Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

Independent auditor's report

To the shareholders of Calibre Mining Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Calibre Mining Corp. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018 and January 1, 2018, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018 in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of operations and comprehensive income (loss) for the years ended December 31, 2019 and 2018;
- the consolidated statements of financial position as at December 31, 2019 and 2018 and January 1, 2018;
- the consolidated statements of cash flows for the years ended December 31, 2019 and 2018;
- the consolidated statements of changes in equity for the years ended December 31, 2019 and 2018; and
- the notes to the consolidated financial statements, which include a significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Dean Larocque.

(signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia
February 18, 2020

Consolidated Statements of Operations and Comprehensive Income (Loss)

Years Ended December 31, 2019 and 2018

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Notes	2019	2018
Revenue		**$ 57,763**	$ -
Cost of sales			
Production costs	7	**(39,205)**	-
Royalty and production taxes		**(2,157)**	-
Refinery and transportation		**(790)**	-
Depreciation and amortization		**(2,267)**	-
Total cost of sales		**(44,419)**	-
Mine operating income		**13,344**	-
Expenses			
General and administrative	8	**(3,511)**	(1,064)
Share-based compensation	18	**(1,258)**	(146)
Business combination costs	2	**(3,445)**	-
Foreign exchange gain		**84**	60
Total expenses		**(8,130)**	(1,150)
Income (loss) before finance, other items, and taxes		**5,214**	(1,150)
Interest income		**149**	6
Finance expenses	9	**(687)**	-
Other income (expenses)	10	**(508)**	209
Income (loss) before taxes		**4,168**	(935)
Current tax expense	21	**(2,834)**	-
Deferred tax expense	21	**(414)**	-
Net income (loss)		**$ 920**	$ (935)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit and loss:			
Change in available for sale securities		**5**	(2)
Exchange differences on translating foreign operations		**530**	(250)
Comprehensive income (loss)		**$ 1,455**	$ (1,187)
Income (loss) per share - basic and diluted		**$ 0.01**	$ (0.03)
Weighted average number of shares outstanding ***(in thousands)***			
- basic (number)		**105,671**	33,250
- diluted (number)		**111,388**	33,250

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

As at:	Notes	**December 31, 2019**	December 31, 2018	January 1, 2018
			Restated (Note 3)	*Restated (Note 3)*
ASSETS				
Current assets				
Cash and cash equivalents	11	**$ 32,861**	$ 3,493	$ 2,311
Receivables, prepaids and other	12	**3,647**	68	294
Marketable securities		**-**	4	5
Inventories	13	**29,236**	-	-
Total current assets		**65,744**	3,565	2,610
Non-current assets				
Mineral interests, plant and equipment	14	**199,047**	22,060	20,365
Other assets		**393**	-	-
Total assets		**$ 265,184**	$ 25,625	$ 22,975
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		**$ 15,131**	$ 686	$ 783
Income and other taxes payable		**1,367**	-	-
Deferred payment to B2Gold	16	**14,293**	-	-
Current portion of provisions	15	**3,910**	-	-
Current portion of lease liability	5	**116**	-	-
Total current liabilities		**34,817**	686	783
Non-current liabilities				
Provisions	15	**54,217**	-	-
Lease liability	5	**119**	-	-
Deferred tax liability	21	**21,377**	-	-
Total liabilities		**110,530**	686	783
SHAREHOLDERS' EQUITY				
Share capital	18	**165,134**	38,256	35,868
Contributed surplus		**17,301**	15,919	14,373
Foreign currency translation reserve		**2,082**	1,552	1,802
Accumulated other comprehensive loss		**-**	(5)	(3)
Deficit		**(29,863)**	(30,783)	(29,848)
Total shareholders' equity		**154,654**	24,939	22,192
Total liabilities and shareholders' equity		**$ 265,184**	$ 25,625	$ 22,975

APPROVED ON BEHALF OF THE BOARD ON FEBRUARY 18, 2020:

Signed *"Russell Ball"*, DIRECTOR   Signed *"Edward Farrauto"*, DIRECTOR

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

	Notes		2019		2018
Cash provided by operations:					
Net income (loss)		**$**	**920**	$	(935)
Non-cash adjustments					
Stock-based compensation	18		**1,373**		146
Depreciation and amortization			**2,267**		3
Accretion expense	9		**651**		-
Loss on extinguishment of convertible debenture	17		**462**		-
Business combination costs	2		**630**		-
Other			**161**		(54)
Write-down of exploration properties	14		**61**		-
Payments against rehabiliation liabilities	15		**(214)**		
Deferred tax expense	21		**414**		-
Working capital adjustments	19		**12,442**		205
Net cash provided by (used in) operating activities			**19,167**		(635)
Investing activities					
Expenditure on mine development			**(8,604)**		-
Expenditure on property, plant and equipment			**(1,635)**		(7)
Expenditure on exploration assets			**(3,338)**		(1,654)
Cash paid for Nicaragua Assets, net of cash acquired	2		**(52,001)**		-
Net cash used in investing activities			**(65,578)**		(1,661)
Financing activities					
Proceeds from the issue of shares/units	18		**75,324**		3,586
Exercise of share options and warrants	18		**28**		-
Other financing activities			**(138)**		-
Net cash provided by financing activities			**75,214**		3,586
Effect of exchange rate changes on cash			**565**		(108)
Change in cash and cash equivalents			**29,368**		1,182
Cash and cash equivalents, beginning of period			**3,493**		2,311
Cash and cash equivalents, end of period		**$**	**32,861**	$	3,493
Other information					
Interest paid - cash		**$**	**21**	$	-
Taxes paid - cash		**$**	**1,672**	$	-

Supplemental Cashflow Information – Notes 11 and 19

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

Consolidated Statements of Changes in Equity

Years Ended December 31, 2019 and 2018

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Number of Shares *(in thousands)*		Share Capital		Contributed Surplus		Foreign Currency Translation Reserve		Accumulated Other Comprehensive Loss		Deficit		Total
Balances at December 31, 2017	**31,267**	**$**	**35,868**	**$**	**14,373**	**$**	**1,802**	**$**	**(3)**	**$**	**(29,848)**	**$**	**22,192**
Shares issued on private placement (Note 18)	11,422		2,582		1,221		-		-		-		3,803
Share issuance costs on private placement (Note 18)	-		(255)		38		-		-		-		(217)
Shares issued as interest payment (Note 18)	133		61		-		-		-		-		61
Share based compensation (Note 18)	-		-		287		-		-		-		287
Foreign exchange translation	-		-		-		(250)		-		-		(250)
Other comprehensive income	-		-		-		-		(2)		-		(2)
Net loss	-		-		-		-		-		(935)		(935)
Balances at December 31, 2018	**42,822**	**$**	**38,256**	**$**	**15,919**	**$**	**1,552**	**$**	**(5)**	**$**	**(30,783)**	**$**	**24,939**
Shares issued on purchase of Nicaragua Assets (Note 2)	87,987		40,000		-		-		-		-		40,000
Shares issued on private placement (Note 18)	175,256		79,029		-		-		-		-		79,029
Shares issued as finders fees (Note 18)	869		395		-		-		-		-		395
Share issue costs on private placement (Note 18)	-		(4,100)		-		-		-		-		(4,100)
Shares issued as success fees (Note 2)	1,388		630		-		-		-		-		630
Shares issued on acquisition of La Luz Project (Note 14)	2,000		933		-		-		-		-		933
Shares issued on conversion of debenture (Note 17)	17,618		9,945		-		-		-		-		9,945
Exercise of options	75		43		(17)		-		-		-		26
Exercise of warrants	6		3		(1)		-		-		-		2
Share based compensation	-		-		1,400		-		-		-		1,400
Foreign exchange translation	-		-		-		530		-		-		530
Other comprehensive income	-		-		-		-		5		-		5
Net income	-		-		-		-		-		920		920
Balances at December 31, 2019	**328,021**	**$**	**165,134**	**$**	**17,301**	**$**	**2,082**	**$**	**-**	**$**	**(29,863)**	**$**	**154,654**

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

1. NATURE OF OPERATIONS

Calibre Mining Corp. (individually, or collectively with its subsidiaries, as applicable, "Calibre" or the "Company") is a multi-asset gold producer with a portfolio of exploration and development opportunities on a significant land package in Nicaragua. The Company is incorporated under the laws of British Columbia, Canada and maintains its corporate head office at Suite 413 – 595 Burrard Street, P.O. Box 49167, Vancouver, British Columbia, Canada, V7X 1J1. As at December 31, 2019, the Company's common shares were listed on the Toronto Stock Exchange ("TSX") in Canada under the ticker symbol *CXB* (prior to October 21, 2019, the Company's common shares were listed on the TSX Venture Exchange in Canada under the same symbol). Effective November 22, 2019, Calibre also began trading in the United States on the premium OTCQX Best Market, under the ticker symbol *CXBMF*.

On October 15, 2019, the Company completed a purchase of two gold producing mines located in Nicaragua from B2Gold Corp. ("B2Gold"), while also maintaining and increasing its portfolio of exploration concessions in Nicaragua. The details of the transaction are discussed below.

2. ACQUISITION OF NICARAGUA ASSETS

On October 15, 2019, the Company acquired a 100%-interest in the El Limon and La Libertad gold mines, the Pavon gold project and additional mineral concessions in Nicaragua (collectively, the "Nicaragua Assets") from B2Gold. The purchase price was paid in a combination of cash, common shares, a convertible debenture, a working capital adjustment payable in cash, and a $10 million deferred cash payment, or at the option of B2Gold, all or a portion of which can be settled in common shares of Calibre (under certain specific circumstances further discussed below), which is payable one year from the date of closing (the "Transaction"). The following provides specific details on each of the cash and non-cash components of the purchase price, as well as a table outlining the purchase price allocation, which also includes information on the fair value of each component discussed in the notes of these consolidated financial statements.

(i) Paid B2Gold $40 million in cash upon closing;

(ii) Issued 88 million common shares on closing to B2Gold, priced at CAD $0.60 per share (which equals the price of the concurrent private placement completed in conjunction with the Transaction), using an exchange rate of US to CAD of $1 to $1.32 and equating to $40 million in value;

(iii) Issued a $10 million convertible debenture (the "Debenture"). The principal amount owing under the Debenture bore interest at 2% per annum and was payable in cash on October 15, 2021 (the "Maturity Date") provided that (i) at any time prior to the close of business on the last business day immediately preceding the Maturity Date, the Debenture can be convertible at the option of B2Gold, at a conversion price equal to CAD $0.75; and (ii) in the event that prior to the Maturity Date the volume weighted average price of the Calibre Shares is equal to or greater than CAD $0.81 for 10 consecutive trading days on a recognized North American stock exchange on which the majority of Calibre's trading occurs, Calibre can force conversion of the Debenture. The Debenture was a direct, unsecured obligation of Calibre, ranking equally with all other existing and future unsecured indebtedness of Calibre and was a non-voting security.

    During Q4 2019, Calibre forced conversion of the Debenture, under the terms of the agreement, paying all interest incurred to date and eliminating the total outstanding principal amount through the issuance of 17.6 million common shares. As at December 31, 2019, there were no amounts owing and no obligations under the terms of this Debenture.

2. ACQUISITION OF NICARAGUA ASSETS - *continued*

(iv) $10 million payable to B2Gold in cash, October 15, 2020. Under the terms of an amendment to the Transaction agreement, B2Gold maintains a right to convert, all or a portion of the deferred payment into common shares of the Company, in order to allow B2Gold's equity ownership of Calibre to be no less than 31%. The option to convert the outstanding amount can only be made immediately prior to the deferred payment due date (being October 15, 2020) and can only be exercised if B2Gold's equity ownership in Calibre is less than 31% at that time. The price of the conversion is based on a 5-day volume weighted average price of Calibre's common shares immediately prior to the deferred payment due date; and

(v) Pursuant to the terms of the Transaction agreement, the Company agreed to reimburse B2Gold for the value of certain current assets acquired in the Transaction (defined under the term of the agreement as the "Closing Adjustment Cash"). The current assets for which payment included the total value ("Estimated Statement") of the following:

- Cash and cash equivalents;
- Accounts receivable (less a reasonable allowance for doubtful accounts);
- Prepaid expenses and deposits; and
- Specified inventory, which include inventory-in-circuit, gold and silver doré, and refined gold and silver (valued based on the payable metal at spot prices).

Pursuant to the terms of the agreement, Calibre was required to pay B2Gold the Closing Adjustment Cash within 15 business days following the closing date, provided that, if the Closing Adjustment Cash exceeds $12 million plus the amount of cash shown on the on the Estimated Statement, Calibre is permitted to defer a portion of the Closing Adjustment Cash above $12 million (plus the amount of $0.8 million shown on the Estimated Statement in cash) and add such excess to the deferred consideration discussed in (iv) above.

The total Closing Adjustment Cash was determined to be $18.4 million and as a result, Calibre made a cash payment of $12.8 million in accordance with the terms of this adjustment clause, while the remaining $5.6 million cash payment is being deferred and payable October 15, 2020 and is non-interest bearing.

Following the completion of the Transaction and the conversion of the Debenture discussed above, B2Gold maintains an approximate 34% equity interest in Calibre as at February 18, 2020.

The Company has determined that this acquisition is a business combination for accounting purposes under IFRS 3, *Business Combinations*. A business combination requires that the assets and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs, and management considers this acquisition to qualify as such.

The purchase price allocation resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. The determination of fair value involves making estimates relating to acquired assets and liabilities, property and equipment, mine restoration provisions, and mineral property interests and was determined based on third party appraisals, discounted cash flow models, quoted market prices, and other research data at the date of acquisition, as deemed appropriate.

2. ACQUISITION OF NICARAGUA ASSETS - *continued*

The following table summarizes the fair value of the consideration paid and the preliminary fair values of identified assets and liabilities recognized as a result of the Transaction.

Fair Value of Consideration Paid		
Cash paid	$	40,000
Common shares issued		40,000
Deferred payment and working capital adjustment (Note 16)		27,000
Fair value of convertible debenture (Note 17)		8,699
Fair value of embedded derivative in convertible debenture (Note 17)		722
	$	116,421

Fair Value of Identified Assets Acquired and Liabilities Assumed		
Assets		
Cash and cash equivalents	$	832
Receivables, prepaids, and deposits		3,145
Inventories		41,209
Plant, equipment, and mineral interests		165,154
Other long-term assets		516
Total Assets		210,856
Liabilities		
Accounts payables and accrued liabilities		16,251
Current income and other taxes payable		296
Asset retirement obligations		47,980
Employee benefits obligations		8,945
Deferred income tax liabilities		20,963
Total Liabilities		94,435
Net assets acquired	$	116,421

The Company did not identify any contingent assets as part of the Transaction. Details of contingent liabilities are discussed in Note 23.

Business combination costs, including advisory, legal, regulatory and other professional fees, and success fees payable on completion of the transaction totaled $3,445, which was expensed in the statements of operations for the year ended December 31, 2019. As part of the business combination costs, the Company issued a total of 1.4 million common shares as a success fee paid at the time of closing of the Transaction with a total fair value of $630.

The acquired business contributed revenues of $57.8 million and a net profit of $9.9 million to the Company for the period from October 15, 2019 to December 31, 2019. If the acquisition had occurred on January 1, 2019, consolidated pro-forma revenue and profit for the year ended December 31, 2019 would have been $221.4 million and $21.5 million, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant, and equipment and intangible assets had applied from January 1, 2019.

3. BASIS OF PRESENTATION

Statement of Compliance and Basis of Presentation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The accounting policies applied in these consolidated financial statements are presented in Notes 4 and 5 and have been applied consistently to all years presented, unless otherwise noted.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

The consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. Measurement bases are more fully described in the accounting policies below. The financial statements were authorized for issue by the Company's Board of Directors on February 18, 2020.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed to variable returns and has the ability to affect those returns through power to direct the relevant activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries will be de-consolidated from the date that control ceases. The Company's subsidiaries names, percentage ownership, and principal activities are presented below.

Subsidiary	Percentage Ownership	Principal Activity
Calibre owned for the years ended December 31, 2019 and 2018		
CXB Belize Limited	100%	Holding Company
CXB Nicaragua, S.A.	100%	Mineral Exploration
Calibre Mining S.A.	100%	Mineral Exploration
Adobe Capital and Trading	100%	Holding Company
Acquired pursuant to the Transaction effective October 15, 2019		
Minera Glencairn S.A.	100%	Mineral Exploration
Central American Mine Holdings Limited	100%	Holding Company
Mineralies Nueva Esparanza S.A. *(owner of the Pavon Gold Project)*	100%	Mineral Exploration
Triton Minera S.A. *(owner of the El Limon Gold Mine)*	100%	Gold Production
Desarrollo Minero de Nicaragua S.A. *(owner of the La Libertad Gold Mine)*	100%	Gold Production

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3. BASIS OF PRESENTATION - *continued*

Presentation Currency

During the year ended December 31, 2019, the Company changed its presentation currency to US dollars ("USD") from Canadian dollars ("CAD"). This change in presentation currency was made to better reflect the Company's current Company activities and acquisition of the operating mines in Nicaragua as described in Note 2. The Company applied the change to USD presentation currency retrospectively and restated the comparative financial information as if the new presentation currency had always been the Company's presentation currency in accordance with the guidance in International Accounting Standard ("IAS") IAS 21 and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The Company's current subsidiaries, including all its exploration entities, have the US dollar as their functional currency so their functional currency financial statement amounts have been carried forward into the consolidated results. The functional currency of the parent company is the Canadian dollar.

The financial statements of entities with a functional currency of CAD have been translated in accordance with IAS 21, as follows:

- Assets and liabilities presented and previously reported in CAD have been translated into US dollars using period end exchange rates;
- For equity, Management has opted to translate the balance as at January 1, 2018 (Opening balance sheet) at the period end exchange rate. All equity transactions post January 1, 2019 are translated using prevailing historical exchange rates;
- Other components of equity have been translated using historical foreign exchange rates in effect on the date that transactions occurred;
- Consolidated statements of income and other comprehensive income have been translated using the applicable average foreign exchange rates prevailing during the periods presented; and
- Resulting exchange differences have been recorded within the foreign currency translation reserve accounts.

4. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are classified as financial assets and subsequently measured at amortized cost.

Business Combinations

This accounting policy was newly adopted by Calibre at the time of the acquisition of the Nicaragua Assets.

The acquisition method of accounting is used to account for the business combination. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Transaction costs, other than those associated with the issue of debt or equity securities, which the business incurs in connection with a business combination, are expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Business Combinations - *continued*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized as profit immediately.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Company's incremental borrowing rate, being the rate of which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Foreign Currency Translation

Items included in the financial statements of each of the subsidiaries of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These consolidated financial statements are presented in United States dollars. The functional currency of the parent company is the Canadian dollar. The Company's mining operations operate primarily within an economic environment where the functional currency is the United States dollar.

Transactions denominated in foreign currencies are translated into the United States dollar as follows:

- Monetary assets and liabilities are translated at the rates of exchange at the balance sheet date;
- Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date;
- Revenue and expenses are translated at the average exchange rate for the period or the exchange rate at the date of the transaction, if appropriate, except depreciation and amortization, which are translated at historical exchange rates, and share-based payments expense, which is translated at the rates of exchange applicable at the date of grant of the share-based payments; and
- Exchange gains and losses on translation are included in earnings.

For any entity whose functional currency differs from the United States dollar, foreign currency balances and transactions are translated into the United States dollar as follows:

- Assets and liabilities are translated at the rates of exchange at the balance sheet date;
- Revenue and expenses are translated at average exchange rates throughout the reporting period or at rates that approximate the actual exchange rates; items such as depreciation are translated at the monthly average exchange rate; and
- Exchange gains and losses on translation are included in Other Comprehensive Income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. The exchange gains and losses are recognized in earnings upon the substantial disposition, liquidation or closure of the entity that gave rise to such amounts.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Inventories

This accounting policy was newly adopted by Calibre at the time of the acquisition of the Nicaragua assets.

Inventory includes work in progress inventory in the form of stockpiled ore and in-circuit inventory, finished goods inventory, and materials and supplies. Cost of materials and supplies inventory include acquisition, freight and other directly attributable costs. Cost of work in progress inventory and finished goods includes all direct costs incurred in production including direct labour and material, freight, depreciation and amortization of plant and equipment using in the production process, amortization of acquisition cost and directly attributable overhead costs. General and administrative costs for the corporate office are not included in any inventories. All inventories are valued at the lower of cost and net realizable value, with net realizable value determined with reference to market price, less estimated future production costs to convert inventories into saleable form. If carrying value exceeds net realizable value, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused the write-down no longer exist.

- Stockpiled ore represents unprocessed ore that has been mined and is available for future processing. Stockpiled ore is measured by estimating the number of tonnes through physical surveys and contained ounces through grade reconciliation via the ore control process.
- In-circuit inventory represents material that is currently being processed to extract the contained gold into a saleable form, typically unrefined doré. The amount of gold in-circuit is determined by assay values and by measure of the various gold bearing materials in the recovery process.
- Finished goods inventory is saleable gold in the form of doré bars that have been poured.
- Materials and supplies inventories consist mostly of equipment parts and other consumables required in the mining and ore processing activities.

Mining Interests

Mining interests include property, plant and equipment, mineral properties and mine development costs, deferred stripping, exploration and evaluation expenditures, and capitalized borrowing costs.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment charges. All repairs and maintenance expenditures are charged to profit or loss, except for major improvements and replacements which are capitalized, if they extend the useful life of an asset. Property, plant and equipment are depreciated using the straight-line method at rates sufficient to depreciate such capitalized costs over the estimated production lives of such facilities. The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Mining Interests - *continued*

Mineral properties and mine development costs

This accounting policy was newly adopted by Calibre at the time of the acquisition of the Nicaragua assets.

Mineral properties and mine development costs are stated at cost less accumulated depreciation and impairment losses. When production commences, these costs are amortized using the units of production ("UOP") method, based on recoverable ounces from the estimated proven and probable reserves and a portion of measured and indicated resources that are reasonably expected to be converted to proven and probable reserves.

Capitalization of costs incurred ceases when the mining property is capable of commencement of mining operations in the manner intended by management. Costs incurred prior to this point, including depreciation of related plant and equipment, are capitalized. The Company applies judgment in its assessment of when a mine is capable of operating in the manner intended by management which takes account of the design of the mine and the nature of the initial commissioning phase of the mine.

Non-recoverable costs for projects determined not to be commercially feasible are expensed in the period in which the determination is made or when the carrying value of the project is determined to be impaired.

Deferred stripping

This accounting policy was newly adopted by Calibre at the time of the acquisition of the Nicaragua assets.

Stripping costs incurred during the production phase of a mine are considered production costs and are included in the cost of inventory produced during the period in which stripping costs are incurred, unless the stripping activity can be shown to be a betterment of the mineral property. Betterment occurs when stripping activity increases future output of the mine by providing access to additional reserves. Stripping costs incurred to prepare the ore body for extraction are capitalized as mine development costs and are amortized on a UOP basis over the reserves and a portion of measured and indicated resources that are reasonably expected to be converted to proven and probable reserves.

Exploration and Evaluation Expenditures

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties as exploration and evaluation until the properties are placed in production, abandoned, sold or considered to be impaired in value. Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, exploration and evaluation expenditures are reclassified to "mineral properties and mine development costs". If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. Exploration costs that do not relate to any specific property are expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Mining Interests - *continued*

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as but not limited to:

- The extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document;
- The results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study;
- The status of environmental permits; and
- The status of mining leases or permits.

In addition, commercial viability is deemed to be achieved when the Company determines that the project will provide a satisfactory return relative to its perceived risks. Ore reserves and resources may be declared for an undeveloped mining project before its commercial viability has been fully determined. Evaluation costs may continue to be capitalized during the period between declaration of reserves and approval to mine as further work is undertaken in order to refine the development case to maximize the project's returns.

Borrowing costs

This accounting policy was newly adopted by Calibre at the time of the acquisition of the Nicaragua assets.

Borrowing costs attributable to the acquisition or construction of qualifying assets that take a substantial period of time to make ready for their intended use are added to the cost of the assets, until such time as the assets are substantially complete and ready for their intended use. The amount of borrowing costs capitalized cannot exceed the actual amount of borrowing costs incurred in a period. All other borrowing costs are expensed in the period in which they are incurred.

Impairment of Non-Current Assets

The carrying amounts of non-current assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded as an expense in the statements of income or loss.

The recoverable amount is the higher of an asset's "fair value less costs of disposal" and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined. "Fair value less costs of disposal" is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to the present value, assumptions used are those that an independent market participant would consider appropriate. In assessing "value-in-use", the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Impairment of Non-Current Assets - *continued*

Impairment losses are evaluated for potential reversals when events or circumstances warrant such consideration. Where an impairment loss is subsequently reversed, the amount of such reversal is limited such that, the revised carrying amount of the asset or cash-generating unit does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in the prior years. A reversal of an impairment loss is recognized as a gain in the statement of operations.

Mine Restoration Provision

Future obligations to retire an asset including site closure, dismantling, remediation and ongoing treatment and monitoring are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk-free rate in the accounting period when the related environmental disturbance occurs. The measurement determination is based on estimated future cash flows, the current risk-free discount rate, and an estimated inflation factor. The value of restoration provisions is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the risk-free interest rate. The liability is added to the carrying amount of the associated asset, and this additional carrying amount is depreciated over the life of the asset. The liability is accreted to full value over time through periodic charges to earnings. This unwinding of the discount is expensed in the statements of operations. As reclamation work is performed or liabilities are otherwise settled, the recorded amount of the liability is reduced.

Other Provisions

This accounting policy was adopted by Calibre at the time of the acquisition of the Nicaragua assets.

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognized for future operating losses. Provisions are based on the most reliable information available at the reporting date, including the risks and uncertainties associated with the current best estimate. If the effect is material, provisions may be determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Current and Deferred Income Taxes

Income tax comprises of current and deferred tax. Income tax is recognized in the statements of income or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is reversed. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Share Capital

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

Share-Based Payments

Stock options

The grant date fair value of the estimated number of stock options awarded to employees, officers and directors that will eventually vest, is recognized as share-based compensation expense over the vesting period of the stock options with a corresponding increase to equity. The grant date fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes option-pricing model and is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest and adjusts the amount of recorded compensation expense accordingly. The impact of the revision of the original estimates, if any, is recognized in net income (loss) or capitalized in mining properties such that the accumulated expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. The share-based payment cost is recognized in net income (loss) or capitalized in mining properties (for options granted to individuals involved on specific projects).

For transactions with non-employees, the fair value of the equity settled awards is measured at the fair value of the goods or services received, at the date the goods or services are received by the Company. In cases where the fair value of goods or services received cannot be reliably estimated, the Company estimates the fair value of the awards at the date of grant.

Other equity-based awards

Pursuant to the terms of the its stock option plan, the Company can grant Restricted share units ("RSUs"), Deferred share units ("DSUs"), and Performance share units ("PSUs") (collectively, the "Share Unit Awards") to any director, officer, employee or consultant who is eligible to receive an award under the stock option plan and under the terms ascribed by the Board of Directors. Each Share Unit Award granted is exercisable into common shares for no additional consideration after the vesting conditions, as specified by the Board. The Share Unit Awards can be settled in cash or equity at the option of the Company. As the Company intends to settle any vested Share Unit Award through the issuance of common shares, Calibre has accounted for these awards as equity-settled instruments.

Share Unit Awards are measured at fair value on the date of grant and the corresponding share-based compensation is recognized over the vesting period in net earnings or capitalized in mining properties (granted to individuals on specific projects). This accounting policy was adopted by Calibre at the time of the acquisition of the Nicaragua assets.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Revenue

This accounting policy was adopted by Calibre at the time of the acquisition of the Nicaragua assets.

Gold revenue is recognized when the control of the commodity is transferred, which coincides with the delivery of the commodity to the customer, the sales price is reasonably determinable, and collectability is reasonably assured. Gold revenue is measured based on the price specified in the sales contract at the time of sale. Silver revenue is accounted for as a by-product and is recorded as a credit to operating costs.

Earnings per Share

Earnings per share ("EPS") is calculated based on the weighted average number of common shares issued and outstanding during the year. Contingently issuable shares are treated as outstanding and are included in the calculation of basic earnings (loss) per share only from the date when all necessary conditions are satisfied. Shares that are issuable solely after the passage of time are not contingently issuable shares, because the passage of time is a certainty. PSUs are treated as a contingently issuable shares as their issue is contingent upon satisfying specified conditions in addition to the passage of time.

Diluted EPS is calculated using the treasury stock method and if converted method, as applicable. Under the treasury stock method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive. The if-converted method is used in assessing the dilution impact of convertible notes and assumes that all convertible notes have been converted in determining diluted EPS if they are in-the-money except where such conversion would be anti-dilutive.

Leases

Effective January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to the statements of operations over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Leases - *continued*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of loss. Short-term leases are leases with a lease term of 12 months or less.

Certain leases contain variable payment terms. Variable lease payments are recognized in the statement of loss in the period in which the condition that triggers those payments occurs.

Prior to January 1, 2019, the determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date. Leases in which substantially all the risks and rewards of ownership are transferred to the Company were classified as finance leases. The leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases were classified as operating leases and are not recognized in the statement of financial position.

Also, prior to January 1, 2019, payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of operations on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

Financial Instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, according to their contractual cash flow characteristics and the business models under which they are held. The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial Instruments - *continued*

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVPL. Financial assets classified as amortized cost are subsequently measured at amortized cost using the effective interest method. Cash, restricted cash, receivables and certain other assets are classified as and measured at amortized cost.

Financial assets at FVOCI

Financial assets that are debt instruments are measured at fair value through OCI if they are held for the collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. The Company initially recognizes these financial assets at their fair value with subsequent changes to fair values recognized in OCI. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of operations. On initial recognition of an equity investment, an irrevocable election is available to measure the investment at fair value through other comprehensive income, wherein changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the statement of operations on derecognition. The election is available on an investment-by-investment basis.

Financial assets at FVTPL

Financial assets are measured at FVTPL if they do not qualify as financial assets at amortized cost or fair value through OCI. The Company initially recognizes these financial assets at their fair value with subsequent changes to fair values recognized in the statement of operations.

Financial liabilities

Financial liabilities are classified and subsequently measured at amortized cost unless they are required to be measured at FVTPL. Financial liabilities at FVPL are measured at fair value and with subsequent changes in fair values recognized in the statement of operations. Accounts payable and accrued liabilities, debt, and provisions are classified as and measured at amortized cost.

Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are recorded in the statement of operations.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial Instruments - *continued*

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models. Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

Level 1 - fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost and fair value through OCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, Financial Instruments ("IFRS 9"), which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Derecognition of financial assets and liabilities

A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate.

A financial liability is derecognized when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of operations.

5. ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16 – *Leases* ("IFRS 16")

On January 1, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16") using a modified retrospective approach. Under the modified approach, the Company is not required to restate comparatives for the 2018 reporting period and it applied the standard prospectively.

Practical expedients applied

On adoption, the Company used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- account for lease payments as an expense and not recognize a right-of-use ("ROU") asset if the underlying asset is of low dollar value; and
- account for leases with a remaining lease term of less than 12 months as at January 1, 2019, as short-term leases.

Leasing activities and policies

In our Nicaraguan operations, payments totaling $0.1 million relating to short-term leases (those with a term of 12 months or less at December 31, 2019) and $7.0 million relating to variable lease payments (including both lease and non-lease components) have been expensed in the statement of operations during the period of October 15, 2019 to December 31, 2019. An additional $1.9 million relating to variable lease payments (including both lease and non-lease components) was capitalized as part of plant and equipment during the period of October 15, 2019 to December 31, 2019.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Company recognized a lease liability in relation to its office lease which had previously been classified as 'operating leases' under the principles of IAS 17. This liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 12%. The change in accounting policy affected the following items in the Consolidated Balance Sheet on January 1, 2019:

- ROU asset – increased by $305 due to the adoption of IFRS 16; and
- Lease liability – increased by $305 due to the adoption of IFRS 16.

5. ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16 – *Leases* (“IFRS 16”) *- continued*

Reconciliation of commitments to lease liability

The following table provides a reconciliation of the commitments as at December 31, 2018 to the Company’s lease liabilities as at January 1, 2019 and December 31, 2019.

Disclosed commitments as at December 31, 2018	$	387
Impact of discounting		(82)
Lease liability as at January 1, 2019		305
Lease payments		(103)
Amortization of discount		33
		235
Current portion of lease liability		(116)
Lease liability as at December 31, 2019	$	119

The difference between the total contractual undiscounted cash flows related to lease payments to lessors and the carrying amount of the lease liability is the amortization of the discount related to the lease liability.

IFRIC 23 – *Uncertainty over Income Tax Treatments* (“IFRIC 23”)

On June 7, 2017, the IASB issued IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company has adopted the Interpretation in its financial statements for the annual period beginning on January 1, 2019 and has determined that there is no material impact or disclosures required.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, disclosure of commitments and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from these estimates.

The significant judgements and estimates used in the preparation of the audited consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and earnings within the next financial year include:

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS - *continued*

Purchase Price Allocation

Applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition date fair value. The determination of the acquisition date fair values require management to make assumptions and estimates about future events. The assumptions and estimates relating to determining the fair value of property, plant and equipment, mineral interests, mine restoration provisions and other assets acquired and liabilities assumed generally requires a high degree of judgement, and include estimates of mineral reserves acquired, future metal prices, discount rates, collectability of receivables, and completeness of payables and other liabilities. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could affect the amounts assigned to assets and liabilities in the purchase price allocation. The determination of fair value was determined based on third party appraisals, discounted cash flow models, quoted market prices, and other research data at the time of acquisition where available.

Impairment of Non-Current Assets

Non-current assets are tested for impairment at the end of each reporting period if, in management's judgement, there is an indicator of impairment. If there are indicators, management performs an impairment test on the major assets in this category.

In addition, the application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is probable that future economic benefits are likely, either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable mine can be established. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

Mineral Reserves and Resources

The Company estimates its Mineral Reserves and Mineral Resources based on information compiled by qualified persons as defined in accordance with NI 43-101, *Standards of Disclosure for Mineral Projects*, issued by the Canadian Securities Administrators. Mineral Reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties.

There are numerous estimates in determining Mineral Reserves and Mineral Resources. Such estimation is a subjective process, and accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Changes to management's assumptions and judgements made in estimating the size and grade of the ore body, metallurgical assumptions made in estimating recovery of the ore body, including economic estimates of commodity prices, production costs, future capital requirements, and exchange rates, will impact Mineral Reserve and Mineral Resources estimates.

These estimates and assumptions valid at the time of estimation may change significantly when new information becomes available. This may result in a change of the economic status of the Mineral Reserve and may ultimately result in Mineral Reserves being revised.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS - *continued*

Mineral Reserves and Resources - *continued*

Changes in the Mineral Reserve or Mineral Resource estimates may impact the carrying value of mineral properties, plant and equipment, the calculation of depreciation expense, asset retirement obligations, and the recognition of deferred tax amounts.

Mineral reserve and mineral resource estimates are used in depreciation and Deferred stripping computations which requires judgement.

Value-Added Tax Receivables

The Company incurs indirect taxes, including value-added tax, on purchases of goods and services at its operating mines and development projects. Indirect tax balances are recorded at their estimated recoverable amounts within current or long-term assets, net of provisions, and reflect the Company's best estimate of their recoverability under existing tax rules in the respective jurisdictions in which they arise. Management's assessment of recoverability considers the probable outcomes of claimed deductions and/or disputes. The provisions and balance sheet classifications made to date may be subject to change and such change may be material.

Deferred Income Taxes and Valuation Allowances

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur.

Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, market gold prices, production costs, quantities of proven and probable gold reserves, interest rates and foreign currency exchange rates.

Inventory Valuation

Finished goods, in-circuit inventory and stockpile ore are valued at the lower of costs and net realizable value. The assumptions used in the valuation of inventories include estimates of the amount of gold in the mill circuit and in the stockpile and an assumption of the gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in process inventories and finished gold inventory, which would reduce earnings and working capital.

Mine Restoration Provision

Management assesses the asset retirement obligations on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs required based on the existing laws and regulations in the jurisdiction the Company operates in, the timing of these expenditures, and the impact of changes in the discount rate. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and / or regulatory requirements in the future.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS - *continued*

Commercial Production

The determination of the date on which a mine enters the commercial production stage is a significant judgement since capitalization of certain costs ceases and the recording of expenses commences upon entering commercial production. This continues until the mine is available for use in the manner intended by management, which requires significant judgement.

Other Estimates

Other estimates which could materially impact the financial statements include estimated useful lives of property, plant, and equipment.

7. PRODUCTION COSTS

	December 31, 2019	December 31, 2018
Raw materials and consumables	**$ 8,510**	$ -
Salaries and employee benefits	**7,189**	-
Contractors	**5,707**	-
Electricity	**4,356**	-
General and administrative	**1,455**	-
Community relations	**458**	
Other	**897**	-
Silver by-product credit	**(1,362)**	-
Change in inventories	**11,995**	-
	$ 39,205	$ -

8. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2019	December 31, 2018
Salaries, wages and benefits	**$ 2,018**	$ 203
Professional fees	**233**	83
Consulting fees	**264**	440
Corporate administration and office	**899**	335
Depreciation	**97**	3
	$ 3,511	$ 1,064

9. FINANCE EXPENSES

	2019	2018
Interest expense	**$ 36**	$ -
Accretion on convertible debenture	**83**	-
Accretion of mine restoration provision	**167**	-
Accretion of employee benefit obligations	**73**	
Accretion on deferred payment	**328**	-
	$ 687	$ -

10. OTHER INCOME (EXPENSES)

	December 31, 2019	December 31, 2018
Loss on disposal of assets	**$ (64)**	$ -
Loss on settlement of convertible debenture	**(462)**	-
Loss on write-down of mineral interests	**(61)**	-
Other expenses	**(54)**	-
Other income	**133**	209
	$ (508)	$ 209

11. CASH AND CASH EQUIVALENTS

	December 31, 2019	December 31, 2018
Cash	**$ 32,861**	$ 500
Short-term deposits	**-**	2,993
	$ 32,861	$ 3,493

As at December 31, 2019, the Company held $17,988 of cash and cash equivalents (December 31, 2018 - $505) with a denomination of US dollars, $14,633 (December 31, 2018 - $2,988) with a denomination of Canadian dollars, and the remaining $240 (December 31, 2018 - $Nil) with a denomination of Nicaraguan Cordoba.

12. RECEIVABLES, PREPAIDS AND OTHER CURRENT ASSETS

	December 31, 2019	December 31, 2018
Receivables	**$ 553**	$ -
Value added and other recoverable taxes	**1,271**	9
Prepaid expenses and deposits	**1,223**	59
Supplier and employee advances	**500**	-
Other current assets	**100**	-
	$ 3,647	$ 68

Value added and other recoverable taxes include Canadian goods and services tax and Nicaraguan value added tax ("VAT") recoverable. The Company has VAT receivable from the Nicaraguan government totaling $1,271 (December 31, 2018 - $Nil). Nicaraguan VAT receivable may be used to offset other taxes payable including income and payroll taxes. Historically, the operations have experienced delays in receiving payment or confirmation of offset against other taxes and on some occasions, VAT receivable claims have been denied.

13. INVENTORIES

	December 31, 2019	December 31, 2018
Finished goods - gold and silver doré	**$ 202**	$ -
In-circuit	**5,069**	-
Ore stockpiles	**1,445**	-
Materials and supplies	**22,520**	-
	$ 29,236	$ -

The amount of depreciation included in inventory as at December 31, 2019 was $804 (December 31, 2018 - $Nil). During 2019, the Company recorded a net realizable value adjustment of $Nil with respect to the carrying value of certain gold bullion and in-process inventory balances related to El Limon and La Libertad mines.

The amount of production costs that was inventoried in gold doré, gold-in-circuit, ore stockpiles ("metal inventory"), was $31,838 in 2019.

14. MINING INTERESTS, PLANT AND EQUIPMENT

Cost	**Mineral Interests**	**Exploration and Evaluation assets**	**Property, plant and equipment**	**Total**
Balance as at January 1, 2018	$ -	$ 20,132	$ 491	$ 20,623
Additions	-	4,642	6	4,648
Recovery on costs and option payments	-	(2,936)	-	(2,936)
Balance as at December 31, 2018	-	21,838	497	22,335
Nicaraguan assets acquired on October 15, 2019	102,529	10,818	51,807	165,154
Additions	-	5,598	10,318	15,916
Disposals	-	-	(93)	(93)
Change in mine restoration provision	-	-	972	972
Write-down of asset	-	(61)	-	(61)
Recovery on costs and option payments	-	(1,802)	-	(1,802)
Balance as at December 31, 2019	$ 102,529	$ 36,391	$ 63,501	$ 202,421
Accumulated depreciation and amortization				
Balance as at January 1, 2018	$ -	$ -	$ 255	$ 255
Depreciation and amortization	-	-	20	20
Balance as at December 31, 2018	-	-	275	275
Depreciation and amortization	1,843	-	1,349	3,192
Disposals	-	-	(93)	(93)
Balance as at December 31, 2019	$ 1,843	$ -	$ 1,531	$ 3,374
Net carrying amounts				
Balance as at December 31, 2018	$ -	$ 21,838	$ 222	$ 22,060
Balance as at December 31, 2019	$ 100,686	$ 36,391	$ 61,970	$ 199,047

Property, plant and equipment includes $305 for Right of use asset related to the Vancouver corporate office with a net book value of $214.

14. MINING INTERESTS, PLANT AND EQUIPMENT - *continued*

For the years ended December 31, 2019 and 2018, the Company completed its impairment analyses in accordance with the requirements under IAS 36 and no impairment losses were recorded.

The following table provides a continuity schedule which details mineral interests for the years ended December 31, 2019. No amounts were outstanding for the year ended December 31, 2018.

	Cost			Accumulated Amortization			
	December 31, 2018	Assets Acquired	December 31, 2019	December 31, 2018	Amortization	December 31, 2019	Net Book Value
El Limon	$ -	$ 76,414	$ 76,414	$ -	$ 1,185	$ 1,185	$ 75,229
La Libertad	-	26,115	26,115	-	658	658	25,457
	$ -	$ 102,529	$ 102,529	$ -	$ 1,843	$ 1,843	$ 100,686

The following table provides a continuity schedule which details exploration and evaluation assets for the years ended December 31, 2019 and 2018.

	December 31, 2018	Assets acquired	Additions	Recoveries and option payments	Costs reclassified	Disposals	December 31, 2019
Pavon and other regional	$ -	$ 10,818	$ 250	$ -	$ -	$ -	$ 11,068
El Limon	-	-	495	-			495
La Libertad	-	-	936	-			936
Borosi - 100% Calibre owned	15,644	-	2,335	-	426	(61)	18,344
Eastern Borosi - IAMGOLD option	5,263	-	1,555	(1,731)	-	-	5,087
Eastern Borosi - Centerra option	497	-	-	(71)	(426)	-	-
Other	434	-	27	-	-	-	461
	$ 21,838	$ 10,818	$ 5,598	$ (1,802)	$ -	$ (61)	$ 36,391

	December 31, 2017	Assets Acquired	Additions	Recoveries and option payments	Costs reclassified	Disposals	December 31, 2018
Borosi - 100% Calibre owned	$ 14,204	$ -	$ 1,440	$ -	$ -	$ -	$ 15,644
Eastern Borosi - IAMGOLD option	5,226	-	2,080	(2,043)	-	-	5,263
Eastern Borosi - Centerra option	294	-	1,096	(893)	-	-	497
Other	408	-	26	-	-	-	434
	$ 20,132	$ -	$ 4,642	$ (2,936)	$ -	$ -	$ 21,838

The following table provides a continuity schedule which details property, plant and equipment for the years ended December 31, 2019 and 2018:

14. MINING INTERESTS, PLANT AND EQUIPMENT – *continued*

	El Limon	La Libertad	Borosi - Calibre 100%-owned	Corporate	Total
Cost					
Balance as at January 1, 2018	$ -	$ -	$ 388	$ 103	$ 491
Additions	-	-	5	1	6
Recovery on costs and option payments	-	-	-	-	-
Balance as at December 31, 2018	-	-	393	104	497
Assets acquired	30,616	21,191	-	-	51,807
Additions	8,762	1,224	-	27	10,013
Change in mine restoration provision	948	24	-	-	972
IFRS 16 addition	-	-	-	305	305
Write downs and disposals	-	-	-	(93)	(93)
Balance as at December 31, 2019	$ 40,326	$ 22,439	$ 393	$ 343	$ 63,501
Accumulated depreciation and amortization					
Balance as at January 1, 2018	$ -	$ -	$ 160	$ 95	$ 255
Depreciation and amortization			17	3	20
Balance as at December 31, 2018	-	-	177	98	275
Depreciation and amortization	799	429	24	97	1,349
Disposals	-	-	-	(93)	(93)
Balance as at December 31, 2019	$ 799	$ 429	$ 201	$ 102	$ 1,531
Net carrying amounts					
Balance as at December 31, 2018	$ -	$ -	$ 216	$ 6	$ 222
Balance as at December 31, 2019	$ 39,527	$ 22,010	$ 192	$ 241	$ 61,970

Acquisitions and option agreements

In addition to the acquisition of the Pavon Gold Project and the mining operations at El Limon and La Libertad (discussed in Note 2), the Company has a 100% interest in the Borosi Gold-Silver-Copper Project (the "Borosi Project"), which consists of a number of contiguous mining and exploration concessions located in the North Atlantic Autonomous Region of Nicaragua. The Company has entered into certain option agreements over a portion of these concessions, as summarized below.

Eastern Borosi – IAMGOLD option

Pursuant to a 2014 option agreement, IAMGOLD Corporation ("IAMGOLD") has earned a 51% interest in a portion of the Borosi Project, termed the Eastern Borosi Project, having spent $5,000 in exploration expenditures and making cash payments to Calibre totaling $450 by 2017. IAMGOLD is exercising a secondary option to earn an additional 19% interest in the Eastern Borosi Project, by spending an additional $5,000 and making staged cash payments of an additional $450 (which has been paid).

Once IAMGOLD earns a 70% interest, a joint venture will be formalized to advance the project further. At the time of formalizing the joint venture, the parties agree to enter into an industry standard agreement to govern the joint venture. At any time subsequent to formalizing the joint venture, should either party elect not to participate in a future planned work program, a standard straight-line dilution formula will apply and should a party be diluted to 10%, the party's direct joint venture interest will be converted to a 10% net profits interest on the Eastern Borosi Project.

14. MINING INTERESTS, PLANT AND EQUIPMENT – *continued*

Acquisitions and option agreements - *continued*

Eastern Borosi – Centerra option

On February 11, 2019, the Company purchased the 51% interest of Centerra Gold Inc. ("Centerra") in the La Luz Project by issuing 2,000,000 common shares of Calibre to Centerra and granting Centerra a 2.0% net smelter return royalty ("NSR Royalty") on future production from the La Luz Project. The value of the common shares issued to Centerra was $933, which was based on the Company's share price on the date of the transaction. Calibre has the right to (i) purchase 1.0% of the NSR Royalty for CAD $2 million; and (ii) being granted a right of first refusal on the remaining 1.0% NSR Royalty. This acquisition increased Calibre's ownership of the project to 100%.

15. PROVISIONS

Employee benefits obligation

Employee benefits obligation includes severance accruals for employees at the Company's operations in Nicaragua.

	El Limon	La Libertad	Total
Balance as at December 31, 2018	$ -	$ -	$ -
Value at acquisition	5,528	3,417	8,945
Change in estimate, net of payments	239	(36)	203
Accretion expense	45	28	73
Balance as at December 31, 2019	5,812	3,409	9,221
Less: current portion	(505)	(320)	(825)
Long-term portion	$ 5,307	$ 3,089	$ 8,396

Mine restoration provision

The Company's provision for environmental rehabilitation results from an ownership interest in a mill, mining equipment and previously mined property interests. The provision consists primarily of costs associated with mine reclamation and closure activities. These activities, which tend to be site specific, generally include costs for earthworks, including detoxification and recontouring, revegetation, water treatment, demolition, decommissioning the mill complex and related infrastructure, physical and chemical stability of the tailings area, post-closure site security and monitoring costs. The Company considers such factors as changes in laws and regulations, and requirements under existing permits in determining the estimated costs. Such analysis is performed on an on-going basis.

15. PROVISIONS - *continued*

Mine restoration provision - *continued*

In calculating the present value of the Company's mine restoration provisions as at December 31, 2019, management used a risk-free rate application to each location's functional currency ranging from 1.63% to 1.74% and an inflation rate of 2.10%. The undiscounted cash flows, before inflation adjustments, estimated to settle the mine restoration provisions was approximately $47,895 as at December 31, 2019. Due to the nature of mine closure plans, cash expenditures are expected to occur over a significant period of time with the majority of the expenditures expected to occur in the years from 2022 to 2037. A reconciliation of the discounted provision is provided below:

	El Limon	La Libertad	Total
Balance as at December 31, 2018	$ -	$ -	$ -
Fair value on acquisition	19,000	28,980	47,980
Change in estimate	948	25	973
Accretion expense	69	98	167
Reclamation expenditures	-	(214)	(214)
Balance as at December 31, 2019	20,017	28,889	48,906
Less: current portion	(804)	(2,281)	(3,085)
Long-term portion	$ 19,213	$ 26,608	$ 45,821

16. DEFERRED PAYMENT

Balance as at December 31, 2018	$ -
Fair value on acquisition of Nicaragua Assets	13,965
Accretion expense for the period	328
Balance as at December 31, 2019	$ 14,293

Pursuant to the terms of acquisition of the Nicaraguan Assets described in Note 2, the Company agreed to a total deferred payment of $15,525 (including the agreed upon working capital adjustment). The Company anticipates settling the deferred payment in cash in October 2020 (a portion of the deferred payment may be settled in the common shares of the Company at the option of B2Gold, as described in Note 2).

For accounting purposes, upon initial recognition, the deferred payment was accounted for at fair value (as noted in the above table) using a discount rate of 10.5%. The deferred payment is measured at amortized cost and will be accreted to maturity over the term.

17. CONVERTIBLE DEBENTURE AND EMBEDDED DERIVATIVE

As described in Note 2, the Company issued a $10 million Debenture to B2Gold as compensation for the purchase of the Nicaragua Assets.

During the three months ended December 31, 2019, Calibre forced conversion of the Debenture, under the terms of the agreement, paying all interest incurred to date and eliminating the total outstanding principal amount through the issuance of 17.6 million common shares. As at December 31, 2019, there are no amounts owing and no obligations under the terms of this Debenture.

At the issuance of the convertible debenture, the Company determined the discounted fair value of the debt instrument to be $8,699 and following initial measurement the convertible debenture would be amortized over the term of maturity using the effective interest rate method.

As the Debenture was denominated in US dollars and the exercise price of the Company's common shares is fixed in Canadian dollars, the conversion feature was considered an embedded derivative and accordingly, at inception, the Company accounted for a derivative liability at fair value through net income or loss. The fair value of the embedded derivative was determined using the binomial method and at the date of issuance was $722.

Balance as at December 31, 2018	$	-
Fair value on acquisition of Nicaraguan Assets		8,699
Accretion expense		83
Interest paid		(21)
Carrying value of debenture extinguished by issuances of shares on conversion		(8,761)
Balance as at December 31, 2019	$	-

In November 2019, the Company provided notice to B2Gold that it had elected to trigger the forced conversion feature under the terms of the agreement and settle the convertible debenture and embedded derivative through the issuance of Calibre's common shares. As a result, the Company issued a total of 17.6 million shares with a fair value of $9,945 to convert the Debenture and eliminate the embedded derivative, resulting in a loss on settlement of $462 which was recorded in the statement of operations for the year ended December 31, 2019.

18. SHARE CAPITAL

Share consolidation

On October 30, 2018, the Company completed a share consolidation of its outstanding common shares on a 10 (old) for 1 (new) basis. All share numbers presented in these consolidated financial statements including stock options and share purchase warrants are in post-consolidated basis.

18. SHARE CAPITAL - *continued*

Share capital and recent issuances

As at December 31, 2019, the Company had approximately 328.0 million common shares issued and outstanding. The authorized share capital consists of unlimited common shares without par value.

During 2018, the Company completed a private placement for 11.4 million units of the Company's common shares at a price of CAD $0.44 per unit for gross proceeds of $3,803. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for CAD $0.95 until October 30, 2023. Calibre issued 0.4 million finder warrants in connection with the private placement. Each finder warrant entitles the finder to acquire an additional common share for CAD $0.55 until October 30, 2020.

The allocation of fair value of the warrants issued in connection with this private placement was $1,221, with the corresponding charge to contributed surplus using the relative fair value approach. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 2.37%, volatility factor of 85% and an expected life of five years. The Company incurred $255 in transaction costs related to the private placement. Included in transaction costs is $38 relating to the fair value of the finder warrants issued. The fair value of the finder warrants was determined using the Black-Scholes pricing model with a risk-free rate of 2.26%, volatility factor of 77% and an expected life of two years.

During the year ended December 31, 2019, pursuant to the purchase of the La Luz Project from Centerra (Note 14), the Company issued 2.0 million common shares with a value of $933.

In connection with acquiring the Nicaragua Assets from B2Gold, the Company completed a brokered private placement of 175.3 million common shares at a price of CAD $0.60 per common share for gross proceeds of $79,029 (the "Private Placement"). In connection with the Private Placement, the Company paid certain finders commission equal to 3.0% of the gross proceeds of any orders solicited by certain finders (the "Finder's Fee"). In respect of these Finder's Fees, legal and regulatory fees, the Company paid $3,705 in cash and issued 0.9 million common shares. The fair value of the common shares issued totaled $395, which was based on the pricing of the Private Placement. The Private Placement was led by Canaccord Genuity Corp. and Sprott Capital Partners LP with a syndicate of agents (collectively, the "Agents"). The Agents received a commission of 5.0% of the gross proceeds from the Private Placement, except for that portion of the gross proceeds which is subject to Finder's Fees, where the commission payable to the Agents was 2.0% of the gross proceeds.

The Company also issued 1.4 million common shares at a price of CAD $0.60 per common share to a financial advisor for services rendered in connection with completion of the Transaction (Note 2) for total fair value of $630, which was expensed as transaction costs during the year ended December 31, 2019.

During the year ended December 31, 2019, 75,000 options and 5,700 warrants were exercised for total gross proceeds of $28. In conjunction with these exercises, $18 was reclassified from contributed surplus to share capital.

18. SHARE CAPITAL - *continued*

Warrants

A summary of the Company's warrants activities for the years ended December 31, 2019 and 2018 is presented below:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Shares issuable on exercise of warrants *(in thousands)*	Weighted average exercise price (CAD$)	Shares issuable on exercise of warrants *(in thousands)*	Weighted average exercise price (CAD$)
Balance as at beginning of year	16,430	$ 1.11	4,678	$ 1.60
Issued	-	-	11,800	0.94
Exercised	(6)	0.55	(48)	1.60
Expired	(2,660)	1.60	-	-
Balance as at end of year	13,764	$ 1.02	16,430	$ 1.11

As at December 31, 2019, the following share purchase warrants were outstanding and exercisable:

Expiry date	Exercise price (CAD$)	Number of warrants *(in thousands)*	Remaining contractual life in years
January 12, 2020	$1.50	1,970	0.03
October 30, 2020	$0.55	373	0.83
October 30, 2023	$0.95	11,421	3.83
		13,764	

During the year ended December 31, 2019, approximately 2.7 million share purchase warrants with an exercise price of CAD $1.60 expired unexercised. The warrants with the expiration date of January 12, 2020 expired unexercised.

Long-term incentive plan

Effective October 8, 2019, the Company adopted a long-term incentive plan (the "Incentive Plan"). The purpose of the Incentive Plan is to attract, retain and motivate persons of training, experience and leadership as directors, officers, employees and consultants of the Company and to promote a greater alignment of interests between such persons and shareholders of the Company. The Incentive Plan is administered by the Board who are tasked with the responsibility to interpret and construe the Incentive Plan, including determining the times when awards are granted, to whom, the number of awards granted, the length of the exercise period and the vesting provisions involved in awards granted, subject to the terms of the Incentive Plan, applicable securities laws and regulatory requirements.

The aggregate number of shares to be reserved and set aside for issue upon the exercise or redemption and settlement for all awards granted under the Incentive Plan is fixed at 44.5 million, of which up to a maximum of 10 million shares may be set aside for issue upon the exercise or redemption and settlement of DSUs, PSUs and RSUs, collectively, the "Share Unit Awards". The Share Unit Awards can be settled through a delivery of cash, common shares, or any combination thereof, at the sole discretion of the Board. As the Company intends to settle any vested Share Unit Award through the issuance of common shares, Calibre has accounted for these awards as equity-settled instruments. To date, the Company has not granted any DSUs or RSUs under the Incentive Plan.

18. SHARE CAPITAL - *continued*

Stock options

A summary of the Company's stock option activities for the years ended December 31, 2019 and 2018 is presented below:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Shares issuable on exercise of options	Weighted average exercise price (CAD$)	Shares issuable on exercise of options	Weighted average exercise price (CAD$)
Balance as at beginning of year	2,692	$0.87	1,897	$ 1.86
Granted	28,550	$0.62	1,475	0.45
Exercised	(75)	$0.45	-	-
Expired or Cancelled	(917)	$1.44	(680)	2.70
Balance as at end of year	30,250	$0.62	2,692	$ 0.87

As at December 31, 2019, the following stock options were outstanding and exercisable:

Options Outstanding			Options Exercisable
Number of Options *(in thousands)*	Exercise price (CAD$)	Weighted average remaining contractual life in years	Number of Options *(in thousands)*
1,400	$0.45	3.70	1,050
26,575	$0.60	7.77	-
1,975	$0.90	7.93	-
230	$1.00	0.65	229
50	$1.60	1.69	50
20	$2.70	2.14	20
30,250			1,349

During the year ended December 31, 2019, the Company granted a total of 28.6 million stock options. Of this amount 26.6 million options were granted at an exercise price of CAD $0.60 and 2.0 million options at an exercise price of CAD $0.90. The options have an expiry of 8 years from the date of grant, with 28 million of the options vesting equally over three years beginning one year from the date of grant and the remaining 0.6 million options vesting within 9 months from the date of grant.

Restricted Stock Units

During the year ended December 31, 2019, the Company granted a total of 5.3 million RSUs to eligible employees and directors, which remain the only outstanding RSUs as at December 31, 2019. The RSUs granted vest equally over three years beginning in 2020 on their anniversary dates between October and December of every year. The RSUs will be settled within 10 business days of vesting.

As payment for the granted RSUs at each of the vesting times, the Board may elect one or a combination of i) issuing the Company's common shares to the holder of the RSU, or ii) paying cash to the holder, both options are to be settled in accordance with the terms of the Incentive Plan. The Company expects to settle the RSUs through the issuance of shares and as such has accounted for these awards as equity-settled instruments.

The fair value of the RSU is based on the share price at the time of grant and the total fair value is amortized over the RSU vesting period on a graded method. The total fair value for RSUs awarded in 2019 is $2.5 million, which is being amortized over the vesting period and included in stock-based compensation discussed below.

18. SHARE CAPITAL - *continued*

Stock-based compensation

The weighted average fair value of the stock options granted during the year ended December 31, 2019 is $0.23 per share (2018 – $0.23 per share). Options are priced using the Black-Scholes option pricing model. Since October 2019, expected volatility is based on the historical share price volatility of comparable peer companies within the Company's industry in which it operates (junior gold producer) at the time of granting the options.

The fair value of options granted during the years ending December 31, 2019 and 2018 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Weighted average risk-free interest rate	**1.29%**	2.43%
Weighted average expected option life	**5 years**	5 years
Weighted average expected stock volatility	**57%**	85%
Weighted average expected dividend yield	**Nil**	Nil

The Company amortizes the total fair value of options and RSUs granted over the graded vesting schedule. Consequently, the total compensation expense recognized for options that vested during the year was $1,400. Of the total compensation recorded, $1,373 was charged to operations and $27 was capitalized to mineral interests.

19. SUPPLEMENTAL CASH FLOW INFORMATION

The following supplemental information to the statement of cash flows for the years ended December 31, 2019 and 2018 is as follows:

		2019		2018
Change in non-cash working capital				
Change in receivables and prepaids	**$**	**(310)**	$	212
Change in inventories		**12,777**		-
Change in accounts payable, accrued liabilities and income tax		**(228)**		(7)
Change in employee benefits		**203**		-
	$	**12,442**	**$**	**205**
Non-cash investing and financing activities				
Value of shares issued for acquisition of Nicaragua Assets	**$**	**40,000**	$	-
Fair value of shares issued on settlement of convertible debenture		**9,945**		-
Fair value of convertible debenture and embedded derivative on purchase of Nicaragua Assets		**9,421**		-
Amortization included in exploration and evaluation assets		**24**		17
Value of shares issued for acquisition of exploration and evaluation assets		**933**		-
Value of shares issued for business combination and other costs		**630**		61
Share-based compensation included in exploration and evaluation assets		**27**		141
Mineral interests included in accounts payable	**$**	**173**	$	240

20. RELATED PARTY TRANSACTIONS

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

Compensation of Key Management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has identified its members of the Board of Directors and certain senior officers as its key management personnel, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and the VP, Exploration. The remuneration of directors and key management is determined by the compensation committee of the Board of Directors.

The director's fees, consulting fees and other compensation of directors and key management personnel were as follows for the years ended December 31, 2019 and 2018:

		2019		2018
Short-term salaries and benefits	**$**	**401**	$	185
Director fees		**85**		-
Share-based compensation		**937**		96
Severance payments		**188**		-
Consulting and advisory fees paid to key management	**$**	**111**	$	166

In addition to the above, the Company has accrued a total of $0.6 million to key management as performance bonuses for the year ended December 31, 2019.

Management contracts

As at December 31, 2019, minimum commitments upon termination of the existing contracts were approximately $1.6 million and minimum commitments due within one year under the terms of these contracts is $2.0 million. In addition, the Company is party to various executive and employee contracts that would require payments totalling $1.5 million to be made upon the occurrence of a change of control.

Loans payable

During 2018, the Company obtained loans totalling $293 ("Loans") from several insiders (the "Lenders") of the Company. The loans carried an annual interest of 7.0% payable in cash every quarter. The term of the Loans is 18 months from the closing date or March 4, 2020 ("Maturity Date"). The Company issued 133,333 common shares at a price of CAD $0.60 per common share to the Lenders as bonus shares. The aggregate value of the bonus shares amounted to $61 which was expensed in 2018.

Other related party transactions

As disclosed in Note 2, B2Gold is considered a related party by virtue of its significant equity interest in Calibre following the completion of the Nicaraguan Asset transaction. B2Gold owns approximately 34% of the Company as at December 31, 2019. Related party transactions with B2Gold are discussed in Notes 16 and 17. Pursuant to an agreement with B2Gold in November 2016, B2Gold retains a 1.5% NSR on production from certain concessions within the 100% Calibre-owned Borosi project (unrelated to the acquisition of the Nicaraguan Assets).

21. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial tax rates to earnings before income taxes. These differences result from the following items:

	2019	2018
Income (loss) before income taxes	**$ 4,168**	$ (935)
Canadian federal and provincial income tax rates	**27%**	27%
Income tax expense (recovery) based on the above rates	**1,125**	(252)
Increase (decrease) due to:		
Non - deductible expenses and other permanent differences	**2,724**	39
Losses for which no tax benefit has been recorded	**838**	213
Minimum taxes	**545**	-
Withholding taxes	**66**	-
Difference between foreign and Canadian tax rates	**257**	-
Foreign exchange	**(69)**	-
Use of previously unrecognized tax assets	**(2,238)**	-
Income tax expense	**3,248**	-
Income tax expense consists of:		
Current income and mining tax	**2,834**	-
Deferred tax expense	**414**	-
	$ 3,248	$ -

The components of recognized net deferred tax assets (liabilities) are as follows:

	2019	2018
Current asset and liabilities	**$ (728)**	$ -
Mineral interests, plant and equipment	**(20,649)**	-
	$ (21,377)	$ -

The components of unrecognized deferred tax assets are as follows:

	2019	2018
Non-capital losses	**$ 11,079**	$ 4,088
Capital losses and other	**451**	-
Share issue costs	**942**	60
Asset retirement obligation	**14,312**	-
Mineral interests, plant and equipment	**10,408**	929
	$ 37,192	$ 5,077

As at December 31, 2019, the Company has non-capital losses Canadian tax purposes of approximately $12.5 million available to offset against suture taxable income in future years which if unutilized will begin to expire in 2026. The Company has tax losses for Nicaraguan tax purposes of approximately $25.3 million available to offset against future taxable income in future years in Nicaragua, which if unutilized will begin to expire in 2020.

	2020	**2021**	**2022**	**2023**	**2024**	**2025 and Later years**	**Total**
Nicaragua	$ 19,847	$ 5,411	$ -	$ -	$ -	$ -	$ 25,258
Canada	-	-	-	-	-	12,457	12,457
	$ 19,847	$ 5,411	$ -	$ -	$ -	$ 12,457	$ 37,715

22. SEGMENTED INFORMATION

Operating segments are those operations whose operating results are reviewed by the chief operating decision makers ("CODM") to make decisions about resources to be allocated to the segments and assess their performance, provided those operations pass certain quantitative thresholds. The CODM for the Company is the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the VP, Exploration, and the Board of Directors. In order to determine if operating segments shall be aggregated, management reviews various factors, including economic characteristics, nature of their products, production process, regulatory environment, geographical location and managerial structure. After aggregation criteria have been considered, operations whose revenues, earnings or assets exceed 10% of the total consolidated revenues, earnings or assets are considered to be reportable segments. The Company's reportable operating segments include its mining operations and development projects, namely the El Limon and La Libertad mines, which are both located in Nicaragua, where the vast majority of the Company's non-current assets are held.

The following table provides information on the operations of the Company as at and for the year ended December 31, 2019. The information provided below only considers additions to capital following the completion of the Nicaragua Assets from B2Gold and does not take into account the purchase price allocation fair values acquired.

	El Limon	La Libertad	Other Projects in Nicaragua	Corporate	Total
Gold Revenue	$ 27,288	$ 30,475	$ -	$ -	$ 57,763
Cost of Sales					
Production costs	(20,242)	(18,963)	-	-	(39,205)
Royalties and production taxes	(1,618)	(539)	-	-	(2,157)
Refinery and transportation	(327)	(463)	-	-	(790)
Depreciation and amortization	(1,405)	(862)	-	-	(2,267)
Total Cost of Sales	(23,592)	(20,827)	-	-	(44,419)
Earnings from mine operations	3,696	9,648	-	-	13,344
Expenses					
General and administrative	-	-	-	(3,511)	(3,511)
Share-based compensation	-	-	-	(1,258)	(1,258)
Transaction costs	-	-	-	(3,445)	(3,445)
Foreign exchange gain (loss)	(15)	14	-	85	84
Income before finance, other items, and taxes	$ 3,681	$ 9,662	$ -	$ (8,129)	$ 5,214
Additions to:					
Mine development	$ 7,588	$ 1,016	$ -	$ -	$ 8,604
Plant and equipment	1,174	208	27	-	1,409
Exploration and evaluation	495	1,186	2,115	-	3,796
Total capital additions	$ 9,257	$ 2,410	$ 2,142	$ -	$ 13,809
Total assets	$ 133,945	$ 86,307	$ 24,418	$ 20,514	$ 265,184
Total liabilities	$ 53,893	$ 39,797	$ 854	$ 15,986	$ 110,530

A total of $11,068 in costs related to Pavon is included with Libertad under total assets in the above table. Additions to mine development, plant and equipment and exploration and evaluation are shown on an accrual basis.

22. SEGMENTED INFORMATION - *continued*

The Company has only one revenue stream, being the sale of refined gold from its operations in Nicaragua. All revenue derived from the sale of gold is to one customer, however, the Company is not economically dependent on this single customer for sale of its product as gold and other metals can be sold through numerous commodity market traders worldwide.

Prior to the acquisition of the operating mines, the Company operated in one reportable operating segment as an exploration Company in Nicaragua and had no reportable segment revenues for any period prior to October 15, 2019. The following geographic data includes assets based on their location as at December 31, 2019 and 2018:

	December 31, 2019			**December 31, 2018**		
	Canada	Nicaragua	Total	Canada	Nicaragua	Total
Cash and cash equivalents	$ 30,657	$ 2,204	$ 32,861	$ 3,350	$ 143	$ 3,493
Other current assets	805	32,078	32,883	33	39	72
Mining interest and property and equipment	241	198,806	199,047	7	22,053	22,060
Other long-term assets	-	393	393	-	-	-
Total assets	$ 31,703	$ 233,481	$ 265,184	$ 3,390	$ 22,235	$ 25,625

23. COMMITMENTS AND CONTINGENCIES

Commitments

The Company is committed to $97,657 for obligations under normal course of operations including accounts payable, a deferred payment to B2Gold (Note 16), capital expenditure commitments, contractual commitments, leasing commitments, and mine restoration estimates and employee severance benefits (Note 15). The following table provides a summary of the upcoming commitments by year:

	2020	**2021**	**2022**	**2023**	**2024**	**2025 and Later years**	**Total**
Payables	$ 16,498	$ -	$ -	$ -	$ -	$ -	$ 16,498
Deferred payment to B2Gold	15,525	-	-	-	-	-	15,525
Capital expenditure commitments	1,535	-	-	-	-	-	1,535
Mine restoration provision	3,085	2,669	3,626	12,849	11,942	19,155	53,326
Employee future benefits	825	152	152	299	3,119	5,832	10,379
Leasing commitments	231	115	48	-	-	-	394
	$ 37,699	$ 2,936	$ 3,826	$ 13,148	$ 15,061	$ 24,987	$ 97,657

Contingencies

Various tax and legal matters are outstanding from time to time. Judgements and assumptions regarding these matters are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of these changes in the consolidated financial statements on the date such changes occur.

In October 2019, a municipality near the El Limon mine issued a demand payment letter to Triton Minera S.A. ("Triton") for annual municipal registration fees and penalties totaling approximately $1.0 million. Calibre believes Triton is not subject to these fees and the declaration is without merit and plans to vigorously contest this claim.

24. CAPITAL MANAGEMENT

The Company's objectives when managing its capital is to ensure it will be able to continue as a going concern while maximizing the return to shareholders. The selling price of gold and minimizing production costs and capital expenditures are key factors in helping the Company reach its capital risk management objectives.

The capital of the Company consists of common shares, warrants, options, and debt instruments. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mining properties. The Company manages its capital structure and makes adjustments to it considering changes in economic conditions, the risk characteristics of the underlying assets and working capital requirements. In order to maintain or adjust its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, transactions involving equity instruments, as well as capital and operating budgets. The Company is not subject to any externally imposed capital requirements.

Management reviews its capital management approach on an on-going basis and believe that this approach, given its relative size, is reasonable. The Company's capital as at December 31, 2019 and 2018 is as follows:

		2019		2018
Share capital	**$**	**165,134**	$	38,256
Reserves		**17,301**		15,919
Accumulated other comprehensive loss		**-**		(5)
Retained deficit		**(29,863)**		(30,783)
	$	**152,572**	$	23,387

25. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's operations include the acquisition, operation, and exploration of mineral properties in Nicaragua. The Company's activities expose it to risks, including financial and operational risks of varying degrees of significance achieve its strategic objectives for growth and shareholder returns. These principal financial related to financial instruments to which the Company is exposed are credit risk, liquidity risk, interest rate risk, and currency risk.

Fair values of cash and cash equivalents are based on quoted prices in active markets for identical assets, resulting in a level one valuation. The carrying value amount of the Company's financial instruments that are measured at amortized cost approximates fair value due to their short-term nature and market conditions and amount involved.

Credit risk

Credit risk is the risk of financial loss to the Company if a third party to financial instrument fails to meet its contractual obligations. As at December 31, 2019, the Company's maximum exposure to credit risk was the book value of cash and cash equivalents, accounts receivable, and value added and other taxes receivable. The Company limits its credit exposure on cash and cash equivalents by holding its deposits mainly with high credit quality financial institutions as determined by credit agencies in Canada.

25. FINANCIAL INSTRUMENTS AND RISK FACTORS - *continued*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and through its budgeting and forecasting process. Budgets are prepared annually, and forecasts are prepared and reviewed on a regular basis, to help determine the funding requirements to support the Company's current operations and expansion and development plans and by managing its capital structure as described above.

As at December 31, 2019, the Company had cash and cash equivalents of $32,861 (December 31, 2018 - $3,493 and current liabilities of $34,817 (December 31, 2018 - $686). Cash provided by operating activities totaled $19,167 for the year ended December 31, 2019 (cash used in operations - December 31, 2018 -$635). The cash provided from activities related to the operating mines acquired by the Company on October 15, 2019 to the end of the year.

As at December 31, 2019, the Company's significant commitments are disclosed in Note 23.

Interest rate risk

The Company has no interest-bearing debt at December 31, 2019. The Company's interest revenue earned on cash and cash equivalents is exposed to interest rate risk. A decrease in interest rates would result in lower interest income and an increase in interest rates would result in higher interest income.

Currency risk

Currency risk is the risk that the fair value of, or cash flow from, the Company's financial instruments will fluctuate because of changes in foreign currency rates. The Company's functional currency at the location of its operations is the U.S. dollar and the major purchases are transacted in the U.S. dollars as well. Details of various currencies held by the Company as at December 31, 2019 and December 31, 2018 are included in Notes 11 and 22.

The Company is subject to gains and losses due to fluctuations in the Canadian dollar and Nicaraguan Cordoba against the U.S. dollar. Sensitivity to a plus or minus 5% change in all foreign currencies (Canadian dollar and Nicaraguan Cordoba) against the U.S. dollar with all over variables held constant at December 31, 2019, would affect the statements of operations and comprehensive income by approximately $1.1 million.

The Cordoba has been annually devalued against the U.S. dollar by means of a crawling peg mechanism which currently stands at approximately 3%. All the Company's gold production is in Nicaragua.

Prior to the acquisition of the Nicaragua Assets, the Company funded its exploration activities in Nicaragua on a cash call basis using U.S. or Canadian dollars held in bank accounts located in Canada. Since the acquisitions of the Nicaragua Assets, the Company generates revenue in U.S. dollars, thereby mitigating currency risk for its Nicaraguan operations where expenditures are in U.S. dollars. The Company maintains Canadian and U.S. dollar bank accounts in Canada, and US dollar and Cordoba bank accounts in Nicaragua. The Company's foreign exchange exposure to fluctuations in the Cordoba is not significant as its annual expenditures in the local Nicaraguan currency and Cordoba denominated bank accounts are kept at a minimum at any given time. In addition, while a significant portion of the Company's corporate administrative costs are denominated in Canadian dollars, any fluctuation in the U.S. dollar against the Canadian dollar is not expected to have a material impact on the Company's cash flows given the relative stability of both currencies and the limited Canadian dollar expenditures in any given year.