COLIBRI RESOURCE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2005

AUDITORS' REPORT

To the Shareholders of
Colibri Resource Corporation

We have audited the consolidated balance sheets of Colibri Resource Corporation as at November 30, 2005 and 2004 and the consolidated statements of operations and deficit and cash flows for the year ended November 30, 2005 and for the period from incorporation on February 20, 2004 to November 30, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2005 and 2004 and the results of its operations and its cash flows for the year ended November 30, 2005 and for the period from incorporation on February 20, 2004 to November 30, 2004 in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

March 10, 2006

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COLIBRI RESOURCE CORPORATION
CONSOLIDATED BALANCE SHEETS
AS AT NOVEMBER 30

	2005	2004
ASSETS		
Current		
Cash	$ 2,146,598	$ 281,705
Receivables	17,617	1,598
Prepaid expenses	9,536	6,212
	2,173,751	289,515
Equipment (Note 3)	4,800	4,500
Mineral properties (Note 4)	934,458	292,619
Deferred share issue costs (Note 6)	-	26,790
	$ 3,113,009	$ 613,424
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 61,705	$ 27,608
Accounts payable to related party (Note 5)	5,000	4,548
	66,705	32,156
Shareholders' equity		
Capital stock (Note 6)	3,234,104	678,832
Share subscriptions received	-	25,000
Contributed surplus (Note 6)	148,117	-
Deficit	(335,917)	(122,564)
	3,046,304	581,268
	$ 3,113,009	$ 613,424

Nature and continuance of operations (Note 1)

On behalf of the Board:

"Ian de W. Semple" Director "John H. Dustan" Director

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	Year Ended November 30, 2005	Period From Incorporation on February 20, 2004 to November 30, 2004
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting and audit fees	$ 30,989	$ 2,465
Advertising and promotion	2,121	-
Amortization	1,240	884
Consulting	8,849	-
Foreign exchange	8,292	-
Legal	13,962	33,444
Management fees	59,250	63,750
Office and miscellaneous	6,948	4,366
Printing	619	2,791
Rent	12,622	11,848
Shareholder costs	699	-
Stock-based compensation	60,798	-
Telephone	2,125	1,628
Transfer agent and filing fees	10,765	1,047
Travel and related	10,209	1,102
Loss before other item	(229,488)	(123,325)
OTHER ITEM		
Interest	16,135	761
Loss for the period	(213,353)	(122,564)
Deficit, beginning of period	(122,564)	-
Deficit, end of period	$ (335,917)	$ (122,564)
Basic and diluted loss per share	$ (0.02)	$ (0.05)
Weighted average number of shares outstanding	11,310,685	2,354,347

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended November 30, 2005	Period From Incorporation on February 20, 2004 to November 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (213,353)	$ (122,564)
Items not affecting cash:		
Amortization	1,240	884
Stock-based compensation	60,798	-
Accrued interest income	(13,800)	-
Change in non-cash working capital items:		
Increase in receivables	(2,219)	(1,598)
Increase in prepaid expenses	(3,324)	(6,212)
Increase (decrease) in accounts payable and accrued liabilities	(8,313)	27,608
Increase in accounts payable to related party	452	4,548
Net cash used in operating activities	(178,519)	(97,334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred share issue costs	-	(26,790)
Proceeds from issuance of capital stock	3,016,890	600,500
Share issuance costs	(440,009)	(11,668)
Share subscriptions received	-	25,000
Net cash provided by financing activities	2,576,881	587,042
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,540)	(5,384)
Acquisition of mineral properties and deferred exploration costs	(531,929)	(202,619)
Net cash used in investing activities	(533,469)	(208,003)
Increase in cash during the period	1,864,893	281,705
Cash, beginning of period	281,705	-
Cash, end of period	$ 2,146,598	$ 281,705

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 in Mexico and is considered to be in the exploration stage.

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

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

	2005	2004
Working capital	$ 2,107,046	$ 257,359
Deficit	$ (335,917)	$ (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.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have any significant asset retirement obligations.

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 share issue 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 subsidiary is an integrated foreign operation and is translated into Canadian dollars using the temporal method. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at the average exchange rate for the period. Translation gains and losses are reflected in loss for the period.

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. Dilutive loss per share is not presented separately from loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

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

	2005			2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office furniture	$ 2,802	$ 382	$ 2,420	$ 1,262	$ 163	$ 1,099
Computer equipment	4,122	1,742	2,380	4,122	721	3,401
	$ 6,924	$ 2,124	$ 4,800	$ 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 a director and a former director of the Company, to purchase a 90% interest in the Colibri property, located in the State of Sonora, Mexico. Upon signing the option agreement, the Company paid $50,000 and issued 200,000 common shares with a value of $30,000. The Company agreed to pay $300,000, issue a total of 1,200,000 common shares and incur a total of $1,800,000 in exploration expenditures by June 16, 2009, to earn its 90% interest. To date, the Company has paid $100,000 and issued 450,000 common shares with a total value of $67,500. The Company is required to incur $420,000 (incurred) in exploration expenditures on or before April 30, 2006, to pay $50,000 ($25,000 paid subsequently), and to issue 250,000 common shares on or before June 16, 2006.

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

As part of the Colibri property, on June 16, 2004, the Company agreed to an assignment of contract agreement to have the right to purchase a 100% interest in two mineral claims known as the San Francisco and the Juarez claims for a total of US$1,000,000 to be paid over a six year period ending January 1, 2010. All option payments made under this agreement will be applied to the purchase price of US$1,000,000 if the Company elects to purchase these two mineral claims. To date, the Company has paid US$30,000 (CDN$40,986). The Company is required to pay US$32,000 (US$5,000 paid subsequently) on or before November 30, 2006.

Ramaje Ardiente Property

On June 16, 2004, the Company agreed to an option agreement with Minera El Sahuaro S.A. de C.V. ("Sahuaro"), a wholly-owned subsidiary of Cadenza, to purchase a 100% interest in the Ramaje Ardiente property, located in the State of Sonora, Mexico. Upon signing the option agreement the Company paid $20,000 and issued 200,000 common shares with a value of $30,000. The Company agreed to pay $70,000, issue a total of 200,000 common shares, incur a total of $500,000 in exploration expenditures and initiate a scoping/pre-feasibility study by June 16, 2009, to earn its 100% interest. To date, the Company has paid $30,000 and issued 300,000 common shares with a value of $45,000. The Company is required to incur $225,000 (incurred $66,046) in exploration expenditures on or before April 30, 2006 and to pay $15,000 on or before June 16, 2006.

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

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 former director of the Company, to purchase a 100% interest in the Leon property, located in the State of Sonora, Mexico. Upon signing the option agreement the Company paid $20,000 and issued 200,000 common shares with a value of $30,000. The Company agreed to pay a total of $190,000, issue a total of 200,000 common shares, incur a total of $500,000 in exploration expenditures and commence a scoping / pre-feasibility study by June 16, 2009, to earn its 100% interest. To date, the Company has paid $40,000 and issued 300,000 common shares with a value of $45,000. The Company is required to incur $250,000 (incurred $17,033) in exploration expenditures and to pay $30,000 ($15,000 paid subsequently) on or before June 16, 2006.

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

2005	Colibri Property	Ramaje Ardiente Property	Leon Property	Total
Balance, beginning of year	$ 173,958	$ 59,359	$ 59,302	$ 292,619
Additions				
Mineral claims	114,829	25,000	35,000	174,829
Accommodation and meals	8,402	3,295	-	11,697
Assays and lab tests	41,445	511	1,128	43,084
Drilling / mobilization / demobilization	171,578	11,334	-	182,912
Field expenses and personnel	6,190	796	-	6,986
Geological consulting	83,752	16,792	-	100,544
Geophysics	62,129	-	-	62,129
Maps and reproduction	3,002	-	-	3,002
Miscellaneous	5,423	3,596	-	9,019
Property and claim taxes	9,740	17,572	6,603	33,915
Telephone	777	421	-	1,198
Travel and transport	10,154	2,370	-	12,524
	517,421	81,687	42,731	641,839
Balance, end of year	$ 691,379	$ 141,046	$ 102,033	$ 934,458

4. MINERAL PROPERTIES (cont'd…)

2004	Colibri Property	Ramaje Ardiente Property	Leon Property	Total
Balance, beginning of the period	$ -	$ -	$ -	$ -
Additions				
Mineral claims	93,557	50,000	50,000	193,557
Assays and lab tests	1,774	-	-	1,774
Field surveying	-	1,015	-	1,015
Geological consulting	53,497	1,849	2,988	58,334
Property and claim taxes	12,263	5,106	4,925	22,294
Travel and transport	12,867	1,389	1,389	15,645
Balance, end of period	$ 173,958	$ 59,359	$ 59,302	$ 292,619

5. RELATED PARTY TRANSACTIONS

Accounts payable to a related party of $5,000 (2004 - $4,548) is comprised of management fees due to a company controlled by a director of the Company.

During the year ended November 30, 2005, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $59,250 (2004 - $63,750) to a company controlled by a director of the Company.

b) Paid or accrued $25,750 (2004 - $16,050) in geological consulting fees, of which $20,750 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 (2004 - $50,000) and issued 250,000 (2004 - 200,000) common shares with a value of $37,500 (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 (2004 - $20,000) and issued 100,000 (2004 - 200,000) common shares with a value of $15,000 (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 (2004 - $20,000) and issued 100,000 (2004 - 200,000) common shares with a value of $15,000 (2004 - $30,000) to a private Mexican company which is 50% owned by a former director.

f) Paid $40,460 (2004 - $Nil) in share issue costs, to a financial partnership in which a director of the Company is a partner.

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			
Founders shares	1,250,000	$ 12,500	$ -
Private placements	3,920,000	588,000	-
Pursuant to mineral property agreements (Note 4)	600,000	90,000	-
Share issuance costs	-	(11,668)	-
Balance as at November 30, 2004	5,770,000	678,832	-
Private placements	2,496,867	202,265	-
Pursuant to mineral property agreements (Note 4)	450,000	67,500	-
Pursuant to prospectus	11,358,500	2,839,625	-
Agent's commission paid with shares	4,500	1,125	-
Agent's warrants	-	(87,319)	87,319
Corporate finance fee	240,000	60,000	-
Stock-based compensation	-	-	60,798
Share issue costs	-	(527,924)	-
Balance as at November 30, 2005	20,319,867	$ 3,234,104	$ 148,117

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 year ended November 30, 2005:

The Company completed a private placement of 200,000 common shares at $0.15 per share for total proceeds of $30,000.

The Company completed a private placement of 2,296,867 common shares at $0.075 per share for total proceeds of $172,265.

The Company completed an initial public offering on the TSX Venture Exchange ("TSX-V") and issued 10,000,000 units at $0.25 per unit for gross proceeds of $2,500,000. Each unit consisted of one common share and one transferable share purchase warrant. Two whole warrants entitle the holder to acquire one additional common share at an exercise price of $0.30 until July 28, 2007.

The Company granted the Agent an option (the "Greenshoe Option") exercisable until September 28, 2005 to purchase up to 1,500,000 units at $0.25 per unit. The Agent exercised 1,358,500 of the options for gross proceeds of $339,625. Each Unit consisted of one common share and one transferable share purchase warrant. Two whole warrants entitle the holder to acquire one additional common share at an exercise price of $0.30 until July 28, 2007.

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

The Company paid 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) of $240,243 in cash and 4,500 units (the "Agent's Units"). Each Agent's Unit consisted of one common share of the Company, and one non-transferable share purchase warrant entitling the Agent to acquire one additional common share at an exercise price of $0.30 until July 28, 2007.

The Company issued to the Agent non-transferable share purchase warrants (the "Agent's Warrants") entitling the Agent to acquire 1,703,775 common shares of the Company. The Agent's Warrants are exercisable at a price of $0.30 until July 28, 2007. These warrants have a fair value of $87,319, which was allocated to contributed surplus.

The Company issued to the Agent, a corporate finance fee of 240,000 units. Each unit consisted of a common share and one non-transferable share purchase warrant entitling the Agent to acquire one additional common share at a price of $0.30 until July 28, 2007.

The Company paid additional share issue costs of $422,154 of which $26,790 related to deferred share issue costs incurred in 2004.

Stock options

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

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2004	-	$ -
Options granted	550,000	0.25
Options expired/cancelled	-	-
Options exercised	-	-
Balance, November 30, 2005	550,000	$ 0.25
Number of options currently exercisable	550,000	$ 0.25
Weighted average fair value per option granted during fiscal 2005		$ 0.11

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

Stock options (cont'd…)

At November 30, 2005, the following stock options were outstanding:

Number of Shares	Exercise Price	Expiry Date
550,000	$ 0.25	July 28, 2010

Stock-based compensation

The total stock-based compensation recognized under the fair value method was $60,798 (2004 - $Nil) using the Black-Scholes option pricing model. The Company expensed $60,798 (2004 - $Nil) as stock-based compensation in the statement of operations with a corresponding amount recorded as contributed surplus in capital stock.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options and warrants granted during the year ended November 30, 2005:

Risk-free interest rate	3.22%
Expected life of options	3.5 years
Annualized volatility	50.00%
Dividend rate	0.00%

Warrants

At November 30, 2005, the Company had non-publicly traded (non-transferable) share purchase warrants outstanding enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,948,275	$ 0.30	July 28, 2007

At November 30, 2005, the Company had publicly traded (transferable) share purchase warrants outstanding enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
5,679,250	$ 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 year ended November 30, 2005 were as follows:

a) The Company issued 166,667 common shares for $25,000 which were share subscriptions received at November 30, 2004.

b) The Company issued 450,000 common shares with a value of $67,500 pursuant to option agreements on the mineral properties (Note 4).

c) The Company issued 4,500 units with a value of $1,125 to the Agent as a commission pursuant to the initial public offering.

d) The Company issued 240,000 units with a value of $60,000 to the Agent as a corporate finance fee pursuant to the initial public offering.

e) Included in mineral property costs is $42,410 which related to accounts payable and accrued liabilities.

f) The deferred share issue costs at November 30, 2004 of $26,790 were charged against capital stock after the closing of the initial public offering.

g) The Company recorded the fair value of $87,319 for the agents warrants issued in connection with the prospectus, which is included in contributed surplus.

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 pursuant to the option agreement on the mineral properties.

8. SEGMENTED 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).

8. SEGMENTED INFORMATION (cont'd…)

Geographic information is as follows:

	Equipment	Mineral Properties
2005		
Canada	$ 4,800	$ -
Mexico	-	$ 934,458
2004		
Canada	$ 4,500	$ -
Mexico	-	292,619

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2005	2004
Loss for the period	$ (213,353)	$ (122,564)
Expected income tax (recovery)	$ (74,663)	$ (43,633)
Difference in foreign tax rates	5,535	-
Non deductible items	42,937	9,288
Deductible items	(37,761)	(2,738)
Unrecognized benefits of non-capital losses	68,697	37,083
Total income tax recovery	$ -	$ -

The significant components of the Company's future income tax assets are as follows:

	2005	2004
Future income tax assets		
Share issuance costs	$ 144,000	$ 10,900
Equipment	200	300
Non-capital losses available for future years	107,000	37,000
Mineral properties	46,000	-
	297,200	48,200
Less: valuation allowance	(297,200)	(48,200)
	$ -	$ -

9. INCOME TAXES (cont'd…)

The Company has non-capital losses for Canadian income tax purposes of approximately $299,000 which can be carried forward to reduce taxable income in future years. Unless utilized, these losses will expire through to 2015. In addition, the Company has exploration and development expenditures of approximately $1,069,000. Future tax benefits, which may arise as a result of these losses and resource expenditures have not been recognized in these financial statements due to the uncertainty of their realization.

10. FINANCIAL INSTRUMENTS

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

COLIBRI RESOURCE CORPORATION

Form 51-102F1

Management's Discussion & Analysis
for the Year Ended November 30, 2005

The following Management Discussion and Analysis ("MD&A") for Colibri Resource Corporation ("the Company") prepared as of March 22, 2006 should be read together with the audited consolidated financial statements for the year ended November 30, 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. On August 5, 2005, the Company's common shares and purchase warrants began trading on the TSX Venture Exchange under the symbols CBI and CBI.WT respectively.

Through its Subsidiary, Minera Halcones S.A. de C.V., the Company is engaged in the acquisition, exploration, and if warranted, development of gold, silver, copper, molybdenum and other metal deposits in Mexico. Halcones has the right to acquire a majority interest in three large mineral properties located in Sonora, Mexico. Sonora is the northernmost state in Mexico and borders the United States of America. All of the Company's property interests are located within or adjacent to, a free trade zone within the State, a fact that facilitates cross-border access and general business. The properties are characterized by ease of accessibility, well developed infrastructure, access to a ready and skilled labour pool and a large degree of common logistics due to their relative proximity to each other.

The Company's mineral property interests are the Colibri Property, the Leon Property, and the Ramaje Ardiente (Ramard) Property. These properties are in the exploration stage only and are without a known body of commercial ore.

Additional information related to the Company is available for view on the Company's website at www.colibriresourcecorp.com and on SEDAR at 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 were also listed for trading on the TSX-V.

5) On August 19, 2005, the Company issued 201,000 common shares pursuant to the exercise of Agent's options for gross proceeds of $50,250.

6) On September 22, 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 Options exercised. These warrants are non-transferable and entitle the holder to purchase one additional common share at $0.30 until July 28, 2007.

7) On September 28, 2005, the remaining 141,500 Agent's options expired unexercised.

8) On October 13, 2005, the Company announced that it began the first 5,000 metre phase of a planned 10,000 metre reverse circulation drill program at the Colibri property.

9) On October 13, 2005, the Company announced that it has commenced an initial small-core diamond drilling program on the Ramaje Ardiente (Ramard) property.

Selected Annual Information

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

	For The Year Ended November 30, 2005	Period From Incorporation on February 20, 2004 to November 30,2004
Total revenues	$ 16,135	$ 761
Net income (loss) before extraordinary items	(213,353)	(122,564)
Net income (loss)	(213,353)	(122,564)
Basic and diluted earnings (loss) per share	(0.02)	(0.05)
Total assets	3,113,009	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.

For The Year Ended November 30, 2005

Operations in the year ended November 30, 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 year ended November 30, 2005.

The net loss for the year ended November 30, 2005 was $213,353 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 $229,488. A major component of the loss was stock-based compensation with an estimated fair value of $60,798 in the form of stock options granted to executive officers and directors. The Company also incurred $59,250 for management fees and $8,849 in consulting fees. Accounting and audit fees increased significantly as a result of more activity primarily attributed to the Company's Initial Public Offering.

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly (except periods ended November 30) financial information for each of the last seven most recently completed quarters, as the Company was incorporated on February 20, 2004:

	Three Months Ended			
	November 30, 2005	August 31, 2005	May 31, 2005	February 28, 2005
Total assets	$ 3,113,009	$ 2,913,213	$ 724,781	$ 626,410
Mineral property costs	934,458	604,277	463,409	439,769
Working capital	2,107,046	2,255,798	148,088	64,073
Shareholders' equity	3,046,304	2,865,186	692,133	561,521
Revenues	14,969	529	272	365
Net income (loss)	(27,985)	(118,968)	(41,653)	(24,747)
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ended			
	November 30, 2004	August 31, 2004	May 31, 2004	February 29, 2004
Total assets	$ 613,424	$ 456,157	$ 279,261	$ -
Mineral property costs	292,619	169,540	26,832	-
Working capital (deficiency)	257,359	246,635	235,910	-
Shareholders' equity	581,268	434,441	267,986	-
Revenues	265	265	231	-
Net Income (loss)	(8,711)	(28,339)	(85,514)	-
Earnings (loss) per share	(0.01)	(0.01)	(0.03)	-

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.

	November 30, 2005	November 30, 2004
Working capital	$ 2,107,046	$ 257,359
Deficit	(335,917)	(122,564)

Net cash used in operating activities during the year was $178,519 compared to $97,334 during the previous comparable period. Net cash used in operating activities primarily consists of the operating loss and a change in non-cash working capital.

Financing activities provided net cash of $2,576,881 during the current year and $587,042 during the previous comparable period from the issuance of common stock and the exercise of Agent's options.

Net cash used in investing activities was $533,469 during the current period and $208,003 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 gross proceeds of $2,500,000 from the sale of 10,000,000 units (the "Units") with each Unit consisting of one common share in the capital of the Company (a “Share”) and one transferable common share purchase warrant (a “Warrant”). Two whole Warrants will entitle the holder thereof to acquire one additional common share of the Company (a “Warrant Share”) until July 28, 2007 at an exercise price of $0.30 per Warrant Share. 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, 1,500,000 Units which is equal to 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. During the 2005 fiscal year, the Agent exercised 1,358,500 for gross proceeds of $339,625 and allowed the remaining 141,500 Greenshoe Options to expire.

Additional disclosure concerning the Company's general and administrative expenses and resource property obligations and commitments are provided in the Company's audited 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$9,000 on each of 01 April, 2006, 01 July, 2006, and 01 October 2006 **Note:** C$/US$ foreign exchange assumption = 1.25	$	40,000
(2)	To make property option payments of C$ due per schedule below	$	55,000

	16 June, 2006
Colibri property	$25,000
Leon property	$15,000
Ramard property	$15,000

(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

Accounts payable to a related party of $5,000 (2004 - $4,548) is comprised of management fees due to a company controlled by a director.

During the year ended November 30, 2005, the Company entered into the following transactions with related parties:

a) Paid or accrued management fees of $59,250 (2004 - $63,750) to a company controlled by a director of the Company.

b) Paid or accrued $25,750 (2004 - $16,050) in consulting fees, of which $20,750 are included in deferred exploration costs as geological consulting fees, to a company controlled by a former director.

c) As outlined in Note 4, Colibri Property, the Company paid $50,000 (2004 - $50,000) and issued 250,000 (2004 - 200,000) common shares with a value of $37,500 (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 (2004 - $20,000) and issued 100,000 (2004 - 200,000) common shares with a value of $15,000 (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 (2004 - $20,000) and issued 100,000 (2004 - 200,000) common shares with a value of $15,000 (2004 - $30,000) to a private Mexican company which is 50% owned by a former director.

f) Paid $40,460 (2005 - $Nil) in share issuance costs, to a financial partnership in which a director is a partner.

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

Financial Instruments and Other Instruments

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

Outstanding Share Data

Capital stock

	Number of Shares	Amount	Contributed Surplus
Authorized			
100,000,000 common shares without par value			
Issued			
Founders shares	1,250,000	$ 12,500	$ -
Private placements	3,920,000	588,000	-
Pursuant to mineral property agreements (Note 4)	600,000	90,000	-
Share issuance costs	-	(11,668)	-
Balance as at November 30, 2004	5,770,000	678,832	-
Private placements	2,496,867	202,265	-
Pursuant to mineral property agreements (Note 4)	450,000	67,500	-
Pursuant to prospectus	11,358,500	2,839,625	-
Corporate finance fee	240,000	60,000	-
Agent's commission paid with shares	4,500	1,125	-
Agent's warrants	-	(87,319)	87,319
Stock-based compensation	-	-	60,798
Share issue costs	-	(527,924)	-
Balance as at November 30, 2005	20,319,867	$ 3,234,104	$ 148,117

Stock options

At November 30, 2005, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
550,000	$ 0.25	July 28, 2010

Stock-based compensation

During the year ended November 30, 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 $60,798. 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	3.22%
Expected life of options	3.5 years
Annualized volatility	50.00%
Dividend rate	0.00%

Warrants

At November 30, 2005, the Company had non-publicly traded (non transferable) share purchase warrants outstanding enabling the holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
1,948,275	$ 0.30	July 28, 2007

At November 30, 2005, the Company had the following publicly traded (transferable) share purchase warrants outstanding enabling the holders to acquire common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
5,679,250	$ 0.30	July 28, 2007

Subsequent Events

The following events occurred subsequent to November 30, 2005:

a) Paid $15,000 pursuant to a mineral property option agreement on the Leon Property.

b) Paid $25,000 pursuant to a mineral property option agreement on the Colibri Property.