

# Calibre Mining Corp.

(An Exploration Stage Company)

## Interim Management's Discussion and Analysis – Quarterly Highlights

Period Ended September 30, 2016

(Expressed in Canadian Dollars - Unaudited)



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### Introduction

Calibre Mining Corp. ("Calibre" or the "Company") is incorporated under the laws of British Columbia, Canada and maintains its corporate head office in Vancouver, British Columbia, Canada. The Company engages principally in the acquisition, advancement and development of precious and base metals assets and mineral properties in Nicaragua. The Company's common shares are listed in Canada on the TSX Venture Exchange under the trading symbol CXB. The Company is currently focusing on the exploration of an impressive and strategic land position in a highly prospective, but underexplored region of the historic "Mining Triangle" in northeast Nicaragua, named the Borosi Concessions. The Borosi Concessions are named for the three historical producing regions of Bonanza, Rosita, and Siuna. The area is highly prospective for gold, silver and copper mineralization.

This interim Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the period ended September 30, 2016. The Company reports its balance sheet, results of operations, statement of changes in equity, and cash flows in accordance with International Financial Reporting Standards ("IRFS") applicable to the preparation of interim financial statements, including International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Additional information relating to the Company, including the most recent Company filings, 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).

This MD&A reflects information available as at November 16, 2016.

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### Forward Looking Statements and Risk Factors

This interim MD&A includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address 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 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.

For a detailed listing of the risk factors, please refer to the Company's annual MD&A for the year ended December 31, 2015.

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### Market Trends

The price of the Company's 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.

In addition, the Company incurs costs in Canadian and U.S. dollars and the Nicaraguan Cordoba which could result in additional fluctuations in operational costs to the Company. 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.

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### Update on Exploration Activities

#### B2Gold Joint Venture

Subsequent to September 30, 2016, the Company agreed to acquire (the "Transaction") all of the interest held by B2Gold Corp. ("B2Gold") in the Borosi concessions (the "Property") located in Nicaragua in consideration for \$3,283,000 and a 1.5% net smelter returns royalty on production from the Property (the "Purchase Price"), subject to TSX Venture Exchange approval of the Transaction. The Property is currently jointly owned by B2Gold (as to 51%) and Calibre (as to 49%) pursuant to a joint venture agreement between B2Gold and Calibre. The cash portion of the Purchase Price is to be satisfied by the issuance of 23,450,000 common shares in the Company's capital to B2Gold. Upon closing of the Transaction, Calibre will own an undivided 100% interest in the Property and B2Gold will own 18.5% of the total issued and outstanding common shares of the Calibre.

The Property contains two Project areas:

The Primavera Gold-Copper Porphyry Project has been tested by a total of 32 holes totaling 13,400 meters. Discovery drill hole intercepts include: 261.70m grading 0.78g/t gold and 0.30% copper, and 247.35m grading 0.43g/t gold and 0.21% copper. Primavera was the first porphyry gold-copper project discovered in Nicaragua and the mineralization remains open for expansion.

On the Monte Carmelo Gold Project close-spaced auger samples collected every five to 20 m along lines have outlined zones of magnetite skarn with massive to semi-massive, bands of magnetite in irregular NW-trending bodies that alternate with zones of garnet skarn. The arithmetic average of the auger rock-soils along NE-orientated Line TR1 was 105 metres grading 5.47 g/t Au. The western part of NW-orientated Line NW01 (Western edge) averaged 47 metres grading 3.82 g/t Au. The Monte Carmelo Project is fully permitted for drilling.

#### Rosita Mining Joint Venture

On September 2016, the Company and Rosita Mining Corporation ("Rosita") signed a joint venture agreement to further explore and develop the Rosita D Concession. The Company and Rosita hold a 35% and 65% interest respectively in the joint venture. The Company did not contribute to the joint venture during the three months ended September 30, 2016.

#### IAMGOLD Option Agreement

On July 26, 2016, the Company announced the second set of results from the 2016 drilling program on the Eastern Borosi Project, Nicaragua which is being funded by IAMGOLD. Key highlights are as follows:

- Drilling to date in 2016 consists of 23 diamond drill holes for a total of 4,545.9 metres, with results for 11 new holes reported here
- Diamond drilling of the Blag Gold-Silver Vein System continues to extend the defined mineralization at the Main Blag Structure with intercepts of 5.61 metres grading 11.13 g/t gold and 13.7 g/t silver including 1.03 metres grading 56.9 g/t gold and 61.9 g/t silver
- A step out hole on the East Dome Structure has intersected 2.78 metres grading 2.69 g/t gold and 431.6 g/t silver including 0.94 metres grading 4.79 g/t gold and 659.0 g/t silver
- Step out drilling on the Vancouver Vein Structure intersected 15.34 metres grading 1.45 g/t gold and 4.3 g/t silver including 1.50 metres grading 7.2 g/t gold and 19.8 g/t silver
- The first drilling on the Blag Vein Swarm (BVS) has intersected 3.10 metres grading 1.57 g/t gold and 37.2 g/t silver including 0.77 metres grading 5.6 g/t gold and 56.7 g/t silver

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### Drill Highlights from Second Set of Results

Hole ID	Target		From m	To m	Length (m)	Au (g/t)	Ag (g/t)	Pb ppm	Zn ppm
BL16-038	Main Blag		179.82	185.43	5.61	11.13	13.7	689	962
BL16-038	Main Blag	incl	184.40	185.43	1.03	56.96	61.9	1,996	2,056
BL16-038	Main Blag	and	172.36	172.72	0.36	32.70	28.7	6,090	5,595
BL16-040	East Dome		162.84	165.62	2.78	2.69	431.6	5,015	2,325
BL16-040	East Dome	incl	164.68	165.62	0.94	4.79	659.0	13,800	6,130
GP16-040	Vancouver		175.00	190.34	15.34	1.45	4.3	182	456
GP16-040	Vancouver	incl	175.00	176.50	1.50	7.20	19.8	21	75
GP16-039	Guapinol		57.50	60.75	3.25	3.17	5.7	154	312
BL16-039	Main Blag		177.88	180.50	2.62	1.21	152.4	11,640	18,360
BL16-039	Main Blag	incl	179.95	180.50	0.55	2.25	493.0	2,856	15,200
BL16-035	BVS		164.90	168.00	3.10	1.57	37.2	673	1,328
BL16-035	BVS	incl	165.45	166.22	0.77	5.60	56.7	1,276	1,769

#### Notes:

- Intervals are core lengths / true widths are estimated to be 70-80% of lengths
- Length weighted averages from uncut assays.

On September 15, 2016, the Company announced the third set of results from the 2016 drilling program on the Eastern Borosi Project which is being funded by IAMGOLD. Key highlights are as follows:

- Drilling to date in 2016 consists of 30 diamond drill holes for a total of 6,008 metres, with results for 8 new holes reported in this news release
- A step out hole on the East Dome Structure has intersected 15.35 metres grading 1.21 g/t gold and 120.9 g/t silver, including 3.00 metres grading 3.61 g/t gold and 348.7 g/t silver, and a second step out hole intersected of 16.50 metres grading 2.27 g/t gold and 127.9 g/t silver, including 3.38 metres grading 9.64 g/t gold and 404.4 g/t silver
- The first drilling on the Veta Loca gold target has intersected 6.31 metres grading 10.15 g/t gold and 6.9 g/t silver, including 0.79 metres grading 46.20 g/t gold and 10.5 g/t silver
- Diamond drilling of the Blag Gold-Silver Vein System continues to extend the defined mineralization at the Main Blag Structure with an intercept of 6.23 metres grading 2.60 g/t gold and 10.5 g/t silver

### Drill Highlights from Third Set of Results

Hole ID	Target	From m	To m	Length (m)	Au (g/t)	Ag (g/t)	Pb (ppm)	Zn (ppm)
BL16-042	Main Blag	307.77	314.00	6.23	2.60	10.5	5,346	9,228
BL16-043	East Dome	97.65	113.00	15.35	1.21	120.9	53	74
including	East Dome	110.00	113.00	3.00	3.61	348.7	93	78
BL16-044	East Dome	194.00	210.50	16.50	2.27	127.9	620	414
including	East Dome	206.17	209.55	3.38	9.64	404.4	2,868	1,222

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<b>GP16-046</b>	<b>Veta Loca</b>	88.00	94.31	<b>6.31</b>	<b>10.15</b>	<b>6.9</b>	17	53
including	<b>Veta Loca</b>	88.00	88.79	<b>0.79</b>	<b>46.20</b>	<b>10.5</b>	77	57

### Notes:

- Intervals are core lengths / true widths are estimated to be 70-80% of lengths
- Length weighted averages from uncut assays.

Exploration to date on the Eastern Borosi Project has outlined several tens of kilometres of highly prospective mineralized structures located in an historic gold-silver mining district. Targets have been defined by surface soil and rock sampling, trenching and drilling. Drill holes completed to date in 2016 include: 30 drill holes with 8 at East Dome; 7 testing the Main Blag vein system, 3 on the Santos Trend; 3 at the BVS gold target, 5 on the Vancouver vein system; 2 at the California Vein, and 2 on the Veta Loca gold target. Total meterage to date: 6,008.02 metres (1,651.39m East Dome; 1,497.00m Main Blag; 466.64m Santos; 621.26 BVS, 1,111.71m Vancouver; 362.94 California, and 297.08 Veta Loca). Ongoing drilling continues to test the Main Blag and East Dome Systems.

Diamond drilling of the Main Blag Gold-Silver Vein System continues to extend the defined mineralization, with hole BL16-042 intercepting 6.23 metres grading 2.60 g/t gold and 10.5 g/t silver - the deepest intercept to date intersecting the structure between 307.8 and 314.0 metres down hole (approximately 260 metres below surface). A second hole targeting the structure was lost. Additional drilling is on-going at the Main Blag Structure.

Two step out holes on the East Dome Structure have intersected 15.35 metres grading 1.21 g/t gold and 120.9 g/t silver, including 3.00 metres grading 3.61 g/t gold and 348.7 g/t silver (BL16-043) and a second intercept of 16.50 metres grading 2.27 g/t gold and 127.9 g/t silver, including 3.38 metres grading 9.64 g/t gold and 404.4 g/t silver (BL16-044). The two holes have further extended the East Dome mineralization to the south under the topographic high and tested a vertical extent to the mineralization of 125 metres. The intercepts extend the mineralization 75 metres to the south, stepping out from drill hole BL16-040 which intersected 2.78 metres grading 2.69 g/t gold and 431.6 g/t silver. Further step-out drilling is planned for 2016.

The first drilling on the Veta Loca gold target, located 500 metres south of the Guapinol-Vancouver Structures, has intersected 6.31 metres grading 10.15 g/t gold and 6.9 g/t silver including 0.79 metres grading 46.20 g/t gold and 10.5 g/t silver with a second hole 150 metres north returning no significant values.

Two step-out drill holes were targeted at extending the Vancouver Vein Structure; however, GP16-043 did not intersect any significant values and GP16-044 was lost before reaching the structure.

### Centerra Option Agreement

On July 22, 2016, the Company announced positive metallurgical results from Cerro Aeropuerto. Key highlights are as follows:

- Results from four bottle roll tests on average grade Cerro Aeropuerto mineralization returned average gold recoveries of 95.6% after 24 hour and 96.4% after 48 hours.
- Trenching completed on the 3.8 kilometre long Cerro Coyal - El Tiburon Trend has defined a number of targets to be tested by the upcoming diamond drill program
- Exploration has been commenced on the Northern Suina area where work will consist of geological mapping, geochemical sampling, and geophysical surveys designed to further define a number of existing gold anomalies
- An estimated 1,600-1,800 metres of drilling is planned for Q3/Q4 2016 and will target high priority anomalies defined along the Cerro Coyal - El Tiburon Trend and west of Cerro Aeropuerto

A total of five bottle rolls were completed on material from drill core from the 2015/2016 diamond drilling program at Cerro Aeropuerto. Four samples were prepared of average grade (2.7 to 3.3 g/t Au) and one sample included the higher grade material averaging 146.4 g/t Au. All five samples have excellent recoveries at both 24 and 48 hours. Recoveries in all cases increased after 48 hour compared to 24 hours.

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### Cerro Aeropuerto Bottle Roll Leach Tests<sup>(1)</sup>

Sample	Grade	Assay	Au g/t	Calculated	Recovery
	Au g/t	24 hr.	48 hr.	24 hr.	48 hr.
Comp 1	146.40	124.89	127.36	85.3%	87.0%
Comp 2	2.67	2.29	2.33	85.9%	87.4%
Comp 3	3.02	2.98	2.99	98.7%	99.1%
Comp 4	2.80	2.84	2.86	101.3%	102.0%
Comp 5	3.32	3.20	3.22	96.3%	96.9%

(1) A total of 30 samples were prepared from coarse rejects, including samples from each of the five holes drilled in 2015/2016, of Cerro Aeropuerto diamond drill core. Each sample prepared by the Bureau Veritas lab in Managua Nicaragua weighted 1.5 kilograms and was shipped directly for metallurgical testing at Bureau Veritas' facility in Reno Nevada. The metallurgical program included metallic screen analyses on each of the 30 samples testing for the presence and importance of coarse gold in samples with a range of gold values. Results of this work confirmed the presence of coarse gold in a small number of samples and also confirmed the reliability of the results for the existing gold fire assays. The remaining material not used in the metallic screen analyses was used to create five composites, each weighting approximately 5 -- 6 kilograms. Each composite was homogenized and the bottle rolls were completed on 500 gram sub-samples with assays completed at three stages; on the initial sample, on the solution after 24 hours, and on the solution after 48 hours. All samples had an initial pH of 11.4, no cyanide was added during the test, and the final pH of the average grade samples ranged between 10.9 and 11.2.

The average recovery of the four average grade samples is 95.6% after 24 hours and increased to 96.4% after 48 hours. The higher grade sample returned 85% after 24 hours and 88 % after 48 hours. This sample includes material from an interval where thin section and SEM analyses has identified free gold and additional tests to evaluate the potential for gravity gold recovery is warranted.

On the Siuna Project, in addition to the historic trend highlighted by the La Luz Deposit (past production of 2.3 million ounces gold) and the Cerro Aeropuerto resource (707,000 ounces gold and 3.1 million ounces silver), the results from the project-wide La Luz soil grid also defined a second gold anomalous trend, the Cerro Coyal - El Tiburon Trend. Within the Northern Siuna area existing gold anomalies include; Montes de Oro, Mina Victoria, Cerro Aza, Roskilete, and others. The current exploration and fieldwork is concentrated on a trenching program targeting geological, geochemical, and geophysical anomalies generated by the work to date. The results of the trenching program will be used to prioritize drill targets which will be tested by an additional 1,600-1,800 metres of diamond drilling to be completed in 2016. Further work, consisting of in-fill soil sampling, rock sampling and trenching, will be completed on high priority targets with the Northern Siuna area.

On September 12, 2016, the Company announced the commencement of diamond drilling on the Siuna Project. Key highlights are as follows:

- Drilling has commenced on a 1,800 metre diamond drilling program which will test high priority gold targets recently discovered along the Cerro Coyal - El Tiburon Trend and west of Cerro Aeropuerto deposit
- Soil sampling, geological mapping and trenching completed on the 3.8 kilometre long Cerro Coyal - El Tiburon Trend and in the Huracan area west of Cerro Aeropuerto has defined a number of high priority gold targets to be tested by the current diamond drill program
- Exploration continues on the Northern Siuna area where work is consisting of geological mapping, geochemical sampling, and geophysical surveys designed to further define a number of existing gold anomalies

The current drilling program will test a series of previously un-drilled, high priority gold targets which have been defined by geological mapping, soil sampling and trenching completed over the last year. These well-defined gold targets in a historic mining camp represent an excellent opportunity for discovery.

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### Calibre's 100% Owned Concessions

During the quarter, Calibre complete the Environmental Impact Statement required to permit the proposed drilling program on the Santa Maria Project. The document has been accepted by the pertinent government agencies. Exploration and development will include a maiden drilling program on the high priority Santa Maria gold-silver Target within the Rosita District where previous work by Calibre has defined a high grade low sulphidation epithermal gold-silver vein system with a gold in soil anomaly extending 3 km and high grade surface rock samples including 64 g/t gold and 109 g/t silver.

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### **Results of Operations**

As at September 30, 2016, the Company had total assets of \$24,660,410 compared to \$22,062,521 as at December 31, 2015. The majority of these assets for both periods are the carrying values of the Company's cash and cash equivalents and its exploration and evaluation assets.

As at September 30, 2016, the Company had working capital of \$3,845,518 compared to working capital of \$783,005 as at December 31, 2015.

During the three months ended September 30, 2016, the Company recorded a net loss of \$158,039 or \$0.00 per share, as compared to a net loss of \$258,050 or \$0.00 per share during the same period in the prior year.

The Company's general and administrative costs during the three months ending September 30, 2016 are comparable to the same period in the prior year. Expenses during 2016 were \$259,550 compared to \$296,032 in 2015. The key items contributing to these expenses are as follows:

During the three months ended September 30, 2016, audit and accounting fees increased to \$26,875 compared to \$3,750 in 2015. The increase in audit and accounting fees is due to the Company engaging its independent auditors to conduct an interim review of its June 30, 2016 interim financial statements. No interim reviews were done in 2015.

During the three months ended September 30, 2016, rent increased to \$32,501 compared to \$13,470 in 2015. The increase in rent during 2016 is due to its sub lessee being unable to pay its rent obligations to the Company during the period. The lease for this property ends in September 2016.

During the three months ended September 30, 2016, share-based compensation was \$31,435 compared to \$149,035 during 2015. The decrease in expense is due to the less number of stock options that vested during the three months ending September 30, 2016.

During the three months ended September 30, 2016, the Company granted 500,000 stock options to a director of the Company. The stock options are at an exercise price of \$0.16 per share and are valid for a period of five years from the date of grant.

During the three months ended September 30, 2016, the Company received gross proceeds of \$1,250,000 from the exercise of 12,500,000 share purchase warrants. The warrants had an exercise price of \$0.10 and were held by Pierre Lassonde.

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### Summary of Quarterly Results

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

	September 2016	June 2016	March 2016	December 2015
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net loss for the period	\$(158,039)	\$(201,847)	\$(365,894)	\$(187,659)
Basic and diluted loss per share for the period	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

  

	September 2015	June 2015	March 2015	December 2014
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil
Net loss for the period	\$(258,050)	\$(240,428)	\$(442,927)	\$(567,855)
Basic and diluted loss per share for the period	(\$0.00)	(\$0.00)	(\$0.01)	(\$0.00)

The variation seen over the above quarters is primarily dependent upon the success of the Company's ongoing 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 options granted in any given period, which give rise to share-based compensation expenses.

### Liquidity and Capital Resources

The recovery of the Company's investment in resource 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 sufficient financing to bring these reserves into production. The ultimate outcome of these matters cannot presently be determined.

As the Company is in the exploration stage, no mineral producing revenue has been generated to date. The ability of the Company to meet its obligations and continue the exploration and development of its mineral properties is dependent upon its ability to continue to raise adequate financing. Historically, operating capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's exploration program may be tailored accordingly.

Other than those obligations disclosed in the notes to its condensed interim consolidated 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. The Company had working capital of \$3,845,518 as at September 30, 2016.

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.

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### Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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### Transactions with Related Parties

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

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Short-term benefits <sup>(i)</sup>	\$ 162,000	\$ 90,000
Share-based payments <sup>(ii)</sup>	\$ 72,027	\$ 107,205
Consulting and advisory fees to key persons	\$ 122,500	\$ 93,000

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

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

During the period ended September 30, 2016, the Company paid or accrued \$31,811 (2015 - \$28,554) in office rent expense to companies with directors and officers in common. The sharing arrangement with Edgewater Exploration Ltd. and Newmarket Gold Inc. is on a month-to-month basis.

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

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### Proposed Transactions

Subsequent to September 30, 2016, the Company agreed to acquire (the "Transaction") all of the interest held by B2Gold Corp. ("B2Gold") in the Borosi concessions (the "Property") located in Nicaragua in consideration for \$3,283,000 and a 1.5% net smelter returns royalty on production from the Property (the "Purchase Price"), subject to TSX Venture Exchange approval of the Transaction. The Property is currently jointly owned by B2Gold (as to 51%) and Calibre (as to 49%) pursuant to a joint venture agreement between B2Gold and Calibre. The cash portion of the Purchase Price is to be satisfied by the issuance of 23,450,000 common shares in the Company's capital to B2Gold. Upon closing of the Transaction, Calibre will own an undivided 100% interest in the Property and B2Gold will own 18.5% of the total issued and outstanding common shares of the Calibre.

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### Critical Accounting Estimates

The significant accounting policies applied in the preparation of the financial statements are consistent with those applied and disclosed in the Note 2 of the Company's 2015 audited consolidated financial statements. Certain requirements for annual years beginning on or after January 1, 2016 have not yet been early adopted and the Company is currently assessing the impact of adoption.

Critical accounting estimates remain the same as disclosed in the 2015 audited annual consolidated financial statements.

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### Financial Instruments and Other Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, and trade and other payables. Cash and cash equivalents are classified as loans and receivable recognized initially at fair value. Subsequent to initial recognition, it is measured at amortized cost using the effective interest method, less any impairment losses. Marketable securities are classified as available for sale financial assets and are recognized initially at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income.

Receivables and trade and other payables are the same as or approximately equal to their respective fair values due to their short-term maturity or capacity of prompt liquidation. 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 is relatively low. Cash and cash equivalents are held through a large national financial institution.

Note 9 of the Company's condensed interim consolidated financial statements for the period ended September 30, 2016 contain additional disclosures on the Company's financial instruments.

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### Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at November 16, 2016. For further information and details concerning outstanding share data, options, and warrants, refer to the Condensed Interim Consolidated Statements of Changes in Shareholders' Equity, included in the condensed interim consolidated interim consolidated financial statements as at and for the period ended September 30, 2016:

	<u>Number Outstanding</u>
Common shares	265,410,918
Options to purchase common shares	16,375,000
Warrants to purchase common shares	31,194,000

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