



*(An Exploration Stage Company)*

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2012 and 2011**  
(Expressed in Canadian Dollars - Unaudited)

**NOTICE OF NO AUDITOR REVIEW**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Calibre Mining Corp.  
 (An Exploration Stage Company)  
**Condensed Consolidated Balance Sheets**  
 (Expressed in Canadian Dollars – Unaudited)

	Note	March 31, 2012	December 31, 2011
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 955,916	\$ 1,944,574
Receivables		587,718	209,175
Marketable securities	5	42,000	24,000
Prepaid deposits and advances		85,222	103,227
		1,670,856	2,280,976
<b>Non-current</b>			
Property and equipment	6	227,971	234,093
Exploration and evaluation assets	7	10,247,717	9,739,305
		\$ 12,146,544	\$ 12,254,374
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		\$ 354,856	\$ 444,234
<b>Shareholders' equity</b>			
Share capital	8	29,954,956	29,671,974
Contributed surplus		9,784,331	8,946,195
Accumulated other comprehensive income		18,000	-
Accumulated deficit		(27,965,599)	(26,808,029)
		11,791,688	11,810,140
		\$ 12,146,544	\$ 12,254,374

**Going concern** – Note 1

**Commitments** – Note 10

**On behalf of the Board:**

"Douglas B. Forster" Director

"Edward Farrauto" Director

# Calibre Mining Corp.

(An Exploration Stage Company)

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars – Unaudited)

	Common Shares		Contributed Surplus	Accumulated other comprehensive income	Accumulated deficit	Total
	Number	Amount				
Balance – December 31, 2010	122,515,918	\$ 24,716,220	\$ 8,609,711	\$ -	\$ (23,941,335)	\$ 9,384,596
Issuance of common shares:						
- on exercise of warrants	9,325,000	1,535,210	(136,460)	-	-	1,398,750
Stock based compensation	-	-	194,404	-	-	194,404
Net loss for the period	-	-	-	-	(456,936)	(456,936)
Balance – March 31, 2011	131,840,918	26,251,430	8,667,655	-	(24,398,271)	10,520,814
Issuance of common shares:						
- on private placement	35,000,000	3,386,254	-	-	-	3,386,254
- on exercise of options	125,000	34,290	(15,540)	-	-	18,750
Stock based compensation	-	-	294,080	-	-	294,080
Net loss for the period	-	-	-	-	(2,409,758)	(2,409,758)
Balance – December 31, 2011	166,965,918	29,671,974	8,946,195	-	(26,808,029)	11,810,140
Issuance of common shares:						
- on exercise of options	945,000	282,982	(128,732)	-	-	154,250
Stock based compensation	-	-	966,868	-	-	966,868
Other comprehensive income	-	-	-	18,000	-	18,000
Net loss for the period	-	-	-	-	(1,157,570)	(1,157,570)
Balance – March 31, 2012	167,910,918	\$ 29,954,956	\$ 9,784,331	\$ 18,000	\$ (27,965,599)	\$ 11,791,688

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

# Calibre Mining Corp.

(An Exploration Stage Company)

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars - Unaudited)

	Note	For the three months ended	
		March 31, 2012	March 31, 2011
<b>Expenses</b>			
Amortization		\$ 6,174	\$ 7,681
Audit and accounting fees		24,450	12,689
Bank charges and interest		720	560
Consulting fees		47,000	28,167
Insurance		8,886	9,099
Legal fees		2,966	1,858
Marketing		34,663	8,058
Office, postage and printing		9,763	14,857
Rent		22,374	30,209
Salaries and wages		41,899	122,311
Share based compensation	8c	790,776	171,811
Shareholder relations		840	5,572
Telephone and utilities		608	601
Trade shows and conferences		126,266	18,706
Transfer agent and regulatory fees		9,640	8,112
Travel		885	4,615
		<u>(1,127,910)</u>	<u>(444,906)</u>
<b>Other Income (Expenses)</b>			
Foreign exchange loss		(31,204)	(12,806)
Interest income		1,544	776
		<u>(29,660)</u>	<u>(12,030)</u>
<b>Net Loss for the Period</b>		(1,157,570)	(456,936)
Unrealized gain on marketable securities	5	18,000	-
<b>Net Comprehensive Loss for the Period</b>		<u>\$ (1,139,570)</u>	<u>\$ (456,936)</u>
<b>Net Loss per Share - Basic and Diluted</b>		<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
<b>Weighted Average Shares Outstanding</b>		<u>167,560,314</u>	<u>128,434,807</u>

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

Calibre Mining Corp.  
*(An Exploration Stage Company)*  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Expressed in Canadian Dollars - Unaudited)

	Note	For the three months ended	
		March 31, 2012	March 31, 2011
<b>Operating Activities</b>			
Net loss for the period		\$ (1,157,570)	\$ (456,936)
Items not affecting cash:			
Amortization		6,174	7,681
Stock-based compensation		790,776	171,811
Net changes in non-cash working capital:			
Receivables		(27,022)	(10,943)
Accounts payable and accrued liabilities		75,869	(15,696)
Prepaid expenses		18,005	(130,551)
		<u>(293,768)</u>	<u>(434,634)</u>
<b>Investing Activities</b>			
Purchases of equipment		(4,332)	(764)
Exploration and evaluation expenditures, net of recoveries		(844,808)	(477,819)
		<u>(849,140)</u>	<u>(478,583)</u>
<b>Financing Activities</b>			
Proceeds from share issuances		154,250	1,398,750
		<u>154,250</u>	<u>1,398,750</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		988,658	485,533
<b>Cash and cash equivalents - Beginning of Period</b>		1,944,574	661,698
<b>Cash and cash equivalents - End of Period</b>		<u>\$ 955,916</u>	<u>\$ 1,147,231</u>
<b>Supplemental Disclosure of Non-Cash Financing and Investing Activities</b>			
Recoverable payment receivable included in mineral properties		\$ 532,196	\$ 259,714
Amortization included in exploration and evaluation assets		\$ 4,280	\$ 3,624
Stock based compensation included in exploration and evaluation assets		\$ 176,092	\$ 22,593
Exploration and evaluation costs included in accounts payable		\$ 193,136	\$ 95,303

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

# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

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### 1. Nature of Operations and Going Concern

Calibre Mining Corp. (the "Company") (an Exploration Stage Company) is incorporated under the laws of British Columbia, Canada and maintains its corporate head office at Suite 1620, 1066 West Hastings St., Vancouver, British Columbia, Canada. The Company's common shares are listed on the TSX Venture Exchange (TSX.V: CXB) in Canada.

The Company engages principally in the acquisition, advancement and development of precious and base metal assets and mineral properties in Nicaragua. 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.

These unaudited consolidated interim financial statements have been prepared by the Company on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Several adverse conditions cast significant doubt on the validity of this assumption.

The Company has a history of losses and no operating revenue and had an accumulated deficit of \$27,965,599 as at March 31, 2012. 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.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classification used. Such adjustments may be material.

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### 2. Basis of Presentation

These condensed interim financial statements should be read together with the Company's annual financial statements for the year ended December 31, 2011. The Company's accounting policies are set out therein, and have been consistently applied to all periods presented in the preparation of these condensed interim financial statements.

#### a) *Statement of compliance*

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The Board of Directors approved these condensed interim financial statements on May 23, 2012.

#### b) *New standards and interpretations not yet adopted*

##### i) IAS 1, Presentation of Financial Statements ("IAS 1")

IAS 1 has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012. The Company has not yet determined the impact of the amendments to IAS 1 on its financial statements.

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# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

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### 2. Basis of Presentation - continued

#### b) New standards and interpretations not yet adopted - continued

##### ii) IFRS 9, "Financial Instruments"

In November 2009, the IASB issued IFRS 9 which addresses the classification and measurement of financial assets. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39, "Financial Instruments: Recognition and Measurement".

IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income.

Application of IFRS 9 is mandatory for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact that the application of this new standard may have on the presentation of its financial position and results of operations.

##### iii) Other IFRS pronouncements – not yet in effect

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these financial statements:

- IFRS 10, *Consolidated Financial Statements*, builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company;
- IFRS 11, *Joint Arrangements*, establishes the principles for financial reporting by entities when they have an interest in arrangements that are jointly controlled;
- IFRS 12, *Disclosure of Interest in Other Entities*, provides the disclosure requirements for interests held in other entities including joint arrangements, associates, special purpose entities and other off-balance sheet entities;
- IFRS 13, *Fair Value Measurement*, defines fair value and requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards;
- IAS 28, *Investments in Associate and Joint Ventures*, revised the existing standard and prescribes the accounting for investments and sets out the requirements for the application of the equity method when accounting for investments in associated joint ventures.
- IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine.

Each standard is effective for annual periods beginning on or after January 1, 2013. The Company has not yet begun the process of assessing the impact of these new standards.

# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

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### 2. Basis of Presentation - continued

#### c) Critical accounting estimates

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

#### Impairment of exploration and expenditure assets

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

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

#### Resource estimates

The Company estimates its ore mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 "*Standards for Disclosure of Mineral Projects*". Resource estimates may be used in the calculation of depreciation and amortization, impairment assessment, assessment of life of mine stripping ratios and for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs.

There are numerous uncertainties inherent in estimating ore resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of resources and may, ultimately, result in the resources being restated.

#### Stock options and warrant valuations

Stock option and warrant valuation models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted or vested during the period or the fair value of the Company's warrants at their date of issue.

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## **Notes to the Condensed Consolidated Interim Financial Statements**

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

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### **3. Capital Management**

The Company's objectives when managing capital are:

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

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

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

In order to facilitate the management of capital and development of its mineral properties, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur 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 a major Canadian banking institution 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 seeks to continue to raise funds, from time to time, to continue meeting its capital management objectives.

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### **4. Financial Instruments**

#### Fair Value and Hierarchy

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

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

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transactions between knowledgeable parties. Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future fair values.

Cash and cash equivalents are recorded at cost and are measured using Level 2. Marketable securities are recorded at fair value and are measured using Level 1. Receivables, deposits and advances and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

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### 4. Financial Instruments – continued

#### Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full (Note 1). The Company manages liquidity risk through the management of its capital structure, as outlined in Note 3 of these unaudited condensed interim financial statements. Trade and other payables are due within the current operating period.

#### 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 cash and cash equivalents and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company limits exposure to credit risk by maintaining the significant majority of its cash with a large chartered Canadian banking institution. The significant majority of receivables are from B2Gold Corp. and relate to project expenditures in Nicaragua incurred during 2012 and 2011 (described in Note 7a). 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.

#### 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 events 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. Based on cash balances held at March 31, 2012, the effect of a one basis point increase or decrease in interest rates on net loss is not considered significant. The Company's other financial assets and liabilities are not subject to interest rate risk, as they do not bear interest.

#### Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Nicaraguan Cordoba ("COR") and the US dollar ("USD"). The Company does not enter into any foreign exchange contracts to mitigate these risks. Based on management's analysis, the effect on these instruments held at March 31, 2012 of a five percent increase or decrease in foreign exchange rates on net loss is not considered significant.

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# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

### 5. Marketable Securities

As at March 31, 2012 and December 31, 2011, the Company held 200,000 common shares of Alder Resources Ltd. ("Alder"). Alder's common shares are listed on the TSX Venture Exchange under the symbol ALR in Canada. The common shares were received in connection with the joint venture agreement between Alder and the Company over a portion of the Borosi Project, as discussed in Note 7a). The fair value of the shares as at March 31, 2012 is \$42,000 (December 31, 2011 - \$24,000). The Company classified these shares as available-for-sale and as such has recorded the changes in fair value through other comprehensive income.

### 6. Property and Equipment

	Computer Equipment and Software	Furniture and Equipment	Vehicles	Buildings and Structures	Leasehold Improvements	Total
Cost, Dec. 31, 2010	\$ 145,148	\$ 151,782	\$ 88,676	\$ 130,418	\$ 14,385	\$ 530,409
Additions	1,661	6,408	-	10,311	6,010	24,390
Disposals	-	(54,155)	(48,947)	-	(14,385)	(117,487)
Cost, Dec. 31, 2011	146,809	104,035	39,729	140,729	6,010	437,312
Additions	1,584	2,748	-	-	-	4,332
Disposals	-	-	-	-	-	-
Cost, Mar. 31, 2012	148,393	106,783	39,729	140,729	6,010	441,644
Acc. depreciation, Dec. 31, 2010	99,023	79,313	29,202	15,346	12,788	235,672
Charge for the year	14,854	11,099	8,876	6,089	2,169	43,087
Disposals	-	(32,508)	(28,647)	-	(14,385)	(75,540)
Acc. depreciation, Dec. 31, 2011	113,877	57,904	9,431	21,435	572	203,219
Charge for the year	2,578	4,469	1,324	1,511	572	10,454
Disposals	-	-	-	-	-	-
Acc. depreciation, Mar. 31, 2012	\$ 116,455	\$ 62,373	\$ 10,755	\$ 22,946	\$ 1,144	\$ 213,673
Net book value, Dec. 31, 2011	\$ 32,932	\$ 46,131	\$ 30,298	\$ 119,294	\$ 5,438	\$ 234,093
Net book value, Mar. 31, 2012	\$ 31,938	\$ 44,410	\$ 28,974	\$ 117,783	\$ 4,866	\$ 227,971

# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

### 7. Exploration and Evaluation Assets

	Three Months Ended March 31, 2012	Year Ended December 31, 2011
<b><u>Borosi, Nicaragua (Note 7a)</u></b>		
Cost, beginning of period	\$ 9,739,305	\$ 7,197,831
Administration and maintenance	82,247	267,649
Amortization	4,280	18,755
Assaying	116,458	333,531
Camp and field supplies	33,548	100,237
Drilling and related	227,305	1,077,923
Geological consulting	108,056	153,580
Logistics and communications	74,962	201,858
Professional fees	1,151	12,454
Property maintenance	249,267	551,451
Salary and wages	277,468	985,728
Stock-based compensation	176,092	140,652
Travel	42,324	74,977
Recovery of costs	(884,746)	(1,377,321)
Total expenses during the period	508,412	2,541,474
Cost, end of period	10,247,717	9,739,305
<b><u>Point Leamington, Canada (Note 7b)</u></b>		
Cost, beginning of period	-	1,250,901
Administration and maintenance	-	21,032
Write off of exploration and evaluation assets	-	(1,271,933)
Cost, end of period	\$ -	\$ -
<b>Total Exploration and Evaluation Assets</b>	<b>\$ 10,247,717</b>	<b>\$ 9,739,305</b>

#### a) Borosi, Nicaragua, Central America

On July 21, 2009, the Company completed the acquisition of a 100% equity interest in Yamana (Nicaragua) Ltd. ("Yamana Nicaragua"). Yamana Nicaragua's wholly owned subsidiary owns an undivided 100% interest in the Borosi Gold – Copper Project (the "Borosi Project"), consisting of a number of contiguous mining and exploration concessions located in the North Atlantic Autonomous Region of Nicaragua, Central America.

In consideration, the Company issued 12 million common shares 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 (terms of the Bonus Payment and Bonus Warrants were amended subsequent to period end, see Note 12).

# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

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### 7. Exploration and Evaluation Assets – continued

#### a) Borosi, Nicaragua, Central America – continued

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 no value has been assigned to the Bonus Warrants at the purchase date.

On July 21, 2009, the Company and B2Gold Corp. (“B2Gold”) (TSX:BTO), executed an option agreement whereby B2Gold is entitled to acquire a 51% interest in the Borosi Project 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 (completed). 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. The Company 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.

In October 2010, the Company entered into an amendment to the above agreement with B2Gold, whereby the area of interest covering the Borosi option agreement was reduced. As a result, the Company retained 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 by completing \$8 million in expenditures over an amended five 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.

As at March 31, 2012, a total of \$5,367,817 has been recovered and/or receivable from B2Gold in connection with the exploration and evaluation at Borosi in connection with the joint venture agreement described above. As at March 31, 2012, \$532,196 (December 31, 2011 - \$180,674) of the above amount was included in accounts receivable.

In addition to the above, during the year ended December 31, 2011, the Company entered into an option agreement with Alder, whereby Alder can earn a 65% interest in the 3,356 hectare Rosita D concession located within the Company’s 100%-owned Borosi concessions in northeast Nicaragua. Under the terms of the option agreement, Alder can earn a 65% interest in the Rosita D concession by expending a total of \$4.0 million on exploration and other work on the concession and by issuing to the Company a total of 1,000,000 common shares of Alder over a 4 year period (of which 200,000 shares of Alder has been received by the Company – see Note 5). Alder will be acting as the project operator for all work conducted on the concession during the option period, with the first year exploration commitment being \$500,000. Upon Alder earning a 65% interest in the Property a joint venture will be formed with the Company and Alder being responsible for their pro-rata share of all subsequent project expenditures.

#### b) Point Leamington, Newfoundland, Canada

The Company continues to own and keep in good standing a 100% interest in the Point Leamington mining lease in Newfoundland, Canada, originally acquired in 2004. The mining lease is subject to a 2% net smelter return royalty, which is held by a third party. The Company has no plans for further exploration or evaluation at Point Leamington and intends to focus entirely on its project in Nicaragua. As a result, the Company has written off the historical exploration and evaluation costs associated with the mining lease in Point Leamington, totalling \$1,271,933 during the year ended December 31, 2011.

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# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

### 8. Share Capital

a) *Authorized*

The Company is authorized to issue an unlimited number of common shares.

b) *Stock options*

The Company has a stock option plan (the "Plan"), whereby the Company has reserved a number of common shares for issuance pursuant to the exercise of stock options. On May 26, 2010, the shareholders of the Company approved an amendment to the Plan that increased the number of common shares reserved for issuance under the Plan from 9,620,000 to 18,000,000. The Plan is administered by the Compensation Committee of the Company's Board. Options granted under the Plan will be exercisable at a price not less than the market value of the Company's common shares on the date of grant and granted for a term not to exceed five years from the date of grant. Any options granted under the Plan shall vest based on a periodic vesting schedule as determined by the Compensation Committee. In general, options have been granted to vest 25% immediately and 25% at each six month interval after the date of grant until fully vested.

A summary of the status of the Company's stock options as at March 31, 2012 and changes during the three months then ended is presented below:

	Number of Options	Weighted Average Exercise Price
Outstanding, as at December 31, 2011	12,575,000	\$ 0.15
Granted	4,475,000	0.49
Exercised	(945,000)	0.16
Forfeited and cancelled	(250,000)	0.20
Outstanding, as at March 31, 2012	15,855,000	\$ 0.25
Exercisable, as at March 31, 2012	11,486,250	\$ 0.18

During the three months ended March 31, 2012, the Company granted a total of 4,475,000 stock options to employees, directors, and consultants. The options granted are exercisable at \$0.49 per share and expire on January 25, 2017. The options vest 25% immediately and 25% at each six month interval after the date of grant until fully vested. During the three months ended March 31, 2012, option holders exercised a total of 945,000 options for total gross proceeds of \$154,250. In connection with these exercises, the Company reclassified the fair value of these options previously recorded in the amount of \$128,732 from contributed surplus to share capital.

As at March 31, 2012, stock options exercisable and outstanding are as follows:

Exercise Price	Options Outstanding		Options Exercisable	
	Number	Weighted Average Remaining Contractual Life (yrs.)	Number	Weighted Average Remaining Contractual Life (yrs.)
\$0.15	11,030,000	3.26	10,017,500	3.16
\$0.20	350,000	0.96	350,000	0.96
\$0.49	4,475,000	4.82	1,118,750	4.82
	15,855,000	3.65	11,486,250	3.25

# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

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### 8. Share Capital – continued

#### c) Stock-based compensation

The Company amortizes the total fair value of options granted over the option vesting schedule. Consequently, the total compensation expense recognized for options granted during the three months ended March 31, 2012 or prior periods was \$966,868 (2011 - \$194,404). Of the total compensation recorded, \$790,776 (2011 - \$171,811) was charged to operations expense and \$176,092 (2011 - \$22,593) was capitalized to exploration and evaluation assets.

The fair value of the options granted during the three months ended March 31, 2012 and 2011 has been estimated at the date of grant using the following Black-Scholes option pricing assumptions:

	March 31, 2012	March 31, 2011
Weighted average risk-free interest rate	1.25 %	2.42 %
Weighted average expected option life	5 years	5 years
Weighted average expected stock volatility	142%	131%
Weighted average expected dividend yield	Nil	Nil

The weighted-average fair value of options granted during the three months ended March 31, 2012 was \$0.44.

#### c) Warrants

There was no activity for the three months ended March 31, 2012 to the outstanding warrants of the Company. As at March 31, 2012, the Company had the following warrants outstanding:

Exercise Price	Warrants Outstanding		Warrants Exercisable	
	Number	Weighted Average Remaining Contractual Life (yrs.)	Number	Weighted Average Remaining Contractual Life (yrs.)
\$0.50	5,000,000	1.55	-	-
\$1.00	5,000,000	1.55	-	-
	10,000,000	1.55	-	-

Subsequent to March 31, 2012, the Company amended the terms of the outstanding warrants, see Note 12 for further details.

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# Calibre Mining Corp.

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## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

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### 9. Related Party Transactions

#### a) Related party expenses and balances

The following is a summary of the related party transactions that occurred throughout the three months ended March 31, 2012 and 2011:

	2012	2011
Management fees paid to a director and officer of the Company	\$ 15,000	\$ 15,000
Geological fees paid to an officer of the Company	\$ 30,000	\$ -
Corporate advisory fees paid to a company controlled by two directors	\$ 15,000	\$ -

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.

#### b) Key management personnel compensation

Key management of the Company are directors and officers and their remuneration includes the following:

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Short-term benefits <sup>(i)</sup>	\$ 37,500	\$ 112,500
Share-based payments <sup>(ii)</sup>	\$ 1,221,248	\$ -
Termination benefits <sup>(iii)</sup>	\$ -	\$ -

<sup>(i)</sup> Short-term benefits include salaries and wages.

<sup>(ii)</sup> Share-based payments are the fair value of options granted to key management personnel as at the grant date, which is being amortized over the vesting period.

<sup>(iii)</sup> Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the periods ended March 31, 2012 and 2011.

#### c) Key management commitments

(i) The Company has management employee agreements in place with terms ranging up to three years. The Company may terminate these agreements for any reason (other than by the expiry of the term) with a lump sum payment equal to the key employee's annual compensation. The aggregate annual compensation for senior executive employees of the Company is approximately \$75,000.

(ii) Effective October 1, 2011, the Company engaged Featherstone Capital Inc. to provide corporate development and financial advisory services for a monthly retainer of \$5,000 per month over a twelve month period ending September 30, 2012.

(iii) Effective July 1, 2011, the Company contracted an officer of the Company to act as a geological consultant for the Company. The Company has agreed to a monthly retainer of \$10,000 per month for a term of twelve months ending June 30, 2012.

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# Calibre Mining Corp.

(An Exploration Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

### 10. Commitments

The Company has minimum annual lease commitments for its office premise expiring September 2016. The following schedule details the Company's minimum commitments not discussed elsewhere in these interim consolidated financial statements:

Remainder of 2012	65,000
2013	89,000
2014	89,000
2015	93,000
Thereafter	70,000
	<u>\$ 406,000</u>

### 11. Segmented information

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

As at March 31, 2012

	Canada	Nicaragua	Total
Cash	\$ 777,018	\$ 178,898	\$ 955,916
Other current assets	696,915	18,025	714,940
Property and equipment	53,464	174,507	227,971
Exploration and evaluation assets	-	10,247,717	10,247,717
Total assets	<u>\$ 1,527,397</u>	<u>\$ 10,619,147</u>	<u>\$ 12,146,544</u>

As at December 31, 2011

	Canada	Nicaragua	Total
Cash	\$ 653,589	\$ 8,109	\$ 661,698
Other current assets	185,201	6,164	191,365
Property and equipment	116,706	178,031	294,737
Exploration and evaluation assets	1,229,868	7,218,864	8,448,732
Total assets	<u>\$ 2,185,364</u>	<u>\$ 7,411,168</u>	<u>\$ 9,596,532</u>

The following geographic data denotes net losses based on their country of origin for the three months ended March 31:

	2012	2011
Canada	\$ 1,126,366	\$ 444,130
Nicaragua	31,204	12,806
Net Loss for the Period	<u>\$ 1,157,570</u>	<u>\$ 456,936</u>

# Calibre Mining Corp.

*(An Exploration Stage Company)*

## **Notes to the Condensed Consolidated Interim Financial Statements**

(Expressed in Canadian Dollars - Unaudited)

For the three months ended March 31, 2012 and 2011

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### **11. Subsequent Events**

- a) On May 2, 2012, the Company closed a non-brokered private placement with B2Gold Corp. for gross proceeds of \$5,000,000. The private placement consisted of the Company issuing 20,000,000 units at a price of \$0.25 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles B2Gold to acquire an additional common share at an exercise price of \$0.50 per share until May 2, 2013. No finder's fee was paid in connection with this private placement.
  - b) Subsequent to March 2012, the Company was successful in amending the share purchase agreement dated July 21, 2009 with Yamana Gold Inc. (Note 7a). Under the terms of the amending agreement, the Company is no longer required to pay the Bonus Payment described in Note 7a and in return the Company has agreed to apply to the TSX Venture Exchange for a re-pricing of the Bonus Warrants described in Note 7a such that, upon acceptance by the TSX Venture Exchange, all Bonus Warrants shall be exercisable at \$0.25 per share. In addition, the Company has agreed to remove the vesting conditions and all the Bonus Warrants shall be immediately exercisable.
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