

COLIBRI RESOURCE CORPORATION

(TSXV: CBI)

Price: November 1 \$0.05
52-Week Range: \$0.14-\$0.025

Shares O/S: 52.91 million
Market Cap: \$2.65 million

Average Share Volume
50-day: 105,950
200-day: 109,850

Year-End: November 30

Symbol: TSX-V: CBI

Website:
<https://www.colibriresource.com>

Financial Data:

Balance Sheet	Year End	TTM
(C\$000s)	Nov 30/2016	Aug 31/2018
Cash	\$282,052	\$57,822
Current Assets	\$300,471	\$260,625
Exploration Properties	\$2,493,393	\$7,298,004
Total Assets	\$2,796,071	\$7,567,122
Total Liabilities	\$50,193	\$486,315
Working Capital	\$250,278	-\$225,690
Working Capital Ratio	5.99	0.54
Total Equity	\$2,745,878	\$7,080,807
Actual Shares O/S	10,282,915	52,912,986
Wtd Avg Shares O/S	9,386,271	29,936,259
Statement of Loss	Year End	TTM
(C\$000s)	Nov 30/2016	Aug 31/2018
Non-disc OpEx ("Burn")	-\$205,123	-\$650,428
Average Monthly Burn	-\$17,094	-\$54,202
Equity Financing	\$563,836	\$1,342,109
Net Profit/(Loss)	-\$365,912	-\$1,139,886

Source: Company and eResearch

eResearch Analyst (on this report):
 Bob Weir, B.Sc., B.Comm., CFA



THE COMPANY

Colibri Resource Corporation ("Colibri Resource", or the "Company") is involved in three gold projects, all in the State of Sonora, Mexico:

- (1) the flagship Pilar Gold Property (100% owned);
- (2) the early-stage Evelyn Gold Property (sold, repurchased, and still 100% owned); and
- (3) the Pitaya Property (24.45%), which is a joint venture with Agnico Eagle Mines (75.55%).

UPDATE

On October 30, 2018, Colibri Resource announced that it entered into an agreement to acquire 100% of Yaque Minerales S.A. de C.V. of Mexico. See further details on Page 2 under "Acquisition".

Over the past six months, Colibri Resource has focused its efforts primarily on its Phase 1 drill program on its Pilar Gold Property.

The Company's goal for Phase 1 was to drill around 3,000 metres in about 30 holes. On June 14, 2018, the Company announced that it completed the Phase 1 drill program and, on July 16, 2018, it said that it had received assay results for all 27 holes and 2 extensions that comprised Phase 1. Highlights of the drilling include 13.5m @ 5.64 g/t Au, including 1.5m @ 33.4 g/t Au, and 40.5m @ 0.47 g/t Au, including 3m @ 5.37 g/t Au.

The goals of Phase 1 were to: (1) test for and confirm continuity within previously-inferred mineralization zones; (2) test and discover extensions to known mineralization; and (3) explore for new gold mineralization zones.

Significantly, the drilling extended the Main Zone's mineralized area to both the north-west and the south-east by a total distance of 145 metres, or an increase of 52% in the Main Zone's length. In addition, the length remains open in both directions.

On the joint-venture Pitaya Property, at which Agnico Eagle is the operator, the final 4 holes were completed in the first half of 2018. Since 2016, Agnico Eagle has drilled a total of 7,642 metres in 27 drill-holes on the 6,564 hectare property. In June, Agnico Eagle stated that it does not intend to conduct any further exploration drilling on Pitaya during 2018 and, instead, it will analyze thoroughly the results to-date before undertaking any further work.

In August, 2018, Colibri Resource announced that it had arranged to receive debt financing of up to C\$400,000 from two of its shareholders.

COMMENT: *This will be the first debt instrument for the Company and negates the need to tap the equity markets for needed funds. The debt financing will be used primarily for advancing further work on the Pilar Gold Property in an effort to confirm and expand its mineral resource.*

ACQUISITION

Colibri Resource has entered into an agreement to buy Yaque Minerales S.A. de C.V. ("Yaque"), the wholly-owned subsidiary of OnTop Capital Limited ("OnTop"). The Company will acquire a 100% interest in Yaque by issuing to OnTop a convertible debenture for C\$1,000,000. The debenture will carry a 2.5% annual coupon and will be convertible, in whole or in part, for a five-year period into Colibri Resource common shares at \$0.20 per share for up to 5 million shares.

The proposed acquisition represents a "related party" transaction insofar as there is a certain commonality of share ownership and management personnel between Colibri Resource and OnTop. As a result, the Company's independent directors reviewed the terms and sanctioned the proposal as being "fair and reasonable".

In addition, the key property in the transaction has an independent NI 43-101 compliant technical report to back up "a satisfactory report from a qualified independent director of Colibri who spent time on site in Mexico".

Yaque consists of two mineral properties: El Mezquite and Jackie. They are located in the Sonoro Gold Belt.

El Mezquite Gold Project

The property comprises 180 hectares and is considered to be highly prospective for a low grade/large tonnage gold project. The property has not been drilled, but there are assay results from 321 rock chip samples. There is also evidence of previous mine workings. The property is accessible by a major paved highway and there is a dirt road that runs through the middle of the known gold mineralization.

Yaque owns 65% of El Mezquite and has an option to acquire the remaining 35% for US\$265,000 with exercise beginning in 2020 and equal payments to be made over 5 years. There is a 1% Net Smelter Royalty from production which can be purchased for US\$500,000.

Jackie Gold Project

The property lies 2 km south of El Mezquite and comprises 1,130 hectares. Hardly any exploration has been done on the property, although there is evidence of several old workings.

Yaque owns a 100% interest in Jackie and there are no royalties attached to it.

INVESTMENT CONSIDERATIONS

A. Strengths

- The strategy of Colibri Resource Corporation is to acquire mining properties that have already had previous mining activity, rather than to seek “green field” properties that have never been explored. This tactic enhances the potential for success and is inherently less costly.
- Colibri Resource has interests in gold properties located in Sonora, the most northern state in Mexico and which borders the United States.
- Mexico is a mining-friendly country with exceptional mining infrastructure and an abundance of natural resources. A multitude of international mining companies are extremely active all over Mexico.
- The Company’s gold properties offer easy accessibility, well developed infrastructure, access to a skilled mining labour pool, and considerable common logistics because of their relative proximity to each other.
- The Company’s primary focus is centered on advancing its flagship Pilar Gold Project by completing a NI 43-101 Technical Report that includes a Mineral Resource Estimate and by increasing exploration activity. In this regard, the Company intends to complete a 10,000-metre drilling program, of which 3,000 metres were drilled in 2018. The Company also intends to complete a Preliminary Economic Assessment as soon as possible.
- Colibri Resource has arranged for debt financing of up to C\$400,000, which takes the pressure off having to raise additional equity in the near term. The funds primarily will be used on the Pilar Gold Property for exploration to expand the Company’s in-house resource estimate and convert it into a technically compliant resource estimate.
- Commodities and inflation usually move in lock-step. Until recently, inflationary forces have been muted. However, lately there have been an increasing number of warnings that inflationary tendencies are rising. This presumably augurs well for commodity prices. In particular, gold is being used increasingly for industrial purposes as well as being the traditional inflation hedge.

B. Challenges

- The Company’s market cap is only about \$2,650,000, with approximately 53 million shares outstanding and, therefore, the shares are not suitable for institutional ownership; in addition, there is fairly illiquid share trading (average 105,950 per day over the last 50 days and 109,850 over the last 200 days).
- Colibri Resource has frequently raised new financing, which is often a challenge for junior mining companies. In addition to the recent debt raise, it is likely the Company will require additional funds in 2019.
- The Company’s activities are still at an early stage of exploration. Its flagship property, Pilar, does not yet have a Mineral Resource Estimate, or a Preliminary Economic Assessment report. Even with a successful drilling program, it will be years before the Company can advance from exploration to production.
- Although exploration prospects on the Company’s properties are promising, future drilling may not yield expected positive results.
- In order to advance its mining activities, the Company will need to continue to raise funds, and/or may need to sell properties, and/or enter into joint venture relationships.
- The shares, currently at \$0.05, have doubled since the Company’s acquisition announcement, but they are still near the 52-week low, and are below the \$0.085 share price at the time of our Initial Report on March 16, 2018. We attribute this decline to only a limited amount of work on the Pilar Gold Property in the last six months and the lack of overly exciting news with the drilling program. However, the very recent acquisition announcement seems to have brought new positive attention to the shares.

FINANCIAL STATEMENTS

COMMENT: Set out below are the Company's financial statements as provided in the eResearch presentation format, which differs from the way that the Company issues the statements. See, also, Liquidity on the next page.

TABLE 1: SELECTED FINANCIAL INFORMATION – COLIBRI RESOURCE CORP.

(C\$)	Actual Year End Nov 30/2014	Actual Year End Nov 30/2015	Actual Year End Nov 30/2016	Actual Year End Nov 30/2017	Actual TTM Aug 31/2018	Actual 9 Months Aug 31/2018	Actual 9 Months Aug 31/2017
Statement of Income (Loss)							
General & Administrative ("Burn")	-138,824	-108,741	-205,123	-403,681	-650,428	-567,914	-321,167
Non-Operating (Expenses)/Income	-69,999	-28,974	-60,833	-175,939	-110,299	-125,335	-190,975
Non-Cash Items	-5,016,533	-2,932	-99,957	-3,298	-239,006	-236,618	-910
Extraordinary Items	0	0	0	0	-140,154	-140,154	0
Net Profit/(Loss)	-5,225,356	-140,647	-365,912	-582,918	-1,139,886	-1,070,020	-513,052
Non-cash item: F2014 write down of explor. assets of \$5,015,506							
Total Shares Outstanding	3,349,067	3,349,083	10,282,915	40,632,006	52,912,986	52,912,986	36,300,340
Weighted Average Shares O/S	42,461	3,349,083	9,386,271	20,218,466	29,936,259	48,812,960	11,059,557
Net Profit/(Loss) Per Share	(\$123.06)	(\$0.04)	(\$0.04)	(\$0.03)	(\$0.04)	(\$0.02)	(\$0.05)
Cash Flow Statement							
Net Profit (Loss)	-5,225,356	-140,647	-365,912	-582,918	-1,139,886	-1,070,020	-513,052
Non-Cash Items	<u>5,016,533</u>	<u>2,932</u>	<u>99,957</u>	<u>3,298</u>	<u>133,520</u>	<u>131,132</u>	<u>910</u>
Cash Flow from Operations	-208,823	-137,715	-265,955	-579,620	-1,006,366	-938,888	-512,142
Capital Expenditures (Capex: Props.)	-90,059	-20,969	-16,622	-99,325	-115,559	-360,856	-344,622
Other Investing Items	0	0	-3,485	0	-6,080	-6,080	0
Free Cash Flow	-298,882	-158,684	-286,062	-678,945	-1,128,005	-1,305,824	-856,764
Working Capital Changes	<u>21,231</u>	<u>-12,500</u>	<u>-15,824</u>	<u>-303,978</u>	<u>-263,475</u>	<u>150,158</u>	<u>109,655</u>
Cash Flow before Financing	-277,651	-171,184	-301,886	-982,923	-1,391,480	-1,155,666	-747,109
Equity Financing	0	27,000	563,836	753,113	1,342,109	1,161,246	572,250
Debt Financing	0	0	0	0	0	0	0
Change in Cash	-277,651	-144,184	261,950	-229,810	-49,371	5,580	-174,859
Cash, Beginning of the Period	441,937	164,286	20,102	282,052	107,193	52,242	282,052
Cash, End of the Period	164,286	20,102	282,052	52,242	57,822	57,822	107,193
Balance Sheet							
(C\$)	As at: Nov 30/2014	Nov 30/2015	Nov 30/2016	Nov 30/2017	Aug 31/2018	Aug 31/2017	
Cash and Equivalents	164,286	20,102	282,052	52,242	57,822	107,193	
Other Current Assets	4,347	2,324	18,419	269,316	202,803	365,392	
Exploration Properties	2,455,802	2,476,771	2,493,393	6,937,148	7,298,004	6,838,015	
Other Mining Assets	<u>2,932</u>	<u>0</u>	<u>2,207</u>	<u>993</u>	<u>8,493</u>	<u>1,297</u>	
Total Assets	<u>2,627,367</u>	<u>2,499,197</u>	<u>2,796,071</u>	<u>7,259,699</u>	<u>7,567,122</u>	<u>7,311,897</u>	
Accounts Payable	64,445	49,922	50,193	402,670	486,315	506,821	
Other Current Liabilities	0	0	0	0	0	0	
Long-Term Liabilities	0	0	0	0	0	0	
Shareholders' Equity	<u>2,562,922</u>	<u>2,449,275</u>	<u>2,745,878</u>	<u>6,857,029</u>	<u>7,080,807</u>	<u>6,805,076</u>	
Total Liabilities & Equity	<u>2,627,367</u>	<u>2,499,197</u>	<u>2,796,071</u>	<u>7,259,699</u>	<u>7,567,122</u>	<u>7,311,897</u>	
Book Value (S.E.) Per Share	\$0.77	\$0.73	\$0.27	\$0.17	\$0.13	\$0.13	
Cash Per Share	\$0.05	\$0.01	\$0.03	\$0.00	\$0.00	\$0.00	
Working Capital	104,188	-27,496	250,278	-81,112	-225,690	-34,236	
Working Capital Ratio	2.62	0.45	5.99	0.80	0.54	0.93	

Source: Company and eResearch

TABLE 2: LIQUIDITY

(C\$)	Actual Year End <u>Nov 30/2014</u>	Actual Year End <u>Nov 30/2015</u>	Actual Year End <u>Nov 30/2016</u>	Actual Year End <u>Nov 30/2017</u>	Actual TTM <u>Aug 31/2018</u>
Cash, Beginning of the Period	441,937	164,286	20,102	282,052	107,193
<u>Additions to Cash</u>					
Equity Financing	0	27,000	563,836	753,113	1,342,109
Debt Financing	0	0	0	0	0
Investing Items	0	0	-3,485	0	-6,080
Other Items	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CASH CONTRIBUTIONS	0	27,000	560,351	753,113	1,336,029
<u>Subtractions from Cash</u>					
General & Administrative ("Burn")	-138,824	-108,741	-205,123	-403,681	-650,428
Non-Operating Expenses	-69,999	-28,974	-60,833	-175,939	-110,299
Capital Expenditures (Capex: Props.)	-90,059	-20,969	-16,622	-99,325	-115,559
Debt Repayment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CASH SUBTRACTIONS	-298,882	-158,684	-282,577	-678,945	-876,285
DIFFERENCE	-298,882	-131,684	277,774	74,168	459,744
Working Capital Changes	21,231	-12,500	-15,824	-303,978	-263,475
Change in Cash	-277,651	<u>-144,184</u>	<u>261,950</u>	<u>-229,810</u>	<u>-49,371</u>
Cash, End of the Period	164,286	20,102	282,052	52,242	57,822

Source: eResearch

Although there are other items (e.g., assets sales) that also could contribute, the above are the main components of Shareholders' Equity, whose numbers are as follows:

	Actual Year End <u>Nov 30/2014</u>	Actual Year End <u>Nov 30/2015</u>	Actual Year End <u>Nov 30/2016</u>	Actual Year End <u>Nov 30/2017</u>	Actual TTM <u>Aug 31/2018</u>
Shareholders' Equity	2,562,922	2,449,275	2,745,878	6,857,029	7,080,807

<continued>

Table 3: Warrants and Options as at August 31/18 (Pro Forma Oct.29/18)

WARRANTS

<u>Number</u>		<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Status</u>	<u>Potential Equity</u>
4,265,000		\$0.25	6-Sep-2019	Out-of-the-Money	\$1,066,250
197,500	*	\$0.25	6-Sep-2019	Out-of-the-Money	\$49,375
10,770,980		\$0.15	26-Feb-2023	Out-of-the-Money	\$1,615,647
272,000	*	\$0.15	26-Feb-2023	Out-of-the-Money	\$40,800
<u>1,350,000</u>		\$0.15	14-Mar-2023	Out-of-the-Money	<u>\$202,500</u>
16,855,480					\$2,974,572

* Denotes broker warrants

Current Price: \$0.030

OPTIONS

<u>Number</u>		<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Status</u>	<u>Potential Equity</u>
150,000		\$0.15	23-Jan-2019	Out-of-the-Money	\$22,500
550,000		\$0.15	14-Jun-2021	Out-of-the-Money	\$82,500
1,975,000		\$0.10	16-Apr-2023	Out-of-the-Money	\$197,500
<u>1,800,000</u>		\$0.10	16-Apr-2028	Out-of-the-Money	<u>\$180,000</u>
4,475,000					\$482,500

Source: Company and eResearch

<continued>

BACKGROUND

Colibri Resource was formed to explore historical mining sites in Mexico. Modern exploration systems and techniques have greatly increased the financial viability of historic or abandoned mining properties.

The Company has focused its activities in Mexico solely in the State of Sonora. Mexico is well recognized as a mining-friendly country with substantial natural resources and well-developed mining infrastructure. Sonora is host to considerable international mining activity.

The Pilar Gold Property is the Company's main focus where the ultimate goal is to drill an appropriate number of metres to reach a sufficient amount of gold in order to be in a position to convert the findings into a compliant Mineral Resource Estimate.

On Pilar's Main Zone, Colibri Resource believes there is a significant deposit, but because the in-house resource estimate was largely based on a previous operator's historical drill results, which data and information cannot be verified, the estimate therefore does not meet NI 43-101 standards and, thus, cannot be relied upon.

COMMENT: *To date, there has not been sufficient exploration drilling to assume that the deposit constitutes a "mineral resource". As a result, the Company has hired Terrane Geoscience Inc. to conduct a comprehensive study of the project so as to provide guidance for its future exploration and drilling programs.*

COLIBRI RESOURCE CORPORATION

Colibri Resource is highly active in exploring and developing three gold mining properties in Sonora, Mexico that have had previous work done on them to varying degrees. For the location of these properties, see Figure 1 below.

The three projects are:

- (1) Pilar Gold Property (flagship);
- (2) Evelyn Gold Property (early-stage); and
- (3) Pitaya Gold Property (joint venture with Agnico Eagle Mines)

Figure 1: Colibri Resource Sonora Properties



Source: Company

PILAR GOLD PROJECT

In August 2017, Colibri Resource acquired Canadian Gold Resources Ltd. and, with it, a 100% ownership interest in a private Mexican company, Minera Bestep S.A., which, in turn, holds a 100% ownership interest in the Pilar Gold Project (“Pilar”).

Pilar has been the subject of two main exploration initiatives. The first initiative was completed by Santa Catalina Mining, a wholly-owned subsidiary of Lundin Mining, during 1996 and 1997. The second initiative was completed by Minera Lyell S.A. de C.V., and then Bestep, from 2008 to 2013. Both phases of exploration have included significant surface exploration and reverse circulation drilling.

Surface exploration at Pilar completed through both phases of exploration included geological mapping and sampling, trenching and rock-chip sampling, soil surveys, and geophysical surveys, all of which provide valuable data for continuing the initiative on Pilar.

The Pilar Gold Property is an advanced exploration stage property comprising 105 hectares and which is not subject to any royalties or encumbrances. It is located about 250 km southeast of the capital city of Hermosillo in the Sierra Madre Occidental, which hosts a number of epithermal precious metal deposits and porphyry copper deposits (with possible molybdenum and gold). Gold and silver are the primary metals on Pilar.

A NI 43-101 Technical Report was completed in November 2016. Although no Mineral Resource Estimate was prepared, the Author of the Report made some recommendations.

From the Company’s August 9, 2017 Press Release:

The author of the NI 43-101 Technical Report recommends that the Project continue to be explored for the discovery of an epithermal precious metals mineral deposit with two phases of exploration. The first phase recommended consists of: early stage exploration activities including further geological mapping, trenching, and soil sampling; topographic surveying and accurately surveying drill-hole collar locations; and a total of 1,500 metres of RC drilling. The second phase of recommended exploration is contingent upon the positive conclusion of the first phase and includes RC drilling with the objective of resource delineation of prioritized targets on the property.

Colibri Resource has conducted its own in-house resource estimate on the Main Zone, but it is not technically compliant. But, as a result, the Company believes that Pilar is suitable for open-pit, heap-leach operations.

Figure 2: Pilar Property (showing Main Zone)



Source: Company

Objectives for Pilar Property

Colibri Resource intends to fast track the Pilar Gold Project to production in March 2021. As part of this initiative, the Company needs to continue raising funds through private placement initiatives.

The Company also needs to complete a NI 43-101 compliant Technical Report with an accompanying Mineral Resource Estimate. The goal is to reach a minimum of 120,000 oz. of gold. Another goal is to complete a Preliminary Economic Assessment (PEA).

The program also includes increased exploration activity, with a goal of drilling at least 10,000 metres. To date, 3,000 metres has been drilled. The Company also intends to expand its drilling initiatives where it has had success in the past, and also focus on selected exploration targets that lie outside Pilar's Main Zone.

COMMENT: *Despite being on a "fast track", the time necessary for the Company to increase the size of the mineable deposit to an economically viable amount, including having a compliant Technical Report with a Mineral Resource Estimate and a PEA (and perhaps a bankable Feasibility Study), in order to reach initial production will likely be 3-5 years.*

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EVELYN GOLD PROJECT

The Evelyn Gold Project represents an early stage exploration project. See Figure 1 on Page 7, and Figure 3 below.

Earlier this year, Colibri Resource sold one of its subsidiary companies through which it held the Evelyn property for net proceeds of \$2,054. The Company subsequently reacquired the Evelyn property for a cash consideration of \$19,000.

Colibri Resource originally acquired the Evelyn claim in 2008 by way of a lottery conducted by the Mexican government for mineral claims. The claim comprises 506 hectares and is located in northwest Sonora approximately 150 kilometers northwest of Hermosillo.

The inherent value of the claim is based upon its close proximity to two producing gold mines:

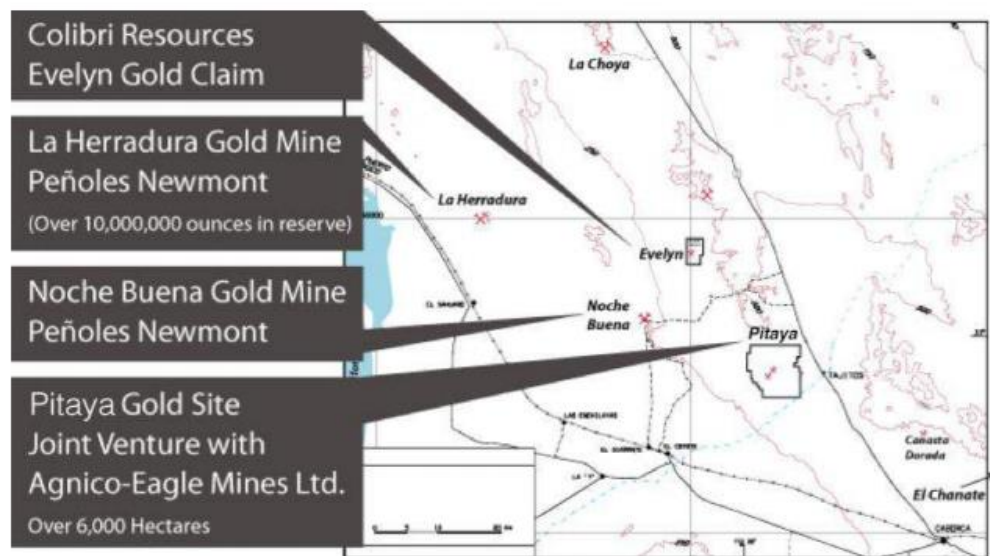
- (1) the La Herradura Gold Mine operated by Fresnillo PLC, with 2017 production estimated at 520,000 oz. Au grading 0.76 g/t Au; and
- (2) the Noche Buena Gold Mine, which is a joint venture between Newmont Mining and Industrias Penoles (Mexico's second largest mining company), and had 2017 estimated production of around 160,000 oz. Au.

The property is also "on strike" with the El Chanate Mine now operated by Alamos Gold, with 2017 production of about 60,000 oz. Au.

To date, although the only work completed on the property is some initial rock chip sampling, there are numerous artisanal mine workings on the property.

Specifically, exploration to date has included a property-wide soil sample program which has identified at least 8 strong anomalies which require follow up, mapping, and chip sampling. Notable were chip samples along 80 meters of an exposed quartz vein outcrop which averaged 9.2 g/t Au over 13 samples. This vein can be tracked at least another 80 meters before dipping below surface.

Figure 3: Location of Evelyn Gold Project



Source: Company

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PITAYA GOLD PROJECT

The Pitaya Gold Project is a joint venture between Colibri Resource Corporation (24.45%) and Agnico Eagle Mines Limited (75.55%), with Agnico Eagle acting as the operator.

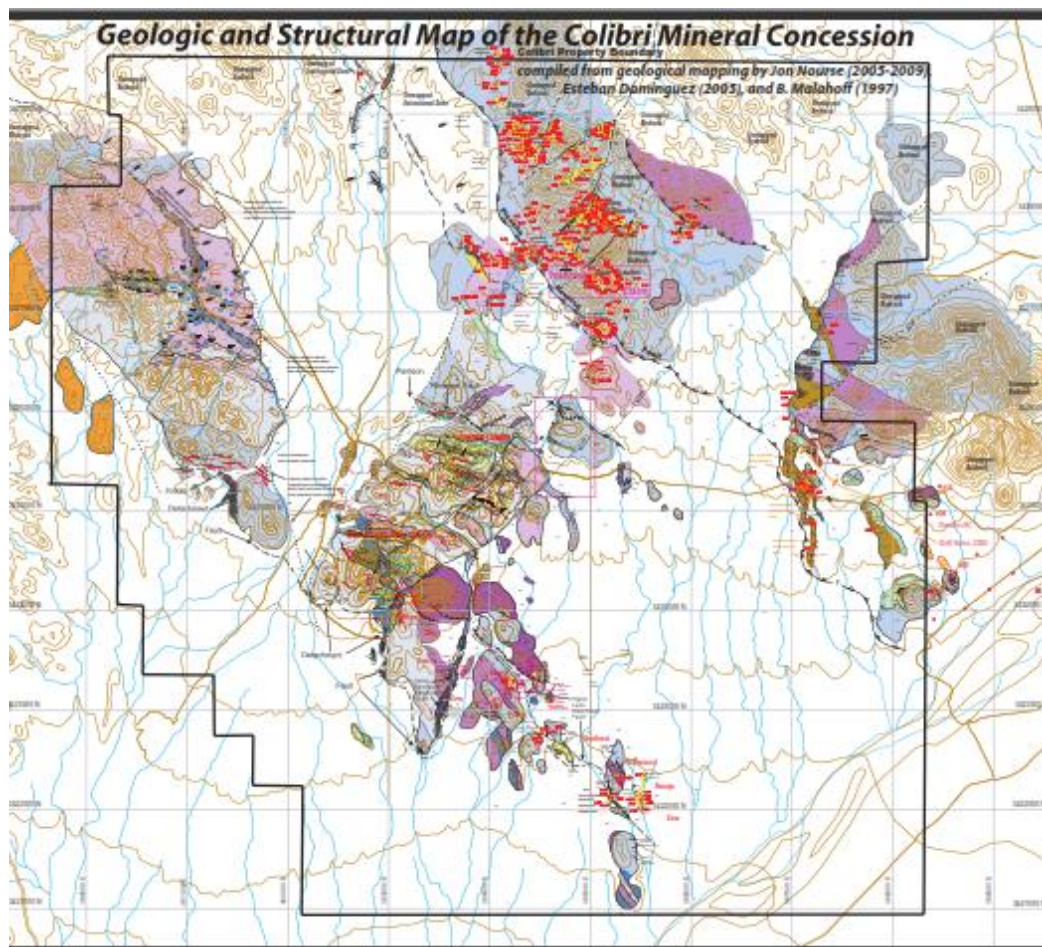
The Pitaya property is located in northern Sonora in an area that boasts 14 significant gold deposits, including La Herradura, Noche Buena, and El Chanate all referred to above.

Pitaya is expected to be an open pit, heap leach, low operating cost endeavour. It covers 6,564 hectares. Pitaya is along-strike from the low-grade/low-cost La Herradura, Noche Buena, and El Chanate mines previously mentioned, and is adjacent to Fresnillo's new Tajitos discovery (415,000 oz., inferred, indicated and measured, and in progress).

To date, there has been 15,394 metres of core and reverse-circulation drilling as well as mapping, geophysics, soil samples, and 3D modeling

In 2017, Agnico Eagle drilled a total of 7,286 metres in 26 drill-holes. The most significant assay result was 20.96 g/t over 2.2 metres. In 2018, Agnico Eagle completed the final 4 holes and added an additional hole to make a total of 27 holes. Agnico Eagle does not intend to conduct any further drilling in 2018 and until all of the data has been analyzed.

Figure 4: Pitaya Structural Map



Source: Company

MINING IN MEXICO

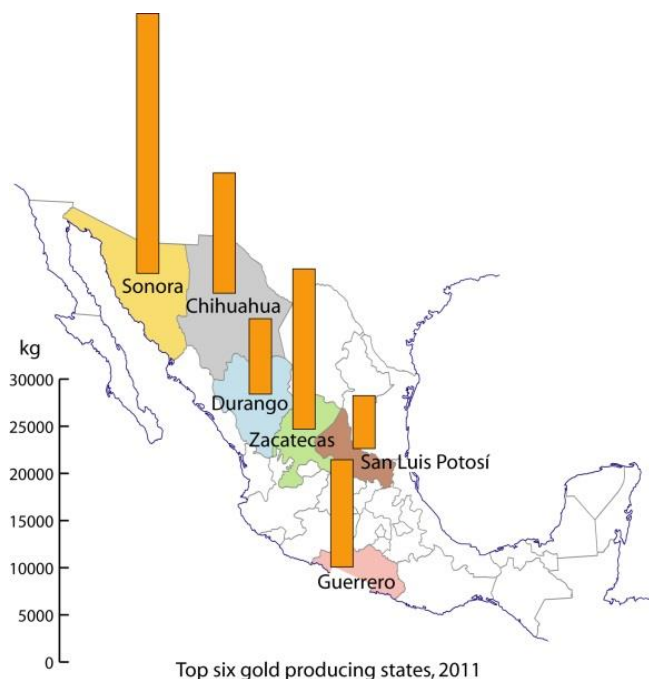
Information courtesy of Wikipedia and other sources:

Gold mining in Mexico has taken place for at least 500 years, and the country has a history of both commercial and artisanal production. Today, gold and silver account for more than 50% of the country's total metals output.

Mexico's mining industry was mostly dominated by the Spaniards during the colonial period, and then by foreign enterprises after Independence (1821).

In the 1960s and 1970s, the government forced out most foreign interests in Mexican mining, beginning with the increasing restriction of ownership in Mexican mining companies. These restrictions were relaxed starting in 1992, with the only restriction that the operating company be Mexican. Within three years of the change, more than seventy foreign companies, mostly being American and Canadian enterprises, opened offices in the capital city of Hermosillo.

Over the last decade, gold production in Mexico has stayed relatively stable. However, the uncertain gold price environment has meant that very few new mines have opened in recent years. Most mining companies operating in Mexico have been focusing on reducing costs and improving capital management such that, in 2016, gold output dropped from 135 MT to 125 MT.



MINING IN SONORA, MEXICO

The following information on Sonora's mining industry is taken from various sources:

Sonora's mining sector accounts for roughly US\$6 billion in production value, which represented around 27% of the total mining production in Mexico and 2.9% of Mexico's GDP in 2013. Yet, there is still a vast pool of mineral potential that companies have not yet exploited.

Sonora is Mexico's leading producer of gold, copper, and molybdenum; the country's fourth most important producer of silver; and the fifth for iron.

eRESEARCH CORPORATION

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