



TSX.V:CBI

COLIBRI RESOURCE CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2016

MANAGEMENT RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Colibri Resource Corporation are the responsibility of the Company's management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure controls that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfils its responsibilities. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Anton Bryson & Schindler LLP, and their report outlines the scope of their examination and gives their opinion on the financial statements.

The consolidated financial statements were approved for issuance on March 29, 2017.

(signed) "*Ed Stringer*"

Ed Stringer
President and Chief Executive Officer
Colibri Resource Corporation

(signed) "*Brian Crawford*"

Brian Crawford
Chief Financial Officer
Colibri Resource Corporation

March 29, 2017

Independent Auditors' Report

To the Shareholders of Colibri Resource Corporation

We have audited the accompanying consolidated financial statements of Colibri Resource Corporation, which comprise the consolidated statements of financial position as at November 30, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Colibri Resource Corporation as at November 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 to these consolidated financial statements which describes the existence of a material uncertainty that may cause significant doubt about the ability of Colibri Resource Corporation to continue as a going concern.

Vancouver, British Columbia
March 29, 2017



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COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015
(Expressed in Canadian Dollars)

	2016	2015
EXPENSES, ADMINISTRATIVE AND GENERAL		
Accounting and audit fees	\$ 38,476	\$ 35,390
Advertising and promotion	3,960	1,445
Amortization	1,278	2,932
Consulting fees	43,006	-
Director fees and benefits (Note 6)	-	2,719
Foreign exchange	761	(2,543)
Legal	24,872	18,007
Management fees (Note 6)	-	31,600
Office and miscellaneous	14,109	12,550
Rent (Note 6)	13,986	4,402
Telephone	4,830	832
Transfer agent and filing fees	24,481	23,222
Travel and related costs	34,131	4,196
Wages and benefits	63,343	5,978
Share-based compensation	98,679	-
	<u>(365,912)</u>	<u>(140,730)</u>
LOSS BEFORE OTHER ITEM		
OTHER ITEM		
Interest	<u>-</u>	<u>83</u>
NET LOSS AND COMPREHENSIVE LOSS	<u>\$ (365,912)</u>	<u>\$ (140,647)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>(0.04)</u>	<u>(0.04)</u>
Weighted average number of shares outstanding	<u>9,386,271</u>	<u>3,349,083</u>

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015
(Expressed in Canadian Dollars)

	Note	2016		2015
ASSETS				
Current assets				
Cash	3	\$ 282,052	\$	20,102
GST receivable		5,135		1,921
Prepaid expenses		13,284		403
		300,471		22,426
Equipment	4	2,207		-
Exploration and evaluation assets	5	2,493,393		2,476,771
		\$ 2,796,071	\$	2,499,197
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		\$ 50,193	\$	46,911
Accounts payable to related parties	6	-		3,011
		50,193		49,922
Shareholders' equity				
Share capital	7	8,184,412		7,631,102
Share subscription receivable	13	-		27,000
Contributed surplus		3,773,512		3,725,046
Deficit		(9,212,046)		(8,933,873)
		2,745,878		2,449,275
		\$ 2,796,071	\$	2,499,197

Nature of operations and going concern (note 1)
Subsequent events (note 13)

Approved on behalf of the Board:

_____(Signed) "Ed Stringer"_____
Director

_____(Signed) "Ron Goguen"_____
Director

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015
(Expressed in Canadian Dollars)

	Share Capital		Share Subscription Receivables	Contributed Surplus	Deficit	Total
	Number	Amount				
Balance at November 30, 2014	50,236,010	\$7,631,102	\$ -	\$3,755,629	\$(8,823,809)	\$2,562,922
Loss for the year	-	-	-	-	(140,647)	(140,647)
Share subscription receivable	-	-	27,000	-	-	27,000
Options expired	-	-	-	(30,583)	30,583	-
Share Consolidation	(46,886,927)	-	-	-	-	-
Balance at November 30, 2015	3,349,083	\$7,631,102	\$ 27,000	\$3,725,046	\$(8,933,873)	\$2,449,275
Loss for the year	-	-	-	-	(365,912)	(365,912)
Share subscription receivable	-	-	(27,000)	-	-	(27,000)
Shares issued for cash	6,933,832	630,075	-	-	-	630,075
Share issue costs	-	(39,239)	-	-	-	(39,239)
Broker warrants	-	(37,526)	-	37,526	-	-
Share-based compensation	-	-	-	98,679	-	98,679
Options expired	-	-	-	(87,739)	87,739	-
Balance at November 30, 2016	10,282,915	\$8,184,412	\$ -	\$3,773,830	\$(9,212,046)	\$2,745,878

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015

(Expressed in Canadian Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss and comprehensive loss for the year	\$ (365,912)	\$ (140,647)
Add: Items not requiring the use of cash		
Amortization	1,278	2,932
Share-based compensation	98,679	-
	(265,955)	(137,715)
Change in non-cash working capital items:		
(Increase) decrease in GST receivables	(3,214)	724
(Increase) decrease in prepaid expenses	(12,881)	1,299
Increase (decrease) in accounts payable and accrued liabilities	271	(14,523)
	(281,779)	(150,215)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of mineral properties and deferred exploration costs	(16,622)	(20,969)
Acquisition of equipment	(3,485)	-
	(20,107)	(20,969)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash received from share subscription receivable	-	27,000
Cash received from the issue of common shares-net	563,836	-
	563,836	27,000
Net cash used in financing activities	563,836	27,000
INCREASE (DECREASE) IN CASH DURING THE YEAR	261,950	(144,184)
CASH, beginning of year	20,102	164,286
CASH, end of year	\$ 282,052	\$ 20,102

Supplemental disclosure with respect to cash flows (Note 8)

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

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Colibri Resource Corporation (“the Company”) was incorporated on February 20, 2004 in the Province of British Columbia. The Company’s registered office and principal place of business is 105 Englehart St., Suite 700, Dieppe, NB, Canada.

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 or proceeds from the disposition of the properties.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and liabilities in the normal course of business. Several adverse conditions cast significant doubt on the validity of this assumption. The Company incurred a net loss of \$365,912 (2015-140,647) during the current year, and as at November 30, 2016, has working capital (deficit) of 250,278 (2015 – \$(27,496)), a cumulative deficit of \$9,212,046 (2015 – \$8,933,873), no source of operating cash flow, and no assurances that sufficient funding will be available to conduct further exploration and development of its resource property projects.

The only source of future funds presently available to the Company is through the issuance of share capital, or by the sale of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing or sale of an interest in the future will depend in part upon the prevailing market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised through the issuance of shares, control of the Company may change and shareholders may suffer dilution. Although these consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company’s business, results of operations, and financial condition. The Company has raised funds from private placements during the year (note 7).

The amounts shown as exploration and evaluation assets represent acquisition costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral property interests is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Board of Directors approved these consolidated financial statements for issue on March 29, 2017.

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION *(Continued)*

(b) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, with the exception of certain financial instruments classified as available-for-sale which are measured at fair value as described in Note 3. The consolidated financial statements are presented in Canadian dollars unless otherwise stated.

(c) Subsidiaries and Principles of Consolidation

These consolidated financial statements include the accounts of Colibri Resources Corporation and its wholly owned subsidiary Minera Halcones S.A. de C.V. Minera Halcones S.A. de C.V. was incorporated in Mexico for the purposes of developing mineral properties. All intercompany transactions and balances have been eliminated upon consolidation. All amounts are reported and measured in Canadian dollars.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial report from the date commences to the date control ceases.

(d) Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements in accordance with IFRS 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 assumption of going concern basis of accounting;
- The carrying value and recoverable amount of exploration and evaluation assets;
- The inputs used in accounting for share-based compensation expense in the statements of operations and comprehensive loss;
- The valuation of shares issued in non-cash transactions; and
- The valuation allowance applied against deferred income tax assets;
- The determination of functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and cashable highly liquid investments with limited interest and credit risk. The remaining maturities at point of purchase are at three months or less, with no penalties on early retirement.

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Exploration and evaluation assets

Exploration and evaluation assets are recorded at cost less accumulated impairment losses, if any. All direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the technical feasibility and commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. Technical feasibility and commercial viability is defined as (1) the determination of mineral reserves and (2) a decision to proceed with development has been recommended by management and approved by the Company's board of directors. To the extent that the expenditures are made to establish mineral reserves within the rights to explore, the Company will consider those costs as capital in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the exploration and evaluation asset.

Management reviews the facts and circumstances to determine whether there is an indication that the carrying amount of the exploration and evaluation assets exceeds their carrying value on a regular basis. Indication includes but is not limited to, the expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned and if the entity has decided to discontinue exploration activity in the specific area. If the facts and circumstances suggest the carrying value exceeds the recovery value, the Company will write down the carrying value of the property.

Where the Company has determined that the underlying mineral interest has reserves and, if impairment indicators exist, the Company will also assess for impairment under IAS 36 impairment of assets, whereby the cash generating unit (CGU) is assessed for impairment by comparing the carrying value to its recoverable amount, which is the higher of the value in use and the fair value less cost to sell. The fair value is determined by the best information available to reflect the amount the Company could receive for the CGU in an arm's length transaction, which is often estimated using discounted cash flows for the CGU.

(c) Impairment of Long-lived Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized as an expense in the consolidated statement of comprehensive income (loss). For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

COLIBRI RESOURCE CORPORATION
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates, and has been determined for each entity within the Company. The presentation currency and functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date while nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

(e) Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income tax assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred taxation is provided on all qualifying temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(e) Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss applicable by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed by dividing the net loss by the sum of the weighted average number of common shares issued and outstanding during the reporting period and all additional common shares for the assumed exercise of options and warrants outstanding for the reporting period, if dilutive. The treasury stock method is used to arrive at the diluted

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Basic and Diluted Loss Per Share *(Continued)*

outstanding that may add to the total number loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options of common shares. Diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

(g) Share Capital

The Company records its share capital proceeds from share issuances net of related issue costs and any tax effects. The fair value of common shares issued as consideration for mineral right interests is based on the trading price of those shares on the TSX-V on the date of agreement to issue shares or other fair value equivalent amount as determined by the Board of Directors. Agent's warrants, stock options and other equity instruments issued as purchase consideration in nonmonetary transactions other than as consideration for mineral properties are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value using the residual method.

(h) Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company's estimate of shares that will eventually vest. The number of forfeitures likely to occur is estimated on grant date. Any consideration paid by directors, officers and employees on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

(i) Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

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(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial Instruments *(Continued)*

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention

and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized through profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized through other comprehensive income (loss).

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash at fair value through profit or loss, and sales tax receivable as loans and loans receivable.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the instrument was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

Accounts payable and accrued liabilities are designated as other financial liabilities and measured at amortized cost. Management did not identify any material embedded derivatives, which require separate recognition and measurement. The Company had neither available-for-sale, nor held-to-maturity instruments during the period ended November 30, 2016.

The Company is required to disclose the inputs used in fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

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(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

(i) Financial Instruments *(Continued)*

The Company has determined that no adjustments are currently required for transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading.

(j) Accounting standards issued but not yet applied:

For the purposes of preparing and presenting the Company's consolidated financial statements, the Company has adopted all applicable standards and interpretations issued other than those discussed below. These standards have not yet been adopted because they are not effective for the Company until subsequent to November 30, 2016.

IFRS 9 Financial Instruments ("IFRS 9"): In July 2014, the IASB issued the complete IFRS 9, Financial Instruments (2014), which will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 provides a new model for the classification and measurement of financial instruments. The IASB has determined the revised effective date for IFRS 9 will be for annual periods beginning on or after January 1, 2018. The Company will evaluate the impact of the change to the consolidated financial statements based on the characteristics of the financial instruments outstanding at the time of adoption.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15") establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 Leases ("IFRS 16") eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing the asset.

The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. Prospective application is required beginning on or after January 1, 2019 with early adoption permitted only if an entity early adopts IFRS 15 as well.

COLIBRI RESOURCE CORPORATION
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(Expressed in Canadian Dollars)

4. EQUIPMENT

	Office Equipment	Computer Equipment	Total
Cost:			
Balance November 30, 2015	\$ 6,608	\$ 22,730	\$ 29,538
Additions	-	3,485	3,485
Balance November 30, 2016	\$ 6,608	\$ 26,215	\$ 33,023
Accumulated amortization:			
Balance November 30, 2015	\$ 6,608	\$ 22,730	\$ 29,537
Amortization	-	1,278	1,278
Balance November 30, 2015	\$ 6,608	\$ 24,008	\$ 30,816
Carrying amounts:			
November 30, 2015	\$ nil	\$ nil	\$ nil
November 30, 2016	\$ nil	\$ 2,207	\$ 2,207

5. EXPLORATION AND EVALUATION ASSETS

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 conveyance 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 de CV (“Cadenza”), a private Mexican company wholly owned by Cadence Resource Corporation, a Canadian private 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 (incurred) in exploration expenditures by June 16, 2010, to earn its 90% interest. The Company has paid the \$350,000 and issued all of the 1,400,000 common shares with a total value of \$244,500. The Company exercised its option and acquired 100% interest in the Colibri Property, and Cadence Resource Corporation retains a 3% Net Smelter Returns (“NSR”) royalty.

On May 27, 2011, the Company closed an “earn-in” and shareholders agreement with Agnico-Eagle Mines Ltd., whereby Agnico may acquire up to a 75% interest in the Colibri gold project and form a joint venture with the Company by making qualified exploration expenditures and payments to Colibri. To earn its 75% interest, Agnico is required to spend a minimum of US\$3.0 million in exploration expenditures by May 27, 2014, of which US\$1.5 million (US\$2,797,013 incurred to November 30, 2016) is to be spent in the first 18 months, as well as complete a positive feasibility study within five years. In addition, Agnico will be required to make option payments totaling US\$1,452,000 (US\$218,000 paid to November 30, 2016) over a seven year period.

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5. EXPORATION AND EVALUATION ASSETS *(Continued)*

After completion of the feasibility study, and Agnico earning its 75% interest, Agnico and Colibri will form a joint venture to develop the Colibri Project. As required under this agreement, a Mexican company, Minera Azor Dorado S.A. de C.V. (the "Operating Company") was incorporated as a wholly-owned subsidiary of a newly incorporated British Columbia company, 0901223 B.C. Ltd. (the joint venture company) to hold the right, title and interest in the Colibri Project and transfer of the concessions comprising the Colibri Project to the Operating Company.

The Company owned 100% of the joint venture company up to November 17, 2012, at which time Agnico exercised its first option under the Earn-in Agreement to acquire a 51% interest, consequently leaving the Company with a 49% interest in the joint venture company. Effective May 14, 2013 Agnico decided not to exercise the second option under the Earn-in and Shareholders Agreement. Following termination of the second option, Agnico and Colibri will now jointly operate the Colibri Project, with Agnico as General Manager, at their current ownership levels subject to adjustments relating to budget funding obligations. As Agnico has also terminated the sole-funding period, any further contributions to the Project must now be contributed by Agnico and Colibri in proportion to their ownership interests. The Company has elected not to participate in funding of the current year's budget, and as a result has had its ownership interest recalculated to 43%, as stipulated in Section 12.6 of the Agreement.

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 300,000 common shares, incur a total of \$500,000 (incurred) in exploration expenditures and initiate a scoping/pre-feasibility study by June 16, 2009, to earn its 100% interest. The Company has paid the \$90,000 and issued all of the 300,000 common shares with a value of \$45,000.

The Company exercised its option and acquired the 100% interest, and so initiated a scoping and pre-feasibility study. Consequently, the Company issued an additional 200,000 shares with a value of \$32,000 as per the original option agreement.

The property is subject to a 2.0% NSR royalty. The Company has the option to purchase 50% of the royalty for \$1,000,000.

On April 18, 2013, the Company revised an option agreement for the acquisition of two additional mining claims located within the Company's Ramard concessions in Sonora, Mexico. The two claims are called "Picacho" and "El Dorado", and are 60 and 64 hectares in size respectively. Pursuant to the Agreement, the Company has been granted the exclusive option to acquire a 100% right, title and interest in the Claims. To exercise the option on each of the Claims, the Company must make cash payments in the aggregate amount of US\$161,000 (US\$15,000 paid to November 30, 2013). The Company was also to issue 80,000 shares over a five year period, however the option agreement was revised and the share issue was replaced with a 1.5% NSR royalty.

In 2014 management determined that there were indicators of impairment on the property, and accordingly, recorded an impairment charge of \$2,565,476 at November 30, 2014.

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.

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5. EXPLORATION AND EVALUATION ASSETS (Continued)

The Company agreed to pay a total of \$190,000, issue a total of 200,000 common shares, incur a total of \$500,000 (incurred) in exploration expenditures and commence a scoping/pre-feasibility study by December 16, 2008, to earn its 100% interest. The Company paid the \$210,000 and issued all of the 400,000 common shares with a value of \$48,000. The Company exercised its option and acquired the 100% interest.

The property is subject to a 2.0% NSR royalty. The Company has the option to purchase 50% of the royalty for \$1,000,000.

In 2014 management determined that there were indicators of impairment on the property, and accordingly, recorded an impairment charge of \$2,450,028 at November 30, 2014.

Evelyn Property

In March 2010 the Company's subsidiary, Minera Halcones, acquired a 100% interest in the Evelyn III claim via a Mexican government "sorteo" or claim lottery. This 506.3 hectare claim is located in the State of Sonora, Mexico.

For the year ended November 30, 2016	Colibri Property	Ramaje Ardiente Property	Leon Property	Evelyn Property	Total
Acquisition costs:					
Balance, December 1, 2015	\$ 422,062	\$ 1	\$ 1	\$ -	\$ 422,064
Impairment	-	-	-	-	-
Balance, November 30, 2016	\$ 422,062	\$ 1	\$ 1	\$ -	\$ 422,064
Deferred Exploration costs:					
Balance, December 1, 2015	\$1,958,729	-	-	\$ 95,978	\$ 2,054,707
Additions					
Field expenses and personnel	-	-	-	-	-
Geological consulting	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Property and claim taxes	-	-	-	11,096	11,096
Telephone	-	-	-	5,526	5,526
Travel and transport	-	-	-	-	-
	-	-	-	16,622	16,622
Total deferred exploration costs	1,958,729	-	-	112,600	2,071,329
Balance, November 30, 2016	\$ 2,380,791	\$ 1	\$ 1	\$ 112,600	\$ 2,493,393

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5. EXPORATION AND EVALUATION ASSETS (Continued)

For the year ended November 30, 2015	Colibri Property	Ramaje Ardiente Property	Leon Property	Evelyn Property	Total
Acquisition costs:					
Balance, December 1, 2014	\$ 422,062	\$ 1	\$ 1	\$ -	\$ 422,064
Impairment	-	-	-	-	-
Balance, November 30, 2015	\$ 422,062	\$ 1	\$ 1	\$ -	\$ 422,064
Deferred Exploration costs:					
Balance, December 1, 2014	\$1,958,729	-	-	\$ 75,009	\$ 2,033,738
Additions					
Field expenses and personnel	-	-	-	11,860	11,860
Geological consulting	-	-	-	-	-
Miscellaneous	-	-	-	4,831	4,831
Property and claim taxes	-	-	-	3,665	3,665
Telephone	-	-	-	-	-
Travel and transport	-	-	-	613	613
	-	-	-	20,969	20,969
Total deferred exploration costs	1,958,729	-	-	95,978	2,054,707
Balance, November 30, 2015	\$ 2,380,791	\$ 1	\$ 1	\$ 95,978	\$ 2,476,771

6. RELATED PARTY TRANSACTIONS AND BALANCES

Accounts payable to related parties for 2016 of \$Nil (2015 – \$3,011) is comprised of reimbursable expenses, director fees to directors of the Company, and management fees due to a company controlled by a director of the Company.

The Company entered into the following transactions with related parties for the year ended November 30, 2016:

- a) Paid or accrued for 2016 is \$Nil (2015 – \$31,600) in management fees to companies controlled by directors and officers of the Company.
- b) Paid or accrued for 2016 is \$10,200 (2015 – \$11,100) in accounting fees to an officer of the Company.
- c) Paid or accrued for 2016 is \$Nil (2015 – \$4,402) in office rent to a company controlled by a director of the Company.
- d) Paid or accrued for 2016 is \$Nil (2015 – \$2,719) in fees to directors of the Company.
- e) Granted stock options for 2016 with a fair value of \$ 98,679 (2015-\$Nil) 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.

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7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

Common shares:

	Number of Shares		Amount
Balance at November 30, 2014	50,236,010	\$	7,631,102
Share consolidation	(46,886,927)		-
Balance November 30, 2015	3,349,083	\$	7,631,102
Shares issued for cash	6,943,832		553,310
Balance November 30, 2016	10,292,915	\$	8,184,412

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.

(c) 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	Weighted Average Exercise Price
Balance, November 30, 2015	-	\$ 0.00
Issued during the year	1,600,000	\$ 0.08
Issued during the year	500,000	\$ 0.15
Issued during the year	2,667,166	\$ 0.25
Balance November 30, 2016	4,767,166	\$ 0.18

The following warrants are outstanding at November 30, 2016:

Number of warrants	Exercise price per warrant	Expiry date
1,600,000	\$0.075 in Year 1, \$0.085 in Year 2	April 29, 2018
500,000	\$0.15	June 30, 2018
2,667,166	\$0.25	October 26, 2018
4,767,166		

In addition there are 205,373 broker warrants outstanding exercisable at \$0.25 per share until October 26, 2018.

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7. SHARE CAPITAL AND CONTRIBUTED SURPLUS *(Continued)*

(d) Stock Options

On May 27, 2016, the Company amended its Stock Option Plan from a fixed plan whereby the Company may grant stock options to eligible persons to acquire a total of 500,000 shares of the Company, to a 10% rolling plan whereby the Company may grant stock options to eligible persons to acquire a total of up to 10% of the then existing number of shares outstanding. Awarded stock options generally vest immediately and are exercisable over a period not exceeding ten years at exercise prices determined by the directors. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant.

The number of stock options outstanding at November 30, 2016 is summarized as follows:

	Number Of Options	Weighted Average Exercise
Balance, November 30, 2015	151,667	\$2.70
Options expired	(26,667)	\$3.75
Options forfeited	(65,000)	\$2.73
Options granted	<u>550,000</u>	<u>\$0.15</u>
Balance, November 30, 2016	<u>610,000</u>	<u>\$0.34</u>

At November 30, 2016, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
550,000	\$0.15	June 14, 2021
60,000	\$2.10	April 17, 2017
<u>610,000</u>		

At November 30, 2016, the 610,000 options outstanding have a weighted average life remaining of 4.13 years.

The model inputs for options granted during the years ended November 30, 2016 and 2015 include

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
June 15, 2016	June 14, 2021	\$ 0.18	\$ 0.15	1.20%	10 years	260%	0%

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8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	November 30, 2016	November 30, 2015
Cash paid for:		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ -

9. SEGMENTED INFORMATION

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

November 30, 2016	Canada	Mexico	Total
Net loss for the year	\$(355,264)	\$(10,648)	\$(365,912)
Current assets	300,471	-	300,471
Mineral properties	-	2,493,393	2,493,393
Equipment	2,207	-	2,207
Total assets	\$302,678	\$2,493,393	\$2,796,071

November 30, 2015	Canada	Mexico	Total
Net loss for the year	\$ (135,880)	\$ (4,767)	\$(140,647)
Current assets	18,327	4,099	22,426
Mineral properties	-	2,476,771	2,476,771
Total assets	\$ 18,327	\$2,480,870	\$2,499,197

10. FINANCIAL INSTRUMENTS

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, November 30, 2016.

1. Fair Value

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.

2. 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 no interest bearing debt. The Company's current policy is to invest cash in Canadian bank savings accounts with interest that varies at prime and guaranteed investment certificates with terms of one year or less.

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10. FINANCIAL INSTRUMENTS *(Continued)*

3. 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:

November 30, 2016	Canada	Mexico	Total
Cash and cash equivalents	\$ 282,052	\$ -	\$ 282,052
GST receivable	5,135	-	5,135
	<u>\$ 287,187</u>	<u>\$ -</u>	<u>\$ 287,187</u>

November 30, 2015	Canada	Mexico	Total
Cash and cash equivalents	\$16,003	\$ 4,099	\$20,102
GST receivable	1,921	-	1,921
	<u>\$17,924</u>	<u>\$ 4,099</u>	<u>\$22,023</u>

4. Derivatives – Mineral Properties

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties ("NSR"), the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

5. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company's cash flow exposure to foreign currency is due mainly to cash, option payments and costs incurred for the development of its mineral properties in Mexico. As at November 30, 2016, the Company's consolidated balance sheets included \$5,330 (2015 – \$27) of cash denominated in U.S. currency and \$nil (2015 – \$4,072) denominated in Mexican currency; \$NIL (2014 – \$NIL) of accounts payable which were U.S. currency denominated and \$7,021 (2015 – \$2,420) of accounts payable which were Mexico currency denominated. The Company does not use, hold or issue financial instruments for trading or speculative purposes. At November 30, 2016 there were no foreign exchange contracts outstanding.

6. 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. The Company has sufficient funds as at November 30, 2016 to settle its current accounts payable of \$50,193, and insufficient funds to cover its long-term commitments on mineral claims as outlined in Note 5.

In the opinion of management, the working capital of \$250,278 at November 30, 2016 is sufficient to support the Company's normal operating requirements through its current reporting period. The Company

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10. FINANCIAL INSTRUMENTS *(Continued)*

6. Liquidity risk *(Continued)*

is continuing to review expenditures in order to ensure adequate liquidity and flexibility to support its exploration and development strategies. The Company believes that external financing, likely in the form of equity offerings or optioning one or more of its claims, will be required in order to maintain its current operations.

11. INCOME TAXES

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

	2016	2015
Loss before income taxes	\$ (365,912)	\$ (140,647)
Statutory tax rate	26.00 %	26.00 %
Expected income tax recovery at statutory rates	\$ (95,137)	\$ (36,568)
Correction of prior years' tax estimates	(88,203)	-
Permanent differences and effect of foreign tax rate	25,657	(17,766)
Change in unrecognized deferred income tax assets	157,683	54,334
Income tax recovery	\$ -	\$ -

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	2016	2015
Deferred income tax assets:		
Share issuance costs	\$ 8,162	\$ -
Equipment	8,611	8,279
Exploration and development expenditures	209,202	209,202
Non-capital losses available for future years	2,616,717	2,467,528
	2,842,692	2,685,009
Less: unrecognized deferred income tax assets	(2,842,692)	(2,685,009)
	\$ -	\$ -

The Company has non-capital losses for Canadian income tax purposes of approximately \$3,591,519 (2015 \$3,328,364) and non-capital losses for Mexican income tax purposes of approximately \$6,472,775 (2015 \$6,462,127) which can be carried forward to reduce taxable income in future years. Unless utilized, these losses will expire through to 2037. In addition, the Company has exploration and development expenditures of approximately \$804,623. Deferred tax benefits, which may arise as a result of these losses and expenditures, have not been recognized in these financial statements as it is not considered probable that taxable profit will be available against which the deferred tax benefits can be utilized.

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12. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. As at November 30, 2016, total managed capital was \$2,745,878 (2015 – \$2,449,275)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. These budgets are approved by the Company's Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in interest-bearing accounts with Canadian chartered banks.

The Company's capital resources available to it have been depleted, so has reduced operating expenditures to a minimum.

There were no changes in the Company's approach to capital management during the year ended November 30, 2016. The Company is not subject to externally imposed capital requirements.

13. SUBSEQUENT EVENT

Subsequent to the year end, the Company announced that it would acquire all of the outstanding shares of Canadian Gold Resources Ltd. a private Canadian company whose Mexican subsidiary owns a 100% interest in two mineral exploration properties located in Sonora, Mexico. Consideration for the transaction will be the issuance of 24,242,424 common shares of the Company at a deemed price of \$0.165 per share. The transaction is subject to regulatory approval and is expected to close during Q2 of fiscal 2017.