $16,050) in geological consulting fees, which 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 $50,000 (November 30, 2004 - $50,000) and issued 250,000 (November 30, 2004 – 200,000) common shares for a value of $37,500 (November 30, 2004 - $30,000) to a private Mexican company controlled by a director of the Company and a former director.

d) As outlined in Note 4, Ramaje Ardiente Property, the Company paid $10,000 (November 30, 2004 - $20,000) and issued 100,000 (November 30, 2004 - 200,000) common shares for a value of $15,000 (November 30, 2004 - $30,000) to a private Mexican company controlled by a director of the Company and a former director.

e) As outlined in Note 4, Leon Property, the Company paid $20,000 (November 30, 2004 - $20,000) and issued 100,000 (November 30, 2004 - 200,000) common shares for a value of $15,000 (November 30, 2004 - $30,000) to a private Mexican company which is 50% owned by a former director.

Due to related parties of $5,350 (November 30, 2004 - $4,548) is comprised of $5,350 (November 30, 2004 - $4,548) for management fees due to a company controlled by a director.

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 and cash equivalents, receivables and accounts payables. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

Outstanding Share Data

Capital stock

	Number of Shares	Amount	Contributed Surplus
Authorized			
100,000,000 common shares without par value			
Issued			
Balance as at November 30, 2004	5,770,000	$ 678,832	$ -
Private placements	2,496,867	202,265	-
Pursuant to mineral property agreements	450,000	67,500	-
Pursuant to prospectus	10,000,000	2,500,000	-
Corporate finance fee	240,000	60,000	12,672
Agent's commission paid with shares	4,500	1,125	-
Agent's options	201,000	50,250	-
Agent's warrants	-	-	80,795
Stock-based compensation	-	-	60,160
Share issue costs	-	(540,481)	-
Balance as at August 31, 2005	19,162,367	$ 3,019,491	$ 153,627

Stock options

At August 31, 2005, the following stock options were outstanding:

Number of Shares	Exercise Price	Expiry Date
550,000	$ 0.25	July 28, 2010
(Agent's options) 1,299,000	0.25	September 28, 2005 (subsequently exercised 1,157,500 and 141,500 expired)

Warrants

At August 31, 2005, the Company had the following non-publicly traded (non transferable) share purchase warrants outstanding:

Number of Shares	Exercise Price	Expiry Date
1,774,650	$ 0.30	July 28, 2007

At August 31, 2005, the Company had the following publicly traded (transferable) share purchase warrants outstanding where two warrants and $0.30 allows the purchase of one common share.

Number of Warrants	Exercise Price	Expiry Date
10,201,000	$ 0.30	July 28, 2007

Subsequent Events

Subsequent to August 31, 2005, the Company issued 1,157,500 common shares pursuant to the exercise of Agent's options for gross proceeds of $289,375. The Company also issued 173,625 Agent's warrants, which represents 15% of the balance of the Green Shoe Option exercised. These warrants are non-transferable and entitle the holder to purchase one additional common share at $0.30 until July 28, 2007.