CALIBRE
MINING CORP

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2018 and 2017

(Expressed in Canadian Dollars)

Independent auditor's report

To the Shareholders of Calibre Mining Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Calibre Mining Corp. and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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

- the consolidated balance sheets as at December 31, 2018 and 2017;
- the consolidated statements of loss and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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

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Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 25, 2019

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Balance Sheets

As at December 31

(Expressed in Canadian Dollars)

	Note		2018		2017
ASSETS					
Current					
Cash and cash equivalents		$	4,760,582	$	2,899,936
Receivables			12,923		198,374
Marketable securities			5,430		6,337
Prepaid deposits and advances			80,846		170,271
			4,859,781		3,274,918
Non-current					
Property and equipment	6		303,090		291,981
Exploration and evaluation assets	7		29,889,603		25,267,258
		$	35,052,474	$	28,834,155
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade and other payables		$	936,940	$	983,522
Shareholders' equity					
Share capital			48,171,319		45,016,341
Contributed surplus			18,314,540		16,278,116
Foreign currency translation reserve			4,192,262		1,905,318
Accumulated other comprehensive loss			(5,636)		(4,751)
Accumulated deficit			(36,556,952)		(35,344,391)
			34,115,534		27,850,633
		$	35,052,474	$	28,834,155

Commitments – Note 12

On behalf of the Board:

"Douglas Forster" Director

"Edward Farrauto" Director

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

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Income (Loss)

Years Ended December 31

(Expressed in Canadian Dollars)

	2018	2017
Expenses		
Amortization	$ 4,324	$ 3,356
Audit and accounting fees	75,800	93,186
Bank charges and interest	6,041	1,360
Consulting fees	569,883	319,077
Insurance	33,947	36,738
Legal fees	32,430	17,482
Marketing	5,392	13,867
Office, postage and printing	36,005	34,908
Rent	106,543	101,882
Salaries and wages	262,448	254,461
Share based compensation	189,506	1,056,413
Shareholder relations	17,274	10,143
Telephone and utilities	6,743	7,305
Trade shows and conferences	104,078	165,636
Transfer agent and regulatory fees	24,032	30,041
Travel	14,724	2,665
	(1,489,170)	(2,148,520)
Other Income (Expenses)		
Foreign exchange gain (loss)	77,963	(77,808)
Interest paid in shares *(Note 9(a))*	(80,000)	-
Other income	270,610	335,103
Interest income	8,036	18,333
	276,609	275,628
Loss for the Year	(1,212,561)	(1,872,892)
Other Comprehensive Income (Loss)		
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation	2,286,944	(1,556,844)
Unrealized loss on marketable securities	(885)	(1,810)
Comprehensive Income (Loss) for the Year	$ 1,073,498	$ (3,431,546)
Loss per Share - Basic and Diluted *(Note 8(b))*	$ (0.03)	$ (0.06)
Weighted Average Shares Outstanding *(Note 8(b))*	33,250,279	31,154,539

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

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Common Shares						
	Number	Amount	Contributed Surplus	Foreign Currency Translation Reserve	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance – December 31, 2016	28,886,103	$ 43,011,620	$ 14,465,391	$ 3,462,162	$ (2,941)	$ (33,471,499)	$ 27,464,734
Issuance of common shares:							
• on private placement	1,957,500	1,228,577	681,112	-	-	-	1,909,689
• on finder's fees	12,000	16,581	5,019	-	-	-	21,600
Exercise of warrants	411,550	759,562	(101,082)	-	-	-	658,480
Stock based compensation	-	-	1,227,676	-	-	-	1,227,676
Other comprehensive loss	-	-	-	-	(1,810)	-	(1,810)
Foreign exchange translation	-	-	-	(1,556,844)	-	-	(1,556,844)
Loss for the year	-	-	-	-	-	(1,872,892)	(1,872,892)
Balance – December 31, 2017	31,267,153	$ 45,016,340	$ 16,278,116	$ 1,905,318	$ (4,751)	$ (35,344,391)	$ 27,850,633
Issuance of common shares *(Note 8(c))*	11,421,091	3,074,978	1,663,953	-	-	-	4,738,931
Interest paid in shares *(Note 9(a))*	133,333	80,000	-	-	-	-	80,000
Exercise of stock option	1	1	-	-	-	-	1
Stock based compensation	-	-	372,471	-	-	-	372,471
Other comprehensive loss	-	-	-	-	(885)	-	(885)
Foreign currency translation	-	-	-	2,286,944	-	-	2,286,944
Loss for the year	-	-	-	-	-	(1,212,561)	(1,212,561)
Balance – December 31, 2018	42,821,578	$ 48,171,319	$ 18,314,540	$ 4,192,262	$ (5,636)	$ (36,556,952)	$ 34,115,534

All share numbers presented in these consolidated financial statements including stock options and share purchase warrants are in post-consolidated basis *(Note 8(b))*.

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

Years Ended December 31

(Expressed in Canadian Dollars)

	2018	2017
Operating Activities		
Loss for the year	$ (1,212,561)	$ (1,872,892)
Items not affecting cash:		
Amortization	4,324	3,356
Stock-based compensation	189,506	1,056,413
Interest paid in shares	80,000	-
Cash items reclassified to investing activities	(8,036)	(18,333)
Unrealized foreign exchange	(149,451)	86,561
Net changes in non-cash working capital:		
Receivables	185,475	(184,747)
Trade and other payables	(9,404)	75,407
Prepaid deposits and advances	89,424	(90,309)
Decrease in Cash and Cash Equivalents from Operating	(830,723)	(944,544)
Investing Activities		
Purchases of equipment	(8,668)	-
Option payment received from optionee	194,393	202,323
Interest income	8,036	18,333
Cash received from option partners	3,804,889	4,899,916
Exploration and evaluation expenditures	(6,142,883)	(7,319,835)
Decrease in Cash and Cash Equivalents from Investing	(2,144,233)	(2,199,262)
Financing Activities		
Proceeds from share issuances – net of transaction costs	4,738,931	1,931,289
Loans received	400,000	-
Loans repaid	(400,000)	-
Exercise of warrants	-	658,480
Increase in Cash and Cash Equivalents from Financing	4,738,931	2,589,769
Effect of exchange rate on cash and cash equivalents	96,671	(125,786)
Net Increase (Decrease) in Cash and Cash Equivalents	1,860,646	(679,823)
Cash and cash equivalents - Beginning of Year	2,899,936	3,579,759
Cash and cash equivalents - End of Year	$ 4,760,582	$ 2,899,936
Supplemental Disclosure of Non-Cash Investing Activities		
Amortization included in exploration and evaluation assets	$ 16,480	$ 18,875
Stock-based compensation included in exploration and evaluation assets	$ 182,965	$ 171,263
Exploration and evaluation costs included in accounts payable	$ 820,390	$ 857,568

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

1. Nature of Operations

Calibre Mining Corp. *(an Exploration Stage Company)* is incorporated under the laws of British Columbia, Canada and maintains its corporate head office at 413 – 595 Burrard Street, P.O. Box 49167, Vancouver, British Columbia, Canada. The Company's common shares are listed on the TSX Venture Exchange (TSX.V: CXB) in Canada.

Calibre Mining Corp. and its subsidiaries (collectively referred to as the "Company") are principally engaged in the acquisition, exploration and development of mineral properties located in Nicaragua.

2. Basis of Preparation and Statement of Compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost method except for marketable securities which are measured at fair value. The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses, which are further discussed in Note 3. The Board of Directors authorized the issuance of these financial statements on April 25, 2019.

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are as follows:

a) Principles of Consolidation

These financial statements incorporate the financial statements of the Company and its subsidiaries. The financial statements include the accounts of the Company's wholly-owned 100% interest in Yamana Nicaragua Ltd. CXB Belize Limited is a holding company incorporated in 2006, in Belize, which owns 100% of CXB Nicaragua S.A. (formerly known as Yamana Nicaragua S.A. – incorporated in Nicaragua in 2006).

All material intercompany transactions and balances have been eliminated on consolidation.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

c) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset, along with the future costs of dismantling and removing the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items, or major components, of property, plant and equipment. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss or capitalized to exploration and evaluation assets, as appropriate, during the period in which they are incurred.

3. Significant Accounting Policies – *continued*

The major categories of property and equipment are depreciated using the following rates and methods:

Buildings and structures	5% declining balance basis
Furniture and office equipment	20% declining balance basis
Computer equipment and software	30% declining balance basis
Vehicles	20% declining balance basis

Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other income (expenses) in the statement of loss.

d) Loss Per Share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. Unexercised stock options and warrants have not been included in the computation of diluted loss per share as their effect would be anti-dilutive.

e) Exploration and Evaluation Assets

Exploration and evaluation expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. The depreciation of a capital asset in connection with exploring or evaluating a property will be included in the cost of the property. When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and expenditure costs, in excess of estimated recoveries, are written off to the statement of loss.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or share consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess balance accounted for as a gain.

f) Impairment of Long-Term Assets

Property and equipment and exploration and evaluation assets are reviewed quarterly for indicators that the carrying value of an asset or cash-generating unit (“CGU”) may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset or cash-generating unit is estimated. If the carrying value of the asset or CGU exceeds the recoverable amount, the asset or CGU is written down with an impairment recognized in the statement of loss.

Exploration and evaluation costs are aggregated into CGUs based on their ability to generate largely independent cash flows.

The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm’s length transaction.

3. Significant Accounting Policies – *continued*

Fair value less costs to sell may be determined using discounted future net cash flows and forecast prices and costs. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or CGU.

Reversals of impairments are recognized when there has been a subsequent increase in the recoverable amount. In this event, the carrying amount of the asset or CGU is increased to its revised recoverable amount with an impairment reversal recognized in profit or loss. The recoverable amount is limited to the original carrying amount less depreciation, depletion and amortization as if no impairment had been recognized for the asset or CGU for prior periods.

g) Share Capital

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

h) Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. The fair value of the share-based payment is measured using the Black-Scholes option pricing model with amortized amounts over the vesting periods recognized as an expense or capitalized to exploration and evaluation assets where criteria are met. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus amount is transferred to share capital. Compensation expense is recognized over the tranche's vesting period by a charge to statement of loss with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

i) Provision for Closure and Reclamation

A liability for on-site reclamation is recognized on a discounted cash flow basis when a reasonable estimate of the obligation can be made. The provision is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time, adjustments for changes in the current market-based discount rate and from revisions to either expected payment dates or the amounts comprising the original estimate of the obligation.

The Company has no material restoration, rehabilitation and environmental costs as the disturbances to date is minimal.

3. Significant Accounting Policies – *continued*

j) Current and Deferred Income Tax

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of any deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of the Company and each of the Company's subsidiaries is measured using the currency of the primary economic environment in which the entity operates (the functional currency) as follows:

Calibre Mining Corp.	Canadian Dollars
Yamana Nicaragua Ltd.	United States Dollars
CXB Nicaragua, S.A.	United States Dollars

The Company's presentation currency is the Canadian Dollar ("$").

Transactions and balances

Foreign currency transactions are translated into the relevant entity's functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period – end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of loss.

3. Significant Accounting Policies – *continued*

Subsidiaries

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as foreign currency translation reserve.

When a foreign operation is sold, such exchange differences are recognized in the statement of loss to the extent of the portion sold as part of the gain or loss on sale.

l) IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") and addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a single, forward-looking “expected loss” impairment model.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. There was no measurement or accounting impact upon adoption of IFRS 9 to any of the Company’s financial liabilities.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that were recognized at the date of application. The change did not impact the carrying value of any financial assets on transition date.

As there was no measurement or accounting impact upon adoption of IFRS 9 to any of the Company’s accounts, the Company is not restating prior periods. Accordingly, there is also no impact on the consolidated statement of cash flows, nor any to basic and diluted EPS.

The following is the Company’s new accounting policy for financial instruments under IFRS 9.

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive (loss) income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3. Significant Accounting Policies – *continued*

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Measurement Categories	
	Original classification (IAS 39)	New classification (IFRS 9)
Financial instruments:		
Cash and cash equivalents	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Marketable securities	FVOCI	FVOCI
Trade and other payables	Amortized cost	Amortized cost

(ii) Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value, and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

The Embedded Derivatives are classified as FVTPL and owing to the requirement that they be fair valued each period, there is no separate recognition of the Company's credit risk.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve-month expected credit losses. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

3. Significant Accounting Policies – *continued*

(iv) Derecognition

Financial assets: The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within the accumulated other comprehensive income (loss).

Financial liabilities: The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

m) Recently issued but not adopted accounting guidance are as follows:

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). IFRS 16 replaces IAS 17, Leases (and related interpretations), the previous accounting standard. The objective of IFRS 16 is to recognize substantially all leases on the statement of financial position for lessees. IFRS 16 requires lessees to recognize a "right-of-use" asset and a lease liability calculated using a prescribed methodology. The effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. A lessee can choose to apply IFRS 16 using either a full retrospective or a modified retrospective approach. The Company will adopt IFRS 16 for the annual period beginning January 1, 2019.

The Company does not currently expect that IFRS 16 will have a significant impact to the consolidated statement of financial position; however, it may result in the recognition of a right-of-use asset and lease liability, and a corresponding increase in depreciation and interest expense on the consolidated statement of loss and comprehensive loss. The Company would also expect that cash flows from operating activities would increase under IFRS 16 as lease payments for the lease would be recorded as financing outflows in the consolidated statement of cash flows as opposed to operating cash flows.

The Company only has one operating lease which relates to its Vancouver head office lease. Using an incremental borrowing rate of 7%, the Company estimates the value of its right-of-use asset and lease liability at $199,446 as at December 31, 2018 had the Company adopted the guidance at year-end. The Company will finalize its conclusions including quantifying the adjustment to opening equity at January 1, 2019 and report more detailed information in its first quarter 2019 interim consolidated financial statements.

n) Critical Accounting Judgments and Estimates

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

3. Significant Accounting Policies – *continued*

Impairment of exploration and evaluation assets

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

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

4. Capital Management

The Company's objectives when managing capital are:

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

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

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

In order to facilitate the management of capital and development of its mineral properties, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at a major Canadian banking institution to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company seeks to continue to raise funds, from time to time, to continue meeting its capital management objectives.

5. Financial Instruments

Fair Value and Hierarchy

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

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

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transactions between knowledgeable parties. Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future fair values. Marketable securities are recorded at fair value and are measured using Level 1. Receivables, deposits and advances and accounts payable and accrued liabilities are measured at amortized cost and their carrying values approximate fair values due to short term to maturity.

Credit risk

Credit risk arises from the possibility that a counterparty may experience financial difficulty and be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its cash and cash equivalents and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company limits exposure to credit risk by maintaining the significant majority of its cash with a large chartered Canadian banking institution. The credit risk in receivables is considered low by management as they consist primarily of amounts owing from government authorities in relation to the refund of goods and services taxes in Canada applying to inputs for qualified expenditures, cash calls from optionees, and vendor overpayment. Receivables relating to the cash call and vendor overpayment were received subsequent to year-end.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises primarily from the interest received on its cash balances. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Based on cash balances held at December 31, 2018, the effect of a one basis point increase or decrease in interest rates on net loss is not considered significant. The Company's other financial assets and liabilities are not subject to interest rate risk, as they do not bear interest.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar (Note 3(l)). The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Nicaraguan Cordoba ("COR") and the US dollar ("USD"). The Company does not enter into any foreign exchange contracts to mitigate these risks. Based on management's analysis, the effect on these instruments held at December 31, 2018 of a five percent increase or decrease in foreign exchange rates on net loss is not considered significant.

(Expressed in Canadian Dollars)

6. Property and Equipment

	Computer Equipment and Software	Furniture and Equipment	Buildings and Structures	Vehicles	Total
Cost, Dec. 31, 2016	$ 108,416	$ 114,546	$ 371,926	$ 31,942	$ 626,831
Foreign currency translation	(585)	(7,237)	(16,740)	(2,136)	(26,699)
Cost, Dec. 31, 2017	$ 107,831	$ 107,308	$ 355,186	$ 29,806	$ 600,132
Foreign currency translation	713	8,817	27,170	2,602	39,302
Additions	4,037	-	4,759	-	8,796
Cost, Dec. 31, 2018	$ 112,581	$ 116,126	$ 387,115	$ 32,408	$ 648,230
Acc. depreciation, Dec. 31, 2016	$ 100,615	$ 82,252	$ 107,685	$ 3,195	$ 293,747
Charge for the year	2,956	6,236	13,032	5,631	27,854
Foreign currency translation	(529)	(5,527)	(6,995)	(399)	(13,450)
Acc. depreciation, Dec. 31, 2017	$ 103,041	$ 82,959	$ 113,723	$ 8,427	$ 308,150
Charge for the year	3,532	4,759	8,667	4,160	21,118
Foreign currency translation	632	6,511	7,999	729	15,871
Acc. depreciation, Dec. 31, 2018	$ 107,206	$ 94,231	$ 130,388	$ 13,315	$ 345,140
Net book value, Dec. 31, 2017	$ 4,789	$ 24,348	$ 241,463	$ 21,379	$ 291,981
Net book value, Dec. 31, 2018	$ 5,375	$ 21,895	$ 256,727	$ 19,093	$ 303,090

7. Exploration and Evaluation Assets

The Company has a 100% interest in the Borosi Gold-Silver-Copper Project (the "Borosi Project"), consisting of a number of contiguous mining and exploration concessions located in the North Atlantic Autonomous Region of Nicaragua, Central America. The Company has entered into three separate option agreements over a portion of the Borosi Project as summarized below:

a) IAMGOLD Option Agreement

During 2014, the Company executed an option agreement with IAMGOLD Corporation ("IAMGOLD") whereby IAMGOLD can earn a 51% interest ("First Option") and subsequently an additional 19% interest ("Second Option") (for a total of 70%) in the Eastern Borosi Project ("Eastern"). A summary of the terms are as follows:

- IAMGOLD can earn a 51% interest in the Eastern concessions by expending US $5 million in exploration on Eastern by May 26, 2017 (completed); and
- Make cash payments to Calibre totalling US $450,000 over three years (completed);

7. Exploration and Evaluation Assets – *continued*

- Once IAMGOLD earns its initial 51% interest (completed), IAMGOLD will have the option to earn an additional 19% interest over the subsequent three-year period by spending an additional US $5 million on Eastern and making staged cash payments of an additional US $450,000 in three annual payments (US$300,000 has been received to date);

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

During 2018, the Company recorded a total of $179,570 (2017 - $142,140) in management fees related to acting as operator on the IAMGOLD option property.

b) Rosita Mining Option Agreement

The Company was a party to an option agreement with Rosita Mining Corporation ("Rosita") whereby Rosita could earn a 65% interest in an area known as the Rosita D concession, located within the Company's 100%-owned Borosi Project. Under the terms of the option agreement, Rosita could earn a 65% interest in the Rosita D concession by expending a total of $4 million on exploration and other work on the Rosita D concession and by issuing to the Company a total of 181,000 common shares of Rosita over a 4-year period ending in October 2015 (both completed). Rosita acted as the project operator for all work conducted on the Rosita D concession during the option period.

During 2016, the Company and Rosita signed a joint venture agreement on the Rosita D Concession. The Company and Rosita hold a 35% and 65% interest respectively in the joint venture with each party being responsible for their pro-rata share of all project expenditures. Rosita acts as the manager of the joint venture. The Company elected to not participate in the 2016 exploration program of the joint venture and as a result, its interest in the joint venture decreased from 35% to 33%.

During 2018, the Company, together with Rosita, entered into a joint venture agreement (the "JV Agreement") with Century Mining ("Century") for the further development and advancement of the Rosita D Joint Venture (the "Rosita D Project") whereby they will form a new Nicaraguan joint venture company, Santa Rita Mining, with Century ultimately holding 75% of the outstanding shares and Rosita Mining and Calibre holding 17.5% and 7.5% of the outstanding shares respectively. Century will contribute a total of US$8.5 million to Santa Rita Mining in tranches of $1.5 million and $7.0 million which funds will be used for the construction, commissioning and operation of the processing facility to treat the Santa Rita stockpile resource on the Rosita D Project. Calibre and Rosita Mining will transfer the Rosita D Concession as well as all technical know-how of the Project to Santa Rita Mining for their interest in the joint venture company. Calibre will also receive a one-time payment of $50,000 for certain surface rights associated with the Rosita D Project.

c) Centerra Option Agreement

During 2015, the Company signed an option agreement with Centerra Gold Inc. ("Centerra") whereby Centerra can earn a 51% interest and subsequently an additional 19% for a total of 70% interest in the La Luz Gold-Silver Project (the "La Luz Project") located within the Borosi Concessions, Northeast Nicaragua. Additionally, Calibre has granted Centerra the Right of First Refusal ("ROFR") on the Company's 100% owned Montes de Oro Project located near the La Luz Project.

7. Exploration and Evaluation Assets – *continued*

A summary of the significant terms are as follows:

- La Luz First Option: To earn a 51% interest in the La Luz Project, Centerra must spend $3.0 million in exploration on the property from signing to December 31, 2017 (completed); and

- La Luz Second Option: Once vested at 51% (completed), Centerra can elect to earn an additional 19% in the La Luz Project for a total of 70% by spending a further $4.0 million in exploration on the La Luz Project over a subsequent two-year term.

During 2018, the Company recorded a total of $91,040 (2017 - $192,963) in management fees related to acting as operator on the La Luz Project.

Subsequent to December 31, 2018, the Company agreed to purchase Centerra's 51% interest in the La Luz Project by issuing 2,000,000 common shares of Calibre to Centerra (equivalent to $1,240,000) and giving Centerra a 2.0% net smelter return royalty ("NSR Royalty") on future production from the La Luz Project. Calibre will have the right to (i) purchase 1.0% of the NSR Royalty for $2,000,000; and (ii) being granted a right of first refusal on the remaining 1.0% NSR Royalty.

d) *Calibre's 100% Owned Property*

Calibre owns a 100% interest in mineral concessions in the mining triangle of northeast Nicaragua including the Primavera Gold-Copper Project and Monte Carmelo Gold Project.

(Expressed in Canadian Dollars)

7. Exploration and Evaluation Assets – *continued*

The following tables outline the expenditures at the Borosi Project during the years ended December 31, 2017 and 2018:

	Joint Venture with Rosita	Option Property to IAMGOLD	Option Property to Centerra*	Calibre 100% Owned Property	Total
Cost, December 31, 2016	$ 505,760	$ 6,710,144	$ 363,624	$ 16,423,982	$ 24,003,509
Administration and maintenance	-	234,250	234,250	241,349	709,849
Amortization	-	8,084	8,084	8,329	24,498
Assaying	-	70,007	217,660	113,792	401,459
Camp, supplies and logistics	-	153,581	161,763	32,256	347,601
Drilling and related	-	1,310,925	888,806	818,890	3,018,621
Foreign exchange	(31,181)	(413,696)	(22,418)	(1,012,577)	(1,479,873)
Geological consulting	-	-	490,695	35,235	525,930
Professional fees	-	-	-	25,598	25,598
Property maintenance	34,947	447,830	221,124	235,584	939,485
Resource estimates	-	-	-	24,163	24,163
Salary and wages	2,750	317,886	489,323	680,490	1,490,450
Share-based compensation	-	56,517	56,517	58,229	171,263
Travel	-	12,799	12,621	143,626	166,945
Recovery of costs and option payments	-	(2,349,545)	(2,752,694)	-	(5,102,239)
Total expenditures (recoveries) during the year	6,516	(151,363)	5,731	1,402,864	1,263,748
Cost, December 31, 2017	$ 512,276	$ 6,558,781	$ 369,355	$ 17,826,846	$ 25,267,257
Administration and maintenance	-	185,750	185,750	191,379	562,879
Amortization	-	7,375	7,375	7,599	22,349
Assaying	-	107,964	65,603	70,838	244,405
Camp, supplies and logistics	-	185,275	112,893	36,751	334,919
Drilling and related	-	1,508,749	428,466	268,922	2,206,137
Foreign exchange	47,299	605,581	34,103	1,645,976	2,332,959
Geological consulting	-	-	18,311	6,113	24,424
Professional fees	-	-	-	40,448	40,448
Property maintenance	34,898	234,430	224,671	450,171	944,170
Salary and wages	-	406,410	311,890	670,408	1,388,708
Share-based compensation	-	60,378	60,378	62,208	182,964
Travel	-	19,769	5,216	117,889	142,874
Recovery of costs and option payments	-	(2,647,522)	(1,157,367)	-	(3,804,889)
Total expenditures during the year	82,197	674,159	297,289	3,568,702	4,622,347
Cost, December 31, 2018	$ 594,473	$ 7,232,940	$ 666,644	$ 21,395,548	$ 29,889,603

**Centerra's interest was acquired by Calibre subsequent to year ending December 31, 2018 (Note 7(c)).*

8. Share Capital

a) Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

b) Share Consolidation

On October 30, 2018, the Company completed the share consolidation of its outstanding common shares on a 10 (old) for 1 (new) basis. The Company's issued and outstanding common shares post share consolidation is 31,400,486. All share numbers presented in these consolidated financial statements including stock options and share purchase warrants are in post-consolidated basis.

c) Private Placements

During 2018, the Company completed a private placement for 11,421,091 units of the Company's common shares at a price of $0.44 per unit for gross proceeds of $5,025,280. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for $0.95 until October 30, 2023. Calibre issued 379,305 finder warrants in connection with the private placement. Each finder warrant entitles the finder to acquire an additional common share for $0.55 until October 30, 2020. Certain insiders of the Company acquired 1,443,000 units pursuant to the private placement.

The allocation of fair value of the warrants issued in connection with this private placement was $1,613,253, with the corresponding charge to contributed surplus using the relative fair value approach. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 2.37%, volatility factor of 85% and an expected life of the warrants of five years. The Company incurred $337,049 in transaction costs related to the private placement. Included in transaction costs is $50,700 relating to the fair value of the finder warrants issued. The fair value of the finder warrants was determined using the Black-Scholes pricing model with a risk-free rate of 2.26%, volatility factor of 77% and an expected life of the warrants of two years.

During 2017, the Company completed a private placement for 1,957,500 units of the Company's common shares for gross proceeds of $1,957,500. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for $1.50 until January 12, 2020. Calibre issued 12,000 finder's units in connection with the private placement. Each finder's unit consisted of one common share and one common share purchase warrant. Each warrant entitles the finder to acquire an additional common share for $1.50 until January 12, 2020.

The allocation of fair value of the warrants issued in connection with this private placement was $681,112, with the corresponding charge to contributed surplus using the relative fair value approach. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 0.82%, volatility factor of 79% and an expected life of the warrants of three years. The Company incurred $47,811 in transaction costs related to the private placement. Included in transaction costs is $21,600 relating to the fair value of the finder's units issued. The fair value of the finder's units was determined using the Black-Scholes pricing model with a risk-free rate of 0.82%, volatility factor of 79% and an expected life of the warrants of three years.

(Expressed in Canadian Dollars)

8. Share Capital – *continued*

d) Long-term Incentive Plan

The Company has a fixed long-term incentive plan (the "Plan") whereby the Company has reserved a number of common shares for issuance pursuant to the exercise of stock options, deferred share units (DSUs), performance share units (PSUs), and restricted share units (RSUs). The shareholders of the Company approved the number of common shares reserved for issuance under the Plan at 3,500,000 (up to 500,000 may be issued under all DSUs, PSUs, and RSUs). The Plan is administered by the Compensation Committee of the Company's Board. Options granted under the Plan will be exercisable at a price not less than the market value of the Company's common shares on the date of grant and granted for a term not to exceed five years from the date of grant. Any options granted under the Plan shall vest based on a periodic vesting schedule as determined by the Compensation Committee. In general, options have been granted to vest 25% immediately and 25% at each six-month interval after the date of grant until fully vested.

e) Stock Options

During 2018, the Company granted 1,475,000 stock options at a price of $0.45 per share for a period of five years to various employees, officers, consultants and directors of the Company. During 2018, 680,000 stock options expiring on February 20, 2022 were voluntarily surrendered for cancellation by the option holders.

During 2017, the Company granted 700,000 stock options at a price of $2.70 per share for a period of five years to various employees, officers, consultants and directors of the Company.

A summary of the status of the Company's stock options as at December 31, 2018 and 2017 and changes during those years is presented below:

Exercise price	January 1, 2018	Granted	Exercised	Cancelled	December 31, 2018	Expiry date	Remaining contractual life in years	Number of options vested
$1.00	170,000	-	-	-	170,000	July 15, 2019	0.54	170,000
$1.20	50,000	-	-	-	50,000	September 23, 2019	0.73	50,000
$1.60	625,000	-	-	-	625,000	October 9, 2019	0.77	625,000
$1.40	50,000	-	-	-	50,000	December 1, 2019	0.92	50,000
$1.00	252,500	-	(1)	-	252,499	August 27, 2020	1.66	252,499
$1.60	50,000	-	-	-	50,000	September 7, 2021	2.69	50,000
$2.70	700,000	-	-	(680,000)	20,000	February 20, 2022	3.14	20,000
$0.45	-	1,400,000	-	-	1,400,000	November 6, 2023	4.85	350,000
$0.45	-	75,000	-	-	75,000	November 16, 2023	4.88	18,750
	1,897,500	1,475,000	(1)	(680,000)	2,692,499			1,586,249
	$1.86	$0.45	$1.00	$2.70	$0.87	Weighted average exercise price		

Exercise price	January 1, 2017	Granted	Expired	December 31, 2017	Expiry date	Remaining contractual life in years	Number of options vested
$1.50	390,000	-	(390,000)	-	January 25, 2017	-	-
$1.90	50,000	-	(50,000)	-	June 15, 2017	-	-
$1.00	170,000	-	-	170,000	July 15, 2019	1.54	170,000
$1.20	50,000	-	-	50,000	September 23, 2019	1.73	50,000
$1.60	625,000	-	-	625,000	October 9, 2019	1.77	625,000
$1.40	50,000	-	-	50,000	December 1, 2019	1.92	50,000
$1.00	252,500	-	-	252,500	August 27, 2020	2.66	252,500
$1.60	50,000	-	-	50,000	September 7, 2021	3.69	37,500
$2.70	-	700,000	-	700,000	February 20, 2022	4.14	350,000
	1,637,500	700,000	(440,000)	1,897,500			1,535,000
	$1.40	$2.70	$1.50	$1.86	Weighted average exercise price		

(Expressed in Canadian Dollars)

8. Share Capital – *continued*

f) Stock-based compensation

The Company amortizes the total fair value of options granted over a graded vesting schedule. Consequently, the total compensation expense recognized for options that vested during the year was $372,471 (2017 - $1,227,676). Of the total compensation recorded, $189,506 (2017 - $1,056,413) was charged to operations expense and $182,965 (2017 - $171,263) was capitalized to exploration and evaluation assets.

The fair value of the options granted during the years ended December 31, 2018 and 2017 have been estimated at the date of grant using the following Black-Scholes option pricing assumptions:

	2018	2017
Weighted average risk-free interest rate	2.43%	1.02%
Weighted average expected option term	5 years	5 years
Weighted average expected stock volatility	85%	99%
Weighted average expected dividend yield	Nil	Nil

g) Warrants

During 2018, 2,660,000 share purchase warrants subject to expire April 21, 2018 were extended by one year. During 2017, a total of 411,550 share purchase warrants with an exercise price of $1.60 per share were exercised into common shares of the Company for gross proceeds of $658,480.

As at December 31, 2018 and 2017, the following warrants were outstanding and exercisable:

Exercise price	January 1, 2018	Issued	Expired	December 31, 2018	Expiry date	Remaining contractual life in years
$1.60	2,707,850	-	(47,850)	2,660,000	April 21, 2019*	0.30
$1.50	1,969,500	-	-	1,969,500	January 12, 2020	1.03
$0.55	-	379,305	-	379,305	October 30, 2020	1.83
$0.95	-	11,421,091	-	11,421,091	October 30, 2023	4.83
	4,677,350	11,800,396	(47,850)	16,429,896		
	$1.60	$0.94	$1.60	$1.11	Weighted average exercise price	

Exercise price	January 1, 2017	Issued	Exercised	December 31, 2017	Expiry date	Remaining contractual life in years
$1.60	3,119,400	-	(411,550)	2,707,850	April 21, 2018	0.30
$1.50	-	1,969,500	-	1,969,500	January 12, 2020	2.03
	3,119,400	1,969,500	(411,550)	4,677,350		
	$1.60	$1.50	$1.60	$1.60	Weighted average exercise price	

**Expired subsequent to year ending December 31, 2018.*

(Expressed in Canadian Dollars)

9. Related Party Transactions

a) Loans payable

During 2018, the Company obtained loans totalling $400,000 ("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 $0.60 per common share to the Lenders as Bonus Shares. The aggregate value of the Bonus Shares amounted to $80,000 which was expensed in 2018. The Loans were repaid in full by the Company including interest of $4,449 in 2018.

b) Key management personnel

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

	2018	2017
Short-term benefits (i)	$ 240,000	$ 236,000
Share-based payments (ii)	$ 125,042	$ 953,868
Consulting and advisory fees to key persons	$ 215,408	$ 175,625

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

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

The Company has an employee agreement in place with provisions which would provide a lump sum payment to its CEO and President on a change of control. The total amount accruing on such a change of control would total $500,000. Management consulting and advisory agreements are on a month-to-month basis and can be terminated by either party with short notice.

During 2018, the Company paid or accrued $Nil (2017 - $9,654) in office rent expense to companies with directors and officers in common. The sharing arrangement with these related companies was on a month-to-month basis which ended in 2017.

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

(Expressed in Canadian Dollars)

10. Deferred Income Taxes

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial tax rates:

	2018	2017
Loss before income taxes	$ (1,212,561)	$ (1,872,892)
Effective statutory rate	27.00%	26.00%
Expected income tax recovery	$ (327,391)	$ (486,952)
Effect of financing costs	(25,617)	(9,778)
Items not deductible (not taxable) for tax purposes	(620,488)	(527,837)
Effect of foreign exchange	(200,303)	143,862
Expired non-capital losses	532,513	550,298
Other	(204,944)	16,787
Income tax benefit not recognized	846,231	313,620
	$ -	$ -

The income tax benefit of the following tax assets has not been recorded in these financial statements because of the uncertainty of their recovery.

	2018	2017
Deferred income tax assets		
Non-capital loss carry-forwards	$ 5,576,193	$ 4,831,916
Unamortized financing costs	82,016	29,196
Exploration and Evaluation assets	1,173,010	1,129,565
Property and equipment	94,111	89,271
Unrecognized deferred income tax assets	$ 6,925,330	$ 6,079,948

As at December 31, 2018, the Company has non-capital losses for Canadian tax purposes of approximately $11 million available to offset against taxable income in future years, which if unutilized, will begin to expire in 2026. The Company also has resource exploration expenditures of approximately $4.3 million available to reduce taxable income of future years in Canada, subject to certain restrictions. In addition, the Company has tax losses for Nicaraguan purposes of approximately $8 million available to offset against taxable income in future years in Nicaragua, which begin to expire in 2019.

11. Segmented Information

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

As at December 31, 2018

	Canada	Nicaragua	Total
Cash and cash equivalents	$ 4,566,278	$ 194,303	$ 4,760,581
Other current assets	45,483	53,717	99,199
Property and equipment	9,633	293,457	303,090
Exploration and evaluation assets	-	29,889,603	29,889,603
Total assets	$ 4,621,394	$ 30,431,080	$ 35,052,474

(Expressed in Canadian Dollars)

11. Segmented Information – *continued*

As at December 31, 2017

	Canada	Nicaragua	Total
Cash and cash equivalents	$ 2,842,551	$ 57,385	$ 2,899,936
Other current assets	219,083	155,898	374,980
Property and equipment	12,031	279,950	291,981
Exploration and evaluation assets	-	25,267,258	25,267,258
Total assets	$ 3,073,666	$ 25,760,491	$ 28,834,155

The following geographic data denotes net losses based on their country of origin for the year ended December 31:

	2018	2017
Canada	$ 1,212,561	$ 1,872,892
Loss for the year	$ 1,212,561	$ 1,872,892

12. Commitments

The Company has minimum annual lease commitments ranging from $62,659 to $150,382 for its office premise expiring June 2022.

2019	2020	2021	2022	Total
$ 149,162	$ 150,382	$ 150,382	$ 62,659	$ 512,585