

COLIBRI RESOURCE CORPORATION

Form 51-102F1

Management's Discussion & Analysis for Quarter Ended May 31, 2005

Item 1: INTERIM MD&A

Forward-looking Information

This Management Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to Colibri Resource Corporation (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.

1.1 Date

The following discussion and analysis is as at July 29, 2005. All figures are in Canadian dollars unless otherwise noted.

1.2 Overall Performance

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.

1.3 Selected Interim Information

	Period Ended November 30, 2004 (audited)	Three Month Period ended May 31, 2005 (unaudited)
Current assets	\$289,515	\$180,736
Mineral properties and deferred exploration costs	\$292,619	\$540,165
Total liabilities	\$32,156	\$32,648
Shareholders equity (net of deficit)	\$581,268	\$692,133
Net income (loss)	\$(122,564)	\$(41,653)
Net income (loss) per share	\$(0.05)	\$(0.01)

1.4 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 from or 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.

Three Month Period Ended May 31, 2005

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

The net loss for the three month period ended May 31, 2005 was \$41,653 which was a loss of \$0.01 per share on both a basic and a fully diluted basis. This loss was primarily attributed to general and administrative expenses of \$41,945, the major component of which was management fees of \$12,750 paid to a company controlled by the Company's President, professional fees and expenses related to our IPO and geological consulting fees.

1.5 Summary of Quarterly Results

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

For the Quarter Periods Ending on	May 31, 2005	February 28, 2005	November 30, 2004	August 31, 2004	May 31, 2004
Total Revenues	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net Income (Loss) before discontinued operations and extraordinary items	(\$0.01)	(\$24,747)	(\$122,564)	(\$37,050)	(\$85,514)
Total Net Income (loss)	(\$41,653)	(\$24,747)	(\$122,564)	(\$37,050)	(\$85,514)
Basic (Loss) per share	(\$41,653)	(\$0.01)	(\$0.05)	(\$0.02)	(\$0.02)

1.6 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.

At May 31, 2005, the Company had \$148,088 working capital, as compared to \$64,073 on May 31, 2005. At June 30, 2005, the Company had \$104,750 in working capital.

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 favorable.

At November 30, 2004, the Company had current assets of \$289,515 and current liabilities of \$32,156 and a net working capital of \$257,359. At May 31, 2005, the Company had current assets of \$180,736 and current liabilities of \$32,648 and a net working capital of \$148,088. The Company has been funding its ongoing working capital requirements by way of private placement financings through the issuance of its common shares. Of its current liabilities at May 31, 2005, \$28,100 represents accounts payable and accrued liabilities and \$4,548 represents accounts payable to an officer and director on account of management fees.

With the Company's financing activities in the periods ended November 30, 2004 and May 31, 2005, the Company acquired net cash of \$787,042 which has been applied to fund the Company's working capital requirements and property acquisition costs and will continue to be applied to fund the Company's exploration programs on the properties as well as cover its general and administrative expenses. The Company's working capital of \$148,088 as at May 31, 2005 is not sufficient to fund its obligations in regards to the properties in which it has the right to acquire interests in, or to fund any material exploration programs.

Subsequent to the period end, the Company closed its IPO on July 28, 2005, pursuant to which it received net proceeds of \$2,243,625 from the sale of 10,000,000 units (the "Units") with each Unit consisting of one common share in the capital of the Company (a "Share") and one transferable common share purchase warrant (a "Warrant"). Two whole Warrants will entitle the holder thereof to acquire one additional common share of the Company (a "Warrant Share") until July 28, 2007 at an exercise price of \$0.30 per Warrant Share. The Company has granted Canaccord Capital Corporation (the "Agent") an option (the "Greenshoe Option") exercisable within 60 days of the closing of the Offering to acquire from the Company, at the Offering Price, that number of Units which is equal to the lesser of 15% of the number of Units sold pursuant to the Offering. In the event the Agent exercises the Greenshoe Option in full, up to 1,500,000 additional Shares and 750,000 Warrant Shares may be issued for gross proceeds to

the Company of \$375,000 (less the Agent's commissions of \$31,875) for net proceeds to the Company of \$343,125.

1.7 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.

Additional disclosure concerning the Company's general and administrative expenses and resource property obligations and commitments are provided in the Company's Consolidated Statement of Loss 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 each of 01 April, 2005, 01 July, 2005, 01 October, 2005, and 01 January 2006	\$	25,000
	Note: C\$/US\$ foreign exchange assumption = 1.25		
(2)	To make property option payments of C\$ due per schedule below	\$	40,000
	<u>15 December, 2005</u>		
	Colibri property	\$25,000	
	Leon property	\$15,000	
	Ramard property	nil	
(3)	To make mineral property tax estimated payments due per schedule below	\$	20,398
	<u>01 July, 2005</u>	<u>01 January 2006</u>	
	Colibri property	\$5,319	\$5,851
	Leon property	\$2,217	\$2,439
	Ramard property	\$2,177	\$2,395
	Note: Mexican peso/C\$ foreign exchange assumption = 8.5		
(4)	(a) To conduct the Phase I exploration – Colibri property	\$	1,270,320
	(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	\$	369,348

1.8 Off-Balance Sheet Arrangements

The Company has no off-Balance Sheet Arrangements.

1.9 Transactions with Related Parties

See Note 6 of the unaudited financial statements as at May 31, 2005.

1.10 Fourth Quarter

N/A

1.11 Proposed Transactions

N/A

1.12 Critical Accounting Estimates

N/A

1.13 Changes in Accounting Policies including Initial Adoption

See Note 2 “Significant Accounting Policies” set out in the Company’s audited financial statements for the year ended November 30, 2004 and unaudited financial statements for the period ended May 31, 2005.

1.14 Financial Instruments and Other Instruments

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

1.15 Other MD&A Requirements**A. Authorized and Issued Share Capital as at July 29, 2005:**

Authorized: 100,000,000 Common Shares without par value

Issued and outstanding: 18,961,367 Common Shares

B. Additional Disclosure for Venture Issuers Without Significant Revenue

The Company has not had significant revenue from operations since inception on February 20, 2004. The following table is a breakdown of the material components listed for the period from inception or February 20, 2004 to November 30, 2004 and for the three month period ended March 31, 2005:

	Three Month Period Ended May 31, 2005	Period from February 20, 2004 to November 30, 2004
Capitalized or expensed exploration and development costs		\$292,619
Expensed research and development costs		Nil
Deferred development costs		Nil
General and Administration expenses		\$123,325
Material costs, whether capitalized, deferred or expenses, not referred to in the above		Nil

C. Options, Warrants & Convertible Securities Outstanding as at July 29, 2005:

The following options, warrants, and convertible securities were outstanding as at July 29, 2005:

Director and Officer Stock Options		
Number	Exercise Price	Expiring Date
550,000	\$0.25	July 15, 2010

Warrants		
Number	Exercise Price	Expiring Date
10,000,000 warrants, two warrants required to purchase one common share	\$0.30	July 28, 2007
1,744,500 Agent's Warrants	\$0.30	July 28, 2007

Additional Information

Additional Information relating to the Company is available on SEDAR at www.sedar.com.