

NO SECURITIES REGULATORY AUTHORITY HAS EXPRESSED AN OPINION ABOUT THESE SECURITIES AND IT IS AN OFFENCE TO CLAIM OTHERWISE.

PROSPECTUS

Initial Public Offering

July 13, 2005



COLIBRI RESOURCE CORPORATION

(an exploration company)

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Vancouver, BC V6C 1T2
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Maximum Offering: 10,000,000 Units to Raise \$2,500,000

Minimum Offering: 6,000,000 Units to Raise \$1,500,000

at \$0.25 per Unit

Colibri Resource Corporation (the “Company”) is offering (the “Offering”) to the public through its agent, Canaccord Capital Corporation (the “Agent”), on a commercially reasonable efforts basis, units (the “Units”) to raise up to a maximum of \$2,500,000 (prior to the exercise of the Greenshoe as described in Note 2 below). The Offering is subject to the Company raising a minimum of \$1,500,000 (the “Minimum Offering”). The Units are being offered at a price of \$0.25 per Unit (the “Offering Price”), with each Unit consisting of one common share in the capital of the Company (a “Share”) and one transferable common share purchase warrant (a “Warrant”). Two whole Warrants will entitle the holder thereof to acquire one additional common share of the Company (a “Warrant Share”) for a period of 24 months following completion of the Offering at an exercise price of \$0.30 per Warrant Share.

The Company has applied to list the Shares and Warrants, subject to meeting distribution requirements under this Prospectus, on the TSX Venture Exchange (the “Exchange”). Listing will be subject to the Company fulfilling all the listing requirements of the Exchange.

	Price to the Public ⁽¹⁾	Agent’s Commission ⁽³⁾	Proceeds to the Company ⁽⁴⁾
Per Unit	\$0.25	\$0.02125	\$0.22875
Minimum Offering (6,000,000 Units)	\$1,500,000	\$127,500	\$1,372,500
Maximum Offering (10,000,000 Units) ⁽²⁾	\$2,500,000	\$212,500	\$2,287,500

⁽¹⁾ The Offering Price was determined by negotiation between the Company and the Agent, and in accordance with the policies of the Exchange.

- (2) The Company has granted the Agent an option (the “Greenshoe Option”) exercisable within 60 days of the closing of the Offering to acquire from the Company, at the Offering Price, that number of Units which is equal to the lesser of 15% of the number of Units sold pursuant to the Offering and the actual number of Units subscribed for over and above the Maximum Offering. In the event the Agent exercises the Greenshoe Option in full, up to 1,500,000 additional Shares and 750,000 Warrant Shares may be issued for gross proceeds to the Company of \$375,000 (less the Agent’s commissions of \$31,875) for net proceeds to the Company of \$343,125. The Greenshoe Option and the resulting Shares and Warrant Shares that may be issued are qualified for distribution hereunder. Refer to “Plan of Distribution”.
- (3) The Company has agreed to pay a commission to the Agent equal to 8.5% of the gross proceeds of the Offering (including Units that may be sold pursuant to the Greenshoe Option). The Agent may elect to take up to one-half of this commission in the form of Units (the “Agent’s Units”). Each Agent’s Unit will be comprised of one common share of the Company (“AU Share”), up to a maximum of 488,750 AU Shares, and non-transferable share purchase warrants (the “AU Warrants”) entitling the Agent to purchase up to an additional 244,375 common shares of the Company (the “AU Warrant Shares”) at a price of \$0.30 per AU Warrant Share for a period of 24 months from the issuance of the AU Warrants. The Agent’s Units and the resulting AU Shares and AU Warrant Shares that may be issued are qualified for distribution hereunder. Refer to “Plan of Distribution”.
- The Company will also issue to the Agent non-transferable share purchase warrants (the “Agent’s Warrants”) entitling the Agent to acquire up to a maximum of 1,725,000 common shares of the Company (the “Agent’s Shares), such number of Agent’s Shares being calculated on the basis of 15% of the number of Units sold pursuant to the Offering (including Units that may be sold pursuant to the Greenshoe Option). The Agent’s Warrants will be exercisable at a price of \$0.30 per Agent’s Share for a period of 24 months from the issuance of the Agent’s Warrants. The Agent’s Warrants and the resulting Agent’s Shares that may be issued are qualified for distribution hereunder. Refer to “Plan of Distribution”.
- The Company will also issue to the Agent, as a corporate finance fee, 240,000 Units (the “CF Units”), entitling the Agent to acquire up to 240,000 common shares (the “CF Shares”) and non-transferable share purchase warrants (the “CF Warrants”) entitling the Agent to purchase up to an additional 240,000 common shares of the Company (the “CF Warrant Shares) at a price of \$0.30 per CF Warrant Share for a period of 24 months from the issuance of the CF Warrants. The CF Units and the resulting CF Shares and CF Warrant Shares that may be issued are qualified for distribution hereunder. Refer to “Plan of Distribution”.
- The Company will also pay for all reasonable expenses incurred by the Agent in connection with the Offering, including the Agent’s fees, out-of-pocket expenses and fees and disbursements of the Agent’s legal counsel, and an administration fee of \$20,000. The administration fee, at the election of the Agent, may be converted into a maximum of 80,000 Units prior to the completion of the Offering (the “Work Fee Units”) entitling the Agent to acquire up to 80,000 common shares (the “Work Fee Shares”) and non-transferable share purchase warrants (the “Work Fee Warrants”) entitling the Agent to purchase up to an additional 40,000 common shares of the Company (the “Work Fee Warrant Shares”) at a price of \$0.30 per Work Fee Warrant Share for a period of 24 months from the issuance of the Work Fee Warrants. The Work Fee Units and the resulting Work Fee Shares and Work Fee Warrant Shares that may be issued are qualified for distribution hereunder. Refer to “Plan of Distribution”.
- (4) Before payment of the remaining legal, audit and other expenses associated with the Offering, estimated to be \$82,500. Refer to “Use of Proceeds”.

Until such time as a closing has occurred in respect of the Minimum Offering, all subscription funds received by the Agent will be held by the Agent, pending closing of the Minimum Offering. If the Minimum Offering has not been subscribed for prior to the expiry of the 90 day offering period, the Agent shall promptly return the proceeds of subscriptions to the subscribers without interest or deduction unless such subscribers have otherwise instructed the Agent.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the Prospectus.

A investment in the Units should be regarded as highly speculative and involves certain risk factors that should be taken into consideration. Investments in natural resource issuers involve a significant degree of risk. The degree of risk increases substantially where property interests are in the exploration, as opposed to, the development stage. All of the Company's property interests are in the exploration or pre-exploration stage and are without a known body of commercial ore. The Company's proposed exploration programs are for the exploratory searches for ore. Investors should not invest any funds in the Units unless they can afford to lose their entire investment. For further particulars, refer to "Risk Factors".

The Agent conditionally offers the Units for sale on a commercially reasonable efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agent in accordance with the terms and conditions contained in the Agency Agreement referred to under the heading "Plan of Distribution".

AGENT:

**Canaccord Capital Corporation
2200 – 609 Granville Street
Vancouver, British Columbia
V7Y 1H2**

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SUMMARY OF PROSPECTUS

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

- Business of the Company** The Company is a mineral exploration company with interests in certain properties located in the States of Sonora, Mexico. The business of the Company consists of the acquisition, exploration and development (if warranted) of the properties in which it holds an interest. The principal minerals being targeted by the Company at the present time are gold, silver and the base metals of copper, molybdenum and zinc. Refer to “The Business of the Company”.
- Offering:** The Company is offering to the public, through the Agent, on a commercially reasonable efforts basis, up to 10,000,000 Units to raise \$2,500,000, with a minimum offering of 6,000,000 Units to raise \$1,500,000. The Units are being offered at a price of \$0.25 per Unit, with each Unit consisting of one Share and one Warrant. Two Warrants will entitle the holder thereof to acquire one Warrant Share for a period of 24 months following completion of the Offering at an exercise price of \$0.30.
- Greenshoe Option:** The Agent has been granted a Greenshoe Option pursuant to which the Agent may acquire from the Company, within 60 days of the closing of the Offering, at a price of \$0.25 per Unit, that number of Units equal to the lesser of 15% of the number of Units sold pursuant to the Offering and the actual number of Units subscribed for over and above the Maximum Offering.
- The Agent may purchase additional Shares and Warrants on the Exchange in order to fill subscriptions which may otherwise be filled through the exercise of the Greenshoe Option.
- Agent’s Fees and Expenses:** The Agent will receive a commission equal to 8.5% of the gross proceeds of the Offering (including any Units sold on the Greenshoe Option). The Agent may elect to take up to one half of this cash commission in the form of Units (the “Agent’s Units”) The Company will also issue to the Agent non-transferable share purchase warrants (the “Agent’s Warrants”) to acquire the number of common shares which is equal to 15% of the number of Units sold pursuant to the Offering (including any sold on the Greenshoe Option). The Agent’s Warrants will be exercisable at a price of \$0.30 per Share for a period of 24 months from the Listing Date. The issuance of the Agent’s Warrants and Agent’s Units are qualified for distribution.
- The Company will also pay for all reasonable expenses incurred by the Agent in connection with the Offering, including the Agent’s fees, out-of-pocket expenses and fees and disbursements of the Agent’s legal counsel. The Company will also pay the Agent a corporate finance fee of the 240,000 Corporate Finance Units, which are qualified for distribution, and a \$20,000 administration fee. The administration fee, at the election of the Agent, may be converted into Units prior to the completion of the Offering (the “Work Fee Units”). The issuance of the Corporate Finance Units and Work Fee Units also qualifies for distribution under this Prospectus.

Prior Share Issues: A total of 8,716,866 common shares were issued pursuant to prospectus exemptions under applicable securities legislation at various prices for gross proceeds to the Company of \$892,764.95 (net proceeds: \$802,765). Refer to “Prior Sales”. The proceeds from the sale of the common shares were used by the Company for costs associated with the acquisition of interests in certain Mexican mineral properties, preliminary exploration on one of these properties, the preparation of this Prospectus, for working capital and general corporate purposes. Refer to “The Business of the Company”.

Use of Proceeds: The Company will receive gross proceeds of \$2,500,000 in the event of completion of the Maximum Offering, or \$1,500,000, in the event that only the Minimum Subscription is reached. The Company had working capital as at June 30, 2005 of approximately \$104,750. As a result, the Company will have available to it up to \$2,604,750, in the event the Maximum Offering is completed, or \$1,604,750, in the event that only the Minimum Offering is completed. The Company intends to use these funds as follows:

	Minimum Offering	Maximum Offering
Description:		
(1) To pay the estimated remaining costs of the Offering (includes Agent’s commission, legal, accounting, auditing, etc. costs)	\$210,000	\$295,000
(2) To pay Agent’s administration fee (\$20,000), in the event the Agent elects to receive same in cash rather than Work Fee Units, and estimated Expenses, e.g. marketing	30,000	30,000
(3) To make property option payments on the San Francisco and Juarez claims on the Colibri gold property, collectively for the sum of US\$5,000 on each of 01 April, 2005, 01 July, 2005, 01 October, 2005, and 01 January 2006	25,000	25,000
Note: C\$/US\$ foreign exchange assumption = 1.25		
(4) To make property option payments of C\$ due per schedule below	40,000	40,000

Dec. 15
2005

Colibri property	\$25,000
Leon property	\$15,000
Ramard property	\$Nil

(5)	To make mineral property tax estimated payments due per schedule below	20,398	20,398
		July 1	January 1
		<u>2005</u>	<u>2006</u>
	Colibri property	\$5,319	\$5,851
	Leon property	\$2,217	\$2,439
	Ramard property	\$2,177	\$2,395
	Note: Mexican peso/C\$ foreign exchange assumption = 8.5		
(6)	(a) To conduct the Phase I exploration – Colibri property	645,320	1,270,320
	(b) To conduct the Phase I exploration program on the Ramard property	250,000	250,000
	(c) To conduct a basic exploration program on the Leon property	40,000	40,000
(7)	To cover estimated general and administrative expenses for a 12-month period	177,684	264,684
(8)	To provide general working capital	166,348	369,348
	TOTAL	1,604,750	2,604,750

Refer to “Use of Proceeds”.

Risk Factors:

There is currently no market for the Shares. Investment in the Units should be regarded as highly speculative due to the proposed nature of the Company’s business and its present stage of development.

The Company presently has no producing properties and the properties of the Company are without a known body of ore. There is no assurance that commercial quantities of minerals will be discovered on the properties nor is there any guarantee that the Company’s exploration program thereon will yield positive results. The Company has no source of revenue and currently operates at a loss. Exploration, development and mining operations involve a high degree of risk that even a combination of experience, knowledge and careful evaluation may not be able to overcome. It will be necessary for the Company to raise additional monies to carry out exploration or development on the properties and there is no assurance that additional funds can be obtained on terms acceptable to the Company or at all. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration or development of the properties or loss of mineral claims. The Company’s operations are subject to regulatory and environmental control by, and require licences, permits and approvals from, governmental bodies over which the Company has no control. The Company also competes with other corporations which have greater technical and financial resources.

Certain directors and officers of the Company are also directors, officers, or shareholders of other companies that are similarly engaged in the business of

acquiring, developing, and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time.

Specifically, one of the Company's director has substantial ownership positions in the companies from which we have agreed to acquire our properties. Until such time as the Company has fully earned our interests in the properties, such associations may give rise to conflicts of interests from time to time.

Refer to "Risk Factors".

Selected Financial Information:

The following information has been summarized from the financial statements contained in this Prospectus, and reference should be made to these financial statements to put the following selected financial information in context.

	Period Ended November 30, 2004 (audited)	Three Month Period ended February 28, 2005 (unaudited)
Current assets	\$289,515	\$128,962
Mineral properties and deferred exploration costs	\$292,619	\$439,769
Total liabilities	\$32,156	\$64,889
Shareholders equity (net of deficit)	\$581,268	\$561,521
Net income (loss)	\$(122,564)	\$(24,747)
Net income (loss) per share	\$(0.05)	\$(0.01)

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain mining terms used in this Prospectus:

“Ag” - the elemental symbol for silver.

“*alteration*” - usually referring to chemical reactions in a rock mass resulting from the passage of hydrothermal fluids.

“*adit*” – an opening driven horizontally into the side of a mountain or hill for providing access to a mineral deposit.

“*andesite*” - a fine grained intermediate volcanic rock composed of andesine and one or more mafic constituents.

“*anomaly or anomalous*” – a deviation from uniformity or a local feature distinguishable in a geotechnical survey over a larger area. A local feature of a geotechnical survey that is different in appearance from the survey in general. In technical reports, a condition that may direct exploration to the location of petroleum or mineral deposits.

“*argyllitic*” –rock having the character of unusually hard, fine-grained sedimentary rocks, such as shale, mudstone, siltstone, and claystone. Commonly black.

“*assay*” - an analysis to determine the presence, absence or quantity of one or more components (minerals).

“Au” - the elemental symbol for gold.

“*base metal*” - any non-precious metal (e.g. copper, lead, zinc, molybdenum, nickel, etc.).

“*batholith*” - an intrusion, usually granitic, which has a large exposed surface area and no observable bottom. Usually associated with orogenic belts.

“*breccia*” - rock consisting of more or less angular fragments in a matrix of finer-grained material or cementing material.

“*bulk tonnage*” – any large-scale, mechanized method of mining involving many thousands of tonnes of ore being excavated per day.

“*carbonate*” – calcium-bearing rock.

“*country rock*” – essentially barren rock surrounding rock containing minerals of commercial or potentially commercial value.

“Cu” - the elemental symbol for copper.

“*dacite*” - a fine grained acid volcanic rock, similar to rhyolite in which the feldspar is predominantly plagioclase. Volcanic equivalent of granodiorite and quartz diorite.

“*detachment fault*” – a low angle (up to 30⁰) geological fault similar to a thrust fault but where the upper side moves down relative to the lower side. Detachment faults are common in the desert areas of California and northern Mexico and are frequently associated with mineral deposition.

“*dilution*” - results from the mixing in of unwanted gangue or waste rock with the ore during mining.

“*dip*” - geological measurement of the angle of maximum slope of planar elements in rocks. Can be applied to beddings, jointing, fault planes, etc.

“disseminated” – the presence of small particles of minerals spread more or less uniformly through the host rock.

“fault” - a fracture in a rock where there has been displacement of the two sides.

“Fe” – the elemental symbol for iron.

“faults” - a break in the Earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other. Such breaks can be regional, with displacements measured in kilometers, or local, with displacements measured in centimeters or metres.

“flows” – volcanic rocks deposited on the surface by the eruption of molten lava from volcanoes, and that “flow” like a liquid on the surface until cooling solidifies them.

“fracture” - breaks in a rock, usually due to intensive folding or faulting. Fractures allow mineral-bearing solutions to enter. A “cross-fracture” is a minor break extending at more-or-less right angles to the direction of the principal fractures.

“g/t” – grams per metric tonne; 34.29 grams = 1 ounce.

“gangue” - term used to describe worthless minerals or rock waste mixed in with the valuable minerals.

“geochemical” – the chemical properties of rocks. A geochemical survey is a scientific method of prospecting that measures that studies the chemical properties of rocks and/or the soils that overlie the rocks.

“geophysical” – the physical properties of rocks and minerals. A geophysical survey is a scientific method of prospecting that measures the physical properties of rock formations. Common properties investigated include magnetism, specific gravity, electrical conductivity and radioactivity.

“grade” - the concentration of each metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/t) or ounces per ton (oz/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.

“heap leach” – a process whereby valuable metals, usually gold and silver, are leached from a heap, or pad, of crushed ore by leaching solutions percolating down through the heap and collected from a sloping, impermeable liner below the pad.

“hectare” - an area of 100 square metres.

“hematite” – an oxide of iron, and one of that metal's most common ore minerals.

“Hg” - the elemental symbol for mercury.

“hydrothermal” - hot fluids, usually mainly water, which may carry metals and other compounds in solution to the site of mineral deposition or wall rock alteration.

“igneous” - a rock formed by the cooling of molten silicate material.

“induced polarization” – a type of geophysical survey that measures particular relative electrical properties of rocks as an aid in identifying areas of rocks that may contain conductive metals such as gold, silver and copper.

“intermediate” - an igneous rock made up of both felsic and mafic minerals (diorite).

“intrusion” or “intrusive” - general term for a body of igneous rock formed below the surface.

“leach” – a chemical process for the extraction of valuable minerals from ore; also, a natural process by which ground waters dissolve minerals, thus leaving the rock with a smaller proportion of some of the minerals than it contained originally.

“limestone” - sedimentary rock that is composed mostly of carbonates, the two most common of which are calcium and/or calcium-magnesium (dolomite) carbonates.

“limonite” – a brown, hydrous (chemically water-bearing) iron oxide.

“low contrast anomaly” - an anomaly which is statistically slightly elevated (2-3 times) above background. Also called slightly anomalous.

“magmatic” - molten rock, formed within the inner parts of the Earth, which crystallises to form an igneous rock.

“magnetic” – a rock that has the ability to varying degrees, of being attracted to a magnet.

“magnetic high” – a magnetic geophysical measurement that is materially above the average, or “background” magnetic measurement of the rocks in a particular area.

“magnetic low” – a magnetic geophysical measurement that is materially below the average, or “background” magnetic measurement of the rocks in a particular area.

“metamorphic” - any rock which is altered within the earth’s crust by the effects of heat and/or pressure and/or chemical reactions.

“mineralization” - usually implies minerals of value occurring in rocks.

“Mo” – the elemental symbol for molybdenum.

“outcrop” - an exposure of rock at the earth’s surface.

“open-pit” - a mine that is entirely on surface.

“ore” - a mixture of ore minerals and gangue from which at least one of the metals can be extracted at a profit.

“Pb” - the elemental symbol for lead.

“Picacho-type” – having the mineralogical and general mining characteristics of the Picacho deposit in California, a prototype open pit, bulk tonnage gold deposit that was one of the first to recover commercial quantities of gold using the heap leach method.

“porphyry” - rock type with mixed crystal sizes, i.e. containing phenocrysts of one or more minerals. Also used as generic term to describe low grade, disseminated mineralization in large, bulk tonnage mineable ore deposits, mainly containing Cu and/or Mo.

“porphyry copper (molybdenum)” – a deposit of disseminated copper (molybdenum) minerals in or around a large body of intrusive rock.

“potassic” – having a significant content of potassium, one of the key elements contained in granite.

“propylitic” – a type of magnesium, iron, aluminum and calcium alteration of certain types of volcanic rock by hot waters acting on the rock.

“pyroclastic” – a general term of fragmental deposits of volcanic rock emanating from a violent volcanic eruption.

“*quartz*” – mineral composed of the elements silica and oxygen in the ratio of 1:2 respectively. The principal mineral in sand and sandstone.

“*reverse circulation*”- a form of drilling into rock whereby the rock is pulverized into chips by the action of a drilling bit. By way of air or water pumped under pressure through the outer portion of the dual wall drill pipe, the rock chips are recovered back up the inner central tube in the drill pipe and into a collection cyclone on surface. The rock chips can then be assayed for any mineral content. This form of drilling is generally carried out at relatively shallow depths and in rock that features abundant fracturing where core recovery from diamond drilling would generally be poor. Reverse circulation drilling is generally cheaper than diamond drilling.

“*rhyolite*” – a volcanic rock the fine grained equivalent of a granite.

“*rhyolitic*” – a rock having some of the characteristics of rhyolite.

“*sandstone*” - composed of sand-sized fragments cemented together. As a rule the fragments contain a high percentage of quartz.

“*schistosity*” – the structure of the grains of a metamorphic rock which have a roughly parallel arrangement; generally developed by shearing.

“*sedimentary*” - rock formed from the consolidation of sediments transported by water, wind or ice, or deposited by organisms.

“*sediments*” - are composed of the debris resulting from the weathering and break-up of other rocks that have been deposited by or carried by runoff, streams and rivers, or left over from glacial erosion or sometimes from wind action.

“*sericite*” - a fine-grained variety of mica occurring in small scales, especially in schists.

“*sericitic*” – rock possessing some of the characteristics of sericite.

“*shaft*” – a vertical or inclined excavation in rock for the purpose of providing access to an underground orebody. Usually equipped with a hoist at the top, which lowers and raises a conveyance for handling workers and materials.

“*shearing*” – the deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure and producing such metamorphic structures as schistosity.

“*silicate*” - most rocks are made up of a small number of silicate minerals ranging from quartz (SiO_2) to more complex minerals such as orthoclase feldspar (KAlSi_3O_8) or hornblende ($\text{Ca}_2\text{Na}(\text{Mg},\text{Fe})_4(\text{Al},\text{Fe},\text{Ti})\text{Si}_8\text{O}_{22}(\text{OH})_2$).

“*siliceous*” – rock having a high silica content.

“*skarn*” – name for the metamorphic rocks surrounding an igneous intrusive where it comes in contact with a limestone or dolomite formations.

“*stope*” – a room-like underground mining excavation from which ore is, or has been, extracted.

“*stockwork(s)*” – a body of rock, usually igneous, characterized by a network of intruded, intersecting veins and veinlets; often associated with “porphyry”-type ore deposits.

“*strike*” - the direction of a horizontal line on the surface of the bed, or other planar feature.

“*supergene (enrichment)*” – a mineral deposition process in which near-surface oxidation of ore minerals produces acidic solutions that leach metals, carry them downward, and reprecipitate them, resulting in the enrichment of sulfide minerals already present.

“*tailings*” - material rejected from a mill after recoverable valuable minerals have been extracted.

“*thrust fault*” – a geological fault, generally at an angle of 45° or less, in which the upper side appears to have been pushed upward by compression relative to the lower side.

“*veins*” - the mineral deposits that are found filling openings in rocks created by faults or replacing rocks on either side of faults.

“*volcanic*” - igneous rock generated as a result of volcanic eruptions. Lava flows represent magma that has reached the earth’s surface.

“*volcaniclastic*” – rock composed of broken fragments that have been derived from pre-existing volcanic rocks by weathering and erosion and transported some distance from their place of origin.

“*volcanism*” – a general term describing the process by which igneous rocks are formed from extrusions of magmatic rock onto the earth’s surface.

“*wacke*” – impure sandstones.

“*waste*” - rock which is not ore. Usually referring to that rock which has to be removed during the normal course of mining in order to get at the ore.

“*Zn*” - the elemental symbol for zinc.

METRIC EQUIVALENTS

To convert from metric	To imperial	Multiply by
Hectares	Acres	2.471
Meters	Feet	3.281
Kilometres	Miles	0.621
Tonnes	Tons (2,000 pounds)	1.102
grams/tonne	ounces (troy)/ton	0.029
Kilograms	Ounces	32.151

CURRENCY

All financial information in this Prospectus is stated in Canadian dollars, unless otherwise indicated. For the purposes of the disclosure under “Use of Proceeds” costs in United States dollars (US) have been converted at a rate of 1.25. For the purposes of the disclosure under “Terms of Acquisition” and “Mexican Mining Regulations” costs in Mexican Pesos (MP) have been converted at a rate of 0.1176 (8.5).

CORPORATE STRUCTURE

Colibri Resource Corporation was incorporated under the *Business Corporations Act* (British Columbia) on February 20, 2004.

The Company's head office is located at 923 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2, and the address of its registered office is 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

The Company is the registered and beneficial owner of 99.99 % of the issued share capital of Minera Halcones S.A. de C.V. ("Halcones" or the "Subsidiary"), a company incorporated under the laws of the Republic of Mexico. The remaining 0.01% of Halcones is held by Ian de Wolfe Semple, President and Chief Executive Officer of the Company, in trust for the Company.

The authorized capital of Halcones consists of 50,000 series "A" common shares with a par value of 1.00 peso each, all of which are currently issued and outstanding. Halcones holds the rights to all of the Company's Mexican property interests, and it acts as the operator of those properties.

THE BUSINESS OF THE COMPANY

General

Through its Subsidiary, the Company is engaged in the acquisition, exploration, and if warranted, development of gold, silver, copper, molybdenum and other metal deposits in Mexico. Halcones has the right to acquire a majority interest in three large mineral properties located in Sonora, Mexico. Sonora is the northernmost state in Mexico and borders the United States of America. All of the Company's property interests are located within or adjacent to, a free trade zone within the State, a fact that facilitates cross-border access and general business. The properties are characterized by ease of accessibility, well developed infrastructure, access to a ready and skilled labour pool and a large degree of common logistics due to their relative proximity to each other.

Principal Mineral Properties

The Company's mineral property interests are the Colibri Property, the Leon Property, and the Ramaje Ardiente (Ramard) Property. These properties are in the exploration stage only and are without a known body of commercial ore.

Terms of Acquisitions

Colibri Property

Halcones entered into an option agreement on June 16, 2004 to purchase from Minera Cadenza S. de R.L. de C.V. ("Cadenza"), a wholly owned Mexican subsidiary of Cadence Resource Corporation ("Cadence Resource"), up to a 100% interest, subject to a Net Smelter Royalty, in the Colibri Property, located in the northwest part of the State of Sonora, Mexico. Cadence Resource is owned as to 46.5% by James J. Irwin, a former director of the Company, and 21.5% by Douglas G. Irwin, a director of the Company. Refer to "Risk Factors".

The terms of the Colibri option agreement are summarized as follows:

Terms:	Cash	Common Shares	Work Program	Interest Earned
On Signing	\$ 50,000	200,000	nil	0%
Six months	\$ 25,000	nil	nil	

Terms:	Cash	Common Shares	Work Program	Interest Earned
Year One	\$ 25,000	250,000	nil	
18 months	\$ 25,000	nil	\$ 500,000	0%
Year Two	\$ 25,000	250,000	nil	
30 months	\$ 25,000	nil	\$ 400,000	0%
Year Three	\$ 25,000	300,000	nil	
42 months	\$ 25,000	nil	\$ 400,000	0%
Year Four	\$ 25,000	200,000	nil	
54 months	\$ 50,000	nil	\$ 500,000	0%
Year Five	\$ 50,000	200,000	nil	(90%) ⁽¹⁾
TOTALS	\$350,000	1,400,000	\$1,800,000	

- ⁽¹⁾ Requirement by Halcones to earn 90% in the Colibri Property: make all cash payments and share issuances as noted above; complete work program expenditures as noted above and complete a bankable feasibility study by the end of Year Five. Upon completion of a bankable feasibility study, Cadenza can choose to maintain a 10% participating interest in the Colibri Property or revert to a sliding scale Net Smelter Return (NSR) based on the U.S. dollar-denominated price of gold as determined by the morning fix on the London Metal Exchange. Halcones will have the exclusive right and option, but not the obligation, to purchase Cadenza's right to the NSR Royalty for a total purchase price of \$6,000,000; Halcones shall have the right to partially exercise the option to purchase the NSR Royalty on payment of the total purchase price on a pro-rata basis proportional to the fraction of the NSR Royalty that Halcones wishes to acquire.

NSR Schedule:	Gold Price (US\$)	Net Smelter Return (%)
	less than 300	2.0
	300 – 350	2.25
	350.01 – 400	2.5
	400.01 – 450	2.75
	greater than 450	3.0

As part of the Colibri Property option to purchase agreement, Halcones has been assigned contracts to purchase a 100% interest in two internal claims, the San Francisco and Jaurez claims for a total of US\$500,000 each. All option payments are in equal amounts for both claims. Prior to the assignment of the option contracts to Halcones, US\$10,000 had been paid by Cadenza on each claim and US\$2,500 paid by Colibri Resource Corporation on each claim with regard to the March 01, 2004 claim payments due, and the claims were in good standing. To maintain these option contracts, Halcones must make quarterly payments totalling US\$115,000 for each claim over this period, commencing from the assignment of these claims to Halcones on June 16, 2004, beginning at US\$2,500 (collectively US\$5,000) and rising to US\$8,000 per quarter (collectively US\$16,000) by January 2009. These quarterly payments constitute part of the total purchase price of each claim. Halcones is also responsible for the payment of the Mexican IVA tax of 15% that must accompany all claim payments. The IVA tax is recoverable by Halcones. Claim payments for the two claims over the life of the options are noted as follows.

Date	Amount (\$US) ⁽¹⁾
May 21, 2003	10,000 (Paid)
January 1, 2004	5,000 (Paid)
March 1, 2004	5,000 (Paid)
July 1, 2004	5,000 (Paid)
October 1, 2004	5,000 (Paid)
January 1, 2005	5,000 (Paid)
April 1, 2005	5,000 (Paid)
July 1, 2005	5,000
October 1, 2005	5,000
January 1, 2006	5,000
April 1, 2006	9,000
July 1, 2006	9,000
October 1, 2006	9,000
January 1, 2007	9,000
April 1, 2007	10,000
July 1, 2007	10,000
October 1, 2007	10,000
January 1, 2008	10,000
April 1, 2008	13,000
July 1, 2008	13,000
October 1, 2008	13,000
January 1, 2009	16,000
April 1, 2009	16,000
July 1, 2009	16,000
October 1, 2009	16,000
January 1, 2010	16,000

(1) The amounts shown are the collective payments for both claims

The Option-to-Purchase for \$500,000 per claim, less the amounts paid, can be exercised at any time up to January 1, 2010.

SCHEDULE AND RECORD OF COLIBRI PROPERTY OPTION PAYMENTS

Term	Date	Cash (C\$)	Date Paid	Common Shares Issued	Date of Issue	Work Obligations	Date Satisfied	Property Taxes Due	Date Paid
On signing	16-Jun-04	\$50,000	17-Jun-04	200,000	28-Jun-04				
6 months	15-Dec-04	\$25,000	15-Dec-04					July 2004	July 2004
Year 1	15-Jun-05	\$25,000	16-Jun-05	250,000	16-Jun-05			Jan. 2005	Jan. 2005
18 months	15-Dec-05	\$25,000				\$500,000			
Year 2	15-Jun-06	\$25,000		250,000					
30 months	15-Dec-06	\$25,000				\$400,000			
Year 3	15-Jun-07	\$25,000		300,000					
42 months	15-Dec-07	\$25,000				\$400,000			
Year 4	15-Jun-08	\$25,000		200,000					
54 months	15-Dec-08	\$50,000				\$500,000			
Year 5	15-Jun-09	\$50,000		200,000					

From the date of the option agreement on June 16, 2004, Halcones also becomes responsible for the payment of all mining taxes on the claims comprising the Colibri property and including the San Francisco and Jaurez claims. All mining taxes on the Colibri property have been paid to date and the claims are in good standing.

Leon Property

The Company, through its subsidiary Halcones, has entered into an option agreement on June 16, 2004, as amended on February 18, 2005 to purchase from Minera La Pitahaya S.A. de C.V. ("Pitahaya"), a 100% interest, subject to a Net Smelter Royalty, in the Leon Property, located in the north-central part of the State of Sonora, Mexico. Pitahaya is 50% owned by James J. Irwin, former director of the Company. Refer to "Risk Factors".

The terms of the Leon option agreement and payments made to date are summarized as follows:

Terms	Cash	Common Shares	Work Program	Interest Earned
On Closing	\$ 20,000	200,000	nil	0%
6 months	\$ 10,000	nil	nil	
Year One	\$ 10,000	100,000	nil	0%
18 months	\$ 15,000	nil	nil	
Year Two	\$ 15,000	nil	\$250,000	0%
30 months	\$ 20,000	nil	nil	
Year Three	\$ 20,000	nil	\$125,000	0%
42 months	\$ 25,000	nil	nil	
Year Four	\$ 25,000	nil	\$125,000	0%

Terms	Cash	Common Shares	Work Program	Interest Earned
54 months	\$ 50,000 ¹	100,000 ¹	Scoping / prefeasibility study completed	100% ⁽¹⁾
	\$210,000	400,000	\$500,000	

(1) **Requirement by Halcones to earn 100% in Leon property:** After having spent \$500,000 in exploration expenditures on the Leon Property, if it is decided that the Leon Property warrants a scoping study / pre-feasibility study for mine planning then Colibri will have the right to earn a 100% interest in the Property as follows:

- (i) Halcones shall have earned a 100% interest in the Property by completing a scoping study / pre-feasibility study for mine planning on the Property within 54 months from the Execution Date of June 16, 2004;
- (ii) The final \$50,000 and 100,000 common shares shall be issued to the Pitahaya in two equal installments of \$25,000 and 50,000 common shares, the first installment commencing on the day a decision is made to commence a scoping study / pre-feasibility study, and the second installment no longer than ten business days after receipt of the scoping study/pre-feasibility study.

Halcones will assume responsibility for all applicable mining claim taxes payable after the Execution Date of June 16, 2004. For clarity, past obligations/liabilities in this regard are not the responsibilities of Halcones.

Upon Halcones having earned a 100% interest in the property, Pitahaya shall be entitled to a Net Smelter Royalty (NSR) of two percent (2%) from any deemed commercial production from the Property. Halcones shall have the option of purchasing 50 % of the NSR for C\$ 1,000,000.

SCHEDULE AND RECORD OF LEON PROPERTY OPTION PAYMENTS

Term	Date	Cash (C\$)	Date Paid	Common Shares Issued	Date of Issue	Work Obligations	Date Satisfied	Property Taxes Due	Date Paid
On signing	16-Jun-04	\$20,000	17-Jun-04	200,000	28-Jun-04				
6 months	15-Dec-04	\$10,000	15-Dec-04	nil				July 2004	July 2004
Year 1	15-Jun-05	\$10,000	16-Jun-05	100,000	16-Jun-05			Jan. 2005	Jan. 2005
18 months	15-Dec-05	\$15,000		nil					
Year 2	15-Jun-06	\$15,000		nil		\$250,000			
30 months	15-Dec-06	\$20,000		nil					
Year 3	15-Jun-07	\$20,000		nil		\$125,000			
42 months	15-Dec-07	\$25,000		nil					
Year 4	15-Jun-08	\$25,000		nil		\$125,000			
Year 5	15-Jun-09	\$50,000		100,000					

Ramaje Ardiente (Ramard) Property

The Company, through its subsidiary Halcones, has entered into an option agreement on June 16, 2004 to purchase from Minera El Sahuaro S.A. de C.V. ("El Sahuaro"), a wholly owned Mexican subsidiary of Cadence Mineral Resources Inc. ("Cadence Mineral"), a 100% interest, subject to a Net Smelter Royalty, in the Ramaje Ardiente

(Ramard) Property, located in the north-central part of the State of Sonora, Mexico. Cadence Mineral is owned as to 50% by James J. Irwin, a former director of the Company, 50% by Douglas G. Irwin, a director of the Company. Refer to "Risk Factors".

Terms	Cash	Common Shares	Work Program	Interest Earned
On Closing	\$ 20,000	200,000	nil	0%
Year One	\$ 10,000	100,000	nil	
18 months	nil	nil	\$250,000	
Year Two	\$ 15,000	nil	nil	0%
30 months	nil	nil	\$125,000	
Year Three	\$ 20,000	nil	nil	0%
42 months	nil	nil	\$125,000	
Year Four	\$ 25,000	200,000 ¹	Scoping / prefeasibility study initiated	100% ⁽¹⁾
	\$90,000	500,000	\$500,000	

(1) **Requirement by Halcones to earn 100% in property by issuing common shares and cash as per above:** After having spent \$500,000 in exploration expenditures on the Ramard Property, if it is decided that the Ramard Property warrants a scoping study / pre-feasibility study for mine planning then Halcones will have the right to earn a 100% interest in the Property as follows:

- (i) Halcones shall have earned a 100% interest in the Ramard Property by initiating a scoping study / pre-feasibility study for mine planning on the Property within 60 months from the Closing Date;
- (ii) 200,000 common shares shall be issued to Cadence Mineral in two equal instalments of 100,000 common shares, the first instalment commencing on the day a decision is made to commence a scoping study / pre-feasibility study, and the second instalment no longer than ten business days after receipt of the scoping study/pre-feasibility study.

Halcones will assume responsibility for all applicable mining claim taxes payable after the Execution Date of June 16, 2004.

Upon Halcones having earned a 100% interest in the property, Cadence Mineral shall be entitled to a Net Smelter Royalty (NSR) of two percent (2%) from any deemed commercial production from the Ramard Property. Halcones shall have the option of purchasing 50 % of the NSR for C\$1,000,000.

SCHEDULE AND RECORD OF RAMARD PROPERTY OPTION PAYMENTS

Term	Date	Cash (C\$)	Date Paid	Common Shares Issued	Date of Issue	Work Obligations	Date Satisfied	Property Taxes Due	Date Paid
On signing	16-Jun-04	\$20,000	17-Jun-04	200,000	28-Jun-04			July 2004	July 2004
Year 1	15-Jun-05	\$10,000	16-Jun-05	100,000	16-Jun-05			Jan. 2005	Jan. 2005
18 months	15-Dec-05	nil		nil		\$250,000			
Year 2	15-Jun-06	\$15,000		nil					

Term	Date	Cash (C\$)	Date Paid	Common Shares Issued	Date of Issue	Work Obligations	Date Satisfied	Property Taxes Due	Date Paid
30 months	15-Dec-06	nil		nil		\$125,000			
Year 3	15-Jun-07	\$20,000		nil					
42 months	15-Dec-07	nil		nil		\$125,000			
Year 4	15-Jun-08	\$25,000		200,000					

Mexico Mining Regulations

The mining industry in Mexico is controlled by the Secretaria de Economia – Directiron General de Mines which is located and administered out of Mexico City. Mining concessions in Mexico may only be obtained by Mexican nationals or Mexican companies incorporated under Mexican laws. Mexican law grants concessions under the denominations of exploration or exploitation. The construction of processing plants requires further governmental approval.

The holder of an exploration concession is granted the exclusive rights to explore a designated area. Exploration concessions are granted for a period of six years from the date of their recording in the Public Registry of Mining. Exploration concessions are not renewable after the end of the initial term. The holder of an exploration concession must file an application for an exploitation concession before the end of the six year term. If the concessionaire does not comply with this requirement, the concession will be cancelled. Exploitation concessions are granted for 50 years from the date of their registration with the Public Registry of Mining to the exploration concession holder as a matter of law if all regulations have been complied with. During the final five years of exploitation, the concession holder may apply for one additional 50 year period, which is automatically granted provided all other concession terms had been complied with.

In accordance with the Federal Duties Law (“LFD”) the holder of an exploration concession is obligated to pay an exploration duty based upon the number of hectares covered by the concession area. These fees are determined per hectare as follows:

1. During the first year, MP\$2.0230 (Mexican Pesos) (approximately \$0.24) per hectare;
2. From the second to the fourth year, MP\$6.01 (approximately \$0.71) per hectare;
3. The fifth and subsequent years, MP\$12.43 (approximately \$1.46) per hectare.

The holder of an exploitation concession must pay biannual duties in January and July of each year as described under the LFD. These duties are in the following amounts:

1. During the first and second year, MP\$25.06 (approximately \$2.95) per hectare;
2. The third and fourth year, MP\$50.34 (approximately \$5.92) per hectare;
3. The fifth and subsequent years, MP\$88.29 (approximately \$10.38) per hectare.

Concessionaires for both exploration and exploitation must perform work each year that must begin within ninety days of the concession being granted. Concessionaires must file each May, proof of the work performed. Non-compliance with these requirements is cause for cancellation only after the Ministry of Mines communicates in writing to the Concessionaire of any such default granting the Concessionaire a specified time frame in which to remedy the default.

The investment in exploration work must be at least equal to the amount resulting from applying the following table to the number of hectares covered by the exploration concession or by the grouping of mining concessions:

Surface Area (hectares)	Minimum Annual Expenditure (Mexican Pesos)	Additional Minimum Annual Expenditure Per Hectare (Mexican Pesos)		
		1 st Year	2 nd to 4 th Year	5 th and 6 th Year
From 1 to 30	--	5.00	20.00	30.00
From 31 to 100	--	10.00	40.00	60.00
From 101 to 500	500.00	20.00	60.00	120.00
From 501 to 1,000	1,500.00	18.50	57.00	120.00
From 1,001 to 5,000	3,000.00	17.00	55.00	120.00
From 5,001 to 50,000	10,500.00	15.50	53.00	120.00
From 50,001 onwards	100,000.00	14.00	50.00	120.00

In the case of groupings of exploration concessions, the additional fee per hectare is applied based on the date of issuance of the oldest concession which is part of the grouping.

There are no limitations on the total amount of surface covered by exploration or exploitation concessions or on the amount of land held by an individual or company. Excessive accumulation of land is regulated indirectly through the duties levied on the property and the production requirements as outlined above.

The Mexican mining law does not require royalties to the Government, except for the discovery premium related to National Mineral Reserves, Concessions in Marine Zones and Allotments to the Council of Mineral Resources.

Description of the Properties

Descriptions of the Colibri Gold Property, the Leon Silver and Base Metal Property, and the Ramaje Ardiente (Ramard) Base Metal, Gold and Silver Property are set out below.

A Technical Report prepared in accordance with National Instrument 43-101 standards has been prepared on the Colibri Property by an independent, registered geological consultant, D. Irving, P.Eng., of Albuquerque, New Mexico.

The following information on the Company's mineral properties is based primarily on field examinations and subsequent reports produced by Chapman, Wood & Griswold, Inc. In the case of the Colibri Property, a Report prepared under National Instrument 43-101 standards has been prepared for the purpose of the Initial Public Offering and application to list on the TSX Venture Exchange. In the case of the Leon and Ramard Properties, Summary Reports have been prepared based on field examinations in 2004 and perusal of data from earlier exploration on the properties.

Colibri Property, State of Sonora, Mexico

Note: This section on the Colibri Property has been excerpted from the National Instrument 43 – 101 Technical Report by D. Irving, P.Eng.

Description

The Colibri Project comprises 6,564 hectares in a contiguous block of eight mineral concessions situated in the Tajitos area, Municipality of Caborca, in the northwestern area of the State of Sonora, Mexico. Of the total, 72 hectares are exploitation concessions; the balance are exploration concessions, most of which are valid until 2009. The mineral concessions have been monumented, surveyed, and filed under the Mining Laws of Mexico. There is

one titled claim, the “Omar” of 60 hectares, that lies within the Colibri and Colibri II claims to the northeast of the Juarez claim. That claim was initially overlooked by the Federal Mining Agency when the Colibri titles were issued. Although the Colibri Project as titled and optioned is 6,624 hectares, the actual Project area is 6,564 hectares. The presence of the Omar claim inside the Colibri Project area will have no significant impact on the recommended exploration program.

Details of the mineral exploration concessions which comprise the Colibri Gold Property are provided in the following table:

**Colibri Project, Municipality of Caborca, Sonora, Mexico
Mineral Concession Information**

Claim Name and Type	Claim No.	Record Date	Expiry Date	Area (has)	Owner
San Francisco Exploitation	Title No. 208067 Reg. 4/1.3/1489	Aug. 21, 1998	Aug. 20, 2048	36.0000	Guillermo Pereida Martinet and Ruben Pereida Martinet
Juarez Exploitation	Title No. 174134 Reg. 321.1-4/36	May 27, 1985	May 26, 2010 ₃	36.0000	Guillermo Francisco Pereida Martinet, Rafael Angel Pereida Martinet, and Octavio Pereida Martinet
Colibri Exploration	Title No. 217838 Reg. 082/27954	Aug. 27, 2002	Aug. 26, 2008	412.1133 ⁽¹⁾	Cadenza
Colibri II Exploration	Title No. 219109 Reg. 082/28063	Feb. 7, 2003	Feb. 6, 2009	2422.8903 ⁽¹⁾	Cadenza
Colibri III Exploration	Title No. 219255 Reg. 082/28273	Feb. 20, 2003	Feb. 19, 2009	12.0660	Cadenza
Cuervo Exploration	Title No. 219995 Reg. 082/28418	May 15, 2003	May 14, 2009	200.0000	Cadenza
Cuervo II Exploration	Title No. 220660 Reg. 082/28542	Sept. 9, 2003	Sept. 8, 2009	3,378.7187	Cadenza
Cuervo III Exploration	Title No. 220709 Reg. 082/28552	Sept. 30, 2003	Sept. 29, 2009	126.4848	Cadenza
TOTALS				6624.2731 ⁽¹⁾	

⁽¹⁾ Colibri and Colibri II will be reduced by 60 hectares due to an oversight when the titles were issued.

Location and Accessibility

The Colibri project is situated in the Municipality of Caborca, State of Sonora, Mexico. Access from Caborca, the Municipal Seat with a population of 100,000, is northwesterly on the two-lane paved Mexico Federal Highway No. 2 for 34 kilometers to the former village of Tajitos; thence westerly for 6.5 kilometers on an unmaintained dirt access road to the old Juarez mine-mill site. From there numerous unmaintained ranch roads and 4-wheel-drive tracks lead to various parts of the mineral concessions. The project area is occupied by a lone rancher who lives at the abandoned Juarez townsite. There are fewer than 10 people at Tajitos. The sole use of the area is for cattle ranching.

The nearest mining operation to the Colibri Project is La Herradura, the open-pit, heap-leach operation of Minera Penmont located about 50 kilometers to the northwest. La Herradura, in production since 1998, is a joint venture

between Industriales Peñoles of Mexico and Newmont Mining Corp. and produces about 160,000 ounces of gold per year (Newmont 2003 Annual Report). It is Mexico's largest operating gold mine.

Topography, Elevation and Climate

The project area lies in a low range of rounded hills separated by broad, flat valleys. The low ranges have a general northwesterly trend. To the west lies the southern reaches of the largely sand-covered Altar Desert. To the east is the northwest trending Sierra La Gloria which rises to 1000 to 1200 meters above sea level. Within the project area the average elevation is 350 meters and local relief is typically 50 to 75 meters. The hillsides are rocky with typical slopes of 15 to 20 percent. Locally, slopes are up to 40 percent. Gradients in the valleys are about one percent to the south. The many arroyos form a dendritic drainage pattern and flow into the broad, southwest draining Arroyo El Plomo (also El Coyote) which flows only in response to heavy storms. Most of the infrequent rain quickly disappears into the subsurface.

Vegetative cover in the area is moderate and is classified as Microphyllus Desert Thicket. Plants are typical of the harsh, dry, Sonoran desert and comprise a variety of prickly shrubs, bushy deciduous trees, and cacti. Principal species include palo verde and some mesquite, creosote bush (greasewood), the large saguaro and pitaya cacti, several varieties of cholla cactus, ocotillo, nopal (prickly-pear cactus), and yucca. Grasses, and predominantly the recently introduced buffel grass, grow following a good rainy season.

Caborca and the project area lie in the low Sonoran desert and are subject to cool to warm winters and hot summers. The climate is classified as "very dry semiwarm". Although the average annual temperature is given as 18°C to 22°C, the region is noted for its high summer temperatures (June-September) which frequently exceed 45°C for several consecutive weeks. The months of November – March are quite pleasant with warm days and cool nights. Freezing temperatures are uncommon. Average annual precipitation is in the order of 100mm, much of it coming from thunderstorm activity in the July-September period.

The city of Caborca, with a population of about 100,000, provides services to the surrounding area. Caborca supports a large agricultural area to the west of the city, noted for grapes, grains, vegetables, and olives. Federal Highway 2 from Tijuana to Santa Ana is under reconstruction to a 4-lane divided highway. The Sonora-Baja California Railway passes through Caborca and lies about 15 kilometers south of the project area. Air service to Caborca is by small to mid-level air taxi and commuter aircraft. The closest significant electric power is a 230 kv line on the National Grid which extends westward from Caborca and lies about 20 kilometers south of the project.

Water for urban, industrial, and agricultural use in the region is obtained by drilling wells into the underground basins. The elevation of the water table in the project area is in the order of 250 meters, about 100 meters below the valley floor at the old Juarez townsite.

History

Mining history in the area of the property is poorly documented. However, mining reports on the Juarez mine dated 1902 (Defty) refer to old, shallow workings made during the Spanish time and the presence of arrastras for milling (Spanish colonial Period – pre 1810). American prospectors and miners entered the area in the 1880's and 1890's and developed numerous gold mines in the region. At the old Juarez townsite, about one kilometre west of the Juarez mine, a 30-head stamp mill was constructed in 1882. The mine reportedly had workings extending to a depth of 400 feet.

In 1905, the Juarez Mines Company of Utica, New York began redevelopment of the mine and constructed a 10-head stamp mill and 60-ton cyanide plant adjacent to the mine. The plant began operating in January 1907. That operation probably ceased in 1910 at the time of the Mexican Revolution. There was reportedly some reactivation of the property in the 1930's but no known records exist. Surface evidence of mine workings exists for 450 meters along strike.

There are no available records of operations of the nearby San Francisco mine, situated 1.5 kilometers southwest of the Juarez mine. The underground mine was probably operated and the ore milled contemporaneously with the

Juarez operations. Underground workings extend along strike for 325 meters. Similarly the many small surface and underground workings at the Nopal Zone, 4 kilometers to the northwest of the Juarez mine, were likely worked at the same time and the ore milled at the Juarez plant.

The Pereida family, the current owners of the Juarez and San Francisco properties, reportedly shipped about 600 tons of material from the two mines to the Cananea smelter in the 1980's. The material came from mine dumps and underground workings and reportedly assayed 6 to 10 grams of gold per ton. Some of the material was also mined from the Santa Elena prospect located on the Juarez claim.

During the 1990's, there was renewed interest in gold exploration in the Caborca region. Several major mining companies, including Minera Penmont (Peñoles and Newmont), Hecla Mining Co., Kennecott Corp., and Independence Mining (a subsidiary of Anglo American at that time) were active in the region and held large mining concessions. In the mid 1990's, Hecla held two mineral concessions totalling 7558 hectares over the Colibri project area. Hecla's exploration work in the area included topographic mapping, sampling of old mines and prospects, and the drilling of about 30 reverse-circulation holes in the Nopal Zone. The available Hecla records are incomplete. At the time, Hecla was operating the La Choya open-pit, heap-leach, gold mine located 55 kilometers to the northwest of the Juarez mine. Hecla abandoned its concessions in 1996.

In 1996, El Sahuaro, at that time a wholly-owned subsidiary of Westley Technologies Ltd. (Westley), a Vancouver, British Columbia corporation, entered into an Option-to-Purchase agreement with the Pereida family for the Juarez and San Francisco claims. In 1997, Westley sold El Sahuaro to Green Point Resources Inc. (Green Point), another Vancouver-based company. Over a 2-year period (1996-1998), personnel associated with Minera El Sahuaro geologically mapped the two claims; did a geochemical soil survey; dug a number of hand trenches; mapped, surveyed, and sampled all of the accessible underground workings; entered a concession lottery to obtain additional ground; and drilled 9 reverse-circulation holes totalling 1512 meters in the Juarez and San Francisco structures. The Company's attempt to obtain additional ground was unsuccessful. Total expenditures by El Sahuaro probably exceeded \$C 300,000.

D. Irving, P.Eng., the author of the Colibri Property Qualifying Report was directly involved in the early work done by El Sahuaro and was responsible for the surveying, mapping, and sampling of the old mine workings on the Juarez and San Francisco claims. Dr. James Irwin supervised the program of hand trenching, geochemical-soil and rock-chip sampling, and geologic mapping of the two claims. Dr. Peter Fox of Fox Geological Services Inc. examined the claims in 1997 for Green Point and recommended and directed the drilling program. Green Point abandoned the project in early 1999.

1994 Program

In 1994 a major international mining company conducted a brief program of sampling and drilling over a sixteen day period in the extreme northwest portion of the property. This work encompassed an area of approximately 1000 meters by 1,500 meters.

Over 300 rock chip samples were taken in this area. Targeted were 100 – 150 meter wide low-angle fault/breccia zones produced from thrust faulting, and intersection zones of other low-angle faults with high-angle faults carrying quartz veins. The bulk of the sampling was in the central and eastern portions of the area. Of the samples taken, over two-thirds returned gold values ranging from 100 ppb to over 3 grams per tonne. The bulk of these anomalous results came from the central and eastern zones while the best drilling results came from the northwest part of the area (see below). There was therefore no apparent direct correlation between the surface sampling and drilling. The surface sampling served to identify several broad areas of anomalous mineralization that, while thought to be structurally controlled, have yet to be fully defined and whose potential for economic development remains unknown.

Twenty shallow reverse circulation holes totalling 1800 metres were drilled. The average length of the holes approximated 90 metres. In the northern portion of the area a zone approximating 100 metres by 800 metres was identified as containing areas of stockwork and strong silicification. Two holes drilled in the western part of this zone returned 12 meters of 2.28 grams gold per tonne and 22 meters of 1.17 grams gold per tonne respectively, and were deemed to be representative of the zone. True widths of mineralization are unknown.

Most of the drill holes in the southeast part of the area returned multiple anomalous intercepts of 100 – 300 ppb gold with isolated short intersections of 1 to 5 meters exceeding 1,000 ppb gold. The most significant of these intersections was 5 meters of 1.17 grams gold per tonne at a depth of 21 meters.

Drilling elsewhere in the area explored was reported to have returned no significant results.

The following table summarizes the drill results deemed to be of significance.

Like elsewhere on the Colibri property, the structural setting of the northwest area is extremely complex. Accordingly, while anomalous results ranging from 100 ppb gold to over 3 grams gold per tonne were encountered from both surface sampling and drilling, no discernable correlation can presently be made of the results. The significance, patterns to, and controls governing the mineralization in this area remain unknown and the subject for future exploration.

**Table Of Significant Drill Results - 1994 Reverse-Circulation Drill Program
Northwest Area of Colibri Property**

Hole No.	Interval (meters)	Length ⁽¹⁾ (meters)	Gold (g/t)
<u>Northwest Area - Northern Zone</u>			
8	0 - 10	10	2.60
	10 - 12	2	0.71
9	69 - 81	12	1.74
	81 - 91	10	0.50
<u>Northwest Area - South East Zone</u>			
1	4 - 6	2	0.55
	8 - 10	2	0.25
	15 - 18	3	0.39
	21 - 26	5	1.17
6	0 - 7	7	0.21
	7 - 8	1	1.13
	8 - 12	4	0.29
	15 - 21	6	0.48
13	9 - 16	7	0.21
	18 - 19	1	0.72
	32 - 33	1	0.32
	39 - 44	5	0.34
	44 - 47	3	1.07
	57 - 61	4	0.56
14	0 - 3	3	0.35
	3 - 4	1	1.63
	4 - 11	7	0.32
	11 - 13	2	0.21

⁽¹⁾ True width unknown

1997-1998 Program

A geochemical grid was laid out on the San Francisco and Juarez claims and 577 soil samples collected at 25 meter intervals on lines spaced 50 meters apart. In addition 606 rock-chip samples were taken from surface outcrops, trenches, prospect pits, and underground workings. Geologic mapping of the two claims was also done. All of this work indicated the presence of widely-distributed gold-silver mineralization associated with northwest-trending, steeply-dipping structures.

Within the San Francisco mine area, 128 samples taken by the D. Irving, P.Eng. of veins and wall rock from surface and underground workings arithmetically averaged 1.11g Au and 5.8g Ag/t (metric ton) with a range of less than 0.05 to 12.5g Au/t and less than 1 to 70g Ag/t, all determined by conventional fire assay methods. Similarly, 64 samples taken from the Juarez and Santa Elena mine workings arithmetically averaged 2.47g Au and 21.5g Ag/t, with a range of less than 0.05 to 11.0g Au/t and less than 1 to 60g Ag/t. In addition, soil anomalies (+25 ppb Au) were identified on both claims over zones of hematitic and siliceous rhyolites. Values in soils were typically 50 to 200 ppb gold.

For comparison, Minera Hecla sampled the surface workings in 1995 on both the Juarez / Santa Elena and San Francisco mine areas. Data provided to the claim owners, including sample location maps, sample descriptions, and the assay certificates from Chemex Labs, Inc., show the following:

1. San Francisco – 59 samples arithmetically average 2.49g Au/t and 6.7g Ag/t with a range of less than 0.05 to 39.4g Au/t and less than 1 to 34.5g Ag/t. (Hecla's sampling was entirely on surface, including dumps. D. Irving's samples were predominantly underground, including crosscuts of low-grade to barren wall rocks).
2. Juarez / Santa Elena – 192 samples arithmetically average 2.96g Au/t and 13.9g Ag/t with a range of less than 0.05 to 59.0g Au/t and less than 1 to greater than 100g Ag/t. (Hecla's samples are typically 1- to 2-meter intervals vs. D. Irving's 2- to 3-meter intervals).

The Company has compiled all of the significant geological sampling and assay data onto property maps.

In 2000, Cadence Mineral Resources Ltd., a private British Columbia corporation owned by Dr. James J. Irwin and associates, purchased El Sahuaro and its assets from Green Point Resources thereby acquiring all of the records, including the Option-to-Purchase contracts, on the Juarez and San Francisco claims. El Sahuaro, however, had let those option agreements lapse. As the large mineral concessions surrounding the Juarez and San Francisco claims were abandoned and declared free, Cadence, through its wholly-owned Mexican subsidiary, Cadenza, began assembling a land package in the area through application for and receipt of new titles. Cadenza entered into a new Option-to-Purchase agreement with the Pereidas for the Juarez and San Francisco claims. As of April 2004, Cadenza had secured 6,564 contiguous hectares in the area.

The renewed interest in gold exploration during 2003 has resulted in new exploration activity in the region. Minera Penmont (Newmont Mining Corp. and Industriales Peñoles de Mexico) holds large mineral concessions on the east and north side of the Colibri Project and Minera Pitalla, a privately-held Mexican company, holds about 3,500 hectares of mineral concessions on the west side. In May 2004, the Hecla Mining Company announced its intention to conduct a feasibility study and a program of definition drilling on its Noche Buena gold property, located approximately 20 kilometres to the northwest of the Colibri property.

Geology and Deposit Types

Northwestern Sonora (the Caborca region) has a complex and poorly understood geologic history (Tosdal et al, 1990). A large variety of rock types, ranging in age from Precambrian to Tertiary, are the result of Proterozoic regional metamorphism and intrusion, Paleozoic and Mesozoic sedimentation followed by intrusion and metamorphism, and Tertiary volcanism. This complex rock assemblage has been severely impacted by Paleozoic-age thrusting, Mesozoic-age arc-related magmatism, probable lateral displacement of several hundred kilometers in what is referred to as the Mojave-Sonora megashear during Jurassic time, Laramide-age thrusting, and the

development of low-angle detachment-style faults and high-angle Basin and Range faults in mid-Tertiary time. This complex tectonic history has produced a mélange of geologic blocks that juxtapose Precambrian-age metamorphics against mostly Mesozoic-age sediments, volcanics, and intrusives. The structural fabric of the region is characterized by parallel northwest-trending ranges and wide alluvial valleys. Northeasterly-trending, high-angle faults dissect the region. A regional geologic map of the area is shown in Figure 3 for reference. The Sonora-Mojave megashear as defined by Anderson and Silver (Silberman et al, 1988) has been superimposed on the map.

On the Colibri property, the only known geologic mapping was done by Irwin and Malahoff in 1997 and Irwin in 2002-2003. Rock types are predominantly rhyolitic to dacitic flows, volcanoclastics, wackes, and sandstone, and some intrusives. Rock units noted in the Nopal Zone during this examination are generally intermediate volcanic flows and flow breccias. The entire suite of rocks is lightly to moderately propylitically altered. The regional geologic map (Figure 3) shows the area to be part of a Mesozoic-age metamorphic complex. However, the rock units exposed on the Colibri project area have not been regionally metamorphosed and based on analogies with similar rocks elsewhere in the region, including the Southwestern United States, they are probably of Jurassic to Cretaceous age.

The dominant topographic, structural, and mineralized trend through the project area is northwesterly. The San Francisco vein follows this trend and dips about 50° NE whereas the Juarez structure trends N 65° W and dips 75° to 80° NE. The Nopal Zone lies along the northwesterly trend but the veins in this area generally strike about N 80° W with dips of 60° to 80° both north and south. A few veins in the Nopal Zone strike northwesterly. Although rarely exposed, low-angle fault and shear zones associated with hematite and carbonate alteration outcrop in several arroyos.

The region encompassing northwestern Sonora and the adjoining area in the southwestern United States is a gold metallogenic province. In the past 20 years a number of low-grade, bulk-tonnage gold deposits have been found and successfully operated in this region. These deposits were all amenable to low-cost, open-pit mining and heap-leach extraction technology. Such deposits include Picacho and Mesquite in southeastern California, Copperstone in southwestern Arizona, La Choya and La Herradura in the Caborca region, and Lluvia de Oro and San Francisco in the Santa Ana area (Society of Economic Geologists, 1998 Field Conference Guidebook). All of these deposits contained a minimum of several hundred thousand ounces of gold in material that typically graded about one gram of gold per metric ton as mined. La Herradura is currently operating and reports reserves¹ as of December 31, 2002, of 58 million metric tons grading one gram of gold per ton (Newmont Mining 2003 Annual Report). Newmont also reports "Gold mineralized material not in reserves" as Measured and Indicated - 12.2 million metric tons grading 0.75 gram of gold per ton; Inferred - 4.7 million metric tons grading 1.2 grams of gold per ton. These deposits have been categorized as "structurally-controlled" gold deposits.

Two undeveloped deposits in this belt which fit the "structurally-controlled" gold-deposit model are the Imperial project lying between the Mesquite and Picacho deposits in southeastern California and the El Chanate deposit located 25 kilometers northeast of Caborca. Both of these deposits each contain identified resources exceeding one million ounces of gold.

Another gold deposit fitting the same model is Noche Buena located 20 kilometers northwest of the Colibri Project. Minera Hecla controls the deposit and claims to have identified a resource of about 330,000 ounces of gold (Hecla Mining news release, May 10, 2004).

Although not yet well understood, these structurally-controlled deposits generally occur in the upper plate of major, low-angle, thrust or detachment-style faults. Episodic compression and relaxation produced high-angle tension fractures and zones of intense fracturing, brecciation, and shearing in the upper plate. Gold mineralization associated with silica filled the open spaces to form veins, stockworks, and siliceous breccias.

Petrologically, most of these deposits are quite different, occurring in gneisses and schists of Precambrian-age to granitic intrusives, volcanics, and sedimentary rocks of Paleozoic and Mesozoic-age. Rock alteration is generally weak to moderate propylitic with hematite often dominating. Pyrite mineralization is usually weak and base metals

¹ Newmont Mining's proven and probable reserves; these are not necessarily in compliance with the standards set out in NI 43-101.

are present in only anomalous concentrations. A small amount of silver is associated with the gold. Generally, these deposits are believed to have developed in an epithermal/mesothermal regime. The deposit at La Herradura is described as mesothermal (De la Garza et al, 1998).

Exploration in the Colibri Project area will be focused on a search for these “structurally-controlled,” low-grade, bulk-tonnage deposits amenable to open-pit, heap-leach operations.

Mineralization

The known and previously-exploited gold mineralization in the Colibri Project area occurs in a 7-kilometre-long by 1.5- to 2-kilometre-wide, northwesterly striking zone. Mineralization disappears under shallow alluvial cover to the southeast where numerous placer workings exist.

Gold mineralization occurs predominantly in moderately- to steeply-dipping quartz veins which strike northwest to west-northwest in the Juarez-San Francisco area and in many cases almost east-west in the Nopal Zone. The vein quartz has a pale green, waxy or greasy appearance. Although locally massive, it is frequently well-fractured to shattered with red hematite filling the hairline fractures. The wall rocks are silicified, hematitized and argillized with limonite pseudomorphs after pyrite frequently observed in the wall rock. Alteration decreases laterally for about 10 meters. Some parallel veining and brecciation occur locally within the alteration zone. Associated vein mineralization includes erratically-distributed calcite and siderite / ankerite.

Gold mineralization also occurs in low-angle fault structures which exhibit strong argillic alteration and moderate to strong hematitic alteration. Calcite is common in these structures. Sampling in several of these structures returned very anomalous gold values (+100ppb).

The Juarez and San Francisco veins were exploited along a strike length of about 300 meters each and to a depth of about 130 meters in the Juarez and 80 to 100 meters in the San Francisco. The accessible workings show typical vein widths of 1.5 to 2.5 meters. In some of the stoping areas of the San Francisco mine, widths of 3 to 6 meters are observed. The surface expression of open cuts at the Juarez mine, suggest stoping widths of 10 to 18 meters. The mineralized zones in the stopes are a mixture of vein and vein stockworks, generally in a rhyolitic host rock. Some andesite and sandstone / siltstone / wacke occur locally.

Mineralization in the Nopal Zone is similar to the Juarez-San Francisco area. The host rocks, however, rather than being predominantly rhyolitic, are dark-colored, andesitic flow breccias. This zone contains many parallel and subparallel, discontinuous veins which typically strike N 80°W, slightly oblique to the general northwest mineralized trend, and dip steeply both north and south. The Nopal Zone is 2000 meters long, 500 to 1000 meters wide, and contains many pits, trenches, surface stopes, and small underground workings on veins which are typically 50 to 100 meters in length.

The West Zone, although smaller, is similar to the Nopal Zone. However, there is more evidence that the known mineralization is associated with low-angle fault structures. Zones of shearing and brecciation are exposed in a single arroyo.

In all of the old prospects and mines, faulting and shearing, associated with strong argillic and hematitic alteration, are prominent. Most faulting is high-angle. Where low-angle shearing is present, the rocks are usually brecciated and crushed and exhibit more intense argillic alteration. Multiple stages of brecciation are evident.

The depth of oxidation in the area is unknown. Mineralization is essentially gold and silver in a ratio of about 1:4 at the San Francisco mine and 1:7 at the Juarez. Other metals are not noticeably anomalous except at the Juarez mine where copper, lead, zinc, and arsenic are weakly to moderately anomalous.

Work On The Project

The Company has not performed any exploratory work on the property. Work by the present owner, Cadenza has been limited to the sampling of old prospects, some geologic mapping, and the compilation of data developed by others.

Drilling on what now comprises the Colibri property includes at least 30 reverse-circulation holes in the Nopal Zone to test near-surface gold mineralization in and adjacent to surface and shallow underground workings on quartz veins. That work was done by Minera Hecla in 1995. The available documentation and results of the program are reportedly incomplete. Other than to regulatory authorities, a confidentiality agreement precludes the release of any of the Hecla data at this time.

In October 1998, Green Point Resources, through its Mexican subsidiary El Sahuaro, undertook a reverse-circulation drilling program on the Juarez and San Francisco claims. Three holes totalling 472.5 meters were drilled on the Juarez claim and six holes totalling 1039.4 meters were drilled on the San Francisco claim. The Green Point program was conducted by Fox Geological Services Inc. Relevant information from that program is presented in the History section of this Prospectus.

Sample Preparation, Analyses and Security

Sampling done by D. Irving, P.Eng. in 1997 was for the most part confined to the Juarez and San Francisco vein structures. Most of the sampling was done in the accessible underground workings for the purpose of determining the gold content of the unmined portion of the veins and what values, if any, extended into the wall rocks. Chip-channel samples were cut from the vein in the backs of drifts and stopes at convenient points, typically at 5- to 10-meter intervals. In cross-cuts and larger workings, 3-meter panel samples (3 meters long and typically 2 meters high) were taken from walls and faces. Survey control was carried underground by chain and compass and maps of the workings prepared. Each sample was assigned a unique number, bagged, tagged, labelled, and shipped to Actlabs-Skyline laboratories in Tucson, Arizona.

D. Irving took 11 samples during the property examination done for this report (March 2004). Those samples were taken for purposes of:

1. Reconnaissance geologic assessment of the property.
2. Confirmation of previously identified mineralization.

Chip-channel samples were taken across veins. In places where no specific identifiable feature could be recognized (highly altered, broken, and sheared rock) a panel sample was taken over the face. All samples were taken at old prospects and small mine workings. Typical samples were 4 to 5 kilograms. The samples remained in the custody of the author and were delivered by the author to the Actlabs-Skyline laboratory in Tucson, Arizona.

Two samples were taken from a dozer cut and an associated underground face of apparent recent vintage (possibly 1990's) in the area referred to as the West Zone. Eight samples were taken from the Nopal Zone; one was a select dump grab and the other seven were taken from small mine workings. These 10 samples all assayed better than one gram of gold per metric ton (1g Au/t). Excluding the one high-grade sample of 29.50g Au/t from a stope pillar and the grab sample, the weighted average of the other eight samples was 3.12g Au/t and 11.9g Ag/t across 1.37 meters of true width.

Results of sampling by D. Irving, March 2004
Colibri Project
Caborca, Sonora, Mexico

Sample No.	Area	True Width (meters)	Au ⁽¹⁾ (g/t)	Ag ⁽¹⁾ (g/t)
3577	West Zone	3.30	2.00	13.2
3578	West Zone	1.00	1.50	7.5
3579	Nopal Zone	0.60	2.85	12.6
3580	Nopal Zone	1.27	4.25	7.8
3581	Nopal Zone	1.70	5.11	30.9
3582*	Nopal Zone	0.83	29.40	16.6
3583	Nopal Zone	1.04	2.45	3.5
3584	Nopal Zone	0.86	8.19	4.9
3585	Nopal Zone	1.20	1.25	1.6
3586	Nopal Zone	Grab	4.32	5.8
3587	Valley Shaft	Grab	0.12	0.5
Weighted avg. 3577-3585 (excludes 3582)		1.37m	3.12	11.9
Arithmetic avg. 3577-3586 (excludes 3582)			3.55	9.8

* Small stope pillar

⁽¹⁾ Assays by Actlabs-Skyline gold - fire assay with AA finish (+3 grams gold - fire assay and gravimetric finish) silver - hot aqua regia, ICP.

Data Verification

The sampling done by the author in 1997, the 1998 drilling program, the current sampling, and the analytical results obtained from that work, are being used to verify earlier identified mineralization and to establish the relative merits of the property as a worthwhile gold-exploration project. None of the data has been used to estimate mineral resources or reserves.

Mineral Processing and Metallurgical Testing

No metallurgical test work has been done. The old stamp mills from the 1880's and early 1900's, and the cyanidation plant constructed in 1905-1906, attest to the fact that the ore was free-milling.

Mineral Resource and Mineral Resource Estimate

The property contains no Mineral Resources or Mineral Reserves as defined by NI 43-101.

Interpretation and Conclusions

The following comprises the direct interpretation and conclusions of D. Irving, P.Eng. noted in his Technical Report prepared July 8, 2005.

Historically, the Tajitos area, which incorporates the Colibri Project, was explored and mined for its narrow, vein-type gold deposits. Although the Juarez and San Francisco mines were the largest in the district, there were probably 100 or more small mines and prospects which produced a few to several thousand tons of gold ore during the period from about 1860 to 1950. With the exception of the Juarez and San Francisco mines, the dimensions of the veins both along strike and down dip are short, 20 to 50 meters in each direction being common, thus severely limiting the development of the typical, narrow-vein, underground-mining operation that was customary at that time.

What is noteworthy about the area, however, is the widespread distribution of gold mineralization in weakly- to moderately-altered volcanic, sedimentary, and intrusive host rocks. Hematitic alteration is the most notable and it varies from strong staining on fracture surfaces to areas of moderate but pervasive soaking of the entire rock mass. Coupled with this is abundant pre- and post-mineral faulting, fracturing, and shearing, including low-angle structures, all fitting into a regional, northwest-trending structural setting. In the Tajitos District there is at least 100 square kilometers, over half of which is covered by thin alluvial materials, containing known gold mineralization in both hard rock and placer deposits. All of this leads to the conclusion that there is a very significant gold-mineralizing system present in the area.

The moderately- to steeply-dipping, discontinuous, gold-bearing quartz veins that were the targets of the early-day miners on the Colibri property, and by extension the mines at Tajitos, are interpreted as being the surface manifestations of a much larger, structurally-controlled, gold-mineralizing system which lies beneath and/or lateral to the known mineralization. These veins and associated stockworks and breccias occupy tension fractures in the upper plate of a major thrust or detachment-style fault. In the lower portion of the upper plate, where these high-angle fractures coalesce with low-angle structures, a higher level of tectonic activity will have produced more intense fracturing, including zones of brecciation and mylonitization. It is in these zones of intense fracturing where large, bulk-tonnage gold deposits are most likely to occur.

On the Colibri property, all of the general characteristics associated with structurally-controlled gold deposits are present.

1. Moderately- to steeply-dipping, discontinuous quartz veins.
2. Siliceous breccias and stockworks near veins.
3. Low-angle faulting and shearing.
4. Wide-spread gold mineralization, including anomalous gold values in vein wall rocks and gold-in-soil anomalies.
5. Weak to moderate propylitic alteration, dominated by hematite.

A sufficient amount of sampling of old prospects and small mines, including both underground and surface workings, plus limited drilling by others on the Juarez, San Francisco, and Nopal areas, has demonstrated the presence of significant gold mineralization on the Colibri property in a 7-kilometre-long by 1.5- to 2-kilometre-wide, northwest-trending zone. Among the many hundreds of samples taken by responsible parties over the past eight years, including systematic sampling of surface and underground workings, in the order of 300 have provided assays ranging from 1 to 60g Au/t.

It is concluded that the Colibri property contains the potential to host one or more structurally-controlled, surface-minable gold deposits of significant economic value. Target sizes range from deposits containing several hundred thousand to plus one million ounces in material grading 1g Au/mt. The property warrants an aggressive exploration program, including a very substantial drilling program.

The above stated exploration targets, although conceptual in nature, are based on field observations, a considerable amount of sampling, and a broad knowledge of the geologic environments in which these structurally-controlled gold deposits occur. There is, however, no certainty that drilling and sampling of any target areas will result in the discovery of potentially economic mineralization.

Recommended Work Program

A. Introduction

An exploratory program of continued geologic mapping, sampling, geochemical surveys, geophysical surveys, and reverse-circulation drilling is recommended for the Colibri property. Work should be focused on locating surface-mineable, bulk-tonnage, low-grade, gold mineralization. A program which includes 7,000 meters of reverse-circulation drilling is proposed. Duration of the program is expected to be 6 months.

B. Exploration Targets

There are several areas on the property that, with minimal additional work, present ready-made drill targets. These include:

1. The Juarez and San Francisco mine areas, their strike extensions, and soil anomalies.
2. The West Zone.
3. The Nopal Zone.
4. The Naranja Zone – an area of placer pits southeast of the San Francisco mine.

Other targets will be developed by sampling, geochemical and geophysical surveys, and dozer trenching in:

1. Areas of shallow cover to the southeast of the Juarez and San Francisco claims.
2. Areas of shallow cover in the flat valley floor lying between the Juarez – San Francisco area and the Nopal and West Zones (Juarez Valley).
3. Areas of shallow cover to the north and northeast of the Juarez claim.

C. Proposed Exploratory Program

1. Continue geologic mapping of the area with emphasis on structural elements.
2. Continue geologic mapping and systematic sampling of the many small mines and prospects in the Nopal and West Zones.
3. Reconnaissance soil-geochemical surveys on northeast-trending lines – 25 line-kilometers.
4. Grid geochemical sampling in select areas.
5. Dozer and / or backhoe trenching and sampling.
6. Reconnaissance Induced – Polarization surveys with follow-up detail in select areas - 20 line-kilometers.
7. Reverse-circulation drilling

	<u>Meters</u>
a. San Francisco structure – 3 infill holes @ 175m ea; 3 deeper holes @ 200m ea; 2 holes of 100 m ea in the SE extension of the vein and the soil-geochem anomaly.	1,325
b. Juarez structure – 2 holes @ 175m ea in NW extension; 1 hole @ 100m in SE extension; 3 holes @ 100m ea in Elena structure.	750

c. Nopal Zone – 10 to 15 holes @ 125 to 200m ea	2,000	
d. West Zone – 4 holes @ 100 to 150m ea	500	
e. Naranja Zone (Placer area) – 1500m SE of the San Francisco mine – 6 holes @ 100m ea.	600	
f. Juarez valley – reconnaissance drilling of anticipated geochem / geophysical anomalies; 10 to 20 holes of 100 to 200m each	<u>1,825</u>	
Total proposed drilling	7,000	meters

D. Cost Estimate

1.	Personnel		
	Project manager/Sr. geologist – 6 mo. at \$15,000/mo.	\$90,000	
	Field geologist – 5 mo. at \$10,000/mo.	50,000	
	Field assistant – 5 mo. at 1,500/mo.	7,500	
	2 laborers – 120 days at \$40/man-day	<u>9,600</u>	157,100
2.	Geophysical Survey (Contractor)		
	Mobilization and demobilization	\$6,000	
	15 days I.P. crew at \$2,300/day	34,500	
	5 days ground mag at \$500/man-day	2,500	
	Interpretation and reports	<u>6,000</u>	49,000
3.	Drilling – 7000m contract		
	Contract driller - \$72/m; incl. mob and demob., drilling, vehicles, travel, water, crew per diem, bits and supplies.		504,000
4.	Assaying – Certified laboratory		
	5850 total samples (\$34 ea. incl. freight, prep, assaying) comprises 200 rock-chip samples, 900 geochem samples, 80 trench samples, and 4670 drill samples (7000m @ 1.5m ea).		198,000
5.	Expenses		
	2 vehicles at \$3,000/mo ea. – 11 vehicle-months	33,000	
	Accommodation at \$60/man-day – 330 man-days	19,800	
	Meals & groceries - \$35/man-day – 330 man-days	11,550	
	Assist. & labor - \$5/man-day – 360 man-days	1,800	

Trenching – backhoe and/or dozer		
	\$125/hr (incl. operator) – 80 hours	10,000
	Mob. & demob	<u>1,000</u>
		11,000
	Field supplies – sample bags, tools & equip., etc.	6,000
	Project office in Caborca – 6 mo. @ \$700/mo.	4,200
Drill roads and drill-pad construction		
	Dozer – 100 hours at \$125/hr.	12,500
	Land-owner compensation	3,000
	Environmental clearances	5,000
	Surveys and mapping	4,000
	Travel	6,000
	Communications, accounting	<u>3,000</u>
		118,850
6.	Project report (incl. geologist, drafting, and expenses)	<u>20,000</u>
	Subtotal	1,049,850
	10% contingency	104,990
	10% IVA (Federal Tax) (recoverable)	<u>115,480</u>
	Total estimated program cost *	\$C 1,270,320**

* Does not include corporate overhead, legal expense, property payments, and property taxes.

** In the event that the Minimum Offering is raised, the Company proposes to spend \$C645,320 on this phase of the exploration, and would reduce the above noted expenses proportionately.

The drilling phase of the proposed program constitutes approximately 80 percent of the total estimated budget. For clarification, the cost of the drilling phase has been extracted from the above estimate.

Estimated cost of drilling phase

1.	Reverse-circulation drilling – 7,000m contract	\$504,000
2.	Assaying – 4,670 samples @ \$34 ea	158,800
3.	Personnel	
	Project manager – 3 months @ \$15,000/mo	45,000
	Field geologist – 3 months @ 10,000/mo	30,000
	Field assistant – 3 months @ 1,500/mo	4,500
	2 laborers – 90 days @ \$40/man-day	<u>7,200</u>
		86,700

4.	Expenses		
	2 vehicles @ \$3,000/mo ea. – 6 vehicle-months	18,000	
	Accommodation @ \$60/man-day – 180 man-day	10,800	
	Meals & groceries @ \$35/man-day – 180 man-day	6,300	
	Assistant & labor @ \$5/man-day – 270 man-day	1,350	
	Field supplies	4,500	
	Project office – 3 months @ \$700/mo	2,100	
	Drill roads and drill pads	12,500	
	Land-owner compensation	3,000	
	Environmental clearances	5,000	
	Drill-hole surveys	2,000	
	Travel	3,000	
	Communications and accounting	<u>1,500</u>	70,050
5.	Project report		<u>18,000</u>
	Subtotal drilling program		837,550
	10% contingency		83,760
	10% IVA (Federal Tax) (recoverable)		<u>92,130</u>
	Total estimated cost of drilling program		\$C 1,013,440

Leon Silver and Base Metals Property, State of Sonora, Mexico

Note: With regard to the descriptions of the Leon Property and the Ramaje Ardiente (Ramard) Property that follow, it should be noted that neither the Leon Property nor the Ramard Property are considered by the Company to be material to the present business affairs of the Company. In the future, however, the Company intends carrying out exploration on these two properties to determine their mineral potential.

Description and Access

The Leon Property consists of mineral concessions covering 3,444 hectares in an area situated about 40 km east of Querobabi, a brick and roofing-tile manufacturing town on the railroad, 115 km north of Hermosillo. Access from Querobabi is on a partially maintained 2-lane, dirt road leading to the town of Opedepe.

The El Tigre claim of 84 hectares lies within the mineral concessions and covers an area of old gold-silver mines. Exploration work in 1997 and 1998 by Greenpoint Resources of Vancouver, B.C. in the El Tigre area identified widespread anomalous gold-silver mineralization in soils. Sampling of underground workings was also conducted.

A field examination made by Dr. James Irwin on March 26 and 27, 2004 focused on an area of old gold-silver mines referred to as Las Amarillas. There is evidence of diamond drilling on these veins within the past 30 years. A second area examined, known as La Fortuna, hosts an old underground copper-molybdenum vein mine.

Other than the work done by Greenpoint Resources Ltd. In 1997-1998 in the El Tigre area, there has been no significant exploration work done on the concessions held by Pitahaya.

Geology and Mineralization

The project lies within a granitic intrusive complex of batholithic size known as the Sierra San Jeronimo. In the Las Amarillas area there are many parallel to subparallel, westerly-striking quartz veins carrying gold-silver values and minor amounts of lead, zinc and copper in argillically-altered granite. The principal mine working (La Rubeña) consists of an inclined shaft on a quartz vein. An estimated 3000 to 4000 tons of mineralized material from past mining operations has been stockpiled adjacent to the shaft. This siliceous material is highly pyritic and contains a little sphalerite and possibly arsenopyrite. Two dump samples taken during this examination averaged 0.3g Au/t, 55g Ag/t, 0.54% Zn, 0.30%Pb, and 0.15% Cu.

In the Las Amarillas area, other quartz veins that were sampled showed varying amounts of gold and silver including 1.17g Au and 118g Ag per ton across 1.10 meter; 0.42g Au and 688g Ag per ton across 1.0 meter (vein contains cerargyrite); and 1.85g Au and 37g Ag per ton across 1.10 meter. A small hand-cobbed pile of a few hundred kilograms of oxidized, gossanous quartz vein from a shallow prospect assayed 5.18g Au and 288g Ag per ton.

Noteworthy in the Las Amarillas area are the zones of limonitic soils with abundant quartz fragments scattered throughout, suggesting areas of quartz-vein stockworks and disseminated pyrite.

The La Fortuna area lies 4 kilometers to the east of the Las Amarillas area in the eastern part of the project area and within the batholithic complex. However, the granite here is cut by northwesterly striking quartz veins carrying fine-grained, disseminated chalcopyrite, molybdenite and pyrite. The main granitic mass contains some late-stage, medium-grained granite and/or quartz monzonite with silica veinlets which may be related to the mineralizing event. Two samples (Nos 3575 and 3576) taken from the main adit level of the Fortuna mine averaged 0.22% Cu and 0.21% Mo across true widths of 1.10 and 1.40 meters.

Conclusions

The Leon project contains potential for stockwork and disseminated gold-silver deposits in the Las Amarillas and El Tigre areas and stockwork and disseminated copper-molybdenum deposits (porphyry copper-molybdenum) in the Fortuna area. Geological mapping and geochemical sampling of selected areas is definitely warranted.

Work On The Project

There have been no exploration programs carried out on the Leon by the Company. Some limited sampling by Pitahaya has been carried out in recent years over disparate areas of the property. In March 2004, a program of check sampling was done by D. Irving, P.Eng. who also produced the Technical Report on the Colibri Gold Project.

Recommended Work Program

The Leon prospect area resembles some mine camps in the North American west that began as underground Pb-Ag mines and eventually became open pit Cu-Mo mines. Old precious metal mine workings occur around the margin of an intrusive complex, with Cu-Mo mines and showings closer to the core. This area is as yet little explored and there are obvious potential target areas of alteration, limonite-rich soils and quartz float as yet unsampled. D. Irving, P.Eng. has noted that geological mapping and geochemical sampling of selected areas on the Leon Property is definitely warranted. An initial exploration program of geological mapping, sampling, and a geophysical survey is being planned for the Leon property.

Ramaje Ardiente (Ramard) Base Metals, Gold and Silver Property, State of Sonora, Mexico

Description, Location and Access

The Ramaje Ardiente project comprises 6725 hectares of mineral concessions located 13 kilometers east of Carbo, a small town on the railroad. Carbo is 8 km east of Mexico Hwy 15 and 75 km north of Hermosillo. A newly paved two-lane road passes through the project area. The property was examined on March 24 and 25, 2004 by Dr. James Irwin.

In 2003, Teck-Cominco spent about \$US 200,000, most of which was spent examining a small part of the property in and around an area of old prospects. They did rock and soil sampling, ground magnetic and gravity surveys, and 1792 meters of reverse-circulation drilling in 14 holes.

The present field examination focused entirely on the area of known mineralization. An area of copper-gold mineralization discovered by Teck-Cominco in the southern part of the property was not examined.

Geology and Mineralization

The area of known mineralization in the central part of the property consists primarily of Paleozoic-age limestone, siltstone and quartzite converted to skarn and hornfels by probable Laramide-age granitic intrusives. The sedimentary units were impacted by folding and possible thrusting prior to intrusion, alteration and mineralization. Post-mineral, mid-Tertiary volcanics cover the higher elevations on the northern portion of the property. In the mineralized area (2 km x 2 km), high-angle faulting associated with regional Basin-and-Range style faulting has resulted in different rock types on the several hills. However, on one hill (Pavo area), massive silica-magnetite skarn and associated altered limestone and marble appear to lie directly on the contact with an intrusive leucocratic granite.

Mineralization in the area examined is predominantly skarn related being either garnet-silica or iron-silica replacement in limestone. However, a north-south line of old prospects on the west side of Picacho are located within a highly siliceous zone of fault breccias cutting through skarns and metaquartzites.

Zinc is dominant within the garnet-silica zone. Three samples, Nos. 3555, 3556, and 3558 assayed 12.90, 17.00, and 10.60 percent Zn over sample widths of 4.5m, 3.95m, and 6.8m respectively. These three samples were taken across zones of garnetiferous gossan and there is no sense of what might be true width based on stratigraphy. Sample No. 3556 was a continuation of No. 3555 across the same zone.

In the iron-silica area, both zinc and copper are strong with respective values of 2% Zn and 1% Cu. One sample (No. 3561) assayed 55g Ag/t. In the siliceous fault breccias mineralization includes silver to 128g/t, 0.7% Cu, 1% Zn, and 0.5% Pb.

Generally, gold is anomalous in all of the 11 samples taken, typically being 100 to 200 ppb. One sample (No. 3557) across 5.40 meters of late-stage vuggy jasperoidal silica in the garnet zone assayed 1.09g Au/t. Molybdenum and manganese are also anomalous in the area.

The observed mineralization is all secondary, smithsonite and hemimorphite being the prominent zinc minerals and malachite and chrysocolla being the dominant copper minerals.

Conclusions

The Ramaje Ardiente property is an early-stage exploration project with potential for zinc-copper skarn deposits in blocks of calcareous sediments. These skarns are typically distal to porphyry copper-molybdenum deposits in this geologic terrane (Arizona / Sonora porphyry-copper belt). The nearby granitic intrusives, anomalous molybdenum values, and the reported discovery of copper-gold mineralization to the south all suggest that the area warrants detailed geologic mapping accompanied by a good reconnaissance geochemical survey to search for potential copper-molybdenum porphyry deposits.

The garnet skarns with their high zinc values deserve close examination, including drilling.

The major mineral concession, El Ramaje Ardiente of 6225.2 hectares, is an Exploration concession. In February, 2005, portions of the concession were converted to an Exploitation concession in order to maintain control over any prospective ground.

Work On The Project

Exploration to date consists of work by Dr. J. Irwin involving the emplacement of two north-south directed grid lines and two east-west grid lines, soil sampling of the grid, (125 samples), geologic mapping on a scale of 1:10,000, detailed mapping on a portion of the property on a scale of 1:1,000, and analysis of 219 rock samples.

In 2003, the property was optioned to Teck-Cominco Ltd. who spent about \$US 200,000, most of which was consumed examining a small part of the property in and around an area of old prospects. Rock and soil sampling, ground magnetic and gravity surveys, and 1792 meters of reverse-circulation drilling in 14 holes were conducted.

Recommended Work Program

Large areas of the Ramaje Ardiente claims are as yet little explored. Results of work to date support an exploration program including geological mapping, soil sampling, geophysical surveys and drilling. Two different types of deposit are potential targets, supergene enriched porphyry copper/molybdenum and high-grade copper-zinc-silver-gold within skarn. Mineralization and alteration on the property is analogous to that found in some of the major mining camps in western United States and in Sonora that began as high grade underground copper-zinc-silver mines focused on skarns and eventually became large open-pit porphyry operations.

D. Irving, P.Eng. notes the Ramaje Ardiente property is an early-stage exploration project with potential for zinc-copper skarn deposits in blocks of calcareous sediments. These skarns are typically distal to porphyry copper-molybdenum deposits in this geologic terrane (Arizona / Sonora porphyry-copper belt). The nearby granitic intrusives, anomalous molybdenum values, and the discovery of copper-gold mineralization by Teck-Cominco to the south all suggest that the area warrants detailed geologic mapping accompanied by a good reconnaissance geochemical survey to search for potential copper-molybdenum porphyry deposits. The garnet skarns with their high zinc values deserve close examination, including drilling.

USE OF PROCEEDS

The Company will receive gross proceeds of \$2,500,000 in the event of completion of the Maximum Offering and gross proceeds of \$1,500,000 in the event of completion of the Minimum Offering. As the Company had working capital as at June 30, 2005 of approximately \$104,750 the Company will have gross funds available of \$2,604,750 in the event the Maximum Offering is completed, or \$1,604,750 in the event the Minimum Offering is completed. The Company intends to use these funds as follows:

Description		Maximum Offering	Minimum Offering
(1) To pay the estimated remaining costs of the Offering (includes Agent's commission of \$212,500 (Maximum) and \$127,500 (Minimum), legal, accounting, auditing, etc. costs)	\$	295,000 ⁽¹⁾	210,000
(2) To pay Agent's administration fee (\$20,000), in the event the Agent elects to receive same in cash rather than Work Fee Units, and estimated expenses, e.g. marketing	\$	30,000 ⁽⁴⁾	30,000
(3) To make property option payments on the San Francisco and Juarez claims on the Colibri gold property, collectively for the sum of US\$5,000 on each of 01 April, 2005, 01 July, 2005, 01 October, 2005, and 01 January 2006	\$	25,000 ⁽²⁾	25,000

Note: C\$/US\$ foreign exchange assumption = 1.25

(4)	To make property option payments of C\$ due per schedule below		\$	40,000 ⁽²⁾	40,000
				<u>15 December, 2005</u>	
	Colibri property			\$25,000	
	Leon property			\$15,000	
	Ramard property			nil	
(5)	To make mineral property tax estimated payments due per schedule below		\$	20,398 ⁽²⁾	20,398
				<u>01 July, 2005</u> <u>01 January 2006</u>	
	Colibri property	\$5,319		\$5,851	
	Leon property	\$2,217		\$2,439	
	Ramard property	\$2,177		\$2,395	
	Note: Mexican peso/C\$ foreign exchange assumption = 8.5				
(6)	(a) To conduct the Phase I exploration – Colibri property		\$	1,270,320 ⁽²⁾	645,320
	(b) To conduct the Phase I exploration program on the Ramard Property (consisting of \$50,000 for line cutting, soil sampling and geological mapping; \$100,000 for ground geophysics; and \$100,000 for a 1,000 meter drill program)		\$	250,000	250,000
	(c) To conduct a basic exploration program on the Leon Property to maintain it in good standing and Mexican Mining Regulations.			40,000	40,000
(7)	To cover estimated general and administrative expenses for a 12-month period		\$	264,684 ⁽³⁾	177,684
(8)	To provide general working capital		\$	369,348	166,348
	TOTAL:		\$	2,604,750	1,604,750

(1) Refer to “Plan of Distribution.”

(2) Refer to “Business of the Company”.

(3) Based on the following estimated monthly administrative expenses:

	MAX		MIN.
Description	Amount		
Management fee	\$ 5,000		5,000
Consulting fees	4,583		1,500
Rent	1,257		1,257
Telephone	300		300
Travel	3,000	*	1,000
Office and general	1,000		1,000
Transfer agent	250		250
Investor and Public Relations	2,000		500
Legal and Audit	4,667	**	4,000
Total monthly expenses	<u>\$ 22,057</u>		<u>14,807</u>

* Amortized over annual \$36,000 which includes one analysts' trip

** Includes annual audit and accounting in Mexico.

(4) Agent's administration fee of \$20,000 and estimated other expenses, e.g. marketing, of \$10,000

Net proceeds from the following will be added to the Company's general working capital. There is no assurance that any of the following rights to purchase Company common shares will be exercised.

Description	Number of Common Shares	Price Per Common Share	Gross Proceeds to the Company
Greenshoe Option Shares	Min: N/A Max: 1,500,000	\$0.25	Min: N/A Max: \$375,000.00
Greenshoe Option Warrant Shares	Min: N/A Max: 750,000	\$0.30	Min: N/A Max: \$225,000.00
AU Warrant Shares ⁽¹⁾	Min: 127,500 Max: 244,375	\$0.30	Min: \$38,250.00 Max: \$73,312.50
Agent's Shares	Min: 900,000 Max: 1,725,000	\$0.30	Min: \$270,000.00 Max: \$517,500.00
CF Warrant Shares	Min: 240,000 Max: 240,000	\$0.30	Min: \$72,000.00 Max: \$72,000.00
Work Fee Warrant Shares ⁽¹⁾	Min: 40,000 Max: 40,000	\$0.30	Min: \$12,000.00 Max: \$12,000.00
TOTAL	Min: 1,307,500 Max: 4,499,375		Min: \$392,250.00 Max: \$1,278,412.50

(1) Assumes the Agent elects to take one-half of its commission in cash and its administration fee in Work Fee Units.

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary. The Company will only redirect the funds to other properties on the basis of a recommendation from an independent professional geologist or engineer.

As at the date of this Prospectus, the Company has outstanding 8,716,866 previously issued common shares issued by the Company at various prices by way of private placements. All of the proceeds from the sale of these common shares were used for costs associated with the acquisition of interests in the Mexican mineral properties, the

preparation of an offering memorandum and this Prospectus, and for working capital and general corporate purposes.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of certain selected financial information of the Company which is qualified by the more detailed information appearing in the financial statements included in this Prospectus.

	Period Ended November 30, 2004 (audited)	Three Month Period Ended February 28, 2005 (unaudited)
Net Income (loss)	\$(122,564)	\$(24,747)
Net income (loss) per share	\$(0.05)	\$(0.01)
Current assets	\$289,515	\$128,962
Mineral Properties and deferred Exploration costs	\$292,619	\$439,769
Total assets	\$613,424	\$626,410
Total liabilities	\$32,156	\$64,889
Deficit	\$(122,564)	\$(147,311)
Working Capital (deficiency)	\$257,359	\$64,073
Number of common shares outstanding	5,770,000	5,970,000

Dividend Policy

The Company has paid no dividends since its inception. At the present time, the Company intends to retain any earnings for corporate purposes. The payment of dividends in the future will depend on the earnings and financial condition of the Company and on such other factors as the board of directors of the Company may consider appropriate. However, since the Company is currently in a development stage, it is unlikely that earnings, if any, will be available for the payment of dividends in the foreseeable future.

Management's Discussion and Analysis

The following discussion of the operations, results and financial position of the Company for the period from incorporation on February 20, 2004 to November 30, 2004 and for the three month period ended February 28, 2005 should be read in conjunction with the November 30, 2004 Audited Financial Statements and subsequent interim Unaudited Financial Statements and the related notes.

The Company is in the business of acquiring, exploring, and developing (when appropriate) natural resource properties. The Company's primary property is the Colibri Property, a gold exploration project located in Sonora Mexico. Refer to "The Business of the Company".

No known bodies of commercial ore have been discovered to date on any of the Company's natural resource properties. In addition, the Company is in early stages of exploration. Mining exploration involves a high degree of risk. Finding mineral deposits is dependent on a number of factors including the technical skill of exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors including size, grade, and proximity to infrastructure, as well as metal prices.

The Company plans exploration programs on all of its properties in which it has an option to acquire an interest, with the focus to be on the Colibri Property, the Company's material exploration property.

Results of Operations

Period from incorporation on February 20, 2004 to November 30, 2004

Operations in the period from incorporation on February 20, 2004 to November 30, 2004 were focused on the incorporation of the Company, the establishment of its management team and the investigation of the properties for which it has entered into agreements to acquire interests in. The Company has not generated any revenues from or the period from incorporation on February 20, 2004 to November 30, 2004 and does not expect to do so in the near future.

The net loss for the period from incorporation on February 20, 2004 to November 30, 2004 was \$122,564 which was a loss of \$0.05 per share on both a basic and a fully diluted basis. This loss was primarily attributed to general and administrative expenses of \$123,325, the major component of which was management fees of \$63,750 paid to a company controlled by the Company's President. In addition, the Company paid or accrued geological consulting fees of \$16,050 to a company controlled by a director of the Company, which amount has been included in deferred explorations costs.

Three Month Period Ended February 28, 2005

Operations in the three month period ended February 28, 2005 were focused on the preparation of this Offering and in maintaining the Company's interests in the properties for which it has entered into agreements to acquire interests in. The Company has not generated any revenues from operations for the three month period ended February 28, 2005.

The net loss for the three month period ended February 28, 2005 was \$24,747 which was a loss of \$0.01 per share on both a basic and a fully diluted basis. This loss was primarily attributed to general and administrative expenses of \$25,112, the major component of which was management fees of \$12,750 paid to a company controlled by the Company's President.

Selected Information

The following are highlights of financial data on the Company for the period from incorporation on February 20, 2004 to November 30, 2004 and for the three month period ended February 28, 2005:

	Period from incorporation on February 20, 2004 to November 30, 2004	Three month period ended February 28, 2005
Net Loss	\$122,564	\$24,747
Loss per Common Share	\$0.05	\$0.01
Total Assets	\$613,424	\$626,410
Total Liabilities	\$32,156	\$64,889
Working Capital	\$257,359	\$64,073

The assets reported at November 30, 2004 consist primarily of capitalized costs associated with mineral properties, valued at 292,619, and cash on hand of \$281,705 that had been raised in private placement financings.

Liquidity and Capital Resources

At November 30, 2004, the Company had current assets of \$289,515 and current liabilities of \$32,156 and a net working capital of \$257,359. At February 28, 2005, the Company had current assets of \$128,962 and current liabilities of \$64,889 and a net working capital of \$64,073. The Company has been funding its ongoing working capital requirements by way of private placement financings through the issuance of its common shares. Of its

current liabilities at February 28, 2005, \$33,716 represents accounts payable and accrued liabilities and \$31,173 represents accounts payable to an officer and director on account of management fees.

With the Company's financing activities in the periods ended November 30, 2004 and February 28, 2005, the Company acquired net cash of \$787,042 which has been applied to fund the Company's working capital requirements and property acquisition costs and will continue to be applied to fund the Company's exploration programs on the properties as well as cover its general and administrative expenses. The Company's working capital of \$64,073 as at February 28, 2005 is not sufficient to fund its obligations in regards to the properties in which it has the right to acquire interests in, or to fund any material exploration programs. The Company requires the proceeds from the Offering to enable it to be able to fund its obligations as they become due in regards to the mineral properties which it has the right to acquire, and for general working capital purposes.

The Company has not entered into any off-balance sheet transactions.

See Note 2 to the audited financial statements for the period from incorporation on February 20, 2004 to November 30, 2004 for the Company's Significant Accounting Policies.

The Company's financial instruments consist primarily of cash. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments and that their fair values approximate their carrying values unless otherwise noted.

DESCRIPTION OF SECURITIES DISTRIBUTED

This Prospectus qualifies for distribution the issuance of the following Common Shares:

Description	Minimum Offering	Maximum Offering
Shares	6,000,000	10,000,000
Warrant Shares	3,000,000	5,000,000
Shares (Greenshoe)	N/A	1,500,000
Warrant Shares (Greenshoe)	N/A	750,000
AU Shares ⁽²⁾	255,000	488,750 ⁽¹⁾
AU Warrant Shares ⁽²⁾	127,500	244,375 ⁽¹⁾
Agent's Shares	900,000	1,725,000 ⁽¹⁾
CF Shares	240,000	240,000
CF Warrant Shares	240,000	240,000
Work Fee Shares ⁽²⁾	80,000	80,000
Work Fee Warrant Shares ⁽²⁾	40,000	40,000
TOTAL	10,882,500	20,308,125

- (1) Assumes the maximum number of Shares and Warrant Shares are issued upon exercise of the Greenshoe Option.
- (2) Assumes the Agent elects to take half of its commission in cash and its administration fee in Work Fee Units.

Common Shares

All of the common shares without par value in the capital of the Company, including all of the common shares described in the table above, rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and the entitlement to dividends. The holders of common shares are entitled to receive notice of all meetings of shareholders and to attend and vote at the meetings. Each common share carries with it the right to one vote. There are no pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital attaching to the common shares.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Company has paid out its liabilities. Distributions in the form of dividends, if any, will be set by the board of directors.

Provision as to the modification, amendment or variation of the rights attached to the common shares are contained in the Company's articles and bylaws and the *Business Corporations Act (British Columbia)*. Generally speaking, substantive changes to the Company's share capital require the approval of the shareholders by special resolution passed by a majority of not less than two-thirds of the votes cast in person or by proxy by holders of the common shares.

Warrants

The Warrants will be transferable, and two Warrants will entitle the holder to purchase one additional Warrant Share for a period of 24 months from the closing of the Offering at a price of \$0.30 per share. The Warrants will be listed and trading subject to meeting distribution requirements.

The Warrants, pursuant to the terms of a warrant trust indenture (the "Warrant Indenture"), will contain provisions for the appropriate adjustment in the class, number and price of common shares issuable under such Warrants upon the occurrence of certain events, including any subdivision, consolidation, or reclassification of the common shares, the payment of stock dividends or the amalgamation with another company.

The Warrant Indenture will provide for adjustment in the number Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- i. the issuance of common shares or securities exchangeable for or convertible into common shares to all or substantially all of the holders of the common shares by way of a stock dividend or other distribution (other than a "dividend paid in the ordinary course", as defined in the Warrant Indenture, or a distribution of common shares upon the exercise of any outstanding warrants or options);
- ii. the subdivision, redivision or change of the common shares into a greater number of shares;
- iii. the consolidation, reduction or combination of the common shares into a lesser number of shares;
- iv. the issuance to all or substantially all of the holders of the common shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase common shares, or securities exchangeable for or convertible into common shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for the common shares on such record date; and

- v. the issuance or distribution to all or substantially all of the holders of the common shares of securities of the Company including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- vi. reclassifications of the common shares;
- vii. consolidations, amalgamations, arrangements or mergers of the Company with or into any other corporation or other entity (other than consolidations, amalgamations, arrangements or mergers which do not result in any reclassification of the outstanding common shares or a change of the common shares into other shares); or
- viii. the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of common shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of common shares purchasable upon exercise by at least one one-hundredth of a common share, as the case may be.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to Warranholders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of common shares issuable upon exercise of the Warrants, at least 10 business days prior to the record date or effective date, as the case may be, of such event.

No fractional common shares will be issuable upon the exercise of any Warrants. Warranholders will not have any voting or pre-emptive rights or any other rights which a holder of common shares would have.

The Warrant Indenture will provide that, from time to time, the Company and the Warrant Agent, without the consent of the Warranholders, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not prejudice the rights of any Warranholder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the Warranholders may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the Warranholders at which there are Warranholders present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to a lack of quorum, at which adjourned meeting the Warranholders present in person or by proxy shall form a quorum) and passed by the affirmative vote of Warranholders representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at such meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the Warranholders representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants.

The foregoing summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture in the form to be agreed upon by the parties.

Other Warrants

The Agent’s Warrants, AU Warrants, CF Warrants and Work Fee Warrants will be non-transferable, and each such warrant will entitle the Agent to purchase the following additional common shares of the Company for a period of 24 months from their date of issuance at a price of \$0.30 per common share:

- (a) Upon exercise of the Agent's Warrants, a minimum of 900,000 Agent's Shares and a maximum of 1,725,000 Agent's Shares;
- (b) Upon exercise of the AU Warrants, a minimum of 127,500 AU Warrant Shares and a maximum of 244,375 AU Warrant Shares **;
- (c) Upon exercise of the CF Warrants, 240,0000 CF Warrant Shares; and
- (d) Upon exercise of the Work Fee Warrants, 40,000 Work Fee Warrant Shares **.

** Assumes the Agent elects to take half of its commission in cash and its administration fee in Work Fee Units.

The Agent's Warrants, AU Warrants, CF Warrants and Work Fee Warrants will contain provisions for the appropriate adjustment in the class, number and price of common shares issuable under such warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the common shares, the payment of stock dividends or the amalgamation with another company.

CAPITALIZATION

Designation of Security	Amount Authorized	Outstanding at April 30, 2005	Outstanding as at the date hereof	Outstanding on Completion of the Minimum Offering	Outstanding on Completion of the Maximum Offering
Common Shares	100,000,000	8,266,866	8,716,866	14,716,866 ⁽¹⁾	18,716,866 ⁽¹⁾
				19,599,366 ⁽²⁾	29,024,991 ⁽²⁾

⁽¹⁾ Includes Shares only, but does not include Shares that may be issued upon exercise of the Greenshoe Option.

⁽²⁾ Includes all Shares, all Warrant Shares, AU Shares, AU Warrant Shares, Agent's Shares, CF Shares, CF Warrant Shares, Work Fee Shares and Work Fee Warrant Shares, but does not include common shares that may be issued upon exercise of incentive stock options.

OPTIONS TO PURCHASE SECURITIES

Incentive Stock Options

As of the date of this Prospectus, the Company has granted the following incentive stock options to purchase an aggregate of 550,000 common shares of the Company, exercisable for a period of five years from the effective date of the Company's Prospectus:

Group	Number of Common Shares Under Option	Exercise Price per Common Share
Executive officers of the Company (two individuals) ⁽¹⁾	250,000	\$0.25
Directors of the Company who are not executive officers (three individuals)	300,000	\$0.25
Total	550,000	\$0.25

⁽¹⁾ Refer to "Executive Compensation" for information on the Company's executive officer.

- (2) There was no market for the Company's securities at the time the options were granted. The exercise price of the options was set at the Offering price of the Units in accordance with the policies of the Exchange.

PRIOR SALES

The following table summarizes the common shares that have been issued by the Company during the 12 months preceding the date of this Prospectus.

Date of Treasury Orders	Number	Issue Price
07 May, 2004	1,250,000	\$0.01 ⁽¹⁾
07 May, 2004	1,940,000	\$0.15 ⁽²⁾
28 June, 2004	600,000	\$0.15 ⁽³⁾
28 June, 2004	333,333	\$0.15 ⁽⁴⁾
28 October, 2004	1,646,667	\$0.15 ⁽⁴⁾
16 December 2004	200,000	\$0.15 ⁽⁴⁾
26 April 2005	2,296,866	\$0.075 ⁽⁵⁾
16 June 2005	450,000	\$0.015 ⁽³⁾
	8,716,866	

- (1) Founders' common shares. These common shares are held in escrow. See "Escrowed Securities".
- (2) Friends and family private placement.
- (3) Acquisition of properties. Certain of these common shares are held in escrow. See "Escrowed Securities".
- (4) Private placement with Offering Memorandum.
- (5) Private placement to existing shareholders only. The common shares issued have a hold period expiring on August 27, 2005.

ESCROWED SECURITIES

The Company is classified as an "emerging issuer" under National Policy 46-201 *Escrow for Initial Public Offerings* (the "Policy"). As a result, all common shares held by principals of the Company, as defined in the Policy, are required to be held in escrow. In addition, 7,951,533 common shares (91.2% of the Company's issued and outstanding common shares) are subject to a pooling agreement between certain shareholders, the Company and the Agent, whereby such shares are restricted from resale for a period of six months from the completion of the Offering, unless an earlier release is authorized by the Agent. Further, of the Company's currently issued and outstanding common shares, 3,618,867 common shares will be subject to seed share resale restrictions contained in section 10 of the Exchange's Policy 5.4. Of these, 872,000 common shares will have a four month hold period, with 20% being released each month commencing with the closing of the Offering; 2,296,866 common shares will have a one year hold period with 20% being released every three months commencing with the closing of the Offering; and 450,000 common shares will be subject to the escrow provisions described below.

The following common shares (the "Escrowed Shares") have been deposited in escrow pursuant to the terms of an escrow agreement (the "Escrow Agreement") dated as of March 16, 2005 between the Company, Pacific Corporate Trust Company, as escrow agent, and each holder of the Escrowed Shares:

Name	Number of Escrowed Shares	% of all Common Shares Outstanding as of the Date Hereof	% of all Common Shares Outstanding Upon Completion of the Maximum Offering⁽³⁾
Ian de W. Semple	550,000	6.31%	1.89%
Douglas G. Irwin	610,000	7.00%	2.10%
James J. Irwin	350,000	4.02%	1.21%
Anthony W. Garson	250,000	2.87%	.86%
John H. Dustan	250,000	2.87%	.86%
Cadence Resource Corporation ⁽¹⁾	550,000	6.31%	1.89%
Cadence Mineral Resources Inc. ⁽²⁾	300,000	3.44%	1.03%

⁽¹⁾ Cadence Resource is owned 46.5% by James J. Irwin, a former director of the Company and 21.5% by Douglas G. Irwin.

⁽²⁾ Cadence Mineral is owned 50% by James J. Irwin, a former director of the Company and 50% by Douglas G. Irwin.

⁽³⁾ Based upon fully-diluted share capital of 29,024,991 common shares of the Company. This figure assumes the exercise in full of rights to purchase common shares of the Company, and includes all Shares, Warrant Shares, AU Shares, AU Warrant Shares, Agent's Shares, CF Shares, CF Warrant Shares, Work Fee Shares and Work Fee Warrant Shares, but does not include common shares that may be issued upon exercise of incentive stock options.

As provided for in the Policy, the Escrowed Shares will be released pro rata basis to the holders thereof on the following basis:

On the date of listing of the Company's Shares and Warrants (the "Listing Date")	1/10 of the Escrowed Shares
6 months after the Listing Date	1/6 of the remaining Escrowed Shares
12 months after the Listing Date	1/5 of the remaining Escrowed Shares
18 months after the Listing Date	1/4 of the remaining Escrowed Shares
24 months after the Listing Date	1/3 of the remaining Escrowed Shares
30 months after the Listing Date	1/2 of the remaining Escrowed Shares
36 months after the Listing Date	the remaining Escrowed Shares

The Escrowed Shares cannot be transferred or otherwise dealt with while in escrow. Permitted transfers or dealings within escrow would include: (i) transfers to existing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Company's board of directors; (ii) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse, children and parents; (iii) transfers upon bankruptcy to the trustee in bankruptcy or another person entitled to the Escrowed Shares on bankruptcy; and (iv) pledges or mortgages to a financial institution as collateral for a loan, provided that upon a realization the Escrowed Shares remain subject to escrow. Tenders of Escrowed Shares to a take-over bid would be permitted provided that, if the tenderer is a principal of the successor issuer upon completion of the take-over bid, securities received in exchange for tendered Escrowed Shares are substituted in escrow on the basis of the successor issuer's escrow classification

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, no persons presently beneficially own, directly or indirectly, or exercise control or direction over common shares of the Company carrying more than 10% of the voting rights attached to the Company's issued and outstanding common share capital as at the date of this Prospectus.

Name	Number of Common Shares	% of Currently Outstanding Common Shares	% of Common Shares Outstanding After Completion of the Offering	% of Common Shares Outstanding on a Fully Diluted Basis ⁽⁶⁾
Ian de W. Semple	550,000	6.31%	2.90%	1.89%
James J. Irwin ^{(3) (4) (5)}	905,750 ⁽¹⁾	10.39%	4.78%	3.12%
Douglas G. Irwin ^{(3) (4)}	878,250 ⁽²⁾	10.08%	4.63%	3.03%
Anthony W. Garson	250,000	2.87%	1.32%	.86%
John H. Dustan	250,000	2.87%	1.32%	.86%

⁽¹⁾ James J. Irwin, a former director of the Company, directly holds 350,000 common shares, and indirectly holds 555,750 common shares through his ownership interests in Cadence Resource, Cadence Mineral and Pitahaya.

⁽²⁾ Douglas G. Irwin directly holds 610,000 common shares, indirectly holds 268,250 common shares through his ownership interests in Cadence Resource and Cadence Mineral

⁽³⁾ Cadence Resource is owned 46.5 % by James J. Irwin and 21.5 % by Douglas G. Irwin.

⁽⁴⁾ Cadence Mineral. is owned 50 % by James J. Irwin and 50 % by Douglas G. Irwin.

⁽⁵⁾ Pitahaya is owned 50% by James J. Irwin.

⁽⁶⁾ Based upon fully-diluted share capital of 29,024,991 common shares of the Company. This figure assumes the exercise in full of rights to purchase common shares of the Company, and includes all Shares, Warrant Shares, AU Shares, AU Warrant Shares, Agent's Shares, CF Shares, CF Warrant Shares, Work Fee Shares and Work Fee Warrant Shares, but does not include common shares that may be issued upon exercise of incentive stock options.

DIRECTORS AND OFFICERS

Information regarding the directors and officers of the Company is set forth below.

Name and Municipality of Residence	Position with the Company	Principal Occupation for the Past Five Years	Year Appointed
IAN de W. SEMPLE Vancouver, B.C.	President, CEO, and Director	President and owner, Geoterre Resource Management Inc., a private business consulting services company	2004
DOUGLAS G. IRWIN West Vancouver, B.C.	Chairman of the Board, Audit Committee Member and Director	Partner, Capital West Partners, an investment banking firm	2004

Name and Municipality of Residence	Position with the Company	Principal Occupation for the Past Five Years	Year Appointed
DAVID G. MORRIS Burnaby, B.C.	Chief Financial Officer	Director, Accounting Services, Simon Fraser University	2005
ANTHONY W. GARSON Toronto, ON	Audit Committee Member and Director	Business Consultant	2004
JOHN H. DUSTAN Vancouver, B.C.	Audit Committee Member and Director	Retired. Former Investment Management Executive	2004

Additional information on the Company's directors and officers is set forth below.

Ian de W. Semple, President, Chief Executive Officer and Director is 65 years old and has served as a founding director and officer since the Company's inception. Mr. Semple has been involved both as a geologist in the mineral exploration business and as a senior mining advisor for a number of Canadian and U.S. investment and financial institutions. He has over forty years experience in exploration, mining, corporate finance, marketing and management of mining companies. His exploration experience includes significant time in Latin America. In his capacity as an officer of the Company, Mr. Semple provides full time contracted management services through Geoterre Resource Management Inc. He serves in an unpaid capacity as a director of the Company.

Douglas G. Irwin, Chairman of the Board and Director is 47 years old and has served as a founding director since the Company's inception. He was appointed Chairman Of the Board in June 2004. Mr. Irwin holds an MBA and has twenty years of investment banking experience. He is a founding Partner of Capital West Partners, Vancouver, BC. Prior to that he was Executive Vice-President and Director of Midland Walwyn Capital in charge of institutional sales and trading, and Managing Director of Pemberton Securities European operations based in London, England. Mr. Irwin actively serves the Company in a part time, unpaid capacity.

David G. Morris, C.A., Chief Financial Officer is 47 years old and brings over twenty years of experience in financial management and reporting. Mr. Morris graduated with a Bachelor of Business Administration from Simon Fraser University and obtained his Chartered Accountant designation with PriceWaterhouseCoopers in Vancouver. He is currently Chief Financial Officer of SSI Sustainable Solutions International Partners. Prior to that he was Director, Accounting Services at Simon Fraser University, where he was a member of the accounting management team for sixteen years.

Anthony W. Garson, Director, is 62 years old and is a geologist with an MBA from the University of Toronto. Mr. Garson brings over thirty years of national and international experience in both mining exploration and mine exploration financing. He has held senior advisory positions for a number of Canadian investment and financial institutions and was a principal and founding partner in Union Capital Markets (U.K.) Ltd. Since 1995 he has served as a director for a number of mining exploration companies with international interests. Mr. Garson serves on a part time basis as an independent, unpaid director of the Company.

John H. Dustan, Director is 56 years old and is a senior financial executive with an M.B.A. in Finance and Economics from McMaster University, Hamilton. Mr. Dustan brings thirty years of experience in entrepreneurial business, investment and financial management. In addition to holding senior positions within the institutional investment business, Mr. Dustan was a founding partner and Chairman and Chief Executive Officer of Genus Capital Management Inc., Vancouver (formerly Dustan Wachell Capital Management Inc.). Mr. Dustan is an active contributor to the community serving in positions as an advisor, officer and/or director of many organizations, including the Vancouver Foundation, the Law Foundation of British Columbia, the Institute of Chartered Accountants of British Columbia and Special Olympics Canada. Mr. Dustan serves on a part time basis as an independent, unpaid director of the Company.

Directors of the Company are elected by shareholders at each annual general meeting and serve until the next annual general meeting, or until they resign or their successors are duly elected or appointed. Officers of the Company are appointed by the board of directors.

As of the date of this Prospectus, the directors and officers of the Company as a group owned beneficially, directly or indirectly, or exercised control or discretion over an aggregate of 1,824,500 common shares, which is equal to 22.07% of the common shares currently issued and outstanding. None of the directors or officers of the Company intend to purchase any of the Units offered by this Prospectus.

Each of the Company's directors has entered into a right of first refusal agreement with the Company. Pursuant to the agreement, a director is required to offer the Company a right of first refusal in regards to the disposition of any interests in mineral properties by the director, or companies which such director controls. The Company has thirty days to exercise its right to acquire the interest in the property from the date it receives notice pursuant to the terms of the agreement.

Cease Trade Orders or Bankruptcies

Except as otherwise indicated, no director, officer or controlling shareholder of the Company has, within the past ten years, been a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under Canadian securities legislation for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director, officer or controlling shareholder of the Company or a personal holding company of any such person has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director, officer or controlling shareholder of the Company has, within the past ten years, been the subject of any penalties or sanctions by a court relating to Canadian securities legislation or a Canadian securities regulatory authority or entered into a settlement agreement with a Canadian securities regulatory authority.

Conflicts of Interest

Certain of the directors of the Company also serve as directors or officers of other companies involved in a wide range of industry sectors; consequently, there exists the possibility for such directors to be in a conflict of interest. Conflicts of interest will be subject to the applicable provisions of the *Business Corporations Act (British Columbia)* and may result in a director abstaining from voting on a resolution of the board of directors which evokes a conflict in order to have the matter resolved by the independent directors, or the matter may be presented to the shareholders of the Company for ratification. When a conflict of interest arises, the directors of the Company must, in accordance with applicable provisions of the *Business Corporations Act (British Columbia)*, act honestly and in good faith with a view to the best interests of the Company and must exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.

In the opinion of the management of the Company, there are no existing or potential conflicts of interest among the Company, its directors, officers, principal shareholders and persons providing professional services to the Company which could reasonably be expected to affect an investor's investment decision, except as disclosed elsewhere in this Prospectus.

EXECUTIVE COMPENSATION

Annual Compensation					Long Term Compensation Awards Common Shares Under Options Granted (No.)	All Other Compensation (\$)
Name and Principal Position	Period Ended	Annual Management Fee (\$)	Bonus (\$)	Other Annual Compensation		
Ian de W. Semple President and CEO	Nov. 30/04	\$63,750	nil	nil	150,000 ⁽¹⁾	nil

(1) These options are exercisable at a price of \$0.35 for a period of five years from the effective date of this Prospectus.

Other than as set forth under the heading “Termination of Employment, Change in Responsibilities and Employment Contracts” below, there is no other arrangement for compensation with respect to termination of employment of executive officers or in the event of a change in responsibilities following a change in control of the Company.

Compensation of Directors

The Company does not have any standard or other arrangements pursuant to which directors are compensated for services provided in their capacity as directors, nor are any such arrangements currently proposed except for the grant of incentive stock options.

Directors are reimbursed for transportation and other out-of-pocket expenses incurred for attendance at directors’ meetings.

Pension and Retirement Benefits

The Company does not provide pension or retirement benefits for directors or executive officers.

Termination of Employment, Change in Responsibilities and Employment Contracts

Other than as described below, the Company does not have any other plans or arrangements for the payment of remuneration or other compensation to officers or directors in the event of termination of employment or resignation, or a change in responsibilities following a change of control.

On January 1, 2005, the Company entered into a general management agreement (“GMA”) with Geoterre Resource Management Inc. (“Geoterre”), the principal of which is Ian de W. Semple, also a director and officer of the Company. Pursuant to the terms of the GMA, Geoterre was appointed to manage the affairs of the Company for a term of one year, automatically renewed for successive one year terms. In exchange for these services, the Company has agreed to compensate Geoterre the sum of \$5,000 per month, plus GST, together with interest at the rate of 2% per month for unpaid fees. Geoterre is also entitled to receive a fee for special services not otherwise delineated in the GMA. Geoterre is also reimbursed for reasonable expenses incurred on behalf of the Company in the performance of its duties.

The GMA may be terminated by the Company: (a) for cause, at any time upon the giving of one month written notice to Geoterre; (b) in the event of a specified default by Geoterre; and (c) immediately, if control of Geoterre changes and the change has not been consented to by the Company. The GMA may be terminated by Geoterre: (a) at any time upon the giving of one month written notice to the Company; and (b) in the event of a specified default by the Company. Upon termination, Geoterre would be entitled to receive all compensation, including fees for special services, then owing to Geoterre, plus GST, and an amount equal to three months compensation at the monthly contracted rate, plus GST.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the directors or executive officers of the Company, or any of their respective associates or affiliates, has been indebted to the Company since the beginning of the most recently completed financial year.

PLAN OF DISTRIBUTION

The Offering

An engagement letter agreement dated December 14, 2004, as amended, was entered into between the Company and the Agent, which letter agreement was accepted by the Company on December 20, 2004, and pursuant to which the Agent agreed, subject to execution of its standard form of agency agreement and to certain other events, to act as the Company's sole and exclusive agent to arrange the Offering and to offer, on a commercially reasonable efforts basis, to the public in the provinces of British Columbia, Alberta and Ontario up to 10,000,000 Units at the \$0.25 Offering Price to raise \$2,500,000 for the Company. Two Warrants will entitle the holder thereof to acquire one additional Warrant Share for a period of 24 months from issuance of the Warrants at an exercise price of \$0.30 per Warrant Share.

The Offering is subject to a minimum subscription of 6,000,000 Units to raise at least \$1,500,000 for the Company. Each Unit will consist of one Share and one Warrant. Until such time as a closing has occurred in respect of the Minimum Offering, all subscription funds received by the Agent will be held by the Agent, pending closing of the Minimum Offering. If the Minimum Offering has not been subscribed for prior to the expiry of the 90 day offering period, the Agent shall promptly return the proceeds of subscriptions to the subscribers without interest or deduction unless such subscribers have otherwise instructed the Agent.

The Offering Price was determined by the Company in negotiation with the Agent and in accordance with the policies of the Exchange.

The Company has granted the Agent the Greenshoe Option, which is exercisable within 60 days of the closing of the Offering to acquire from the Company, at the Offering Price, that number of Units which is equal to the lesser of 15% of the number of Units sold pursuant to the Offering and the actual number of Units subscribed for over and above the Maximum Offering. In the event the Agent exercises the Greenshoe Option in full, up to 1,500,000 additional Shares and 750,000 Warrant Shares may be issued for gross proceeds to the Company of \$375,000 (less the Agent's commissions of \$31,875) for net proceeds to the Company of \$343,125. The Agent may cover subscriptions for any over-allotments by purchasing Shares and Warrants on the Exchange. The Greenshoe Option and the resulting Shares and Warrant Shares that may be issued are qualified for distribution hereunder.

The Company has applied to list the Shares and Warrants distributed under this Prospectus on the Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange.

The Company has agreed to pay a commission to the Agent equal to 8.5% of the gross proceeds of the Offering (including Units that may be sold pursuant to the Greenshoe Option). The Agent may elect to take up to one-half of this commission in the form of Agent's Units. Each Agent's Unit will be comprised of one AU Share, up to a maximum of 488,750 AU Shares (minimum of 255,000 AU Shares), and non-transferable AU Warrants entitling the Agent to purchase up to an additional 244,375 AU Warrant Shares (minimum of 127,500 AU Warrant Shares) at a price of \$0.30 per AU Warrant Share for a period of 24 months from the issuance of the AU Warrants. The Agent's Units and the resulting AU Shares and AU Warrant Shares that may be issued are qualified for distribution hereunder.

The Company will also issue to the Agent non-transferable Agent's Warrants entitling the Agent to acquire up to a maximum of 1,725,000 Agent's Shares (minimum of 900,000 Agent's Shares), such number of Agent's Shares being calculated on the basis of 15% of the number of Units sold pursuant to the Offering (including Units that may be sold pursuant to the Greenshoe Option). The Agent's Warrants will be exercisable at a price of \$0.30 per Agent's Share for a period of 24 months from the issuance of the Agent's Warrants. The Agent's Warrants and the resulting Agent's Shares that may be issued are qualified for distribution hereunder.

The Company will also issue to the Agent, as a corporate finance fee, 240,000 CF Units, entitling the Agent to acquire up to 240,000 CF Shares and non-transferable CF Warrants entitling the Agent to purchase up to an additional 240,000 CF Warrant Shares at a price of \$0.30 per CF Warrant Share for a period of 24 months from the issuance of the CF Warrants. The CF Units and the resulting CF Shares and CF Warrant Shares that may be issued are qualified for distribution hereunder.

The Company will also pay for all reasonable expenses incurred by the Agent in connection with the Offering, including the Agent's fees, out-of-pocket expenses and fees and disbursements of the Agent's legal counsel, and an administration fee of \$20,000. The administration fee, at the election of the Agent, may be converted prior to completion of the Offering into a maximum of 80,000 Work Fee Units, entitling the Agent to acquire up to 80,000 Work Fee Shares and non-transferable Work Fee Warrants entitling the Agent to purchase up to an additional 40,000 Work Fee Warrant Shares at a price of \$0.30 per Work Fee Warrant Share for a period of 24 months from the issuance of the Work Fee Warrants. The Work Fee Units and the resulting Work Fee Shares and Work Fee Warrant Shares that may be issued are qualified for distribution hereunder.

The Agent may offer selling group participation in the normal course of the brokerage business, to selling groups of other licensed broker-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or Agent's Warrants derived from this Offering. The obligations of the Agent may be terminated at any time before the closing at the Agent's discretion on the basis of its assessment of the financial markets and may also be terminated upon the occurrence of certain stated events.

The Company has granted the Agent a right of first refusal to provide all brokered equity and convertible debt financing to the Company for a period of 12 months from the Listing Date.

A portion of this Offering may be sold to persons and companies registered for trading in securities other than in Canada and the United States of America, which persons and companies may in turn sell to their clients and investors situated outside of Canada and the United States of America.

RISK FACTORS

Speculative Securities

The securities offered hereunder are considered to be speculative due to the nature of the Company's business and its present stage of development. An investment in these securities should only be made by persons who can afford the total loss of their investment.

Nature of Exploration and Mining

Resource exploration and development is a speculative business and involves a high degree of risk. The properties in which the Company holds an interest are without a known body of ore. Each of the proposed programs on the properties is an exploratory search for ore. Development of these properties will only follow upon obtaining satisfactory exploration results. Natural resource exploration and development involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. There is no assurance that commercial quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, a property will be brought into commercial production. The discovery of commercial deposits is dependent upon a number of factors not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, commodity prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Company.

Risk Associated with Mining Operations in Mexico

The projects in which the Company has options to acquire interests are located in Mexico. Mineral exploration activities in Mexico may be affected in varying degrees by political instabilities and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the Company's control and may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriations of property, environmental legislation and mine safety. The status of Mexico as a developing country may make it more difficult for the Company to obtain any required financing for the Company's projects. The effect of all these factors cannot be accurately predicted. Notwithstanding the progress achieved in restructuring Mexican political institutions and revitalizing its economy, the present administration, or any successor government, may not be able to sustain the progress achieved. While the Mexican economy has experienced growth in recent years, such growth may not continue in the future at similar rates or at all. If the economy of Mexico fails to continue its growth or suffers a recession, the Company may not be able to continue its operations in that country. We do not carry political risk insurance.

Operating Hazards and Risks

Exploration of natural resources generally involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The business of mining is subject to a variety of risks such as ground fall, explosions and other accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which the Company cannot, or may elect not to, insure, may result in destruction of mines and other production facilities, damage to life and property, environmental damage, delayed production, increased production costs and possible legal liability for any and all damages. Such liabilities may have a material adverse effect on the Company's financial position.

Requirement for Further Financing

The Company presently does not have sufficient financial resources to undertake all of its currently planned exploration and development programs. The further development and exploration of the various mineral properties in which it holds interests depends upon the Company's ability to obtain financing through any or all of the joint ventures of projects, debt financing, equity financing or other means. There can be no assurance that the Company will be able to raise the balance of the financing required or that such financing can be obtained without substantial dilution to purchasers. There is no assurance the Company will be successful in obtaining the required financing.

Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interest in some or all of its properties and reduce or terminate its operations.

Fluctuation in Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of same. There can be no assurance that mineral prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the marketability of any minerals discovered.

Mineral and metal prices have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. In particular, the supply of and demand for minerals are affected by, among other factors, political events, economic conditions and production costs in various producing regions.

Compliance with Government Regulation

The Company's operations will require permits from various foreign, federal, state, and local governmental authorities and may be governed by laws and regulations governing prospecting, development, mining production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs as a result of the need to comply with applicable laws, regulations and permits. Permits and studies may be necessary prior to operation of the exploration properties in which the Company has an interest and there can be no guarantee that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. There can be no assurance, that all permits which the Company may require for its future operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project, which the Company might undertake. To the extent such approvals are required and are not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Violators may be required to compensate those suffering loss or damage by reason of their mining activities and may be fined if convicted of an offence under such legislation.

Amendments to current laws, regulations, and permits governing operations and activities of mining companies, or the more stringent implementation thereof, could require increases in capital expenditures, production costs, reduction in levels of production of future mining operations, or require delays in the development or abandonment of new mining properties.

Any future mining operations may be subject to foreign, federal, state, provincial and local laws and regulations governing the protection of the environment, including laws and regulations relating to air and water quality, mine reclamation, waste disposal, and the protection of endangered or threatened species. Any mining activities may be subject to foreign, federal, state, provincial and local laws and regulations for protection of surface and ground water.

Uninsurable Risks

In the course of exploration, development, and production of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding, and earthquakes, may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

No Assurance of Titles or Boundaries

As more particularly described under "The Business of the Company - Terms of Acquisition", the Company holds a right to acquire an interest in the Colibri, Leon and Ramaje Ardiente (Ramard) properties. There may be defects to the title of the Company's mineral claims on the properties which the Company has an option to acquire and as a result it could lose its interest in such claims. Such claims are subject to annual compliance with assessment work requirements and property taxes. Other parties may dispute title to the Company's mining properties. While the Company has investigated title to all the mineral claims, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims and title may be affected by undetected defects.

Environmental and Other Regulatory Requirements

All phases of the Company's operations are subject to environmental regulation. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently, and will in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers, or shareholders of other companies that are similarly engaged in the business of acquiring, developing, and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time. All officers and directors of the Company have signed right of first refusal, non-competition agreements that preclude them from engaging in other outside exploration activities prejudicial to the interests of the Company without allowing the Company a right of first refusal on any outside property acquisition or disposal in which a Company officer or director may be involved.

Specifically, two of the Company's directors have substantial ownership positions in the companies from which we have agreed to acquire our properties. Until such time as the Company has fully earned our interests in the properties, such associations may give rise to conflicts of interests from time to time.

Management Risk

The Company is dependent on the services of its current directors and key officers, and the loss of any of these personnel may prevent the Company from further developing its business. As the Company is engaged in the business of exploiting mineral properties, the nature of its business, its ability to continue the exploration of potential projects, and to develop a competitive edge in the marketplace, depends, in large part, on the Company's ability to attract and retain qualified key management personnel. Competition for such personnel is intense, and the Company may not be able to attract and retain such personnel. The Company's growth has depended, and in the future will continue to depend, on the efforts of its current directors and officers. Loss of any of these individuals would have a material adverse effect on the Company's operations. Currently the Company does not have any contracts with its

key employees other than its management contract agreement with a company controlled by Ian de W. Semple, President and Chief Executive Officer of the Company; and does not have key-man life insurance.

Dividend Policy

The Company has paid no dividends since its inception and it is unlikely that earnings, if any, will be available for the payment of dividends in the foreseeable future.

LEGAL PROCEEDINGS

There are no legal proceedings to which the Company is a party or of which any of its property interests is the subject matter, nor, to the best of the knowledge of management, are any such legal proceedings contemplated.

RELATIONSHIP BETWEEN COMPANY AND AGENT

The Company is not a connected issuer or related issuer of the Agent.

AUDITORS, TRANSFER AGENTS, AND REGISTRARS

The auditors of the Company are Davidson & Company, Chartered Accountants, of 1200 – 609 Granville Street, Vancouver, B.C.

The registrar and transfer agent of the Company is Pacific Corporate Trust Company, of 10th Floor, 625 Howe Street, Vancouver, B.C.

PROMOTERS

The Company does not have any promoters, other than its directors and officers, who may be considered promoters by reason of them taking initiative in organizing the business of the Company and the steps necessary for the Offering.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts which the Company has entered into or assumed during the two years prior to the date of this Prospectus and which can reasonably be regarded as material to the Company are as follows:

1. The following agreements respecting the Company's property interests:
 - (a) agreement dated June 16, 2004 between Halcones and Cadenza, with respect to the Colibri Property;
 - (b) assignment of contract agreement dated June 16, 2004 between Halcones Guillermo Francisco Pereida Martinet, Ruben Pereida Martinet, Rafael Angel Pereida Martinet, Octavio Pereida Martinet, and Cadenza, with respect to the San Francisco and Juarez claims located on the Colibri Property;
 - (c) exploration and option to purchase agreement dated June 16, 2004, as amended February 18, 2005, between Halcones and Pitahaya, with respect to the Leon Property;
 - (d) exploration and option to purchase agreement dated June 16, 2004 between Halcones and El Sahuaro, with respect to the Ramaje Ardiente (Ramard) Property.

Refer to "The Business Of The Company".

2. Engagement letter agreement between the Company and the Agent dated December 14, 2004 and agreed and accepted by the Company on December 20, 2004, as amended. Refer to "Plan of Distribution".
3. Registrar and transfer agent agreement dated May 10, 2004 between the Company and Pacific Corporate Trust Company. Refer to "Auditors, Transfer Agents, Registrars".
4. The following director stock option agreements:
 - (a) agreements dated January 27, 2005 between the Company and each of Messrs. I. de W. Semple and A. Garson;
 - (b) agreement dated January 28, 2005 between the Company and J. Dustan;
 - (c) agreements dated January 31, 2005 between the Company and D. Irwin.
 - (d) agreement dated April 18, 2005 between the Company and D.G. Morris.

Refer to "Options to Purchase Securities".
5. January 1, 2005 general management agreement between the Company and Geoterre Resource Management Inc. Refer to "Executive Compensation".
6. The following right of first refusal agreements:
 - (a) agreements dated June 16, 2004 between the Company and each of D. Irwin and I. de W. Semple;
 - (b) agreement dated November 30, 2004 between the Company and A. Garson;
 - (c) agreement dated January 24, 2005 between the Company and J. Dustan.
 - (d) agreement dated April 13, 2005 between the Company and D.G. Morris.

Refer to "Directors and Officers" and "Risk Factors".
7. March 16, 2005 escrow agreement between the Company, Pacific Corporate Trust Company, as escrow agent, and each holder of the Escrowed Shares.
8. July 4, 2005 Agency Agreement between the Company and the Agent.

Copies of the above agreements, together with the Technical Report Colibri Project dated July 8, 2005, Field Examination Summary Report – Leon Project dated June 2, 2004, and the Field Examination Summary Report – Ramaje Ardiente Project dated June 2, 2004, may be examined during the course of distribution of the securities qualified hereunder and for a period of 30 days thereafter at the offices of the Company's solicitors, Clark Wilson LLP, 800 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

None of the directors, officers or principal shareholders of the Company, nor any associate or affiliate thereof, has had any direct or indirect material interest in any transaction or proposed transaction which has materially affected or would materially affect the Company since its inception on February 20, 2004 to the date hereof, except as described herein and below.

The Company's agreement pursuant to which it has an option to acquire the Colibri property is with Cadenza, which is a wholly-owned subsidiary of Cadence Resource. Cadence Resource, the owner of 550,000 common shares of the

Company, is owned 46.5% by James J. Irwin, a former director of the Company, and 21.5% by Douglas G. Irwin, a director of the Company. (Refer to "Business of the Company – Terms of Acquisitions – Colibri Property")

The Company's agreement pursuant to which it has an option to acquire the Ramard property is with El Sahuaro, a wholly-owned subsidiary of Cadence Mineral. Cadence Mineral is owned 50% by James J. Irwin, a former director of the Company, 50% by Douglas G. Irwin, a director of the Company. (Refer to "Business of the Company – Terms of Acquisition – Leon Property").

The Company's agreement pursuant to which it has an option to acquire the Leon property is with Pitahaya, a company owned 50% by James J. Irwin, a former director of the Company. (Refer to "Business of the Company – Terms of Acquisition – Ramard Property").

EXPERTS

No person who has prepared or certified a part of this Prospectus or prepared or certified a report or valuation described or included in this Prospectus has any beneficial interest, direct or indirect, in any securities or property of the Company or of an associate or affiliate of the Company, and no such person is or is expected to be elected, appointed, or employed as a director, officer or employee of the Company or of an associate or affiliate of the Company.

D. Irving, P.Eng., the Qualified Person who prepared the Technical Report has not, nor is he expected to have, any relationship with the Company other than being contracted from time to time as an independent consultant.

OTHER MATERIAL FACTS

Other than as disclosed elsewhere in this Prospectus, there are no material facts about the securities being distributed that are necessary to be disclosed in order for this Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in British Columbia, Alberta and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the prospectus of Colibri Resource Corporation (the "Company") dated July 13, 2005 relating to the issue and sale of the maximum offering of 10,000,000 units at \$0.25 per unit and the minimum offering of 6,000,000 units at \$0.25 per unit of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned prospectus of our report to the directors of the Company on the balance sheet of the Company as at November 30, 2004 and the statements of operations and deficit and cash flows for the period from incorporation on February 20, 2004 to November 30, 2004. Our report is dated February 18, 2005 (except as to Note 12 which is as of July 13, 2005).

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

July 13, 2005

A Member of SC INTERNATIONAL

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, BC, Canada, V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

COLIBRI RESOURCE CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

AUDITORS' REPORT

To the Directors of
Colibri Resource Corporation

We have audited the consolidated balance sheet of Colibri Resource Corporation as at November 30, 2004 and the consolidated statements of operations and deficit and cash flows for the period from incorporation on February 20, 2004 to November 30, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2004 and the results of its operations and its cash flows for the period from incorporation on February 20, 2004 to November 30, 2004 in accordance with Canadian generally accepted accounting principles.

“DAVIDSON & COMPANY”

Vancouver, Canada

Chartered Accountants

February 18, 2005
(except as to Note 12 which is as of July 13, 2005)

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COLIBRI RESOURCE CORPORATION
CONSOLIDATED BALANCE SHEETS

	February 28, 2005 (Unaudited)	November 30, 2004
ASSETS		
Current		
Cash	\$ 120,757	\$ 281,705
Receivables	6,993	1,598
Prepaid expenses	<u>1,212</u>	<u>6,212</u>
	128,962	289,515
Equipment (Note 3)	4,190	4,500
Mineral properties (Note 4)	439,769	292,619
Deferred share issue costs (Note 5)	<u>53,489</u>	<u>26,790</u>
	\$ 626,410	\$ 613,424
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 33,716	\$ 27,608
Accounts payable to related parties (Note 6)	<u>31,173</u>	<u>4,548</u>
	<u>64,889</u>	<u>32,156</u>
Shareholders' equity		
Capital stock (Note 7)	708,832	678,832
Share subscriptions received	-	25,000
Deficit	<u>(147,311)</u>	<u>(122,564)</u>
	<u>561,521</u>	<u>581,268</u>
	\$ 626,410	\$ 613,424

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

On behalf of the Board:

 Director

 Director

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	Three Month Period Ended February 28, 2005	Period From Incorporation on February 20, 2004 to November 30, 2004
	(Unaudited)	
GENERAL AND ADMINISTRATIVE EXPENSES		
Amortization	\$ 310	\$ 884
Management fees	12,750	63,750
Office and miscellaneous	1,065	4,366
Printing	-	2,791
Professional fees	3,258	35,909
Rent	3,397	11,848
Telephone	527	1,628
Transfer agent and filing fees	376	1,047
Travel and related	3,429	1,102
Loss before other income	(25,112)	(123,325)
OTHER INCOME		
Interest	365	761
Loss for the period	(24,747)	(122,564)
Deficit, beginning of period	(122,564)	-
Deficit, end of period	\$ (147,311)	\$ (122,564)
Basic and diluted loss per share		
	\$ (0.01)	\$ (0.05)
Weighted average number of shares outstanding	5,854,445	2,354,347

Comparative figures for the period February 20 to February 29, 2004 have not been presented as the Company was inactive.

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

COLIBRI RESOURCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Month Period Ended February 28, 2005 (Unaudited)	Period From Incorporation on February 20, 2004 to November 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (24,747)	\$ (122,564)
Item not affecting cash:		
Amortization	310	884
Change in non-cash working capital items:		
Increase in receivables	(5,395)	(1,598)
(Increase) decrease in prepaid expenses	5,000	(6,212)
Increase in accounts payable and accrued liabilities	6,108	27,608
Increase in accounts payable to related parties	-	4,548
Net cash used in operating activities	<u>(18,724)</u>	<u>(97,334)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred share issue costs	(26,699)	(26,790)
Proceeds from issuance of capital stock	5,000	600,500
Share issuance costs	-	(11,668)
Share subscriptions received	-	25,000
Net cash provided by (used in) financing activities	<u>(21,699)</u>	<u>587,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(5,384)
Acquisition of mineral properties and deferred exploration costs	<u>(120,525)</u>	<u>(202,619)</u>
Net cash used in investing activities	<u>(120,525)</u>	<u>(208,003)</u>
Change in cash during the period	(160,948)	281,705
Cash, beginning of period	<u>281,705</u>	<u>-</u>
Cash, end of period	<u>\$ 120,757</u>	<u>\$ 281,705</u>

Supplemental disclosure with respect to cash flows (Note 8)

Comparative figures for the period February 20 to February 29, 2004 have not been presented as the Company was inactive.

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

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

1. NATURE AND CONTINUANCE OF OPERATIONS

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 and is considered to be in the development 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 be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

	February 28, 2005	November 30, 2004
	(Unaudited)	
Working capital	\$ 64,073	\$ 257,359
Deficit	(147,311)	(122,564)

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and of its wholly owned subsidiary, Minera Halcones S.A. de C.V. ("Halcones"). Halcones was incorporated on March 30, 2004 in Mexico. All significant inter-company accounts and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of 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 financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

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 reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Cost of maintaining mineral properties

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. 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.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at an annual rate of:

Office furniture	20%
Computer equipment	30%

Deferred share issue costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

The Company's activities denominated in currencies other than Canadian dollars are translated as integrated operations using the temporal method. Under this method, monetary items are translated at the exchange rate in effect at the balance sheet date, non-monetary items are translated at historical rates, and revenue and expense items are translated at exchange rates prevailing when such items are recognized in the statement of operations. Exchange gains or losses arising on translation of foreign currency items are included in operating results.

Stock-based compensation

Stock options granted to employees and non-employees are recorded at fair value on the date of grant. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Loss per share

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 loss 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 period. There were no dilutive instruments outstanding as of February 28, 2005 (unaudited) and November 30, 2004.

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the period.

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 period 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.

3. EQUIPMENT

	February 28, 2005 (Unaudited)			November 30, 2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Office furniture	\$ 1,262	\$ 218	\$ 1,044	\$ 1,262	\$ 163	\$ 1,099
Computer equipment	<u>4,122</u>	<u>976</u>	<u>3,146</u>	<u>4,122</u>	<u>721</u>	<u>3,401</u>
	\$ 5,384	\$ 1,194	\$ 4,190	\$ 5,384	\$ 884	\$ 4,500

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

4. 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 conveyancing 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 entered into an option agreement with Minera Cadenza S. de R.L. de C.V. ("Cadenza"), a private Mexican Company controlled by two directors 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 for a value of \$30,000. Over the next five years the Company has agreed to pay \$300,000, issue a total of 1,200,000 common shares and incur a total of \$1,800,000 in exploration expenditures to earn its 90% interest. The Company is required to pay \$50,000 (\$25,000 paid, see Note 12) and issue 250,000 common shares on or before June 16, 2005 (Note 12). The Company is required to incur \$500,000 in exploration expenditures on or before December 16, 2005.

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\$500,000 each. The terms of the assignment agreement are such that the Company has agreed to the terms of Cadenza's option agreement to purchase these two mineral claims, which is a total of US\$230,000 to be paid over six years 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. The Company paid US\$10,000 in the period ended November 30, 2004 and in the year ended November 30, 2005 is required to pay US\$20,000 (US\$5,500 paid).

Ramaje Ardiente Property

On June 16, 2004, the Company entered into 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 for a value of \$30,000. Over the next four years the Company has agreed to pay \$90,000, issue a total of 300,000 common shares, incur a total of \$500,000 in exploration expenditures and initiate a scoping/pre-feasibility study to earn its 100% interest. The Company is required to pay \$10,000 (Note 12) and issue 100,000 common shares on or before June 16, 2005 (Note 12). The Company is required to incur \$250,000 in exploration expenditures on or before December 16, 2005.

The property is subject to a 2.5% NSR royalty. The Company has the option to purchase 50% of the royalty for \$1,000,000.

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

4. MINERAL PROPERTIES (cont'd...)

Leon Property

On June 16, 2004 the Company entered into an option agreement with Minera La Pitahaya S.A. de C.V. ("Pitahaya"), a private Mexican company, which is 50% owned by a 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 for a value of \$30,000. Over the next four and half years the Company has agreed to pay a total of \$190,000, issue a total of 300,000 common shares, incur a total of \$500,000 in exploration expenditures and commence a scoping / pre-feasibility study to earn its 100% interest. The Company is required to pay \$20,000 (\$10,000 paid, see Note 12) and issue 100,000 common shares on or before June 16, 2005 (Note 12). The Company is required to incur \$250,000 in exploration expenditures on or before December 16, 2006.

The property is subject to a 2.5% NSR royalty. The Company has the option to purchase 50% of the royalty for \$1,000,000.

	Colibri Property	Ramaje Ardiente Property	Leon Property	February 28, 2005 Total (Unaudited)
Balance, beginning of the period	\$ 173,958	\$ 59,359	\$ 59,302	\$ 292,619
Additions:				
Mineral claim acquisitions	31,952	-	10,000	41,952
Accommodation and meals	3,887	1,914	-	5,801
Assays and lab tests	310	112	214	636
Field expenses	692	342	-	1,034
Geological consulting	17,000	4,310	-	21,310
Geophysics	57,589	-	-	57,589
Miscellaneous	888	437	-	1,325
Property and claim taxes	2,601	5,151	4,091	11,843
Telephone	418	206	-	624
Travel and transport	3,362	1,674	-	5,036
Total additions during the period	118,699	14,146	14,305	147,150
Balance, end of period	\$ 292,657	\$ 73,505	\$ 73,607	\$ 439,769

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

4. MINERAL PROPERTIES (cont'd...)

	Colibri Property	Ramaje Ardiente Property	Leon Property	November 30, 2004 Total
Balance, beginning of the period	\$ -	\$ -	\$ -	\$ -
Additions				
Mineral claim acquisitions	93,557	50,000	50,000	193,557
Assays and lab tests	1,774	-	-	1,774
Field surveying	-	1,015	-	1,015
Geological consulting	53,497	1,849	2,988	58,334
Property and claim taxes	12,263	5,106	4,925	22,294
Travel and transport	12,867	1,389	1,389	15,645
	<u>173,958</u>	<u>59,359</u>	<u>59,302</u>	<u>292,619</u>
Balance, end of period	\$ 173,958	\$ 59,359	\$ 59,302	\$ 292,619

5. DEFERRED SHARE ISSUE COSTS

The Company has incurred costs totalling \$53,489 (Unaudited) (2004 - \$26,790) towards its initial public offering (Note 12 (c)).

6. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- As outlined in Note 4, Colibri Property, the Company paid \$25,000 (Unaudited) (2004 - \$50,000) and issued Nil (Unaudited) (2004 - 200,000) common shares for a value of \$Nil (Unaudited) (2004 - \$30,000) to a private Mexican company controlled by two directors of the Company.
- As outlined in Note 4, Ramaje Ardiente Property, the Company paid \$Nil (Unaudited) (2004 - \$20,000) and issued Nil (Unaudited) (2004 - 200,000) common shares for a value of \$Nil (Unaudited) (2004 - \$30,000) to a private Mexican company controlled by two directors of the Company.
- As outlined in Note 4, Leon Property, the Company paid \$10,000 (Unaudited) (2004 - \$20,000) and issued Nil (Unaudited) (2004 - 200,000) common shares for a value of \$Nil (Unaudited) (2004 - \$30,000) to a private Mexican company which is 50% owned by a director of the Company.
- Paid or accrued management fees of \$12,750 (Unaudited) (2004 - \$63,750) to a company controlled by a director of the Company.

COLIBRI RESOURCE CORPORATION
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6. RELATED PARTY TRANSACTIONS

- e) Paid or accrued \$20,750 (Unaudited) (2004 - \$16,050) in geological consulting fees, which are included in deferred exploration costs, to a company controlled by a director.

Accounts payable to related parties for \$31,173 (Unaudited) (2004 - \$4,548) are due to companies with common directors and to a company with a common director. These amounts are comprised of \$26,625 (Unaudited) (2004 - \$Nil) for geological consulting and deferred exploration costs and \$4,548 (Unaudited) (2004 - \$4,548) is for management fees.

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.

7. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
100,000,000 common shares without par value		
Issued		
Founders shares	1,250,000	\$ 12,500
Private placements	3,920,000	588,000
Shares issued for mineral properties (Note 4)	600,000	90,000
Share issuance costs	-	(11,668)
Balance as at November 30, 2004	5,770,000	678,832
Private placements	200,000	30,000
Balance as at February 28, 2005 (Unaudited)	5,970,000	\$ 708,832

Stock options

The Company grants stock options in accordance with the policies of the TSX Venture Exchange ("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 stock 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.

COLIBRI RESOURCE CORPORATION
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8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	February 28, 2005	November 30, 2004
	(Unaudited)	
Cash paid during the period for income taxes	\$ -	\$ -
Cash paid during the period for interest	\$ -	\$ -

The significant non-cash transaction that occurred during the period ended February 28, 2005 consisted of:

- a) The Company issuing 166,667 common shares for \$25,000 which were share subscriptions received at November 30, 2004.
- b) The Company incurring mineral property costs of \$26,625 through accounts payable to related parties.

The significant non-cash transaction that occurred during the period ended November 30, 2004 consisted of the Company issuing 600,000 common shares with a value of \$90,000 for the acquisition of various claims located in Mexico (Note 4).

9. SEGMENT INFORMATION

The Company currently conducts substantially all of its operations in one business segment, being the acquisition and exploration of mineral properties in Mexico (Note 4). The loss from operations for the period ended February 28, 2005 (unaudited) and November 30, 2004 is attributed to the Company's corporate office in Canada.

10. INCOME TAXES

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

	February 28, 2005	November 30, 2004
	(Unaudited)	
Loss for the period	\$ (24,747)	\$ (122,564)
Expected income tax (recovery)	\$ (8,810)	\$ (43,633)
Non-tax deductible items	1,898	9,288
Deductible items	(4,639)	(2,738)
Unrecognized benefits of non-capital losses	11,551	37,083
Actual income tax recovery	\$ -	\$ -

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. INCOME TAXES (cont'd...)

The significant components of the Company's future income tax assets are as follows:

	February 28, 2005	November 30, 2004
	(Unaudited)	
Future income tax assets		
Share issuance costs	\$ 16,000)	\$ 10,900
Equipment	400	300
Non-capital losses available for future periods	<u>49,000</u>	<u>37,000</u>
	65,400	48,200
Less: valuation allowance	<u>(65,400)</u>	<u>(48,200)</u>
	\$ -	\$ -

The Company has non-capital losses for Canadian income tax purposes of approximately \$137,000 (unaudited) (2004 - \$104,000) which can be carried forward to reduce taxable income in future years. Unless utilized, these losses will expire through 2014. In addition, the Company has exploration and development expenditures of approximately \$440,000 (unaudited) (2004 - \$292,000). Future tax benefits, which may arise as a result of these losses and resource expenditures have not been recognized in these financial statements due to the uncertainty of their realization.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and accounts payable to related parties. In management's opinion, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company has its cash in one commercial bank in Canada.

12. SUBSEQUENT EVENTS

The following events occurred subsequent to November 30, 2004:

- a) The Company granted 550,000 stock options with an exercise price of \$0.25 per share, to the directors of the Company. These options expire 5 years from the effective date of the Company's preliminary prospectus.
- b) The Company issued 2,296,866 common shares for gross proceeds of \$172,265 pursuant to a private placement.
- c) The Company issued a total of 450,000 common shares and paid \$45,000 for mineral properties (Note 4).
- d) Subject to regulatory approval, the Company has entered into an agreement, to proceed with an initial public offering on the TSX-V.

COLIBRI RESOURCE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

12. SUBSEQUENT EVENTS

d) (cont'd...)

Through its Agent, the Company will issue on a commercially reasonable efforts basis a maximum of 10,000,000 units at \$0.25 per unit for maximum proceeds of \$2,500,000 with a minimum offer of 6,000,000 units for gross proceeds of \$1,500,000 (prior to the exercise of the Greenshoe option as described below).

Each unit will consist of one common share in the capital of the Company and one transferable common share purchase warrant. Two whole warrants will entitle the holder thereof to acquire one additional common share for a period of 24 months following completion of the Offering at an exercise price of \$0.30. The warrants are to be listed for trading on the TSX-V, subject to meeting distribution requirements.

The Company has granted the Agent an option (the "Greenshoe Option") exercisable within 60 days of the closing of the Offering to acquire from the Company, at the Offering Price, that number of units which is equal to the lesser of 15% of the number of units sold pursuant to the Offering and the actual number of units subscribed for over and above the maximum offering. In the event the Agent exercises the Greenshoe Option in full, up to 1,500,000 additional shares and 750,000 warrant shares may be issued for gross proceeds to the Company of \$375,000.

The Company has agreed to pay a commission to the Agent equal to 8.5% of the gross proceeds of the Offering (including units that may be sold pursuant to the Greenshoe Option). The Agent may elect to take up to one-half of this commission in the form of units (the "Agent's Units"). Each Agent's Unit will be comprised of one common share of the Company, up to a maximum of 488,750 common shares, and non-transferable share purchase warrants entitling the Agent to purchase up to an additional 244,375 common shares of the Company at a price of \$0.30 per share for a period of 24 months.

The Company will also issue to the Agent non-transferable share purchase warrants (the "Agent's Warrants") entitling the Agent to acquire up to a maximum of 1,725,000 common shares of the Company. The Agent's Warrants will be exercisable at a price of \$0.30 per share for a period of 24 months from the issuance of the Agent's Warrants.

The Company will also issue to the Agent, as a corporate finance fee, 240,000 units, entitling the Agent to acquire up to 240,000 common shares and non-transferable share purchase warrants entitling the Agent to purchase up to an additional 240,000 common shares of the Company at a price of \$0.30 per share for a period of 24 months.

The Company will also pay for all reasonable expenses incurred by the Agent in connection with the Offering, including the Agent's fees, out-of-pocket expenses and fees and disbursements of the Agent's legal counsel, and an administration fee of \$20,000. The administration fee, at the election of the Agent, may be converted into a maximum of 80,000 units prior to the completion of the Offering entitling the Agent to acquire up to 80,000 common shares and non-transferable share purchase warrants entitling the Agent to purchase up to an additional 40,000 common shares of the Company at a price of \$0.30 per share for a period of 24 months.

CERTIFICATE OF THE COMPANY

Dated: July 13, 2005

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta), and Part XV of the *Securities Act* (Ontario), and the rules and regulations thereunder.

“Ian de W. Semple”

Ian de W. Semple
President, Chief Executive Officer

“David G. Morris”

David G. Morris,
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Douglas G. Irwin”

Douglas G. Irwin
Director

“John H. Dustan”

John H. Dustan
Director

CERTIFICATE OF AGENT

Dated: July 13, 2005

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta), Part XV of the *Securities Act* (Ontario) and the rules and regulations thereunder.

CANACCORD CAPITAL CORPORATION

“James M. Brown”

Per: _____