



**TSX.V:CBI**

**COLIBRI RESOURCE CORPORATION**

**Form 51-102F1**

*Management Discussion & Analysis*

*Year Ended November 30, 2018*

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## Overview

The following Management Discussion and Analysis (“MD&A”) for Colibri Resource Corporation (“the Company”) prepared as of April 1, 2019 should be read together with the audited consolidated financial statements for the year ended November 30, 2018 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 “Risk and Uncertainties” for a discussion of the risks, uncertainties and assumptions relating to such information.

## FORWARD-LOOKING INFORMATION

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

Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this MD&A. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following factors: financial health of the Company’s 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 company, Minera Bestep 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. Minera has acquired a majority interest in three 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 Evelyn III Property, the Pilar Property, and the Sun 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.colibriresource.com](http://www.colibriresource.com) and on SEDAR at <http://www.sedar.com>.

## Overall Performance

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, 2018, AEM has incurred US\$2,797,013 in exploration and related costs on the "Pitaya" project with the Company holding a 24% 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 collecting 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.

The Company acquired the Pilar and Sun properties in August 2017 and has completed a phase 1 drilling program on the Pilar property. Results of the drilling program are available on SEDAR.

During the year, the Company entered into an agreement with Agnico with respect to the sale of the Colibri Project whereby Agnico will manage the sale process. In the event of a sale, if the consideration is any combination of cash and securities the Company will receive its proportionate share of such cash and securities. If the consideration received is other than a combination of cash and securities, the Company will receive cash proceeds from Agnico in the amount of \$US500,000.

As a result, management determined there were indicators of impairment on the Colibri property, and accordingly, recorded an impairment charge of \$1,730,793.

During the year, management determined there were indicators of impairment on its remaining properties, and accordingly, recorded an impairment charge of \$5,092,012.

## Annual Information

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

	For The Year Ended November 30, 2018	For The Year Ended November 30, 2017	For The Year Ended November 30, 2016
Total Revenue	\$ -	\$ -	\$ -
Net income (Loss)	(8,133,301)	(582,918)	(365,912)
Comprehensive loss	(8,143,635)	(654,048)	(365,912)
Basic and diluted earnings (loss) per share	(0.16)	(0.04)	(0.04)
Total assets	781,358	7,259,699	2,796,071
Total long term liabilities	-	-	-
Cash dividends	-	-	-

The Company has no intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance the growth of its business.

## Results of Operations

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may be different from those estimates. Additional significant accounting policies are detailed in Note 3 attached to the financial statements.

### For The Year Ended November 30, 2018

Operations in the year ended November 30, 2018 were focused on maintaining the Company's interests in its properties in Sonora, Mexico including a drill program on its Pilar property, as well as continued efforts to seek option arrangements for any of these properties.

The net loss for the year ended November 30, 2018 was \$8,133,301, which was a loss of \$0.16 per share on both a basic and a fully diluted basis. This loss was attributed to general and administrative expenses of \$1,117,806 and an impairment charge with respect to its mineral properties in the amount of \$6,822,805. Major components of the administrative expenses were share based compensation of \$264,399, advertising and promotion of \$414,585, audit and accounting of \$39,986, consulting fees of \$80,691, transfer agent and filing fees of \$18,808, and travel costs of \$51,301.

In addition, the Company realized a loss on the sale of a subsidiary company in the amount of \$132,690.

### For The Year Ended November 30, 2017

Operations in the year ended November 30, 2017 were focused on maintaining the Company's interests in its properties in Sonora, Mexico, including its two new properties, as well as continued efforts to seek option arrangements for any of these properties.

The net loss for the year ended November 30, 2017 was \$582,918, which was a loss of \$0.04 per share on both a basic and a fully diluted basis. This loss was attributed to general and administrative expenses of \$582,918. Major components of the administrative expenses were wages and benefits of \$75,246, audit and accounting of \$82,878, consulting fees of \$98,671, transfer agent and filing fees of \$20,471, and travel costs of \$90,696.

## Summary of Quarterly Results

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

	<b>Three Months Ended</b>							
	November 30, 2018	August 31, 2018	May 31, 2018	February 28, 2018	November 30, 2017	August 31, 2017	May 31, 2017	February 29 2017
Total assets	\$781,358	\$7,567,122	\$7,550,387	\$8,238,219	\$7,259,699	\$7,311,897	\$2,575,401	\$2,652,944
Mineral property costs	650,000	7,298,004	7,018,062	6,903,8168	6,937,148	6,838,015	2,503,763	2,496,189
Working capital	(519,099)	(225,690)	267,555	847,531	(81,112)	(34,236)	13,183	98,590
Shareholders' equity	139,039	7,080,807	7,287,539	7,842,179	6,857,029	6,805,076	2,518,546	2,596,682
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(7,062,642)	(301,021)	(599,097)	(170,541)	(20,110)	(227,171)	(186,441)	(149,196)
Earnings (loss) per share	(0.13)	(0.01)	(0.01)	(0.01)	(0.00)	(0.02)	(0.02)	(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, 2018	November 30, 2017
Working capital	\$ (519,099)	\$ (81,112)
Deficit	(14,405,762)	(9,693,786)

Net cash used in operating activities during the period was \$511,430 compared to \$883,598 during the previous period. 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 \$1,161,246 during the current year and \$753,113 during the previous year. Cash was received from private placements and the exercise of warrants during the year.

Net cash used in investing activities was \$532,399 during the current year and \$99,325 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 have been 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 on the 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, of which US\$1.5million (more thanUS\$2.8M incurred to date) is to be spent in the first 18 months, 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 will be 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 is exercisable into one common share at an exercise price of \$0.35 per common share. All warrants expired on May 26, 2013.

AEM has indicated that, pending budget approval, they will be doing a 2,000 meter drilling program on the Colibri property in 2016 at a cost of \$650,000. The Company will have the option to participate in the program or if not, the ownership % in the property will decrease. The Company has not yet decided if it will participate.

On December 14, 2015, the Company completed a non-brokered private placement with the issuance of 1,666,666 common shares at \$0.03 per share for gross proceeds of \$50,000.

On April 29, 2016, the Company completed a non-brokered private placement for gross proceeds of \$80,000. The non-brokered private placement consisted of 1,600,000 units at a price of \$0.05 per unit with each consisting of one common share and one common share purchase warrant, providing the holder with the right to purchase one additional Colibri common share for \$0.075 during the first twelve months following the date of issue, and for \$0.085 for the subsequent twelve months.

On June 30, 2016, the Company completed a non-brokered private placement for gross proceeds of \$100,000. The non-brokered private placement consisted of 1,000,000 units at a price of \$0.10 per unit with each unit consisting of one common share and one-half common share purchase warrant, providing the holder with the right to purchase one additional common share of Colibri with one whole share purchase warrant for \$0.15 for a period of twenty-four months from the date of issue.

On October 26, 2016, the Company completed a non-brokered private placement for gross proceeds of \$400,075. The non-brokered private placement consisted of 2,667,166 units at a price of \$0.15 per unit with each unit consisting of one common share and one common share purchase warrant, providing the holder with the right to purchase one additional common share of Colibri for \$0.25 for a period of twenty-four months following the date of issue. The Company incurred finder's fees of \$30,806 in cash as well as 205,272 finder's warrants, and legal fees of \$3,181.

On April 19, 2017 and August 1, 2017, the Company received cash proceeds of \$108,000 and \$48,750 respectively resulting from the exercise of share purchase warrants.

On September 6, 2017, the Company completed a non-brokered private placement for gross proceeds of \$639,750. The non-brokered private placement consisted of 4,265,000 units at a price of \$0.15 per unit with each unit consisting of one

common share and one common share purchase warrant, providing the holder with the right to purchase one additional common share of Colibri for \$0.25 for a period of twelve months following the date of issue. The Company incurred finder's fees of \$29,663 in cash as well as 197,500 finder's warrants, and legal fees of \$13,725.

On August 1, 2017, the Company issued 24,242,425 common shares in exchange for all of the issued and outstanding shares of Canadian Gold Resources Ltd. valued at \$4,000,000. The transaction is a related party transaction as the Company and Canadian Gold Resources Ltd. are managed by officers and directors in common.

On February 28, 2018 and March 15, 2018, the Company completed a non-brokered private placement for gross proceeds of \$1,212,098. The non-brokered private placement consisted of 12,120,980 units at a price of \$0.10 per unit with each unit consisting of one common share and one common share purchase warrant, providing the holder the right to purchase one additional common share of Colibri for \$0.15 for a period of sixty months from the date of issue. The Company incurred finder's fees of \$31,350 as well as 372,000 finders warrants and legal fees of \$33,102.

On April 23, 2018, the Company received cash proceeds of \$13,600 resulting from the exercise of share purchase warrants.

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:

<b>Description:</b>		
(1)	To make property option payments and mineral property tax estimated payments on the Colibri, Evelyn III, Pilar and Sun properties.	\$ 16,000
(2)	(a) Colibri Property (see Note 6 to financial statements), NSR option payment.	\$ 0
	(b) To exploration on the Pilar Property.	\$ 100,000
	(c) To maintenance and storage on the Sun Property.	\$ 1,000
	(d) To maintenance and storage on the Evelyn Property	\$ 20,000
(3)	To cover estimated general and administrative expenses for a 12-month period	\$ 160,000

### 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, 2018, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment charges in connection therewith:

Name	Relationship	Purpose of Transaction	Year Ended
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617337 NB Inc.	Company controlled by the President and CEO of the Company	Management	\$72,000
Brant Capital Partners Inc.	Company controlled by the President and CFO of the Company	Accounting	\$14,000
Ian McGavney	Chief Operating Office	Management	\$27,000
Edward Stringer	Director of the Company	Consulting fees	\$2,750
Paul Bartos	Director of the Company	Consulting fees	\$2,750
Jacques Monette	Director of the Company	Consulting fees	\$ 1,500
William Macdonald	Director of the Company	Consulting fees	\$ 2,000
Roger Doucet	Director of the Company	Consulting fees	\$ 2,500

During the year ended November 30, 2018, the following stock options were granted to insiders.

<b>Name</b>	<b>Relationship</b>	<b>Grant Date</b>	<b>Number Granted</b>	<b>Exercise Price</b>
Ron Goguen	President and CEO	April 16, 2018	300,000	\$0.10
Brian Crawford	Chief Financial Officer	April 16, 2018	100,000	\$0.10
Ian McGavney	Chief Operating Officer	April 16, 2018	1,250,000	\$0.10
Edward Stringer	Director	April 16, 2018	300,000	\$0.10
Paul Bartos	Director	April 16, 2018	300,000	\$0.10
Jacques Monette	Director	April 16, 2018	300,000	\$0.10
William Macdonald	Director	April 16, 2018	300,000	\$0.10
Roger Doucet	Director	April 16, 2018	300,000	\$0.10

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.

Accounts payable and accrued liabilities to related parties for 2018 of \$474,584 (2017 – \$341,770) is comprised of management fees and loans plus accrued interest due to companies controlled by officers of the Company. Amounts payable to related parties bear interest at 6% per annum, are due on demand, and are unsecured.

## **Risk and Uncertainties**

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

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

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

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

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

The 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, 2018 were focused on maintaining the Company's interest in its properties, as well as continuing preliminary surveying and groundwork on its Evelyn Property and Pilar Property.

The net loss for the three-month period ended November 30, 2018 was \$20,110 which was a loss of \$0.01 per share on both a basic and a fully diluted basis. This loss was attributed to general and administrative expenses.

## **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 allowance applied against deferred income tax assets; and

- Management's assumption of no material provisions or obligations, based on the facts and circumstances that existed during the period.

#### Carrying value and recoverable amount of exploration and evaluation assets

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

#### Determination of functional currency

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

#### Valuation of share-based compensation

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

#### Income taxes

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

#### **Accounting standards issued but not yet applied:**

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, 2018.

IFRS 9 Financial Instruments ("IFRS 9") 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.

IFRS 2 *Share-based Payments* (“IFRS 2”) has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
- The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company does not anticipate a significant impact on its financial results from adopting this standard.

## **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. Accounts 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 rate method.

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

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

Financial instruments classified as level 1 – quoted prices in active markets include cash. 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, 2018.

### **(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 Canadian bank savings accounts with interest that varies at prime.

**(c) Credit Risk**

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

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

November 30, 2018	Canada	Mexico	Total
Cash and cash equivalents	\$ 12,790	\$ 2,734	\$ 15,524
Receivables	10,055	22,123	32,178
	\$ 22,845	\$ 24,857	\$ 47,702

  

November 30, 2017	Canada	Mexico	Total
Cash and cash equivalents	\$39,195	\$ 13,047	\$52,242
Receivables	5,876	-	5,876
	45,071	\$ 13,047	\$58,118

**(d) Foreign exchange risk**

The Company's functional and reporting currency is the Canadian dollar. The Company, through its subsidiary, has operations in Mexico and therefore is exposed to foreign currency gains and losses due to fluctuations in the exchange rate between the Mexican peso and the Canadian dollar. To reduce the risk, the Company maintains pesos denominated bank accounts in Mexico, and when possible, negotiates its Mexican operations in US dollar.

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, 2018, the Company's consolidated balance sheets included \$1,746 (2017 – \$445) of cash denominated in U.S. currency and \$988 (2017 – \$1,557) denominated in Mexican currency; \$NIL (2017 – \$NIL) of accounts payable which were U.S. currency denominated and \$5,222 (2017 – \$1,962) 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, 2018 there were no foreign exchange contracts outstanding.

**(e) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined below. The Company has insufficient funds as at November 30, 2018 to settle its current accounts payable of \$642,319, and insufficient funds to meet its long-term commitments on mineral claims as outlined in Note 5.

In the opinion of management, the working capital of \$(519,099) at November 30, 2018 is insufficient to support the Company's normal operating requirements through its current reporting period. The Company is continuing to review expenditures in order to ensure adequate liquidity and flexibility to support its exploration and development strategies.

In order to maintain its current operations, subsequent to the year end, in connection with a private placement, the Company issued 6,340,000 units at a price of \$0.05 per unit for gross proceeds of \$317,000. Each unit consists of one common share and one whole non-transferable warrant. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of \$0.10 per share for a period of thirty-six months following the closing date.

## Outstanding Share Data

The Company has the following shares issued and outstanding:

	November 30, 2018	November 30, 2017
Authorized		
Common shares without par value	Unlimited	Unlimited
Issued and Outstanding	52,902,986	40,632,006

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

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

## Stock options

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

The number of stock options outstanding at November 30, 2018 is summarized as follows:

	Number Of <u>Options</u>	Weighted Average <u>Exercise</u>
Balance, November 30, 2017	700,000	0.15
Options granted	<u>3,775,000</u>	<u>0.10</u>
Balance, November 30, 2018	4,475,000	0.11

At November 30, 2018, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
550,000	\$0.15	June 14, 2021
150,000	\$0.15	January 23, 2019
1,800,000	\$0.10	April 16, 2028
1,975,000	\$0.10	April 16, 2023
4,475,000		

At November 30, 2018, the 4,475,000 options outstanding have a weighted average life remaining of 6.02 years.

## 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, 2017	7,267,166	\$ 0.24
Exercised during the year	(160,000)	\$ 0.08
Expired during the year	(2,842,166)	\$ 0.24
Issued during the year	12,120,980	\$ 0.15
Balance November 30, 2018	16,385,980	\$ 0.15

The following warrants are outstanding at November 30, 2018:

Number of warrants	Exercise price per warrant	Expiry date
4,265,000	\$0.25	September 6, 2019
10,770,980	\$0.15	February 26, 2023
1,350,000	\$0.15	March 15, 2023
16,385,980		

In addition, there are 469,500 broker warrants outstanding of which 197,500 are exercisable at \$0.25 per share and expire on September 6, 2019, and 272,000 which are exercisable at \$0.15 per shares and expire on February 26, 2023.

## 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, 2018	Canada	Mexico	Total

Net loss for the year	\$ (1,239,758)	(6,848,511)	\$(8,088,269)
Current assets	97,587	25,633	123,220
Mineral properties	-	650,000	650,000
Equipment	1,600	6,538	8,138
Total assets	\$99,187	\$682,171	\$781,358
Total liabilities	\$598,737	\$ 43,580	\$642,317
November 30, 2017	Canada	Mexico	Total
Net loss for the year	\$ (535,902)	\$ (47,016)	\$(582,918)
Current assets	270,775	50,783	321,558
Mineral properties	-	6,937,148	6,937,148
Equipment	993	-	993
Total assets	\$ 271,768	\$6,987,931	\$7,259,699
Total liabilities	\$ 400,708	\$ 1,962	\$ 402,670

#### **Additional Disclosure for Venture Issuers Without Significant Revenue**

	Year Ended November 30, 2018	Year Ended November 30, 2017
Capitalized or expensed exploration and development costs	\$ 526,600	\$ 99,425
Impairment of exploration and evaluation assets	\$ 6,822,805	\$ -
General and administrative expenses	\$ 1,117,806	\$ 582,918

#### **Capitalized or Expensed Exploration and Development Costs**

For the Colibri property, we capitalized \$NIL during the year ended November 30, 2018 and \$NIL during the previous year.

For the Evelyn property, we capitalized \$38,997 during the year ended November 30, 2018 and \$21,006 during the previous year.

For the Pilar property, we capitalized \$630,675 during the year ended November 30, 2018 and \$11,364 during the previous year.

For the Sun property, we capitalized \$698 during the year ended November 30, 2018 and \$167 during the previous year.

During the year, management determined there were indicators of impairment on the properties, and accordingly, recorded an impairment charge of \$670,370. This amount is included in the total impairment charge of \$6,822,805.

#### **Proposed Transaction**

During the year the Company entered into an agreement to acquire Yaque Minerales S.A. de C.V., a Mexico incorporated company which owns two mineral concessions, the El Mesquite property and the Jackie property located in the State of Sonora, Mexico. Consideration for the transaction is the issue of an unsecured convertible debenture by

the Company with a face value of \$1,000,000, a term of five years, bearing interest at 2.5% per annum, and convertible at any time to common shares of the Company at \$0.20 per common share.

The transaction is subject to regulatory approval and shareholder approval and is expected to close during Q2 of fiscal 2020.

### **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.

### **Subsequent Events**

Subsequent to the year end, the Company issued 6,340,000 units at \$0.05 per unit with each unit consisting of one common share and one common share purchase warrant exercisable at \$0.10 per share for a period of three years from the date of issue. The Company received gross proceeds of \$317,000 and incurred cash costs of \$8,950 and issued 73,000 broker warrants as compensation for the financing.

Subsequent to the year end, the Company granted 625,000 options exercisable at \$0.10 per share. The options have a term of five years and vest equally over the term.

### **Approval**

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

### **Additional Information**

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