CALIBRE MINING CORP.

TSX.V-CXB

*(An Exploration Stage Company)*

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## For the Six Months Ended June 30, 2016

(Expressed in Canadian Dollars – Unaudited)

# Calibre Mining Corp.

*(An Exploration Stage Company)*

**Consolidated Balance Sheets**

(Expressed in Canadian Dollars – Unaudited)

| | | June 30, 2016 | | December 31, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash and cash equivalents | $ | 3,540,129 | $ | 863,279 |
| Receivables | | 52,916 | | 170,458 |
| Marketable securities | | 12,670 | | 2,715 |
| Prepaid deposits and advances | | 57,361 | | 94,820 |
| | | 3,663,076 | | 1,131,272 |
| **Non-current** | | | | |
| Property and equipment | | 301,964 | | 338,324 |
| Exploration and evaluation assets (Note 5) | | 19,257,651 | | 20,592,925 |
| | $ | 23,222,691 | $ | 22,062,521 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | $ | 330,041 | $ | 348,267 |
| **Shareholders' equity** | | | | |
| Share capital | | 38,482,479 | | 36,422,223 |
| Contributed surplus | | 14,904,456 | | 13,983,563 |
| Foreign currency translation reserve | | 2,767,834 | | 4,012,801 |
| Accumulated other comprehensive income (loss) | | 1,584 | | (8,371) |
| Accumulated deficit | | (33,263,702) | | (32,695,962) |
| | | 22,892,650 | | 21,714,254 |
| | $ | 23,222,691 | $ | 22,062,521 |

**On behalf of the Audit Committee:**

*"Douglas Forster"* Director

*"George Salamis"* Director

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

# Calibre Mining Corp.

*(An Exploration Stage Company)*

**Condensed Interim Consolidated Statements of Loss and Comprehensive Income (Loss)**

(Expressed in Canadian Dollars – Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 30, 2016 | June 30, 2015 | June 30, 2016 | June 30, 2015 |
| **Expenses** | | | | |
| Amortization | $ 518 | $ 798 | $ 1,036 | $ 2,375 |
| Audit and accounting fees | 17,350 | 15,667 | 33,214 | 36,667 |
| Bank charges and interest | 462 | 415 | 808 | 1,032 |
| Consulting fees | 48,000 | 52,500 | 78,000 | 106,400 |
| Insurance | 8,868 | 9,156 | 17,736 | 18,312 |
| Legal fees | 3,635 | 1,673 | 5,993 | 2,627 |
| Marketing | 611 | 4,262 | 4,220 | 5,977 |
| Office, postage and printing | 3,431 | 5,270 | 12,861 | 27,488 |
| Rent | 47,246 | 16,076 | 59,068 | 67,329 |
| Salaries and wages | 56,717 | 40,115 | 117,443 | 97,010 |
| Share based compensation | 60,545 | 120,642 | 122,954 | 337,962 |
| Shareholder relations | 5,539 | 3,227 | 5,539 | 3,927 |
| Telephone and utilities | 793 | 280 | 1,429 | 586 |
| Trade shows and conferences | 6,404 | 28,896 | 12,809 | 38,173 |
| Transfer agent and regulatory fees | 4,124 | 2,798 | 12,439 | 11,788 |
| Travel | 985 | 3,681 | 1,004 | 31,559 |
| | (265,227) | (305,456) | (486,552) | (789,212) |
| **Other Income (Expenses)** | | | | |
| Other income | 57,005 | 48,048 | 118,819 | 92,253 |
| Foreign exchange gain (loss) | 6,232 | 16,299 | (205,229) | 21,262 |
| Loss on disposal of property & equipment | - | (386) | - | (11,165) |
| Interest income | 142 | 1,067 | 5,222 | 3,507 |
| | 63,379 | 65,028 | (81,188) | 105,857 |
| **Net Loss for the Period** | (201,847) | (240,428) | (567,741) | (683,355) |
| Foreign exchange translation effect | 37,065 | (151,100) | (1,244,968) | 987,283 |
| Unrealized gain (loss) on marketable securities | 3,620 | - | 9,955 | - |
| **Net Comprehensive Income (Loss) for the Period** | $ (161,162) | $ (391,528) | $ (1,802,753) | $ 303,928 |
| **Net Loss per Share - Basic and Diluted** | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.00) |
| **Weighted Average Shares Outstanding** | 245,987,841 | 222,910,918 | 234,513,128 | 222,910,918 |

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

# Calibre Mining Corp.

*(An Exploration Stage Company)*

**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

For the Six Months Ended June 30, 2016 and 2015

(Expressed in Canadian Dollars – Unaudited)

| | Common Shares | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number | Amount | Contributed Surplus | Foreign Currency Translation Reserve | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total |
| Balance – December 31, 2015 | 222,910,918 | $ 36,422,223 | $ 13,983,563 | $ 4,012,801 | $ (8,371) | $ (32,695,962) | $ 21,714,253 |
| Issuance of common shares | 30,000,000 | 2,060,256 | 792,351 | - | - | - | 2,852,607 |
| Warrant amendment | - | - | 40,385 | - | - | - | 40,385 |
| Stock based compensation | - | - | 88,157 | - | - | - | 88,157 |
| Other comprehensive income | - | - | - | - | 9,955 | - | 9,955 |
| Foreign exchange translation | - | - | - | (1,244,968) | - | - | (1,244,968) |
| Net loss for the period | - | - | - | - | - | (527,356) | (527,356) |
| Balance – June 30, 2016 | 252,910,918 | $ 38,482,479 | $ 14,904,456 | $ 2,767,833 | $ 1,584 | $ (33,263,703) | $ 22,892,650 |
| | | | | | | | |
| Balance – December 31, 2014 | 222,910,918 | $ 36,422,223 | $ 13,384,562 | $ 1,603,135 | $ 2,000 | $ (31,566,899) | $ 19,845,021 |
| Other comprehensive income | - | - | - | - | (4,000) | - | (4,000) |
| Stock based compensation | - | - | 354,491 | - | - | - | 354,491 |
| Translation adjustment | - | - | - | 987,283 | - | - | 987,283 |
| Net loss for the period | - | - | - | - | - | (683,355) | (683,355) |
| Balance – June 30, 2015 | 222,910,918 | $ 36,422,223 | $ 13,739,053 | $ 2,590,418 | $ (2,000) | $ (32,250,254) | $ 20,499,440 |

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

# Calibre Mining Corp.

*(An Exploration Stage Company)*

**Condensed Interim Consolidated Statements of Cash Flows**

(Expressed in Canadian Dollars – Unaudited)

| | Six Months Ended | |
|---|---|---|
| | June 30, 2016 | June 30, 2015 |
| **Operating Activities** | | |
| Net loss for the period | $ (567,741) | $ (683,355) |
| Items not affecting cash: | | |
| Amortization | 1,036 | 2,375 |
| Stock-based compensation | 122,954 | 337,962 |
| Loss on disposal of property & equipment | - | 11,165 |
| Net changes in non-cash working capital: | | |
| Receivables | 117,542 | 29,840 |
| Accounts payable and accrued liabilities | (82,967) | 43,344 |
| Prepaid expenses | 37,459 | (29,200) |
| | (371,717) | (287,869) |
| **Investing Activities** | | |
| Option payment received from optionee | 194,211 | - |
| Proceeds from sale of property & equipment | - | 350 |
| Purchase of property & equipment | - | (5,919) |
| Cash received from option partners | 1,706,159 | 1,562,364 |
| Exploration and evaluation expenditures | (1,704,410) | (1,960,725) |
| | 195,960 | (403,930) |
| **Financing Activities** | | |
| Proceeds from share issuances – net of transaction costs | 2,852,607 | - |
| **Net increase (decrease) in Cash and Cash Equivalents** | 2,676,850 | (4,413) |
| **Cash and cash equivalents - Beginning of Period** | 863,279 | 2,751,579 |
| **Cash and cash equivalents - End of Period** | $ 3,540,129 | $ 2,059,780 |
| **Supplemental Disclosure of Non-Cash Investing Activities** | | |
| Recoverable payment receivable included in mineral properties | $ - | $ 141,395 |
| Amortization included in exploration and evaluation assets | $ 8,341 | $ 11,373 |
| Stock based compensation included in exploration and evaluation assets | $ 5,588 | $ 16,529 |
| Exploration and evaluation costs included in accounts payable | $ 294,936 | $ 476,410 |

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

## 1. Nature of Operations

Calibre Mining Corp. *(an Exploration Stage Company)* is incorporated under the laws of British Columbia, Canada and maintains its corporate head office at Suite 1680, 200 Burrard St., Vancouver, British Columbia, Canada. The Company's common shares are listed on the TSX Venture Exchange (TSX.V: CXB) in Canada. Calibre Mining Corp. and its subsidiaries (collectively referred to as the "Company") are principally engaged in the acquisition, exploration and development of mineral properties located in Nicaragua.

## 2. Basis of Preparation and Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2015, except as noted below. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB. These condensed interim consolidated financial statements were authorized for issue by the Audit Committee on August 24, 2016.

## 3. Significant Judgments, Estimates and Assumptions

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

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

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

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

(Expressed in Canadian Dollars – Unaudited)

## 4. Changes in Accounting Policies

*Recently issued but not adopted accounting guidance are as follows:*

IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and FVTPL. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently assessing the impact of IFRS 9.

In January 2016, the IASB issued a new standard and a number of amendments:

- New standard IFRS 16, *Leases* ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

## 5. Exploration and Evaluation Assets

During the period ended June 30, 2016, the Company received from IAMGOLD Corporation the final option payment of US $150,000 (CAD $194,211) in accordance with the option agreement.

The following table outlines the expenditures at the Borosi concessions during the period ended June 30, 2016 and year ended December 31, 2015:

| | Joint Venture Property with B2Gold | Option Property to Rosita | Option Property to IAMGOLD | Option Property to Centerra | Calibre 100% Owned Property | Total |
|---|---|---|---|---|---|---|
| Cost, December 31, 2015 | $ 5,085,709 | $ 516,688 | $ 6,838,467 | $ 4,392 | $ 8,147,670 | $ 20,592,925 |
| Administration and maintenance | - | - | 89,197 | 71,358 | 17,839 | 178,394 |
| Amortization | - | - | 5,398 | 4,318 | 1,080 | 10,796 |
| Assaying | - | - | 42,429 | 51,292 | - | 93,722 |
| Camp, supplies and logistics | - | - | 80,001 | 50,952 | 1,833 | 132,785 |
| Drilling and related | - | - | 461,661 | 180,561 | - | 642,222 |
| Geological consulting | - | - | 27,289 | 79,624 | 6,141 | 113,053 |
| Professional fees | - | - | - | 5,695 | 2,555 | 8,250 |
| Property maintenance | 164,093 | 17,540 | 152,319 | 6,437 | 121,753 | 462,142 |
| Salary and wages | - | - | 186,483 | 196,767 | 68,581 | 451,830 |
| Stock – based compensation | - | - | 2,794 | 2,235 | 559 | 5,588 |
| Travel | - | - | - | 4,969 | 40,857 | 45,826 |
| Recovery of costs and option payment | (164,093) | - | (1,410,110) | (490,260) | - | (2,064,464) |
| Total expenditures / (recoveries) | - | 17,540 | (362,541) | 163,949 | 261,197 | 80,145 |
| Foreign exchange | (349,557) | (35,514) | (470,030) | (302) | (560,016) | (1,415,419) |
| Cost, June 30, 2016 | $ 4,736,152 | $ 498,714 | $ 6,005,896 | $ 168,039 | $ 7,848,851 | $ 19,257,651 |

(Expressed in Canadian Dollars – Unaudited)

### 5. Exploration and Evaluation Assets

| | Joint Venture Property with B2Gold | Option Property to Rosita | Option Property to IAMGOLD | Option Property to Centerra | Calibre 100% Owned Property | Total |
|---|---|---|---|---|---|---|
| Cost, December 31, 2014 | $ 4,470,066 | $ 455,095 | $ 6,016,493 | $ - | $ 6,066,215 | $ 17,007,868 |
| Administration and maintenance | - | - | 100,941 | 50,470 | 100,941 | 252,352 |
| Amortization | - | - | 9,337 | 4,668 | 9,337 | 23,342 |
| Assaying | - | - | 111,390 | 19,316 | 101,500 | 232,206 |
| Camp and field supplies | - | - | 57,337 | 1,607 | 2,345 | 61,288 |
| Drilling and related | - | - | 952,014 | 130,294 | 174,655 | 1,256,963 |
| Geological consulting | - | - | - | 45,881 | 60,825 | 106,706 |
| Logistics and communications | - | - | 115,418 | 35,305 | 31,227 | 181,950 |
| Professional fees | - | - | - | 8,352 | 810 | 9,163 |
| Property maintenance | 389,043 | 32,738 | 198,758 | - | 305,243 | 925,782 |
| Salary and wages | - | - | 345,470 | 122,295 | 392,477 | 860,243 |
| Stock – based compensation | - | - | 12,705 | 4,498 | 14,434 | 31,637 |
| Travel | - | - | 18,064 | 3,670 | 83,343 | 105,077 |
| Recovery of costs | (389,043) | (33,824) | (1,928,087) | (453,119) | - | (2,804,073) |
| Total expenditures | - | (1,086) | (6,652) | (26,763) | 1,277,136 | 1,242,635 |
| Foreign exchange | 615,643 | 62,678 | 828,626 | 31,155 | 804,319 | 2,342,421 |
| Cost, December 31, 2015 | $ 5,085,709 | $ 516,688 | $ 6,838,467 | $ 4,392 | $ 8,147,670 | $ 20,592,925 |

### 6. Share Capital

*a) Authorized*

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

*b) Private placement*

On April 21, 2016, the Company completed a private placement for 30,000,000 units ("Units") at a price of $0.10 per Unit for gross proceeds of $3,000,000. Each Unit consisted of one common share and one common share purchase warrant with each warrant entitling the holder to acquire an additional common share for $0.16 until April 21, 2018. Calibre paid finder's fees totalling $119,400 in cash and issued 1,194,000 finder's warrants ("Finder's Warrants") in connection with the private placement. Each Finder's Warrant entitles the holder to acquire a common share of the Company for $0.16 until April 21, 2018. All securities issued under the private placement are subject to a hold period expiring August 21, 2016.

The Company incurred $202,906 in transaction fees related to the private placement. Included in transaction fees is $55,513 relating to the fair value of the Finder’s Warrants issued. The fair value of the Finder’s Warrants was determined using the Black-Scholes pricing model with a risk free rate of 0.63%, volatility factor of 77% and an expected life of the warrants of two years.

The allocation of fair value of the warrants issued in connection with this private placement was $736,838, with the corresponding charge to contributed surplus using the relative fair value approach. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk free rate of 0.63%, volatility factor of 77% and an expected life of the warrants of two years.

(Expressed in Canadian Dollars – Unaudited)

### 6. Share Capital

*c) Stock options*

There were no grants of the Company's stock options during the period ending June 30, 2016. A summary of the status of the Company's stock options as at June 30, 2016 is presented below:

| Exercise price | January 1, 2016 | Expired | June 30, 2016 | Expiry date | Remaining contractual life in years | Number of options vested |
|---|---|---|---|---|---|---|
| $0.15 | 1,000,000 | (1,000,000) | - | June 30, 2016 | - | - |
| $0.15 | 500,000 | - | 500,000* | July 1, 2016 | - | 500,000 |
| $0.15 | 250,000 | - | 250,000 | September 14, 2016 | 0.21 | 250,000 |
| $0.15 | 4,150,000 | - | 4,150,000 | January 25, 2017 | 0.57 | 4,150,000 |
| $0.19 | 500,000 | - | 500,000 | June 15, 2017 | 0.96 | 500,000 |
| $0.10 | 1,900,000 | - | 1,900,000 | July 15, 2019 | 3.04 | 1,850,000 |
| $0.12 | 500,000 | - | 500,000 | September 23, 2019 | 3.23 | 500,000 |
| $0.16 | 6,750,000 | - | 6,750,000 | October 9, 2019 | 3.28 | 6,500,000 |
| $0.14 | 500,000 | - | 500,000 | December 1, 2019 | 3.42 | 375,000 |
| $0.10 | 2,525,000 | - | 2,525,000 | August 27, 2020 | 4.16 | 1,262,500 |
| | 18,575,000 | (1,000,000) | 17,575,000 | | | 15,887,500 |
| | $0.14 | $0.15 | $0.14 | Weighted average exercise price | | |

**Expired unexercised subsequent to June 30, 2016.*

*d) Stock-based compensation*

There were no options granted during the six months ended June 30, 2016.

The Company amortizes the total fair value of options granted over a graded vesting schedule. Consequently, the total compensation expense recognized for options granted during the prior periods was $88,157 (2015 - $354,491). Of the total compensation recorded, $82,569 (2015 - $337,962) was charged to operations expense and $5,588 (2015 - $16,529) was capitalized to exploration and evaluation assets.

*e) Warrants*

During the period ended June 30, 2016, the Company repriced the exercise price of 12,500,000 share purchase warrants held by Pierre Lassonde from $0.15 to $0.10. The warrants were originally issued pursuant to a non-brokered private placement that closed on September 22, 2014. The warrants expiry date remains at September 22, 2016. As a result of the warrant modification, the Company recognized an additional charge to contributed surplus of $40,385 during the period ended June 30, 2016. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk free rate of 1.14%, volatility factor of 131% and an expected life of the warrants of two years.

As at June 30, 2016 the following warrants were outstanding and exercisable:

| Exercise price | January 1, 2016 | Issued | June 30, 2016 | Expiry date | Remaining contractual life in years |
|---|---|---|---|---|---|
| $0.10 | 12,500,000 | - | 12,500,000 | September 22, 2016 | 0.23 |
| $0.16 | - | 30,000,000 | 30,000,000 | April 21, 2018 | 1.81 |
| $0.16 | - | 1,194,000 | 1,194,000 | April 21, 2018 | 1.81 |
| | 12,500,000 | 31,194,000 | 43,694,000 | | |
| | $0.10 | $0.16 | $0.14 | Weighted average exercise price | |

(Expressed in Canadian Dollars – Unaudited)

## 7. Related Party Transactions

*Key management personnel*

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

| | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|
| Short-term benefits [i] | $ 108,000 | $ 90,000 |
| Share-based payments [ii] | $ 20,160 | $ 107,205 |
| Consulting and advisory fees to key persons | $ 73,000 | $ 93,000 |

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

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

During the period ended June 30, 2016, the Company paid or accrued $24,466 (2015 - $nil) in office rent expense to companies with directors and officers in common. The sharing arrangement with Edgewater Exploration Ltd. and Newmarket Gold Inc., is on a month-to-month basis.

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

## 8. Segmented Information

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

As at June 30, 2016

| | Canada | Nicaragua | Total |
|---|---|---|---|
| Cash and cash equivalents | $ 3,539,896 | $ 233 | $ 3,540,129 |
| Other current assets | 72,380 | 50,568 | 122,948 |
| Property and equipment | 6,107 | 295,857 | 301,964 |
| Exploration and evaluation assets | - | 19,257,651 | 19,257,651 |
| Total assets | $ 3,618,383 | $ 19,604,308 | $ 23,222,691 |
| Total liabilities | $ 39,260 | $ 290,781 | $ 330,041 |

(Expressed in Canadian Dollars – Unaudited)

**8. Segmented Information**

As at December 31, 2015

| | Canada | Nicaragua | Total |
|---|---|---|---|
| Cash and cash equivalents | $ 834,909 | $ 28,370 | $ 863,279 |
| Other current assets | 185,930 | 82,062 | 267,993 |
| Property and equipment | 7,143 | 331,181 | 338,324 |
| Exploration and evaluation assets | - | 20,592,925 | 20,592,925 |
| Total assets | $ 1,027,983 | $ 21,034,538 | $ 22,062,521 |
| Total liabilities | $ 179,994 | $ 168,272 | $ 348,267 |

The following geographic data denotes net losses based on their country of origin for the six months ended June 30:

| | 2016 | 2015 |
|---|---|---|
| Canada | $ (567,741) | $ (682,191) |
| Nicaragua | - | (1,164) |
| Net loss for the period | $ (567,741) | $ (683,355) |

**9. Fair Value of Financial Instruments**

Fair Value and Hierarchy

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

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

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

Marketable securities are recorded at fair value and are measured using Level 1. Receivables and trade and other payables 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 as they become due. The Company manages liquidity risk through the management of its capital structure. One of management's goals is to maintain an optimal level of liquidity through the active management of the Company's assets, liabilities, and cash flows. The Company's cash and cash equivalents are held as cash deposits which are available on demand to fund the Company's short-term financial obligations. Trade and other payables are due within the current operating period.

**9. Fair Value of Financial Instruments**

Credit risk

Credit risk arises from the possibility that a counterparty may experience financial difficulty and be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its cash and cash equivalents and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company limits exposure to credit risk by maintaining the significant majority of its cash with a large chartered Canadian banking institution. The 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.

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 as at the reporting date, 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 reporting currency is the Canadian dollar. The functional currency of the Calibre Mining (the parent) and its wholly-owned subsidiary, Yamana, is the Canadian dollar and US dollar respectively. 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.