



*(An Exploration Stage Company)*

**FORM 51-102F1:  
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS**

**Three and Nine Months Ended September 30, 2010**  
(Expressed in Canadian Dollars)

# Calibre Mining Corp.

(An Exploration Stage Company)

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## TABLE OF CONTENTS

1.1	Introduction and Date.....	2
1.2	Business Overview and Overall Performance.....	2
1.3	Selected Annual Information.....	6
1.4	Results of Operations .....	7
1.5	Summary of Quarterly Results.....	8
1.6	Liquidity .....	9
1.7	Capital Resources .....	9
1.8	Off-Balance Sheet Arrangements.....	10
1.9	Transactions with Related Parties .....	10
1.10	Fourth Quarter .....	10
1.11	Proposed Transactions.....	10
1.12	Critical Accounting Estimates.....	10
1.13	Change in Accounting Policies including Initial Adoption.....	11
1.14	Financial Instruments and Other Instruments.....	15
1.15	Other MD&A Requirements .....	16
	1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue .....	16
	1.15.2 Disclosure of Outstanding Share Data .....	17
	1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees .....	17
	1.15.4 Risk Factors.....	17
	1.15.5 Internal Controls and Disclosure Controls over Financial Reporting.....	18

# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



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### 1.1 Introduction and Date

This Interim 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 three and nine months ended September 30, 2010 to prior periods. This MD&A should be read in conjunction with the Company’s unaudited interim consolidated financial statements for the three and nine months ended September 30, 2010 and the audited consolidated financial statements for the years ended December 31, 2009 and 2008 (collectively, the “Financial Statements”).

This MD&A reflects information available as at November 23, 2010. The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars (unless otherwise indicated).

<p>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.</p>
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### 1.2 Business Overview and Overall Performance

#### Business overview

The Company is incorporated under the laws of British Columbia, Canada and maintains its corporate head office in Vancouver, British Columbia, Canada. The Company’s common shares are listed in Canada on the TSX Venture Exchange under the trading symbol CXB.

The Company engages principally in the acquisition, advancement and development of global precious and base metals assets and mineral properties. The Company is currently focusing on the exploration of a strategic land position in a prospective, but underexplored region of the historic “Mining Triangle” in North East Nicaragua, named the Borosi Concessions. The area is highly prospective for gold and copper mineralization associated with skarn and epithermal deposits.

As discussed in the notes to the Financial Statements, the recovery of the Company’s investment in mineral properties and the attainment of profitable operations are dependent upon the discovery and development of economic precious and base metal reserves and the ability to arrange financing to bring these reserves into production. The ultimate outcome of these matters cannot presently be determined.

#### Overall performance

During the three months ended September 30, 2010, the Company recorded a net loss of \$464,681 or \$0.00 per share, as compared to a net loss of \$416,762 or \$0.00 per share for the same period in 2009. The increase in net loss relates to additional general and administrative expenses related to business development, granting of stock options, and additional staff hired in 2010 (discussed further below).

# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



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As at September 30, 2010, the Company had total assets of \$10,816,804 compared to \$12,579,046 as at December 31, 2009. 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 September 30, 2010, the Company had working capital of \$1,142,804 compared to working capital of \$2,142,956 as at December 31, 2009. The Company's working capital as at September 30, 2010 includes cash of \$896,577 (December 31, 2009 - \$1,737,271). The decrease in both working capital and cash is attributed to the Company's work in evaluation of the Borosi Project and costs for general and administrative expenses. The Company did not perform any significant financing activities during the three months ended September 30, 2010.

As at September 30, 2010, the total carrying value of the Company's mineral property costs was \$9,250,453 compared to \$9,823,584 as at December 31, 2009. The decrease is a result of a slight recovery received or receivable in excess of the expenditures during the nine month period ending September 30, 2010 (including a recovery of \$609,995 related to a recovery of future income taxes).

During the nine months ended September 30, 2010, through to the date of this report, the Company carried out the following exploration activities:

### *Borosi, Nicaragua, Central America*

On July 21, 2009, the Company acquired a 100% equity interest in Yamana Nicaragua, S.A. ("Yamana Nicaragua") from Yamana Gold Inc. Yamana Nicaragua owns an undivided 100% interest in the Borosi Gold – Copper Project ("Borosi Project"), consisting of approximately 70,976 hectares of six mineral and five exploitation concessions, located in the North Atlantic Autonomous Region of Nicaragua, Central America, approximately 230 kilometres northeast of Managua, Nicaragua.

In consideration, the Company issued 12 million common shares with a total fair value of \$2.16 million and paid \$4.42 million in cash. In addition, if within five years from closing, and upon the Company incurring cumulative exploration expenditures aggregating at least \$5 million, and upon completion and acceptance of a National Instrument ("NI") 43-101 Measured and Indicated resource within the existing Borosi Project boundary, the Company will pay a bonus of \$5.00 per gold equivalent ounce, to a maximum total payment of \$3.5 million (700,000 gold equivalent ounces) ("Bonus Payment"). This Bonus Payment will be payable in cash or common shares, at the sole option of the Company. The Company also issued 5 million warrants exercisable at \$0.50 per share, and 5 million warrants exercisable at \$1.00 per share (collectively the "Bonus Warrants"). The Bonus Warrants expire on July 21, 2014 and are only exercisable if the Company delineates at least 2.5 million NI 43-101 compliant ounces of gold equivalent in Measured and Indicated resource categories. The existence of an NI 43-101 compliant Measured and Indicated resource is not determinable at this time, and management is not able to determine with any accuracy if such a resource will be identified in the exploration of the project, as a result no liability has been accrued for the Bonus Payment and a \$Nil value has been assigned to the Bonus Warrants at the purchase date. The amount, if any, of the Bonus Payment will be revisited in future periods and is dependent upon the results of the completion of a NI 43-101 compliant study on Borosi, within 5 years of the date of closing of the Borosi acquisition. In addition, the fair value of the Bonus Warrants will be re-measured in each subsequent reporting period until the outcome of any NI 43-101 study is determined, or the expiry of the Bonus Warrants. This may result in additional value being attributable to the Bonus Warrants in subsequent periods. Any future amounts assigned to the Bonus Payment or the Bonus Warrants may be material.

# Calibre Mining Corp.

*(An Exploration Stage Company)*

## **Form 51-102F1: Interim Management Discussion and Analysis**

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



On July 21, 2009, Calibre and B2Gold Corp ("B2Gold"), executed an option agreement whereby B2Gold is entitled to acquire a 51% interest in the Borosi Property by expending \$8 million on exploration and other work by July 1, 2012; of which C\$2.5 million must be expended by July 1, 2010. Pursuant to an amendment to this agreement, the Company and B2Gold have agreed to extend the first year expenditure commitment to October 1, 2010. B2Gold has the option to acquire an additional 14% interest in a Designated Project Area ("Project Area") as defined and agreed upon by both parties, within the Borosi Project Boundary, for a total 65% Project Area interest by completing a preliminary feasibility study on that Designated Project. Calibre will be the operator of the work program in the first year of the agreement, with B2Gold having an option to assume operatorship afterwards. Upon B2Gold earning an interest in the project, the Company and B2Gold will be responsible for the pro rata share of expenditures and the Bonus Payment, if any, going forward.

Subsequent to September 30, 2010, the Company entered into an amendment to the above agreement with B2Gold, whereby the area of interest covering the Borosi option agreement will be reduced from 710 square kilometres to 322 square kilometres, covering highly prospective grass roots gold prospects in the Rosita and Eastern Epithermal Districts. As a result, the Company has secured a 100% interest in the past producing La Luz Gold Mine and Rosita Copper-Gold Mine, the high grade gold and silver Riscos de Oro project, the newly discovered extension of the La Luna gold vein system, and the on-strike extensions of the Bonanza Group of Gold Mines. Concession areas that will remain under the option agreement will be subject to B2Gold earning a 51% interest in by completing \$8 million in expenditures over an amended 5 year term. B2Gold may elect to carry an individual prospect within the amended concession area through to a Preliminary Economic Assessment for an additional 14% interest in the prospect.

Drilling during 2010 on Calibre's 100% owned Riscos de Oro Project confirmed multiple high grade gold and silver drill intercepts including: 4.23 g/t Au and 384.86 g/t Ag over 8.53 metres (DDH RD10-009); 9.04 g/t Au and 30.02 g/t Ag over 4.14 metres (DDH RD10-005); and 11.05 g/t Au and 72.30 g/t Ag over 2.3 metres (DDH RD10-003). Drilling during 2010 has tripled the known depth of mineralization to over 280 metres below surface and discovered an additional mineralized zone 250 metres to the northeast of previous mine workings.

Exploration during 2010 on Calibre's 100% owned La Luna Project outlined a 2,200 metre long low sulphidation gold vein system exposed at surface by trenching and confirmed at depth by drilling. Significant gold and silver mineralization exposed in the trenches including; 4.93 g/t Au and 191.80 g/t Ag over 3.2 metres in trench BTR10-011, were confirmed at depths of up to 150 metres below surface and highlighted by drill hole LL10-002 that intercepted 4.63 g/t Au and 39.75 g/t Ag over 9.00 metres at a depth of 75 metres below surface. The gold-silver vein system remains open on strike and at depth.

Historical drilling by the previous operator in 2007 and 2008 on Calibre's 100% owned past producing La Luz mine, outlined two noteworthy zones of gold mineralization; the footwall zone of Cerro Potosi gold skarn, and a structurally controlled, high grade gold zone at Cerro Aeropuerto. The Cerro Potosi zone is contained within the footwall sediment package of the past producing La Luz Mine, where historical records indicate that the mine produced 2.25 million ounces of gold (18.475 million tons grading 0.119 opt Au) from both open pit and underground reserves over a 56 year mine life. Highlights from the historical drill program at Cerro Potosi include: 2.5 g/t Au over 32 metres (CP-08-13); 4.18 g/t Au over 16.2 metres (CP-08-15); and 1.78 g/t Au over 15.00 metres (CP-08-18). Highlights from historical drilling on the Cerro Aeropuerto prospect, 500 metres to the south of Cerro Potosi, include 5.75 g/t Au over 24.00 metres (CA-07-01); 25.08 g/t Au over 2.00 metres and a second zone grading 16.4 g/t Au over 2.20 metres (CA-07-02). Calibre has completed a detailed compilation of the La Luz mine workings and past drilling in order to plan the next phase of drilling on the project.

# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



Exploration on the Calibre-B2Gold Optioned Concessions is on-going with crews currently conducting regional field work on a new gold porphyry target in the Minnesota area, where porphyry style alteration and mineralization has been delineated over a 1.75 km by 1.25 km area, and on low sulphidation veins at the Santo Thomas, Primavera, and Fruta de Pan prospects where multiple artisanal miners are working on North East trending veins. Results from recent prospecting and rock sampling by Calibre have returned encouraging results (table 1) and will be followed up with soil sampling and trenching programs.

**Table 1: Sample results from Calibre - B2Gold Optioned Concessions**

Prospect	Sample No.	Gold (g/t Au)	Silver (g/t Ag)	Copper (% Cu)
Primavera	B10R1371	14.5	7.8	1.33
Primavera	B10R1372	33.5	13.8	2.41
Fruta de Pan	B10R3159	7.5	9.7	-
Fruta de Pan	B10R1362	24.5	54.9	
Santo Thomas	B10R0274	5.3	-	-
Santo Thomas	B10R5038	8.4	6.3	-
Santo Thomas	B10R5048	8.8	6.9	

### Point Leamington, Newfoundland, Canada

The Company owns a 100% interest in the Point Leamington mining lease in Newfoundland, Canada, which was acquired in 2004. The mining lease is subject to a 2% net smelter return royalty ("NSR"), which is held by a third party. The lease is located 26 kilometres north of Grand Falls, Newfoundland, Canada. The Company continues to maintain the Point Leamington mining lease (acquired in 2004) in good standing.

### Trundle, New South Wales, Australia

On January 25, 2008, the Company entered into an option agreement to potentially acquire 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. The Company was required to complete a minimum Year 1 requirement of expenditures totalling AUD \$600,000 (including drilling related expenditures of AUD \$300,000). The Company fulfilled these commitments in 2008 and has no further exploration commitments under the terms of agreement.

In August 2009, the Company completed the sale of its option interest in Trundle to Clancy Exploration Limited ("Clancy"), a publicly traded company in Australia. As consideration, the Company received 1,750,000 common shares of Clancy (which the Company considers to be a marketable security). The fair value of the Clancy shares at September 30, 2010 was \$139,804 (December 31, 2009 - \$246,015).

### 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. The Company's business is directly impacted on the prices of gold, silver, copper, and other metals being adequate to continue to develop and explore the properties in which it has an interest. For example, the price of gold has been increasing for more than four years. The following table highlights the average price of gold for the nine months ended September 30, 2010 and for each of the last four calendar years:

# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



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Average Prices for the Period Shown	
	Gold (US\$/per oz.) <sup>1</sup>
Nine Months Ended September 30, 2010	\$ 1,176
Year Ended December 31, 2009	\$ 972
Year Ended December 31, 2008	\$ 872
Year Ended December 31, 2007	\$ 695
Year Ended December 31, 2006	\$ 603

<sup>1</sup> Estimates of average gold prices were obtained from information posted on [www.kitco.com](http://www.kitco.com).

In addition, the Company incurs costs in both Canadian and U.S. dollars, and the Nicaraguan Cordoba (the Company does not have any current operations in Australia and therefore has limited risk in fluctuations over the Australian dollar exchange rates). 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 Nicaraguan Cordoba. Significant fluctuations in foreign exchange 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 Nicaraguan currencies for each of the periods presented:

	Average Prices for the Period Shown <sup>2</sup>	
	US Dollar	Nicaraguan Cordoba
Nine Months Ended September 30, 2010	\$0.96557	C\$20.85384
Year Ended December 31, 2009	\$0.88029	C\$17.98597
Year Ended December 31, 2008	\$0.94410	C\$18.62870
Year Ended December 31, 2007	\$0.93565	C\$17.71496
Year Ended December 31, 2006	\$0.88206	C\$15.91877

<sup>2</sup> Estimates of average foreign exchange rates for the US Dollar and Nicaraguan Cordoba were obtained from information posted on [www.oanda.com](http://www.oanda.com).

### 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 and Nicaragua. The Company is in the exploration stage and, accordingly, has no reportable segment revenues for any of the periods presented in the Company's Financial Statements. For further information regarding geographical data including assets based on location, please refer to Note 6 of the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2010 and Note 11 of the audited consolidated financial statements for the years ended December 31, 2009.

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### 1.3 Selected Annual Information

Not applicable for interim management discussion and analysis.

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## 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 interim financial statements and related notes for the same period.

### *Three Months Ended September 30, 2010 compared to Three Months Ended September 30, 2009*

The Company's general and administrative costs were higher in 2010, totalling \$468,803 compared to \$392,908 in 2009. The key factors related to the increase can be summarized as follows:

- Audit, accounting and legal fees increased to \$13,619 from \$10,897 in 2009. This reflects the increased activity associated with the acquisition of our Nicaraguan subsidiary and costs related to conversion to IFRS from Canadian GAAP, which is expected to be incurred throughout 2010.
- Consulting fees increased in 2010 to \$40,000 from \$4,945 in 2009. During the three months ended September 30, 2010, the Company engaged ASTY Capital AG of Zurich, Switzerland to act as its capital markets advisor and assist the Company with corporate development projects in Europe (the agreement was terminated effective July 31, 2010). The Company also engaged a consultant for investor relations services in Canada. The Company continues to engage a director and former officer of the Company for accounting and consulting services.
- Foreign exchange gain in 2010 was \$44,601, compared to a gain in the prior period of \$18,800. The operations of the Company are impacted by the fluctuations in the US Dollar and Nicaraguan Cordoba 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.
- Total legal fees decreased in 2010 to \$1,981 from \$16,821 in 2009. This decrease reflects the Company's due diligence in 2009 related to various project reviews and eventual purchase of its interest in the Borosi Project in Nicaragua.
- Total salaries and wages increased in 2010 to \$377,015 from \$284,290 in 2009. Salaries and wages consist of two components. The cash component of salaries and wages increased in 2010 to \$114,726 from \$79,599 in 2009 as a result of increased staffing levels in 2010. The non-cash component of salaries and wages consists of stock-based compensation of \$262,289 in 2010 compared to \$204,691 in 2009. The fair value of the options expensed was estimated at the date of grant using the Black-Scholes option pricing model. During the latter halves of 2010 and 2009, the Company issued a number of options to employees, directors and consultants of the Company which resulted in an increased stock-based compensation during 2010.
- Transfer agent and regulatory fees increased to \$12,948 in 2010, from \$4,714 in 2009 as a result of additional costs incurred in the Company's amendment in the stock option plan in 2010.
- Travel decreased in 2010 to \$1,165 from \$7,144 in 2009. The increase in travel in 2009 is a result of the Company's review of various projects during the three months ended September 30, 2009.
- During September 30, 2009, the Company also incurred \$31,160 of due diligence costs on review of various projects. There was no equivalent expenditures for the same period in 2010.



# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



### 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.

	September 2010	June 2010	March 2010	December 2009
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil
Loss before discontinued operations and extraordinary items	\$464,681	\$490,374	\$366,984	\$707,398
Basic and diluted loss per share before discontinued operations and extraordinary items	\$0.00	\$0.00	\$0.00	\$0.01
Net loss for the period	\$464,681	\$490,374	\$366,984	\$707,398
Basic and diluted loss per share for the period	\$0.00	\$0.00	\$0.00	\$0.01

  

	September 2009	June 2009	March 2009	December 2008
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil
Loss before discontinued operations and extraordinary items	\$416,762	\$257,776	\$1,313,855	\$642,183
Basic and diluted loss per share before discontinued operations and extraordinary items	\$0.00	\$0.01	\$0.03	\$0.01
Net loss for the period	\$416,762	\$257,776	\$1,313,855	\$642,183
Basic and diluted loss per share for the period	\$0.00	\$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.

During the three months ended December 31, 2009, the Company hired additional personnel and increased overall operational activity as a result of the acquisition of the Borosi Project in Nicaragua. The Company also wrote off additional claims not being pursued at Point Leamington.

The three months ended March 31, 2009 includes a write off related to management's decision not to renew certain claims at Point Leamington and the Company's disposal of its interest in the Trundle property.

The three months ended December 31, 2008 includes severance payments paid or accrued to a number of employees 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.

# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



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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.

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### 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, the Company has no other long-term debt, capital lease obligations, operating leases or any other long-term obligations.

As at September 30, 2010, the Company had working capital of \$1,142,804 compared to working capital of \$2,142,956 as at December 31, 2009. The Company's working capital as at September 30, 2010 includes cash of \$896,577 (December 31, 2009 - \$1,737,271). The decrease in both working capital and cash is attributed to the Company's work in evaluation of the Borosi Project and costs for general and administrative expenses. The Company did not perform any significant financing activities during the nine months ended September 30, 2010.

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, by generating operating profitability and positive cash flow, and/or by optioning its mineral properties for cash and/or expenditure commitments. 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 financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. Such adjustments may be material.

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.

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### 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 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 where appropriate and maintenance of existing capital by means of cost saving measures. The Company has no outstanding debt facility upon which to draw.

# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



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As at November 23, 2010 the Company has approximately 82 million stock options and warrants outstanding which, if exercised, would bring a further \$21.2 million to the Company's treasury upon exercise.

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### 1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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### 1.9 Transactions with Related Parties

The following is a summary of the related party transactions that occurred during the nine months ended September 30, 2010 and 2009:

	2010	2009
Accounting fees paid to a director and former officer	\$ 45,000	\$ 45,000
Legal fees paid to a law firm associated with a former officer	\$ 2,300	\$ 149,961

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### 1.10 Fourth Quarter

Not applicable.

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### 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.

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### 1.12 Critical Accounting Estimates

The Company's significant accounting policies are presented in Note 2 of the audited Financial Statements for the year ended December 31, 2009. 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;
- the valuation of consideration on the acquisition of Yamana Nicaragua, S.A., including valuation of the contingent Bonus Payment and Bonus Warrants (discussed above in Section 1.2: *Business Overview and Overall Performance: Borosi, Nicaragua, Central America*); and
- the valuation of stock-based compensation.



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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.

In connection with the purchase of Yamana Nicaragua, S.A., the Company agreed to certain contingent Bonus Payments and Bonus Warrants discussed above in Section 1.2: *Business Overview and Overall Performance: Borosi, Nicaragua, Central America*), which will only be payable and exercisable upon the completion and acceptance of specifically defined and outlined NI 43-101 Measured and Indicated resource. The existence of any NI 43-101 compliant Measured and Indicated resource is not determinable at this time, and management is not able to determine with any accuracy if such a resource will be identified in the exploration of the project, as a result no liability has been accrued for the Bonus Payment and a \$Nil value has been assigned to the Bonus Warrants at the purchase date. The amount, if any, of the Bonus Payment will be revisited in future periods and is dependent upon the results of the completion of a NI 43-101 compliant study on Borosi, within 5 years of the date of closing of the Borosi acquisition. In addition, the fair value of the Bonus Warrants will be re-measured in each subsequent reporting period until the outcome of any NI 43-101 study is determined, or the expiry of the Bonus Warrants. This may result in additional value being attributable to the Bonus Warrants in subsequent periods. Any future amounts assigned to the Bonus Payment or the Bonus Warrants may be material.

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.

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### 1.13 Change in Accounting Policies including Initial Adoption

The accounting policies followed by the Company are set out in Note 2 to the audited Financial Statements for the year ended December 31, 2009 and have been consistently followed in the preparation of the financial statements for the nine months ended September 30, 2010.

# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



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

### Business Combinations

In January 2009, the CICA issued Section 1582, *Business Combinations*, which replaces former guidance on business combinations. Section 1582 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.

### International Financial Report Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed that IFRS will replace current Canadian GAAP for publicly-accountable, profit-oriented enterprises effective January 1, 2011. The transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported for the year ended December 31, 2010.

The Company's IFRS conversion is carried out in three phases: high-level impact assessment, detailed evaluation, and implementation and review. The Company has completed its initial high-level impact assessment to identify key areas that may be affected by the conversion. A detailed evaluation between specific differences between IFRS and Canadian GAAP, and how that impacts the Company's implementation will occur during 2010.

The following table provides a summary of the changeover plan, the key elements involved and the status of these tasks:

Key Element	Description
Accounting policies	<p>Management has performed an initial review of its accounting policies and the impact of adopting IFRS. During 2010, the Company intends to perform a more comprehensive review of its accounting policies and requirements of IFRS, especially, with respect to:</p> <ul style="list-style-type: none"><li>• Exploration and evaluation expenditures;</li><li>• Property, plant and equipment;</li><li>• Stock-based compensation;</li><li>• Functional currency;</li><li>• Contingent liabilities;</li><li>• Impairment of long-lived assets;</li><li>• Future income taxes; and</li><li>• Various financial statement disclosures</li></ul> <p>The detailed evaluation of these and other policies will continue throughout 2010. The Company expects to be able to quantify these differences in the second half of 2010. The transition from Canadian GAAP to IFRS may materially affect reported financial position and</p>

# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



	results of operations. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policy alternatives and implementation decisions are still being evaluated.
Information technology and data systems	The initial review of the Company's information and data systems suggest that they are sufficient and no significant changes will be required to either capture information required or report under IFRS.
Internal control over financial reporting	The final impact of the Company's internal control over financial reporting will not be able to be fully assess until the final accounting policies under IFRS are determined. Notwithstanding, given the Company's stage of development, the Company does not consider that the adoption of IFRS will have a significant impact on the Company's internal control over financial reporting.
Disclosure controls and procedures	Due to the Company's stage of development, the Company does not believe it will require significant revisions to its control environment for changes in processes and controls as a result of the transition to IFRS.
Financial reporting expertise	<p>The Company has performed an initial assessment of the financial expertise required to adopt IFRS and considers that it has sufficient in-house resources to review the requirements of IFRS, and assess any required adjustments to the opening balance sheet under IFRS. However, the situation will be monitored on an on-going basis, and management will consider hiring additional IFRS expertise on a consulting basis as needed.</p> <p>The Company intends to provide additional training to staff during the 2010 calendar year on IFRS and its requirements. The Company also intends to consult on a frequent basis with its auditors to ensure its assessments on the adoption of IFRS are accurate.</p>
Business activities	<p>As the Company's final IFRS accounting policies are developed and adopted, the Company will consider their impact on all material agreements prior to adoption.</p> <p>Updates on the progress of the conversion process will be provided to the Company's audit committee and disclosed in the Company's MD&amp;A on a quarterly basis throughout 2010.</p>

The following provides a summary of some potential changes to accounting policies in key areas based on current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies under the adoption of IFRS.

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- The International Accounting Standards Board (“IASB”) has still not made a definitive determination as to whether exploration and evaluation costs should be capitalized or expensed. IFRS 6 allows companies to choose a policy that capitalizes these costs. The policy must be disclosed in the notes to the financial statements. The Company expects to continue capitalizing its exploration and evaluation costs in a manner consistent with its current accounting policy.
  - IFRS and Canadian GAAP contain the same basic principles for property, plant, and equipment; however, there are some differences. Specifically, IFRS requires property, plant and equipment to be measured at cost in accordance with IFRS, breaking down material items into components and amortizing each one separately. In addition, unlike Canadian GAAP, IFRS permits property, plant and equipment to be measured at fair value or amortized cost. The Company’s initial analysis is that no further componentization was necessary in property, plant, and equipment. The Company will continue to reflect its property, plant and equipment at amortized cost.
  - The method of accounting for income taxes under IFRS is similar to Canadian GAAP, but one of the exemptions under IFRS may have a significant impact on the Company’s financial reporting. Under current IFRS guidelines, the recognition of future income tax (“FIT”) assets or liabilities that arise from the initial recognition of assets or liabilities that do not impact profit or loss and other than in a business combination is prohibited. The Company’s FIT liability balance is almost exclusively due to the difference between the carrying value and the tax value for the properties that the Company acquired as a result of an acquisition of assets, not a business combination. As a result, the exemption under IFRS would apply and would eliminate the majority of the Company’s FIT liability balance recognized under Canadian GAAP. It would also decrease the carrying value of mineral properties by a similar amount because when the FIT liability was recognized, the carrying values of the related mineral properties were grossed up by the same amount. The IASB has recently issued an exposure draft suggesting changes to its income tax standard. The exposure draft has received a significant number of comments and it is uncertain what changes, if any, will be made before the Company’s adoption date.
  - Under IFRS, a provision is to be recognized when (a) there is a present obligation as an result of a past transaction or event; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) a reliable estimate can be made of the obligation. The threshold for recognition of a provision under Canadian GAAP is higher than under IFRS. Therefore, it is possible that some contingent liabilities which would not have been recognized under Canadian GAAP may meet the criteria for recognition as a provision under IFRS.
  - Under Canadian GAAP, mineral property impairment testing is performed using a two-step test. The first step is to determine if there is an impairment loss by using an undiscounted cash flow analysis. If that analysis identifies an impairment loss, the loss is measured as the amount by which carrying value exceeds fair value. The fair value is often based on discounted cash flows. Under IFRS, assets are tested for impairment using a one-step process based on discounted cash flows. IFRS also allows the reversal of impairment charges from previous years if the fair value exceeds the carrying value of long-lived assets.
  - Other IFRS that apply to the Company’s operations, but that are not expected to have a significant effect on 2010 financial results, based on the Company’s current and expected activities are functional currency, business combinations, share based payments, and decommissioning and retirement obligations.



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The implementation and review phase will begin in the second half of 2010 and continue throughout the fiscal year. This phase includes implementation of the required changes necessary for IFRS compliance. Final decisions on accounting policy choices and IFRS 1 exemptions will be approved and changes to business processes and internal controls, if any, resulting from policy changes will be implemented. Preparation of an opening IFRS balance sheet and IFRS comparatives for 2010 reporting periods will commence in this phase as well. The Company will monitor changes in IFRS leading up to the January 1, 2011 adoption date, and update its conversion efforts as required.

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#### 1.14 Financial Instruments and Other Instruments

The Company has designated its financial instruments as follows:

- Cash is classified as held-for-trading;
- Receivables are classified as loans and receivables;
- Marketable securities are classified as available-for-sale; and
- Accounts payable and accrued liabilities as other financial liabilities.

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

The following information summarizes the Company's financial and other instruments and discusses their associated risks with the Company's present operations (further information regarding can also be reviewed in Note 3 of the Company's Financial Statements for the year ended December 31, 2009).

##### Financial Instruments – Presentation and Disclosures:

###### Fair value

Cash and marketable securities are recorded at fair value and are measured using Level 1 (in accordance with Section 3862 of the CICA Handbook). Receivables and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

###### Liquidity risk

The Company manages liquidity risk through the management of its capital structure, as outlined in Note 4 of the consolidated financial statements for the year ended December 31, 2009 and discussed in Section 1.7: *Capital Resources* of this MD&A. Accounts payable and accrued liabilities are due within the current operating period. There are no changes at September 30, 2010.

###### 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 significant majority of receivables are from B2Gold Corp. and relate to project expenditures in Nicaragua incurred during the nine months ended September 30, 2010. The remaining 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.

The Company does not have financial assets that are invested in asset backed commercial paper.



# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



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### Commodity price risk

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

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

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 Nicaraguan Cordoba and the US dollar. The Company does not enter into any foreign exchange contracts to mitigate these risks. Based on management's analysis, the effect of a five percent increase or decrease on these instruments to net loss is not considered significant.

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## **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](http://www.calibremining.com) or on the SEDAR website at [www.sedar.com](http://www.sedar.com).

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### **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, 2009 and for the three and nine months ended September 30, 2010, that are available on the Company's website at [www.calibremining.com](http://www.calibremining.com) or on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company discusses the activities at each of the projects above in Section 1.2: *Business Overview and Overall Performance*.

The Company does not have any capitalized or expensed research and development costs or any deferred development costs for the nine months ended September 30, 2010.

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# Calibre Mining Corp.

(An Exploration Stage Company)

## Form 51-102F1: Interim Management Discussion and Analysis

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



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### 1.15.2 Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at November 23, 2010. For further information and details concerning outstanding share data, options, and warrants, see Note 8 and the Consolidated Statements of Changes in Shareholders' Equity, included in the audited Financial Statements for the years ended December 31, 2009 and 2008 and Note 5 of the financial statements for the three and nine months ended September 30, 2010:

	Number Outstanding
Common shares	122,515,918
Options to purchase common shares	14,050,000
Warrants to purchase common shares	67,924,843

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### 1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

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### 1.15.4 Risk Factors

The Company's principal activity of mineral exploration is considered to be very high risk. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic, with some of the most significant risks being:

- Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely small;
- The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them;
- Although the Company has taken steps to verify title to the mineral properties it has an interest in or is earning into, there is no guarantee that the property will not be subject to title disputes or undetected defects; and
- The Company is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its properties that may cause material liability to the Company.

For further detailed discussions on the various risks associated with the Company's industry, business, and other, please refer to the Company's annual MD&A for the year ended December 31, 2009, which can be located on the Company's website, [www.calibremining.com](http://www.calibremining.com), or on the SEDAR website, [www.sedar.com](http://www.sedar.com).

Calibre Mining Corp.

*(An Exploration Stage Company)*

**Form 51-102F1: Interim Management Discussion and Analysis**

Three and Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars)



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### **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 three and nine months ended September 30, 2010. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at September 30, 2010.

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