CALIBRE
MINING CORP.
TSX.V-CXB

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

(Expressed in Canadian Dollars)

March 14, 2013

Independent Auditor's Report

To the Shareholders of Calibre Mining Corp

We have audited the accompanying consolidated financial statements of Calibre Mining Corp. and its subsidiaries, which comprise the consolidated balance sheets and statements of changes in shareholders' equity as at December 31, 2012 and 2011 and the consolidated statements of loss and comprehensive income and statements of cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Calibre Mining Corp. and its subsidiaries as at December 31, 2012 and December 31, 2011 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, B.C.

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Balance Sheets

(Expressed in Canadian Dollars)

	Note		December 31, 2012		December 31, 2011
ASSETS					
Current					
Cash and cash equivalents		$	3,583,868	$	1,944,574
Receivables			100,682		209,175
Marketable securities	6		18,000		24,000
Prepaid deposits and advances			72,208		103,227
			3,774,758		2,280,976
Non-current					
Property and equipment	7		339,223		234,093
Exploration and evaluation assets	8		12,791,037		9,739,305
		$	16,905,018	$	12,254,374
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade and other payables		$	173,332	$	444,234
Shareholders' equity					
Share capital	9		34,309,042		29,671,974
Contributed surplus			11,934,156		8,946,195
Accumulated other comprehensive income			(24,000)		-
Accumulated deficit			(29,487,512)		(26,808,029)
			16,731,686		11,810,140
		$	16,905,018	$	12,254,374

Commitments – Note 11

Subsequent Events – Note 14

On behalf of the Board:

(signed) "Douglas B. Forster" Director

(signed) "Edward Farrauto" Director

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Accumulated other comprehensive income	Accumulated deficit	Total
	Number	Amount				
Balance – January 1, 2011	122,515,918	$ 24,716,220	$ 8,609,711	$ -	$ (23,941,335)	$ 9,384,596
Issuance of common shares:						
- on private placement	35,000,000	3,386,254	-	-	-	3,386,254
- on exercise of warrants	9,325,000	1,535,210	(136,460)	-	-	1,398,750
- on exercise of options	125,000	34,290	(15,540)	-	-	18,750
Stock based compensation	-	-	488,484	-	-	488,484
Net loss for the year	-	-	-	-	(2,866,694)	(2,866,694)
Balance – December 31, 2011	166,965,918	$ 29,671,974	$ 8,946,195	$ -	$ (26,808,029)	$ 11,810,140
Issuance of common shares:						
- on private placement	20,000,000	4,354,086	617,226	-	-	4,971,312
- on exercise of options	945,000	282,982	(128,732)	-	-	154,250
Warrant revaluation (Note 9e))	-	-	753,502	-	-	753,502
Stock based compensation	-	-	1,745,965	-	-	1,745,965
Other comprehensive income	-	-	-	(24,000)	-	(24,000)
Net loss for the year	-	-	-	-	(2,679,483)	(2,679,483)
Balance – December 31, 2012	187,910,918	$ 34,309,042	$ 11,934,156	$ (24,000)	$ (29,487,512)	$ 16,731,686

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

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

Years Ended December 31

(Expressed in Canadian Dollars)

	Note	2012	2011
Expenses			
Amortization		$ 15,502	$ 24,332
Audit and accounting fees		60,105	50,247
Bank charges and interest		2,070	2,759
Consulting fees		270,750	226,516
Director fees		20,000	-
Insurance		35,621	36,036
Legal fees		20,174	28,945
Marketing		58,726	31,017
Office, postage and printing		36,526	43,000
Rent		89,302	80,256
Salaries and wages		263,036	533,655
Share based compensation	9d)	1,527,787	347,832
Shareholder relations		10,238	16,230
Telephone and utilities		2,682	2,833
Trade shows and conferences		170,764	64,613
Transfer agent and regulatory fees		18,145	14,551
Travel		6,532	17,128
		(2,607,960)	(1,519,950)
Other Income (Expenses)			
Foreign exchange gain (loss)		(85,546)	(71,606)
Write off of exploration and evaluation assets	8b)	(21,033)	(1,271,933)
Loss on disposal of property and equipment		(4,180)	(10,990)
Interest income		39,236	7,785
		(71,523)	(1,346,744)
Net Loss for the Year		(2,679,483)	(2,866,694)
Unrealized loss on marketable securities		(24,000)	-
Net Comprehensive Loss for the Year		$ (2,703,483)	$ (2,866,694)
Net Loss per Share - Basic and Diluted		$ (0.01)	$ (0.02)
Weighted Average Shares Outstanding		181,102,434	142,943,726

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

Calibre Mining Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

Years Ended December 31

(Expressed in Canadian Dollars)

	2012	2011
Operating Activities		
Net loss for the year	$ (2,679,483)	$ (2,866,694)
Items not affecting cash:		
Amortization	15,502	24,332
Loss on disposal of equipment	4,180	10,990
Stock-based compensation	1,527,787	347,832
Unrealized foreign exchange gain (loss)	85,490	71,644
Write off of exploration and evaluation assets	21,033	1,271,933
Net changes in non-cash working capital:		
Receivables	(30,216)	(9,809)
Trade and other payables	(20,885)	7,278
Prepaid deposits and advances	31,019	(35,790)
Decrease in Cash and Cash Equivalents from Operating	(1,045,573)	(1,178,284)
Investing Activities		
Purchases of property and equipment	(169,615)	(24,390)
Proceeds on disposal of property and equipment	23,470	30,957
Exploration and evaluation expenditures, net of recoveries	(2,294,550)	(2,349,161)
Increase (Decrease) in Cash and Cash Equivalents from Investing	(2,440,695)	(2,342,594)
Financing Activities		
Proceeds from share issuances - net	5,125,562	4,803,754
Increase in Cash and Cash Equivalents from Financing	5,125,562	4,803,754
Net Increase in Cash and Cash Equivalents	1,639,294	1,282,876
Cash and cash equivalents - Beginning of Year	1,944,574	661,698
Cash and cash equivalents - End of Year	$ 3,583,868	$ 1,944,574
Supplemental Disclosure of Non-Cash Financing and Investing Activities		
Reimbursement of exploration and evaluation costs included in accounts receivable	$ 41,964	$ 180,674
Amortization included in exploration and evaluation assets	$ 21,333	$ 18,756
Stock based compensation included in exploration and evaluation assets	$ 971,680	$ 140,652
Exploration and evaluation costs included in accounts payable	$ 108,365	$ 358,382

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

1. Nature of Operations and Liquidity Risk

Calibre Mining Corp. *(an Exploration Stage Company)* is incorporated under the laws of British Columbia, Canada and maintains its corporate head office at Suite 1620, 1066 West Hastings 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. Liquidity risk is the risk that the Company will be unable to meet its obligations as they become due. As the Company is in the exploration stage, no mineral producing revenue has been generated to date. The ability of the Company to meet its obligations and continue the exploration and development of its mineral properties is dependent upon its ability to continue to raise adequate financing. Historically, operating capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company's exploration program may be tailored accordingly.

2. Basis of Preparation and Statement of Compliance

The Company prepared 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. The accounting policies applied in these financial statements are based on IFRS as issued by the International Standards Board ("IASB") and the IFRS Interpretations Committee under the historical cost convention except for available for sale financial assets (marketable securities).

The Board of Directors authorized the issuance of these financial statements on March 14, 2013.

3. Significant Accounting Policies

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

a) *Principles of Consolidation*

These financial statements 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. 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).

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

b) *Cash and Cash Equivalents*

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

3. Significant Accounting Policies – *continued*

c) Marketable Securities

Investments in entities that are not subsidiaries, joint ventures or associates are designated as available-for-sale investments. These investments are measured at fair value on acquisition and at each reporting date. Any unrealized holding gains and losses related to these investments are excluded from net earnings and are included in Accumulated Other Comprehensive Income ("AOCI") until an investment is sold and gains or losses are realized, or there is objective evidence that the investment is impaired. When there is evidence that an investment is impaired, the cumulative loss that was previously recognized in AOCI is reclassified from AOCI to the consolidated statement of loss.

d) Property and Equipment

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

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

Buildings and structures	5% declining balance basis
Furniture and office equipment	20% declining balance basis
Computer equipment and software	30% declining balance basis
Leasehold improvements	straight-line basis over the term of the lease
Vehicles	20% declining balance basis

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

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

e) Loss Per Share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The dilutive loss per share reflects the potential dilution of common share equivalents, such as outstanding options and warrants, in the weighted average number of common shares outstanding during the period.

3. Significant Accounting Policies – *continued*

f) Exploration and Evaluation Assets

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

Management reviews the exploration and evaluation assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUS). Recoverable amount is the higher of the assets fair value less the cost to sell and value in use.

Exploration and evaluation assets are considered separate cash generating units ("CGU") for impairment testing purposes.

g) Impairment of Long-Term Assets

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

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

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

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

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

h) Share Capital

The Company records proceeds from share issuances net of issue costs. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at an amount based on fair market value. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on a relative fair value basis, whereby, the fair value of the common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

3. Significant Accounting Policies – *continued*

i) Share-based Payments

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

j) Current and Deferred Income Tax

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

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

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

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

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

3. Significant Accounting Policies – *continued*

k) Foreign Currency Translation

Functional and presentation currency: Items included in the financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Canadian dollars which is the Company's functional currency.

Transactions and balances: Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recorded in the statement of loss.

l) Critical Accounting Judgments and Estimates

The preparation of these financial statements in accordance with IFRS requires the Company to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, 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 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.

3. Significant Accounting Policies – *continued*

m) Financial Instruments

Financial assets and liabilities are initially recognized at fair value and subsequently measured based on their classification as follows:

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective method less a provision for impairment. The Company classifies cash and cash equivalents and receivables as loans and receivables.

- Available for sale ("AFS")

  AFS financial assets are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. When an AFS investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of loss. The Company classifies marketable securities as AFS.

- Financial Liabilities – other financial liabilities

  This category includes trade and other payables which are initially measured at fair value and subsequently recognized at amortized cost.

The Company does not have any derivatives or embedded derivatives or use any hedges to manage various risks.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

n) New standards and interpretations not yet adopted

i) IFRS 9, "*Financial Instruments*"

The new standard is a partial replacement of IAS 39, *Financial Instruments: Recognition and Measurement".* IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

Application of IFRS 9 is mandatory for annual periods beginning on or after January 1, 2015. This standard has not yet been adopted by the Company, and the Company has not yet completed the process of assessing the impact that it will have on its financial statements.

3. Significant Accounting Policies – *continued*

n) New standards and interpretations not yet adopted

ii) Other IFRS pronouncements – not yet in effect

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective and have not been applied in preparing these financial statements:

- IFRS 7, *Financial Instruments, Disclosures,* requires more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting similar arrangements;
- 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 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.

Each standard is effective for annual periods beginning on or after January 1, 2013. These standards have not yet been adopted by the Company, and the Company has not yet completed the process of assessing the impact that they will have on its financial statements.

4. Capital Management

The Company's objectives when managing capital are:

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

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

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

In order to facilitate the management of capital and development of its mineral properties, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at a major Canadian banking institution to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. Notwithstanding the risks described in Note 1, the Company seeks to continue to raise funds, from time to time, to continue meeting its capital management objectives (Note 9).

5. Financial Instruments

Fair Value and Hierarchy

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

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

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

Marketable securities are recorded at fair value and are measured using Level 1. Receivables, deposits and advances and accounts payable and accrued liabilities 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 (see Note 1). The Company manages liquidity risk through the management of its capital structure, as outlined in Note 4 of these financial statements. 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.

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 its joint venture partners and relate to project expenditures in Nicaragua incurred during 2012 and 2011 (described in Note 8a). 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.

5. Financial Instruments – *continued*

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, 2012, the effect of a one basis point increase or decrease in interest rates on net loss is not considered significant. The Company's other financial assets and liabilities are not subject to interest rate risk, as they do not bear interest.

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, 2012 of a five percent increase or decrease in foreign exchange rates on net loss is not considered significant.

6. Marketable Securities

During the year ended December 31, 2012, in accordance with an option agreement with Alder Resources Ltd. ("Alder") (described in Note 8a), the Company received a total of 200,000 common shares of Alder (200,000 shares was also received during the year ended December 31, 2011). The fair value of the shares at December 31, 2012 was $18,000 (the fair value of the shares received during the year ended December 31, 2011 was $24,000).

As at December 31, 2012, the Company owns a total of 400,000 common shares of Alder with a fair value of $18,000. The decrease in the fair value has been adjusted through accumulated other comprehensive income resulting in a charge of $24,000 during the year ended December 31, 2012 ($Nil – December 31, 2011).

(Expressed in Canadian Dollars)

7. Property and Equipment

	Computer Equipment and Software	Furniture and Equipment	Vehicles	Buildings and Structures	Leasehold Improvements	Total
Cost, Dec. 31, 2010	$ 145,148	$ 151,782	$ 88,676	$ 130,418	$ 14,385	$ 530,409
Additions	1,661	6,408	-	10,311	6,010	24,390
Disposals	-	(54,155)	(48,947)	-	(14,385)	(117,487)
Cost, Dec. 31, 2011	146,809	104,035	39,729	140,729	6,010	437,312
Additions	4,595	36,366	-	128,654	-	169,615
Disposals	-	-	(39,729)	-	-	(39,729)
Cost, Dec. 31, 2012	151,404	140,401	-	269,383	6,010	567,198
Acc. depreciation, Dec. 31, 2010	99,023	79,313	29,202	15,346	12,788	235,672
Charge for the year	14,854	11,099	8,876	6,089	2,169	43,087
Disposals	-	(32,508)	(28,647)	-	(14,385)	(75,540)
Acc. depreciation, Dec. 31, 2011	113,877	57,904	9,431	21,435	572	203,219
Charge for the year	10,760	12,737	2,648	9,259	1,431	36,835
Disposals	-	-	(12,079)	-	-	(12,079)
Acc. depreciation, Dec. 31, 2012	$ 124,637	$ 70,641	$ -	$ 30,694	$ 2,003	$ 227,975
Net book value, Dec. 31, 2011	$ 32,932	$ 46,131	$ 30,298	$ 119,294	$ 5,438	$ 234,093
Net book value, Dec. 31, 2012	$ 26,767	$ 69,760	$ -	$ 238,689	$ 4,007	$ 339,223

During the year ended December 31, 2012, the Company disposed of its trucks and vehicles with a net book value of $27,650, for total gross proceeds of $23,470, resulting in a net loss on disposal of assets of $4,180.

During the year ended December 31, 2011, the Company sold or disposed of various furniture, equipment, and vehicles with a net book value of $41,947 for total gross proceeds of $30,957 resulting in a loss of $10,990 during 2011. In addition, the Company wrote off leasehold improvements and the related accumulated amortization associated with the Company’s previous office rental lease totalling $14,385.

(Expressed in Canadian Dollars)

8. Exploration and Evaluation Assets

	Year Ended December 31, 2012	Year Ended December 31, 2011
Borosi, Nicaragua *(Note 8a)*		
Cost, beginning of year	$ 9,739,305	$ 7,197,831
Administration and maintenance	298,870	267,649
Amortization	21,333	18,755
Assaying	369,886	333,531
Camp and field supplies	140,068	100,237
Drilling and related	346,510	1,077,923
Geological consulting	253,464	153,580
Logistics and communications	305,448	201,858
Professional fees	23,594	12,454
Property maintenance	778,511	551,451
Salary and wages	1,197,264	985,728
Stock-based compensation	971,680	140,652
Travel	119,758	74,977
Recovery of costs	(1,774,654)	(1,377,321)
Total expenses during the year	3,051,732	2,541,474
Cost, end of year	12,791,037	9,739,305
Point Leamington, Canada *(Note 8b)*		
Cost, beginning of year	-	1,250,901
Administration and maintenance	21,033	21,032
Write off of exploration and evaluation assets	(21,033)	(1,271,933)
Cost, end of year	$ -	$ -
Total Exploration and Evaluation Assets	$ 12,791,037	$ 9,739,305

a) *Borosi, Nicaragua, Central America*

On July 21, 2009, the Company completed the acquisition of a 100% interest in the Borosi Gold – Copper Project (the "Borosi Project"), consisting of a number of contiguous mining and exploration concessions located in the North Atlantic Autonomous Region of Nicaragua, Central America. In consideration, the Company issued 12 million common shares and paid $4.42 million in cash. The Company also agreed to a contingent bonus ("Bonus Payment") and granted contingent warrants ("Bonus Warrants"). The Bonus Payment and the Bonus Warrants would only be payable and exercisable upon the Company completing a National Instrument ("NI") 43-101 Measured and Indicated Resource Estimate. However, during the year ended December 31, 2012, the Company agreed with the original seller of the Borosi Project to amend the terms of the Bonus Warrants (as described in Note 9e) and to eliminate the Bonus Payment entirely.

8. Exploration and Evaluation Assets – *continued*

a) Borosi, Nicaragua, Central America – continued

On July 21, 2009 (as amended in October 2010), the Company and B2Gold Corp. ("B2Gold") (TSX: BTO), executed an option agreement whereby B2Gold is entitled to acquire a 51% interest over a portion of the Borosi Project by expending $8 million on exploration expenditures by July 1, 2014. In accordance with the option agreement, once the initial 51% earn-in is complete, B2Gold may elect to carry an individual prospect within the concession area (designated under the agreement) through to a completed Preliminary Feasibility Study within 2 years for an additional 14% interest in the prospect. B2Gold is currently acting as operator on the work programs related to this option agreement.

Under the terms of the option agreement with B2Gold, the Company retained a 100% ownership interest in certain concessions within the Borosi Project, this included 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, and the newly discovered extension of the La Luna gold vein system.

The Company is also party to 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 Project. 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 400,000 shares of Alder has been received by the Company – see Note 6). Alder will be acting as the project operator for all work conducted on the concession during the option period. 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.

As at December 31, 2012, a total of $6,281,725 has been recovered and/or receivable from B2Gold and Alder in connection with the exploration and evaluation at Borosi in connection with the option agreements described above. As at December 31, 2012, $41,964 (December 31, 2011 - $180,674) of the above amount was included in accounts receivable.

b) 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 will continue to evaluate alternatives to advance the Point Leamington Project, however the Company's focus continues to be with its Borosi Project in Nicaragua and, 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 and $21,033 in December 31, 2012.

(Expressed in Canadian Dollars)

9. Share Capital

a) Authorized

The Company is authorized to issue an unlimited number of common shares.

b) Private Placements

During the year ended December 31, 2012, the Company closed a non-brokered private placement with B2Gold for gross proceeds of $5,000,000. The private placement consisted of the Company issuing 20,000,000 units at a price of $0.25 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles B2Gold to acquire an additional common share at an exercise price of $0.50 per share until May 2, 2013. No finder's fee was paid in connection with this private placement. The Company incurred $28,688 in transaction fees related to the private placement. The allocation of fair value of the warrants issued in connection with this private placement was $617,226, with 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 1.32%, volatility factor of 130% and expected life of the warrants of one year.

During the year ended December 31, 2011, the Company completed a non-brokered private placement financing totalling $3,500,000 by issuing a total of 35,000,000 common shares at a price of $0.10 per share. In connection with this private placement, the Company paid finder's fees totalling $86,400 and $27,346 in transaction fees in connection with the private placement. Total net proceeds amounted to $3,386,254.

c) Stock options

The Company has a stock option plan (the "Plan"), whereby the Company has reserved a number of common shares for issuance pursuant to the exercise of stock options. On May 26, 2010, the shareholders of the Company approved an amendment to the Plan that increased the number of common shares reserved for issuance under the Plan from 9,620,000 to 18,000,000. The Plan is administered by the Compensation Committee of the Company's Board. Options granted under the Plan will be exercisable at a price not less than the market value of the Company's common shares on the date of grant and granted for a term not to exceed five years from the date of grant. Any options granted under the Plan shall vest based on a periodic vesting schedule as determined by the Compensation Committee. In general, options have been granted to vest 25% immediately and 25% at each six month interval after the date of grant until fully vested.

A summary of the status of the Company's stock options as at December 31, 2012 and 2011 and changes during those years is presented below:

	2012		2011	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of year	12,575,000	$ 0.15	14,050,000	$ 0.20
Granted	4,975,000	0.46	2,775,000	0.16
Exercised	(945,000)	0.16	(125,000)	0.15
Forfeited	(500,000)	0.20	(4,125,000)	0.31
Outstanding, end of year	16,105,000	$ 0.25	12,575,000	$ 0.15
Exercisable, end of year	13,430,000	$ 0.21	9,687,500	$ 0.15

(Expressed in Canadian Dollars)

9. Share Capital – *continued*

c) Stock Options – continued

During the year ended December 31, 2012, the Company granted a total of 4,975,000 stock options to employees, directors, and consultants. Of the options granted, 4,475,000 options granted are exercisable at $0.49 per share and expire on January 25, 2017; while 500,000 options are exercisable at $0.19 per share and expire on June 15, 2017. The options vest 25% immediately and 25% at each six month interval after the date of grant until fully vested.

During the year ended December 31, 2011, the Company granted a total of 2,775,000 stock options to consultants, employees and directors. Of the options granted:

- 500,000 are exercisable at $0.20 per share, expire on March 2, 2016 and vest 50% immediately and 50% on a successful closing of a business development transaction subject to the terms of the underlying agreement with the consultant;
- 250,000 are exercisable at $0.20 per share, expire June 13, 2012, and vested immediately at grant date;
- 1,275,000 are exercisable at $0.15 per share, expire June 30, 2016, and vest 25% immediately and 25% at each six month interval after the date of grant until fully vested;
- 500,000 are exercisable at $0.15 per share, expire July 1, 2016, and vest 25% immediately and 25% at each six month interval after the date of grant until fully vested; and
- 250,000 are exercisable at $0.15 per share, expire September 14, 2016, and vest 25% immediately and 25% at each six month interval after the date of grant until fully vested.

During the year ended December 31, 2012, option holders exercised a total of 945,000 (2011 – 125,000) options for total gross proceeds of $154,250 (2011 - $18,750). In connection with these exercises, the Company reclassified the fair value of these options previously recorded in the amount of $128,732 (2011 - $15,540) from contributed surplus to share capital.

As at December 31, 2012, stock options exercisable and outstanding are as follows:

	Options Outstanding		Options Exercisable	
Exercise Price	Number	Weighted Average Remaining Contractual Life (yrs.)	Number	Weighted Average Remaining Contractual Life (yrs.)
$0.15	11,030,000	2.51	10,842,500	2.49
$0.19	500,000	4.46	250,000	4.46
$0.20	100,000	2.09	100,000	2.09
$0.49	4,475,000	2.95	2,237,500	4.07
	16,105,000	3.00	13,430,000	2.79

(Expressed in Canadian Dollars)

9. Share Capital – *continued*

d) Stock-based compensation

The Company amortizes the total fair value of options granted over a graded vesting schedule. Consequently, the total compensation expense recognized for options granted during the year ended December 31, 2012 or prior periods was $1,745,965 (2011 - $488,484). Of the total compensation recorded, $1,527,787 (2011 - $347,832) was charged to operations expense and $218,178 (2011 - $140,652) was capitalized to exploration and evaluation assets.

The fair value of the options granted during the year ended December 31, 2012 and 2011 has been estimated at the date of grant using the following Black-Scholes option pricing assumptions:

	December 31, 2012	December 31, 2011
Weighted average risk-free interest rate	1.24%	2.42%
Weighted average expected option term	5 years	4.7 years
Weighted average expected stock volatility	141%	124%
Weighted average expected dividend yield	Nil	Nil

e) Warrants

A summary of the status of the Company's outstanding warrants as at December 31, 2012 and 2011 and changes during the years then ended:

	2012		2011	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	10,000,000	$ 0.75	67,924,843	$ 0.27
Granted	20,000,000	0.38	-	-
Exercised	-	-	(9,325,000)	0.15
Expired or Cancelled	(10,000,000)	0.75	(48,599,843)	0.20
Outstanding, ending of year	20,000,000	$ 0.38	10,000,000	$ 0.75

During the year ended December 31, 2012, the Company completed a non-brokered private placement with B2Gold as described in Note 9b). As a result of the private placement, the Company granted a total of 10,000,000 warrants at an exercise price of $0.50 per share expiring on May 2, 2013.

In addition, during the year ended December 31, 2012, the Company amended the Bonus Warrants granted in connection with the acquisition of the Borosi Project (described in Note 8a). As a result of this amendment, the Company agreed to cancel the 10,000,000 Bonus Warrants originally issued and in exchange, grant 10,000,000 warrants with an exercise price of $0.25 per share. The newly granted warrants are fully vested and can be exercised without any conditions before their expiry on July 21, 2014. In connection with this amendment, the Company has calculated a fair value of $753,502 related to the newly granted warrants, which has been capitalized to exploration and evaluation assets as an acquisition cost of the project, classified as stock based compensation. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk-free rate of 1.07%, volatility factor of 106% and expected life of the warrants of two years.

During the year ended December 31, 2011, holders exercised 9,325,000 warrants for gross proceeds of $1,398,750. In connection with these exercises, the Company reclassified the fair value of these warrants previously recorded in the amount of $136,460 from contributed surplus to share capital.

(Expressed in Canadian Dollars)

9. Share Capital – *continued*

e) Warrants – continued

As at December 31, 2012, warrants exercisable and outstanding are as follows:

Exercise Price	Number	Weighted Average Remaining Contractual Life (yrs.)
$0.25	10,000,000	1.55
$0.50	10,000,000	0.33
	20,000,000	0.94

10. Related Party Transactions

a) Key management personnel

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

	Year Ended December 31, 2012	Year Ended December 31, 2011
Short-term benefits (i)	$ 260,587	$ 375,000
Share-based payments (ii)	$ 1,305,225	$ 55,323
Termination benefits (iii)	$ -	$ 217,865
Director fees paid	$ 20,000	-
Consulting and advisory fees to key management	$ 198,750	$ 75,000
Geological fees paid to an officer of the Company	$ 55,000	$ 60,000

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

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)

10. Related Party Transactions – *continued*

b) Key management commitments

a. The Company has management employee agreements in place with terms ranging up to two 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 $250,000.

b. The Company has a consulting agreement with Featherstone Capital Inc., a company controlled by two of the Company's directors, to provide corporate development and financial advisory services for a retainer of $10,000 per month.

c. The Company has a consulting agreement with a company controlled by a director of the Company to provide management fees for a retainer of $5,000 per month.

d. The Company has a consulting agreement with a company controlled by the Company's Chief Financial Officer and Corporate Secretary whereby the Company agrees to pay a consulting fee for services ordinarily provided by a Chief Financial Officer totalling $14,583 per month.

11. Commitments

The Company has minimum annual lease commitments for its office premise expiring September 2016. The following schedule details the Company's minimum commitments not discussed elsewhere in these financial statements:

2013	92,000
2014	95,000
2015	97,000
2016	73,000
	$ 357,000

12. Deferred Income Taxes

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

	2012	**2011**
Loss before income taxes	**$ (2,679,483)**	**$ (2,866,694)**
Effective statutory rate	**25.0%**	**26.5%**
Expected income tax recovery	**$ (669,871)**	**$ (759,674)**
Effect of differences in foreign and future tax rates	**(4,484)**	**39,419**
Items not deductible for tax purposes	**(91,641)**	**(267,508)**
Effect of foreign exchange	**80,230**	**53,969**
Other	**(2,848)**	**43,138**
Income tax benefit not recognized	**688,614**	**890,656**
	$ -	**$ -**

(Expressed in Canadian Dollars)

12. Deferred Income Taxes – *continued*

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

	2012	2011
Deferred income tax assets		
Non-capital loss carry-forwards	**$ 3,401,497**	**$ 3,121,528**
Unamortized financing costs	**53,662**	**84,474**
Exploration and Evaluation assets	**984,609**	**1,222,271**
Property and equipment	**75,623**	**62,554**
Unrecognized deferred income tax assets	**$ 4,515,391**	**$ 4,490,827**

As at December 31, 2012, the Company has non-capital losses for Canadian tax purposes of approximately $8,100,000 available to offset against taxable income in future years, which if unutilized, will begin to expire in 2014. The Company also has resource exploration expenditures of approximately $4,935,000 available to reduce taxable income of future years in Canada, subject to certain restrictions. In addition, the Company has tax losses for Nicaraguan purposes of approximately $3,778,000 available to offset against taxable income in future years in Nicaragua, which begin to expire in 2013.

13. 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 North and Central America (Nicaragua). The Company is in the exploration stage and, accordingly, has no reportable segment revenues for any of the years presented in these financial statements. The following geographic data includes assets based on location:

As at December 31, 2012

	Canada	Nicaragua	Total
Cash	$ 3,548,355	$ 35,513	$ 3,583,868
Other current assets	180,509	10,381	190,890
Property and equipment	45,271	293,952	339,223
Exploration and evaluation assets	-	12,791,037	12,791,037
Total assets	$ 3,774,135	$ 13,130,883	$ 16,905,018
Total liabilities	$ 84,908	$ 88,424	$ 173,331

As at December 31, 2011

	Canada	Nicaragua	Total
Cash	$ 1,924,418	$ 20,156	$ 1,944,574
Other current assets	328,902	7,500	336,402
Property and equipment	58,054	176,039	234,093
Exploration and evaluation assets	-	9,739,305	9,739,305
Total assets	$ 2,311,374	$ 9,943,000	$ 12,254,374
Total liabilities	$ 136,422	$ 307,812	$ 444,232

(Expressed in Canadian Dollars)

13. Segmented Information – *continued*

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

	2012	2011
Canada	$ 2,589,812	$ 2,795,050
Nicaragua	89,671	71,644
Net loss for the year	$ 2,679,483	$ 2,866,694

14. Subsequent Events

Subsequent to year end, Calibre received notice from B2Gold that they have completed the necessary $8 million in expenditures on the Borosi project and have earned a 51% interest in certain concessions within the Borosi Project as described in Note 8a). Discussions regarding finalizing a formal Joint Venture Agreement between B2Gold and Calibre are currently on-going.