

**COLIBRI RESOURCE CORPORATION**

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**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(February 28, 2011 and 2010)**

**(Unaudited)**

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**COLIBRI RESOURCE CORPORATION**  
(An Exploration Stage Company)

**Interim Consolidated Financial Statements**

**February 28, 2011 and 2010**

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(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Colibri Resource Corporation have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

**COLIBRI RESOURCE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND DEFICIT**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011 AND 2010**

(Unaudited – Prepared by Management)

	Three Months Ended February 28,	
	<u>2011</u>	<u>2010</u>
<b>EXPENSES, ADMINISTRATIVE AND GENERAL</b>		
Accounting and audit fees	\$ 5,774	\$ 9,257
Advertising and promotion	3,188	974
Amortization	1,402	1,971
Consulting	8,731	-
Foreign exchange (gain) loss	(277)	833
Legal	-	2,023
Management fees	22,500	22,500
Office and miscellaneous	4,675	4,616
Rent	2,250	5,189
Stock-based compensation	-	30,583
Telephone	528	532
Transfer agent and filing fees	2,150	2,351
Travel and related costs	4,320	7,291
<b>LOSS BEFORE OTHER ITEM</b>	(55,241)	(88,120)
<b>OTHER ITEM</b>		
Interest	872	676
<b>NET LOSS</b>	(54,369)	(87,444)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-
<b>DEFICIT, beginning of period</b>	(2,310,084)	(2,037,360)
<b>DEFICIT, end of period</b>	\$(2,364,453)	\$(2,124,804)
<b>BASIC AND DILUTED LOSS PER SHARE</b>	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	34,666,566	34,611,000

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

**COLIBRI RESOURCE CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**FEBRUARY 28, 2011**

(Unaudited – Prepared by Management)

	<u>February 28, 2011</u>	<u>November 30, 2010</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 416,904	\$ 454,924
Goods and Services Tax receivable	12,902	21,870
Prepaid expenses	<u>7,791</u>	<u>7,835</u>
	437,597	484,629
<b>EQUIPMENT</b> (Note 5)	18,327	19,729
<b>MINERAL PROPERTIES</b> (Note 6)	<u>5,739,968</u>	<u>5,670,460</u>
	<u>\$6,195,892</u>	<u>\$6,174,818</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 110,494	\$ 98,960
Accounts payable to related parties (Note 7)	<u>40,919</u>	<u>9,010</u>
	<u>151,413</u>	<u>107,970</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK</b> (Note 8)	5,854,413	5,822,413
<b>CONTRIBUTED SURPLUS</b> (Note 8)	2,554,519	2,554,519
<b>DEFICIT</b>	<u>(2,364,453)</u>	<u>(2,310,084)</u>
	<u>6,044,479</u>	<u>6,066,848</u>
	<u>\$6,195,892</u>	<u>\$6,174,818</u>

Approved on behalf of the Board:

"Lance D. Geselbracht"      Director

"William R. Walker"      Director

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

**COLIBRI RESOURCE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011 AND 2010**

(Unaudited – Prepared by Management)

	Three Months Ended February 28,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss and comprehensive income for the period	\$ (54,369)	\$ (87,444)
Add: Items not requiring the use of cash		
Amortization	1,402	1,971
Stock-based compensation	-	30,583
Change in non-cash working capital items:		
Decrease in receivables	8,968	5,534
Decrease (increase) in prepaid expenses	44	(1,016)
Increase (decrease) in accounts payable and accrued liabilities	11,534	71,176
Increase in accounts payable to related parties	31,909	2,710
	(512)	23,514
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of mineral properties and deferred exploration costs	(37,508)	(88,227)
<b>DECREASE IN CASH DURING THE PERIOD</b>	(38,020)	(64,713)
<b>CASH</b> , beginning of period	454,924	984,025
<b>CASH</b> , end of period	\$ 416,904	\$ 919,312

Supplemental disclosure with respect to cash flows (Note 9)

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

**COLIBRI RESOURCE CORPORATION**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011 AND 2010**  
**(Unaudited-Prepared by Management)**

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**1. NATURE AND CONTINUANCE OF THE BUSINESS**

Colibri Resource Corporation (“the Company”) was incorporated on February 20, 2004 in the province of British Columbia. The Company is pursuing opportunities in the exploration of mineral and natural resource properties in Mexico and is considered to be in the exploration stage.

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

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will continue on a going concern basis, which assumes the Company will be able to realize its assets and liabilities in the normal course of business. As at February 28, 2011, the Company has working capital of \$286,184 (2010 - \$797,677) and has a cumulative deficit of \$2,364,453 (2010 - \$2,124,804). The Company’s ability to continue as a going concern is dependent on its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations as they come due, and to continue its operations. Management is of the opinion that sufficient working capital will be obtained from external financing and/or joint venture arrangements to meet the Company’s liabilities and commitments as they become due and to fund capital projects, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. The obtaining of additional financing through debt or equity markets or joint venture arrangements is dependent on investor confidence in the markets in general, and in the Company itself. There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. In the event that the Company is unable to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classifications used.

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the accounts of Colibri Resource Corporation and its wholly owned subsidiary, Minera Halcones S.A. de C.V. (“Halcones”). Halcones was incorporated on March 30, 2004 in Mexico. All inter-company accounts and transactions have been eliminated upon consolidation. The significant accounting policies are summarized below:

**Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates. Significant areas requiring the use of management estimates relate to the determination of asset retirement obligations, environmental obligations, impairment of mineral properties, the assumptions used in the determination of the fair value of stock-based compensation and warrants, rates for amortization, accrued liabilities, and the determination of a valuation allowance for future income tax assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

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**2. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Stock-based compensation**

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the stock options, with a corresponding increase to contributed surplus. When stock options are exercised the corresponding fair value is transferred from contributed surplus to capital stock. In the event that unvested options are cancelled, previously recognized compensation expense associated with such options is reversed.

**Mineral Properties**

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permitting to complete the development of the properties, and future profitable production from the disposition of the metals produced from the properties.

**Impairment of Long-lived Assets**

Long-lived assets consist of equipment and mineral properties. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use wherever events or changes in circumstances indicate that the carrying value of an asset, or group of assets may not be recoverable. Impairment losses are recognized where undiscounted future cash flows from its use and disposal are less than the assets carrying amount. Impairment loss is measured as the amount by which the asset carrying value exceeds fair value. Discounted cash flows are used to measure fair value. Any impairment is included in loss for the year.

**Asset Retirement Obligations**

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

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. As at February 28, 2011 and 2010, the Company has determined that it does not have any asset retirement obligations.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Equipment**

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

Office furniture	20%
Computer equipment	30%
Computer software	100%
Automotive	30%

**Foreign Currency Translation**

The functional currency of the Company is the Canadian Dollar. The accounts of the Company's integrated foreign subsidiary are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Non-monetary assets and liabilities and revenues and expenses are translated at the rates prevailing on the respective translation dates. Foreign exchange gains and losses are included in the determination of net loss for the period.

**Loss Per Share**

Basic loss per common share is calculated using the weighted-average number of common shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this proved to be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

**Future income taxes**

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.



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**2. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Financial Instruments**

The Company has designated its financial instruments as follows: cash is classified as held-for-trading which is measured at fair value. Amounts receivable and GST/HST 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.

**Comprehensive income**

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this standard, the Company is to report a statement of comprehensive income and a category, accumulated other comprehensive income, in the shareholders' equity section of the consolidated balance sheet. The components of this category may include unrealized gains and losses on financial assets classified as available-for-sale, exchange gains and losses arising from the translation of financial statements of a self-sustaining foreign operation and the effective portion of the changes in fair value of cash flow hedging instruments. As there are currently no differences between net income and comprehensive income, or shareholders' equity and accumulated other comprehensive income, no statement of comprehensive income has been included with these consolidated financial statements.

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**3. RECENTLY ADOPTED ACCOUNTING STANDARDS**

(i) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, which replaces Sections 3062 and 3450. This new standard, which the Company adopted December 1, 2008, establishes new standards for the recognition, measurement and disclosure of goodwill and intangible assets. It also provides guidance for the treatment of preproduction and startup costs and requires that these costs be expensed as incurred. The adoption of these new standards has had no significant impact on the Company's consolidated financial statements.

(ii) Going Concern

In June 2007, the Canadian Institute of Chartered Accountants modified Section 1400, "General Standards of Financial Statement Presentation", in order to require that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but not limited to, twelve months from the balance sheet date. These new disclosure requirements have been implemented by the Company as of December 1, 2008, and have had no impact on the Company's consolidated financial statements.

(iii) Mining Exploration Costs

In March 2009 the CICA approved EIC 174, Mining Exploration Costs. The guidance clarified that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The guidance is applicable to fiscal periods ending after the issuance date. Adoption of this section has had no impact on the Company's financial statements.

(iv) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Canadian Institute of Chartered Accountants (CICA) issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. The guidance requires that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. Adoption of this section has had no impact on the Company's financial statements.

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**4. FUTURE ACCOUNTING POLICIES**

(i) Business Combinations, Consolidated Financial Statements and Non-controlling Interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary.

CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections on their consolidated financial statements.

(ii) International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board (ASB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies would be required to converge with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011 with comparative figures presented on the same basis. In February 2008, the CICA ASB confirmed the effective date of the initial adoption of IFRS. The transition date for the Company will be December 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. The Company is currently evaluating these new standards to determine the potential impact on its consolidated financial statements.

**COLIBRI RESOURCE CORPORATION**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011 AND 2010**  
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**5. EQUIPMENT**

	February 28, 2011			November 30, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office furniture	\$ 7,090	\$ 4,012	\$ 3,078	\$ 7,090	\$ 3,889	\$ 3,201
Computer equipment	24,056	17,463	6,593	24,056	16,886	7,170
Computer software	10,089	10,089	-	10,089	10,089	-
Automotive	32,100	23,444	8,656	32,100	22,742	9,358
	\$73,335	\$55,008	\$18,327	\$73,335	\$53,606	\$19,729

**6. MINERAL PROPERTIES**

**Title to Mineral Properties**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous 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, 2009, 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 is currently in the process of exercising its option to acquire the 90% interest.

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

As part of the Colibri property, on June 16, 2004, the Company agreed to an assignment of contract agreement to have the right to purchase a 100% interest in two mineral claims known as the San Francisco and the Juarez claims for a total of US\$1,000,000 to be paid over a six year period ending January 1, 2010. All option payments made under this agreement will be applied to the purchase price of US\$1,000,000 if the Company elects to purchase these two mineral claims. To date, the Company has paid US\$131,000, but has decided not to pay the remaining option payments, as the costs did not warrant the cost of finalizing the option agreements. All previously capitalized costs relating to these two mineral claims have been written off in the previous year.

**COLIBRI RESOURCE CORPORATION**  
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**6. MINERAL PROPERTIES** *(Continued)*

**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 has exercised its option to acquire the 100% interest, and so initiated a scoping and pre-feasibility study. Consequently, the Company has 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.

**Leon Property**

On June 16, 2004, the Company agreed to an option agreement with Minera La Pitahaya S.A. de C.V. (“Pitahaya”), a private Mexican company, which is 50% owned by a former director of the Company, to purchase a 100% interest in the Leon property, located in the State of Sonora, Mexico. Upon signing the option agreement, the Company paid \$20,000 and issued 200,000 common shares with a value of \$30,000.

The Company agreed to pay a total of \$190,000, issue a total of 200,000 common shares, incur a total of \$500,000 (incurred) in exploration expenditures and commence a scoping/pre-feasibility study by December 16, 2008, to earn its 100% interest.

The Company has paid the \$210,000 and issued all of the 400,000 common shares with a value of \$48,000. The Company is currently in the process of exercising its option to acquire 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.

**Evelyn Property**

In March 2009 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.

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**6. MINERAL PROPERTIES** *(Continued)*

<b>For the three months ended February 28, 2011</b>	Colibri Property	Ramaje Ardiente Property	Leon Property	Evelyn Property	February 28, 2011 Total
Balance, beginning of the period (audited)	\$2,519,152	\$ 832,148	\$2,306,563	\$ 12,597	\$5,670,460
Additions					
Mineral claims	-	32,000	-	-	32,000
Accommodation and meals	396	970	396	-	1,792
Assays and lab tests	1,663	-	-	-	1,663
Drilling / mobilization / demobilization	-	-	-	-	-
Field expenses and personnel	-	1,557	-	-	1,557
Geological consulting	6,633	6,633	7,833	-	21,099
Maps and reproduction	600	4,800	-	-	5,400
Miscellaneous	4,490	377	211	204	5,282
Property and claim taxes	-	-	-	-	-
Telephone	22	55	22	-	99
Travel and transport	83	479	84	-	646
	<u>13,887</u>	<u>46,871</u>	<u>8,546</u>	<u>204</u>	<u>69,508</u>
Balance, February 28, 2010 (unaudited)	\$2,533,039	\$ 879,019	\$2,315,109	\$ 12,801	\$5,739,968

  

<b>For the year ended November 30, 2010</b>	Colibri Property	Ramaje Ardiente Property	Leon Property	Evelyn Property	November 30, 2010 Total
Balance, November 30, 2009 (audited)	\$2,433,602	\$ 788,527	\$2,108,398	\$ 10,603	\$5,340,590
Additions					
Mineral claims	-	-	-	-	-
Accommodation and meals	1,945	548	712	-	3,205
Assays and lab tests	-	-	60,778	-	60,778
Drilling / mobilization / demobilization	-	-	-	-	-
Field expenses and personnel	1,615	-	723	-	2,338
Geological consulting	23,575	21,984	33,375	-	78,934
Geophysics	-	-	60,824	-	60,824
Maps and reproduction	1,247	-	5,724	-	6,971
Miscellaneous	12,359	2,882	5,263	2,065	22,569
Property and claim taxes	41,491	17,932	27,556	469	87,448
Telephone	153	49	56	-	258
Travel and transport	3,165	226	3,154	-	6,545
	<u>85,550</u>	<u>43,621</u>	<u>198,165</u>	<u>2,534</u>	<u>329,870</u>
Balance, November 30, 2010 (audited)	\$2,519,152	\$ 832,148	\$2,306,563	\$ 12,597	\$5,670,460

**COLIBRI RESOURCE CORPORATION**  
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**7. RELATED PARTY TRANSACTIONS**

Accounts payable to related parties of \$40,919 (2010 - \$16,284) is comprised of reimbursable travel costs to directors of the Company, management fees due to a company controlled by a director of the Company, and geological consulting fees due to a company controlled by a former director of the Company.

The Company entered into the following transactions with related parties:

- a) As outlined in Note 6, Ramaje Ardiente Property, the Company issued 200,000 shares (2010 - NIL) for a value of \$32,000 to a private Mexican company controlled by a former director of the Company.
- b) Paid or accrued \$19,900 (2010 – \$15,410) in geological consulting fees, of which \$19,900 (2010 – \$13,541) are included in mineral properties, to a company controlled by a former director.
- c) Paid or accrued \$8,088 (2010 – \$8,259) in geological consulting fees and mapping and production, of which \$6,600 (2010 – \$6,641) are included in mineral properties, to a director of the Company.
- d) Paid or accrued \$22,500 (2010 – \$22,500) in management fees to companies controlled by directors of the Company.
- e) Paid or accrued \$2,250 (2010 – \$2,250) in office rent to a company controlled by a director 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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**8. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

Authorized  
100,000,000 common shares without par value

Capital stock and contributed surplus is made up as follows:

	<u>February 28, 2011</u>		<u>November 30, 2010</u>	
	Capital Stock	Contributed Surplus	Capital Stock	Contributed Surplus
Common shares (i)	\$5,854,413	\$ -	\$5,822,413	\$ -
Warrants (ii)	-	-	-	-
Contributed surplus (i)	-	2,554,519	-	2,554,519
	<u>\$5,854,413</u>	<u>\$2,554,519</u>	<u>\$5,822,413</u>	<u>\$2,554,519</u>

(i) Common shares and contributed surplus consist of:

	Number of Shares	Amount	Contributed Surplus
Balance at November 30, 2007	34,111,010	\$5,775,413	\$ 514,384
Transfer to contributed surplus on expiry of warrants Pursuant to mineral property claims	-	-	1,996,883
Stock-based compensation	200,000	38,000	-
	<u>-</u>	<u>-</u>	<u>12,669</u>
Balance at November 30, 2008	34,311,010	\$5,813,413	\$ 2,523,936
Pursuant to mineral property claims	300,000	9,000	-
Balance at November 30, 2009	34,611,010	\$5,822,413	\$ 2,523,936
Stock-based compensation	-	-	30,583
Balance at November 30, 2010	34,611,010	\$5,822,413	\$ 2,554,519
Pursuant to mineral property claims	200,000	32,000	-
Balance at February 28, 2011	<u>34,811,010</u>	<u>\$5,854,413</u>	<u>\$ 2,554,519</u>

(ii) Warrants

There were no share purchase warrants outstanding as at February 28, 2011 and February 28, 2010.



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**8. CAPITAL STOCK AND CONTRIBUTED SURPLUS** *(Continued)*

**Stock Options**

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

The number of stock options outstanding is summarized as follows:

	Number Of <u>Options</u>	Weighted Average <u>Exercise</u>
Balance, November 30, 2008	1,640,000	\$ 0.21
Options forfeited	<u>(250,000)</u>	<u>0.22</u>
Balance, November 30, 2009	1,390,000	0.21
Options granted February 1, 2010	<u>450,000</u>	<u>0.08</u>
Balance, period ended February 28, 2011 and 2010	<u>1,840,000</u>	<u>0.18</u>
Weighted average fair value per options granted		\$ 0.09

On February 1, 2010, an aggregate of 450,000 incentive stock options were granted to directors and officers of the Company. The options are exercisable at \$0.10 per share for a period of five years and will expire on January 31, 2015. The fair value of these options was \$30,583 and was expensed in the statement of operations for the period ended February 28, 2010.

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 197% and a risk-free interest rate of 0.62%.

At February 28, 2011, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
450,000	\$0.10	October 20, 2011
940,000	\$0.26	October 29, 2012
450,000	\$0.10	January 31, 2015

At February 28, 2011, the 1,840,000 options outstanding have a weighted average life remaining of 1.97 years.

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**8. CAPITAL STOCK AND CONTRIBUTED SURPLUS** *(Continued)*

**Warrants**

The Company has NIL share purchase warrants outstanding at February 28, 2011 and February 28, 2010.

**9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	February 28, 2011	February 28, 2010
Cash paid during the period for income taxes	\$ -	\$ -
Cash paid during the period for interest	\$ -	\$ -

**10. 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:

February 28, 2011 (unaudited)	Canada	Mexico	Total
Net loss for the period	\$ (48,200)	\$ (6,169)	\$ (54,369)
Current assets	388,444	49,153	437,597
Equipment	17,981	346	18,327
Mineral properties	-	5,739,968	5,739,968
<b>Total assets</b>	<b>\$406,425</b>	<b>\$5,789,467</b>	<b>\$6,195,892</b>
<hr/>			
November 30, 2010 (audited)	Canada	Mexico	Total
Net loss for the year	\$(249,087)	\$ (23,637)	\$ (272,724)
Current assets	423,008	61,621	484,629
Equipment	19,355	374	19,729
Mineral properties	-	5,670,460	5,670,460
<b>Total assets</b>	<b>\$ 442,363</b>	<b>\$5,732,455</b>	<b>\$6,174,818</b>

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**11. 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, February 28, 2011.

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.

If interest rates applicable to this floating rate bank account were to increase or decrease by 1%, the Company's annual interest income would increase or decrease by \$3,600 (2010- \$9,000).

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 balance.

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

February 28, 2011 (unaudited)	Canada	Mexico	Total
Cash and cash equivalents	\$ 368,716	\$ 48,188	\$ 416,904
Accounts receivable	-	-	-
	\$ 368,716	\$ 48,188	\$ 416,904
<hr/>			
November 30, 2010 (audited)	Canada	Mexico	Total
Cash and cash equivalents	\$ 394,293	\$ 60,631	\$ 454,924
Accounts receivable	-	-	-
	\$ 394,293	\$ 60,631	\$ 454,924

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**11. FINANCIAL RISK FACTORS** *(Continued)*

d) 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.

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 February 28, 2011, the Company’s interim consolidated balance sheets included \$40,555 (2010 - \$13,206) of cash denominated in U.S. currency and \$7,633 (2010 - \$24,805) denominated in Mexican currency; \$52,405 of accounts payable (2010 - \$56,781) which were U.S. currency denominated and \$NIL (2010 - \$15,393) of accounts payable which were Mexico currency denominated. The Company does not use, hold or issue financial instruments for trading or speculative purposes. At February 28, 2011 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 Mineral Properties by \$500, and increase or decrease its expenses by \$620.

A 10% increase or decrease in the value of the US dollar compared to the Canadian dollar would not have a material effect on the Company’s reported Mineral Properties and expenses.

(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 February 28, 2011 to settle its current accounts payable of \$151,413, and any annual commitments on its mineral claims as outlined in Note 6.

In the opinion of management, the working capital of \$286,184 at February 28, 2011, plus the net proceeds received in April from the closing of its private placement outlined in Note 13, is sufficient to support the Company’s normal operating requirements through its current reporting period. 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 additional external financing, likely in the form of equity offerings, will be required in the future to complete its major exploration and development projects; however, it is not likely that there will be a need for more financing until the second half of 2012.

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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 February 28, 2011, total managed capital was \$6,044,479 (2010- \$6,252,128)

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 expects the capital resources available to it will be sufficient to carry its exploration and development plans and operations for the next twelve months.

There were no changes in the Company's approach to capital management during the three month period ended February 28, 2011. The Company is not subject to externally imposed capital requirements.

**13. SUBSEQUENT EVENTS**

- a) Colibri signed a final Earn-In and Shareholders Agreement with Agnico-Eagle Mines Ltd. (AEM) on February 28, 2011. 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 in exploration expenditures as well as complete a positive feasibility study within five years. In addition, AEM will be required to make option payments totaling \$1,452,000 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. AEM will also make an equity investment in Colibri by purchasing 3 million shares at \$0.20 per share and will receive 3 million full share purchase warrants that can be exercised at any time during the next 24 months at \$0.35 per warrant.

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**13. SUBSEQUENT EVENTS** *(Continued)*

- b) On March 4, 2011, Colibri announced a non-brokered private placement for gross proceeds of \$2,400,000 (the "private Placement"). This non-brokered private placement was completed on April 7, 2011, and 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 for a period of 24 months from the closing of the Private Placement. 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.

All of the common shares and warrants issued pursuant to this private placement are subject to a four-month hold period which expires on August 7, 2011.

Finders acting in connection with the Private Placement will receive a finder's fee in the total amount of \$112,350 and an aggregate of 561,750 finder's warrants, each finder's warrant entitling the holder thereof to purchase one common share until April 6, 2013.

An insider of the Company acquired a total of 2,450,000 Units in the private placement. The Insider Participation is exempt from the valuation and minority shareholder approval requirements of Multilateral Instrument 61-101 by virtue of the exemptions contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101 based on that the fair market value of such insider participation did not exceed 25% of the Company's market capitalization.

The proceeds from the private placement will be used for general working capital for the Company's operations in Sonora, Mexico including the previously announced 2000 meter drill program at the Ramard silver project near the municipality of Carbo, Sonora.