



(An Exploration Stage Company)

**FORM 51-102F1:
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS**

Three Months Ended March 31, 2010
(Expressed in Canadian Dollars)

Calibre Mining Corp.

(An Exploration Stage Company)

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TABLE OF CONTENTS

1.1	Introduction and Date.....	2
1.2	Business Overview and Overall Performance.....	2
1.3	Selected Annual Information.....	7
1.4	Results of Operations	7
1.5	Summary of Quarterly Results.....	8
1.6	Liquidity	9
1.7	Capital Resources	10
1.8	Off-Balance Sheet Arrangements.....	10
1.9	Transactions with Related Parties	11
1.10	Fourth Quarter	11
1.11	Proposed Transactions.....	11
1.12	Critical Accounting Estimates.....	11
1.13	Change in Accounting Policies including Initial Adoption.....	12
1.14	Financial Instruments and Other Instruments.....	16
1.15	Other MD&A Requirements	17
	1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue	17
	1.15.2 Disclosure of Outstanding Share Data	18
	1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees	18
	1.15.4 Risk Factors.....	18
	1.15.5 Internal Controls and Disclosure Controls over Financial Reporting.....	19



1.1 Introduction and Date

This Interim Management Discussion and Analysis (“MD&A”) provides a detailed analysis of the business of Calibre Mining Corp. (“Calibre” or the “Company”) and compares its financial results for the three months ended March 31, 2010 to prior periods. This MD&A should be read in conjunction with the Company’s unaudited interim consolidated financial statements for the three months ended March 31, 2010 and the audited consolidated financial statements for the years ended December 31, 2009 and 2008 (collectively, the “Financial Statements”).

This MD&A reflects information available as at May 26, 2010. The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars (unless otherwise indicated).

<p>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.</p>

1.2 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’s common shares are listed in Canada on the TSX Venture Exchange under the trading symbol CXB.

The Company engages principally in the acquisition, advancement and development of global precious and base metals assets and mineral properties. The Company is currently focusing on the exploration of a strategic land position in a prospective, but underexplored region of the historic “Mining Triangle” in North East Nicaragua, named the Borosi Concessions. The area is highly prospective for gold and copper mineralization associated with skarn and epithermal deposits.

As discussed in the notes to the Financial Statements, the recovery of the Company’s investment in mineral 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 financing to bring these reserves into production. The ultimate outcome of these matters cannot presently be determined.

Overall performance

During the three months ended March 31, 2010, the Company recorded a net loss of \$366,984 or \$0.00 per share, as compared to a net loss of \$1,313,855 or \$0.03 per share for the same period in 2009. For the three months ended March 31, 2009, the Company wrote off certain non-core claims located in Point Leamington, Canada as well as its interest in Trundle, Australia; resulting in a combined write off of \$1,077,374 in that period.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



As at March 31, 2010, the Company had total assets of \$12,054,447 compared to \$12,579,046 as at December 31, 2009. The significant majority of these assets for both periods are the carrying values of the Company's cash and its mineral property costs.

As at March 31, 2010, the Company had working capital of \$1,899,445 compared to working capital of \$2,142,956 as at December 31, 2009. The Company's working capital as at March 31, 2010 includes cash of \$1,423,122 (December 31, 2009 - \$1,737,271). The decrease in both working capital and cash is attributed to the Company's work in evaluation of the Borosi Project and costs for general and administrative expenses. The Company did not perform any significant financing activities during the three months ended March 31, 2010.

As at March 31, 2010, the total carrying value of the Company's mineral property costs was \$9,649,337 compared to \$9,823,584 as at December 31, 2009. The decrease is a result of a slight recovery received or receivable in excess of the expenditures in the period (including a recovery of \$122,486 related to future income taxes).

During the three months ended March 31, 2010, 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 Yamana Nicaragua, S.A. ("Yamana Nicaragua") from Yamana Gold Inc. Yamana Nicaragua owns an undivided 100% interest in the Borosi Gold – Copper Project ("Borosi Project"), consisting of approximately 70,976 hectares of six mineral and five exploitation concessions, located in the North Atlantic Autonomous Region of Nicaragua, Central America, approximately 230 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 existing 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 no liability has been accrued for the Bonus Payment and a \$Nil value has been assigned to the Bonus Warrants at the purchase date. 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.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



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. 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.

The Company commenced its initial campaign of geological mapping, prospecting, soil surveying and trenching on several target areas in the eastern Epithermal Camp concessions. Sampling results from the La Luna, Blag, and Riscos de Oro targets have outlined four new low-sulphidation epithermal gold-silver vein trends. A summary of the geological findings are presented below:

- At La Luna, the Company completed 8.4 line-km of infill soil sampling that when combined with historic soil data, outlined a 2,200 metre anomalous gold-in-soil trend that bisects the concession. Within this anomalous gold-in-soil trend, a new 1,100 metre by 50 metre zone of low-sulphidation style epithermal quartz veins and quartz breccias was delineated. Mineralization along this epithermal vein trend was defined by 23 rock grab samples returning an average gold grade of 5.6 g/t Au with one sample grading 55.4 g/t Au. In addition to gold, these samples returned an average silver grade of 7.5 g/t Ag and up to 436 g/t Ag.
- At Riscos de Oro, results from a 5.5 line-km reconnaissance soil sampling program identified a northeast-trending 700 metre long by 200 metre wide mercury trend northwest of the historic Riscos de Oro mine. The trend is open to the southwest and northeast and is sub-parallel to the Riscos de Oro vein. The newly discovered zone contains numerous samples of chalcedonic and banded quartz veins that are coincident with a mercury anomaly high. This newly discovered zone is interpreted to represent the upper portions of low-sulphidation epithermal precious metal system which may possibly preserve veins at depth.

The Company’s trenching program confirmed the presence of epithermal gold vein systems that were outlined with our soil sampling and mapping program.

The La Luna vein system is at the south end of a 10 kilometres by 12 kilometres epithermal camp of gold bearing veins within the Borosi concessions. La Luna is characterized by a north west trending low sulphidation epithermal quartz vein system that has been traced over a distance of two kilometres. The northern extension of the La Luna vein system has been tested by several trenches. Highlights of the trenching results are as follows:

Trench	Channel Sample							Chip Sample	
	Interval			AA		Gravimetric		AA	Interval
	From (m)	To (m)	Metres	Gold (g/t)	Silver (g/t)	Gold (g/t)	Silver (g/t)	Gold (g/t)	(m)
BTR10-010	11.50	16.00	4.50	2.51	7.61	2.57	3.63	2.25	3.70
BTR10-011	8.50	11.70	3.20	4.62	194.40	4.93	191.80	3.92	3.20
BTR10-012	7.80	10.40	2.60	2.46	75.48	3.20	90.01	3.11	2.10
BTR10-017	7.50	10.20	2.70	3.85	38.12	3.77	36.85	1.45	2.30

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



In addition, four trenches have been completed on the central portion of the Blag vein system located 9.5 kilometres northeast of La Luna. The four trenches have tested a strike length of 350 metres and the zone is open in both directions along the northeast-southwest strike. Highlights from the trenching include Trench BTR10-013 which intersected 0.80 metres grading 2.10 g/t Au. Trenching continues on the western zone, a 900 metre by 400 metre north-northeast trending vein system at Blag.

On March 18, 2010, the Company initiated a planned 26 hole, approximately 6,000 metre diamond drill program on the Borosi project. The current drill program at Borosi consists of drill testing three distinct gold prospects: the Bambana, La Luna and Riscos de Oro targets. In addition, systematic exploration of other high priority targets at Borosi will be on-going to further define drill targets.

- At Bambana, the drill program is testing a 500 metre by 300 metre area that has anomalous gold and copper in soil and coincident geophysical anomalies. The Bambana target lies four kilometres northwest of the past producing Rosita copper mine, a copper skarn deposit that is estimated to have produced 305 million pounds of copper over the life of the mine (*from Arengi et al (2003)*). The Bambana target area is associated with artisanal gold workings and a small prospecting pit. The Company's sampling of the prospecting pit returned grades of 1.64 g/t gold, 1,645 g/t silver and 29.9% copper over 0.90 metres.
- Drilling at La Luna will test a zone of gold-bearing epithermal quartz veins and quartz breccias. These veins and breccias were delineated over a strike length of 1,100 metres through a soil sampling program (discussed above). Mineralized intercepts from five trenches (BTR009, BTR010, BTR011, BTR012 and BTR017) average 3.5 g/t Au and 66 g/t Ag over 3.4 metres. Drilling at La Luna will also test the depth extent of a zone associated with an historical small open cut which assayed 3.5 g/t gold over 12.6 metres.
- At Riscos de Oro the drill program will focus on two targets: the main Riscos de Oro vein that contains historical open pit and underground workings; and a possible parallel vein located 800 metres to the northwest. The down dip extensions of the Riscos mine will be drill tested 100 to 150 metres below the abandoned workings and historical Rosario drilling. Historical drill intercepts of 9.43 g/t Au and 163 g/t Ag over 6.2 metres (DDH SG-16), 14.5 g/t Au and 174 g/t Ag over 3.79 metres (DDH SG-17) and 8.06 g/t gold and 563 g/t silver over 4.1 metres (DDH SG-4) were reported from this zone between the 46 metre and 93 metre development levels (*Rosario Company Records on Riscos de Oro, Circa 1975 to 1977*). Additional drill holes at Riscos de Oro will follow up on the northeast and southwest extensions of the Riscos vein trend as well as the parallel zone northwest of the Riscos mine.

Results of the drill program will be released upon receipt, review and compilation.

Point Leamington, Newfoundland, Canada

The Company owns a 100% interest in the Point Leamington mining lease in Newfoundland, Canada, which was acquired in 2004. The mining lease is subject to a 2% net smelter return royalty ("NSR"), which is held by a third party. The lease is located 26 kilometres north of Grand Falls, Newfoundland, Canada. The Company continues to maintain the Point Leamington mining lease (acquired in 2004) in good standing.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



Trundle, New South Wales, Australia

On January 25, 2008, the Company entered into an option agreement to potentially acquire a 70% interest in the Trundle Property ("Trundle"), located in New South Wales, Australia, by completing AUD \$3 million in exploration expenditures over a three year period. The Company was required to complete a minimum Year 1 requirement of expenditures totalling AUD \$600,000 (including drilling related expenditures of AUD \$300,000). The Company fulfilled these commitments in 2008 and has no further exploration commitments under the terms of agreement.

In August 2009, the Company completed the sale of its option interest in Trundle to Clancy Exploration Limited ("Clancy"), a publicly traded company in Australia. As consideration, the Company received 1,750,000 common shares of Clancy, approximately 2.7% of their outstanding common shares. The fair value of the Clancy shares at March 31, 2010 was \$229,614 (December 31, 2009 - \$246,015).

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 four years. The following table highlights the average price of gold in each of the last four calendar years:

<u>Average Prices for the Period Shown</u>	
	<u>Gold (US\$/per oz.)¹</u>
Year Ended December 31, 2009	\$972
Year Ended December 31, 2008	\$872
Year Ended December 31, 2007	\$695
Year Ended December 31, 2006	\$603

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 (the Company does not have any current operations in Australia and therefore has limited risk in fluctuations over the Australian dollar exchange rates). Fluctuations 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:

	<u>Average Prices for the Period Shown³</u>	
	<u>US Dollar</u>	<u>Nicaraguan Cordoba</u>
Year Ended December 31, 2009	\$0.88029	C\$17.98597
Year Ended December 31, 2008	\$0.94410	C\$18.62870
Year Ended December 31, 2007	\$0.93565	C\$17.71496
Year Ended December 31, 2006	\$0.88206	C\$15.91877

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

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



While the average exchange rate for the US dollar and Nicaraguan Cordoba decreased slightly in 2009 from 2008, the Canadian dollar is still relatively strong when compared to both currencies and at March 31, 2010 closed at \$0.9815 against the US dollar and C\$21.0552 against the Nicaraguan Cordoba ("C\$").

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 6 of the unaudited interim consolidated financial statements for the three months ended March 31, 2010 and Note 11 of the audited consolidated financial statements for the years ended December 31, 2009.

1.3 Selected Annual Information

Not applicable for interim management discussion and analysis.

1.4 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 interim financial statements and related notes for the same period.

Three Months Ended March 31, 2010 compared to Three Months Ended March 31, 2009

The Company's general and administrative costs were slightly higher in 2010, totalling \$366,984 compared to \$237,110 in 2009. The key factors related to the decrease can be summarized as follows:

- Audit, accounting and legal fees increased to \$34,215 from \$22,534 in 2009. This reflects the increased activity associated with the acquisition of our Nicaraguan subsidiary and costs related to conversion to IFRS from Canadian GAAP, which is expected to be incurred throughout 2010.
- Consulting fees increased in 2010 to \$90,000 from \$8,597 in 2009. During the three months ended March 31, 2010, the Company engaged ASTY Capital AG of Zurich, Switzerland to act as its capital markets advisor and assist the Company with corporate development projects in Europe. The Company also engages a director and former officer of the Company for accounting and consulting services.
- Foreign exchange gain in 2010 was \$59,135, compared to a gain in the prior period of \$792. 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.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



- Total salaries and wages increased in 2010 to \$206,472 from \$118,404 in 2009. Salaries and wages consist of two components. The cash component of salaries and wages decreased in 2010 to \$102,385 from \$115,530 in 2009. The non-cash component of salaries and wages consists of stock-based compensation of \$104,087 in 2010 compared to \$2,874 in 2009. The fair value of the options expensed was estimated at the date of grant using the Black-Scholes option pricing model. During the latter half of 2009, the Company issued a number of options to employees, directors and consultants of the Company which resulted in an increased stock-based compensation during the first quarter of 2010.
- During the three months ended March 31, 2010, marketing, trade shows and conferences increased to \$10,127 from \$2,375 in 2009. The increase in 2010 relates to the Company's greater presence and travel for marketing and trade shows in Europe and North America.
- Travel increased slightly in 2010 at \$9,468 from \$2,233 in 2009. The increased travel relates to greater management oversight and review of Borosi and travel associated with trade shows and conferences for marketing purposes.

The Company's other losses decreased for the three months ended March 31, 2010, totalling a loss of \$Nil compared to a loss of \$1,076,745 for the same period in 2009. The key factor related to the decrease in loss is:

- For the three months ended March 31, 2009, the Company wrote off certain non-core claims located in Point Leamington, Canada as well as its interest in Trundle, Australia; resulting in a combined write off of \$1,077,374 in that period. There were no write offs of any mineral properties during the three months ended March 31, 2010.

1.5 Summary of Quarterly Results

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

	March 2010	December 2009	September 2009	June 2009
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil
Loss before discontinued operations and extraordinary items	\$366,984	\$707,398	\$416,762	\$257,776
Basic and diluted loss per share before discontinued operations and extraordinary items	\$0.00	\$0.01	\$0.00	\$0.01
Net loss for the period	\$366,984	\$707,398	\$416,762	\$257,776
Basic and diluted loss per share for the period	\$0.00	\$0.01	\$0.00	\$0.01

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



	March 2009	December 2008	September 2008	June 2008
Total revenues	\$Nil	\$Nil	\$Nil	\$Nil
Loss before discontinued operations and extraordinary items	\$1,313,855	\$642,183	\$2,938,095	\$958,263
Basic and diluted loss per share before discontinued operations and extraordinary items	\$0.03	\$0.01	\$0.06	\$0.02
Net loss for the period	\$1,313,855	\$642,183	\$2,938,095	\$958,263
Basic and diluted loss per share for the period	\$0.03	\$0.01	\$0.06	\$0.02

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, 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.

The three months ended December 31, 2008 includes severance payments paid or accrued to a number of employees totalling \$245,848.

The three months ended September 30, 2008 includes a write off of \$2,461,077 related with management's decision to no longer pursue the Company's interests in Cargo, Australia and Trend, USA.

The three months ended June 30, 2008 includes a write off of \$347,263 associated with certain individual claims in Point Leamington that are no longer being pursued by the Company.

1.6 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.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



As at March 31, 2010, the Company had working capital of \$1,899,445 compared to working capital of \$2,142,956 as at December 31, 2009. The Company's working capital as at March 31, 2010 includes cash of \$1,423,122 (December 31, 2009 - \$1,737,271). The decrease in both working capital and cash is attributed to the Company's work in evaluation of the Borosi Project and costs for general and administrative expenses. The Company did not perform any significant financing activities during the three months ended March 31, 2010.

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

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

1.7 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 public offerings, 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 where 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 May 26, 2010 the Company has approximately 76 million stock options and warrants outstanding which, if exercised, would bring a further \$20.5 million to the Company's treasury upon exercise.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



1.9 Transactions with Related Parties

The following is a summary of the related party transactions that occurred during the three months ended March 31, 2010 and 2009:

	2010	2009
Accounting fees paid to a director and former officer	\$ 15,000	\$ 15,000
Legal fees paid to a law firm associated with a former officer	\$ 2,300	\$ 8,334

1.10 Fourth Quarter

Not applicable.

1.11 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 probable.

1.12 Critical Accounting Estimates

The Company's significant accounting policies are presented in Note 2 of the audited Financial Statements for the year ended December 31, 2009. The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. These estimates include:

- the carrying values of mineral properties;
- the carrying values of property, plant and equipment;
- rates of amortization of property, plant and equipment;
- the valuation allowances for future income taxes;
- the valuation of consideration on the acquisition of Yamana Nicaragua, S.A., including valuation of the contingent Bonus Payment and Bonus Warrants (discussed above in Section 1.2: *Business Overview and Overall Performance: Borosi, Nicaragua, Central America*); and
- the valuation of stock-based compensation.

Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows. Factors that could potentially affect these estimates include risks inherent in mineral exploration and development, changes in government policy and changes in foreign exchange rates.

Management has assessed the carrying value of its assets, and other than write-downs to certain mineral property interests and some abandoned property and equipment, does not believe the remaining assets have suffered any impairment. Management assesses the exploration results on its exploration projects and determines whether results to date warrant further exploration. If results do not indicate potential for a property, the deferred exploration costs are written off.



In connection with the purchase of Yamana Nicaragua, S.A., the Company agreed to certain contingent Bonus Payments and Bonus Warrants discussed above in Section 1.2: *Business Overview and Overall Performance: Borosi, Nicaragua, Central America*), which will only be payable and exercisable upon the completion and acceptance of specifically defined and outlined NI 43-101 Measured and Indicated resource. The existence of any 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 no liability has been accrued for the Bonus Payment and a \$Nil value has been assigned to the Bonus Warrants at the purchase date. 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.

Management has made significant assumptions and estimates in determining the fair market value of stock based compensation granted to employees and non-employees and the value attributed to various warrants and broker warrants issued on financings. These estimates have an effect on the stock based compensation expense recognized and the contributed surplus and share capital balances on the Company's balance sheet. Management has made estimates of the life of stock options and warrants, the expected volatility and expected dividend yields that could materially affect the fair market value of these types of securities. The estimates were chosen after reviewing the historical life of the Company's options and analyzing share price history to determine volatility.

1.13 Change in Accounting Policies including Initial Adoption

The accounting policies followed by the Company are set out in Note 2 to the audited Financial Statements for the year ended December 31, 2009 and have been consistently followed in the preparation of the financial statements for the three months ended March 31, 2010.

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

Business Combinations

In January 2009, the CICA issued Section 1582, *Business Combinations*, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. In addition, the CICA issued Sections 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements, which section 1601 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

International Financial Report Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed that IFRS will replace current Canadian GAAP for publicly-accountable, profit-oriented enterprises effective January 1, 2011. The transition date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported for the year ended December 31, 2010.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



The Company's IFRS conversion is carried out in three phases: high-level impact assessment, detailed evaluation, and implementation and review. The Company has completed its initial high-level impact assessment to identify key areas that may be affected by the conversion. A detailed evaluation between specific differences between IFRS and Canadian GAAP, and how that impacts the Company's implementation will occur during 2010.

The following table provides a summary of the changeover plan, the key elements involved and the status of these tasks:

Key Element	Description
Accounting policies	<p>Management has performed an initial review of its accounting policies and the impact of adopting IFRS. During 2010, the Company intends to perform a more comprehensive review of its accounting policies and requirements of IFRS, especially, with respect to:</p> <ul style="list-style-type: none">• Exploration and evaluation expenditures;• Property, plant and equipment;• Stock-based compensation;• Functional currency;• Contingent liabilities;• Impairment of long-lived assets;• Future income taxes; and• Various financial statement disclosures <p>The detailed evaluation of these and other policies will continue throughout 2010. The Company expects to be able to quantify these differences in the second half of 2010. The transition from Canadian GAAP to IFRS may materially affect reported financial position and results of operations. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policy alternatives and implementation decisions are still being evaluated.</p>
Information technology and data systems	<p>The initial review of the Company's information and data systems suggest that they are sufficient and no significant changes will be required to either capture information required or report under IFRS.</p>
Internal control over financial reporting	<p>The final impact of the Company's internal control over financial reporting will not be able to be fully assess until the final accounting policies under IFRS are determined. Notwithstanding, given the Company's stage of development, the Company does not consider that the adoption of IFRS will have a significant impact on the Company's internal control over financial reporting.</p>
Disclosure controls and procedures	<p>Due to the Company's stage of development, the Company does not believe it will require significant revisions to its control environment for changes in processes and controls as a result of the transition to IFRS.</p>

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



Financial reporting expertise	<p>The Company has performed an initial assessment of the financial expertise required to adopt IFRS and considers that it has sufficient in-house resources to review the requirements of IFRS, and assess any required adjustments to the opening balance sheet under IFRS. However, the situation will be monitored on an on-going basis, and management will consider hiring additional IFRS expertise on a consulting basis as needed.</p> <p>The Company intends to provide additional training to staff during the 2010 calendar year on IFRS and its requirements. The Company also intends to consult on a frequent basis with its auditors to ensure its assessments on the adoption of IFRS are accurate.</p>
Business activities	<p>As the Company's final IFRS accounting policies are developed and adopted, the Company will consider their impact on all material agreements prior to adoption.</p> <p>Updates on the progress of the conversion process will be provided to the Company's audit committee and disclosed in the Company's MD&A on a quarterly basis throughout 2010.</p>

The following provides a summary of some potential changes to accounting policies in key areas based on current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies under the adoption of IFRS.

- The International Accounting Standards Board ("IASB") has still not made a definitive determination as to whether exploration and evaluation costs should be capitalized or expensed. IFRS 6 allows companies to choose a policy that capitalizes these costs. The policy must be disclosed in the notes to the financial statements. The Company expects to continue capitalizing its exploration and evaluation costs in a manner consistent with its current accounting policy.
- IFRS and Canadian GAAP contain the same basic principles for property, plant, and equipment; however, there are some differences. Specifically, IFRS requires property, plant and equipment to be measured at cost in accordance with IFRS, breaking down material items into components and amortizing each one separately. In addition, unlike Canadian GAAP, IFRS permits property, plant and equipment to be measured at fair value or amortized cost. The Company's initial analysis is that no further componentization was necessary in property, plant, and equipment. The Company will continue to reflect its property, plant and equipment at amortized cost.

- The method of accounting for income taxes under IFRS is similar to Canadian GAAP, but one of the exemptions under IFRS may have a significant impact on the Company's financial reporting. Under current IFRS guidelines, the recognition of future income tax ("FIT") assets or liabilities that arise from the initial recognition of assets or liabilities that do not impact profit or loss and other than in a business combination is prohibited. The Company's FIT liability balance is almost exclusively due to the difference between the carrying value and the tax value for the properties that the Company acquired as a result of an acquisition of assets, not a business combination. As a result, the exemption under IFRS would apply and would eliminate the majority of the Company's FIT liability balance recognized under Canadian GAAP. It would also decrease the carrying value of mineral properties by a similar amount because when the FIT liability was recognized, the carrying values of the related mineral properties were grossed up by the same amount. The IASB has recently issued an exposure draft suggesting changes to its income tax standard. The exposure draft has received a significant number of comments and it is uncertain what changes, if any, will be made before the Company's adoption date.
- Under IFRS, a provision is to be recognized when (a) there is a present obligation as a result of a past transaction or event; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) a reliable estimate can be made of the obligation. The threshold for recognition of a provision under Canadian GAAP is higher than under IFRS. Therefore, it is possible that some contingent liabilities which would not have been recognized under Canadian GAAP may meet the criteria for recognition as a provision under IFRS.
- Under Canadian GAAP, mineral property impairment testing is performed using a two-step test. The first step is to determine if there is an impairment loss by using an undiscounted cash flow analysis. If that analysis identifies an impairment loss, the loss is measured as the amount by which carrying value exceeds fair value. The fair value is often based on discounted cash flows. Under IFRS, assets are tested for impairment using a one-step process based on discounted cash flows. IFRS also allows the reversal of impairment charges from previous years if the fair value exceeds the carrying value of long-lived assets.
- Other IFRS that apply to the Company's operations, but that are not expected to have a significant effect on 2010 financial results, based on the Company's current and expected activities are functional currency, business combinations, share based payments, and decommissioning and retirement obligations.

The implementation and review phase will begin in the second half of 2010 and continue throughout the fiscal year. This phase includes implementation of the required changes necessary for IFRS compliance. Final decisions on accounting policy choices and IFRS 1 exemptions will be approved and changes to business processes and internal controls, if any, resulting from policy changes will be implemented. Preparation of an opening IFRS balance sheet and IFRS comparatives for 2010 reporting periods will commence in this phase as well. The Company will monitor changes in IFRS leading up to the January 1, 2011 adoption date, and update its conversion efforts as required.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



1.14 Financial Instruments and Other Instruments

The Company has designated its financial instruments as follows:

- Cash is classified as held-for-trading;
- Receivables are classified as loans and receivables;
- Marketable securities are classified as available-for-sale; and
- Accounts payable and accrued liabilities as other financial liabilities.

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

The following information summarizes the Company's financial and other instruments and discusses their associated risks with the Company's present operations (further information regarding can also be reviewed in Note 3 of the Company's Financial Statements for the year ended December 31, 2009).

Financial Instruments – Presentation and Disclosures:

Fair value

Cash and marketable securities are recorded at fair value and are measured using Level 1 (in accordance with Section 3862 of the CICA Handbook). Receivables and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

Liquidity risk

The Company manages liquidity risk through the management of its capital structure, as outlined in Note 4 of the consolidated financial statements for the year ended December 31, 2009 and discussed in Section 1.7: *Capital Resources* of this MD&A. Accounts payable and accrued liabilities are due within the current operating period. There are no changes at March 31, 2010.

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 the three months ended March 31, 2010. 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

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.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



Interest rate risk

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. The effect of a one basis point increase or decrease on cash and its impact 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

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 and the US dollar. The Company does not enter into any foreign exchange contracts to mitigate these risks. Based on management's analysis, the effect of a five percent increase or decrease on these instruments to net loss is not considered significant.

1.15 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.

1.15.1 Additional Disclosure for Venture Issuers Without Significant Revenue

For additional disclosures concerning the Calibre's general and administrative expenses and a breakdown of the resource property costs, please refer to the Company's Consolidated Statements of Loss and Comprehensive Loss and the Consolidated Schedules of Mineral Property Costs contained in its Financial Statements for the years ended December 31, 2009 and for the three months ended March 31, 2010, 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 Section 1.2: *Business Overview and Overall Performance*.

The Company does not have any capitalized or expensed research and development costs or any deferred development costs for the three months ended March 31, 2010.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



1.15.2 Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at May 26, 2010. For further information and details concerning outstanding share data, options, and warrants, see Note 8 and the Consolidated Statements of Changes in Shareholders' Equity, included in the audited Financial Statements for the years ended December 31, 2009 and 2008 and Note 5 of the financial statements for the three months ended March 31, 2010:

	Number Outstanding
Common shares	122,515,918
Options to purchase common shares	8,050,000
Warrants to purchase common shares	67,924,843

1.15.3 Additional Disclosure for Reporting Issuers with Significant Equity Investees

Not applicable.

1.15.4 Risk Factors

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

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

For further detailed discussions on the various risks associated with the Company's industry, business, and other, please refer to the Company's annual MD&A for the year ended December 31, 2009, which can be located on the Company's website, www.calibremining.com, or on the SEDAR website, www.sedar.com.

Calibre Mining Corp.

(An Exploration Stage Company)

Form 51-102F1: Interim Management Discussion and Analysis

Three Months Ended March 31, 2010

(Expressed in Canadian Dollars)



1.15.5 Internal Controls and Disclosure Controls over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the three months ended March 31, 2010. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at March 31, 2010.
