



(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)



April 19, 2018

Independent Auditor's Report

To the Shareholders of Calibre Mining Corp.

We have audited the accompanying consolidated financial statements of Calibre Mining Corp. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2017 and December 31, 2016 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Calibre Mining Corp. and its subsidiaries as at December 31, 2017 and December 31, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Balance Sheets

As at December 31

(Expressed in Canadian Dollars)

	Note	2017	2016
ASSETS			
Current			
Cash and cash equivalents		\$ 2,899,936	\$ 3,579,759
Receivables	7(d)	198,374	13,627
Marketable securities		6,337	8,145
Prepaid deposits and advances	7(e)	170,271	79,963
		3,274,918	3,681,494
Non-current			
Property and equipment	6	291,981	333,084
Exploration and evaluation assets	7	25,267,258	24,003,509
		\$ 28,834,155	\$ 28,018,087
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		\$ 983,522	\$ 553,352
Shareholders' equity			
Share capital		45,016,341	43,011,620
Contributed surplus		16,278,116	14,465,391
Foreign currency translation reserve		1,905,318	3,462,162
Accumulated other comprehensive loss		(4,751)	(2,941)
Accumulated deficit		(35,344,391)	(33,471,499)
		27,850,633	27,464,734
		\$ 28,834,155	\$ 28,018,087

Commitments – Note 12

On behalf of the Board:

“Douglas Forster”

Director

“Edward Farrauto”

Director

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

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For The Years Ended December 31

(Expressed in Canadian Dollars)

	2017	2016
Expenses		
Amortization	\$ 3,356	\$ 2,310
Audit and accounting fees	93,186	73,839
Bank charges and interest	1,360	1,336
Consulting fees	319,077	184,000
Insurance	36,738	32,901
Legal fees	17,482	12,102
Marketing	13,867	5,989
Office, postage and printing	34,908	19,695
Rent	101,882	98,915
Salaries and wages	254,461	230,995
Share based compensation	1,056,413	147,303
Shareholder relations	10,143	7,415
Telephone and utilities	7,305	4,160
Trade shows and conferences	165,636	84,721
Transfer agent and regulatory fees	30,041	17,161
Travel	2,665	3,727
	<u>(2,148,520)</u>	<u>(926,568)</u>
Other Income (Expenses)		
Foreign exchange loss	(77,808)	(137,657)
Other income	335,103	280,857
Interest income	18,333	7,831
	<u>275,628</u>	<u>151,031</u>
Loss for the Year	(1,872,892)	(775,537)
<u>Other Comprehensive Income (Loss)</u>		
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation	(1,556,844)	(550,639)
Unrealized gain (loss) on marketable securities	(1,810)	5,430
Comprehensive Loss for the Year	\$ (3,431,546)	\$ (1,320,746)
Loss per Share - Basic and Diluted	\$ (0.01)	\$ (0.00)
Weighted Average Shares Outstanding	311,545,391	248,689,959

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

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Number	Amount					
Balance – December 31, 2015	222,910,918	\$ 36,422,223	\$ 13,983,563	\$ 4,012,801	\$ (8,371)	\$ (32,695,962)	\$ 21,714,253
Issuance of common shares:							
• on private placement	30,000,000	2,060,256	792,351	-	-	-	2,852,607
• on exercise of warrants	12,500,000	1,715,142	(465,142)	-	-	-	1,250,000
• on acquisition of property	23,450,000	2,814,000	-	-	-	-	2,814,000
Stock based compensation	-	-	114,234	-	-	-	114,234
Warrant amendment	-	-	40,385	-	-	-	40,385
Other comprehensive income	-	-	-	-	5,430	-	5,430
Translation adjustment	-	-	-	(550,639)	-	-	(550,639)
Loss for the year	-	-	-	-	-	(775,537)	(775,537)
Balance – December 31, 2016	288,860,918	\$ 43,011,620	\$ 14,465,391	\$ 3,462,162	\$ (2,941)	\$ (33,471,499)	\$ 27,464,734
Issuance of common shares:							
• on private placement	19,575,000	1,228,577	681,112	-	-	-	1,909,689
• on finder's fees	120,000	16,581	5,019	-	-	-	21,600
• on exercise of warrants	4,115,500	759,562	(101,082)	-	-	-	658,480
Stock based compensation	-	-	1,227,676	-	-	-	1,227,676
Other comprehensive loss	-	-	-	-	(1,810)	-	(1,810)
Foreign exchange translation	-	-	-	(1,556,844)	-	-	(1,556,844)
Loss for the year	-	-	-	-	-	(1,872,892)	(1,872,892)
Balance – December 31, 2017	312,671,418	\$ 45,016,340	\$ 16,278,116	\$ 1,905,318	\$ (4,751)	\$ (35,344,391)	\$ 27,850,633

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

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

Years Ended December 31

(Expressed in Canadian Dollars)

	2017	2016
Operating Activities		
Loss for the year	\$ (1,872,892)	\$ (775,537)
Items not affecting cash:		
Amortization	3,356	2,310
Stock-based compensation	1,056,413	147,303
Cash items reclassified to investing activities	(18,333)	(7,831)
Unrealized foreign exchange	86,561	155,004
Net changes in non-cash working capital:		
Receivables	(184,747)	156,832
Trade and other payables	75,407	(67,524)
Prepaid deposits and advances	(90,309)	14,857
Decrease in Cash and Cash Equivalents from Operating	(944,544)	(374,586)
Investing Activities		
Purchases of property and equipment	-	(31,942)
Option payment received from IAMGOLD	202,323	194,211
Interest income	18,333	7,831
Cash received from option partners	4,899,916	3,552,522
Exploration and evaluation expenditures	(7,319,835)	(4,734,162)
Decrease in Cash and Cash Equivalents from Investing	(2,199,262)	(1,011,540)
Financing Activities		
Proceeds from share issuances – net of transaction costs	1,931,289	2,852,607
Exercise of warrants	658,480	1,250,000
Increase in Cash and Cash Equivalents from Financing	2,589,769	4,102,607
Effect of exchange rate on cash and cash equivalents	(125,786)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(679,823)	2,716,480
Cash and cash equivalents - Beginning of Year	3,579,759	863,279
Cash and cash equivalents - End of Year	\$ 2,899,936	\$ 3,579,759
Supplemental Disclosure of Non-Cash Investing Activities		
Amortization included in exploration and evaluation assets	\$ 18,875	\$ 19,359
Stock-based compensation included in exploration and evaluation assets	\$ 171,263	\$ 7,316
Exploration and evaluation costs included in accounts payable	\$ 857,568	\$ 502,805

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

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

1. Nature of Operations

Calibre Mining Corp. (an Exploration Stage Company) is incorporated under the laws of British Columbia, Canada and maintains its corporate head office at 413 – 595 Burrard Street, P.O. Box 49167, Vancouver, British Columbia, Canada. The Company's common shares are listed on the TSX Venture Exchange (TSX.V: CXB) in Canada.

Calibre Mining Corp. and its subsidiaries (collectively referred to as the "Company") are principally engaged in the acquisition, exploration and development of mineral properties located in Nicaragua.

2. Basis of Preparation and Statement of Compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost method except for available for sale financial assets (marketable securities) which are recorded at fair value. The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses, which are further discussed in Note 3. The Board of Directors authorized the issuance of these financial statements on April 19, 2018.

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are as follows:

a) *Principles of Consolidation*

These financial statements incorporate the financial statements of the Company and its subsidiaries. The financial statements include the accounts of the Company's wholly-owned 100% interest in Yamana Nicaragua Ltd. Yamana Nicaragua Ltd. is a holding company incorporated in 2006, in Belize, which owns 100% of CXB Nicaragua S.A. (formerly known as Yamana Nicaragua S.A. – incorporated in Nicaragua in 2006).

All material intercompany transactions and balances have been eliminated on consolidation.

b) *Cash and Cash Equivalents*

Cash and cash equivalents include cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

c) *Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset, along with the future costs of dismantling and removing the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items, or major components, of property, plant and equipment. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss or capitalized to exploration and evaluation assets, as appropriate, during the period in which they are incurred.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant Accounting Policies – continued

The major categories of property and equipment are depreciated using the following rates and methods:

Buildings and structures	5% declining balance basis
Furniture and office equipment	20% declining balance basis
Computer equipment and software	30% declining balance basis
Vehicles	20% declining balance basis

Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other income (expenses) in the statement of loss.

d) Loss Per Share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. Unexercised stock options and warrants have not been included in the computation of diluted loss per share as their effect would be anti-dilutive.

e) Exploration and Evaluation Assets

Exploration and evaluation expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. The depreciation of a capital asset in connection with exploring or evaluating a property will be included in the cost of the property. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and expenditure costs, in excess of estimated recoveries, are written off to the statement of loss.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or share consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain.

f) Impairment of Long-Term Assets

Property and equipment and exploration and evaluation assets are reviewed quarterly for indicators that the carrying value of an asset or cash-generating unit ("CGU") may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset or cash-generating unit is estimated. If the carrying value of the asset or CGU exceeds the recoverable amount, the asset or CGU is written down with an impairment recognized in the statement of loss.

Exploration and evaluation costs are aggregated into CGUs based on their ability to generate largely independent cash flows.

The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant Accounting Policies – continued

Fair value less costs to sell may be determined using discounted future net cash flows and forecast prices and costs. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU.

Reversals of impairments are recognized when there has been a subsequent increase in the recoverable amount. In this event, the carrying amount of the asset or CGU is increased to its revised recoverable amount with an impairment reversal recognized in profit or loss. The recoverable amount is limited to the original carrying amount less depreciation, depletion and amortization as if no impairment had been recognized for the asset or CGU for prior periods.

g) Share Capital

The Company records proceeds from share issuances net of issue costs. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at the fair value of the non-monetary consideration received, or at the fair value of the shares issued if the fair value of the non-monetary consideration cannot be measured reliably, on the date of issue. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, whereby, the fair value of the common shares is based on the market close on the date the units are issued. The fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

h) Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. The fair value of the share-based payment is measured using the Black-Scholes option pricing model with amortized amounts over the vesting periods recognized as an expense or capitalized to exploration and evaluation assets where criteria are met. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus amount is transferred to share capital. Compensation expense is recognized over the tranche's vesting period by a charge to statement of loss with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

i) Provision for Closure and Reclamation

A liability for on-site reclamation is recognized on a discounted cash flow basis when a reasonable estimate of the obligation can be made. The provision is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time, adjustments for changes in the current market-based discount rate and from revisions to either expected payment dates or the amounts comprising the original estimate of the obligation.

The Company has no material restoration, rehabilitation and environmental costs as the disturbances to date is minimal.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant Accounting Policies – continued

j) Current and Deferred Income Tax

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of any deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of the Company and each of the Company's subsidiaries is measured using the currency of the primary economic environment in which the entity operates (the functional currency) as follows:

Calibre Mining Corp.	Canadian Dollars
Yamana Nicaragua Ltd.	United States Dollars
CXB Nicaragua, S.A.	United States Dollars

The Company's presentation currency is the Canadian Dollar ("\$").

Transactions and balances

Foreign currency transactions are translated into the relevant entity's functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period – end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant Accounting Policies – continued

Subsidiaries

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as foreign currency translation reserve.

When a foreign operation is sold, such exchange differences are recognized in the statement of loss to the extent of the portion sold as part of the gain or loss on sale.

l) Critical Accounting Judgments and Estimates

The preparation of these financial statements in accordance with IFRS requires the Company to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, and expenses, and the related disclosure of contingent assets and liabilities. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

Impairment of exploration and evaluation assets

The Company is required to review the carrying value of its exploration and evaluation properties for potential impairment when impairment indicators exist. Impairment exists when the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds their estimated fair value is charged to the statement of loss.

Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities, contractual issues with joint venture partners, the impact of government legislation and political stability in the region, and the impact of current and expected future metal prices to potential reserves.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant Accounting Policies – continued

m) Financial Instruments

Financial assets and liabilities are initially recognized at fair value and subsequently measured based on their classification as follows:

- Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective method less any impairment charge. The Company classifies cash and cash equivalents and receivables as loans and receivables.
- Available for sale (“AFS”)
AFS financial assets are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. When an AFS investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of loss. The Company classifies marketable securities as AFS.
- Financial Liabilities – other financial liabilities
This category includes trade and other payables which are initially measured at fair value and subsequently recognized at amortized cost.

The Company does not have any derivatives or embedded derivatives or use any hedges to manage various risks.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. In the case of equity instruments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If such evidence exists for AFS financial assets, the cumulative loss – measured as the difference between the acquisition cost and the asset fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit and loss. Impairment losses recognized in the statement of loss on equity instruments are not reversed through the statement of loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

3. Significant Accounting Policies – continued

n) Recently issued but not adopted accounting guidance are as follows:

IFRS 9, Financial Instruments (“IFRS 9”), addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (“OCI”) and FVTPL. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company has adopted the standard and accordingly, the new standard had no impact to the Company’s financial statements.

In January 2016, the IASB issued a new standard, IFRS 16, *Leases* (“IFRS 16”). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

4. Capital Management

The Company’s objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company’s existing properties, and to acquire, explore, and develop other precious and base metal deposits in Central America.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.
- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

In the management of capital, the Company includes shareholders’ equity in the definition of capital. The Company is not exposed to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets, especially with respect to exploration results on properties in which the Company has an interest.

In order to facilitate the management of capital and development of its mineral properties, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company’s Board of Directors. In addition, the Company may issue new equity, incur debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company’s investment policy is to hold cash in interest bearing accounts at a major Canadian banking institution to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company seeks to continue to raise funds, from time to time, to continue meeting its capital management objectives.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

5. Financial Instruments

Fair Value and Hierarchy

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value is measured within a "fair value hierarchy" which has the following levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transactions between knowledgeable parties. Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future fair values. Marketable securities are recorded at fair value and are measured using Level 1. Receivables, deposits and advances and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

Credit risk

Credit risk arises from the possibility that a counterparty may experience financial difficulty and be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its cash and cash equivalents and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company limits exposure to credit risk by maintaining the significant majority of its cash with a large chartered Canadian banking institution. The credit risk in receivables is considered low by management as they consist primarily of amounts owing from government authorities in relation to the refund of goods and services taxes in Canada applying to inputs for qualified expenditures, cash calls from optionees, and vendor overpayment. Receivables relating to the cash call and vendor overpayment were received subsequent to year-end.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises primarily from the interest received on its cash balances. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Based on cash balances held at December 31, 2017, the effect of a one basis point increase or decrease in interest rates on net loss is not considered significant. The Company's other financial assets and liabilities are not subject to interest rate risk, as they do not bear interest.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar (Note 3(I)). The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Nicaraguan Cordoba ("COR") and the US dollar ("USD"). The Company does not enter into any foreign exchange contracts to mitigate these risks. Based on management's analysis, the effect on these instruments held at December 31, 2017 of a five percent increase or decrease in foreign exchange rates on net loss is not considered significant.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

6. Property and Equipment

	Computer Equipment and Software	Furniture and Equipment	Buildings and Structures	Vehicles	Total
Cost, Dec. 31, 2015	\$ 105,549	\$ 118,301	\$ 386,903	\$ -	\$ 610,755
Additions	3,171	-	-	31,942	35,113
Foreign currency translation	(304)	(3,756)	(14,977)	-	(19,036)
Cost, Dec. 31, 2016	\$ 108,416	\$ 114,546	\$ 371,926	\$ 31,942	\$ 626,831
Foreign currency translation	(585)	(7,237)	(16,740)	(2,136)	(26,699)
Cost, Dec. 31, 2017	\$ 107,831	\$ 107,308	\$ 355,186	\$ 29,806	\$ 600,132
Acc. depreciation, Dec. 31, 2015	\$ 98,274	\$ 77,634	\$ 96,522	\$ -	\$ 272,431
Charge for the year	2,591	7,076	14,007	3,195	26,869
Foreign currency translation	(251)	(2,459)	(2,843)	-	(5,553)
Acc. depreciation, Dec. 31, 2016	\$ 100,615	\$ 82,252	\$ 107,685	\$ 3,195	\$ 293,747
Charge for the year	2,956	6,236	13,032	5,631	27,854
Foreign currency translation	(529)	(5,527)	(6,995)	(399)	(13,450)
Acc. depreciation, Dec. 31, 2017	\$ 103,041	\$ 82,959	\$ 113,723	\$ 8,427	\$ 308,150
Net book value, Dec. 31, 2016	\$ 7,801	\$ 32,294	\$ 264,241	\$ 28,747	\$ 333,084
Net book value, Dec. 31, 2017	\$ 4,789	\$ 24,348	\$ 241,463	\$ 21,379	\$ 291,981

7. Exploration and Evaluation Assets

The Company has a 100% interest in the Borosi Gold – Silver – Copper Project (the “Borosi Project”), consisting of a number of contiguous mining and exploration concessions located in the North Atlantic Autonomous Region of Nicaragua, Central America. The Company has entered into four separate option agreements over a portion of the Borosi Project as summarized below:

a) B2Gold Joint Venture

The Company partnered with B2Gold Corp. (“B2Gold”) to explore the Borosi Project, as outlined in the option agreement dated July 21, 2009 (as amended on June 18, 2010 and October 19, 2010). The option agreement covered a portion of the Borosi Project (the “B2Gold Option Property”). Pursuant to the agreement, in 2013, B2Gold completed \$8 million of expenditures on the B2Gold Option Property and earned a 51% interest, with Calibre retaining a 49% interest over the concessions. B2Gold was the operator on the B2Gold Option Property. In September 2013, the Company signed a definitive joint venture agreement (the “JV Agreement”) with B2Gold which granted B2Gold a further option to acquire an additional 19% interest in the B2Gold Option Property, for a total interest of 70%, by spending \$6 million in additional project expenditures by April 2016.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets – continued

During the year ended December 31, 2015, the term of the further earn-in agreement was extended an additional 24 months to April 24, 2018.

On December 8, 2016, the Company acquired (the "Transaction") all of the interest held by B2Gold in the Borosi concessions in consideration for 23,450,000 common shares of the Company and a 1.5% net smelter returns royalty ("NSR") on production from the property. The common shares issued by the Company were valued at \$2,814,000 which is based on the closing stock price on the transaction date. Upon closing of the Transaction, Calibre owned an undivided 100% interest in the property (subject to the 1.5% NSR) and B2Gold owned 18.5% of the total issued and outstanding common shares of Calibre. Including transaction costs, the total acquisition costs associated with the Transaction amounted to \$2,837,426.

b) *IAMGOLD Option Agreement*

During 2014, the Company executed an option agreement with IAMGOLD Corporation ("IAMGOLD") whereby IAMGOLD can earn a 51% interest ("First Option") and subsequently an additional 19% interest ("Second Option") (for a total of 70%) in the Eastern Borosi Project ("Eastern"). A summary of the terms are as follows:

- IAMGOLD can earn a 51% interest in the Eastern concessions by expending US \$5 million in exploration on Eastern by May 26, 2017, with a minimum US \$1.5 million year one commitment (first year expenditure commitment has been completed); and
- Make cash payments to Calibre totalling US \$450,000, with US \$150,000 due at signing (received) and US \$150,000 on each of the next two anniversary dates, being May 2015 (received) and May 2016 (received);
- Calibre will act as project operator in the first year or a longer period should the parties agree, with IAMGOLD having the right to take over operatorship following the first anniversary;
- Once IAMGOLD earns its initial 51% interest, IAMGOLD will have the option to earn an additional 19% interest over the subsequent three year period by spending an additional US \$5 million on Eastern and making staged cash payments of an additional US \$450,000 in three annual payments;
- Once IAMGOLD exercises its Second Option, or elects not to enter into the Second Option, the parties will formalize a joint venture to advance the project further. At such time of formalizing the joint venture, the parties agree to enter into an industry standard agreement to govern the joint venture. At any time subsequent to formalizing the joint venture, should either party elect not to participate in a future planned work program, a standard straight-line dilution formula will apply and should a party be diluted to 10%, the party's direct joint venture interest will be converted to a 10% net profits interest on Eastern.

The agreement with IAMGOLD is an option agreement and with the exception of the initial payment to Calibre of US \$150,000 and the initial commitment on project expenditures totalling US \$1.5 million (both completed), all other future payments are at the discretion of IAMGOLD.

During 2017, IAMGOLD completed its 51% earn-in in Eastern and exercised the Second Option to earn in a further 19% in the project. The Company received from IAMGOLD the first option payment under the Second Option of \$202,323 (US\$150,000) in accordance with the option agreement.

During 2017, the Company recorded a total of \$142,140 (2016 - \$126,880) in management fees related to acting as operator on the IAMGOLD option property.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets – continued

c) Rosita Mining Option Agreement

The Company was a party to an option agreement with Rosita Mining Corporation (“Rosita”) whereby Rosita could earn a 65% interest in an area known as the Rosita D concession, located within the Company’s 100%-owned Borosi Project. Under the terms of the option agreement, Rosita could earn a 65% interest in the Rosita D concession by expending a total of \$4 million on exploration and other work on the Rosita D concession and by issuing to the Company a total of 181,000 common shares of Rosita over a 4 year period ending in October 2015 (both completed). Rosita acted as the project operator for all work conducted on the Rosita D concession during the option period.

During 2016, the Company and Rosita signed a joint venture agreement on the Rosita D Concession. The Company and Rosita hold a 35% and 65% interest respectively in the joint venture with each party being responsible for their pro-rata share of all project expenditures. Rosita will act as the manager of the joint venture. The Company elected to not participate in the 2016 exploration program of the joint venture and as a result, its interest in the joint venture decreased from 35% to 33%.

d) Centerra Option Agreement

On September 8, 2015, the Company signed an option agreement with Centerra Gold Inc. (“Centerra”) whereby Centerra can earn a 51% interest and subsequently an additional 19% for a total of 70% interest in the La Luz Gold-Silver Project (the “La Luz Project”) located within the Borosi Concessions, Northeast Nicaragua. The La Luz Project includes the past producing La Luz Gold-Silver Mine and the Cerro Aeropuerto Project. Additionally, Calibre has granted Centerra the Right of First Refusal (“ROFR”) on the Company’s 100% owned Montes de Oro Project, located near the La Luz Project.

A summary of the significant terms are as follows:

- La Luz First Option: To earn a 51% interest in the La Luz Project, Centerra must spend \$3.0 million in exploration on the property from signing to December 31, 2017 (completed);
- A commitment to commence a drilling program in 2015 (completed);
- La Luz Second Option: Once vested at 51% (completed), Centerra can elect to earn an additional 19% in the La Luz Project for a total of 70% by spending a further \$4.0 million in exploration on the Project over a subsequent two year term; and
- Calibre has granted a ROFR to Centerra for an option/joint venture on Calibre's Montes de Oro Project for so long as Centerra continues to fund the La Luz Project under the First Option or to such a time that Centerra earns a 70% interest of the La Luz Project.

During 2017, the Company recorded a total of \$192,963 (2016 - \$153,514) in management fees related to acting as operator on the La Luz Project. Included in receivables is \$86,210 in cash call receivable from Centerra and \$62,055 in overpayment for geophysics work.

e) Calibre’s 100% Owned Property

Calibre owns a 100% interest in mineral concessions in the mining triangle of northeast Nicaragua including the Primavera Gold-Copper Project and Monte Carmelo Gold Project. Included in prepaid deposits and advances is an advance of \$81,575 to a drilling contractor, which will be applied to the final invoice.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets – continued

The following tables outline the expenditures at the Borosi Project during the years ended December 31, 2017 and 2016:

	Joint Venture with Rosita	Option Property to IAMGOLD	Option Property to Centerra	Calibre 100% Owned Property	Total
Cost, December 31, 2016	\$ 505,760	\$ 6,710,144	\$ 363,624	\$ 16,423,982	\$ 24,003,509
Administration and maintenance	-	234,250	234,250	241,349	709,849
Amortization	-	8,084	8,084	8,329	24,498
Assaying	-	70,007	217,660	113,792	401,459
Camp, supplies and logistics	-	153,581	161,763	32,256	347,601
Drilling and related	-	1,310,925	888,806	818,890	3,018,621
Foreign exchange	(31,181)	(413,696)	(22,418)	(1,012,577)	(1,479,873)
Geological consulting	-	-	490,695	35,235	525,930
Professional fees	-	-	-	25,598	25,598
Property maintenance	34,947	447,830	221,124	235,584	939,485
Resource estimates	-	-	-	24,163	24,163
Salary and wages	2,750	317,886	489,323	680,490	1,490,450
Share-based compensation	-	56,517	56,517	58,229	171,263
Travel	-	12,799	12,621	143,626	166,945
Recovery of costs and option payments	-	(2,349,545)	(2,752,694)	-	(5,102,239)
Total expenditures (recoveries) during the year	6,516	(151,363)	5,731	1,402,864	1,263,748
Cost, December 31, 2017	\$ 512,276	\$ 6,558,781	\$ 369,355	\$ 17,826,846	\$ 25,267,257

	Option Property to B2Gold	Joint Venture with Rosita	Option Property to IAMGOLD	Option Property to Centerra	Calibre 100% Owned Property	Total
Cost, December 31, 2015	\$ 5,085,709	\$ 516,688	\$ 6,838,467	\$ 4,392	\$ 8,147,670	\$ 20,592,925
Acquisition of B2Gold interest	-	-	-	-	2,837,426	2,837,426
Administration and maintenance	-	-	206,094	183,195	68,698	457,986
Amortization	-	-	11,116	9,881	3,705	24,702
Assaying	-	-	105,423	151,713	-	257,136
Camp, supplies and logistics	-	-	156,367	114,132	-	270,499
Drilling and related	-	-	1,009,214	888,860	13,402	1,911,476
Foreign exchange	(166,622)	(16,928)	(224,047)	(144)	(266,940)	(674,680)
Geological consulting	-	-	27,183	180,648	9,558	217,389
Professional fees	-	-	-	-	23,601	23,601
Property maintenance	231,968	35,379	237,706	111,337	266,500	882,890
Resource estimates	-	6,000	-	-	42,970	48,970
Salary and wages	-	-	342,813	433,461	280,856	1,057,131
Stock-based compensation	-	-	3,292	2,926	1,097	7,316
Travel	-	-	17,196	9,276	76,350	102,822
Recovery of costs	(231,968)	(35,379)	(2,020,680)	(1,726,053)	-	(4,014,080)
Total expenditures (recoveries) during the year	(166,622)	(10,928)	(128,323)	359,232	3,357,225	3,410,584
Reclassification of acquisition costs	(4,042,689)	-	-	-	4,042,689	-
Reclassification of B2Gold costs	(876,398)	-	-	-	876,398	-
Cost, December 31, 2016	\$ -	\$ 505,760	\$ 6,710,144	\$ 363,624	\$ 16,423,982	\$ 24,003,509

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

8. Share Capital

a) Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

b) Private Placements

During 2016, the Company completed a private placement for 30,000,000 units at a price of \$0.10 per unit for gross proceeds of \$3,000,000. Each unit consisted of one common share and one common share purchase warrant with each warrant entitling the holder to acquire an additional common share for \$0.16 until April 21, 2018. The expiry date of these warrants was extended by one year subsequent to December 31, 2017. Calibre paid finder's fees totalling \$119,400 in cash and issued 1,194,000 finder's warrants in connection with the private placement. Each finder's warrant entitles the holder to acquire a common share of the Company for \$0.16 until April 21, 2018.

The allocation of fair value of the warrants issued in connection with this private placement was \$736,838, with the corresponding charge to contributed surplus using the relative fair value approach. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk free rate of 0.63%, volatility factor of 77% and an expected life of the warrants of two years.

The Company incurred \$202,906 in transaction fees related to the private placement. Included in transaction fees is \$55,513 relating to the fair value of the finder's warrants issued. The fair value of the Finder's Warrants was determined using the Black-Scholes pricing model with a risk free rate of 0.63%, volatility factor of 77% and an expected life of the warrants of two years.

During 2017, the Company completed a private placement for 19,575,000 units of the Company's common shares at a price of \$0.10 per unit for gross proceeds of \$1,957,500. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for \$0.15 until January 12, 2020. Calibre issued 120,000 finder's units in connection with the private placement. Each finder's unit consisted of one common share and one common share purchase warrant. Each warrant entitles the finder to acquire an additional common share for \$0.15 until January 12, 2020.

The allocation of fair value of the warrants issued in connection with this private placement was \$681,112, with the corresponding charge to contributed surplus using the relative fair value approach. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk free rate of 0.82%, volatility factor of 79% and an expected life of the warrants of three years.

The Company incurred \$47,811 in transaction fees related to the private placement. Included in transaction fees is \$21,600 relating to the fair value of the finder's units issued. The fair value of the finder's units was determined using the Black-Scholes pricing model with a risk free rate of 0.82%, volatility factor of 79% and an expected life of the warrants of three years.

c) Stock options

The Company has a stock option plan (the "Plan"), whereby the Company has reserved a number of common shares for issuance pursuant to the exercise of stock options. On May 22, 2013, the shareholders of the Company approved the number of common shares reserved for issuance under the Plan at 25,000,000. The Plan is administered by the Compensation Committee of the Company's Board. Options granted under the Plan will be exercisable at a price not less than the market value of the Company's common shares on the date of grant and granted for a term not to exceed five years from the date of grant. Any options granted under the Plan shall vest based on a periodic vesting schedule as determined by the Compensation Committee. In general, options have been granted to vest 25% immediately and 25% at each six month interval after the date of grant until fully vested.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

8. Share Capital – continued

During 2017, the Company granted 7,000,000 stock options at a price of \$0.27 per share for a period of five years to various employees, officers, consultants and directors of the Company.

A summary of the status of the Company's stock options as at December 31, 2017 and 2016 and changes during those years is presented below:

Exercise price	January 1, 2017	Granted	Expired	December 31, 2017	Expiry date	Remaining contractual life in years	Number of options vested
\$0.15	3,900,000	-	(3,900,000)	-	January 25, 2017	-	-
\$0.19	500,000	-	(500,000)	-	June 15, 2017	-	-
\$0.10	1,700,000	-	-	1,700,000	July 15, 2019	1.54	1,700,000
\$0.12	500,000	-	-	500,000	September 23, 2019	1.73	500,000
\$0.16	6,250,000	-	-	6,250,000	October 9, 2019	1.77	6,250,000
\$0.14	500,000	-	-	500,000	December 1, 2019	1.92	500,000
\$0.10	2,525,000	-	-	2,525,000	August 27, 2020	2.66	2,525,000
\$0.16	500,000	-	-	500,000	September 7, 2021	3.69	375,000
\$0.27	-	7,000,000	-	7,000,000	February 20, 2022	4.14	3,500,000
	16,375,000	7,000,000	(4,400,000)	18,975,000			15,350,000
	\$0.14	\$0.27	\$0.15	\$0.19	Weighted average exercise price		

Exercise price	January 1, 2016	Granted	Expired	December 31, 2016	Expiry date	Remaining contractual life in years	Number of options vested
\$0.15	1,000,000	-	(1,000,000)	-	June 30, 2016	-	-
\$0.15	500,000	-	(500,000)	-	July 1, 2016	-	-
\$0.15	250,000	-	(250,000)	-	September 14, 2016	-	-
\$0.15	4,150,000	-	(250,000)	3,900,000	January 25, 2017*	0.07	3,900,000
\$0.19	500,000	-	-	500,000	June 15, 2017	0.45	500,000
\$0.10	1,900,000	-	(200,000)	1,700,000	July 15, 2019	2.54	1,700,000
\$0.12	500,000	-	-	500,000	September 23, 2019	2.73	500,000
\$0.16	6,750,000	-	(500,000)	6,250,000	October 9, 2019	2.77	6,250,000
\$0.14	500,000	-	-	500,000	December 1, 2019	2.92	500,000
\$0.10	2,525,000	-	-	2,525,000	August 27, 2020	3.66	1,893,750
\$0.16	-	500,000	-	500,000	September 7, 2021	4.69	125,000
	18,575,000	500,000	(2,700,000)	16,375,000			15,368,750
	\$0.14	\$0.16	\$0.15	\$0.14	Weighted average exercise price		

d) Stock-based compensation

The Company amortizes the total fair value of options granted over a graded vesting schedule. Consequently, the total compensation expense recognized for options that vested during the year was \$1,227,676 (2016 - \$142,014). Of the total compensation recorded, \$1,056,413 (2016 - \$134,698) was charged to operations expense and \$171,263 (2016 - \$7,316) was capitalized to exploration and evaluation assets.

The fair value of the options granted during the years ended December 31, 2017 and 2016 have been estimated at the date of grant using the following Black-Scholes option pricing assumptions:

	December 31, 2017	December 31, 2016
Weighted average risk-free interest rate	1.02%	0.62%
Weighted average expected option term	5 years	5 years
Weighted average expected stock volatility	99%	113%
Weighted average expected dividend yield	Nil	Nil

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

8. Share Capital – continued

e) Warrants

During 2016, the Company repriced the exercise price of 12,500,000 share purchase warrants held by Pierre Lassonde from \$0.15 to \$0.10 (“Repriced Warrants”). The Repriced Warrants were originally issued pursuant to a non-brokered private placement that closed on September 22, 2014. The Repriced Warrants expiry date remained at September 22, 2016. As a result of the warrant modification, the Company recognized an additional charge to contributed surplus and share-based compensation of \$40,385 during 2016. The fair value of the Repriced Warrants was determined using the Black-Scholes pricing model with a risk free rate of 1.14%, volatility factor of 131% and an expected life of the warrants of two years. During 2016, the Company received gross proceeds of \$1,250,000 from the exercise of the 12,500,000 Repriced Warrants.

During 2017, a total of 4,115,500 share purchase warrants with an exercise price of \$0.16 per share were exercised into common shares of the Company for gross proceeds of \$658,480.

As at December 31, 2017 and 2016, the following warrants were outstanding and exercisable:

Exercise price	January 1, 2017	Issued	Exercised	December 31, 2017	Expiry date	Remaining contractual life in years
\$0.16	31,194,000	-	(4,115,500)	27,078,500	April 21, 2018*	0.30
\$0.15	-	19,695,000	-	19,695,000	January 12, 2020	2.03
	31,194,000	19,695,000	(4,115,500)	46,773,500		
	\$0.16	\$0.15	\$0.16	\$0.16	Weighted average exercise price	

Exercise price	January 1, 2016	Issued	Exercised	December 31, 2016	Expiry date	Remaining contractual life in years
\$0.10	12,500,000	-	(12,500,000)	-	September 22, 2016	-
\$0.16	-	30,000,000	-	30,000,000	April 21, 2018	1.30
\$0.16	-	1,194,000	-	1,194,000	April 21, 2018	1.30
	12,500,000	31,194,000	(12,500,000)	31,194,000		
	\$0.10	\$0.16	\$0.10	\$0.16	Weighted average exercise price	

*26,600,000 of these warrants were extended to April 21, 2019 subsequent to year-end.

f) Long-term Incentive Plan

During 2017, the Company received shareholder and regulatory approval for a new long term incentive plan (the “Long-Term Incentive Plan”). The Board of the Company approved the Long-Term Incentive Plan on April 26, 2017. The Long-term Incentive Plan is the Company’s only compensation plan providing for the issuance of securities of the Company as compensation.

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

9. Related Party Transactions

Key management personnel

Key management personnel of the Company are members of the Board of Directors, as well as the President and CEO, and the CFO and Corporate Secretary. Key management compensation includes salaries and benefits and various consulting fees as follows:

	December 31, 2017	December 31, 2016
Short-term benefits ⁽ⁱ⁾	\$ 236,000	\$ 216,000
Share-based payments ⁽ⁱⁱ⁾	\$ 953,868	\$ 132,733
Consulting and advisory fees to key persons	\$ 175,625	\$ 148,000

⁽ⁱ⁾ Short-term benefits include salaries and benefits paid to the Company's CEO and President.

⁽ⁱⁱ⁾ Share-based payments are the fair value of options granted to key management personnel as at the grant date.

The Company has an employee agreement in place with provisions which would provide a lump sum payment to its CEO and President on a change of control. The total amount accruing on such a change of control would total \$500,000. Management consulting and advisory agreements are on a month-to-month basis and can be terminated by either party with short notice.

During 2017, the Company paid or accrued \$9,654 (2016 - \$33,157) in office rent expense to companies with directors and officers in common. The sharing arrangement with these related companies was on a month-to-month basis which ended in 2017.

All of the above transactions were incurred in the normal course of operations and are recorded at the amount agreed upon by the related parties.

10. Deferred Income Taxes

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial tax rates:

	2017	2016
Loss before income taxes	\$ (1,872,892)	\$ (775,537)
Effective statutory rate	26.00%	26.00%
Expected income tax recovery	\$ (486,952)	\$ (201,640)
Effect of financing costs	(9,778)	(9,907)
Items not deductible (not taxable) for tax purposes	(527,837)	(569,529)
Effect of foreign exchange	143,862	62,938
Expired non-capital losses	550,298	588,207
Other	16,787	(60,301)
Income tax benefit not recognized	313,620	190,232
	\$ -	\$ -

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

10. Deferred Income Taxes – continued

The income tax benefit of the following tax assets have not been recorded in these financial statements because of the uncertainty of their recovery.

	2017	2016
Deferred income tax assets		
Non-capital loss carry-forwards	\$ 4,831,916	\$ 4,505,750
Unamortized financing costs	29,196	32,159
Exploration and Evaluation assets	1,129,565	1,129,565
Property and equipment	89,271	98,854
Unrecognized deferred income tax assets	\$ 6,079,948	\$ 5,766,328

As at December 31, 2017, the Company has non-capital losses for Canadian tax purposes of approximately \$10.3 million available to offset against taxable income in future years, which if unutilized, will begin to expire in 2026. The Company also has resource exploration expenditures of approximately \$4.3 million available to reduce taxable income of future years in Canada, subject to certain restrictions. In addition, the Company has tax losses for Nicaraguan purposes of approximately \$7.2 million available to offset against taxable income in future years in Nicaragua, which begin to expire in 2018.

11. Segmented Information

The Company currently operates in one reportable operating segment, being the acquisition, exploration, and development of natural resource properties, which is conducted principally in Nicaragua. The Company is in the exploration stage and, accordingly, has no reportable segment revenues for any of the years presented in these financial statements. The following geographic data includes assets based on location:

As at December 31, 2017

	Canada	Nicaragua	Total
Cash and cash equivalents	\$ 2,842,551	\$ 57,385	\$ 2,899,936
Other current assets	219,083	155,898	374,980
Property and equipment	12,031	279,950	291,981
Exploration and evaluation assets	-	25,267,258	25,267,258
Total assets	\$ 3,073,666	\$ 25,760,491	\$ 28,834,155
Total liabilities	\$ 178,036	\$ 805,487	\$ 983,522

As at December 31, 2016

	Canada	Nicaragua	Total
Cash and cash equivalents	\$ 3,535,282	\$ 44,477	\$ 3,579,759
Other current assets	53,079	48,657	101,735
Property and equipment	8,004	325,080	333,084
Exploration and evaluation assets	-	24,003,509	24,003,509
Total assets	\$ 3,596,365	\$ 24,421,723	\$ 28,018,087
Total liabilities	\$ 117,894	\$ 435,459	\$ 553,352

Calibre Mining Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

11. Segmented Information – *continued*

The following geographic data denotes net losses based on their country of origin for the year ended December 31:

	2017	2016
Canada	\$ 1,872,892	\$ 775,537
Loss for the year	\$ 1,872,892	\$ 775,537

12. Commitments

The Company has minimum annual lease commitments ranging from \$146,751 to \$149,679 for its office premise expiring June 2022. Lease improvement allowance is available to the Company that can reduce its lease obligations.
