



TSX.V:CBI

COLIBRI RESOURCE CORPORATION

Form 51-102F1

Management Discussion & Analysis

Year Ended November 30, 2014

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Overview

The following Management Discussion and Analysis (“MD&A”) for Colibri Resource Corporation (“the Company”) prepared as of March 19, 2015, should be read together with the audited consolidated financial statements for the year ended November 30, 2014 and related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

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

This MD&A contains forward-looking information. Please see “Forward-Looking Information” and “Risks and Uncertainties” for a discussion of the risks, uncertainties and assumptions relating to such information.

Forward-Looking Information

Forward-looking information is included in this MD&A, which involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this MD&A. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following factors: financial health of the Company’s subsidiary and the related cash flows, competitive and economic environment, seasonality and fluctuations in results, expansion, interest rates, foreign exchange, cash distributions are not guaranteed and will fluctuate with the performance of its subsidiary, and federal income tax changes in Mexico and Canada.

Although the forward-looking information contained in this MD&A is based upon what the Company’s management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Forward-looking information reflects management’s current beliefs and is based on information currently available to the Company. Such information reflects current assumptions regarding future events and operating performance including, without limitation, a strong economy in Canada, stable interest rates and continued strength in the mining exploration industry in which the Company operates, and speaks only as of the date of this discussion. The forward-looking information is made as of the date of this MD&A and the Company assumes no obligation to update or revise such information to reflect new events or circumstances.

Description of the Business

The Company was incorporated on February 20, 2004 in the province of British Columbia. On August 5, 2005, the Company’s common shares and purchase warrants began trading on the TSX Venture Exchange under the symbols CBI and CBI.WT respectively.

Through its Subsidiary, 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 acquired a majority interest in four 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, the Ramaje Ardiente (Ramard) Property and the Evelyn III 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 <http://www.sedar.com>.

Overall Performance

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.

Agnico-Eagle Mines Ltd. (AEM), through one of its subsidiaries, is maintaining the former Colibri gold project, now known as "Pitaya". Some preliminary drilling and exploration work was completed pursuant to the Earn-In and Shareholders Agreement completed with AEM on May 27, 2011. As of November 30, 2014, AEM has incurred US\$2,797,013 in exploration and related costs on the "Pitaya" project, with the Company holding a 43% interest in the project. Preliminary results of AEM's drilling program to-date are available on the Company's website as well as on SEDAR.

The Company has also continued with preliminary surveying and groundwork, and collection of surface soil samples, on its Evelyn property. A total of 703 surface soil samples were collected in two campaigns. Processing of surface soil samples and lab assay work was also completed, and details are available on the Company's website as well as SEDAR.

Annual Information

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

	For The Year Ended November 30, 2014	For The Year Ended November 30, 2013	For The Year Ended November 30, 2012
Total revenues	\$ 1,682	\$ 5,361	\$ 22,014
Net income (loss) before extraordinary items	(5,225,356)	(267,551)	(664,126)
Net income (loss) and comprehensive income	(5,225,356)	(267,551)	(664,126)
Basic and diluted earnings (loss) per share	(0.104)	(0.01)	(0.01)
Total assets	2,627,367	7,843,449	8,126,177
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

The Company earns interest revenue from cash, short term deposits and guarantee investment certificates 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.

For The Year Ended November 30, 2014

Operations in the year ended November 30, 2014 were focused on maintaining the Company's interests in its properties in Sonora, Mexico, as well as continued efforts to seek option arrangements for any of these properties.

The net loss for the year ended November 30, 2014 was \$5,225,356, which was a loss of \$0.104 per share on both a basic and a fully diluted basis. This loss was primarily attributed to impairment of values on the Ramard and Leon properties totalling \$5,015,506 and general and administrative expenses of \$211,532. Major components of the administrative expenses were management fees of \$75,600, accounting and audit fees of \$55,195, and director fees and benefits of \$27,125.

For The Year Ended November 30, 2013

Operations in the year ended November 30, 2013 were focused on maintaining the Company's interests in its properties, as well as the continuation of field mapping and chip sampling on the Evelyn property. The Company has not generated any revenues from operations for the period. Also during the year, Agnico-Eagle continued its exploration work on the Colibri property, in which it now owns a 53% interest, pursuant to the Earn-in and Shareholders Agreement.

The net loss for the year ended November 30, 2013 was \$267,551, 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 \$272,912. Major components of the loss were management fees of \$100,250, accounting and audit fees of \$56,264, and director fees and benefits of \$34,886.

Summary of Quarterly Results

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

	Three Months Ended							
	November 30, 2014	August 31, 2014	May 31, 2014	February 28, 2014	November 30, 2013	August 31, 2013	May 31, 2013	February 29, 2013
Total assets	\$2,627,367	\$7,680,857	\$7,720,748	\$7,803,016	\$7,843,449	\$7,917,567	\$7,978,969	\$8,081,111
Mineral property costs	2,455,802	7,461,163	7,435,927	7,424,185	7,381,247	7,361,295	7,267,588	7,184,540
Working capital	104,188	192,186	256,883	310,716	403,072	518,175	666,963	814,840
Shareholders' equity	2,562,922	7,656,537	7,696,256	7,738,603	7,788,278	7,883,782	7,939,215	8,004,396
Revenues	201	317	466	698	910	711	1,684	2,056
Net income (loss)	(5,093,615)	(39,719)	(42,347)	(49,675)	(95,504)	(55,433)	(65,181)	(51,433)
Earnings (loss) per share	(0.104)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

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, 2014	November 30, 2013
Working capital	\$ 104,188	\$ 403,072
Deficit	(8,823,809)	(3,598,453)

Net cash used in operating activities during the year was \$187,592 compared to \$279,167 during the previous year. The 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 \$NIL during the current year and \$NIL during the previous year.

Net cash used in investing activities was \$90,059 during the current year and \$292,976 in the previous year. Cash was expended on the acquisition and maintenance 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 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 entitled 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. During the three month period ended August 31, 2007, 7,729,950 of these warrants were exercised.

Also on April 19, 2007, the Company closed a brokered, private placement of 7,013,000 Units at a price of \$0.40 per Unit for gross proceeds of \$2,805,200. Each Unit consists of one common share and one full, non-transferable share purchase warrant. Each warrant will entitle the holder to purchase an additional common share of the Company at a price of \$0.70 per share until April 20, 2008.

Bolder Investment Partners Ltd. acted as agent in respect of the placement. Bolder was paid a cash commission of \$162,933 and 118,643 Units or 7.5 % of the total gross proceeds and was issued broker's warrants authorizing the purchase of up to 701,300 common shares at \$0.70 per share until April 20, 2008 on the same terms as the warrants issued as part of the Units under the private placement.

During 2007, the Company also received gross proceeds of \$1,787,851 from the exercise of share purchase warrants, and another \$15,000 from the exercise of stock options.

On April 7, 2011, Colibri completed a non-brokered private placement for gross proceeds of \$2,400,000 (the "Private Placement"). This non-brokered private placement is comprised of an aggregate of 12,000,000 units at a price of \$0.20 per unit. Each unit consists of one common share of the Company and one share purchase warrant, providing the holder with the right to purchase one additional Colibri common share for \$0.35 per share until April 6, 2013. The warrants are subject to an early acceleration provision which provides for the mandatory exercise or expiry of the warrants in the event Colibri's shares close at \$0.60 or higher for a period of 20 consecutive trading days. The Company paid finder's fees of

\$112,350 in cash as well as 561,750 finder's warrants, each finder's warrant entitling the holder to purchase one common share until April 6, 2013. The proceeds from the private placement will be used for general working capital for the Company's operations in Sonora, Mexico including its 2000 meter drilling program at the Ramard silver project near the municipality of Carbo, Sonora which is currently under way.

On May 27, 2011, the Company finalized an Earn-In and Shareholders Agreement with Agnico-Eagle Mines Ltd. (AEM) regarding the Company's Colibri property. Pursuant to the Agreement, AEM may acquire up to a 75% interest in the Company's Colibri gold project in Sonora, Mexico (the "Colibri Project") and form a joint venture with the Company by making qualified exploration expenditures and payments to Colibri. To earn a 75% interest in the Colibri Project, AEM is required to spend, over the next three years, a minimum of US\$3.0 million (\$2,595,595 incurred to November 30, 2014) in exploration expenditures as well as complete a positive feasibility study within five years. As required under the Agreement, the Company incorporated a Mexican wholly-owned subsidiary of a B.C. company (0901223 B.C. Ltd.) and transferred all rights, title and interest in the Colibri Project to the Mexican subsidiary.

Pursuant to the above Agreement, AEM was required to make option payments to Colibri totalling US\$1,452,000 (US\$218,000 paid to-date) over a seven year period. After completion of the feasibility study and earning a 75% interest in the Colibri Project, AEM and Colibri may form a joint venture to develop the Colibri Project. Pursuant to the Agreement, AEM also made an equity investment in Colibri by purchasing 3 million units at \$0.20 per unit for gross proceeds of \$600,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant was exercisable into one common share at an exercise price of \$0.35 per common share. All warrants expired on May 26, 2013.

Additional disclosure concerning the Company's general and administrative expenses and resource property obligations and commitments are provided in the Company's 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 over the next fiscal year:

Description:		
(1)	To make property option payments and mineral property tax estimated payments on the Evelyn III property	\$ 2,000
(2)	(a) Colibri Property (see Note 6 to financial statements). NSR option payment.	\$ 0
	(b) To maintenance and storage on the Ramard Property.	\$ 5,000
	(c) To maintenance and storage on the Leon Property.	\$ 5,000
	(d) To conduct site mapping and initial exploration work on the Evelyn Property	\$ 0
(3)	To cover estimated general and administrative expenses for a 12-month period	\$ 150,000

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Transactions with Related Parties

During the year ended November 30, 2014, the Company entered into the following transactions with related parties:

- a) As outlined in Note 6, Colibri Property, the Company paid or accrued \$NIL (2013 – \$9,800) to a private Mexican company wholly-owned by Cadence Resource Corporation, a Canadian private company controlled by a former director of the Company. A director of the Company is also a director of the Canadian private company.
- b) Paid or accrued \$NIL (2013 – \$4,591) in geological consulting fees and mapping and production, of which \$NIL (2013 – \$4,591) are included in mineral properties, to directors of the Company or companies controlled by directors of the Company.
- c) Paid or accrued \$75,600 (2013 – \$100,250) in management fees to companies controlled by directors and officers of the Company.
- d) Paid or accrued \$20,850 (2013 – \$21,420) in accounting fees to an officer of the Company and a person related to a director of the Company.
- e) Paid or accrued \$9,000 (2013 – \$9,000) in office rent to a company controlled by a director of the Company.
- f) Paid or accrued \$27,175 (2013 – \$34,886) in fees to directors of the Company.

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

Risk and Uncertainties

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

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

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

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

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

The Company's financial results are denominated and reported in Canadian dollars. The Mexican operations involve payments in US dollars and Mexican pesos. Significant fluctuations of these currencies against the Canadian dollar could have a material effect on the Company's financial performance.

Fourth Quarter

Operations for the quarter ended November 30, 2014 were focused on maintaining the Company's interests in its properties, as well as continuing preliminary surveying and groundwork on its Evelyn gold project.

The net loss for the three month period ended November 30, 2014 was \$5,093,986 which was a loss of \$0.104 per share on both a basic and a fully diluted basis. This loss was primarily attributed to a loss on investments of \$5,015,508 and general and administrative expenses of \$78,679. Major components of the loss were accounting and audit fees of \$35,868, management fees of \$18,600, Directors fees and benefits of \$6,625, and transfer agent and filing fees of \$4,743.

Critical Accounting Estimates

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

- The carrying value and recoverable amount of exploration and evaluation assets;
- The determination of the Company's functional currency;
- The inputs used in accounting for share-based compensation expense in the statements of operations and comprehensive loss;
- The valuation of shares issued in non-cash transactions;
- The valuation allowance applied against deferred income tax assets; and
- Management's assumption of no material provisions or obligations, based on the facts and circumstances that existed during the period.

Carrying value and recoverable amount of exploration and evaluation assets

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

Determination of functional currency

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

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the

likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

New Accounting Standards Adopted

The Company has adopted the following new accounting standards during the year, which have had no material impact on the consolidated financial statements:

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement and supersedes IAS 31: Interests in Joint Ventures and SIC 13: Jointly Controlled Entities - Non- Monetary Contributions by Venturers. This new standard is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unstructured entity. This new standard is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. This new standard is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This amendment is effective for annual periods beginning January 1, 2013 with earlier application permitted.

IAS 32 was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. These amendments are effective for annual periods beginning on or after January 1, 2014.

Financial Instruments and Other Instruments

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

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance. The standard establishes a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

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

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

Financial Risk Factors

The Company, through its financial assets and liabilities is exposed to various risks. The following analysis provides a measurement of risks as at the balance sheet date, November 30, 2014.

(a) 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.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances primarily in large Canadian chartered banks, and 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.

If interest rates applicable to this floating rate bank account were to increase or decrease by 1%, the Company's annual interest income would not increase or decrease by a material amount.

(c) Credit Risk

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

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

November 30, 2014	Canada	Mexico	Total
Cash	\$ 127,205	\$ 37,081	\$ 164,286
Sales tax receivable	2,645	-	2,645
	\$ 129,850	\$ 37,081	\$ 166,931

November 30, 2013	Canada	Mexico	Total
Cash	\$ 409,339	\$ 32,598	\$ 441,937
Sales tax receivable	3,933	-	3,933
	\$ 413,272	\$ 32,598	\$ 445,870

(e) 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, 2014, the Company's consolidated statements of financial position included \$48,650 (2013 – \$70,724) of cash denominated in U.S. currency and \$29,903 (2013 – \$23,232) denominated in Mexican currency; \$NIL (2013 – \$NIL) of accounts payable which were U.S. currency denominated and \$3,287 (2013 – \$1,371) 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, 2014 there were no foreign exchange contracts outstanding.

A 10% increase or decrease in the value of the Mexican peso compared to the Canadian dollar could increase or decrease the Company's reported net loss by \$2,900.

A 10% increase or decrease in the value of the US dollar compared to the Canadian dollar could increase or decrease the Company's reported net loss by \$4,900.

(f) 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, 2014 to settle its current accounts payable of \$64,445, and its long-term commitments on mineral claims as outlined in Note 6.

In the opinion of management, the working capital of \$104,188 at November 30, 2014 is sufficient to support the Company's minimal administrative operating requirements through the next two quarters. However, taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company 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, will be required in the near future to complete its major exploration and development projects, as well as to provide working capital for administrative costs.

Outstanding Share Data

The Company has the following shares issued and outstanding:

	November 30, 2014	November 30, 2013
Authorized Common shares without par value	100,000,000	100,000,000
Issued and Outstanding	50,236,010	50,236,010

Stock Options

On May 30, 2012 the Company amended its Stock Option Plan from a 10% rolling plan to a fixed plan, whereby the Company may grant stock options to eligible persons to acquire a total of 500,000 common shares of the Company. 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 is summarized as follows:

	Number Of <u>Options</u>	Weighted Average <u>Exercise</u>
Balance, November 30, 2010	1,840,000	0.18
Options granted	950,000	0.25
Options exercised	(425,000)	0.10
Options expired	(25,000)	0.10
Balance, year ended November 30, 2011	2,340,000	0.23
Options granted	1,950,000	0.14
Options expired	(940,000)	0.26
Balance, year ended November 30, 2012	3,350,000	0.17
Options granted	-	-
Options expired	-	-
Balance, year ended November 30, 2013 and 2014	3,350,000	0.17
Weighted average fair value per options granted		\$ 0.14

On April 17, 2012, an aggregate of 1,950,000 incentive stock options were granted to directors and officers of the Company. The options are exercisable at \$0.14 per share for a period of five years and will expire on April 17, 2017. The fair value of these options was \$219,219 and has been expensed in the statement of operations.

The Company used the Black-Scholes option pricing model to determine the value of the issued options. The assumptions were as follows: a 5 year expected term, a stock price volatility of 125% and a risk-free interest rate of 1.63%, and a forfeiture rate of 5%.

At November 30, 2014, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
450,000	\$0.10	January 31, 2015
950,000	\$0.25	July 17, 2016
1,950,000	\$0.14	April 17, 2017

At November 30, 2014, the 3,350,000 options outstanding have a weighted average life remaining of 1.87 years.

Warrants

On May 27, 2013, the 15,000,000 share purchase warrants expired, and the estimated fair value of these warrants was transferred from warrant reserves to contributed surplus.

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, 2014	Canada	Mexico	Total
Net loss for the year	\$ (205,155)	\$(5,020,201)	\$(5,225,356)
Current assets	131,553	37,080	168,633
Equipment	2,932	-	2,932
Exploration and evaluation assets	-	2,455,802	2,455,802
Total assets	\$ 134,485	\$ 2,492,882	\$2,627,367

November 30, 2013	Canada	Mexico	Total
Net loss for the year	\$ (261,285)	\$ (6,266)	\$ (267,551)
Current assets	425,646	32,597	458,243
Equipment	3,959	-	3,959
Exploration and evaluation assets	-	7,381,247	7,381,247
Total assets	\$ 429,605	\$7,431,844	\$7,843,449

Additional Disclosure for Venture Issuers Without Significant Revenue

	Year Ended November 30, 2014	Year Ended November 30, 2013
Capitalized or expensed Exploration and Development Costs	\$ 90,059	\$ 292,976
Impairment of exploration and evaluation assets	\$ 5,015,506	\$ -
General and Administrative Expenses	\$ 211,532	\$ 272,912
Material Costs	\$ -	\$ -

Capitalized or Expensed Exploration and Development Costs

For the Colibri property, we capitalized \$NIL during the year ended November 30, 2014 and \$14,115 during the previous year.

For the Ramaje Ardiente property, we capitalized \$47,943 during the year ended November 30, 2014 and \$146,433 during the previous year. During the year, we recorded an impairment charge of \$2,565,476.

For the Leon property, we capitalized \$40,446 during the year ended November 30, 2014 and \$90,317 during the previous year. During the year, we recorded an impairment charge of \$2,450,028.

For the Evelyn property, we capitalized \$1,670 during the year ended November 30, 2014 and \$42,111 during the previous year.

Management's Responsibility for Financial Information

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

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

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

Evaluation of Disclosure Controls and Procedures

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

Additional Information

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