CALIBRE
MINING CORP.

TSX.V-CXB

(An Exploration Stage Company)

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

December 31, 2011 and 2010

(Expressed in Canadian Dollars)

Introduction and Date

This 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 year ended December 31, 2011 to prior years. This MD&A should be read in conjunction with the Company's audited consolidated financial statements (the "Financial Statements") for the years ended December 31, 2011 and 2010.

These Financial Statements include the accounts of the Company and its wholly-owned subsidiaries, Cybele Resources Inc. ("Cybele"), which was incorporated under the laws of British Columbia in 2005 and owns 100% of Calibre Mining (Australia) Pty. Ltd. (an inactive Australian company incorporated in 2005). The Financial Statements also include the accounts of the Company's wholly owned 100% interest in Yamana Nicaragua Ltd. Yamana Nicaragua Ltd. 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).

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 April 11, 2012.

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

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 year ended December 31, 2011, the Company recorded a net loss of $2,866,694 or $0.02 per share, as compared to a net loss of $1,821,294 or $0.01 per share for the same period in 2010.

As at December 31, 2011, the Company had total assets of $12,254,374 compared to $9,596,532 as at December 31, 2010. 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 December 31, 2011, the Company had working capital of $1,836,742 compared to working capital of $641,127 as at December 31, 2010. The Company's working capital as at December 31, 2011 includes cash of $1,944,574 (December 31, 2010 - $661,698). The increase in cash is attributed to the exercise of 9,325,000 warrants, which generated $1,398,750, and the Company's completion of a 35,000,000 common share private placement which resulted in net proceeds of $3,386,254.

As at December 31, 2011, the total carrying value of the Company's exploration and evaluation assets was $9,739,305 compared to $8,448,732 as at December 31, 2010. 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 year ended December 31, 2011, 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.

The existence of an NI 43-101 compliant Measured and Indicated resource is not determinable at this time, and management is not able to determine with any accuracy if such a resource will be identified in the exploration of the project, as a result, at this time management's best estimate with regards to this Bonus Payment is a liability of $Nil and a $Nil value has also been assigned to the Bonus Warrants at the purchase date or for any subsequent period. The amount, if any, of the Bonus Payment will be revisited in future periods and is dependent upon the results of the completion of a NI 43-101 compliant study on Borosi, within 5 years of the date of closing of the Borosi acquisition. In addition, the fair value of the Bonus Warrants will be re-measured in each subsequent reporting period until the outcome of any NI 43-101 study is determined, or the expiry of the Bonus Warrants. This may result in additional value being attributable to the Bonus Warrants in subsequent periods. Any future amounts assigned to the Bonus Payment or the Bonus Warrants may be material.

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 December 31, 2011, a total of $4,483,071 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 December 31, 2011, $180,674 (December 31, 2010 - $105,236) of the above amount was included in accounts receivable and received subsequent to the year end.

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 year ended December 31, 2011, 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, 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.

  Subsequent to December 31, 2011, the Company and B2Gold have recommenced drilling at Primavera, which includes a planned 2,000 metre diamond drilling program to define the extent of the porphyry system. Further success based drilling will also be considered following the completion of the current program. Several other gold-copper anomalies identified on the Primavera concession remain untested and will be evaluated over the coming months.

  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.

(Expressed in Canadian Dollars)

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.

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).

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**	**Silver**	**Au Eq[1]**	**Gold**	**Silver**	**Gold**	**Silver**	**Au Eq[1]**
		(g/t)	(g/t)	(g/t)	(grams)	(grams)	(ounces)	(ounces)	(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%*

(Expressed in Canadian Dollars)

Point Leamington, Newfoundland, Canada

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

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:

	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 14 of audited consolidated financial statements for the years ended December 31, 2011 and 2010.

Selected Annual Information

The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in Canadian dollars. The information below has been extracted from the Company's audited financial statements for the years noted. The accompanying discussion and analysis of financial conditions and results of operations should be read in conjunction with the Company's audited Financial Statements and related notes and disclosures in this MD&A for the years ended December 31, 2011, 2010 and 2009:

	December 31, 2011 (2)	December 31, 2010 (2)	December 31, 2009 (1)
Total revenues	$Nil	$Nil	$Nil
Loss before discontinued operations and extraordinary items	$2,866,694	$1,821,294	$2,695,791
Basic and diluted loss per share before discontinued operations and extraordinary items	$0.02	$0.01	$0.03
Net loss for the year	$2,866,694	$1,821,294	$2,695,791
Basic and diluted loss per share for the year	$0.02	$0.01	$0.03
Total assets	$12,254,374	$9,596,532	$12,579,046
Total long-term financial liabilities	$Nil	$Nil	$Nil
Cash dividends declared	$Nil	$Nil	$Nil

(1) Information for 2009 is presented in accordance with Canadian GAAP, prior to conversion to IFRS, and was not required to be restated to IFRS.

(2) Information for 2011 and 2010 is presented in accordance with IFRS.

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 audited consolidated financial statements for the year ended December 31, 2011 and 2010.

Year ended December 31, 2011 compared to year ended December 31, 2010

The Company's general and administrative costs were lower in 2011, totalling $1,519,950 compared to $1,773,269 in 2010. The key factors contributing to these expenses are as follows:

- Amortization expense decreased in 2011 to $24,332, from $40,563 in 2010. The decrease is a result of the Company not purchasing any significant corporate or administrative property and equipment in 2011 as well as disposing certain furniture, equipment, and vehicles in 2011 as a result of moving to a smaller office space during 2011.

- Audit and accounting fees decreased to $50,247 from $86,667 in 2010. Costs in 2010, include wind up costs associated with winding up the US subsidiary, IFRS research, and an increase as a result of the initial audit following the acquisitions of the Nicaraguan properties in 2009. The majority of these costs did not reoccur in 2011.

- Consulting fees decreased in 2011 to $226,516 from $263,972 in 2010. In 2010, the Company engaged a third party to review business development and strategic opportunities in Europe. The consulting contract was not renewed in 2011.

- Office and rent expenses decreased to $123,256 in 2011 from $175,514 in 2010. 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 office lease which commenced rent payments in October 2011. The Company completed the old lease on June 30, 2011.

- Salaries and wages increased in 2011 to $533,655 from $447,613 in 2010. The increase for the period is a result of the release of the Company's former President and CEO effective June 30, 2011, which resulted in certain termination payments being paid corresponding with the terms of his employment agreement.

- Stock-based compensation was $347,832 in 2011 compared to $536,762 in 2010. 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 year ended December 31, 3010, the Company issued a greater number of options to employees, directors and consultants of the Company than in 2011, which resulted in an increase in 2010 stock based compensation expense.

- During the year ended December 31, 2011, marketing, trade shows and conferences increased to $95,630 from $77,369 in 2010. For the 2011 period, the Company looked to increase its marketing efforts through more extensive use of social media, advertising publications, and third party website platforms.

- Travel decreased to $17,128 in 2011 from $31,014 as a result of less trips to Nicaragua on due diligence and management functions.

(Expressed in Canadian Dollars)

The Company's other losses increased for the year ended December 31, 2011, totalling a loss of $1,346,744 compared to a loss of $48,025 for 2010.

- During 2011, the Company wrote off all exploration and evaluation costs associated with Point Leamington, Newfoundland as the Company as the Company has focused exploration on its project in Nicaragua. The total amount of the loss was $1,271,933 in 2011, with no such loss occurring in 2010.
- Another key factor related to the change is a result of fluctuations in foreign exchange factors, with the Company recording a loss of $71,606 in 2011 and a gain of $18,964 in 2010. 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.
- Finally, in 2010 the Company incurred a loss of $67,309 related to the sale of certain marketable securities of Clancy Exploration Ltd. (a publicly traded company in Australia). The shares were originally received by the Company in connection with a sale to Clancy of a project in Australia. No such loss was incurred in 2011.

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.

	December 2011	September 2011	June 2011	March 2011
Total revenues	$Nil	$Nil	$Nil	$Nil
Loss before discontinued operations and extraordinary items	$1,561,370	$250,153	$598,235	$456,936
Basic and diluted loss per share before discontinued operations and extraordinary items	$0.01	$0.00	$0.00	$0.00
Net loss for the period	$1,561,370	$250,153	$598,235	$456,936
Basic and diluted loss per share for the period	$0.01	$0.00	$0.00	$0.00

	December 2010	September 2010	June 2010	March 2010
Total revenues	$Nil	$Nil	$Nil	$Nil
Loss before discontinued operations and extraordinary items	$481,978	$447,650	$449,394	$442,272
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	$481,978	$447,650	$449,394	$442,272
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 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 December 31, 2011, the Company had working capital of $1,836,742 compared to working capital of $641,127 as at December 31, 2010. The Company's working capital as at December 31, 2011 includes cash of $1,944,574 (December 31, 2010 - $661,698). The increase in cash is attributed to the exercise of 9,325,000 warrants, which generated $1,398,750 and the Company's completion of a 35,000,000 common share private placement which resulted in net proceeds of $3,386,254.

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.

(Expressed in Canadian Dollars)

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.

As at April 11, 2012, the Company has approximately 23.4 million stock options and warrants outstanding which, if exercised, would bring a further $11.4 million to the Company's treasury upon exercise.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

a) *Related party expenses and balances*

The following is a summary of the related party transactions that occurred throughout the year ended December 31, 2011 and 2010:

	2011	2010
Accounting fees paid to a director and officer of the Company	$ 60,000	$ 60,000
Geological fees paid to an officer of the Company	$ 60,000	$ -
Consulting fees paid to a company controlled by the Company's directors	$ 15,000	$ -
Legal fees paid to a law firm associated with a former corporate secretary	$ -	$ 2,325

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.

(Expressed in Canadian Dollars)

b) *Key management personnel compensation*

Key management of the Company are directors and officers and their remuneration (including consulting fees paid to related parties) includes the following:

	Year Ended December 31, 2011	Year Ended December 31, 2010
Short-term benefits (i)	$ 375,000	$ 362,000
Share-based payments (ii)	$ 55,323	$ 532,220
Termination benefits (iii)	$ 217,865	$ -

(i) Short-term benefits include salaries and wages and consulting fees paid to key management personnel.

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

(III) Key management personnel received termination benefits related to an employee contract during the year ended December 31, 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 $112,500.

(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

During the fourth quarter of 2011, the Company wrote off all exploration and evaluation costs associated with Point Leamington, Newfoundland. The total amount charged to operations was $1,271,933.

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

Impairment of exploration and expenditure assets

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

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

Resource estimates

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

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

Change in Accounting Policies including Initial Adoption

The accounting policies followed by the Company are set out in Note 3 to the audited Financial Statements for the year ended December 31, 2011.

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook") In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and required publicly accountable enterprises to apply such standards for financial years beginning on or after January 1, 2011.

These financial statements have been prepared in accordance with IFRS 1, "*First-time Adoption of IFRS*" ("IFRS 1"). Subject to certain transition elections described in Note 4, the Company has consistently applied the same accounting policies used to prepare its opening IFRS statement of financial position as at January 1, 2010 (the "Transition Date") throughout all periods presented, as if these policies have always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended December 31, 2010.

a) *First-time adoption of IFRS*

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS consolidated statement of financial position as at January 1, 2010, the Company's "Transition Date":

- To apply IFRS 2, *"Share-based Payments"*, only to equity instruments that were issued after November 7, 2002 and that had not vested by the Transition Date;
- To apply IFRS 3, *"Business Combinations"*, prospectively from the Transition Date; and

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly estimates used in the preparation of the Company's opening IFRS consolidated financial position as at the Transaction Date are consistent with those of that were made under Canadian GAAP.

b) *Share based payments*

IFRS 2, "*Share-based payments*", requires the use of the attribution method for the grant of options which have vesting provisions. Stock options with vesting features must be accounted for using the graded vesting method which would give rise to an accelerated compensation expense. The Company has been using the straight-line method for the vesting of stock options which is acceptable under Canadian GAAP. IFRS 2 does not include the straight-line method as an alternative attribution method for stock options.

c) *Deferred income tax ("DIT")*

Under IFRS guidelines, the recognition of a deferred income tax asset or liability that arises from the initial recognition of assets and liabilities that do not impact profit or loss other than in a business combination is prohibited. The Company's DIT liability under Canadian GAAP is due to the difference between the carrying value and the tax value of the properties that the Company acquired as a result of an acquisition of assets, not a business combination.

As a result, the Company's DIT liability balance (and related foreign exchange component) is eliminated under IFRS. The decrease in DIT liability resulted in a decrease to the carrying value of exploration and evaluation assets by $1,718,855 and increased accumulated deficit by $116,241, as a result of changes to foreign exchange gain (loss).

d) Reconciliation to previously reported financial statements

A reconciliation of the above noted changes is included in Note 4 to the audited financial statements for the year ended December 31, 2011.

Recent IFRS accounting pronouncements that have been issued but are not yet effective which may affect the Company's financial reporting in the future are summarized below:

a) 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.

b) 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 and 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 of the audited financial statements for the year ended December 31, 2011). The Company manages liquidity risk through the management of its capital structure, as outlined in Note 5 of the financial statements for the year ended December 31, 2011. Accounts payable and accrued liabilities 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 9a of the financial statements for the year ended December 31, 2011). 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 December 31, 2011, the effect of a one basis point increase or decrease in interest rates on net loss is not considered significant. The Company's other financial assets and liabilities are not subject to interest rate risk, as they do not bear interest.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Nicaraguan Cordoba ("COR") and the US dollar ("USD"). The Company does not enter into any foreign exchange contracts to mitigate these risks. Based on management's analysis, the effect on these instruments held at December 31, 2011 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 the 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 year ended December 31, 2011 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*.

(Expressed in Canadian Dollars)

The Company does not have any capitalized or expensed research and development costs or any deferred development costs for the year ended December 31, 2011 and 2010.

Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at April 11, 2012. For further information and details concerning outstanding share data, options, and warrants, see Note 10 and the Consolidated Statements of Changes in Shareholders' Equity, included in the audited Financial Statements for the year ended December 31, 2011:

	Number Outstanding
Common shares	167,865,918
Options to purchase common shares	15,900,000
Warrants to purchase common shares	10,000,000

Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, in Central and North America. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), the following risk factors, among others, will apply:

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations.

Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

There is no certainty that the expenditures made by the Company toward the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, Mineral Reserves or any other mineral occurrences.

Political Stability and Government Regulation Risks

The operations of the Company are currently conducted in Nicaragua and Canada, as such, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; extreme fluctuations in currency exchange rates; and changing political conditions, currency controls and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitudes in any of these countries may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Reliability of Resource Estimates

There is no certainty that any of the mineral resources identified at any of the Company's properties to date will be realized. Until a deposit is actually mined and processed the quantity of mineral resources and grades must be considered estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, precious metal prices. Any material change in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Company. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production. Fluctuations in the prices of gold and other precious or base metals, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition.

Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage or, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.

Land Title

There may be undetected title defects affecting the Company's properties. Title insurance generally is not available, and the ability of the Company to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company has conducted only limited surveys of certain of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. Accordingly, the Company may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Permits

The Company cannot be certain that it will receive, on acceptable terms, the necessary permits to conduct further exploration and to develop its properties. The failure to obtain such permits, or delays in obtaining such permits, could increase the Company's costs and delay its activities, and could adversely affect the operations of the Company.

Competition

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

Hedging

The Company does not have a hedging policy and has no current intention of adopting such a policy. Accordingly, the Company has no protection from declines in mineral prices.

Additional Capital

The development and exploration of the properties in which the Company holds an interest will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all such properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, any future financing may be dilutive to existing shareholders of the Company.

Fluctuations in Metal Prices

The price of the common shares, and the consolidated financial results and exploration, development and mining 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 prices of gold and other metals or minerals fluctuate widely and are affected by numerous factors beyond the control of the Company such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and other foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world, the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market prices of gold or other metals or minerals could cause continued development of and commercial production from the properties in which the Company holds an interest to be impracticable. Depending on the prices of gold and other metals and minerals, cash flow from mining operations could not be sufficient and the Company may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's properties is dependent upon the prices of gold and other metals and minerals being adequate to make these properties economically viable.

In addition to adversely affecting the resource estimates of the Company and its financial condition, declining commodity prices can affect operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or interrupt operations until the reassessment can be completed.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. Precious metals and other minerals are generally priced in U.S. dollars and the costs of the Company are incurred in Canadian dollars, Nicaraguan Cordoba, or U.S. dollars. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the cost of exploration and production in U.S. dollar terms, which could materially and adversely affect the Company's profitability, results of operations and financial condition.

Dividend Policy

No dividends on the Common Shares have been paid by the Company to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Key Personnel

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

Changes to Exploration Programs

The Company may make changes to planned programs at anytime. This could be done due to a number of factors including results obtained to date changes in regulations, changes in metal prices, identification of new, more important, targets and a number of other possible causes.

Share Price Volatility and Liquidity

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for our shares will be subject to market trends generally, notwithstanding any potential success of us in creating sales and revenues. In addition, our shareholders may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all.

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 year ended December 31, 2011. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at December 31, 2011.