



# **Management Discussion & Analysis**

**Years Ended December 31, 2019 and 2018**

## Table of Contents

<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b> .....	1
<b>COMPANY OVERVIEW</b> .....	1
<b>CORPORATE DEVELOPMENTS</b> .....	2
<b>CONSOLIDATED RESULTS SUMMARY AND HIGHLIGHTS</b> .....	3
<b>COMPANY OUTLOOK</b> .....	4
<b>EXTERNAL PERFORMANCE DRIVERS AND TRENDS</b> .....	5
<b>HEALTH, SAFETY, COMMUNITY RELATIONS, AND THE ENVIRONMENT</b> .....	5
<b>EL LIMON</b> .....	6
<b>LA LIBERTAD</b> .....	8
<b>SIGNIFICANT PROJECTS</b> .....	10
<b>GROWTH AND DISCOVERY</b> .....	13
<b>CONSOLIDATED FINANCIAL RESULTS</b> .....	14
<b>LIQUIDITY AND CAPITAL RESOURCES</b> .....	16
<b>OFF-BALANCE SHEET ITEMS</b> .....	17
<b>OUTSTANDING SHARE INFORMATION</b> .....	17
<b>QUARTERLY INFORMATION</b> .....	18
<b>NON-IFRS MEASURES</b> .....	18
<b>COMMITMENTS AND CONTINGENCIES</b> .....	21
<b>RELATED PARTY TRANSACTIONS</b> .....	22
<b>FOURTH QUARTER</b> .....	23
<b>PROPOSED TRANSACTIONS</b> .....	23
<b>RISK FACTORS</b> .....	23
<b>CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS</b> .....	37
<b>ACCOUNTING POLICIES AND CHANGES</b> .....	39
<b>FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS</b> .....	40
<b>CONTROLS AND PROCEDURES</b> .....	42
<b>FORWARD-LOOKING STATEMENTS</b> .....	42
<b>NOTE TO U.S. INVESTORS</b> .....	43
<b>TECHNICAL INFORMATION</b> .....	44

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This Management's Discussion and Analysis ("MD&A") of Calibre Mining Corp. (the "Company" or "Calibre", and as described in the section entitled *Company Overview*) contains information that management believes is relevant to an assessment and understanding of the Company's consolidated financial position and the results of its consolidated operations for the year ended December 31, 2019. This MD&A should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2019 and 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). This MD&A was prepared and reflects information as of February 18, 2020.

Additional information including this MD&A, Consolidated Financial Statements for the year ended December 31, 2019, press releases, and other corporate filings are available on the SEDAR website, [www.sedar.com](http://www.sedar.com), and the Company's website, [www.calibremining.com](http://www.calibremining.com).

This MD&A contains certain non-IFRS measures. The Company believes that these measures, in addition to information prepared in accordance with IFRS, provides investors with useful information to assist in their evaluation of the Company's performance and ability to generate cash flow from its operations. While these measures are intended to provide additional information, they should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS, as they do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. For further information, refer to the section *Non-IFRS Measures* within this MD&A.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors outlined in the *Risk Factors* and *Forward-Looking Statements* sections. This MD&A provides management's analysis of historical financial and operating results and provides estimates of the Company's future financial and operating performance based on information currently available. Actual results will vary from estimates and variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

All amounts are presented in US dollars ("\$\$") unless otherwise stated. References to "CAD" are to the Canadian dollar.

The following additional abbreviations may be used within this MD&A: General and Administrative Expenses ("G&A"); Property, Plant, and Equipment ("PPE"); Asset Retirement Obligation ("ARO"); Gold ("Au"); Silver ("Ag"); Troy Ounces ("oz"); All-in-Sustaining Costs per ounce sold ("AISC"); Grams per Tonne ("g/t"); Tonnes ("t"); Tonnes per Annum ("tpa"); Hectares ("ha"); Square Kilometre ("km<sup>2</sup>"); and Metres ("m"). In addition, throughout this MD&A, the reporting periods for the three and twelve months ended December 31, 2019 are condensed to be Q4 2019 and 2019, respectively, and the periods for the three and twelve months ended December 31, 2018 are abbreviated as Q4 2018 and 2018, respectively.

## **COMPANY OVERVIEW**

Calibre is a multi-asset gold producer and explorer operating in Nicaragua with near mine discovery and organic growth potential. The Company is incorporated under the laws of British Columbia, Canada and maintains its corporate head office at Suite 413 – 595 Burrard Street, Vancouver, British Columbia, Canada. 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 the purchase of two producing gold mines in Nicaragua from B2Gold Corp. ("B2Gold"), while maintaining and increasing its portfolio of exploration concessions in Nicaragua. The details of the transaction are discussed below.

## CORPORATE DEVELOPMENTS

On October 15, 2019, the Company acquired B2Gold's interest in the El Limon and La Libertad gold mines, the Pavon gold project and additional mineral concessions in Nicaragua (collectively, the "Nicaragua Assets") for aggregate consideration of approximately \$100 million (the "Purchase Price"), which was paid with a combination of cash, common shares, a \$10 million convertible debenture, and a \$10 million deferred cash payment payable on October 15, 2020 (the "Transaction"). On closing, the Purchase Price was paid to B2Gold in the following form:

- (i) \$40 million in cash;
- (ii) \$40 million in Calibre common shares (issued 88.0 million common shares, priced at CAD \$0.60 per share, using an exchange rate of US : CAD of \$1 : \$1.32);
- (iii) \$10 million in a 2% convertible debenture (the "Debenture"). During Q4 2019, Calibre converted the Debenture through the issuance of 17.6 million common shares; and
- (iv) \$10 million in cash to be paid on October 15, 2020.

In addition, 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 would apply would include 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, included inventory-in-circuit, gold and silver doré, and refined gold and silver (valued based on the payable metal at spot prices).

During Q4 2019, 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 to B2Gold, with the remaining \$5.6 million deferred to October 15, 2020.

The Company did not identify any contingent assets as part of the Transaction. Details of contingent liabilities are discussed in the section entitled, *Contingencies and Commitments*.

Following the closing of the Transaction and the conversion of the Debenture, B2Gold owned approximately 34% of Calibre as at February 18, 2020.

The Company has determined that this acquisition is a "business combination" for accounting purposes. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired, including intangible assets, and liabilities assumed, including any contingently payable purchase price obligations due over time. The determination of fair value involves making estimates relating to acquired assets and liabilities, property and equipment and mineral property interests. For further analysis and details on the fair value of the consideration transferred to B2Gold and the preliminary purchase price allocation to the identified assets acquired and liabilities assumed, refer to Note 2 of the Company's Consolidated Financial Statements for the year ended December 31, 2019 and 2018.

Further details of the mining and exploration operations purchased are discussed within this MD&A.

## CONSOLIDATED RESULTS SUMMARY AND HIGHLIGHTS

### Consolidated Financial Results <sup>(1)</sup>

<i>(in thousands - except per share and per ounce amounts)</i>	Q4 2019	Q4 2018	2019	2018
Revenue (\$)	57,763	-	57,763	-
Cost of sales, including depletion and depreciation (\$) <sup>(3)</sup>	44,419	-	44,419	-
Mine operating income (\$) <sup>(3)</sup>	13,344	-	13,344	-
Net income (loss) (\$)	3,130	(282)	920	(935)
Net income (loss) per share - basic and diluted (\$/share)	0.01	(0.01)	0.01	(0.03)
Adjusted net income (loss) per share - basic (\$/share) <sup>(2)</sup>	0.04	(0.01)	0.10	(0.03)
Cash generated from operating activities (\$)	20,675	(120)	19,167	(635)
Capital investment in mine development and PPE (\$)	9,997	-	10,013	6
Capital investment in exploration (\$)	1,670	134	3,796	1,706
Average realized gold price per ounce (\$/oz) <sup>(2)</sup>	1,481	-	1,481	-
Total Cash Cost (\$/oz) <sup>(2)</sup>	866	-	866	-
AISC (\$/oz) <sup>(2)</sup>	959	-	959	-

Notes:

- <sup>(1)</sup> Consolidated financial and operational results for Q4 2019 and 2019 includes the results from the Nicaraguan Assets acquired from B2Gold and discussed in the section *Corporate Developments*, since their acquisition, from the period of October 15, 2019 to December 31, 2019 only. Prior to October 15, 2019, Calibre was an exploration stage company with no operations in production.
- <sup>(2)</sup> This is a non-IFRS measure, for further information refer to Non-IFRS Measures section in this MD&A.
- <sup>(3)</sup> Included in cost of sales is a write up of \$8.4 million, and consequently a reduction of mine operating income of the same amount, related to the valuation of metal inventory acquired on the purchase of the Nicaragua Assets on October 15, 2019, which was expensed during the period ended December 31, 2019.

### Consolidated Operational Results

The following consolidated operational results are for the period beginning October 15, 2019 (being the date the Company acquired the Nicaraguan Assets from B2Gold) until December 31, 2019. Prior to October 15, 2019, Calibre was an exploration company without any gold production.

	October 15, 2019 to December 31, 2019
Ore Mined (t)	457,843
Ore Milled (t)	453,475
Grade (g/t Au)	2.62
Recovery (%)	94.0
<b>Gold Ounces Produced (oz)</b>	<b>33,506</b>
<b>Gold Ounces Sold (oz)</b>	<b>38,993</b>

### Fourth Quarter 2019 and 2019 Highlights

- Transformed Calibre from a junior exploration company into a gold multi-asset producer through the acquisition of the El Limon and La Libertad gold mines, the Pavon Gold Project ("Pavon"), and a number of prospective exploration concessions in Nicaragua from B2Gold;
- Completed an over-subscribed CAD \$105 million equity financing;
- Delivered on guidance at El Limon with production of 15,440 ounces of gold. Production resulted from processing 100,221 tonnes at an average grade of 5.74 g/t Au with average recoveries of 91.3%;

- Delivered on guidance at La Libertad with production of 18,066 ounces of gold. Production resulted from processing 353,254 tonnes at an average grade of 1.74 g/t Au with average recoveries of 96.4%;
- Ended 2019 with a cash balance of \$32.9 million, supported by cashflows from operations of \$19.2 million on gross revenues for the period October 15, 2019 to December 31, 2019 of \$57.8 million;
- AISC <sup>(1)</sup> were in line with guidance as El Limon, La Libertad and consolidated AISC were \$928, \$889 and \$959, respectively;
- Net income per share for Q4 2019 was \$0.01 (2019 : \$0.01) and Adjusted net income per share <sup>(1)</sup> was \$0.04 (2019 : \$0.10) when taking into account certain adjustments for one-time or non-recurring items;
- Converted B2Gold's \$10 million debenture to equity, making B2Gold our largest shareholder at 34%;
- Completed an updated resource estimate for the development stage Pavon project, with a 318% increase in the indicated resource to 230,000 ounces of gold at an average grade of 5.16 g/t;
- Graduated from the TSX Venture Exchange to the TSX Exchange, with average daily trading volumes of approximately 550,000 shares; and
- Commenced an initial \$13 million, ~47,000 metre resource expansion and discovery drilling program.

## COMPANY OUTLOOK

### 2020 Production and Cost Guidance

On December 4, 2019, the Company announced its 2020 production and cost guidance as outlined below.

	El Limon	La Libertad	Consolidated
<b>Gold Production (oz)</b>	70,000 - 75,000	70,000 - 75,000	140,000 - 150,000
<b>Total Cash Costs (\$/oz) <sup>(1)</sup></b>	\$740 - \$780	\$930 - \$970	\$840 - \$890
<b>AISC (\$/oz) <sup>(1)</sup></b>	\$875 - \$925	\$1,050 - \$1,100	\$1,020 - \$1,060
<b>Growth Capital (\$ millions)</b>	\$14 - \$16	\$10 - \$12	\$24 - \$28
<b>Near-Mine Drilling (\$ millions)</b>	\$3 - \$4	\$9 - \$10	\$12 - \$14
<b>G&amp;A (\$ millions)</b>	N/A	N/A	\$6 - \$7

<sup>(1)</sup> This is a non-IFRS measure, for further information refer to the Non-IFRS Measures section in the MD&A.

For the year ended December 31, 2020, the Company expects to generate significant operating cash flows that will allow it to reinvest aggressively in resource expansion and discovery drilling, advancing the high-grade Limon Central open-pit, and progressing Pavon as a satellite ore source for La Libertad.

Calibre expects to invest approximately \$13 million to expand existing resources through near-mine resource delineation, and on discovery drilling (heavily focused at La Libertad) and \$5 million on mine development at Pavon. The Company will continue to advance Pavon, with a planned 10,000m drilling program in 2020, and progressing the permitting, environmental impact assessment, development and mine engineering.

In 2020, the Company expects to continue advancing cost saving opportunities, as well as optimizing and improving production efficiencies at El Limon and La Libertad. This will include managing the mines as integrated operations through implementing a "hub and spoke" approach, rather than as stand-alone entities, reviewing supply chain synergies and optimizing contracted services. With the focus on higher margin ounces, Calibre will continue to pursue opportunities to haul higher grade ore mined from various sources, including Pavon, given the favorable in-country infrastructure and haulage costs and surplus processing capacity at the La Libertad mill.

In addition, the Company expects IAMGOLD Corporation to earn into its 70:30 joint venture at the Eastern Borosi Project in the first half of 2020.

## EXTERNAL PERFORMANCE DRIVERS AND TRENDS

### Price of Gold

The price of gold is the most significant factor in determining the Company's profitability, financial performance and cash flow from operations. The price of gold is subject to volatile price fluctuations and can be affected by numerous macroeconomic conditions, including supply and demand, value of the US dollar, interest rates, and global economic and geopolitical issues.

As at December 31, 2019, the price of gold closed at \$1,523/oz (based on the London Bullion Market Association final posted rate), which was up 2.4% from the price on October 15, 2019. The average gold price from the period beginning October 15, 2019 and ending December 31, 2019 was \$1,479/oz and traded between a high of \$1,523/oz and a low of \$1,452/oz. For comparative purposes, the closing price on December 31, 2019 was 18.8% higher than on December 31, 2018. Subsequent to December 31, 2019, the price continued to climb higher, averaging \$1,561/oz and reaching a high of \$1,584/oz in January 2020. The closing price of gold on February 14, 2020 was \$1,581/oz.

Despite the volatility, management considers the outlook for the remainder of 2020 and longer-term to be favourable for gold prices. Key drivers of the price of gold continue to be historically low global interest rates, and rising geopolitical tensions, including on-going conflicts between the U.S. and Iran and trade tensions between the US, China, and others.

Management is committed to be an unhedged producer of gold while continuing to focus on cost management and efficiencies as outlined in the section above, *Company Outlook*.

### Foreign Exchange Volatility

The Company's reporting currency is the U.S. dollar. The Company's functional currency for its parent company with its head office in Vancouver is the Canadian dollar and the U.S. dollar is the functional currency for the subsidiaries in Nicaragua, although some costs in Nicaragua are paid in Nicaraguan Córdoba.

The exchange rate between the Córdoba and the U.S. dollar has historically been managed by the Nicaraguan Central Bank. The Córdoba has been annually devalued against the U.S. dollar by means of a "crawling peg" mechanism set at 3% per year. As such, the Company holds most of its cash and cash equivalents in either U.S. or Canadian dollars and holds minimal balances in Córdoba.

As at December 31, 2019, the Canadian dollar closed at \$1.30 (December 31, 2018 : \$1.36) and the Nicaraguan Córdoba closed at \$33.84 (December 31, 2018 : \$32.33) for each U.S. dollar, respectively. The average rates in 2019 for the Canadian dollar and the Nicaraguan Córdoba were \$1.33 and \$33.18, respectively, and in 2018, the Canadian dollar averaged \$1.30 and the Nicaraguan Córdoba averaged \$31.95 against the U.S. dollar.

Currently, the Company does not have a foreign exchange hedging program in place.

## HEALTH, SAFETY, COMMUNITY RELATIONS, AND THE ENVIRONMENT

Calibre aspires for "zero harm" to employees, the environment and local communities. The Company strives to minimize and mitigate risks inherent in its business in a sustainable manner and recognizes that community engagement is critical to sustainability. Ultimately, the success and sustainability of the Company's business will be earned by minimizing risks, mitigating negative impacts and with the support of and collaboration with our neighbours.

Calibre's vision is to integrate and promote sustainability into all facets of the business through implementation of environmentally responsible practices and believes that effective environmental management is paramount to its success. There were no material breaches of permits or licenses at any of the Company's locations during the year. All incidents were reported to regulators in a timely manner and impacts, if any, were appropriately mitigated.

Historically, Calibre, and its newly acquired entities encompassing the mines at El Limon and La Libertad have invested significantly in the communities in which they operate, with the focus on the following areas:

- Education;
- Health;
- Livelihoods; and
- Social infrastructure

The Company plans to continue its significant investment in the communities in which it operates.

## **EL LIMON**

### **Overview**

El Limon is located approximately 100 km northwest of the capital city of Managua. The mine is situated within the 12,000 ha "Mina El Limon" mineral concession that has a term of 25 years expiring in April 2027, which can then be renewed for a further term of 25 years. In addition, there are three exploration-stage mineral concessions: Bonete-Limon, San Antonio, and Villanueva 2, which collectively cover a total area of 7,200 ha. In aggregate, the El Limon properties encompass a district scale system of bonanza style epithermal gold veins that have produced in excess of 3.0 million ounces of gold since 1941 (as noted in the most recent NI 43-101 reported noted below). To date, mining at El Limon has been focused on only a portion of the multiple vein systems known to occur on the property.

Mining operations use conventional open pit mining methods at the El Limon Central open pit and a combination of longitudinal and long hole open stoping methods at the Santa Pancha underground mine. El Limon has a conventional metallurgical processing facility consisting of agitated cyanide leaching and carbon absorption, followed by carbon elution, electrowinning, and doré production.

For additional technical information on El Limon and its related exploration properties, refer to the NI 43-101 technical report prepared by Roscoe Postle Associates Inc. ("RPA"), titled, *Technical Report on the El Limon Mine, Leon and Chinandego Departments, Nicaragua*, dated July 31, 2019 (with an effective date of June 30, 2019) and available on Calibre's SEDAR profile at [www.sedar.ca](http://www.sedar.ca).

### **El Limon - Operating and Financial Information - Summary**

The following operational and financial information is for the period beginning October 15, 2019 (being the date the Company acquired the Nicaraguan Assets from B2Gold) until December 31, 2019. Prior to October 15, 2019, Calibre was an exploration company without any gold production.



October 15, 2019 to December 31, 2019

**Operating Information**

Ore Mined - open pit (t)	65,985
Ore Mined - open pit - head grade (g/t Au)	5.39
Waste Mined - open pit (t)	3,180,721
Ore Mined - underground (t)	37,291
Ore Mined - underground - head grade (g/t Au)	6.23
Total Ore Mined (t)	103,276
Total Ore Mined - head grade (g/t Au)	5.70
Ore Milled (t)	100,221
Grade (g/t Au)	5.74
Recovery (%)	91.3
<b>Gold Ounces Produced</b>	<b>15,440</b>
<b>Gold Ounces Sold</b> (including inventory acquired from B2Gold on October 15, 2019)	<b>18,412</b>

**Financial Information** (in thousands - except per ounce amounts)

Revenue (\$)	27,288
Mine operating income (\$) <sup>(2)</sup>	3,696
Cash flow from operations (\$)	13,151
Mine development and PPE expenditures (\$)	8,762
Exploration expenditures (\$)	495
Total Cash Costs (\$/oz) <sup>(1)</sup>	887
AISC (\$/oz) <sup>(1)</sup>	928

<sup>(1)</sup> This is a non-IFRS measure, for further information refer to the Non-IFRS Measures section in the MD&A.

<sup>(2)</sup> Included as a reduction of mine operating income is \$5.9 million, related to the valuation of metal inventory acquired on the purchase of the Nicaragua Assets on October 15, 2019, which was expensed during the period ended December 31, 2019.

**El Limon - Operating Information**

Mine production consisted of 65,985 ore tonnes at an average grade of 5.39 g/t gold from the Limon Central (“LC”) Phase 1 open-pit and 37,291 tonnes at an average grade of 6.23 g/t gold from the Santa Pancha underground mine. For 2020, the Company expects to continue generating mill feed from the mines at Santa Pancha and LC Phase 1, with approximately 60% of the mill feed coming from LC Phase 1.

While mining at LC Phase 1 continues, a large stripping campaign for LC Phase 2 has been on-going with approximately 3.2 million tonnes of waste material mined during the period from October 15, 2019 to December 31, 2019. The campaign will continue at LC Phase 2 with the plan of exposing and milling LC Phase 2 ore in the second half of 2020. In addition, development of the Veta Nueva underground mine is ongoing and will continue in 2020.

El Limon produced of 15,440 ounces for the period of October 15, 2019 to December 31, 2019, driven by an average mill grade of 5.74 g/t gold and recovery of 91.3% from 100,221 tonnes of ore milled. Total production was within guidance of between 14,000 and 17,000 ounces (announced on October 21, 2019).

### **El Limon - Financial Information**

El Limon generated revenue of \$27.3 million from the period of October 15, 2019 to December 31, 2019 on sales of 18,412 ounces of gold, resulting in an average realized gold price <sup>(1)</sup> of \$1,482/oz, in-line with average gold price for the same period (as previously discussed under the section *External Performance Drivers and Trends*).

Cost of sales (including depreciation) was \$23.6 million. Included in cost of sales is \$5.9 million related to the write up of inventory to fair value related to purchase price accounting. Total Cash Costs <sup>(1)</sup> and AISC <sup>(1)</sup> were \$887 and \$928, respectively, with the Company delivering below its AISC guidance of \$950 to \$990 per ounce. Mine operating income was \$3.7 million.

Cash flows from mining operations at El Limon generated \$13.2 million as a result of a strong gold price environment and an increased focus of managing costs through operational efficiencies and focusing on producing quality, high grade ounces. The Company continues to look for areas of cost improvements and efficiencies that include optimizing underground water pumps, ventilation systems, monitoring electrical energy usage, and managing delays in development by prioritizing production of higher-grade zones.

Total capital expenditures for the period of October 15, 2019 to December 31, 2019 was \$8.8 million, including \$5.7 million of capitalized stripping of LC Phase 2, \$2.0 million of Veta Nueva underground development, \$0.6 million of LC projects for the development of LC, \$0.3 million for the plant upgrade and \$0.2 million of sustaining capital. In addition, the Company incurred \$0.5 million of exploration costs, of which, \$0.4 million was incurred at Limon Norte and \$0.1 million at other projects.

## **LA LIBERTAD**

### **Overview**

La Libertad Mine is an open-pit and underground mine located in the La Libertad-Santo Domingo Region of the Department of Chontales in Central Nicaragua. The mine is situated approximately 110 km due east of Managua, and 32 km northeast of Juigalpa, the capital city of the Department of Chontales. The La Libertad exploitation concession, covering an area of 10,937 ha, was granted by a Ministerial Decree for a 40-year term expiring in 2034. In addition, the Company also holds a controlling interest in the Buenaventura and Cerro Quiroz exploration concessions, which are contiguous with the La Libertad exploitation concession and covers an area of 4,600 ha. In aggregate, the La Libertad properties encompass a district scale system of bonanza style epithermal gold veins similar in style to the mineralization at El Limon. To date mining at La Libertad has been focused on only a portion of the multiple vein systems known to occur on the property.

Mining operations are conventional open pit mining methods and a bottom-up sequenced long hole stoping mining method with unconsolidated backfill at the Jabali underground mine. Mill feed processed through a grinding circuit consisting of a semi-autogenous grinding (“SAG”) mill, pebble crusher, and two ball mills, then classified by cyclones, thickened, and passed to a series of leach tanks. The leached slurry is processed in a carbon-in-pulp (“CIP”) circuit, after which loaded carbon is delivered to the absorption, desorption, and refining (“ADR”) plant for stripping, electrowinning, and production of gold and silver doré bars.

For additional technical information on the La Libertad Mine and its related exploration projects, refer to the NI 43-101 technical report prepared by RPA, titled, *Technical Report on the La Libertad Mine, Chontales Department, Nicaragua*, dated July 24, 2019 (with an effective date of June 30, 2019) and available on Calibre’s SEDAR profile at [www.sedar.ca](http://www.sedar.ca).

---

<sup>(1)</sup> This is a non-IFRS measure, for further information refer to the Non-IFRS Measures section in the MD&A.

**La Libertad Operating and Financial Information - Summary**

The following operational and financial information for La Libertad is for the period beginning October 15, 2019 (being the date the Company acquired the Nicaraguan Assets from B2Gold) until December 31, 2019. Prior to October 15, 2019, Calibre was an exploration company without any gold production.

<b>October 15, 2019 to December 31, 2019</b>	
<b>Operating Information</b>	
Ore Mined - open pit (t)	<b>351,222</b>
Ore Mined - open pit - head grade (g/t Au)	<b>1.72</b>
Waste Mined - open pit (t)	<b>1,637,781</b>
Ore Mined - underground (t)	<b>3,346</b>
Ore Mined - underground - head grade (g/t Au)	<b>4.24</b>
Total Ore Mined (t)	<b>354,567</b>
Total Ore Mined - head grade (g/t Au)	<b>1.75</b>
Ore Milled (t)	<b>353,254</b>
Grade (g/t Au)	<b>1.74</b>
Recovery (%)	<b>96.4</b>
<b>Gold Ounces Produced</b>	<b>18,066</b>
<b>Gold Ounces Sold (including inventory acquired from B2Gold on October 15, 2019)</b>	<b>20,581</b>
<b>Financial Information (in thousands - except per ounce amounts)</b>	
Revenue (\$)	<b>30,475</b>
Mine operating income (\$) <sup>(2)</sup>	<b>9,648</b>
Cash flow from operations (\$)	<b>11,302</b>
Mine development and PPE expenditures (\$)	<b>1,224</b>
Exploration expenditures (\$)	<b>1,186</b>
Total Cash Costs (\$/oz) <sup>(1)</sup>	<b>847</b>
AISC (\$/oz) <sup>(1)</sup>	<b>889</b>

(1) This is a non-IFRS measure, for further information refer to the Non-IFRS Measures section in the MD&A.

(2) Included as a reduction of mine operating income is \$2.5 million, related to the valuation of metal inventory acquired on the purchase of the Nicaragua Assets on October 15, 2019, which was expensed during the period ended December 31, 2019.

**La Libertad - Operating Information**

The majority of La Libertad's mine production consisted of 71,089 tonnes with an average grade of 3.57 g/t from the San Juan open-pit, 107,756 tonnes with an average grade of 2.14 g/t from the Jabali open-pit, and 167,450 tonnes grading 0.55 g/t from "spent ore". The material from Jabali underground mine totaled 3,346 tonnes at 4.24 g/t gold and was mined prior to the suspension of operations in late 2019.

As disclosed on November 21, 2019 and on January 14, 2020, Calibre suspended blasting activities at its Jabali underground mine as artisanal mining activities have caused localized ground instability impacting approximately 20 households, several hundred meters from the Jabali underground mine. The government is well advanced with its negotiations, with a relocation site been identified, preliminary plans and relocation compensation have been presented, and regular discussions continue. Currently, Calibre anticipates recommencing operations during the third quarter of 2020.

Despite the hiatus of activities at Jabali underground, La Libertad achieved gold production of 18,066 ounces for the period of October 15, 2019 to December 31, 2019, from an average mill grade of 1.74 g/t and recovery of 96.4% from 353,254 tonnes of ore milled. Total production was within guidance of between 17,000 and 20,000 ounces (announced on October 21, 2019).

During 2019, as part of an ongoing efficiency review, Calibre idled one of the two ball mills at La Libertad, reducing throughput to approximately 1.6 million tonnes per annum (from 2.2 million tonnes per annum), focusing on higher margin production.

With favorable in-country transportation costs, 2.7 million tonnes of installed annual mill capacity between the two properties, reliable infrastructure, Calibre will continue to evaluate the opportunity to optimize our consolidated mine and process plans as we look to develop a “hub and spoke” approach to maximizing value from our combined Nicaraguan asset base.

### **La Libertad - Financial Information**

La Libertad generated revenue of \$30.5 million from the period of October 15, 2019 to December 31, 2019 on sales of 20,581 ounces of gold, resulting in an average realized gold price <sup>(1)</sup> of \$1,481/oz, in-line with average gold price for the same period (as previously discussed under the section *External Performance Drivers and Trends*).

Cost of sales (including depreciation) was \$20.9 million. Included in cost of sales is a charge of \$2.5 million related to the write up of inventory to fair value related to purchase price accounting. Total Cash Costs<sup>(1)</sup> and AISC<sup>(1)</sup> were \$847 and \$889, respectively, below guidance issued on October 21, 2019 of AISC of \$930 to \$960 per ounce. Mine operating income was \$9.6 million.

Cash flows from mining operations at La Libertad generated \$11.3 million for the period.

Capital and exploration expenditures totaled \$2.4 million over the period of October 15, 2019 to December 31, 2019 related to \$1.2 million of exploration, \$0.5 million for the Jabali development, \$0.7 million of sustaining capital.

## **SIGNIFICANT PROJECTS**

### **Pavon Gold Project (100% - owned)**

Pavon is an exploration stage project situated within the department of Matagalpa and municipality of Rancho Grande, Nicaragua. The property is located approximately 240 km from the capital city of Managua. Calibre acquired the property from B2Gold as part of the Nicaraguan Assets (discussed above). Calibre’s mineral tenure at Pavon comprises a total of 3,158 ha within two 100%-owned mineral concessions. The Pavon properties encompass a district scale system of bonanza style epithermal gold veins similar in style to the mineralization at El Limon and La Libertad.

Historical exploration at Pavon includes 71 diamond drill holes totalling approximately 10,700 metres that tested two zones of northwest striking vein structures that extend over a combined strike length of 6 km. Highlights of the historical drilling include 10.3 g/t Au over 16.8m in hole PADH-005B in the north zone and 6.7 g/t Au over 11m in hole PADH-01 in the south zone.

In 2014, seven samples from Pavon North were submitted for metallurgical test work with a focus on the amenability of the material to whole ore cyanidation. The samples responded well to the plant conditions with average gold and silver extraction of 95.4% and 76.3% respectively.

---

<sup>(1)</sup> This is a non-IFRS measure, for further information refer to the Non-IFRS Measures section in the MD&A.

On December 3, 2019, Calibre provided an updated NI 43-101 indicated and inferred resource estimate on the Pavon gold project. The report was prepared by WSP Canada Inc. (“WSP”) and the full report is filed on [www.sedar.com](http://www.sedar.com) and on the Company’s website. A table which compares Calibre’s NI 43-101 report to the most recent prior report (whose estimates were compiled as of November 14, 2014) follows below.

	Tonnes ('000s)			Au Grade (g/t)			Contained Au Oz ('000s)		
	Dec 2019	Prior <sup>(1)</sup>	Change	Dec 2019	Prior <sup>(1)</sup>	Change	Dec 2019	Prior <sup>(1)</sup>	Change
Indicated	<b>1,388</b>	290	379%	<b>5.16</b>	5.82	-11%	<b>230</b>	55	318%
Inferred	<b>567</b>	130	336%	<b>3.38</b>	5.50	-38%	<b>62</b>	23	170%

Notes pertaining to prior report dated November 14, 2014:

- <sup>(1)</sup> Mineral Resource estimates were compiled as of November 14, 2014 and are constrained within a pit shell and reported above a cut-off grade of 2.0 g/t Au, which was calculated using estimated project costs and a gold price of \$1,500 per ounce.

Notes pertaining to the December 2019 report:

- <sup>(2)</sup> Mineral Resources were prepared in accordance with NI 43-101 and CIM Definition Standards (2014). Mineral resources that are not mineral reserves do not have demonstrated economic viability. This estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
- <sup>(3)</sup> Mineral Resources are constrained within a pit shell and reported above a cut-off grade of 1.15 g/t Au, which was calculated using estimated gold price of \$1,400 per ounce, an operating cost of \$50.68/t and a gold processing recovery factor of 94%. Appropriate mining costs, processing costs, metal recoveries, and inter ramp pit slope angles were used by WSP to generate the pit shell.
- <sup>(4)</sup> Rounding may result in apparent summation differences between tonnes, grade, and contained metal content.
- <sup>(5)</sup> Tonnage and grade measurements are in metric units. Contained gold are in troy ounces.
- <sup>(6)</sup> Modelling was performed using GEOVIA Surpac 2019 software with grades estimated using ordinary kriging interpolation methodology and blocks are 5x5x5 with 2 sub-blocks.

The positive results from the updated Pavon mineral resource estimate, with an average indicated resource grade in excess of 5.0 g/t Au, provides Calibre with an opportunity to unlock significant value for all stakeholders by processing the Pavon open-pit material at the La Libertad mill, where significant excess capacity exists. Moreover, the Pavon mineral resource remains open at depth and along strike and the Company will be aggressively investing in resource expansion drilling and project development in 2020.

With the anticipation of obtaining certain exploration permits, the Company is planning to commence resource expansion drilling in the second half of 2020.

### Calibre 100%-Owned Borosi Projects

Calibre owns a 100% interest in over 667 km<sup>2</sup> of mineral concessions in the Mining Triangle of Northeast Nicaragua including the Primavera Gold-Copper Porphyry Project, Cerro Aeropuerto Project and the Santa Maria Gold Project. The concessions are located approximately 275km northeast of the capital of Managua and 80 km west of the coastal town of Puerto Cabezas.

In December 2016, the Company announced a maiden NI 43-101 inferred resource estimate at the Primavera Gold-Copper Porphyry Project of 45 million tonnes grading 0.54 g/t gold, 1.15 g/t silver, and 0.22% copper, containing 782,000 ounces of gold, 1.7 million ounces of silver, and 219 million pound of copper. The NI 43-101 compliant independent Technical Report summarizing the 2016 mineral resource estimate, prepared by WSP Canada Inc. titled *Primavera Project Resource Estimate, Region Autonoma de la Costa Caribe Norte, Nicaragua*, was filed at [www.sedar.com](http://www.sedar.com) and the Company’s website on February 1, 2017.

In addition, the area includes the Cerro Aeropuerto project, which features a NI 43-101 compliant inferred resource that hosts 707,750 ounces of gold and 3.1 million ounces of silver in 6.05 million tonnes grading 3.64 g/t gold and 16.16 g/t silver. The NI 43-101 independent Technical Report summarizing the 2011 mineral resource estimate, prepared by Todd McCracken titled *NI 43-101 Technical Report and Resource Estimation of the Cerro Aeropuerto and La Luna Deposits, Borosi Concessions, Nicaragua*, was filed on SEDAR and the Company’s website on April 12, 2011.

Historical exploration throughout the 100%-owned ground has included rock and soil geochemistry, geological mapping, trenching, and exploratory drilling. The area continues to offer significant exploration potential for additional discoveries. For example, drilling to date has only tested less than 10% of the surface geochemical, geophysical, and geological anomaly associated with the Primavera Gold-Copper Porphyry Project.

As Calibre's current strategy is focused on gold, the Company will look to extract value by attempting to attract a joint venture partner focused on copper.

### **IAMGOLD Corporation Option Agreement – Eastern Borosi Project**

The Eastern Borosi Project consists of 176 km<sup>2</sup> of mineral titles in the eastern area of the Borosi District, adjacent and around Calibre's 100%-owned exploration projects (discussed above). Exploration to date has outlined several tens of kilometres of highly prospective epithermal style vein structures located in an historic gold-silver mining district. Exploration targets have been defined by surface soil and rock sampling, trenching and previous drilling.

Pursuant to the terms of the option agreement, IAMGOLD Corporation ("IAMGOLD") has completed its initial option, having made \$450,000 in payments to Calibre and completed \$5 million in expenditures. As a result, IAMGOLD has a vested 51% interest in the Eastern Borosi Project. IAMGOLD has entered into the second option, with the right to earn a further 19% interest by completing additional cash payments totalling \$450,000 [received] and funding further exploration expenditures totaling \$5 million. The total potential investment by IAMGOLD to earn a 70% interest in the joint venture is \$10.9 million. The Company expects IAMGOLD to earn into its 70% interest in the joint venture in the first half of 2020.

In 2018, IAMGOLD reported an initial inferred mineral resource for the Eastern Borosi Project. A total of four gold-silver vein deposits have been delineated within an 8 km by 10 km area. All of the deposits are open along strike and at depth. The inferred resource estimate totals 4.4 million tonnes grading 4.93 g/t gold and 80 g/t silver, with total contained ounces of 700,500 ounces of gold and 11.4 million ounces of silver. An independent NI 43-101 compliant Technical Report dated May 14, 2018 which summarizes the 2018 mineral resource estimate, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website.

In 2019, Calibre executed a reconnaissance drilling program, funded by IAMGOLD, comprising seven drill holes totaling 2,129 metres. The 2019 drilling program was summarised in Calibre's press releases dated March 13, 2019 and May 13, 2019 which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website. Generative exploration at the Eastern Borosi project is on-going and includes targeted soil and surface rock sampling over areas where previous work outlined anomalous gold and silver, often associated with base metals.

### **Centerra Option Agreement**

On February 11, 2019, Calibre purchased the 51% interest of the La Luz Projects owned by Centerra Gold Inc. ("Centerra") by issuing 2 million common shares and granting a 2.0% net smelter return royalty ("NSR Royalty") on future production from the La Luz Project to Centerra. The value of the common shares issued to Centerra was \$0.9 million 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. Except for the NSR Royalty, Calibre now owns 100% of the project formally optioned to Centerra.

## **GROWTH AND DISCOVERY**

### **El Limon Exploration**

During Q4 2019, the Company initiated an exploration drilling program at El Limon testing the potential to expand the mineral resource for the Limon Norte zone located adjacent to the Limon Central open pit, and improve confidence in mineral resource classification at the Panteon zone located adjacent to the Santa Pancha mine.

Highlights from the initial drilling at Limon Norte include:

- 11.85 g/t Au over 5.1m Estimated True Width (“ETW”) from 209.4 metres depth in hole LIM19-4417;
- 18.65 g/t Au over 5.1m ETW from 197.1 metres depth in hole LIM19-4418; and
- 4.13 g/t Au over 20.3m ETW from 248.4 metres depth in hole LIM19-4420.

A total of 1,285 metres was drilled in five holes during the fourth quarter at Limon Norte and Panteon. Limon Norte is located approximately 100 metres north of the current open-pit at Limon Central and Panteon is a vein splay that extends from the Santa Pancha underground mine.

Four of the five holes tested the down-dip extension at Limon Norte. The drilling confirms the continuity of gold mineralization below the current modelled pit with hole LIM19-4420 intercepting the Limon Norte structure 60 metres below the current inferred mineral resource. The fifth hole was infill drilling at Santa Pancha to upgrade resource classification and support a future mineral reserve estimate for Santa Pancha. A complete table of drill hole results is available in the Company’s February 4, 2020 news release, which is available on the Company’s website or on Calibre’s SEDAR profile at [www.sedar.ca](http://www.sedar.ca).

Calibre’s program at El Limon will continue to focus on resource expansion along the main Limon vein-system as well as at Santa Pancha and Atrevesada. Based on the positive results from the 2019 drilling, the Company now plans to increase drilling at El Limon from the budgeted 7,000 metres to 12,000 metres. The Company is currently drilling at Panteon and is mobilizing a second drill to resume drilling along the 2.5 km El Limon vein-system. Concurrent with resource expansion drilling, the Company will explore the broader Limon district through an ongoing program of systematic mapping and geochemical sampling to identify new drill targets at the earlier stage Lourdes, Tecomapas/Ramadas and San Antonio gold prospects.

### **La Libertad Exploration**

During the fourth quarter of 2019, the Company initiated an exploration drilling program at La Libertad testing four zones of prospective epithermal-style gold mineralization at varying stages of development, ranging from active mining to pre-discovery exploration. Calibre completed 27 drill holes targeting the Jabali and Esmeralda deposits and the Buenos Aires gold system. A further eight shallow drill holes were completed on two vein structures at the Amalia property.

Highlights from the drilling program include:

At Amalia:

- 17.84 g/t Au over 7.0m ETW from 60.6 metres depth in hole EZ19-001

At La Libertad:

- 10.66 g/t Au over 1.7m ETW from 123.5 metres depth in hole JB19-473;
- 2.59 g/t Au over 3.0m ETW from 38.0 metres depth in hole EM19-004; and
- 4.56 g/t Au over 1.1m ETW from 4.6 metres depth in hole PU19-004.



Calibre believes the shallow high-grade intercept at Amalia offers excellent potential for the discovery of additional mill feed for La Libertad. The Amalia property encompasses a large system of low-sulphidation, epithermal gold structures that has had very limited modern exploration and no previous drilling.

At La Libertad, 27 drill holes totalling 3,429 metres were completed to begin testing the gold vein systems at the Jabali and Esmeralda deposits, as well as the Buenos Aires prospect which had not been previously drilled.

At Amalia (located approximately 35 kilometres northeast of the La Libertad mill), 8 holes totaling 1,181 metres were drilled as an initial test of the Espinoza and Pavona vein structures. Six holes were drilled along a 250-metre section of the Espinoza vein structure to test the down-dip potential of anomalous gold grades identified from previous surface trenching, which has so far traced the structure over a one-kilometer strike extent. The first hole (EZ19-001) intercepted 7.0m averaging 17.84 g/t within 45 metres vertical depth from surface. Drilling is currently in progress to follow up on these positive initial results.

At the Jabali underground mine, two infill holes were drilled to upgrade resource classification in support of mine planning and engineering design. At Esmeralda, results have been received for twelve of thirteen holes drilled along a 600-metre extension of the Esmeralda vein system as it continues beyond the past-producing Esmeralda open-pit. Six of the holes intercepted near-surface gold mineralization over narrow widths and the results are being evaluated. At Buenos Aires, first pass reconnaissance drilling targeted three vein structures exposed within a 3.5 km<sup>2</sup> area that is a site of widespread artisanal mining. Significant surface trenching results at Buenos Aires range from 1.5m @ 7.1 g/t Au to 6.2m @ 2.3 g/t Au. Anomalous gold mineralization was confirmed along all three of the structures tested, including hole PU19-004 which intercepted 1.1 metres grading 4.6 g/t Au along the Pulpito structure. Drilling results from the Esmeralda and Buenos Aires targets are being evaluated in combination with results from ongoing reconnaissance drill testing of other targets within the broader La Libertad property.

Calibre's exploration program during the first half of 2020 will include:

- Additional drilling at Amalia to follow-up on the strong results from hole EZ19-001, accelerated surface mapping and sampling along strike extensions of the Espinoza vein trend, as well as reconnaissance level prospecting over the Company's 83 km<sup>2</sup> of mineral concessions;
- First-pass drilling at La Libertad to test the resource expansion potential along the vein systems in the Jabali, Rosario and San Antonio areas; and
- Reconnaissance drilling of the untested Tranca and Nancite vein systems located 500 meters south of Jabali.

The Company plans to complete approximately 20,000 metres of drilling at La Libertad and approximately 5,000 metres at Amalia during the first half of 2020. Results from the first half will form the basis for further exploration and resource delineation work during the latter half of 2020. Additionally, 10,000 metres of drilling is anticipated at the Pavon project in the second half of 2020. The results of the Company's 2020 exploration drilling will be incorporated into updated mineral resource and reserve estimates to be completed at year-end.

A complete table of drill hole results is available in the Company's February 11, 2020 news release, which is available on Calibre's website and SEDAR profile at [www.sedar.ca](http://www.sedar.ca).

## **CONSOLIDATED FINANCIAL RESULTS**

### **Mining Operations**

The Company transitioned to a gold producer on October 15, 2019 with the purchase of the Nicaraguan Assets from B2Gold. The following discussion on the consolidated financial results related to the mining operations are the same for both the fourth quarter of 2019 and the year ended December 31, 2019. There were no comparable mining related figures for the prior year as the Company had not yet commenced gold production activities.



The Company sold 38,993 ounces of gold for revenue of \$57.8 million at a realized average price per ounce of \$1,481, which is in line with the average gold price for the period October 15, 2019 to December 31, 2019 (\$1,479 per ounce).

Total cost of sales for the period was \$44.4 million, which includes production costs of \$39.2 million, royalty and production taxes of \$2.2 million, refinery, transportation and other costs of \$0.8 million, and depreciation and amortization of \$2.3 million. Included in production costs is \$8.4 million of adjustments related to the increase in inventory at October 15, 2019 associated with the purchase price allocation which was expensed through cost of sales in the fourth quarter.

Mine operating income was \$13.3 million, with \$3.7 million generated by El Limon and \$9.6 million from La Libertad, with La Libertad having slightly higher gold production and gold sales in the period as a result of higher mill capacity.

Consolidated Total Cash Costs <sup>(1)</sup> for the period was \$866 per ounce and AISC was \$959 per ounce. The Company's AISC <sup>(1)</sup> was in the lower end of guidance provided by the Company in its October 21, 2019 news release, which was estimated at that time to be between \$950 and \$980 per ounce. A reconciliation of the Total Cash Costs <sup>(1)</sup> and AISC <sup>(1)</sup>, which are non-IFRS measures, is provided in the *Non-IFRS Measures* section in the MD&A.

### Expenses and Net Income

For Q4 2019, G&A expenses totaled \$2.4 million compared to \$0.3 million in Q4 2018. For the year ended December 31, 2019, G&A was \$3.5 million compared to \$1.1 million in 2018. The increase in both periods is the result of increased salaries and wages associated with higher staffing levels in the corporate head office, including enhancements to the senior management team required for Calibre's transition from exploration to junior gold producer. Prior to this transition, the Company engaged consultants in various management responsibilities. The increase is also related to higher level of overall corporate activity including regulatory costs associated with Calibre's transition from the TSX Venture Exchange to the TSX Stock Exchange, higher professional fees, marketing and promotion of the launch in new business and operations, and greater corporate oversight costs related to operations in Nicaragua.

For Q4 2019, share-based compensation was \$1.1 million compared to \$Nil in Q4 2018. For the year ended December 31, 2019, share-based compensation was \$1.2 million compared to \$0.1 million in 2018. The increase in 2019 relates to the granting of options and RSU in Q4 2019, as the Company enhanced its management team and increased staffing levels in connection with the acquisition of the assets from B2Gold.

For Q4 2019, business combination costs totaled \$2.4 million compared to \$Nil in Q4 2018. For the year ended December 31, 2019, these costs totaled \$3.4 million compared to \$Nil in 2018. Business combination costs include advisory, legal, regulatory and other professional fees, and success fees payable on completion of acquiring the two Nicaraguan mines. Included in these 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 fair value of \$0.6 million.

Interest income for 2019 was \$0.1 million compared to a nominal amount in 2018, which was generated as a result of the Company's increased cash balance during Q4 2019 and from interest earned while subscription receipts associated with the CAD \$105 million financing were held in escrow until the closing of the Transaction.

Finance expenses were incurred in the fourth quarter of 2019 which include accretion on convertible debenture (\$0.1 million), accretion on mine restoration provision (\$0.2 million), accretion on the deferred payment to B2Gold (\$0.3 million) and accretion of employee benefits obligations (\$0.1 million). There were no such financing expenses for 2018.

---

<sup>(1)</sup> This is a non-IFRS measure, for further information refer to the Non-IFRS Measures section in the MD&A.

Other income and expenses for 2019 was the result of loss on settlement of the convertible debenture (\$0.5 million) combined with other non-significant losses on assets and other expenses (\$0.2 million), and offset by income earned from option payments and management fees in the Company's joint venture agreement totaling \$0.1 million.

Current and deferred income tax expense total \$3.2 million for the fourth quarter and year ended December 31, 2019 (2018 - \$Nil), which includes alternative minimum taxes and advalorem taxes.

Income (loss) per share – basic and diluted for the year ended December 31, 2019 was \$0.01 (2018 : \$(0.03)) and for Q4 2019 was \$0.01 (Q4 2018 : \$(0.01)). When adjusting for one-time items, the Company's adjusted net income per share was \$0.04 for Q4 2019. Adjusted net income per share is a non-IFRS measure which the Company has provided a reconciliation in the *Non-IFRS Measures* section in the MD&A.

## **LIQUIDITY AND CAPITAL RESOURCES**

Calibre is committed to managing liquidity by achieving positive cash flows from its operations to fund capital requirements and development projects. The Company monitors and expects settlement of financial assets and obligations on an ongoing basis; there are no significant accounts payable, capital lease obligations, or other payments that are outstanding past their due dates.

Factors that may affect the Company's liquidity are continuously monitored. These factors include the market price of gold, production levels, operating costs, capital costs, exploration expenditures, timing of value-added-tax and other tax refunds, and foreign currency fluctuations. In addition, the taxation laws in Nicaragua are complicated and subject to change. The Company may also be subject to review, audit and assessment in the ordinary course. Any such changes in taxation law or review and assessments could result in higher taxes being payable or require payment of taxes due from previous years, which could adversely affect the Company's profitability. Taxes may also adversely affect the Company's ability to repatriate earnings or otherwise deploy its assets as anticipated. In the event that the Company is adversely affected by any of these factors and, as a result, the operating cash flows are not sufficient to meet the Company's working capital requirements, there is no guarantee that the Company would be able to raise additional capital on acceptable terms to fund a potential cash shortfall.

As at December 31, 2019, the Company had a positive working capital balance of \$30.9 million (December 31, 2018 : \$2.9 million), including a cash balance of \$32.9 million (December 31, 2018 - \$3.5 million). The increase in working capital reflects ongoing free cash flow generation from the Company's mines, excess working capital generated from the completion of the Company's CAD \$105 million financing, and the reduction in current debt related to the conversion of the Debenture, which was fully converted during the fourth quarter of 2019. Included in current liabilities is the present value of the deferred payment to B2Gold of \$14.3 million. The carrying value of the amount payable is \$15.5 million and is due in October 2020.

In total, the Company received \$75.3 million, net of finance costs, from the private placement completed as part of the closing of the Transaction. As anticipated, the Company utilized the financing to fund the purchase price on the Transaction totalling \$52.8 million paid to B2Gold (\$40 million in purchase price and \$12.8 million related to a working capital adjustment). The remaining funds are being utilized for working capital purposes.

Based on reasonable expectations and forecasts for our operating performance and capital plan, the Company expects to generate sufficient cash flow to service its ongoing obligations and cover anticipated exploration, development and corporate costs associated with its existing operations.

### Cashflow Analysis

Calibre generated operating cash flow of \$20.7 million for Q4 2019 compared to utilization of \$0.1 million for the comparable prior period in 2018. For 2019, the Company generated \$19.2 million in cash flow from operations and utilized cash of \$0.6 million in operations in 2018. The difference highlights the impact of the acquisition of the mines acquired in the fourth quarter of 2019.

The Company made cash payments (net of cash received) of \$52.0 million to B2Gold on the acquisition of the Nicaraguan Assets. In addition, the Company invested cash of \$13.6 million in 2019 compared to \$1.7 million in 2018 in its exploration projects, property, plant, and equipment, and capital development. The majority of the expenditures were associated with mine development totaling \$8.6 million in 2019 (2018 : \$Nil), property plant and equipment of \$1.6 million (insignificant in 2018), and exploration expenditures at the various projects totaling \$3.3 million (2018 : \$1.7 million).

In the fourth quarter of 2018, the Company received net cash of \$3.6 million on a private placement of 11.4 million units.

### OFF-BALANCE SHEET ITEMS

As at December 31, 2019, the Company did not have any off-balance sheet items.

### OUTSTANDING SHARE INFORMATION

The Company is authorized to issue an unlimited number of common shares. The following table outlines the outstanding common shares and convertible instruments of the Company as at February 18, 2020 and December 31, 2019. For further information and details concerning outstanding shares, options, restricted share units, and share purchase warrants, refer to the Consolidated Statements of Changes in Shareholders' Equity, and Note 19 in the Consolidated Financial Statements for the year ended December 31, 2019 and 2018.

<i>(In thousands)</i>	Issued and Outstanding	
	As at February 18, 2020	As at December 31, 2019
Common shares	328,021	328,021
Options	30,250	30,250
Restricted share units	5,275	5,275
Share purchase warrants	11,794	13,764

**QUARTERLY INFORMATION**

<i>(in thousands - except ounces and per share amounts)</i>	Q4 2019 <sup>(2)</sup>	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Gold Ounces Produced	33,506	-	-	-	-	-	-	-
Gold Ounces Sold	38,993	-	-	-	-	-	-	-
Average realized gold price per ounce (\$/oz) <sup>(1)</sup>	1,481	-	-	-	-	-	-	-
Total cash cost per ounce sold (\$/oz) <sup>(1)</sup>	866	-	-	-	-	-	-	-
AISC per ounce sold (\$/oz) <sup>(1)</sup>	959	-	-	-	-	-	-	-
Revenue (\$)	57,763	-	-	-	-	-	-	-
Mine operating income (\$) <sup>(3)</sup>	13,344	-	-	-	-	-	-	-
Net income (loss) (\$)	3,130	(1,381)	(468)	(356)	(281)	(368)	(117)	(169)
Net income (loss) per share - basic & diluted (\$/share)	0.01	(0.03)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)
Total assets (\$)	265,184	25,352	25,728	26,042	25,625	22,268	22,462	22,773
Non-current liabilities (\$)	75,713	137	228	224	-	-	-	-

**Notes:**

- <sup>(1)</sup> This is a non-IFRS measure, for further information refer to Non-IFRS Measures section in this MD&A.
- <sup>(2)</sup> Consolidated Financial and Operational results for Q4 2019 and 2019 includes the results from the Nicaraguan Assets acquired from B2Gold and discussed in the section *Corporate Developments*, since their acquisition, from the period of October 15, 2019 to December 31, 2019 only. Prior to October 15, 2019, Calibre was an exploration stage company with no properties in production.
- <sup>(3)</sup> Included in cost of sales is a write up of \$8.4 million, and consequently a reduction of mine operating income of the same amount, related to the valuation of metal inventory acquired on the purchase of the Nicaragua Assets on October 15, 2019, which was expensed during the period ended December 31, 2019.

As noted above, fourth quarter 2019 information includes the financial and operational results of El Limon and La Libertad effective October 15, 2019 to December 31, 2019. This acquisition transformed Calibre from a exploration company into a multi-asset gold producer and explorer. As a result, the effect of the transaction had significant implications to the Company's operating and financial results, as noted in the above table and as described throughout this MD&A.

Prior to the fourth quarter of 2019, the variation seen over the above quarters was primarily dependent upon the success of the Company's ongoing property evaluations and acquisitions program and the timing and results of the Company's exploration activities on its current properties, none of which was possible to predict with certainty.

The above losses were also impacted by increases or decreases in corporate general and administrative expenditures, which can change from quarter to quarter depending on overall levels of corporate activity (for example, due diligence and/or transaction costs) which impacted losses in the second and third quarter of 2019), options granted in any given period, which will give rise to share-based compensation expenses, and impairment of assets, if any, in any given period.

**NON-IFRS MEASURES**

Calibre has included certain non-IFRS measures in this MD&A, as discussed below. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provides investors with an improved ability to evaluate the underlying performance of the Company. These non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

### Total Cash Costs per Ounce of Gold Sold (“Total Cash Costs”)

Total Cash Costs include mine site operating costs such as mining, processing and local administrative costs (including stock-based compensation related to mine operations), royalties, production taxes, mine standby costs and current inventory write-downs, if any. Production costs are exclusive of depreciation and depletion, reclamation, capital and exploration costs. Total Cash Costs are net of by-product silver sales and are divided by gold ounces sold to arrive at a per ounce figure. For the period ended December 31, 2019, Total Cash Costs includes an adjustment for the purchase price allocation that represents the impact on production costs of the valuation of metal inventory acquired with the business combination on the purchase of the Nicaragua Assets.

### All-In Sustaining Costs per Ounce of Gold Sold (“AISC”)

AISC is a performance measure that reflects the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company’s definition is derived from the definition, as set out by the World Gold Council in its guidance dated June 27, 2013 and November 16, 2018, respectively. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure is useful to external users in assessing operating performance and the ability to generate free cash flow from operations.

Calibre defines AISC as the sum of Total Cash Costs, sustaining capital (capital required to maintain current operations at existing production levels), corporate general and administrative expenses, in-mine exploration expenses, amortization of asset retirement costs and rehabilitation accretion related to current operations. AISC excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, rehabilitation accretion not related to current operations, financing costs, debt repayments, and taxes. Total AISC is divided by gold ounces sold to arrive at a per ounce figure. For the period ended December 31, 2019, AISC includes an adjustment for the purchase price allocation that represents the impact on production costs of the valuation of metal inventory acquired with the business combination on the purchase of the Nicaragua Assets.

### Total Cash Costs and AISC per Ounce of Gold Sold Reconciliations

The table below reconciles Total Cash Costs and AISC per ounce sold for the period from October 15, 2019 to December 31, 2019:

<i>(in thousands - except per ounce amounts)</i>	October 15, 2019 to December 31, 2019			
	El Limon	La Libertad	G&A	Consolidated
Production costs	\$ 20,242	\$ 18,963	\$ -	\$ 39,205
Royalties and production taxes	1,618	539	-	2,157
Refinery and transportation	327	463	-	790
Purchase price adjustment <sup>(2)</sup>	(5,865)	(2,536)	-	(8,401)
<b>Total cash costs</b>	<b>16,322</b>	<b>17,429</b>	<b>-</b>	<b>33,751</b>
Corporate administration <sup>(3)</sup>	-	-	2,015	2,015
Reclamation accretion and amortization of ARO	69	98	-	167
Sustaining capital <sup>(1)</sup>	195	727	-	922
Sustaining exploration <sup>(1)</sup>	495	41	-	536
<b>Total AISC</b>	<b>\$ 17,081</b>	<b>\$ 18,295</b>	<b>\$ 2,015</b>	<b>\$ 37,391</b>
<b>Gold ounces sold</b>	<b>18,412</b>	<b>20,581</b>	<b>-</b>	<b>38,993</b>
<b>Total Cash Costs</b>	<b>\$ 887</b>	<b>\$ 847</b>	<b>\$ -</b>	<b>\$ 866</b>
<b>AISC</b>	<b>\$ 928</b>	<b>\$ 889</b>	<b>\$ -</b>	<b>\$ 959</b>

Notes:

- (1) Refer to sustaining capital expenditures and sustaining mine exploration reconciliations below.
- (2) For the period ended December 31, 2019, Total Cash Costs and AISC includes an adjustment for the purchase price allocation that represents the impact on production costs of the valuation of metal inventory acquired with the business combination on the purchase of the Nicaragua Assets.
- (3) Corporate administration charges are pro-rated to adjust for the period in which the Company was in production, from October 15, 2019 to December 31, 2019.

The table below shows a reconciliation of sustaining capital expenditures to operating mine capital expenditures from the Consolidated Financial Statements for the year ended December 31, 2019:

<i>(in thousands)</i>	October 15, 2019 to December 31, 2019		
	El Limon	La Libertad	Consolidated
Operating mine capital expenditures	\$ 8,762	\$ 1,224	\$ 9,986
Less:			
Jabali development	-	(497)	(497)
Veta Nueva development	(1,941)	-	(1,941)
Plant upgrade	(281)	-	(281)
Deferred stripping at Limon Central	(5,647)	-	(5,647)
Limon projects	(630)	-	(630)
Santa Pancha - tailings facility engineering	(68)	-	(68)
<b>Sustaining capital</b>	<b>\$ 195</b>	<b>\$ 727</b>	<b>\$ 922</b>

The table below shows a reconciliation of sustaining exploration expenditures to total exploration expenditures from the Consolidated Financial Statements for the year ended December 31, 2019:

<i>(in thousands)</i>	October 15, 2019 to December 31, 2019		
	El Limon	La Libertad	Consolidated
Total mine exploration expenditure	\$ 495	\$ 1,186	\$ 1,681
Less:			
Regional exploration	-	(1,145)	(1,145)
<b>Sustaining exploration</b>	<b>\$ 495</b>	<b>\$ 41</b>	<b>\$ 536</b>

### Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share - Basic

Adjusted net income (loss) and adjusted net income (loss) per share – basic are non-IFRS measures that do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines adjusted net income (loss) as net income (loss) adjusted for non-recurring and significant recurring items. The Company defines adjusted income (loss) per share – basic as adjusted net income divided by the basic weighted number of common shares outstanding.

Management believes that the presentation of adjusted net income (loss) and adjusted income (loss) per share - basic is appropriate to provide additional information to investors regarding items that we do not expect to continue at the same level in the future or that management does not believe to be a reflection of the Company's ongoing operating performance. Management further believes that its presentation of these non-IFRS financial measures provide information that is useful to investors as they are important indicators of the strength of our operations and the performance of our core business. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate this measure differently.

A reconciliation of net income to adjusted net income as extracted from the financial statements is set out in the table below:

<i>(in thousands - except per share amounts)</i>	Q4 2019	Q4 2018	YE 2019	YE 2018
Net income (loss)	\$ 3,130	\$ (282)	\$ 920	\$ (935)
Addbacks (net of tax impacts):				
Transaction costs	2,408	-	3,445	-
Inventory adjustment on purchase price allocation <sup>(1)</sup>	5,881	-	5,881	-
Loss on settlement of convertible debenture	462	-	462	-
Adjusted net income (loss)	\$ 11,881	\$ (282)	\$ 10,708	\$ (935)
Weighted average number of shares outstanding	298,742	39,307	105,671	33,250
Adjusted net income (loss) per share - basic	\$ 0.04	\$ (0.01)	\$ 0.10	\$ (0.03)

<sup>(1)</sup> The adjustment for adjusted net income represents the impact on production costs of the valuation of metal inventory acquired with the business combination on the purchase of the Nicaragua Assets after application of income tax at a rate of 30%.

### Average Realized Price per Ounce Sold

Average realized price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is revenue from gold sales. The measure is reconciled for the periods presented as follows:

<i>(in thousands - except per ounce amounts)</i>	October 15, 2019 to December 31, 2019		
	El Limon	La Libertad	Consolidated
Revenue	\$ 27,288	\$ 30,475	\$ 57,763
Ounces of gold sold	18,412	20,581	38,993
Average realized price per ounce sold	\$ 1,482	\$ 1,481	\$ 1,481

## COMMITMENTS AND CONTINGENCIES

### Commitments

The Company is currently committed to \$97.7 million for purchase obligations, contractual commitments and operating leases as follows:

	2020	2021	2022	2023	2024	2025 and Later	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

### Royalties

- International Royalty Corporation, a subsidiary of Royal Gold, Inc., holds a 3% net smelter return (“NSR”) royalty on gold production from El Limon and certain other concessions.
- Centerra Gold Inc. holds a 2% NSR royalty on any future production from the La Luz Project in Eastern Borosi (not currently in production). 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.



- Inversiones Mineras, Sociedad Anonima holds a 2% NSR royalty on gold production from La Libertad and Buenaventura Mining Concessions - currently only the La Libertad concession is under gold production.
- B2Gold retains a 1.5% NSR on production from certain concessions within the 100% Calibre-owned Borosi project (unrelated to the El Limon and La Libertad gold mines).

### 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.

### 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 also a 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 of the consolidated financial statements, 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 of the consolidated financial statements also related to the Transaction and relate to the deferred payment owed to B2Gold and the convertible debenture (both previously discussed in this MD&A).

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).

## **FOURTH QUARTER**

The Company’s operations for the fourth quarter of 2019 were significantly impacted by the acquisition of the Nicaraguan Assets from B2Gold in October 2019. The acquisition transformed Calibre from an exploration company to a junior gold producer and explorer, which resulted in the Company reporting significant revenues and cashflows from operations for the first time. Details of the results of this acquisition on the Company’s fourth quarter are addressed throughout this MD&A including sections *El Limon* and *La Libertad*, which provide information on the acquired operating mines and their impact on the results of the Company.

## **PROPOSED TRANSACTIONS**

While the Company may be investigating a number of potential properties or projects at any given time, there are no proposed transactions that the Board of Directors or senior management believe that the decision to acquire any specific project by the Company’s Board is certain.

## **RISK FACTORS**

The following list details existing and future risks to the business of the Company. The risks described below are not listed in any particular order and are not exhaustive. Additional risks and uncertainties not currently known to the Company, or those that it currently deems to be immaterial, may become material and adversely affect the Company’s business. The realization of any of these risks may materially and adversely affect the Company’s business, financial condition, results of operations and/or the market price of the Company’s securities.

### **Integration of Recently Acquired Nicaraguan Assets**

Calibre entered into the agreement with B2Gold to acquire the Nicaraguan Assets, which closed on October 15, 2019, with the expectation that the successful completion of the acquisition would result in enhanced growth opportunities for Calibre. The anticipated benefits will depend in part on whether the operations of El Limon and La Libertad can continue to be integrated in an efficient and effective manner. Most operational and strategic decisions and certain staffing decisions with respect to the integration of the newly acquired assets continue to be made. These decisions and the integration of the Nicaraguan Assets will present challenges to management, including the integration of systems and personnel of the companies, and special risks, including possible

unanticipated liabilities, unanticipated costs, and the loss of key employees. The performance of the mines acquired following acquisition could be adversely affected if Calibre cannot retain key employees to assist in their integration and operation. As a result, it is possible that the benefits expected from the acquisition of the Nicaraguan Assets will not be realized.

As part of its strategy, the Company will continue its efforts to develop new precious metal projects and will have an expanded portfolio of such projects as a result of the recent acquisition. A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, design, construction, labour, operating, technical and technological risks, uncertainties relating to capital and other costs and financing risks. The level of production and capital and operating cost estimates relating to the expanded portfolio of growth projects, which are used in establishing Mineral Reserve estimates for determining and obtaining financing and other purposes, are based on certain assumptions and are inherently subject to significant uncertainties. It is very likely that actual results for Calibre's projects will differ from its current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions which could reduce production below, or increase capital or operating costs above, Calibre's current estimates. If actual results are less favourable than Calibre currently estimates, the Company's business, results of operations, financial condition and liquidity could be materially adversely impacted.

### **Mining Industry**

Calibre is subject to risks normally encountered in the mining and metals industry. Such risks can include, without limitation: environmental hazards; industrial accidents; labour disputes; changes in laws; taxation; technical difficulties or failures; late delivery of supplies or equipment; unusual or unexpected geological formations or pressures; cave-ins; pit-wall failures; rock falls; unanticipated ground, grade or water conditions; flooding; periodic or extended interruptions due to the unavailability of materials; and force majeure events. Such risks could result in damage to, or destruction of mineral properties or producing facilities; personal injury; environmental damage; delays in mining or processing; losses; and possible legal liability. Any prolonged downtime or shutdowns at Calibre's mining or processing operations could materially adversely affect business, results of operations, financial condition and liquidity.

### **Mineral Resources and Reserves**

The Company needs to continually replace and expand its mineral reserves and any necessary associated surface rights as the mines produce gold. The life of mine estimates for each of the operating mines are based on best estimates in respect of mineral reserves and mineral resources given the information available to Calibre and may not be correct.

Actual ore mined may vary from estimates of grade, tonnage, dilution and metallurgical and other characteristics and there is no assurance that the indicated level of recovery will be realized or that mineral reserves could be mined or processed profitably. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the control of Calibre. Such estimation is a subjective process, and the 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 judgments used in engineering and geological interpretation. Short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

In addition, fluctuation in gold prices, results of drilling, metallurgical testing and production, increases in capital and operating costs, including the cost of labour, equipment, fuel and other required inputs and the evaluation of mine plans after the date of any estimate may require revision of such estimate. Any material reductions in

estimates of mineral reserves and mineral resources, or of Calibre's ability to extract these mineral reserves, could have a material adverse effect on its results of operations and financial condition.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to uncertainty that may attach to inferred mineral resources, inferred mineral resources may not be upgraded to measured and indicated mineral resources or proven and probable reserves as a result of continued exploration. The projections regarding continuing operations and production at La Libertad beyond mineral reserves are based on the assumption that the Company will be able to mine certain mineral resources, including inferred resources, that have not been classified as mineral reserves. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that such projections will be realized. While historically, the El Limon and La Libertad mines have been successful in converting mineral resources to mineral reserves in the past, there is no certainty of converting mineral resources to mineral reserves in the future.

### **Gold Price Volatility**

The profitability of the Company's operations can be significantly affected by changes in the market price of gold and other mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company, including interest rates; the rate and anticipated rate of inflation; world supply of mineral commodities; consumption patterns; purchases and sales of gold by central banks; forward sales by producers; production costs; demand from the jewelry industry; speculative activities; stability of exchange rates; the relative strength of the U.S. dollar and other currencies; changes in international investment patterns; monetary systems; and political and economic events.

Price declines could cause commercial production or the development of new mines to be impracticable or unpredictable. If gold prices decline significantly, or decline for an extended period of time, Calibre might not be able to continue its operations, develop its properties, or fulfill its obligations under its permits and licenses, or under its agreements with partners. This could result in the Company losing its interest in some or all of its properties or being forced to cease operations or development activities or to abandon or sell properties, which could have a negative effect on profitability and cash flow.

Calibre is committed to not hedging gold and wants to benefit from the potential increases in gold prices.

### **Mining Operations and Environment**

Mining operations generally involve a high degree of risk. The Company's operations will be subject to all the hazards and risks normally encountered in the production of gold, including: unusual and unexpected geologic formations; seismic activity; rock bursts; cave-ins or slides; flooding; pit wall failure; periodic interruption due to inclement or hazardous weather conditions; and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or death, damage to property, environmental damage and possible legal liability. Milling operations are subject to hazards such as fire, equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's operations are in remote areas and can be affected by adverse climate issues, resulting in technical challenges for conducting both geological exploration and mining operations. Although Calibre benefits from modern mining technology, it may sometimes be unable to overcome problems related to weather and climate either expeditiously or at a commercially reasonable cost, which could have a material adverse effect on its business, results of operations and financial condition.

### **Mineral Exploration and Development**

The business plans and projections of the Company rely significantly on the planned development of its non-producing properties. The development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines and no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a specific site. It is impossible to ensure that the exploration or development programs Calibre or any of its joint venture partners plan will result in a profitable commercial mining operation.

Properties not yet in production, starting production or slated for expansion, are subject to higher risks as new mining operations often experience unexpected problems during the start-up phase, and production delays and cost adjustments can often occur. Further, feasibility studies, pre-feasibility studies, and preliminary economic assessments contain project-specific estimates of future production, which are based on a variety of factors and assumptions. There is no assurance that such estimates will be achieved and the failure to achieve production or cost estimates or material increases in costs could have a material adverse effect on its future cash flows, profitability, results of operations and financial condition and ultimately the Company's share price.

In addition, developments are prone to material cost overruns when compared to budgets. The capital expenditures and time required to develop new mines including, building mining and processing facilities for new properties are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the mine. The project development schedules are also dependent on obtaining the governmental approvals and permits necessary for the operation of a mine which is often beyond the Company's control. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated. There is no assurance that there will be sufficient funds to finance construction and development activities, particularly if unexpected problems arise.

Other risks associated with mineral exploration and development include but are not limited to: the availability and costs of skilled labour and the ability of key contractors to perform services in the manner contracted for; unanticipated changes in grade and tonnage of ore to be mined and processed; unanticipated adverse geotechnical and geological conditions; incorrect data on which engineering assumptions are made; potential increases in construction and operating costs due to shortages of and/or changes in the cost of fuel, power, materials, security and supplies; adequate access to the site and unanticipated transportation costs or disruptions; potential opposition or obstruction from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities; equipment failures; natural phenomena; exchange rate and commodity price fluctuations; high rates of inflation; civil disobedience, protests and acts of civil unrest or terrorism; applicable taxes and restrictions or regulations imposed by governmental or regulatory authorities or other changes in the regulatory environments; and other risks associated with mining described herein.

Any combination of these factors may result in the Company being unable to develop its non-producing properties, to achieve or maintain historical or estimated production, revenue or cost levels, or to receive an adequate return on invested capital, which could have a material adverse effect on its business results of operations and financial condition.

### **Political, Economic, and Other Risks**

Calibre's operations, exploration, development and production activities are conducted in Nicaragua and, as such, are exposed to political, economic and other risks and uncertainties. These risks and uncertainties vary in nature and include, but are not limited to, the existence or possibility of political or economic instability; conflict; terrorism; hostage taking; military repression; high rates of inflation; labour unrest; war or civil unrest;

expropriation and nationalization; changes in taxation laws or policies; uncertainty as to the outcome of any litigation in foreign jurisdictions; uncertainty as to enforcement of local laws; environmental controls and permitting; restrictions on the use of land and natural resources; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; restrictions on foreign exchange and repatriation; corruption; unstable legal systems; changing political conditions; changes in mining and social policies; social unrest on account of poverty or unequal income distribution; local ownership legislation; currency controls and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or require equity participation by local citizens; and other risks arising out of foreign sovereignty issues.

Nicaragua is currently experiencing some level of civil unrest and instability. Changes, if any, in mining or investment laws or policies, political attitude or the level of stability in Nicaragua may adversely affect Calibre's operations or profitability.

Moreover, governments throughout the world are continuing to target the mining and metals sector to raise government revenue. This trend is more common in the developing world. Numerous countries, including Nicaragua, have introduced changes to their respective mining regimes that reflect increased government control or participation in the mining sector, including, but not limited to, changes of laws or governmental regulations affecting foreign ownership, mandatory state participation, taxation and royalties, exchange controls, permitting and licensing of exploration, development and production, land use restrictions, price controls, export controls, export and import duties, restrictions on repatriation of income or return of capital, requirements for local processing of mineral products, environmental protection, as well as requirements for employment of local staff or contractors, and requirements for contributions to infrastructure and social support systems. The impact of resource nationalization may have a material adverse effect on Calibre.

There can be no assurance that Nicaragua will not adopt a nationalization framework or regime. Furthermore, there can also be no assurance that the terms and obligations of potential resource nationalization regimes to which Calibre's operations are subject to will not increase or become more onerous. Government policy is beyond the control of the Company and as such may change without warning and could have the effect of discouraging further investment in Calibre's operations or limit the economic value Calibre may derive therefrom. Furthermore, there can also be no assurance that Calibre's assets will not be subject to specific nationalization or expropriation measures, whether legitimate or not, by any authority or body, whether state sanctioned or otherwise. While there are often frameworks and mechanisms to seek compensation and reimbursement for losses in these kinds of circumstances, there is no assurance that such measures will effectively or sufficiently compensate Calibre, and its investors, nor is there any assurance that such would occur in a timely fashion.

### **Foreign Exchange Risk**

The principal assets of the Company are located in Nicaragua and Canada. As a result, Calibre has certain foreign currency exposure with respect to items not denominated in U.S. dollars. The three main types of foreign exchange risk the Company faces are as follows:

- ***Transaction exposure:*** The Company's operations will sell commodities and incur some costs in different currencies. This creates exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate;
- ***Exposure to currency risk:*** Calibre will be exposed to currency risk through a portion of the following assets and liabilities denominated in currencies other than the U.S. dollar: cash and cash equivalents, trade and other receivables, trade and other payables, reclamation and closure costs obligations; and
- ***Translation exposure:*** The functional currency of its operations in Nicaragua and the Company's reporting currency is the U.S. dollar. The Company's operations in Nicaragua may have some assets and liabilities denominated in currencies other than the U.S. dollar, with translation foreign exchange gains and losses included from these balances in the determination of profit or loss. Therefore, as the exchange rates

between the Canadian dollar and the Nicaraguan Córdoba fluctuate against the U.S. dollar, the Company experiences foreign exchange gains and losses, which can have a significant impact on its consolidated operating results. As of December 31, 2019, the exchange rate between the Córdoba and the U.S. dollar varied according to a pattern set by the Nicaraguan Central Bank. The Córdoba has been annually devalued versus the U.S. dollar by means of a crawling peg mechanism, which currently stands at approximately 3%.

As a result, fluctuations in currency exchange rates could significantly affect the business, financial condition, results of operations and liquidity of the Company.

### **Social Unrest**

From April to July 2018, Nicaragua saw significant social unrest. This development resulted in significant protests by citizens and ultimately led to roadblocks being established near La Libertad, which temporarily restricted the supply of key consumables (fuel and lime) and affected gold production at the mine. As a result of the onset of these social conflicts, development of the Jabali underground project was temporarily suspended by B2Gold (operators of the mine at that time).

While regular operations at La Libertad (including the development of the Jabali underground project) and El Limon Mine resumed since the onset of social unrest, there is the risk that the operations could be materially impacted by further work stoppages due to illegal road blockades or social conflict in the future. The Company continues to seek permanent solutions to avoid further disruptions, there can be no assurance that a permanent solution will be found and that the Company will not have to suspend operations in the future. Suspension of operations at either mine could have a material adverse effect on the business, financial condition and results of operations.

### **Small-Scale and Artisanal Mining**

La Libertad Mine is subject to significant small scale and artisanal mining activity. The number of artisanal miners has increased as the price of gold has increased. There is a risk of conflict with the small-scale miners which could materially adversely affect the operations of the mine. Further development of mining activities may require the relocation and physical resettlement of artisanal miners and development plans may be impacted as a result. Any delays as a result of potential relocation or resettlement could negatively impact Calibre and may result in additional expenses or prevent further development.

Small scale artisanal miners may use sodium cyanide (“NaCN”) or mercury, which are toxic materials. Should an artisanal miner’s NaCN or mercury leak or otherwise be discharged into the mineral properties of the Company, Calibre may become subject to liability for clean-up work that may not be insured. Related clean-up work may have a material adverse effect on the Company’s operations.

In Nicaragua, there is a long history of small-scale miner activity throughout the country. Nicaraguan law provides that 1% of a mining concession be available for artisanal (non-mechanized) activity. At La Libertad Mine, there are several executed agreements with local cooperatives. At times in its history, the La Libertad Mine processed a portion of its output from areas that were mutually agreed upon. However, this scenario has changed due to the establishment of an unaffiliated small process facility that specializes in processing artisanal miner ore. Aside from work organized as cooperatives, there is also independent artisanal mining being carried out. Artisanal miner issues are managed by a specific specialized group at La Libertad Mine, and the focus has been to ensure that it and artisanal miners coexist within the concession.

### **Anti-Corruption Laws and Regulations**

Calibre is subject to various U.S., Canadian and foreign anti-corruption laws and regulations such as the Canadian Corruption of Foreign Public Officials Act. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or



retain business or gain some other business advantage. According to Transparency International, Nicaragua is perceived as having fairly high levels of corruption relative to Canada. Calibre cannot predict the nature, scope or effect of future regulatory requirements to which the Company's operations might be subject to or the manner in which existing laws might be administered or interpreted. Failure by Calibre to comply with the applicable legislation and other similar foreign laws could expose it and its senior management to civil or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the business, financial condition and results of operations of Calibre. Likewise, any investigation of any alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the business, financial condition and results of operations of Calibre.

Nicaragua is, or may become, subject to or certain of its citizens are, or may become, subject to, sanctions or other similar measures imposed by individual countries, such as the United States, or the general international community through mechanisms such as the United Nations. There is the risk that individuals or entities with which the Company will do business could be designated or identified under such sanctions or measures. Failure by the Company to comply with such sanctions or measures, whether inadvertent or otherwise, could expose it and its senior management to civil or criminal penalties, becoming implicated or designated under such sanctions, becoming subject to additional remedial processes (including limitations on the Company's ability to carry on its business or operations in Nicaragua), legal expenses, or reputational damage, all of which could materially and adversely affect the Company's business, financial condition and results of operations. Calibre is strongly committed to fully complying with any and all sanctions and other similar measures that affect the business of the Company and Nicaragua. Additional or expanded sanctions may have other impacts on Calibre and its operations.

### **Title and Rights**

Calibre's ability to carry out successful mineral exploration and development activities and mining operations will depend on many factors including compliance with its obligations with respect to acquiring and maintaining title to its interest in certain properties. The acquisition of title to mineral properties is a very detailed and time-consuming process. No guarantee can be given that the Company will be able to comply with all such conditions and obligations, or to require third parties to comply with their obligations with respect to such properties. Furthermore, while it is common practice that permits and licenses may be renewed, extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal, extension or a transfer will be granted to the Company or, if they are granted, that it will be in a position to comply with all conditions that are imposed. A number of the Company's interests are the subject of pending applications to register assignments, extend the term, and increase the area or to convert licenses to concession contracts and there is no assurance that such applications will be approved as submitted.

The interests in Calibre's properties may not be free from defects or the material contracts between it and the entities owned or controlled by a foreign government may be unilaterally altered or revoked. There can be no assurances that the Company's rights and title interests will not be revoked or significantly altered to its detriment. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties. Calibre's interests in properties may be subject to prior unregistered liens, agreements, claims or transfers and title may be affected by, among other things, undetected defects or governmental actions.

### **Licenses and Permits**

The Company's mining operations in Nicaragua, and its exploration and development projects are subject to receiving and maintaining licenses, permits and approvals from appropriate governmental authorities. Although such mining operations currently have all required licenses, permits and approvals that Calibre believes are necessary for operations as currently conducted, no assurance can be provided that the Company will be able to maintain and renew such permits or obtain any other permits that may be required.

In the past, the operations at El Limon and La Libertad have experienced challenges to permits that were temporarily successful and delayed the renewal of certain permits. There is no assurance that delays will not occur

in connection with obtaining necessary renewals of authorizations for existing operations, additional licenses, permits and approvals for future operations, or additional licenses, permits and approvals associated with new legislation. An inability to obtain or conduct mining operations pursuant to applicable authorizations would materially reduce production and cash flow and could undermine profitability of the Company.

### **Environmental Laws and Hazards**

The Company's operations are subject to local laws and regulations in Nicaragua regarding environmental matters, including, without limitation, the renewal of environmental clearance certificates, the use or abstraction of water, land use and reclamation, air quality and the discharge of mining wastes and materials. Any changes in these laws could affect Calibre's operations and economics. Environmental laws and regulations change frequently, and the implementation of new, or the modification of existing, laws or regulations could harm the Company. Calibre cannot predict how agencies or courts in Nicaragua will interpret existing laws and regulations or the effect that these adoptions and interpretations may have on the Company's business or financial condition.

The Company may be required to make significant expenditures to comply with governmental laws and regulations. Any significant mining operations will have some environmental impact, including land and habitat impact, arising from the use of land for mining and related activities, and certain impact on water resources near the project sites, resulting from water use, rock disposal and drainage run-off. The Company may also acquire properties with known or undiscovered environmental risks. Any claim against or indemnification from the entity from whom it has acquired such properties may not be adequate to pay all the fines, penalties and costs (such as cleanup and restoration costs) incurred related to such properties.

Some of the Company's properties have been used for mining and related operations for many years before it acquired them and were acquired as is or with assumed environmental liabilities from previous owners or operators. Calibre may be required to address contamination, either for existing environmental conditions or for leaks or discharges that may arise from its ongoing operations or other contingencies. Contamination from hazardous substances, either at the Company's own properties or other locations for which it may be responsible, may subject it to liability for the investigation or remediation of contamination, as well as for claims seeking to recover for related property damage, personal injury or damage to natural resources. The occurrence of any of these adverse events could have a material adverse effect on the Company's future growth, results of operations and financial position.

Calibre's production involves the use of NaCN, which is a toxic material. Should NaCN leak or otherwise be discharged from the containment system, the Company may become subject to liability for cleanup work that may not be insured. While appropriate steps are taken to prevent discharge of pollutants into the ground water and the environment, Calibre may become subject to liability for hazards that it may not be insured against and such liability could be material.

While Calibre believes there are currently no material unrecognized risks under environmental obligations, future exploration, development and mining activities may give rise to significant liabilities on the part of the operating mines to the government and third parties and may require the Company to incur substantial costs of remediation. Additionally, Calibre does not maintain insurance against certain environmental risks. As a result, any claims against the Company may result in liabilities that it will not be able to afford, resulting in the failure of the business.

In some jurisdictions, forms of financial assurance are required as security for reclamation activities. The cost of reclamation activities may materially exceed provisions for them, or regulatory developments or changes in the assessment of conditions at closed operations may cause these costs to vary substantially, from prior estimates of reclamation liabilities.



Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

The mining operations at El Limon and La Libertad are energy intensive and use large amounts of diesel fuel and electric power. The physical effects of climate change, which may include extreme weather events, resource shortages, changes in rainfall and storm patterns, water shortages, changing sea levels and temperatures, higher temperatures, and extreme weather events, may have an adverse effect on the Company's operations. Events or conditions such as flooding or inadequate water supplies could disrupt mining and transport operations, mineral processing and rehabilitation efforts, could create resource shortages and could damage the Company's property or equipment and increase health and safety risks on mining sites. Such events or conditions could also have other adverse effects on operations, the workforce and on the local communities surrounding the operating mines, such as an increased risk of food insecurity, water scarcity, civil unrest and the prevalence of disease.

Furthermore, Calibre's operations depend on consistent supplies of essential commodities and other essential inputs to operate efficiently. In the event that the effects of climate change, including extreme weather events, cause prolonged disruptions to the delivery of essential commodities and other essential inputs or affect the prices or availability thereof, production may be reduced, delayed or halted, and as a result the profitability of the Company may be materially affected.

The key sources for direct green house gas ("GHG") emissions at the Company's mine operations are from electricity to operate the processing plants (from crushing and grinding to leaching, electrowinning and smelting) and the fuel for mobile equipment. The La Libertad and El Limon operations purchase their electricity from the grid with diesel powered back-up. The level of emissions of GHG certain operations emit fluctuates and varies from operation to operation. Furthermore, one-off projects or endeavours, such as the construction of a new mine, may also result in an acute increase in GHG emissions above those generally emit during ongoing and regular operations.

Currently, a number of governments or governmental bodies throughout the globe have introduced or are contemplating regulatory changes in response to the potential impacts of climate change in an effort to curb GHG emissions. Additionally, ongoing international negotiations may result in the introduction of climate change regulations or frameworks on an international scale. These, and the costs associated with complying with such kind of measures, may have an adverse impact on operations and the profitability of the business.

Overall, the Company views climate change as an increasingly important global challenge for businesses and communities alike. Accordingly, Calibre is committed to promoting responsible energy use through improved efficiencies and, where there is a business case, adopting fuel alternatives and renewables.

### **Communication and Customs**

The business and operations of Calibre are situated in Nicaragua, a country in which the principal language of business is Spanish and which has different business customs than those of Canada. Calibre and its management team have operated continuously in Nicaragua since 2007 and have an established track record of successfully navigating the linguistic and cultural challenges that accompany operating in Nicaragua. To manage these risks Calibre has appointed individuals who are fluent in both Spanish and English to key positions. The continued success of Calibre will rely on their ability and the ability of management and employees to operate successfully in both Spanish and English and with regard to both Nicaraguan and Canadian business practices.

### **Community Relations**

As a mining business, Calibre may come under pressure in the jurisdictions in which it operates or will operate in the future, demonstrate that other stakeholders (including employees, communities surrounding operations and the country in which it operates) benefit and will continue to benefit from its commercial activities, and that it operates in a manner that will minimize any potential damage or disruption to the interests of those stakeholders. The Company may face opposition with respect to its current and future development and exploration projects which could materially adversely affect its business, results of operations and financial condition.

Governments in many jurisdictions must consult with local communities with respect to grants of mineral rights and the issuance or amendment of project authorizations. Consultation and other rights of local communities frequently require accommodations, including undertakings regarding employment, royalty payments and other matters. This may affect the Company's ability to acquire within a reasonable time frame effective mineral titles, permits or licenses in these jurisdictions and may affect the timetable and costs of development of mineral properties in these jurisdictions.

Further, certain non-governmental organizations, some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances in processing activities. Adverse publicity generated by such organizations or others related to extractive industries generally, or the Company's operations specifically, could have an adverse effect on Calibre's reputation and financial condition and may impact its relationship with the communities in which it operates. They may also attempt to disrupt the Company's operations.

### **Production, Cost and Other Estimates**

This MD&A contains guidance and estimates of future production, operating costs, capital costs and other economic and financial measures with respect to the Nicaraguan operations and certain of the Company's exploration and development stage projects. These estimates can change or Calibre may be unable to achieve them. Actual production, costs, returns and other economic and financial performance may vary from the estimates depending on a variety of factors, many of which will not be within the Calibre's control. These factors include, but are not limited to: actual ore mined varying from estimates of grade, tonnage, dilution, and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; exchange rate and commodity price fluctuations; price changes or shortages of principal supplies needed for operations, including explosives, fuels, water and equipment parts; labour shortages or strikes; litigation; regional or national instability, imposition of sanctions, insurrection, civil war or acts of terrorism; suspensions or closures imposed by governmental authorities; civil disobedience and protests; failure to comply with applicable regulations or new restrictions or regulations imposed by governmental or regulatory authorities; permitting or licensing issues; and shipping interruptions or delays.

### **Competition**

The mining industry is intensely competitive in all of its phases, and the Company will compete with many companies possessing greater financial resources and technical facilities than it has with respect to the discovery and acquisition of interests in mineral properties, and the recruitment and retention of qualified employees and other persons to carry out mineral production and exploration activities. Competition in the mining industry could adversely affect Calibre's prospects for mineral exploration and development in the future, which could have a material adverse effect on its revenues, operations and financial condition.

### **Capital Requirements**

Calibre seeks to generate sufficient internal cash flows or be able to utilize available financing sources to finance its growth and sustaining capital requirements. If the Company does not realize satisfactory prices for the gold that the mining operations produce, it could be required to raise very significant additional capital through the capital markets or incur significant borrowings to meet its capital requirements. These financing requirements could adversely affect Calibre's credit ratings and its ability to access the capital markets in the future to meet any external financing requirements Calibre might have. If there are significant delays in when any projects are completed and are producing on a commercial and consistent scale, or their capital costs were to be significantly higher than estimated, these events could have a significant adverse effect on Calibre's results of operations, cash flow from operations and financial condition.

### **Labour Relations**

Production at the mining operations has been dependent upon the efforts of the Company and their employees and their relations with unionized and non-unionized employees. Some of the employees at each of the mines are represented by labour unions under various collective labour agreements. The collective bargaining agreement covering the workers at El Limon is effective until October 21, 2020. The collective bargaining agreement covering the workers at La Libertad is effective until January 16, 2022. Any of the parties involved may present a draft of a new collective bargaining agreement with 60 days prior to expiration date, although the existing collective bargaining agreement will continue in effect until a new one has been approved. The Company may not be able to satisfactorily renegotiate these collective labour agreements when they expire and may face tougher negotiations or higher wage demands than would be the case for non-unionized labour. In addition, existing labour agreements may not prevent a strike or work stoppage at mine facilities in the future. In addition, relations between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by the governments in Nicaragua. Changes in such legislation or in the relationship between Calibre and its employees may have a material adverse effect on the business, financial condition and results of operations of the Company.

### **Share Price Volatility and Lack of Liquidity**

Calibre's common shares are publicly traded and are subject to various factors that may make the share price volatile, which may result in losses to investors. The market price of the Company's common shares may increase or decrease in response to a number of events and factors, including as a result of the risk factors described herein.

In addition, the global stock markets and prices for mining company shares have experienced volatility that often has been unrelated to the operating performance of such companies. These market and industry fluctuations may adversely affect the market price of the Company's shares, regardless of its operating performance.

There may be inadequate liquidity in Calibre's common shares for an investor to be able to acquire or dispose of their holdings in a manner that does not significantly impact the Company's share price.

### **Litigation**

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company will be, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. In addition, companies like ours that have experienced volatility in their share price have been subjected to class action securities litigation by shareholders. Defense and settlement costs can be substantial, even for claims that are without merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which Calibre may become subject, could have a material adverse effect on the business, results of operations and financial position.

Furthermore, in the event of a dispute arising from the activities of the Company, it may be subject to the exclusive jurisdiction of courts or arbitral proceedings outside of North America or may not be successful in subjecting persons to the jurisdiction of courts in North America, either of which could unexpectedly and adversely affect the outcome of a dispute.

### **Laws and Regulations**

The operations of the Company are subject to stringent laws and regulations, which could significantly limit its ability to conduct its business. Calibre's activities are subject to stringent laws and regulations governing, among other things, prospecting; development and production; imports and exports; taxes; labour standards, occupational health and mine safety; mineral tenure, land title and land use; water and air quality regulations; protection of endangered and protected species; social legislation; and other matters.

Compliance with these laws may require significant expenditures. If the Company is unable to comply fully, it may be subject to enforcement actions or other liabilities (including orders issued by regulatory or judicial authorities causing operations to cease, be suspended or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions) or its image may be harmed, all of which could materially affect its operating costs, delay or curtail its operations or cause Calibre to be unable to obtain or maintain required permits. There can be no assurance that the Company will be at all times in compliance with all applicable laws and regulations, that compliance will not be challenged or that the costs of complying with current and future laws and regulations will not materially or adversely affect its business, operations or results.

New laws and regulations, amendments to existing laws and regulations or administrative interpretation, or more stringent enforcement of existing laws and regulations, whether in response to changes in the political or social environment the Company operates in or otherwise, could have a material and adverse effect on Calibre's future cash flow, results of operations and financial condition.

### **Additional Financing**

Future exploration, development, mining, and processing of minerals from the Company's properties, or repayment of current or future indebtedness, could require substantial additional financing. No assurances can be given that Calibre will be able to raise the additional funding that may be required for such activities or repayment of indebtedness or deferred payments, should such funding not be fully generated from operations. To meet such funding requirements, the Company may be required to undertake additional equity financings, which would be dilutive to shareholders. Debt financing, if available, may involve certain restrictions on operating activities or other financings. There is no assurance that such equity or debt financing will be available to the Company or that it would be obtained on terms favourable, if at all, which may adversely affect the business and financial position of the Company. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development, or production on any or all of Calibre's properties, or even a loss of property interests.

### **Commodity and Supplies Pricing**

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The inability to secure adequate water and power resources as well as other events outside of Calibre's control, such as unusual or infrequent weather phenomena, sabotage, terrorism, community, or government or other interference in the maintenance or provision of such infrastructure, or failure to maintain or extend such infrastructure, could adversely affect operations, financial condition and results of operations.

Profitability is affected by the market prices and availability of commodities that the Company uses or consume in operations and development projects. Prices for commodities like diesel fuel, electricity, steel, concrete, and chemicals (including cyanide) can be volatile, and changes can be material, occur over short periods of time and be affected by factors beyond the Calibre's control. Operations use a significant amount of energy and depend on suppliers to meet those needs. Higher costs for such required commodities and construction materials, including

as a result of increased taxes on such commodities or construction materials or tighter supplies thereof, can affect the timing and cost of development projects, and the Company may decide that it is not economically feasible to continue some or all of its commercial production and development activities, which could have an adverse effect on profitability.

Higher worldwide demand for critical resources like input commodities, drilling equipment, tires and skilled labour could affect the Company's ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on operating costs, capital expenditures and production schedules.

### **Taxation**

Calibre is subject to the taxation laws of a number of different jurisdictions. These taxation laws are complicated and subject to changes and are subject to review and assessment in the ordinary course. Any changes in taxation law or reviews and assessments could result in higher taxes being payable by the Company, which could adversely affect performance and profitability. Taxes may also adversely affect the ability to repatriate earnings and otherwise deploy the Calibre's assets. Governments have used new or increased taxes applicable to the mining industry, such as income taxes, excise taxes and royalties, to raise government revenue.

While Calibre has implemented initiatives to assess the impact of new and potential tax changes or reforms on its business and operations, it has no control over the adoption or implementation of any proposed legislative amendments, or the final form of any such tax changes which may or may not be as anticipated. Also, governments have proposed tax amendments in the past and ultimately not followed through with them or ultimately adopted amendments after significant modification. Accordingly, the timing and impact of any tax changes or reforms (including those described above), if adopted, and the extent to which they may affect the Company, which may be material and adverse, is not presently known. Further, there can be no assurance Calibre will be able to undertake steps to mitigate the effects of such tax changes in an effort to preserve or promote the economic performance of the Company.

The Company's Nicaraguan entities have also recently completed, and may complete in the future, corporate reorganizations and reorganizations of the entities holding its projects. In the event such reorganizations result in the imposition of an unanticipated tax or penalty, it may have a material adverse effect on the Company. Calibre may also be subject to ongoing tax audits from time to time. Adverse results of such tax audits may have a negative effect on the operations of the Company.

### **Uninsured Risks**

Although the Company will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, Calibre's insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution or other hazards as a result of exploration and production is not generally available to Calibre or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **Key Personnel**

Calibre is dependent upon the services of key officers, employees, outside contractors and consultants. Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. The loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations. Calibre has not purchased any "key-man" insurance with respect to any of its officers or key employees and has no current plans to do so.

### **Cyber Security**

Calibre has entered into agreements with third parties for hardware, software, telecommunications and other information technology (“IT”) services in connection with its operations. Operations will depend, in part, on how well the Company and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. Operations will also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses, which may adversely impact the Company’s reputation and results of operations.

Although, to date, the Company has not experienced any known material losses relating to cyberattacks or other information security breaches, there can be no assurance that they will not incur such losses in the future. As cyber threats continue to evolve, Calibre may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

### **Significant Investor**

Pursuant to the terms of the Investor Rights Agreement, B2Gold has Board representation rights. There can be no assurance that such rights will result in action or failure to take action by the Company’s Board that prevents a material adverse effect on the business, financial condition and operating results of the Company from occurring.

### **Social Media**

As a result of the increased usage and the speed and the global reach of social media and other web-based applications used to generate, publish and discuss user-generated content and to connect with others, the Company will be at a much greater risk of losing control over how it is perceived by the public.

Damage to Calibre’s reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether credible, factual, true or not. While the Company will plan to place a great emphasis on protecting and nurturing its strong reputation, it will not ultimately have direct control over how it is perceived by others, including how it is viewed on social media and other web-based applications.

Harm to Calibre’s reputation (which could be promulgated through social media and other web-based applications) may lead to increased challenges in developing and maintaining investor confidence and stakeholder relations, and could act as an obstacle to the Company’s overall ability to maintain its current operations, to advance its projects, and to procure capital from investors, which could have a material adverse effect on its business.

### **Corporate Development**

As part of its business strategy, the Company has sought and will continue to seek new operating and development opportunities in the mining industry. In pursuit of such opportunities, Calibre may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the business. There can be no assurance that the Company can complete any acquisition or business arrangement that it pursues, or is pursuing, on favorable terms, if at all, or that any acquisitions or business arrangements completed will ultimately benefit the business.

Acquisitions are accompanied by risks, such as a significant decline in the relevant metal price after a commitment to complete an acquisition on certain terms is made; mining operations not meeting production or cost estimates; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of ongoing business; the inability of management to realize anticipated synergies and maximize financial and strategic position; the failure to maintain



uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential for unknown or unanticipated liabilities associated with acquired assets and businesses, including tax, environmental or other liabilities. There can be no assurance that acquired businesses or assets will be profitable, that Calibre will be able to integrate the acquired businesses or assets successfully or that Calibre will identify all potential liabilities during the due diligence process. Any of these factors could have a material adverse effect on the business, expansion, results of operations and financial condition of Calibre.

### **No Dividends**

No dividends on Calibre's shares have been paid to date. Calibre currently plans to retain earnings in 2020 and other cash resources, if any, for the future operation and development of its business. Payment of future dividends, if any, will be at the discretion of the Company's Board of Directors after taking into account many factors, including Calibre's operating results, financial condition and current and anticipated cash needs.

### **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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:

#### **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 within this balance.

In the case of mineral property assets, recoverability is dependent on a number of factors common to the natural resource sector. These include the extent to which the Company can continue to renew its exploration and future development licenses with local or other authorities, establish economically recoverable reserves on its properties, the availability of the Company to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Company will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in

some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization. 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.

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.

### **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.

### **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 revenues and 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.

## **ACCOUNTING POLICIES AND CHANGES**

The Company's accounting policies are outlined in the consolidated financial statements for the year ended December 31, 2019 and 2018 in Notes 4 and 5, which includes accounting policies that were newly adopted by Calibre on October 15, 2019 (at the time of the acquisition of the Nicaragua Assets):

- Business combinations
- Inventories
- Mineral interests – mineral properties and mine development costs
- Mineral interests – deferred stripping
- Mineral interests – borrowing costs
- Other provisions
- Revenue

The following information provides additional details on other changes in the most recent completed year end.

### **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.

### **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.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company’s financial assets and liabilities consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long-term payables.

### **Fair Values**

Calibre’s financial assets and liabilities are classified based on the lowest level of input significant to the fair value measurement based on the fair value hierarchy:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – 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 – inputs for the asset or liability that are not based on observable market data.

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.

### **Capital Risk 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.

### **Credit Risk**

As at December 31, 2019, the Company's maximum exposure to credit risk was the book value of cash and cash equivalents, accounts receivable, value added and other taxes receivable and loans 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. The majority of the Company's cash and cash equivalents is held with Canadian financial institutions.

### **Liquidity Risk**

Calibre manages its liquidity risk 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 \$32.9 million. Cash provided by operating activities totaled \$20.0 million for the year ended December 31, 2019. For a summary of the Company's commitments, refer to the *Commitments and Contingencies* section of this MD&A.

### **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.

## **CONTROLS AND PROCEDURES**

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate and recorded, processed, summarized and reported to allow timely decisions with respect to required disclosure, including in its annual filings, interim filings or other reports filed or submitted by it under securities legislation. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the Company's disclosure controls and procedures, that as of December 31, 2019, the Company's disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, are responsible for establishing adequate internal control over financial reporting. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation, that the internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Except as noted below, during the year ended December 31, 2019, there were no changes in the Company's internal control over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

The Company assessed the disclosure controls and procedures and internal control over financial reporting for the Nicaraguan Assets acquired on October 15, 2019; however, in accordance with NI 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings*, because the Nicaraguan Assets were acquired less than 365 days before the end of December 31, 2019, the Company has limited the scope of the Company's design of disclosure controls and procedures and internal controls over financial reporting to exclude the controls, policies and procedures of the Nicaraguan Assets acquired on October 15, 2019, which the Company has elected to do.

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to Calibre, forward-looking information includes, but is not limited to, information with respect to the Company's expected production from, and the further potential of, the Company's properties; the Company's ability to raise additional funds, as required; the future price of minerals, particularly gold; the estimation of mineral resources and mineral reserves; conclusions of economic evaluations; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production, general and administrative and other costs; capital expenditures; success of exploration activities; mining or processing issues; currency rates; government regulation of mining operations; environmental risks; and outlook, guidance, and other forecasts.

Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made.

Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond Calibre's control, including risks associated with or related to: the volatility of metal prices; changes in tax laws; the

dangers inherent in exploration, development and mining activities; the uncertainty of reserve and resource estimates; cost or other estimates; actual production, development plans and costs differing materially from the Company's expectations; the ability to obtain and maintain any necessary permits, consents or authorizations required for mining activities; the current ongoing instability in Nicaragua and the ramifications thereof; environmental regulations or hazards and compliance with complex regulations associated with mining activities; the availability of financing and debt activities, including potential restrictions imposed on Calibre's operations as a result thereof and the ability to generate sufficient cash flows; remote operations and the availability of adequate infrastructure; fluctuations in price and availability of energy and other inputs necessary for mining operations; shortages or cost increases in necessary equipment, supplies and labour; the reliance upon contractors, third parties and joint venture partners; the dependence on key personnel and the ability to attract and retain skilled personnel; the risk of an uninsurable or uninsured loss; adverse climate and weather conditions; litigation risk; competition with other mining companies; community support for Calibre's operations, including risks related to strikes and the halting of such operations from time to time; conflicts with small scale miners; failures of information systems or information security threats; compliance with anti-corruption laws, and sanctions or other similar measures. The list is not exhaustive of the factors that may affect Calibre's forward-looking statements.

Calibre's forward-looking statements are based on the applicable assumptions and factors management considers reasonable as of the date hereof, based on the information available to management at such time. These assumptions and factors include, but are not limited to, assumptions and factors related to Calibre's ability to carry on current and future operations, including: development and exploration activities; the timing, extent, duration and economic viability of such operations, including any mineral resources or reserves identified thereby; the accuracy and reliability of estimates, projections, forecasts, studies and assessments; the availability and cost of inputs; the price and market for outputs, including gold; the timely receipt of necessary approvals or permits; the ability to meet current and future obligations; the ability to obtain timely financing on reasonable terms when required; the current and future social, economic and political conditions; and other assumptions and factors generally associated with the mining industry.

Calibre's forward-looking statements are based on the opinions and estimates of management and reflect their current expectations regarding future events and operating performance and speak only as of the date hereof. Calibre does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, and actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. Accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits or liabilities Calibre will derive therefrom. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

#### **NOTE TO U.S. INVESTORS**

This document uses the terms "Measured", "Indicated" and "Inferred" Resources. U.S. investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred Mineral Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. U.S. investors are also cautioned not to assume that all or any part of an inferred Mineral Resource exists, or is economically or legally mineable.

## **TECHNICAL INFORMATION**

Unless otherwise stated, all scientific and technical data contained in this MD&A that relates to geology, exploration and mineral resources has been reviewed and approved by Mr. Mark Petersen (P.Ge) who is a “Qualified Person” within NI 43-101 as a member of the Professional Geoscientists Ontario and a Registered Member of the Society for Mining, Metallurgy and Exploration. Mr. Petersen serves as the Company’s Vice President, Exploration.

Unless otherwise stated, all technical information and data contained in this MD&A that relates to mineral reserves and the Company’s operating mines has been reviewed and approved by Mr. Darren Hall MAusIMM, who is a “Qualified Person” within NI 43-101 as a Member of the Australasian Institute of Mining and Metallurgy and, Mr. Hall serves as the Company’s Senior Vice President and Chief Operating Officer.