CALIBRE
MINING CORP.

TSX.V-CXB

(An Exploration Stage Company)

FORM 51-102F1:
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2008 and 2007

(Expressed in Canadian Dollars)

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1.1 Introduction and Date

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of Calibre Mining Corp. ("Calibre" or the "Company") and compares its financial results for the year ended December 31, 2008 to prior years. This MD&A should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2008 and 2007 (the "Financial Statements").

The Financial Statements include the accounts of the Company and its wholly-owned subsidiaries, Cybele Resources Inc. ("Cybele") (See note 4 of the Financial Statements) and Calibre Mining Ltd. (incorporated in the United States of America in January 2008). Cybele was incorporated under the laws of British Columbia on April 18, 2005 and owns 100% of Calibre Mining (Australia) Pty. Ltd. ("Calibre Australia"), which is an Australian company incorporated on November 28, 2005.

The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars (unless otherwise indicated). The Company reports its financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. Additional information relating to the Company, including the most recent Company filings, can be located on the Company's website, www.calibremining.com, or on the SEDAR website, www.sedar.com.

This MD&A reflects information available as at March 31, 2009.

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Business Overview and Overall Performance

Business overview

The Company was incorporated under the laws of British Columbia, Canada and maintains its corporate head office in Vancouver, British Columbia, Canada. On June 18, 2007, the Company legally changed its name from TLC Ventures Corp.

The Company engages principally in the acquisition, advancement and development of global precious and base metals assets and mineral properties. The Company's common shares are listed in Canada on the TSX Venture Exchange under the trading symbol CXB.

The Company is actively assessing, acquiring interests in and exploring a number of mineral exploration properties, primarily those it considers to be prospective for gold and copper. At the present time, it is focusing its activities in Australia and North America, where it has established subsidiaries and the infrastructure to enable it to actively work in these countries. The Company, through its subsidiaries, holds, or has the right to acquire, interests in certain properties in these areas. As discussed in the notes to the Financial Statements, the recovery of the Company's investment in resource properties and the attainment of profitable operations is dependent upon the discovery and development of economic precious and base metal reserves and the ability to arrange sufficient financing to bring these reserves into production. The ultimate outcome of these matters cannot presently be determined.

Calibre's exploration philosophy is based on thoroughness and technical sophistication. The Company believes in exploring only the most highly endowed regions of the world and identifying potential through a systematic approach to data compilation and interpretation as well as the application of leading edge exploration methods. Our background in deep penetrating geochemistry methods and structural geology enable us to effectively explore in areas of transported overburden. We consider covered areas to be the final frontier in many mature regions and we believe that this is where future discoveries will be made.

Calibre's exploration strategy maximizes the strengths and capabilities of its Technical and Management teams. It focuses on drill stage and more advanced exploration and development projects located in the most highly endowed copper and gold belts of North America and Australia. Carlin-style gold, high and low sulphidation epithermal gold and silver and porphyry copper and copper-gold systems are the preferred targets for acquisition and exploration.

Mergers and acquisitions

During the year ended December 31, 2005, the Company invested $477,000 in Cybele Resources Inc. ("Cybele"), a Canadian company which owned 100% of Calibre Mining (Australia) Pty. Ltd. representing 95.08% of the issued and outstanding shares of Cybele. In the same year, Cybele purchased, from a director of the Company, intellectual property used for the construction and manipulation of digital databases in order to identify gold and copper properties and define priority targets. As consideration, Cybele must pay a 0.5% Net Smelter Return ("NSR") royalty on certain properties identified by the intellectual property. As no properties are producing ore at this time, no consideration has been paid.

During the year ended December 31, 2006, the Company purchased an additional 1.22% of Cybele for consideration of US$1,000,000, which brought the Company's total investment in Cybele up to 96.30%. As part of the financing into Cybele, the Company was granted 2,000,000 warrants to purchase additional Cybele shares for US$0.25 until June 2008.

During the year ended December 31, 2007, the Company purchased the remaining balance of the Cybele common shares by issuing a total of 442,000 common shares with a fair value of $159,120. As at December 31, 2007, the Company owns 100% of the outstanding shares of Cybele.

Overall performance

During the year ended December 31, 2008, the Company recorded a net loss of $5,031,406 or $0.10 per share, as compared to a net loss of $3,226,656 or $0.07 per share for the year ended December 31, 2007. The overall increase in net loss for the year end December 31, 2008 reflects a write off of costs totalling $2,846,077 related to acquisition and exploration expenditures incurred on its Cargo, Australia and Trend, Nevada, USA projects, as well as a write off of certain claims located in Point Leamington, Canada. In 2007, the Company wrote off $1,017,313, related to acquisition and exploration costs for properties in Vanuatu and the Solomon Islands. The increase in net loss also reflects a decrease in general and administrative costs over the same period in 2007, of which the key components and variations are discussed in further detail under "Results of Operations" below.

As at December 31, 2008, the Company had total assets of $3,842,518 compared to $8,341,568 as at December 31, 2007. The significant majority of these assets for both periods are the carrying values of the Company's cash and its mineral property costs.

As at December 31, 2008, the Company had working capital of $788,306 compared to working capital of $4,829,508 as at December 31, 2007. The Company's working capital as at December 31, 2008 includes cash of $827,456 (December 31, 2007 - $4,758,818). The decrease in both working capital and cash is attributed to the Company's expenditures on its exploration projects and general and administrative expenses during the period. In addition, during the year ended December 31, 2008, the Company did not complete any private placement, nor did it receive any funding from external sources.

As at December 31, 2008, the total carrying value of the Company's mineral property costs was $2,548,908 compared to $3,102,811 as at December 31, 2007. The decrease reflects the Company's write-off of expenditures related to its interests in Cargo, Australia and Trend, USA, as well a portion of certain Point Leamington expenditures. During the year ended December 31, 2008, the Company's activities included the purchase of additional mineral claims in Point Leamington, the completion of the Phase 2 diamond drilling program at Cargo, and the completion of the Company's initial drilling programs at both Trundle and Trend, discussed further below.

During the year ended December 31, 2008, through to the date of this report, the Company carried out the following exploration activities:

Point Leamington, Newfoundland, Canada

Pursuant to an agreement dated February 13, 2004, the Company acquired a 100% interest in the Point Leamington deposit and mining lease, located 26 kilometres ("kms") north of Grand Falls, north-central Newfoundland, Canada. The Point Leamington deposit is a gold-rich, zinc-copper-silver massive sulphide deposit, containing a NI 43-101 compliant Inferred Mineral Resource of 12.3 million tonnes grading 1.92% zinc, 0.28% copper, 0.88 g/t gold and 16.94 g/t silver *(1% zinc cut-off; Hatch, 2004).*

As consideration, the Company issued a total of 600,000 common shares with a fair value of $405,000 and paid $250,000 in cash during the three year period ending December 31, 2006. In addition, the Company also acquired an additional 1,044 claims in the vicinity of its Point Leamington Mining Lease for total consideration of $62,640 paid in cash. The property is subject to a 2% Net Smelter Royalty ("NSR"), which is held by a third party.

Pursuant to an agreement dated February 13, 2008, the Company increased its land holdings in Point Leamington by purchasing three mineral claims from Altius Resources Inc. ("Altius"). The mineral claims (010219M, 07774M, and 09995M) have been purchased by granting a 2% NSR on the claims purchased from Altius, making a one-time cash payment of $50,000, plus refunding to Altius, $37,200 in residual exploration security deposits. The 1,350 hectare area partly covers 4 kilometres of a 10 kilometre Airborne – Electro Magnetic ("EM") anomaly that strikes south-southeast from Calibre's 100% owned Point Leamington massive sulphide deposit.

During the year ended December 31, 2008, management determined the Company would no longer maintain certain non-core claims in the Point Leamington region. These claims no longer pursued were staked by the Company in 2006 and 2007. As a result, during the year ended December 31, 2008, management wrote off exploration costs of $347,263 associated with these claims. Also in 2008, the Company staked an additional 46 claims (1,150 Hectares) adjacent to the western boundary of the property that covers a coincident Magnetic and EM anomaly.

The Company continues to maintain the Point Leamington mining lease (acquired in 2004) and the immediately surrounding claims (including the Altius claims discussed above) in good standing and we continue to review and evaluate data associated with these claims.

Cargo, New South Wales, Australia

On December 22, 2006, the Company entered into a Farm-in and Joint Venture Agreement with Golden Cross Operations Pty. Ltd. ("Golden Cross") (ratified on October 22, 2007), whereby the Company could acquire a 70% interest in Exploration Licence 5238 ("Cargo Licence") located in New South Wales, Australia, upon completion of total expenditures on the property of AUD $5,000,000, over a four year period. Under the terms of the agreement, the Company is only committed to an initial expenditure on the property of AUD $250,000 (which was completed by the Company in 2007).

Since entering the agreement, the Company completed a total of 3,155 metres of drilling in two drill programs at Cargo. Upon completion of a strategic review of the drilling programs performed, management made the determination that the results of the exploration programs did not warrant further expenditures at Cargo. During the year ended December 31, 2008, the Company wrote off the related acquisition and exploration costs of $1,621,862 from the property. The Company does not have any further obligations under the terms of the agreement and has returned the title of Cargo to Golden Cross as we no longer intend to pursue an interest in the property.

Trundle, New South Wales, Australia

Trundle is located approximately 355 km west-northwest of Sydney and 300 km northwest of Canberra in New South Wales. The 78 square km tenement covers a window of largely overburden-covered Ordovician volcanic rocks (Raggatt Volcanics) that are considered to be a rifted portion of Goonumbla Volcanic Complex that hosts the Northparkes copper-gold district some 25km to the east.

On January 25, 2008, the Company entered into an agreement whereby, the Company can earn up to a 70% interest in the Trundle Property ("Trundle"), located in New South Wales, Australia, by completing AUD $3 million in exploration expenditures over a three year period as follows:

- A commitment to spend a minimum of AUD $600,000 on the property in Year 1, of which, AUD $300,000 must be drilling related *(completed)*;
- An additional AUD $1,000,000 of expenditures in Year 2; and
- An additional AUD $1,400,000 of expenditures in Year 3.

As a minimum commitment, the Company must complete the requirements in Year 1 before withdrawing from the agreement without penalty. The Company fulfilled these commitments in 2008, and any further expenditure on the property is at the option of the Company. The Company will also have the option to acquire an additional 20% interest (for a total of 90%) by funding and completing a feasibility study on the property. The agreement is subject to a 2% NSR, held by third parties.

During the year ended December 31, 2008, activities at Trundle included a program of soil sampling, geological mapping, and reconnaissance diamond drilling at the Mordialloc and Bloomfield copper-gold prospects. Five diamond drill holes, totalling 2,605 metres, were completed during the program. Certain of the results from the program were released by the Company in press releases dated September 26, 2008 and November 10, 2008. Management is evaluating the drill results of the program and considering the impact on future possible programs at Trundle.

Trend, Nevada, United States of America

On February 6, 2008, the Company entered into an agreement whereby it could earn up to a 65% interest in the Trend Property ("Trend"), located on the Cortez-Battle Mountain trend of Nevada, by completing USD $1.5 million in exploration expenditures and maintaining obligations to property vendors, over a four year period. First year commitments included drilling and a minimum expenditure on the property of USD $500,000. The Company had the option to acquire an additional 10% interest (for a total interest of 75%) by funding and completing a preliminary economic assessment.

During the year ended December 31, 2008, the Company completed a 1,500 metre diamond drill program on the property, which resulted in the Company meeting its minimum commitments for drilling and expenditures. Following a review of the program results, management made the determination that the results of the exploration program did not warrant further expenditures at Trend. During the year ended December 31, 2008, the Company wrote off the related exploration costs of $876,952 from the property. The Company does not have any further obligations under the terms of the agreement and has returned the title of Trend to its joint venture partner as we no longer intend to pursue an interest in the property.

(Expressed in Canadian Dollars)

Market trends

The price of our common shares, and the consolidated financial results and exploration, development and other activities of the Company, may in the future be significantly and adversely affected by declines in the prices of gold and other metals or minerals. For example, the prices for gold and copper have been increasing for more than four years. The following table highlights the average prices of gold and copper in each of the last four calendar years:

	Average Prices for the Period Shown	
	Gold (US$/per oz.) [1]	Copper (US$/per lb.) [2]
Year Ended December 31, 2008	$872	$3.30
Year Ended December 31, 2007	$695	$3.22
Year Ended December 31, 2006	$603	$3.03
Year Ended December 31, 2005	$445	$1.59

[1] *Estimates of average gold prices were obtained from information posted on www.kitco.com.*

[2] *Estimates of average copper prices were obtained from information posted on the London Metal Exchange website: www.lme.co.uk.*

The Company's business is directly impacted on the prices of gold, copper, and other metals being adequate to continue to develop and explore the properties in which it has an interest.

In addition, the Company incurs costs in Canadian, Australian, and U.S. dollars. Fluctuations in exchange rates could result in additional operational costs to the Company. Over the past few years, the Canadian dollar has strengthened against the U.S. dollar and fluctuated against the Australian dollar. Significant fluctuations in foreign exchanges rates in countries where the Company operates are difficult to predict and could have a significant variance on the operations of the Company. The following table denotes the average market value of CDN $1 against the US and Australian currencies for each of the periods presented:

	Average Prices for the Period Shown [3]	
	US Dollar	Australian Dollar
Year Ended December 31, 2008	$0.94410	$1.11738
Year Ended December 31, 2007	$0.93565	$1.11498
Year Ended December 31, 2006	$0.88206	$1.17170
Year Ended December 31, 2005	$0.82622	$1.08456

[3] *Estimates of average foreign exchange rates for the US and Australian Dollars were obtained from information posted on www.oanda.com.*

(Expressed in Canadian Dollars)

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 Canada, Australia and the United States of America. The Company is in the exploration stage and, accordingly, has no reportable segment revenues for any of the years presented in these consolidated financial statements. The following geographic data includes assets based on their physical location:

	December 31, 2008			
	Canada	Australia	United States	Total
Cash and cash equivalents	$ 807,012	$ 20,444	$ -	$ 827,456
Other current assets	237,145	5,202	21,266	263,613
Property and Equipment	202,541	-	-	202,541
Mineral Properties	1,421,032	1,127,876	-	2,548,908
Total assets	$ 2,667,730	$ 1,153,522	$ 21,266	$ 3,842,518

	December 31, 2007			
	Canada	Australia	United States	Total
Cash and cash equivalents	$ 4,625,592	$ 133,226	$ -	$ 4,758,818
Other current assets	142,437	44,595	-	187,032
Property and Equipment	256,644	36,263	-	292,907
Mineral Properties	1,656,718	1,446,093	-	3,102,811
Total assets	$ 6,681,391	$ 1,660,177	$ -	$ 8,341,568

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

	2008	2007
Canada	**$ 2,525,188**	$ 2,070,936
Australia	**1,626,564**	138,408
United States of America	**879,654**	-
Other International	**-**	1,017,312
Net Loss for the Period	**$ 5,031,406**	$ 3,226,656

1.3 Selected Annual Information

The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in Canadian dollars. The following discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's audited Financial Statements and related notes and disclosures in this MD&A for the years ended December 31, 2008 and 2007:

	December 31, 2008	December 31, 2007	December 31, 2006
Total revenues	$Nil	$Nil	$Nil
Loss before discontinued operations and extraordinary items	$5,031,406	$3,226,656	$1,635,838
Basic and diluted loss per share before discontinued operations and extraordinary items	$0.10	$0.07	$0.04
Net loss for the year	$5,031,406	$3,226,656	$1,635,838
Basic and diluted loss per share for the year	$0.10	$0.07	$0.04
Total assets	$3,842,518	$8,341,568	$10,441,239
Total long-term financial liabilities	$Nil	$Nil	$Nil
Cash dividends declared	$Nil	$Nil	$Nil

1.4 Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's annual audited Financial Statements and related notes.

Year ended December 31, 2008 compared to year ended December 31, 2007

The Company's general and administrative costs were lower in 2008, totalling $2,194,757 compared to $2,457,717 in 2007. The key factors related to the decrease can be summarized as follows:

- Amortization expense increased in 2008 to $74,794, from $55,934 in 2007. This is result of increased investments in property and equipment including additional computer hardware and software, general office furniture and equipment, and two additional vehicles, which were purchased in late 2007 and are now being amortized on a full year basis. During the year ended December 31, 2008, the Company also purchased $35,098 of computer hardware and software, furniture and fixtures, and miscellaneous minor equipment.

- Audit and accounting fees decreased to $81,506 from $108,695 in 2007. The decrease relates to efforts by management to review and prepare accounting data in-house. During 2007 and 2008 the Company was a reporting issuer in both Canada and the United States. Subsequent to 2008, management determined that the cost of maintaining a registration in the United States outweighed the immediate benefits and filed deregistration forms with the U.S. Securities and Exchange Commission. The Company maintains its Canadian issuer status in good standing.

- Consulting fees decreased in 2008 to $81,250 from $143,000 in 2007. Until November 30, 2008, the Company paid consulting fees to Endeavour Financial Corp. for services including, but not limited to assistance in project evaluation and acquisition, as well as capital markets advice. During the years ended December 31, 2008 and 2007, the Company also used a consultant for marketing and administrative services; however, these services were discontinued in June 2008. The monthly fees charged by Endeavour Financial Corp. were reduced in the third quarter of 2007 which further explains the decrease in consulting fees for the year ended December 31, 2008. During the year ended December 31, 2008, the Company terminated its contract with Endeavour Financial Corp. effective November 30, 2008, in an effort to conserve capital.

- Foreign exchange loss in 2008 was $42,179, compared to a loss in the prior year of $30,353. The operations of the Company are impacted by the fluctuations in the Australian and US Dollars against the Canadian dollar. Significant fluctuations in foreign exchange rates in countries where the Company operates are difficult to predict and could have a significant variance on the Company's future operations.

- Legal fees decreased in 2008 to $29,935 from $54,823 in 2007. Legal fees are primarily attributable to fees incurred as a result of regulatory and other legal requirements while maintaining our status as a publicly traded company in Canada and will vary between years accordingly.

- Office and rent expenses remained relatively consistent at $237,587 in 2008 from $242,372 in 2007. The costs for each of the periods reflect the Company's rental premises in Canada and Australia and associated office supplies, postage and printing costs incurred.

- Total salaries and wages decreased in 2008 to $1,429,315 from $1,481,517 in 2007. Salaries and wages consist of two components. The cash component of salaries and wages increased in 2008 to $1,093,639 from $816,412 in 2007. Many of the employees were hired in 2007 and the figures reflect a full year of salaries to these individuals employed during 2008. In addition, during 2008, the Company laid off and terminated certain employee contracts including the VP Exploration, which resulted in severance payments being incurred by the Company.

  The non-cash component of salaries and wages consists of stock-based compensation of $335,676 in 2008 compared to $665,105 in 2007. The fair value of the options expensed was estimated at the date of grant using the Black-Scholes option pricing model (the assumptions used for the fair value calculation are discussed in the Financial Statements). During the year ended December 31, 2007, the Company issued a number of options to new management of the Company which resulted in an increased stock based compensation expense for the prior year.

- During the year ended December 31, 2008, marketing, trade shows and conferences increased to $36,641 from 2,590 in 2007. During 2008, management of the Company attended a number of conferences including the AME: BC Roundup 2008 and PDAC in Toronto. The increase in costs during the period reflects attendance fees, promotional materials, development of the corporate booth, as well as travel and accommodations.

- Travel decreased significantly in 2008 to $88,070 from $228,033 in 2007. During the year ended December 31, 2008, expenditures consisted of travel abroad for administrative and management review of existing projects and project development. There was significantly more travel in 2007 as it resulted from increased initial expansion in Australia, as well as, expanded review of projects in various parts of the Pacific Islands and North America. Travel in 2007 also included more trips to pursue additional financing opportunities, trade shows, and promotional activities.

(Expressed in Canadian Dollars)

The Company's other losses increased for the year ended December 31, 2008, totalling a loss of $2,836,649 compared to a loss of $768,939 for the same period in 2007. The key factors related to the increase in loss are as follows:

- During the year ended December 31, 2008, management decided to no longer pursue certain of its interests in Cargo, Australia and Trend, Nevada, and certain claims in the Point Leamington, Newfoundland area. As a result, the Company wrote off a total of $2,846,077 relating to acquisition and exploration expenditures related to these properties. In 2007, management of the Company decided it would no longer pursue certain property and licenses in the Solomon Islands, Vanuatu, and other Pacific Islands, and as a result wrote off costs previously capitalized to these properties in the amount of $1,017,313.

- Interest income decreased in 2008 to $74,289 from $228,805 in 2007. The decrease is a result of a decrease in the balance of cash over the same period in the prior year.

- During the year ended December 31, 2008, the Company sold, disposed or abandoned certain property and equipment with a net book value of $50,670 for total gross proceeds of $13,081. This resulted in a loss on disposal of property and equipment of $37,589 (2007 - $Nil), which was charged to operations.

- In 2007, the Company charged to the statement of loss a recovery of $47,100 related to the non-controlling interest of 3.7% in its subsidiary. During the year ended December 31, 2007, the Company acquired the remaining 3.7% interest in its now wholly owned subsidiary. See Note 4 of the Financial Statements for further information.

1.5 Summary of Quarterly Results

The following information is derived from the Company's unaudited quarterly consolidated financial statements for the past eight quarters.

	December 2008	September 2008	June 2008	March 2008
Total revenues	$Nil	$Nil	$Nil	$Nil
Loss before discontinued operations and extraordinary items	$642,183	$2,938,095	$958,263	$492,865
Basic and diluted loss per share before discontinued operations and extraordinary items	$0.01	$0.06	$0.02	$0.01
Net loss for the period	$642,183	$2,938,095	$958,263	$492,865
Basic and diluted loss per share for the period	$0.01	$0.06	$0.02	$0.01

(Expressed in Canadian Dollars)

	December 2007	September 2007	June 2007	March 2007
Total revenues	$Nil	$Nil	$Nil	$Nil
Loss before discontinued operations and extraordinary items	$484,675	$523,995	$1,606,315	$611,671
Basic and diluted loss per share before discontinued operations and extraordinary items	$0.01	$0.01	$0.03	$0.01
Net loss for the period	$484,675	$523,995	$1,606,315	$611,671
Basic and diluted loss per share for the period	$0.01	$0.01	$0.03	$0.01

The variation seen over the above quarters is primarily dependent upon the success of the Company's on-going property evaluations and acquisition program and the timing and results of the Company's exploration activities on its current properties, none of which is possible to predict with any accuracy.

The Company will continue to incur losses until such time as the commercial development of a discovery or an acquisition results in positive earnings. The above losses are also impacted by the amount of stock options granted in any given period which can give rise to significant stock-based compensation expenses.

The three months ended December 31, 2008 includes severance payments paid or accrued to a number of employees, including the Company's former VP Exploration, totalling $245,848.

The three months ended September 30, 2008 includes a write off of $2,461,077 related with management's decision to no longer pursue the Company's interests in Cargo, Australia and Trend, USA.

The three months ended June 30, 2008 includes a write off of $347,263 associated with certain individual claims in Point Leamington that are no longer being pursued by the Company.

The three months ended June 30, 2007 includes a write-off of $1,012,667 related to certain properties located in the Solomon Islands, Vanuatu, and Papua New Guinea.

1.6 Liquidity

The Company currently has no operating revenues other than interest income and relies primarily on equity financing as well as the exercise of warrants and options to fund its exploration and administrative costs. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its properties.

Other than those obligations disclosed in the notes to its Financial Statements and discussed in this MD&A for the years ended December 31, 2008 and 2007, the Company has no other long-term debt, capital lease obligations, operating leases or any other long-term obligations.

As at December 31, 2008, the Company had working capital of $788,306 compared to working capital of $4,829,508 as at December 31, 2007. The Company's working capital as at December 31, 2008 includes cash of $827,456 (December 31, 2007 - $4,758,818). The decrease in both working capital and cash is attributed to the Company's expenditures on its exploration projects and general and administrative expenses during the year. In addition, during the year ended December 31, 2008, the Company did not complete any private placement nor did it receive any funding from external sources.

The Company has a history of losses and no operating revenue, other than interest income. The ability of the Company to carry out its planned business objectives is dependent on the ability to raise adequate financing from lenders, shareholders, and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or capability to achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities. The consolidated Financial Statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

Subsequent to year ended December 31, 2008, the Company completed a non-brokered, private placement financing consisting of 10 million units at a price of $0.05 per unit for gross proceeds of $500,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share of the Company for a period of two years from closing at a price of $0.10 per share in the first year and $0.15 per share in the second year. There is no commission or finder's fee payable on the financing.

The Company's cash is invested in business accounts with a major Canadian financial institution, and is available on demand for the Company's programs, and are not held in any asset backed commercial paper investments.

1.7 Capital Resources

Historically, the Company's only source of funding has been the issuance of equity securities for cash. The Company has issued common share capital the past few years, pursuant to public offerings, private placement financings, and the exercise of warrants and options. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to significant equity funding. The Company's ability to raise additional funds may be impacted by future exploration results and changes in metal prices or market conditions. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners were appropriate and maintenance of existing capital by means of cost saving measures. The Company has no outstanding debt facility upon which to draw.

As at March 31, 2009, the Company had 6,105,000 stock options outstanding which, if exercised, would bring a further $2,795,000 million to the Company's treasury upon exercise.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

(Expressed in Canadian Dollars)

1.9 Transactions with Related Parties

The following is a summary of the related party transactions that occurred throughout each of the two years ended December 31:

		2008		2007
Fees paid to a former director and officer	**$**	**-**	$	144,769
Accounting fees paid to a director and officer	**$**	**60,000**	$	60,000
Legal fees paid to a law firm associated an officer	**$**	**39,117**	$	44,418
Fees paid to independent directors	**$**	**30,000**	$	40,000

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

1.10 Fourth Quarter

Not applicable.

1.11 Proposed Transactions

Although the Company is currently investigating a number of additional property acquisitions as at the date of this MD&A, there are no proposed transactions that the board of directors, or senior management believe that confirmation of the decision by the board is probable.

1.12 Critical Accounting Estimates

The Company's significant accounting policies are presented in notes 2 and 3 of the audited Financial Statements for the year ended December 31, 2008. The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. These estimates include:

? the carrying values of mineral properties;
? the carrying values of property, plant and equipment;
? rates of amortization of property, plant and equipment;
? the valuation allowances for future income taxes; and
? the valuation of stock-based compensation.

Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows. Factors that could potentially affect these estimates include risks inherent in mineral exploration and development, changes in government policy and changes in foreign exchange rates.

Management has assessed the carrying value of its assets, and other than write-downs to certain mineral property interests and some abandoned property and equipment, does not believe the remaining assets have suffered any impairment. Management assesses the exploration results on its exploration projects and determines whether results to date warrant further exploration. If results do not indicate potential for a property, the deferred exploration costs are written off.

Management has made significant assumptions and estimates in determining the fair market value of stock based compensation granted to employees and non-employees and the value attributed to various warrants and broker warrants issued on financings. These estimates have an effect on the stock based compensation expense recognized and the contributed surplus and share capital balances on the Company's balance sheet. Management has made estimates of the life of stock options and warrants, the expected volatility and expected dividend yields that could materially affect the fair market value of these types of securities. The estimates were chosen after reviewing the historical life of the Company's options and analyzing share price history to determine volatility.

1.13 Change in Accounting Policies including Initial Adoption

The Company adopted the following standards and updates issued by the Canadian Institute of Chartered Accountants. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

a) Going Concern

In April 2007, the CICA approved amendments to Handbook Section 1400, *General Standards of Financial Statement Presentation.* These amendments require management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The standard was adopted by the Company effective January 1, 2008 (See Note 1).

b) Inventories

In June 2007, the CICA issued Section 3031, *Inventories*, which replaces Section 3030, *Inventories*, in an effort to harmonize accounting for inventories under Canadian GAAP with IFRS. This standard requires that inventories be measured at the lower of cost and net realizable value, and includes guidance on the determination of cost, including allocation of overheads and other costs. The standard also requires that similar inventories within a consolidated group be measured using the same method. The Company adopted the standard effective January 1, 2008, and management has determined the initial adoption of this standard did not have a material impact on the consolidated financial statements for any of the periods presented.

c) *Accounting Changes*

Effective January 1, 2007, the Company adopted revised CICA Section 1506, *Accounting Changes*, which provides expanded disclosures for changes in accounting policies, accounting estimates and corrections of errors. Under this standard, accounting changes should be applied retrospectively unless otherwise permitted or where impracticable to determine. As well, voluntary changes in accounting policy are made only when required by a primary source of GAAP or the change results in more relevant and reliable information. The adoption of this section had no material impact on the consolidated financial statements of the Company.

d) *Capital Disclosures*

Effective January 1, 2008, the Company adopted the CICA Handbook Section 1535, *Capital Disclosures*. The new standard requires a company to disclose information that enables users of its financial statements to evaluate its objectives, policies and procedures for managing capital including disclosures of any externally imposed capital requirements and the consequences for non-compliance.

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 North America and Australia.

? To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and 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 and cash in the definition of capital. The Company is not exposed to 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 additional 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 high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. Notwithstanding the risks described in Note 1, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives (Note 12 of Financial Statements).

e) *Financial Instruments, Comprehensive Income, and Hedges*

On January 1, 2007, the Company adopted the CICA Handbook Sections 1530, *Comprehensive Income*; Section 3855, *Financial Instruments – Recognition and Measurement*; Section 3861, *Financial Instruments – Disclosure and Presentation*; and Section 3865, *Hedges*.

Effective January 1, 2008, the Company adopted CICA Handbook Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. The objective of these new standards is to provide more information for users of the Company's financial statements to understand the significance of financial instruments to the Company's financial position, performance, and cash flows. These new standards have superseded CICA Handbook Section 3861.

(i) *Financial Instruments*

Under Section 3855, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as held-for-trading, available for sale financial assets, held to maturity, loans and receivables, or other financial liabilities as follows:

? Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period.

? Available for sale financial assets are measured at their fair value and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet.

? Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

? Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period unless the instrument is a cash flow hedge and hedge accounting applies in which case changes in fair value are recognized in other comprehensive income.

Upon adoption of this new standard, the Company designated its financial instruments as follows:

? Cash is classified as held-for-trading;

? Receivables are classified as loans and receivables; and

? Accounts payable and accrued liabilities as other financial liabilities.

The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks (including commodity price risk, interest rate risk, and foreign exchange risk) is relatively low. Each of these risks is discussed further below.

Fair value

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transaction 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.

As at December 31, 2008 and 2007, the carrying value of cash, receivables, 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 customers may experience financial difficulty and be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its liquid financial assets of cash 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 its cash with high-credit quality financial institutions. 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 value-added taxes applying to inputs for qualified expenditures. The Company does not have financial assets that are invested in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 3d) of these consolidated financial statements. Accounts payable and accrued liabilities are due within the current operating period.

Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. Commodity prices for minerals are impacted by world economic event that dictate the levels of supply and demand as well as the relationship between the Canadian dollar and other foreign currencies, especially the United States dollar. The Company monitors commodity prices to determine the appropriate course of action to be taken. However, as the Company has not developed commercial mineral interests, it is not exposed to significant commodity price risk at this time.

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. The effect of a one basis point increase or decrease on cash and its impact 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. 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 Australian dollar ("AUD") and the US dollar ("USD"). The Company does not enter into any foreign exchange contracts to mitigate these risks. The effect of a one basis point increase or decrease on these instruments to net loss is not considered significant.

(i) *Comprehensive Income*

Section 1530 introduces the concept of comprehensive income, which is calculated by including other comprehensive income with net income. Other comprehensive income represents changes in shareholders' equity arising from transactions and other events with non-owner sources such as unrealized gains and losses on financial assets classified as available-for-sale.

(ii) *Hedges*

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed, as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item. The adoption of this section is optional. The Company is not currently engaged in hedging activities.

Upon adoption of these new sections, the transition rules require that the Company adjusts either the opening deficit or accumulated other comprehensive income as if the new rules had always been applied in the past, without restating comparative figures of prior years. The Company has evaluated the impact of these new sections on its consolidated financial statements and determined that no significant adjustments were required upon adoption.

e) *Equity*

Effective January 1, 2007, the Company adopted CICA Section 3251, *Equity*, which establishes standards for the presentation of equity and changes in equity during the reporting periods presented. As there are no changes resulting from the adoption of Section 1530, discussed above, the adoption of this policy had no impact on the Company's consolidated financial statements for any of the periods presented.

Recent Canadian Accounting Pronouncements

Recent Canadian accounting pronouncements that have been issued but are not yet effective, and which may affect the Company's financial reporting are summarized below:

a) Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The new Section will be applicable to the Company's consolidated financial statements for its fiscal year beginning January 1, 2009. The Company does not expect that the adoption of this section will have a material impact on its consolidated financial statements.

b) Business Combinations

In January 2009, the CICA issued Section 1582, *Business Combinations*, which replaces former guidance on business combinations. Section 1852 establishes principles and requirements of the acquisition method for business combinations and related disclosures. In addition, the CICA issued Sections 1601, *Consolidated Financial Statements,* and 1602, *Non-Controlling Interests,* which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements, which section 1601 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

These statements apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted. The Company is currently evaluating the new sections to determine the potential impact on its consolidated financial statements.

c) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January, the CICA issued EIC – 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.* The guidance requires that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company does not expect that the adoption of this section will have a material impact on its consolidated financial statements.

d) International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with IFRS by the end of 2011. As the International Accounting Standards Board currently, and expectedly, has projects underway that should result in new pronouncements that continue to evolve IFRS, and as the Canadian convergence initiative is in an early stage as of the date of these consolidated financial statements, it is premature to currently assess the impact of the Canadian initiative on the Company.

The Company is currently developing its IFRS conversion plan which will include a deeper analysis of the IFRS standards, with priority being placed on those that have been identified as possibly having a significant impact. The analysis of each IFRS standard will include identifying the differences between IFRS and the Company's accounting policies, assessing the impact of the difference, and where necessary, analyzing the various policies that it could elect to adopt. Changes in accounting policies are likely and may materially impact the Company's consolidated financial statements.

1.14 Financial Instruments and Other Instruments

Information regarding financial and other instruments and their risks associated with the Company's operations are discussed in Section 1.13 above.

1.15 Other MD&A Requirements

Additional information relating to the Company, including the most recent Company filings, can be located on the Company's website at www.calibremining.com or on the SEDAR website at www.sedar.com.

1.15.1 Additional Disclosure for Venture Issuers Without Significant Revenue

For additional disclosures concerning the Calibre's general and administrative expenses and a breakdown of the resource property costs, please refer to the Company's Consolidated Statements of Loss and Comprehensive Loss and the Consolidated Schedules of Mineral Property Costs contained in its Financial Statements for the years ended December 31, 2008 and 2007 that are available on the Company's website at www.calibremining.com or on the SEDAR website at www.sedar.com. The Company does not have any capitalized or expensed research and development costs or any deferred development costs for the years ended December 31, 2008 and 2007.

(Expressed in Canadian Dollars)

1.15.2 Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at March 31, 2009. For further information and details concerning outstanding share data, options, and warrants, see Notes 8 and 12 and the Consolidated Statements of Changes in Shareholders' Equity, included in the audited Financial Statements for the years ended December 31, 2008 and 2007:

	Number Outstanding
Common shares	60,654,916
Options to purchase common shares	6,105,000
Warrants to purchase common shares	10,000,000

1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

1.15.4 Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, initially in Australia and North America. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), the following risk factors, among others, will apply:

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations.

Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

There is no certainty that the expenditures made by the Company toward the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, Mineral Reserves or any other mineral occurrences.

Political Stability and Government Regulation Risks

The operations of the Company are currently conducted in Australia and North America, as such, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; extreme fluctuations in currency exchange rates; and changing political conditions, currency controls and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitudes in any of these countries may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Reliability of Resource Estimates

There is no certainty that any of the mineral resources identified at any of the Company's properties to date will be realized. Until a deposit is actually mined and processed the quantity of mineral resources and grades must be considered estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, precious metal prices. Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Company. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Fluctuations in the prices of gold and other precious or base metals, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition.

No History of Mineral Production

The amounts attributed to our mineral properties in our financial statements represent acquisition and exploration costs and should not be taken to represent realizable value. The Company has never had any interest in mineral producing properties and has consequently not generated any revenues from operations and we expect to incur substantial operating losses. There is no assurance that commercial quantities of minerals will be discovered at any of the Company's properties or any future properties, nor is there any assurance that the exploration programs of the Company thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any property of the Company will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the ability of the Company to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources that are currently being explored for, availability of additional capital and financing and the nature of any mineral deposits.

Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

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

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

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage or, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.

Land Title

There may be undetected title defects affecting the Company's properties. Title insurance generally is not available, and the ability of the Company to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company has conducted only limited surveys of certain of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. Accordingly, the Company may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Permits

The Company cannot be certain that it will receive, on acceptable terms, the necessary permits to conduct further exploration and to develop its properties. The failure to obtain such permits, or delays in obtaining such permits, could increase the Company's costs and delay its activities, and could adversely affect the operations of the Company.

Competition

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

Hedging

The Company does not have a hedging policy and has no current intention of adopting such a policy. Accordingly, the Company has no protection from declines in mineral prices.

Additional Capital

The development and exploration of the properties in which the Company holds an interest will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all such properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, any future financing may be dilutive to existing shareholders of the Company.

Fluctuations in Metal Prices

The price of the common shares, and the consolidated financial results and exploration, development and mining activities of the Company, may in the future be significantly and adversely affected by declines in the prices of gold and other metals or minerals. The prices of gold and other metals or minerals fluctuate widely and are affected by numerous factors beyond the control of the Company such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and other foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world, the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market prices of gold or other metals or minerals could cause continued development of and commercial production from the properties in which the Company holds an interest to be impracticable. Depending on the prices of gold and other metals and minerals, cash flow from mining operations could not be sufficient and the Company may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's properties is dependent upon the prices of gold and other metals and minerals being adequate to make these properties economically viable.

In addition to adversely affecting the resource estimates of the Company and its financial condition, declining commodity prices can affect operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or interrupt operations until the reassessment can be completed.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. Precious metals and other minerals are generally priced in U.S. dollars and the costs of the Company are incurred in Canadian dollars, Australian dollars, or U.S. dollars. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the cost of exploration and production in U.S. dollar terms, which could materially and adversely affect the Company's profitability, results of operations and financial condition.

Dividend Policy

No dividends on the Common Shares have been paid by the Company to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Key Personnel

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

Conflicts of Interest

Other than Robert Brown, our President and Chief Executive Officer and David Heberlein, our Vice President of Exploration, none of our directors or officers devote their full time to our affairs. Most of our directors and officers are also directors, officers and shareholders of other natural resource companies, as a result of which they may find themselves in a position where their duty to another company conflicts with their duty to us. There is no assurance that any such conflicts will be resolved in our favor. If any of such conflicts are not resolved in our favor, our operations may be adversely affected.

Changes to Exploration Programs

The Company may make changes to planned programs at anytime. This could be done due to a number of factors including results obtained to date changes in regulations, changes in metal prices, identification of new, more important, targets and a number of other possible causes.

Share Price Volatility and Liquidity

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for our shares will be subject to market trends generally, notwithstanding any potential success of us in creating sales and revenues. In addition, our shareholders may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all.

1.15.5 Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended December 31, 2008. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at December 31, 2008.