



TSX.V:CBI

COLIBRI RESOURCE CORPORATION

Form 51-102F1

Management Discussion & Analysis

For the Three and Nine Month Periods Ended September 30, 2022 and August 31, 2021

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Overview

The following Management Discussion and Analysis (“MD&A”) for Colibri Resource Corporation (“Colibri”) or (“the Company”) prepared as of November 28, 2022 should be read together with the unaudited condensed consolidated financial statements for the nine month period ended September 30, 2022 and related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Company has changed its fiscal year end from November 30 to December 31 to align with its subsidiaries. Based on the change of year end from November 30 to December 31, the Company had a transition year of thirteen months from December 1, 2020 to December 31, 2021. Pursuant to section 4.8(3) of National Instrument 51-102, the Company filed a notice of Change in Year End on www.sedar.com on August 3, 2021. On a go forward basis, the Company will shift to a fiscal year based on a December 31, 2021 financial year, with fiscal quarters ending on the last day in March, June, and September of each year. This MD&A should be read in conjunction with the consolidated financial statements and the notes thereto for the thirteen-month period ended December 31, 2021 and year ended November 30, 2020 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 companies, Minera Bestep S.A. de C.V. and Yaque Minerales 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 and Yaque have acquired a majority interest in six mineral properties and a minority interest in one mineral property 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.

Additional information related to the Company is available for view on the Company's website at www.colibriresource.com and on SEDAR at <http://www.sedar.com>.

Overview

The Company owns a 24% interest in the former Colibri property now known as Pitaya, with Agnico-Eagle Mines Ltd. (AEM), through one of its subsidiaries, owning the balance of the property

During the 2018 fiscal 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. During the 2019 fiscal year, Agnico advanced \$US300,000 in the form of an interest-bearing promissory note which is expected to be repaid from the proceeds of sale

The Company holds a 100% interest in the Evelyn property.

The Company acquired the Pilar and Sun properties in August 2017. The Sun property was allowed to lapse during the 2020 fiscal year and was reacquired during the 2021 fiscal period.

The Company acquired two additional properties during the 2019 fiscal year, the El Mezquite Property and the Jackie Property, both located in Sonora, Mexico.

During the 2020 fiscal year, the Company entered into an agreement with Silver Spruce Resources Inc. ("Silver Spruce") whereby Silver Spruce acquired a four-year option to purchase a 50% interest in Yaque Minerales S.A. de C.V., a wholly owned subsidiary of the Company which owns a 65% interest in the El Mezquite property in Mexico.

Consideration for the option includes payment of an amount to acquire the remaining 35% interest in the El Mezquite property, payments required to maintain surface rights for the El Mezquite property, payment of 50% of the property taxes on the El Mezquite property, payment of 50% of the interest on an existing convertible debenture related to the purchase of Yaque Minerales, and payment of \$500,000 prior to October 2023.

Silver Spruce must also incur USD \$600,000 in exploration and evaluation expenditures on the El Mezquite property during the period of the option, with no minimum annual amount.

During the 2020 fiscal year, Silver Spruce paid USD \$82,500 (CAD \$109,000) as partial payment to acquire the 35% interest in the El Mezquite property.

During the 2021 fiscal year, the Company paid USD \$50,000 as partial payment to acquire the 35% interest in the El Mezquite property and another USD \$50,000 in January 2022 resulting in the Company owning a 100% interest in the El Mezquite property. During the third quarter Colibri was informed by Silver Spruce that it was withdrawing from its agreement to purchase 50% of the Mezquite Project

During the 2020 fiscal year, the Company entered into an option agreement with Silver Spruce Resources Inc. ("Silver Spruce") whereby Silver Spruce can earn a 50% interest in the Jackie property by cash payments of USD \$50,000 and the issuance of CAD \$50,000 Silver Spruce shares to the Company over a two-year period. In addition, Silver Spruce is required to carry out USD \$100,000 of exploration and evaluation expenditures of which USD \$50,000 of expenditures must be incurred during the first year of the option.

On April 19, 2022, Silver Spruce having earned its 50% interest in the Jackie property, signed a joint venture agreement with the Company for the continued operation of the property.

During the 2019 fiscal year, the Company optioned the Pilar property to Tocvan Ventures Corp. and received as consideration 2,000,000 common shares of Tocvan, whose shares are listed on the Canadian Securities Exchange, and cash of \$125,000. Tocvan can earn a 51% interest in the Pilar property by issuing another 3,000,000 common shares, making additional cash payments of \$275,000 to the Company, and carrying out exploration and evaluation expenditures of \$2,000,000, over a 60-month period. During the 2020 year, the Company received an additional 1,000,000 common shares of Tocvan valued at \$465,000 and cash of \$125,000 as partial consideration in connection with the option agreement. During the 2021 fiscal year, the Company received an additional 1,000,000 common shares of Tocvan valued at \$910,000 and cash of \$25,000 as partial consideration in connection with the option agreement. During fiscal 2022, the Company received an additional 1,000,000 common shares of Tocvan valued at \$610,000 and cash of \$75,000 as partial consideration in connection with the option agreement.

During the 2021 fiscal year, the Company entered into an earn-in agreement whereby the Company can initially earn a 50% interest in the El Diamante property by making cash payment of USD \$100,000, paying one-half of the property tax and security costs and incurring the cost of 2,000 metres of drilling and related costs over a two-year period. Upon completion of its earn-in, the Company can either continue exploration and evaluation activities under a joint venture agreement with current owner of the property, or acquire the remaining 50% of the property by payment of USD \$2.1 million or payment of USD \$1.4 million and granting of a 2%NSR. The El Diamante property is located in the State of Sonora, Mexico.

During the 2021 fiscal year, the Company entered into an agreement with Silver Spruce Resources Inc. ("Silver Spruce") whereby Silver Spruce can earn a 50% interest in the Company's interest in the El Diamante property by making a cash payment of USD \$75,000 and incurring 75% of the Company's costs with respect to the 2,000 metres of drilling and 50% of any other costs incurred by the Company with respect to the El Diamante property.

During the current quarter, the Company along with Silver Spruce completed the 2,000 meters of drilling required in the agreement and upon delivery of the final drilling report to vendor will jointly earn a 50% interest in the El Diamante.

Exploration Projects

As noted above, the Company holds 7 gold exploration projects in Sonora Mexico of which 5 have active exploration projects. The other 2 projects, Pitaya and Sun projects are currently not active. See comments in the previous section of this MD&A.

Evelyn Gold Project

The Evelyn project is 100% owned by Colibri and is currently considered to be the flagship exploration asset. Between June 30, 2022 and September 30, 2022 the Company reengaged its campaign to test for additional indications of precious metals deposition and further understand the geology of the project.

In January, the Company announced the results of the 3,122 metres of drilling assays completed before year end 2021. Highlights of this drilling included 3m at 12.19 g/t gold as well as 1m at 33.7 g/t gold.

Diamante Gold and Silver Project

In February 2021, Colibri announced that it had reached an agreement with Bimsa Minera, a private Mexico based mineral exploration company to acquire up to 100% of the Diamante Gold & Silver project located adjacent to Colibri's Mezquite project in eastern Sonora. This promising project has hosted small scale historical mining activities however no records of past production are available. Historical samples taken by past owners indicate multiple areas of potentially high grade gold & silver mineralization as well as base metals including zinc, copper and lead.

The two-year option agreement to earn an initial 50% of the project included a cash component of USD \$100,000 in favor of the vendor (paid) and a commitment by Colibri to drill at least 2,000 m and provide a comprehensive drilling report.

The Diamante claims were placed by the vendor into a new Mexican company called BIMCOL Minera. Fifty percent of the shares of BIMCOL are held by the vendor and the other 50% of the shares are held in escrow in favour of Colibri in anticipation of the Company earning its 50% stake in the new corporation.

Upon earning the initial 50% of BIMCOL, Colibri will have up to six months to outright purchase the additional 50% of the new corporation by paying either USD \$2.1 million or by paying USD \$1.4 million and providing a 2% net smelter royalty in favour of the vendor. Should Colibri elect not to move forward with an outright purchase of the vendor's shares in BIMCOL the two companies will move forward as equal joint venture partners on the project.

In late April, Colibri announced that it had agreed to partner with Silver Spruce Resources Inc. (TSX-Venture: SSE) to earn the initial 50% of the Diamante. Terms of the partnership included Silver Spruce paying \$75,000 USD to Colibri and agreeing to pay 75% of the exploration and drilling costs incurred to earn the 50% stake of BIMCOL. Upon earning 50% of Diamante, Colibri and Silver Spruce will each own 25% of the shares of BIMCOL through equal ownership of another subsidiary holding the shares.

During the first quarter of 2022, Colibri and Silver Spruce geologists conducted two field trips to the project with the goal of confirming historical sampling and mapping undertaken by previous owners of the project. New samples taken by the geologists confirmed many of the recorded observations and assay values as well as widened the areas of interest.

During Q2 and Q3 2022 Colibri and Silver Spruce announce the commencement and completion of the first ever known drill program at Diamante. Encouraging results were achieved. The reader is encouraged to read Colibri's news releases dated September 3rd, 2022 and September 29th, 2022 for further details.

Pilar Gold and Silver Project

In September 2019, the Company entered into an agreement with Tocvan Ventures (CSE: TOC) whereby Colibri agreed to option up to 100% of the Pilar Gold & Silver Project located in Sonora Mexico. Tocvan has up to 5 years from the date of the agreement to earn an initial 51% of the project by satisfying certain terms. Upon completing the terms to earn its initial 51% of the project, Tocvan will then have 6 months to decide if it will purchase the remaining 49% from Colibri outright or proceed forward as joint venture partners. For full details of this agreement please see Colibri's news release dated September 24th 2019.

During the second and third quarter of 2022, Colibri announced results of its partner's continued work on the project which included: drill program assay results and preliminary metallurgy results. Tocvan also announced exploration intentions for the balance of 2022 and the first half of 2023.

More information about the results of the work completed at the Pilar Gold & Silver Project can be viewed at Colibri's website: www.colibriresource.com.

Jackie Gold & Silver Project

In November 2020, the Company announced that it had entered into an agreement with Silver Spruce Resources Inc. whereby Silver Spruce could earn 50% of Colibri's Jackie Gold & Silver Project located near the El Mezquite property. To the Company's knowledge, the Jackie property had no record of historical exploration. Terms of the agreement included a work commitment of USD \$100,000 to be spent over the course of two years with a minimum of USD \$50,000 to be spent in the first year. Pursuant to the agreement, Silver Spruce is required a cash payment of USD \$50,000 and CAD \$50,000 of Silver Spruce shares.

During Q2 and Q3 of 2022 no field work took place at the Jackie. Modelling of the information collected to date is ongoing the Company and its partner are planning a near term trench sampling and drilling program.

More information about the results of the work completed at Jackie Gold & Silver Project can be viewed at Colibri's website: www.colibriresource.com.

El Mezquite

In June 2020, Colibri entered into an agreement with Silver Spruce Resources whereby Silver Spruce could earn up to 50% of the El Mezquite from the Company by spending USD \$600,000 on exploration expenditures, paying cash consideration of USD \$210,000 over 12 months, and a providing a 3 year CAD \$500,000 promissory note.

In June 2021, Silver Spruce initiated a 2,485m drill program at the project and completed the program in July 2021. Results were announced in September 2021. Further details and results can be viewed on the Company's website: www.colibriresource.com.

During the first three quarters of 2022, no field activities at the Mezquite took place.

During the third quarter Colibri was informed by Silver Spruce that it was withdrawing from its agreement to purchase 50% of the Mezquite Project.

Colibri is currently reviewing the data generated for the project and anticipates that a new work program will be implemented in Fiscal 2023 which will include trenching, mapping, and a possible drill program to test for mineralization at depth.

More information about the results of the work completed at Mezquite Project can be viewed at Colibri's website: www.colibriresource.com.

Scientific and technical information regarding the mineral exploration properties presented in this section of the MD&A has been reviewed and approved by Jamie Lavigne, PGeo. Jamie Lavigne is a Director of Colibri and is a Qualified Person as defined in NI 43-101

Quarterly Information

During quarter exploration and business activity has been robust. Three of the Company's exploration projects were actively explored and drilled.

Evelyn

In August 2022, the Company announced the assay results from its Phase 1B drilling campaign, which started in the 1st quarter of the year at the Evelyn project and wrapped up in the first week of June. The full Phase 1 drill program tested numerous targets on the project including: Main Zone, Sahuaro, Cerro Rojo South, and West Evelyn. Drill results have been collected and being added to project models. Many results in the Phase 1B were favourable and include an intersection of 0.165 gram per tonne (g/t) gold over an intersection length of 86 metres, which includes 22 m at an average grade of 0.316 g/t Au in hole EVE22-042 from the Main zone.

For full details of the exploration results please see the Colibri news release dated August 25th, 2022.

Pilar

Colibri's option partner Tocvan Ventures continued to be very active on the Pilar gold and silver project during the third quarter of the year. During the quarter the partners announced results from drilling completed in the second quarter of 2022. Highlights from this reconnaissance drilling program (away from the Main Zone) included a 22.9 metre intersection of mineralization 0.30 g/t Au and 19 g/t Ag. These results compliment the additional results announced in May of reconnaissance drilling encountering 63.4 metres of gold mineralization at a grade of 0.60 g/t Au in late May 2022.

On September 19th, 2022 Tocvan announced that planning is under way for the next stage of exploration and development. A bulk sample is scheduled to begin preparation in October and November, utilizing a local heap leach facility to process material from Pilar. The outcome will provide useful data to assist in proceeding with the permitting and development requirements for establishing a bulk test mine on site. Exploration at Pilar will continue with drilling to follow up on key expansion target areas and provide infill data along established mineralized domains for future resource calculations.

Pilar next steps:

- Bulk sampling of trench material;
- Continued drilling of infill and stepouts:
 - 2,000-metre infill drilling;
 - 3,000-metre stepout and exploration drilling;
- Permitting for on-site test facilities;
- Updated technical report.

Diamante

Late in the second quarter of 2022, Colibri along with its partner Silver Spruce Resources announced that their team had completed all of required preparatory excavation work at Diamante to begin drill testing at two of the known target areas at the project (Pillado and Prieta). Shortly after completing this work, Colibri's RC drilling machine and drilling team arrived and commenced drilling. Subsequent to the quarter end, Colibri announced that a total of 2005m had been drilled in a total of 19 holes.

Results of the drilling were then released in news releases dated September 3rd, 2022 (El Pillado Target) and September 29th, 2022 (La Prieta Target). Results of the drilling were very encouraging and showed poly metallic mineralization including gold, high grade silver, zinc, and lead values. Highlighted results from the drilling program include: 9 metres at 2.48 g/t Au with 56.7 g/t Ag, 10.5 metres at 0.63 g/t Au with 38.5 g/t Ag and 1.61% zinc, and 6m at .26 g/t Au with 184.5 g/t Ag and 1.08% Zn.

Quarterly Results

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the unaudited condensed consolidated financial statements for the quarter.

	For the three months ended September 30, 2022	For the three months ended August 31, 2021
	\$	\$
Net income (loss)	352,332	(287,838)
Net income (loss) and comprehensive income	583,922	(621,576)
Basic and diluted earnings (loss) per share	0.00	0.00
Total assets	5,983,891	5,400,851
Total long-term liabilities	991,744	879,194
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 of the consolidated financial statements.

For The Three Month Period Ended September 30, 2022

Operations during the three-month period ended September 30, 2022 were focussed on exploration activities related to the Evelyn property and to managing exploration activities on behalf of optionees of the El Pilar, El Mezquite, Jackie and El Diamante properties.

Net income for the three-month period ended September 30, 2022 was \$352,332, which was an income of \$0.00 per share on both a basic and a fully diluted basis. Net loss for three-month period ended August 31, 2021 was \$287,838. The current quarter's income was attributed to general and administrative expenses of \$(310,952), realized and

unrealized gain (loss) on investment of \$(61,050) and \$4,360 respectively, drilling revenue of \$34,974 and mineral property option proceeds in excess of the capitalized cost of \$685,000.

The positive variance of \$640,170 between the third quarters of 2022 and 2021 is mainly due to the option payment of \$685,000 received from Tocvan in September as per the 2019 agreement for the option of the Pilar Property. The 2021 amount for the option from Tocvan was also received in September, however, since the change in year end, it was part of the in the fourth quarter in 2021.

Realized and unrealized loss on investment is \$43,732 higher in the current quarter than it was in 2021. The Company realized a loss of \$61,050 during the current quarter which is related to the current market conditions.

During the quarter, the Company also did some drilling which they earned a total income of \$34,974.

Administrative expenses increased by \$36,072 from \$274,880 in 2021 to \$310,952 for the current quarter. The significant variances in the current quarter from the quarter ending August 31, 2021, include advertising and promotion, amortization and depreciation, foreign exchange, legal, office and miscellaneous, share-based compensation and wages and benefits.

The decrease of \$42,651 from \$57,818 in 2021 to \$15,167 for the current quarter in advertising and promotion is due to the additional expenditures related to investor relationships in 2021.

The increase of \$16,482 from \$6,477 in 2021 to \$22,959 for the current quarter in amortization and depreciation is due to the purchase of drilling and support equipment in Q4 of 2021.

The increase of \$29,995 from a gain \$3,997 in 2021 to a loss of \$25,998 for the current quarter in foreign exchange loss (gain) is due to the fluctuation of the \$USD and the Mexican Pesos versus the \$CAD.

The decrease of \$58,707 from \$39,474 in 2021 to a gain of \$19,233 for the current quarter in office and miscellaneous is due to the reclassification of the year-to-date office salaries of the Mexican subsidiary from office to wages and benefits. The decrease is offset by an increase in wages and benefits of \$40,033 for the current quarter as compared to the same quarter of 2021.

The increase of \$48,372 from \$1,113 in 2021 to \$49,485 for the current quarter in legal is due mostly to the cease trade order issued by the Financial and Consumer Services Commissions of New Brunswick and the reinstatement of trading on the TSX Venture exchange.

The decrease of \$23,410 from \$23,410 in 2021 to \$nil for the current quarter in share-based compensation is due to the issuance of stock options in 2021 and no issuance in 2022.

For The Quarter Ended August 31, 2021

Operations in the quarter ended May 31, 2021 were focused on maintaining the Company's interests in its properties in Sonora, Mexico, as well as continued efforts to seek option arrangements for any of these properties.

The net loss for the quarter ended May 31, 2021 was \$287,838, which was loss of \$0.00 per share on both a basic and a fully diluted basis. This loss was attributed to general and administrative expenses of \$274,880, realized and unrealized loss (gain) on investment of \$(36,784) and \$49,742 respectively.

Summary of Quarterly Results

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

Three Months Ended (Four Months for August to December 2021)

	June 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	August 31, 2021	May 31, 2021	February 28, 2021	November 30, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Total assets	5,983,891	5,240,523	5,278,920	5,719,351	5,400,851	5,932,543	3,752,523	3,185,271
Mineral property costs	3,813,913	3,576,181	3,092,884	2,734,298	2,169,214	2,320,395	2,320,395	2,064,106
Working capital	490,185	184,975	817,999	1,577,973	2,207,813	2,655,414	73,667	(81,888)
Shareholders' equity	4,021,945	3,445,473	3,533,865	4,051,046	3,738,972	4,277,893	1,770,847	1,187,476
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	352,332	(158,093)	(554,969)	367,747	(287,838)	(128,573)	224,187	414,058
Earnings (loss) per share	0.00	0.00	(0.01)	0.00	(0.00)	0.00	0.00	0.00

Variation in operating results over the previous eight quarters resulted primarily from the timing of receipt of shares and cash from the optioning of mineral properties and subsequent market fluctuations in the price of those shares resulting in realized and unrealized gains and losses.

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.

	September 30, 2022	December 31, 2021
	\$	\$
Working capital	490,185	1,577,973
Deficit	(14,530,079)	(14,169,349)

Net cash used in operating activities during the period was \$670,271 compared to \$868,478 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.

Cash flow used in financing activities was \$40,184 during the current quarter and was provided by financing activities of \$2,079,845 during the same quarter of last year. Cash was used to repay the lease obligation during the current quarter.

Net cash used in investing activities was \$251,110 during the current quarter and was provided by investing activities of \$797,010 in the previous quarter ending August 31, 2021. Cash was expended on the exploration work conducted on the Evelyn property in Mexico, the purchase of capital assets and the purchase of investments. The Company generated cash proceeds from the sale of investments. Management believes the Company has sufficient working capital to fund its operations and exploration activities during the next fiscal year.

Capital Resources

The Company's sources of funds have been derived primarily from private placement financings, from proceeds from the optioning of some of its mineral properties, and from the proceeds from sale of investments.

On April 9, 2021, the Company completed a non-brokered private placement for gross proceeds of \$2,388,114. The non-brokered private placement consisted of 23,881,139 units at a price of \$0.10 per unit with each unit consisting of

one common share and one common share purchase warrant exercisable for a period of twenty-four months from the date of issue at \$0.15. The Company incurred fees of \$112,812 in connection with the private placement and issued 30,000 broker warrants.

On May 2, 2021 and June 11, 2021, the Company issued 500,000 common shares and 600,000 common shares respectively on the exercise of common share purchase warrants for gross proceeds of \$110,000.

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 comprehensive income and notes therein. The Company does not have any commitments for specific capital expenditures, as the agreements under which it may earn the interests in the mineral exploration properties are option agreements. However, the Company anticipates incurring the following expenditures from its available funds over the next fiscal year:

Description:		
(1)	To make property option payments and mineral property tax estimated payments on the Colibri, Evelyn III, Pilar, El Mezquite, Jackie and Sun properties.	\$ 16,500
(2)	(a) To exploration on the Evelyn Property	\$ 500,000
	(b) To exploration on the El Diamante Property	\$ 250,000
(3)	To cover estimated general and administrative expenses for a 12-month period	\$ 450,000

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 quarter ended September 30, 2022, 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	Quarter
505790 NB Inc. and Monette Contract Mining Inc.	Companies controlled by the President and CEO of the Company	Management	\$36,500
Ian McGavney	Chief Operating Office	Management	\$12,000
Francis Minerals Inc.	Company controlled by a Director of the Company	Exploration consulting fees	\$5,000
Jamie Lavigne	Director of the Company	Consulting fees	\$750
Kevin O'Connor	Director of the Company	Consulting fees	\$750
Camilla Cormier	Director of the Company and CFO	Consulting fees and accounting	\$6,850
William Macdonald	Director of the Company	Consulting fees	\$1,500
Roger Doucet	Director of the Company	Consulting fees	\$750

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 as at September 30, 2022 of \$68,584 (December 31, 2021 – \$84,092) is comprised of management fees and consulting fees due to companies controlled by officers and directors of the Company. Amounts payable to related parties are non-interest bearing, 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 acquisition of title to mineral projects is a very detailed and time-consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

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.

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 September 30, 2022.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2023, with early application permitted. This amendment is not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments— Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the

related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

In May 2021, the International Accounting Standards Board issued targeted amendments to IAS 12, Income Taxes. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. With a view to reducing diversity in reporting, the amendments will clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and decommissioning liabilities. This amendment is not expected to have a material impact on the Company's financial statements.

Financial Instruments and Other Instruments

The Company has designated its financial instruments as follows: cash and investment are classified as held-for-trading which is measured at fair value. Cash and investment are 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 and investment. 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, September 30, 2022.

(a) Fair Value

Financial instruments included in the consolidated statements of financial position are measured either at fair value or amortized cost. Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in an arm's-length transaction between knowledgeable and willing parties.

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.

Marketable securities in the form of common shares of listed companies are valued based on quoted market prices for identical assets in an active market.

Debt instruments are valued at the approximate carrying value as discount rate on these instruments approximate the Company's credit risk.

(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 both its convertible debentures and promissory note payable have fixed rates of interest. 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:

September 30, 2022	Canada	Mexico	Total
	\$	\$	\$
Cash	375,264	26,547	401,811
Receivables	88,981	118,414	207,395
	464,245	144,961	609,206
December 31, 2021	Canada	Mexico	Total
Cash	1,267,853	41,622	1,309,475
Receivables	33,621	10,315	43,936
	1,301,474	51,937	1,353,411

(d) Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar. The Company, through its subsidiaries, 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 dollars. Foreign currency gains and losses on loans from the Company to the Mexican subsidiaries are recorded in other comprehensive income because the loans are part of a net investment in a foreign operation and repayment of the loans is not expected in the foreseeable future.

The significant balances in foreign currencies at September 30, 2022 are as follows:

	US Dollars	Mexican Pesos
Cash	77,133	84,988
Accounts receivable	57,340	237,104
Accounts payable and accrued liabilities		(1,911,449)
Promissory note payable	(395,393)	-
Lease liability	-	(463,923)
	<u>(260,920)</u>	<u>(2,053,280)</u>
Canadian dollar equivalent	<u>(357,643)</u>	<u>(139,541)</u>

Based on the aforementioned net exposure as at September 30, 2022, and assuming that all other variables remain constant, a 10% rise or fall in the Canadian dollar against the other foreign currencies would have resulted in approximately the following increase (decrease) in the income (loss) before taxes or the other comprehensive income (loss) for the year:

	Canadian Dollar	
	Appreciates 10%	Depreciates 10%
	\$	\$
Against US Dollar	35,764	(35,764)
Against Mexican Pesos	13,954	(13,954)

(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. At September 30, 2022, the Company had a cash balance of \$401,811 and short term investments of \$670,000 to settle its current liabilities of \$962,752. Of the Company's current liabilities, \$394,946 have contractual maturities of less than 30 days and are subject to normal trade term. The Company also has sufficient funds to cover its long-term commitments on mineral claims as outlined in Note 10.

The Company has working capital of \$490,185 at September 30, 2022 which, in the opinion of management, is sufficient 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. The Company believes that external financing, likely in the form of equity offerings or optioning one or more of its claims, will be required in order to maintain its current operations.

Outstanding Share Data

The Company has the following shares issued and outstanding:

	September 30, 2022	December 31, 2021
Authorized		
Common shares without par value	Unlimited	Unlimited
Issued and Outstanding	96,726,625	96,726,625

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 September 30, 2022 is summarized as follows:

	Number Of <u>Options</u>	Weighted Average <u>Exercise</u>
Balance, November 30, 2020	5,300,000	0.09
Options granted	1,150,000	0.10
Options expired	<u>(925,000)</u>	<u>0.15</u>
Balance, December 31, 2021 and September 30, 2022	6,525,000	0.09

At September 30, 2022, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
1,200,000	\$0.10	April 16, 2028
1,975,000	\$0.10	April 23, 2023
1,200,000	\$0.05	May 28, 2025
1,900,000	\$0.10	April 21, 2026
<u>250,000</u>	\$0.10	July 28, 2026
6,525,000		

At September 30, 2022, the 6,525,000 options outstanding have a weighted average life remaining of 2.86 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, 2020	24,963,480	0.13
Issued during the year	23,881,139	0.15
Exercised during the year	(1,100,000)	0.10
Balance - December 31, 2021	47,744,619	0.14
Expired during the period	(8,120,000)	0.10
Balance September 30, 2022	39,624,619	0.15

The following warrants are outstanding at September 30, 2022:

Number of warrants	Exercise price per warrant	Expiry date
2,660,000	0.10	October 9, 2022
962,500	0.12	November 5, 2022
10,770,980	0.15	February 26, 2023
1,350,000	0.15	March 15, 2023
23,881,139	0.15	April 9, 2023
39,624,619		

In addition, there are 302,000 broker warrants outstanding of which 272,000 are exercisable at \$0.15 per share and expire on February 26, 2023, and 30,000 which are exercisable at \$0.15 and expire April 9, 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 income and assets identifiable with these geographic areas are as follows:

September 30, 2022	Canada	Mexico	Total
	\$	\$	\$
Net loss (income) for the 9 month period	874,352	(513,622)	360,730
Net loss (income) for the 3 month period	322,112	(674,444)	(352,332)
Current assets	1,134,375	318,562	1,452,937
Mineral properties	-	3,813,913	3,813,913
Capital assets	2,308	570,052	572,360
Right-of-use assets	110,450	34,231	144,681
Total assets	1,247,133	4,736,758	5,983,891
Total liabilities	1,800,558	161,388	1,961,946
August 31, 2021	Canada	Mexico	Total
Net loss for the 9 month period	126,978	65,246	192,224
Net loss for the 3 month period	233,862	53,976	287,838
December 31, 2021	Canada	Mexico	Total
Current assets	2,263,552	81,646	2,345,198
Mineral properties	-	2,734,298	2,734,298
Capital assets	3,174	477,596	480,770
Right-of-use-asset	120,593	38,492	159,085
Total assets	2,387,319	3,332,032	5,719,351
Total liabilities	1,544,744	123,551	1,668,295

Additional Disclosure for Venture Issuers Without Significant Revenue

A breakdown of material G&A expenses is set out in the Consolidated Statements of Comprehensive Income for the period ended September 30, 2022.

Capitalized or Expensed Exploration and Development Costs

Note 10 to the Consolidated Financial Statements for the quarter ended September 30, 2022 set out amounts with respect to capitalized exploration and evaluation expenditures by property.

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 event

- (a) On October 9, 2022, 2,660,000 Company warrants expired and on November 5, 2022, another 962,500 Company warrants expired.
- (b) On November 18, 2022, 375,000 Company stock options expired.

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>.