CALIBRE MINING CORP.

TSX.V-CXB

(An Exploration Stage Company)

FORM 51-102F1:
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months Ended March 31, 2012
(Expressed in Canadian Dollars)

Introduction and Date

This Interim Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of Calibre Mining Corp. ("Calibre" or the "Company") and compares its financial results for the three months ended March 31, 2012 to prior periods. This MD&A should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2012 and 2011 and the audited consolidated financial statements (the "Financial Statements") for the years ended December 31, 2011 and 2010.

The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars (unless otherwise indicated). Additional information relating to the Company, including the most recent Company filings, can be located on the Company's website, www.calibremining.com, or on the SEDAR website, www.sedar.com.

This MD&A reflects information available as at May 23, 2012.

Business Overview and Overall Performance

Business overview

The Company is incorporated under the laws of British Columbia, Canada and maintains its corporate head office in Vancouver, British Columbia, Canada. The Company engages principally in the acquisition, advancement and development of precious and base metals assets and mineral properties presently in Nicaragua and Canada. The Company's common shares are listed in Canada on the TSX Venture Exchange under the trading symbol CXB.

The Company is currently focusing on the exploration of a commanding and strategic land position in a highly prospective, but underexplored region of the historic "Mining Triangle" in northeast Nicaragua, named the Borosi Concessions. The Borosi Concessions are named for the three historical producing regions of Bonanza, Rosita, and Siuna. The area is highly prospective for gold, silver and copper mineralization.

As discussed in the notes to the Financial Statements, the recovery of the Company's investment in resource properties and the attainment of profitable operations are dependent upon the discovery and development of economic precious and base metal reserves and the ability to arrange sufficient financing to bring these reserves into production. The ultimate outcome of these matters cannot presently be determined.

Overall performance

During the three months ended March 31, 2012, the Company recorded a net loss of $1,157,570 or $0.01 per share, as compared to a net loss of $456,936 or $0.00 per share for the same period in 2011.

As at March 31, 2012, the Company had total assets of $12,146,544 compared to $12,254,374 as at December 31, 2011. The significant majority of these assets for both periods are the carrying values of the Company's cash and its exploration and evaluation assets.

As at March 31, 2012, the Company had working capital of $1,316,000 compared to working capital of $1,836,742 as at December 31, 2011. The Company's working capital as at March 31, 2012 includes cash of $955,916 (December 31, 2011 - $1,944,574). The decrease in cash is attributed to the expenditures on the exploration and evaluation projects in Nicaragua and for general and administrative expenses within the three months ended March 31, 2012.

As at March 31, 2012, the total carrying value of the Company's exploration and evaluation assets was $10,247,717 compared to $9,739,305 as at December 31, 2011. The net increase reflects the Company's expenditures on the Borosi Project, net of recovery on expenditures pursuant to the Company's joint venture agreement with B2Gold Corp. and Alder Resources Ltd. (discussed below).

During the three months ended March 31, 2012, through to the date of this report, the Company carried out the following exploration activities:

Borosi, Nicaragua, Central America

On July 21, 2009, the Company acquired a 100% equity interest in CXB Nicaragua, S.A. ("CXB Nicaragua") (formerly Yamana Nicaragua, S.A.) from Yamana Gold Inc. CXB Nicaragua owns an undivided 100% interest in the Borosi Gold – Copper Project ("Borosi Project"), located in the North Atlantic Autonomous Region of Nicaragua, Central America, approximately 275 kilometres northeast of Managua, Nicaragua.

In consideration, the Company issued 12 million common shares with a total fair value of $2.16 million and paid $4.42 million in cash. In addition, if within five years from closing, and upon the Company incurring cumulative exploration expenditures aggregating at least $5 million, and upon completion and acceptance of a National Instrument ("NI") 43-101 Measured and Indicated resource within the originally acquired Borosi Project boundary, the Company will pay a bonus of $5.00 per gold equivalent ounce, to a maximum total payment of $3.5 million (700,000 gold equivalent ounces) ('Bonus Payment"). This Bonus Payment will be payable in cash or common shares, at the sole option of the Company. The Company also issued 5 million warrants exercisable at $0.50 per share, and 5 million warrants exercisable at $1.00 per share (collectively the "Bonus Warrants"). The Bonus Warrants expire on July 21, 2014 and are only exercisable if the Company delineates at least 2.5 million NI 43-101 compliant ounces of gold equivalent in Measured and Indicated resource categories.

Subsequent to March 2012, the Company was successful in amending the share purchase agreement dated July 21, 2009 with Yamana Gold Inc. Under the terms of the amending agreement, the Company is no longer required to pay the Bonus Payment described above and in return the Company has agreed to apply to the TSX Venture Exchange for a re-pricing of the Bonus Warrants such that, upon acceptance by the TSX Venture Exchange, all Bonus Warrants shall be exercisable at $0.25 per share. In addition, the Company has agreed to remove the vesting conditions and all the Bonus Warrants shall be immediately exercisable.

On July 21, 2009, Calibre and B2Gold Corp ("B2Gold"), executed an option agreement whereby B2Gold is entitled to acquire a 51% interest in the Borosi Property by expending $8 million on exploration and other work by July 1, 2012; of which C$2.5 million must be expended by July 1, 2010 (completed by B2Gold). Pursuant to an amendment to this agreement, the Company and B2Gold have agreed to extend the first year expenditure commitment to October 1, 2010. B2Gold has the option to acquire an additional 14% interest in a Designated Project Area ("Project Area") as defined and agreed upon by both parties, within the Borosi Project Boundary, for a total 65% Project Area interest by completing a preliminary feasibility study on that Designated Project. Calibre will be the operator of the work program in the first year of the agreement, with B2Gold having an option to assume operatorship afterwards. Upon B2Gold earning an interest in the project, the Company and B2Gold will be responsible for the pro rata share of expenditures and the Bonus Payment, if any, going forward.

In October 2010, the Company entered into an amendment to the above agreement with B2Gold, whereby the area of interest covering the Borosi option agreement will be reduced from 710 square kilometres to 322 square kilometres, covering highly prospective grass roots gold prospects in the Rosita and Eastern Epithermal Districts. As a result, the Company has secured a 100% interest in the past producing La Luz Gold Mine and Rosita Copper-Gold Mine, the high grade gold and silver Riscos de Oro project, the newly discovered extension of the La Luna gold vein system, and the on-strike extensions of the Bonanza Group of Gold Mines. Concession areas that will remain under the option agreement will be subject to B2Gold earning a 51% interest in by completing $8 million in expenditures over an amended 5 year term. B2Gold may elect to carry an individual prospect within the amended concession area through to a Preliminary Economic Assessment for an additional 14% interest in the prospect.

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

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

Exploration Activities

During the three months ended March 31, 2012, the Company has focused its exploration of the Borosi Project on a number of key target areas summarized as follows:

- *Primavera Gold-Copper Discovery – Option with B2Gold*

  Over the course of 2011 and early 2012, the Company systematically explored the Primavera concession area including surveying and mapping, reconnaissance rock sampling, soil sampling, trenching and culminating in an initial drilling program. The assay results from the initial 667.85 metre, three-hole, diamond drill program have confirmed the presence of wide spread gold and copper values. The area of interest covers a gold-copper soil anomaly of over 800 metres in length by 300 metres wide. The results received are consistent with "porphyry style" mineralization within volcanic and intrusive rocks.

  Drilling highlights from the initial drilling program included 276.80 metres grading 0.50 grams per tonne (g/t) gold and 2146 parts per million ("ppm") copper (PR11-001); 261.70 metres grading 0.78 g/t gold and 2966 ppm copper (PR11-002); and 123.85 metres grading 0.65 g/t gold and 2752 ppm copper. All three holes intersected continuously mineralized intervals of stockwork and vein mineralization characteristic of other well-known gold-copper porphyry systems.

  Drilling resumed in early 2012 with the deepening of the third hole with was not completed due to the holiday break. In addition to completing the third drill hole (PR-11-003), another seven drill holes totaling 3,199m have been completed and results have been received up to drill hole PR-11-009 and partial results for PR-12-010. Significant intercepts include PR-11-003 at 146.5m of 0.65 g/t gold and 0.27% copper, PR-12-005 at 46m of 0.48 g/t gold and 0.32% copper and PR-12-008 with 172.35m at 0.48 g/t gold and 0.24% copper.

  Exploration going forward will continue with two drills with the focus on infill drilling of the main Primavera zone as well as the testing of additional porphyry and vein targets. Drilling will also test for the displaced mineralization to the west of the main Primavera zone. Detailed mapping and soil sampling will be important to better define potential drill targets.

  The Primavera gold-copper project is party to the option agreement with B2Gold, whereby B2Gold may earn up to a 51% interest in specific concessions within the Borosi area by funding CDN $8 million in expenditures by June 2014. Once the earn-in is complete, B2Gold may elect to carry an individual prospect within the concession area through to a Preliminary Feasibility Study for an additional 14% interest in the prospect.

- *Riscos de Oro Project – 100% Calibre Owned*

  From 2010 to 2011, Calibre has also systematically explored its 100% owned Riscos de Oro epithermal gold-silver project in the Borosi Concessions. Most recently, the Company completed a Phase II diamond drilling program of 19 drill holes totalling 4,867 metres which was successful in expanding and further defining high-grade gold-silver mineralization at Riscos de Oro.

  Drilling highlights from the 2010 and 2011 programs include 8.53 metres of 4.23 g/t gold and 384.86 g/t silver (RD10-009); 10.60 metres of 7.69 g/t gold and 211.87 g/t silver (RD11-012); and 7.10 metres of 2.72 g/t gold and 287.65 g/t silver (RD11-016).

During 2011, the Company completed a regional soil survey program at Riscos that included over 1,500 soil samples that defined anomalous gold values over a three kilometre strike length in the vicinity of the Riscos de Oro deposit. Additional soil sampling has extended the gold-in-soil anomaly for a further four kilometres for an overall strike length of seven kilometres towards the southwest where historic sampling of a trench in the El Paraiso-Murcielago area returned 3.0 metres grading 12.43 g/t gold and 93.0 g/t silver.

The Company is currently compiling the drilling and exploration data in order to complete a detailed and upgraded geological and structural interpretation for the Riscos de Oro gold-silver project.

- *Rosita D Concession – Option Agreement with Alder*

In connection with a option agreement with Alder Resources Ltd., drilling is currently on-going at the 100% Calibre owned Rosita D concession within the Borosi concessions. Alder can earn a 65% interest in the 3,356 hectare Rosita D concession by completing (among other requirements discussed above) certain exploration expenditures ($4.0 million over a 4 year period) on the property. Alder is acting as operator on the project exploration.

Exploration to date (from late 2011 to present) has included rock and soil sampling, trenching, and both reverse circulation and diamond drilling. The focus to date has been targeted at stockpile material at the historic Santa Rita open pit and other areas of interest, including trenching at the Bambana area.

On May 9, 1012, Alder announced the results of an independent NI 43-101 compliant inferred resource estimate for the stockpiles at Rosita. The resource estimate totals 108.5 million pounds of copper, 118,500 ounces of gold and 2.35 million ounces of silver contained within 7.95 million tonnes. The resource is based on a cutoff of 0.15% copper equivalent and averages 0.62% copper, 0.46 g/t gold, and 9.21 g/t silver, for a 1.01% copper equivalent. The results were compiled by consulting firm Coffey Mining Pty. Ltd. and were based on 17 vertical channel samples and 55 reverse circulation drill holes completed by Alder over the stockpiles during the late 2011 and the first quarter of 2012.

The Rosita D concession hosted historic open pit production of 5.9 million tons at 2.06% copper and 0.925 g/t gold. The concession under option consists of an area of 3,356 hectares and is located 275 kilometres northeast of Managua. The historic open pit Santa Rita copper-gold mine boasts total historic production from the mine estimated at 305 million pounds of copper, 177,737 ounces of gold and 2,629,720 ounces of silver from 5,924,572 tons of ore. The mine closed in 1975 due to low copper prices. Recent work carried out by Calibre returned trench intercepts of 1.06 g/t gold, 0.96% copper and 9.33 g/t silver over 12.0 metres and 3.26% copper, 55.82 g/t silver and 0.15 g/t gold over 8.30 metres. The Bambana project area is located four kilometres northwest of the Santa Rita open pit. In 2010, Calibre completed three drill holes that returned intercepts of up to 0.43% copper over 42 metres and 0.51% copper and 0.25 g/t gold over 11.50 metres.

- *Inferred Resource – 100% Calibre Owned*

In February 2011, the Company announced that Wardrop, a Tetra Tech Company ("Wardrop") completed a review at the 100% owned Cerro Aeropuerto and La Luna deposits and calculated a National Instrument 43-101 ("NI 43-101") compliant, inferred resource (Table 1) totalling 835,450 ounces of gold and 4,288,070 ounces of silver (903,000 ounces of gold equivalent).

(Expressed in Canadian Dollars)

Table 1 Calibre Mining Corp. Global Inferred Resource (using a 0.6 g/t AuEq[1,3] cutoff grade)[2]

	Tonnes and Grade				Total Contained Metal				
Deposit	Tonnes	Gold (g/t)	Silver (g/t)	Au Eq[1] (g/t)	Gold (grams)	Silver (grams)	Gold (ounces)	Silver (ounces)	Au Eq[1] (ounces)
Cerro Aeropuerto	6,052,000	3.64	16.16	3.89	22,013,480	97,804,750	707,750	3,144,500	757,000
La Luna	2,539,000	1.56	14.01	1.78	3,972,160	35 ,568,870	127,700	1,143,570	146,000
						Total	**835,450**	**4,288,070**	**903,000**

1 *Au Eq cutoff equivalent calculated using Wardrop's estimated gold price of US$1058/oz and silver price of US$16.57 per ounce.*
2 *Mineral resources that are not mineral reserves do not have economic viability*
3 *Metallurgical recoveries and net smelter returns are assumed to be 100%*

Point Leamington, Newfoundland, Canada

The Company continues to own and keep in good standing a 100% interest in the Point Leamington mining lease in Newfoundland, Canada, originally acquired in 2004. The mining lease is subject to a 2% net smelter return royalty, which is held by a third party. The Company has no plans for further exploration or evaluation at Point Leamington and intends to focus entirely on its project in Nicaragua.

Market trends

The price of our common shares, and the consolidated financial results and exploration, development and other activities of the Company, may in the future be significantly and adversely affected by declines in the prices of gold and other metals or minerals. The Company's business is directly impacted on the prices of gold, silver, copper, and other metals being adequate to continue to develop and explore the properties in which it has an interest. For example, the price of gold has been increasing for more than five years. The following table highlights the average price of gold in each of the last five calendar years:

	Average Prices for the Period Shown Gold (US$/per oz.) [1]
Year Ended December 31, 2011	$1,572
Year Ended December 31, 2010	$1,225
Year Ended December 31, 2009	$972
Year Ended December 31, 2008	$872
Year Ended December 31, 2007	$695

[1] *Estimates of average gold prices were obtained from information posted on www.kitco.com.*

In addition, the Company incurs costs in Canadian and U.S. dollars and the Nicaraguan Cordoba in exchange rates could result in additional operational costs to the Company. Over the past few years, the Canadian dollar has strengthened against the U.S. dollar and Nicaraguan Cordoba. Significant fluctuations in foreign exchanges rates in countries where the Company operates are difficult to predict and could have a significant variance on the operations of the Company. The following table denotes the average market value of CDN $1 against the US and Nicaraguan currencies for each of the periods presented:

(Expressed in Canadian Dollars)

	Average Prices for the Period Shown [3]	
	US Dollar	**Nicaraguan Cordoba**
Year Ended December 31, 2011	$1.0115	C$22.3100
Year Ended December 31, 2010	$0.9686	C$20.3581
Year Ended December 31, 2009	$0.8798	C$17.3520
Year Ended December 31, 2008	$0.9435	C$17.9763
Year Ended December 31, 2007	$0.9352	C$16.8172

[3] *Estimates of average foreign exchange rates for the US Dollar and Nicaraguan Cordoba were obtained from information posted on www.oanda.com.*

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 Canada and Nicaragua. The Company is in the exploration stage and, accordingly, has no reportable segment revenues for any of the periods presented in the Company's Financial Statements. For further information regarding geographical data including assets based on location, please refer to Note 11 of the unaudited interim consolidated financial statements for the three months ended March 31, 2012 and Note 14 of audited consolidated financial statements for the years ended December 31, 2011 and 2010.

Selected Annual Information

Not applicable for interim management discussion and analysis.

Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2012 and 2011:

Three Months Ended March 31, 2012 compared to Three Months Ended March 31, 2011

The Company's general and administrative costs were higher in 2012, totalling $1,127,910 compared to $444,906 in 2011. The key factors contributing to these expenses are as follows:

- Consulting fees increased in 2012 to $47,000 from $28,167 in 2011. In October 2011, the Company engaged Featherstone Capital Inc. for corporate development and advisory services.

- Office and rent expenses decreased to $32,137 in 2012 from $45,066 in 2011. The costs for each of the periods reflect the Company's rental premises in Canada and associated office supplies, postage and printing costs incurred. The decrease is a result of the Company entering into a new cost-efficient office lease which commenced rent payments in October 2011. The Company completed the old lease on June 30, 2011.

- Salaries and wages decreased in 2012 to $41,899 from $122,311 in 2011. The decrease for the period is a result of the Company no longer employing a full-time CEO and President.

(Expressed in Canadian Dollars)

- Stock-based compensation was $790,776 in 2012 compared to $171,811 in 2011. The fair value of the options expensed was estimated at the date of grant using the Black-Scholes option pricing model (the assumptions used for the fair value calculation are discussed in the Financial Statements). During the three months ended March 31, 2012, the Company issued a number of options to employees, directors and consultants of the Company which resulted in an increase in 2012 stock based compensation expense.

- During the three months ended March 31, 2012, marketing, trade shows and conferences increased to $160,929 from $26,764 in 2011. For the 2012 period, the Company looked to increase its marketing efforts through more extensive use of social media, advertising publications, third party website platforms, trade shows and investor and shareholder presentations.

The Company's other losses increased for the three months ended March 31, 2012, totalling a loss of $29,660 compared to a loss of $12,030 for 2011. The majority of the other losses is attributed to foreign exchange loss. The operations of the Company are impacted by the fluctuations in the US Dollar and Nicaraguan Cordoba against the Canadian dollar. Significant fluctuations in foreign exchange rates in countries where the Company operates are difficult to predict and could have a significant variance on the Company's future operations.

Summary of Quarterly Results

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

	March 2012	December 2011	September 2011	June 2011
Total revenues	$Nil	$Nil	$Nil	$Nil
Loss before discontinued operations and extraordinary items	$1,157,570	$1,561,370	$250,153	$598,235
Basic and diluted loss per share before discontinued operations and extraordinary items	$0.01	$0.01	$0.00	$0.00
Net loss for the period	$1,157,570	$1,561,370	$250,153	$598,235
Basic and diluted loss per share for the period	$0.01	$0.01	$0.00	$0.00

	March 2011	December 2010	September 2010	June 2010
Total revenues	$Nil	$Nil	$Nil	$Nil
Loss before discontinued operations and extraordinary items	$456,936	$481,978	$447,650	$449,394
Basic and diluted loss per share before discontinued operations and extraordinary items	$0.00	$0.00	$0.00	$0.00
Net loss for the period	$456,936	$481,978	$447,650	$449,394
Basic and diluted loss per share for the period	$0.00	$0.00	$0.00	$0.00

The variation seen over the above quarters is primarily dependent upon the success of the Company's on-going property evaluations and acquisition program and the timing and results of the Company's exploration activities on its current properties, none of which is possible to predict with any accuracy.

The Company will continue to incur losses until such time as the commercial development of a discovery or an acquisition results in positive earnings. The above losses are also impacted by the amount of stock options granted in any given period which can give rise to significant stock-based compensation expenses.

During the three months ended March 31, 2012, the Company included $790,776 of stock based compensation related to options granted to employees, directors, and consultants of the Company.

During the three months ended December 31, 2011, the Company included a write off of the Point Leamington, Newfoundland exploration and evaluation costs totalling $1,271,933 as a result of focusing on its Borosi Project concessions in Nicaragua.

During the three months ended June 30, 2011, the Company paid severance payments to a former director and officer of the Company totalling $217,809.

During the three months ended December 31, 2009, the Company hired additional personnel and increased overall operational activity as a result of the acquisition of the Borosi Project in Nicaragua. The Company also wrote off additional claims not being pursued at Point Leamington.

The three months ended March 31, 2009 includes a write off related to management's decision not to renew certain claims at Point Leamington and the Company's disposal of its interest in the Trundle property.

Liquidity

The Company currently has no operating revenues other than interest income and relies primarily on equity financing as well as the exercise of warrants and options to fund its exploration and administrative costs. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its properties.

Other than those obligations disclosed in the notes to its Financial Statements and discussed in this MD&A, the Company has no other long-term debt, capital lease obligations, operating leases or any other long-term obligations.

As at March 31, 2012, the Company had working capital of $1,316,000 compared to working capital of $1,836,742 as at December 31, 2011. The Company's working capital as at March 31, 2012 includes cash of $955,916 (December 31, 2011 - $1,944,574). The decrease in cash is attributed to the expenditures on the exploration and evaluation projects in Nicaragua and for general and administrative expenses within the three months ended March 31, 2012.

The ability of the Company to carry out its planned business objectives is dependent on the ability to raise adequate financing from lenders, shareholders, and other investors, by generating operating profitability and positive cash flow, and/or by optioning its mineral properties for cash and/or expenditure commitments. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or capability to achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities. The financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. Such adjustments may be material.

The Company's cash is invested in business accounts with a major Canadian financial institution, and is available on demand for the Company's programs, and are not held in any asset backed commercial paper investments.

Capital Resources

Historically, the Company's only source of funding has been the issuance of equity securities for cash. The Company has issued common share capital the past few years, pursuant to private placement financings, and the exercise of warrants and options. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to significant equity funding. The Company's ability to raise additional funds may be impacted by future exploration results and changes in metal prices or market conditions. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners were appropriate and maintenance of existing capital by means of cost saving measures. The Company has no outstanding debt facility upon which to draw.

On May 2, 2012, the Company closed a non-brokered private placement with B2Gold Corp. for gross proceeds of $5,000,000. The private placement consisted of the Company issuing 20,000,000 units at a price of $0.25 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles B2Gold to acquire an additional common share at an exercise price of $0.50 per share until May 2, 2013. No finder's fee was paid in connection with this private placement.

As at May 23, 2012, the Company has approximately 35.9 million stock options and warrants outstanding which, if exercised, would bring a further $11.5 million to the Company's treasury upon exercise.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

(Expressed in Canadian Dollars)

Transactions with Related Parties

a) *Related party expenses and balances*

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

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

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

b) *Key management personnel compensation*

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

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

(i) Short-term benefits include salaries and wages.

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

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

c) *Key management commitments*

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

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

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

Fourth Quarter

Not applicable.

Proposed Transactions

Although the Company is currently investigating a number of additional property acquisitions as at the date of this MD&A, there are no proposed transactions that the board of directors, or senior management believe that confirmation of the decision by the board is certain.

Critical Accounting Estimates

The Company's significant accounting policies are presented in Note 3 of the audited Financial Statements for the year ended December 31, 2011. The preparation of the Financial Statements in accordance with IFRS requires the Company to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

<u>Impairment of exploration and expenditure assets</u>

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

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

<u>Resource estimates</u>

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

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

Stock options and warrant valuations

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

Change in Accounting Policies including Initial Adoption

The unaudited condensed interim financial statements for the three months ended March 31, 2012 should be read together with the Company's annual financial statements for the year ended December 31, 2011.

a) *Statement of compliance*

The condensed interim financial statements for the three months ended March 31, 2012 have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

b) *New standards and interpretations not yet adopted*

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

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

ii) IFRS 9, "*Financial Instruments*"

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

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

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

iii) Other IFRS pronouncements – not yet in effect

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

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

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

Financial Instruments and Other Instruments

Fair Value and Hierarchy

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

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

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

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

Liquidity risk

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

Credit risk

Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its cash and cash equivalents and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company limits exposure to credit risk by maintaining the significant majority of its cash with a large chartered Canadian banking institution. The significant majority of receivables are from B2Gold Corp. and relate to project expenditures in Nicaragua incurred during 2011 and 2010 (described in Note 7a). The remaining credit risk in receivables is considered low by management as they consist primarily of amounts owing from government authorities in relation to the refund of goods and services taxes in Canada applying to inputs for qualified expenditures.

The Company does not have financial assets that are invested in asset backed commercial paper.

Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian dollar and other foreign currencies, especially the United States dollar. The Company monitors commodity prices to determine the appropriate course of action to be taken. However, as the Company has not developed commercial mineral interests, it is not exposed to significant commodity price risk at this time.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises primarily from the interest received on its cash balances. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Based on cash balances held at March 31, 2012, the effect of a one basis point increase or decrease in interest rates on net loss is not considered significant. The Company's other financial assets and liabilities are not subject to interest rate risk, as they do not bear interest.

(Expressed in Canadian Dollars)

Foreign exchange risk

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

Other MD&A Requirements

Additional information relating to the Company, including the most recent Company filings, can be located on the Company's website at www.calibremining.com or on the SEDAR website at www.sedar.com.

Additional Disclosure for Venture Issuers Without Significant Revenue

For additional disclosures concerning Calibre's general and administrative expenses and a breakdown of the exploration and evaluation assets, please refer to the Company's Financial Statements for the three months ended March 31, 2012 that are available on the Company's website at www.calibremining.com or on the SEDAR website at www.sedar.com. The Company discusses the activities at each of the projects above in *Business Overview and Overall Performance*.

The Company does not have any capitalized or expensed research and development costs or any deferred development costs for the three months ended March 31, 2012 and 2011.

Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at May 23, 2012. For further information and details concerning outstanding share data, options, and warrants, see Note 8 and the Consolidated Statements of Changes in Shareholders' Equity included in the unaudited Financial Statements for the three months ended March 31, 2012:

	Number Outstanding
Common shares	187,910,918
Options to purchase common shares	15,855,000
Warrants to purchase common shares	20,000,000

Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

Risk Factors

The Company's principal activity of mineral exploration is considered to be very high risk. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic, with some of the most significant risks being:

- Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely small;
- The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them;
- Although the Company has taken steps to verify title to the mineral properties it has an interest in or is earning into, there is no guarantee that the property will not be subject to title disputes or undetected defects; and
- The Company is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its properties that may cause material liability to the Company.

For further detailed discussions on the various risks associated with the Company's industry, business, and other, please refer to the Company's annual MD&A for the year ended December 31, 2011, which can be located on the Company's website, www.calibremining.com, or on the SEDAR website, www.sedar.com.

Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the three months ended March 31, 2012. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at March 31, 2012.