TSX.V:CBI

COLIBRI RESOURCE CORPORATION

Form 51-102F1

Management Discussion & Analysis

For the Three and Nine Month Periods Ended September 30, 2023 and 2022

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Overview

The following Management Discussion and Analysis ("MD&A") for Colibri Resource Corporation ("Colibri") or ("the Company") prepared as of November 27, 2023, should be read together with the unaudited condensed consolidated interim financial statements for the nine month period ended September 30, 2023 and related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2022 and 13 month period ended December 31, 2021 which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars unless otherwise noted.

This MD&A contains forward-looking information. Please see "Forward-Looking Information" and "Risk 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 subsidiaries 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 subsidiaries, 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.

Description of the 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 companies, Minera Bestep S.A. de C.V. ("Minera"), Yaque Minerales S.A. de C.V.("Yaque") and Coboro Minerales S.A. de C.V. ("Coboro"), the Company is engaged in the acquisition, exploration, and if warranted, development of gold, silver, copper, molybdenum and other metal deposits in Mexico. Minera, Yaque and Coboro have acquired a majority interest in six 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.

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

Overview

During the second quarter of fiscal 2023, the Company, through one of its subsidiaries, disposed of a 24% interest in the former Colibri property now known as Pitaya, with Agnico-Eagle Mines Ltd. (AEM), AEM owning the balance of the property.

During the 2018 fiscal year, the Company entered into an agreement with AEM with respect to the sale of the Colibri Project whereby AEM would manage the sale process. In the event of a sale, if the consideration is any combination of cash and securities the Company will receive its proportionate share of such cash and securities. If the consideration received is other than a combination of cash and securities, the Company would receive cash proceeds from AEM in the amount of US$500,000. During the 2019 fiscal year, AEM advanced US$300,000 in the form of an interest-bearing promissory note which was expected to be repaid from the proceeds of sale. On June 7, 2023, AEM concluded the sale of the Pitaya property and the Company received US$82,614, which was the balance of the cash proceeds of US$500,000 minus the US$300,000 loan and the accumulated interest.

The Company holds a 100% interest in the Evelyn property.

The Company acquired the Pilar and Sun properties in August 2017. The Sun property was allowed to lapse during the 2020 fiscal year and was reacquired during the 2021 fiscal period.

The Company acquired two additional properties during the 2019 fiscal year, the El Mezquite Property and the Jackie Property, both located in Sonora, Mexico.

During the 2020 fiscal year, the Company entered into an agreement with Silver Spruce Resources Inc. ("Silver Spruce") whereby Silver Spruce acquired a four-year option to purchase a 50% interest in Yaque Minerales S.A. de C.V., a wholly owned subsidiary of the Company which owns a 65% interest in the El Mezquite property in Mexico.

Consideration for the option includes payment of an amount to acquire the remaining 35% interest in the El Mezquite property, payments required to maintain surface rights for the El Mezquite property, payment of 50% of the property taxes on the El Mezquite property, payment of 50% of the interest on an existing convertible debenture related to the purchase of Yaque Minerales, and payment of $500,000 prior to October 2023.

Silver Spruce must also incur US$600,000 in exploration and evaluation expenditures on the El Mezquite property during the period of the option, with no minimum annual amount.

During the 2020 fiscal year, Silver Spruce paid US$82,500 (CDN$109,000) as partial payment to acquire the 35% interest in the El Mezquite property.

During the 2021 fiscal year, the Company paid US$50,000 as partial payment to acquire the 35% interest in the El Mezquite property and another US$50,000 in January 2022 resulting in the Company owning a 100% interest in the El Mezquite property.

In September 2022, Silver Spruce terminated its option to acquire 50% interest in Yaque and therefore, the Company now owns 100% in the El Mezquite property.

During the 2020 fiscal year, the Company entered into an option agreement with Silver Spruce Resources Inc. ("Silver Spruce") whereby Silver Spruce can earn a 50% interest in the Jackie property by cash payments of US$50,000 and the issuance of $50,000 Silver Spruce shares to the Company over a two-year period. In addition, Silver Spruce is required to carry out US$100,000 of exploration and evaluation expenditures of which US$50,000 of expenditures must be incurred during the first year of the option.

On April 19, 2022, Silver Spruce having earned its 50% interest in the Jackie property, signed a joint venture agreement with the Company for the continued operation of the property.

During the 2019 fiscal year, the Company optioned the Pilar property to Tocvan Ventures Corp. and received as consideration 2,000,000 common shares of Tocvan, whose shares are listed on the Canadian Securities Exchange, and cash of $125,000. Tocvan can earn a 51% interest in the Pilar property by issuing another 3,000,000 common shares, making additional cash payments of $275,000 to the Company, and carrying out exploration and evaluation expenditures of $2,000,000, over a 60-month period. During the 2020 year, the Company received an additional 1,000,000 common shares of Tocvan valued at $465,000 and cash of $125,000 as partial consideration in connection with the option agreement. During the 2021 fiscal year, the Company received an additional 1,000,000 common shares of Tocvan valued at $910,000 and cash of $25,000 as partial consideration in connection with the option agreement. During fiscal 2022, the Company received an additional 1,000,000 common shares of Tocvan valued at $610,000 and cash of $75,000 as partial consideration in connection with the option agreement. During fiscal 2023, the Company received the final cash payment of $75,000. On September 19, 2023, Tocvan submitted the exercise notice to the Company for the majority ownership (51%) of the Pilar Property. Tocvan has a six-month option period, till March 19, 2024, to purchase the remaining 49% for $2,000,000 cash payment and 2% NSR on the property.

During the 2021 fiscal year, the Company entered into an earn-in agreement whereby the Company can initially earn a 50% interest in the El Diamante property by making cash payment of US$100,000, paying one-half of the property tax and security costs and incurring the cost of 2,000 meters of drilling and related costs over a two-year period. Upon completion of its earn-in, the Company could either continue exploration and evaluation activities under a joint venture agreement with current owner of the property or acquire the remaining 50% of the property by payment of US$2.1 million or payment of US$1.4 million and granting of a 2%NSR. The El Diamante property is located in the State of Sonora, Mexico.

During the 2021 fiscal year, the Company entered into an agreement with Silver Spruce Resources Inc. (“Silver Spruce”) whereby Silver Spruce can earn a 50% interest in the Company’s interest in the El Diamante property by making a cash payment of US$75,000 and incurring 75% of the Company’s costs with respect to the 2,000 meters of drilling and 50% of any other costs incurred by the Company with respect to the El Diamante property.

During the Q4 of fiscal 2022, the Company along with Silver Spruce completed the 2,000 meters of drilling required in the agreement thereby jointly earning a 50% interest in the El Diamante.

On March 16, 2023, the Company purchased 100% of the outstanding shares of Coboro Minerales de Mexico SA de CV (“Coboro”) for $100,000. Coboro is the owner of the 4,260 Ha Plomo Gold Project in Caborca Gold Belt. For full details of this acquisition please see Colibri’s news releases dated March 16, 2023 and March 21, 2023. Subsequent to the acquisition of the “Plomo” project Colibri has begun to market the combined Evelyn and Plomo Projects as the “EP Gold Project”

Exploration Projects

As noted above, the Company holds 6 gold exploration projects in Sonora Mexico of which 5 have active exploration projects. The other project, the Sun is currently not active. See comments in the previous section of this MD&A.

<u>Evelyn - Plomo (EP) Gold Project(s)</u>

The Evelyn (506 Ha) and Plomo (4,260 Ha) project is 100% owned by Colibri and is currently considered to be the flagship exploration asset. The Company has been actively exploring the Evelyn claim since 2019 and has made several potentially material discoveries on the project by way of drilling, trenching, and sampling. The Plomo area, which is contiguous of the Evelyn lands, was acquired in early 2023 and is considered highly prospective to host one or more economically significant gold deposits. During Q2, the Company completed geological mapping and outcrop sampling on the Plomo property and completed a total of 238 Au assays of outcrop samples. The sampling confirmed the historical sampling completed on the Plomo property, expanded the areas of known mineralization. During Q3 2023, the Company completed 2,200 meters of reverse circulation drilling in 17 holes on the Evelyn property. The drilling included selected targets at and adjacent to the Main Zone and a new target west of the El Sahuaro target zone. Au assays for this drilling are pending. The Company is planning continued exploration at the EP project including flying a drone magnetic survey over part of the Plomo property, geological mapping, and drilling.

More details about the EP project are available at our website: www.colibriresource.com.

Diamante Gold and Silver Project

In February 2021, Colibri announced that it had reached an agreement with Bimsa Minera, a private Mexico based mineral exploration company to acquire up to 100% of the Diamante Gold & Silver project located adjacent to Colibri's Mezquite project in eastern Sonora. This promising project has hosted small scale historical mining activities, however, no records of past production are available. Historical samples taken by past owners indicate multiple areas of potentially high-grade gold & silver mineralization as well as base metals including zinc, copper and lead.

The two-year option agreement to earn an initial 50% of the project included a cash component of US$100,000 in favor of the vendor (paid) and a commitment by Colibri to drill at least 2,000 m and provide a comprehensive drilling report. The Diamante claims were placed by the vendor into a new Mexican company called Minera Bimcol, S.A. de C.V, (BIMCOL). Fifty percent of the shares of BIMCOL are held by the vendor and the other 50% of the shares were held in escrow in favour of Colibri in anticipation of the Company earning its 50% stake in the new corporation.

In late April 2021, Colibri announced that it had agreed to partner with Silver Spruce Resources Inc. (TSX-Venture: SSE) to earn the initial 50% of the Diamante. Terms of the partnership included Silver Spruce paying US$75,000 to Colibri and agreeing to pay 75% of the exploration and drilling costs incurred to earn the 50% stake of BIMCOL. Upon earning 50% of Diamante, Colibri and Silver Spruce will each own 25% of the shares of BIMCOL through equal ownership of Yaque Minerales, a subsidiary holding the shares.

On January 31, 2023, Yaque Minerales earned the initial 50% of BIMCOL, from that date Yaque has up to six months to outright purchase the additional 50% of the new corporation by paying either US$2.1 million or by paying US$1.4 million and providing a 2% net smelter royalty in favour of the vendor. Should Yaque elect not to move forward with an outright purchase of the vendor's shares in BIMCOL the two companies will move forward as equal joint venture partners on the project.

During the first quarter of 2022, Colibri and Silver Spruce geologists conducted two field trips to the project with the goal of confirming historical sampling and mapping undertaken by previous owners of the project. New samples taken by the geologists confirmed many of the recorded observations and assay values as well as widened the areas of interest.

During Q2 and Q3 2022 Colibri and Silver Spruce announced the commencement and completion of the first ever known drill program at Diamante. Encouraging results were achieved. The reader is encouraged to read Colibri's news releases dated September 3rd, 2022 and September 29th, 2022, for further details.

During Q4 2022, Colibri and Silver Spruce geologists reviewed the data gathered during its exploration programs to date and prepared a comprehensive drilling report for its partners Bimsa Minera as the final step of its agreement to earn 50% of the project. This report was presented to its partner in January 2023.

During Q3 2023 Colibri (operator) and Silver Spruce completed exploration on the property which included geological mapping and the collection and analyses of 54 stream sediment samples and 60 outcrop samples. Analysis of the samples collected were largely completed during Q3 however some of the rock samples collected later in Q4 were analyzed in the first part of Q4 2023. The mapping and sampling resulted in the discovery of 2 new mineralized showings on the Diamante II concession. Results of the field work completed are reported in the Company's news release dated November 21, 2023. The Company is planning for continued geological mapping, evaluation of historical showings, and drilling.

Pilar Gold and Silver Project

In September 2019, the Company entered into an agreement with Tocvan Ventures (CSE: TOC) whereby Colibri agreed to option up to 100% of the Pilar Gold & Silver Project located in Sonora Mexico. Tocvan has up to 5 years from the date of the agreement to earn an initial 51% of the project by satisfying certain terms. Upon completing the terms to earn its initial 51% of the project, Tocvan will then have 6 months to decide if it will purchase the remaining 49% from Colibri outright for CAD $2,000,000 or proceed forward as joint venture partners. For full details of this agreement please see Colibri's news release dated September 24th, 2019.

During the second and third quarter of 2022, Colibri announced results of its partner's continued work on the project which included: drill program assay results and preliminary metallurgy results. Tocvan also announced exploration intentions for the balance of 2022 and the first half of 2023.

During Q4 of 2022, Colibri announced that Tocvan had entered into an agreement with a local mining company to complete a bulk sample of at surface or near surface mineralized material. Tocvan anticipates that the data collected will guide the future mine development plans at the Pilar.

Tocvan news releases in Q1 and Q2 of 2023 indicate that 1,400 tonnes of mineralized materials were removed for its bulk sample and initial grades of the said materials exceed its expectations in terms of head grade.

A Tocvan news release in early July 2023 indicated that the bulk sample leaching process had been completed with better than average results in terms of grade and recovery relative to that known for the area. On August 22, Tocvan released further results of the bulk sample heap leach which supports development of the processing flow sheet and optimization rapid recovery.

More information about the results of the work completed at the Pilar Gold & Silver Project can be viewed at Colibri's website: www.colibriresource.com.

Jackie Gold & Silver Project
In November 2020, the Company announced that it had entered into an agreement with Silver Spruce Resources Inc. whereby Silver Spruce could earn 50% of Colibri's Jackie Gold & Silver Project located near the El Mezquite property. To the Company's knowledge, the Jackie property had no record of historical exploration. Terms of the agreement included a work commitment of US$100,000 to be spent over the course of two years with a minimum of US$50,000 to be spent in the first year. Pursuant to the agreement, Silver Spruce is required a cash payment of US$50,000 and $50,000 of Silver Spruce shares.

During Q1, Q2, and Q3 of 2023 no field work took place at the Jackie property. Modelling of the information collected to date is ongoing and the Company and its partner are planning a near term trench sampling and/or drilling program.

More information about the results of the work completed at Jackie Gold & Silver Project can be viewed at Colibri's website: www.colibriresource.com.

El Mezquite
In June 2020, Colibri entered into an agreement with Silver Spruce Resources whereby Silver Spruce could earn up to 50% of the El Mezquite from the Company by spending US$600,000 on exploration expenditures, paying cash consideration of US$210,000 over 12 months, and providing a 3 year $500,000 promissory note. In June 2021, Silver Spruce initiated a 2,485m drill program at the project and completed the program in July 2021. Results were announced in September 2021. Further details and results can be viewed on the Company's website: www.colibriresource.com.

During the first three quarters of 2022, no field activities at the Mezquite took place.

During the Q3 of 2022 Colibri was informed by Silver Spruce that it was withdrawing from its agreement to purchase 50% of the Mezquite Project.

During Q2 2023, Colibri completed a short field mapping and sampling program on the project.

Colibri is currently reviewing the data generated for the project and anticipates that a new work program will be implemented in Fiscal 2023 or early Fiscal 2024 which may include trenching, mapping, and a possible drill program to test for mineralization at depth. More information about the results of the work completed at Mezquite Project can be viewed at Colibri's website: www.colibriresource.com.

Scientific and technical information regarding the mineral exploration properties presented in this section of the MD&A has been reviewed and approved by Jamie Lavigne, PGeo. Jamie Lavigne is a Director of Colibri and is a Qualified Person as defined in NI 43-101

Quarterly Information

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

	For The Three Month Period Ended September 30, 2023	For The Three Month Period Ended September 30, 2022
	$	$
Net (loss) income	**(272,953)**	352,332
Comprehensive (loss) income	**(255,603)**	583,922
Basic and diluted (loss) income per share	**(0.00)**	0.00
Total assets	**6,090,828**	5,983,891
Total long-term liabilities	**1,741,637**	991,744
Cash dividends	**-**	-

The Company 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 3 of the condensed consolidated interim financial statements.

For The Three Month Period Ended September 30, 2023

Operations during the three-month ended September 30, 2023 were focussed on exploration activities related to the Evelyn property and to managing exploration activities on behalf of optionees of the El Pilar, Diamante and Jackie properties.

Net loss for the three-month period ended September 30, 2023 was $272,953, which was loss of $0.00 per share on both a basic and a fully diluted basis. Net income for the three-month period ended September 30, 2022 was $352,332. Q3 fiscal 2023 loss was attributed to general and administrative expenses of $356,788 offset by realized and unrealized gain (loss) on investment of $4,360 and $760 respectively, expenses recovered of $3,715 and mineral property option proceeds in excess of capitalized costs of $75,000.

The negative variance of $625,285 between the three-month period ended September 30, 2023, and the three-month period ended September 30, 2022 is mainly due to the mineral property option in excess of capitalized costs, the realized gain (loss) on investments, the consulting fees, the interest and accretion expense and the office and miscellaneous expenses.

The negative variance of $610,000 from $685,000 in 2022 to $75,000 in the current quarter in mineral property option in excess of capitalized cost is due to the shares received as part of the option payment from Tocvan in 2022. The final payment received from Tocvan in September 2023 was $75,000 cash only.

The positive variance in the realized and unrealized gain (loss) on investment of $61,810 in the current quarter compared to 2022 is related to the current market conditions.

The increase of $42,673 from $17,419 in 2022 to $60,092 for the current quarter in consulting fees is due to the increased activities during the quarter compared to the same quarter of 2022.

The increase of $31,405 from $53,210 in 2022 to $84,615 for the current quarter in interest and accretion expense is due to the interest accretion on the convertible debentures and the interest fee on the loan payable repaid during the quarter.

The increase in office and miscellaneous of $53,985 in the quarter ended September 30, 2023 as compared to fiscal 2022 is the result of more allowance against VAT receivable in Mexico due to more exploration and evaluation activities in the current quarter and reclassification of year to date office salaries in of the Mexican subsidiary from office to wages and benefits in 2022. The increase is offset by a decrease in wages and benefits of $21,526 in Q3 of 2023 compared to the same quarter of 2022.

The Company carried out exploration and evaluation expenditures on the Evelyn/Plomo property during the first nine months of fiscal 2023 in the amount of $849,943 as disclosed in Note 9 of the September 30, 2023 condensed consolidated interim financial statements.

The Company manages exploration and evaluation activities for the El Pilar on behalf of the optionee of that property and was reimbursed by the optionor for exploration and evaluation expenditures incurred during the first nine months of fiscal 2023.

For The Three Month Period Ended September 30, 2022

Operations in the three month period ended September 30, 2022 were focused on maintaining the Company's interests in its properties in Sonora, Mexico, as well as continued efforts to seek option arrangements for any of these properties.

The net income for the three month period ended September 30, 2022 was $352,332, which was an income of $0.00 per share on both a basic and a fully diluted basis. This income was attributed to general and administrative expenses of $(310,952), realized and unrealized gain (loss) on investment of $(61,050) and $4,360 respectively and mineral property option proceeds in excess of the capitalized cost of $685,000.

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly financial information for each of the last eight most recently completed quarters:

Three Months Ended (Four Months for September to December 2021)

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	$	$	$	$	$	$	$	$
Total assets	**6,090,828**	**5,568,235**	**6,222,634**	**5,912,898**	5,983,891	5,240,523	5,278,920	5,719,351
Mineral property costs	**4,806,109**	**4,464,980**	**4,855,112**	**4,302,623**	3,813,913	3,576,181	3,092,884	2,734,298
Working capital (deficiency)	**182,898**	**(178,920)**	**56,262**	**409,147**	490,185	184,975	817,999	1,577,973
Shareholders' equity	**3,930,442**	**3,939,627**	**4,052,523**	**3,867,816**	4,021,945	3,445,473	3,533,865	4,051,046
Revenues	**-**	**-**	**-**	**-**	-	-	-	-
Net income (loss)	**(272,953)**	**(263,995)**	**(176,331)**	**306,870**	352,332	(158,093)	(554,969)	367,747
Earnings (loss) per share	**0.00**	**0.00**	**0.00**	**0.00**	0.00	0.00	(0.01)	0.00

Variation in operating results over the previous eight quarters resulted primarily from the timing of receipt of shares and cash from the optioning of mineral properties and subsequent market fluctuations in the price of those shares resulting in realized and unrealized gains and losses.

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 in the past. 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.

	September 30, 2023	December 31, 2022
	$	$
Working capital	182,898	409,147
Deficit	(15,550,228)	(14,836,949)

Net cash used in operating activities for the nine months ended September 30, 2023 was $357,280 compared to $670,271 for the first nine months of 2022. The net cash used in operating activities primarily consists of the operating loss and changes in non-cash working capital.

Cash flow used in financing activities was $5,691 during the first nine months of 2023 compared to cash flow used in financing activities of $40,184 during the same period of fiscal 2022. Cash was used to repay the promissory note payable and the loan payable. The Company generated cash from the convertible debentures issued during the quarter.

Net cash provided by investing activities was $599,695 during the nine months ended September 30, 2023 compared to cash used in investing activities of $251,110 during the same period of 2022. Cash was provided by the proceeds from the sale of a mineral property and the sale of investments. Cash was expended on the exploration work conducted on the Evelyn and El Diamante properties in Mexico and the purchase of capital assets.

Capital Resources

The Company's sources of funds have been derived primarily from private placement financings, from proceeds from the optioning of some of its mineral properties, and from the proceeds from sale of investments.

Additional disclosure concerning the Company's general and administrative expenses and resource property obligations and commitments are provided in the Company's condensed consolidated interim statements of comprehensive (loss) income and notes therein. The Company does not have any commitments for specific capital expenditures, as the agreements under which it may earn the interests in the mineral exploration properties are option agreements. However, the Company anticipates incurring the following expenditures from its available funds over the next 12 months:

Description:			
(1)	To make property option payments and mineral property tax estimated payments on the Evelyn/Plomo, Pilar, El Mezquite, Jackie, El Diamante and Sun properties.	$	60,000
(2)	(a) To exploration on the Evelyn/Plomo Property	$	500,000
	(b) To exploration on the El Diamante Property	$	150,000
(3)	To cover estimated general and administrative expenses for a 12-month period	$	1,000,000

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

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Accounts payable and accrued liabilities to related parties as at September 30, 2023 of $24,148 (December 31, 2022 – $58,140) is comprised of management fees, consulting fees and accounting expenses due to officers and directors of the Company or to companies controlled by officers and directors of the Company. Amounts payable to related parties are non-interest bearing, are due on demand, and are unsecured.

The Company entered into the following transactions with related parties during the nine months ended September 30,2023:

a) Paid or accrued $72,000 (2022 – $109,500) in management fees to companies controlled by directors and officers of the Company.

b) Paid or accrued $21,150 (2022 – $21,675) in accounting fees to an officer and a director of the Company.

c) Paid or accrued $114,360 (2022 – $113,284) in consulting fees to directors and officers of the Company.

d) Paid or accrued $15,000 (2022 – $nil) in interest expense to a company controlled by an officer and director of the Company.

e) Issued convertible debentures for gross proceeds of US$25,000 to directors and officers of the Company.

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

Risk and Uncertainties

The Company holds certain mineral property interests in Mexico, and as such is exposed to numerous risks and uncertainties common to other junior exploration companies.

The Company's business, results of operations, financial condition, and the trading price of its common shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to development of mineral deposits, metal prices, title matters, reclamation costs, metal price volatility, competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Company.

The Company and its mineral exploration programs are at an early stage. The Company is not profitable and has no sources of revenue. The Company is reliant on raising equity and while this has been successful in the past, there is no assurance that it will be able to do so in the future.

The mineral claim that the Company has an interest in are in the exploration stage only. There is no assurance that the exploration activities of the Company will result in the discovery of a commercially viable mineral deposit.

Mineral exploration activities could result in injury and damage to life and property, possible adverse environmental impacts and possible legal liability.

The acquisition of title to mineral projects is a very detailed and time-consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

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.

Critical Accounting Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

- The carrying value and recoverable amount of exploration and evaluation assets;
- The determination of the Company's functional currency;
- The inputs used in accounting for share-based compensation expense in the condensed consolidated interim statements of operations and comprehensive loss;
- The inputs used in the valuation of the convertible debentures, the conversion feature and the attached warrants;
- The valuation allowance applied against deferred income tax assets; and
- Management's assumption of no material provisions or obligations, based on the facts and circumstances that existed during the period;

Carrying value and recoverable amount of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate.

Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserve.

Valuation of the convertible debenture, conversion feature and attached warrants

The Company uses the discounted cash flow approach for the valuation of the convertible debentures and the Geometric Brownian Motion Model for the valuation of the conversion feature and the attached warrants. Option pricing models require the input of subjective assumptions including expected price volatility, and interest rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserve.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Accounting standards issued but not yet applied:

As of the date of authorization of the financial statements, several new, but not yet effective Standards and amendments to existing Standards, and Interpretations have been published by the International Accounting Standards Board (IASB). None of the Standards or amendments to existing Standards have been adopted by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

Financial Instruments and Other Instruments

The Company has designated its financial instruments as follows: cash and investment are classified as held-for-trading which is measured at fair value. Cash and investment are measured at fair value on a recurring basis. Accounts receivable are classified as receivables and are recorded at amortized cost. Accounts payable and accrued liabilities, amounts due to related party, loans payable, convertible debenture and lease liability are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective rate method.

IFRS 7, Financial Instruments – Disclosure; increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance. This standard establishes a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – fair values are based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

Financial instruments classified as level 1 – quoted prices in active markets include cash and investment. The Company has no financial instruments classified as level 2 or 3.

Financial Risk Factors

The Company, through its financial assets and liabilities is exposed to various risks. The following analysis provides a measurement of risks as at the balance sheet date, September 30, 2023.

(a) Fair Value

Financial instruments included in the condensed consolidated interim statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in an arm's-length transaction between knowledgeable and willing parties.

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.

Marketable securities in the form of common shares of listed companies are valued based on quoted market prices for identical assets in an active market.

Debt instruments are valued at the approximate carrying value as discount rate on these instruments approximate the Company's credit risk.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances primarily in large Canadian chartered banks, and it's convertible debentures and loan payable have fixed rates of interest. The Company's current policy is to invest cash in Canadian bank savings accounts with interest that varies at prime.

(c) Credit Risk

The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with reputable financial institutions, primarily in Canada, and is kept in highly liquid accounts that are closely monitored by management. Credit risk with respect to its accounts receivable is minimal due to the insignificant balances that are primarily due from government agencies.

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

September 30, 2023	**Canada**	**Mexico**	**Total**
	$	**$**	**$**
Cash	**282,969**	**55,756**	**338,725**
Receivables	**47,938**	**6,124**	**54,062**
	330,907	**61,880**	**392,787**

December 31, 2022	Canada	Mexico	Total
Cash	78,944	5,151	84,095
Receivables	18,843	70,753	89,596
	97,787	75,904	173,691

(d) Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar. The Company, through its subsidiaries, has operations in Mexico and therefore is exposed to foreign currency gains and losses due to fluctuations in the exchange rate between the Mexican peso and the Canadian dollar. To reduce the risk, the Company maintains pesos denominated bank accounts in Mexico, and when possible, negotiates its Mexican operations in US dollars. Foreign currency gains and losses on loans from the Company to the Mexican subsidiaries are recorded in other comprehensive income because the loans are part of a net investment in a foreign operation and repayment of the loans is not expected in the foreseeable future.

The significant balances in foreign currencies at September 30, 2023 are as follows:

	US Dollars	Mexican Pesos
Cash	96,721	717,863
Accounts receivable	-	78,846
Accounts payable and accrued liabilities	(8,111)	(140,994)
Lease liability	-	(320,762)
Convertible debentures	(476,808)	-
	(388,198)	334,953
Canadian dollar equivalent	(524,844)	26,016

Based on the aforementioned net exposure as at September 30, 2023, and assuming that all other variables remain constant, a 10% rise or fall in the Canadian dollar against the other foreign currencies would have resulted in approximately the following increase (decrease) in the income (loss) before taxes or the other comprehensive income (loss) for the quarter:

	Canadian Dollar Appreciates 10% $	Canadian Dollar Depreciates 10% $
Against US Dollar	52,484	(52,484)
Against Mexican Pesos	(2,602)	2,602

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined below. At September 30, 2023, the Company had a cash balance of $338,725 and short term investments of $10,260 to settle its current liabilities of $418,749. Of the Company's current liabilities, $188,390 have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company has working capital of $182,898 at September 30, 2023. During the quarter, the Company received the final cash payment of $75,000 from Tocvan on the option of the Pilar Property. On September 19, 2023, Tocvan submitted the exercise notice to the Company for the majority ownership (51%) of the Pilar Property. Tocvan has a six-month option period, till March 19, 2024, to purchase the remaining 49% for $2,000,000 cash payment and 2% NSR on the property.

The Company is continuing to review expenditure in order to ensure adequate liquidity and flexibility to support its exploration and development strategies.

Outstanding Share Data

The Company has the following shares issued and outstanding:

	As of MDA	September 30, 2023	December 31, 2022
Authorized			
Common shares without par value	Unlimited	Unlimited	Unlimited
Issued and Outstanding	96,726,625	96,726,625	96,726,625

On September 24, 2015, the Company implemented a share consolidation of all its outstanding common shares on the basis of one post-consolidation share for every fifteen pre-consolidated shares.

The effect of the consolidation will provide the Corporation with increased flexibility to seek additional financing opportunities and to pursue strategic transactions and will improve the market's perception of the Corporation. The Consolidation is also expected to aid in the reduction of the spread between bid and offer prices quoted by market makers in the Common Shares. Such a reduction in turn should allow shareholders to realize improved prices when buying or selling the Common Shares.

Stock options

The Company has in place a rolling stock option plan whereby the Company may grant stock options to eligible people to acquire a total of up to 10% of the then existing number of shares outstanding. Awarded stock options generally vest at the discretion of the directors and are exercisable over a period not exceeding ten years at exercise prices determined by the directors. The exercise price of each option is subject to a minimum price of $0.10 and cannot be less than the discounted market price of the Company’s stock as calculated pursuant to the policies of the TSX Venture Exchange.

The number of stock options outstanding at September 30, 2023 and as of date of the MDA is summarized as follows:

	Number Of Options	Weighted Average Exercise
Balance, December 31, 2021	6,525,000	0 .09
Options expired	(375,000)	0.09
Balance, December 31, 2022	6,150,000	0.09
Options Expired	(2,525,000)	0.09
Balance September 30, 2023 and as of date of MDA	3,625,000	0.09

At September 30, 2023, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date	Weighted average remaining contractual life of outstanding options (years)
900,000	$0.10	April 16, 2028	4.55
900,000	$0.05	May 28, 2025	1.66
1,575,000	$0.10	April 21, 2026	2.56
250,000	$0.10	July 28, 2026	2.83
3,625,000			

Warrants

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrant transactions are summarized as follows:

	Number of warrants	average
		$
Balance - December 31, 2021	47,744,619	0.13
Exercised during the year	(11,742,500)	0.10
Balance - December 31, 2022	36,002,119	0.14
Expired during the period	(36,002,119)	0.15
Issued during the period	3,720,792	0.12
Balance September 30, 2023 and as of date of the MDA	3,720,792	0.12

In addition, there are 11,049 broker warrants outstanding of which 8,666 are exercisable at $0.12 per share and expire on August 1, 2025 and 2,383 are exercisable at $0.12 per share and expire on August 31, 2025.
The following warrants are outstanding at September 30, 2023 and as of the date of the MDA

Warrants	Exercise price	Grant date fair value of warrants	Expiry date
#	$	$	
2,637,592	0.12	44,087	August 1, 2025
1,083,200	0.12	18,229	August 31, 2025
3,720,792		62,316	

Segmented Information

The Company primarily operates in one reportable business segment, being the acquisition and exploration of mineral properties located in Mexico. The net income and assets identifiable with these geographic areas are as follows:

September 30, 2023	Canada	Mexico	Total
	$	$	$
Net loss for the 9 month period	**541,686**	**171,593**	**713,279**
Net loss for the 6 month period	**266,651**	**6,302**	**272,953**
Current assets	**341,306**	**260,341**	**601,647**
Mineral properties	**-**	**4,806,109**	**4,806,109**
Capital assets	**1,541**	**557,521**	**559,062**
Right-of-use assets	**96,925**	**27,085**	**124,010**
Total assets	**439,772**	**5,651,056**	**6,090,828**
Total liabilities	**2,128,278**	**32,108**	**2,160,386**

September 30, 2022	Canada	Mexico	Total
Net loss (income) for the 9 month period	874,352	(513,622)	360,730
Net loss (income) for the 3 month period	322,112	(674,444)	(352,332)

December 31, 2022	Canada	Mexico	Total
Current assets	668,991	253,629	922,620
Mineral properties	-	4,302,623	4,302,623
Capital assets	2,020	546,257	548,277
Right-of-use-asset	107,069	32,309	139,378
Total assets	778,080	5,134,818	5,912,898
Total liabilities	1,988,892	56,190	2,045,082

Additional Disclosure for Venture Issuers Without Significant Revenue

A breakdown of material G&A expenses is set out in the Condensed Consolidated Interim Statements of Comprehensive Income for the nine months ended September 30, 2023.

Capitalized or Expensed Exploration and Development Costs

Note 9 to the Condensed Consolidated Interim Financial Statements for the quarter ended September 30, 2023 set out amounts with respect to capitalized exploration and evaluation expenditures by property.

Management's Responsibility for Financial Information

The Company's financial statements and other information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using carful judgment. The selection of accounting principles and methods is management's responsibility.

The Company maintains internal control systems designed to ensure that financial information is relevant and reliable and that assets are safeguarded.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

Evaluation of Disclosure Controls and Procedures

Management has evaluated the effectiveness of its disclosure controls and procedures and has concluded that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

Subsequent event

Subsequent to the quarter end, on November 5th, 2023, directors of the Company converted 25 convertible debentures into 406,250 common shares of the Company at $0.08 per common share.

Approval

The Board of Directors of Colibri Resource Corporation has approved the disclosure contained in this Management Discussion & Analysis. A copy of this Management Discussion & Analysis will be provided to anyone who requests it.

Additional Information

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