Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

Independent auditor's report

To the Shareholders of Calibre Mining Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Calibre Mining Corp. and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of operations and comprehensive income for the years ended December 31, 2021 and 2020;
- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of mineral interests and property, plant and equipment (MPPE) Refer to note 4 – Significant accounting policies, note 5 – Estimation uncertainty and accounting policy judgments and note 12 – Mining interests, plant and equipment to the consolidated financial statements. The net book value of MPPE excluding exploration and evaluation assets amounted to $230 million as at December 31, 2021. MPPE are tested for impairment at the end of each reporting period if, in management's judgment, there is an indicator of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) changes in the estimated amount of the recoverable resources and reserves; (ii) changes in metal prices, capital and operating costs and interest rates; and (iii) market capitalization of the Company compared to its net assets, are evaluated by management in determining whether there are any indicators of impairment. The estimated amounts of recoverable resources and reserves are prepared by the qualified persons as defined in accordance with NI 43-101 issued by the Canadian Securities Administrators (management's experts). We considered this a key audit matter due to (i) the significance of the MPPE balance and (ii) the significant audit effort and subjectivity in performing audit procedures to assess the internal and external factors evaluated by management in its assessment of impairment indicators, which required significant management judgment.	Our approach to addressing the matter included the following procedures, among others: • Evaluated management's assessment of indicators of impairment, which included the following: – Assessed the completeness of external or internal factors that could be considered indicators of impairment of the Company's MPPE, including consideration of evidence obtained in other areas of the audit. – Assessed the changes in metal prices, capital and operating costs and interest rates by considering external market data, current and past performance of the Company and evidence obtained in other areas of the audit, as applicable. – Used the work of management's experts in performing the procedures to evaluate the reasonableness of the changes in the estimated amount of recoverable resources and reserves. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence were evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. – Recalculated the Company's market capitalization and compared it to the net assets as at December 31, 2021.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Mark Patterson.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 23, 2022

Consolidated Statements of Operations and Comprehensive Income

Years Ended December 31, 2021 and 2020

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Notes	2021	2020
Revenue		**$ 328,132**	$ 242,748
Cost of sales			
Production costs	6	**(171,971)**	(107,896)
Royalty and production taxes		**(12,619)**	(10,124)
Refinery and transportation		**(1,003)**	(792)
Depreciation and amortization		**(38,290)**	(14,323)
Total cost of sales		**(223,883)**	(133,135)
Income from mine operations		**104,249**	109,613
Expenses			
General and administrative	7	**(7,588)**	(7,707)
Share-based compensation	16	**(2,824)**	(5,534)
Due diligence and transactions costs	24	**(1,643)**	(471)
Foreign exchange loss		**(296)**	(12)
Care and maintenance	2	**-**	(7,313)
Operating profit		**91,898**	88,576
Interest income		**492**	259
Finance expense	8	**(1,150)**	(3,003)
Other income, net	9	**664**	339
Income before taxes		**91,904**	86,171
Current tax expense	19	**(24,734)**	(14,756)
Deferred tax expense	19	**(8,971)**	(8,002)
Net income		**$ 58,199**	$ 63,413
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Employee benefits provision		**(1,602)**	2,681
Deferred tax on the employee benefits provision		**480**	(804)
Foreign currency translation differences		**314**	(219)
Comprehensive income		**$ 57,391**	$ 65,071
Income per share - basic		**$ 0.17**	$ 0.19
Income per share - diluted		**$ 0.16**	$ 0.18
Weighted average number of shares outstanding *(in thousands)*			
- basic		**337,813**	329,555
- diluted		**363,888**	358,853

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

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

As at:	Notes	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		**$ 78,454**	$ 53,175
Receivables, prepaids and other current assets	10	**8,249**	5,873
Inventories	11	**54,407**	46,398
Total current assets		**141,110**	105,446
Non-current assets			
Mineral interests, plant and equipment	12	**290,086**	240,939
Other assets	13	**6,333**	4,798
Total assets		**$ 437,529**	$ 351,183
LIABILITIES			
Current liabilities			
Accounts payable and accruals		**$ 21,042**	$ 24,272
Income and other taxes payable	19	**13,502**	6,270
Current portion of provisions	15	**5,391**	4,827
Current portion of share based liabilities	16	**3,440**	-
Current portion of lease liability		**43**	121
Total current liabilities		**43,418**	35,490
Non-current liabilities			
Provisions	15	**65,384**	55,333
Lease liability		**-**	29
Share based liabilities	16	**601**	-
Deferred tax liability	19	**38,674**	30,183
Total liabilities		**148,077**	121,035
SHAREHOLDERS' EQUITY			
Share capital	16	**175,712**	170,591
Contributed surplus		**19,059**	22,267
Accumulated other comprehensive income		**2,932**	3,740
Retained earnings		**91,749**	33,550
Total shareholders' equity		**289,452**	230,148
Total liabilities and shareholders' equity		**$ 437,529**	$ 351,183

Nature of operations - Note 1
Subsequent Event – Note 24

APPROVED ON BEHALF OF THE BOARD ON FEBRUARY 23, 2022:

Signed *"Darren Hall"*, DIRECTOR   Signed *"Edward Farrauto"*, DIRECTOR

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

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

	Notes	2021	2020
Cash provided by operations			
Net income		**$ 58,199**	$ 63,413
Payments against rehabilitation liabilities	15	**(506)**	(1,016)
Non-cash adjustments			
Share-based compensation	16	**3,582**	6,199
Depreciation and amortization		**38,432**	14,417
Accretion expense	8	**1,135**	2,963
Gain on modification of deferred payment	9	**-**	(459)
Loss on extinguishment of deferred payment	9	**-**	477
Gain on disposal of property and equipment, net	9	**(9)**	(1,454)
Other		**167**	447
Deferred tax expense	19	**8,971**	8,002
Working capital adjustments	17	**(4,371)**	(11,728)
Net cash provided by operating activities		**105,600**	81,261
Investing activities			
Expenditures on mineral properties, plant and equipment		**(86,875)**	(46,555)
Cash receipt from Rio Tinto		**3,085**	-
Proceeds on disposal of assets		**404**	-
Interest income received		**-**	199
Net cash used in investing activities		**(83,386)**	(46,356)
Financing activities			
Payment to B2Gold for acquisition of Nicaragua assets	14	**-**	(15,525)
Exercise of share options and warrants	16	**3,148**	1,151
Payment of lease liability and interest		**(117)**	(111)
Net cash provided by financing activities		**3,031**	(14,485)
Effect of exchange rate changes on cash		**34**	(106)
Change in cash and cash equivalents		**25,279**	20,314
Cash and cash equivalents, beginning of period		**53,175**	32,861
Cash and cash equivalents, end of period		**$ 78,454**	$ 53,175
Other information			
Interest paid - cash		**$ 14**	$ 39
Taxes paid - cash		**$ 17,502**	$ 10,901

Supplemental Cash Flow Information – Note 17

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

				Accumulated Other Comprehensive Income			
	Number of Shares *(in thousands)*	Share Capital	Contributed Surplus	Foreign Currency Translation Reserve	Other	Retained Earnings	Total
Balances at December 31, 2019	**328,021**	**$ 165,134**	**$ 17,301**	**$ 2,082**	**$ -**	**$ (29,863)**	**$ 154,654**
Shares issued on acquisition of EBP (Note 12)	2,254	3,000	-	-	-	-	3,000
Exercise of options and warrants (Note 16)	2,079	1,736	(585)	-	-	-	1,151
Exercise of restricted share units (Note 16)	1,467	721	(721)	-	-		-
Share based compensation (Note 16)	-	-	6,272	-	-	-	6,272
Change in employee benefits provision, net of tax	-	-	-	-	1,877		1,877
Foreign exchange translation	-	-	-	(219)	-	-	(219)
Net income	-	-	-	-	-	63,413	63,413
Balances at December 31, 2020	**333,821**	**$ 170,591**	**$ 22,267**	**$ 1,863**	**$ 1,877**	**$ 33,550**	**$ 230,148**
Exercise of options and warrants (Note 16)	4,937	4,117	(969)	-	-	-	3,148
Exercise of restricted and performance share units (Note 16)	1,511	1,004	(1,004)	-	-	-	-
Adjustment to share based liabilities (Note 16)	-	-	(4,841)	-	-	-	(4,841)
Share based compensation (Note 16)	-	-	3,606	-	-	-	3,606
Change in employee benefits provision, net of tax	-	-	-	-	(1,122)		(1,122)
Foreign exchange translation	-	-	-	314	-	-	314
Net income	-	-	-	-	-	58,199	58,199
Balances at December 31, 2021	**340,269**	**$ 175,712**	**$ 19,059**	**$ 2,177**	**$ 755**	**$ 91,749**	**$ 289,452**

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

1. NATURE OF OPERATIONS

Calibre Mining Corp. (individually, or collectively with its subsidiaries, as applicable, "Calibre" or the "Company") is a gold mining, mine development, and exploration company. The Company owns several operational open-pit and underground mines and two milling facilities (the El Limon and La Libertad mines), in Nicaragua, Central America. In addition to its mining operations, Calibre continues to explore and develop several concessions at its 100%-owned Eastern Borosi Gold-Silver Project ("EBP") in northeastern Nicaragua and also work with its joint venture partner, Rio Tinto Exploration ("Rio Tinto"), to explore, identify, and acquire exploration assets throughout Nicaragua with a focus on copper-gold-porphyry, skarn and epithermal precious metal systems.

In October 2021, Calibre Mining Corp. announced it had entered into a definitive agreement with Fiore Gold Ltd. (individually, or collectively with its subsidiaries, as applicable, "Fiore"), whereby Calibre could acquire all of Fiore's issued and outstanding common shares (Note 24).

Calibre is incorporated under the laws of British Columbia, Canada and maintains its corporate head office at Suite 413 – 595 Burrard Street, P.O. Box 49167, Vancouver, British Columbia, Canada, V7X 1J1. The Company's common shares are listed on the Toronto Stock Exchange in Canada under the ticker symbol *CXB* and in the United States on the premium OTCQX Best Market, under the ticker symbol *CXBMF*.

2. COVID-19 – Impact on Operations

The global response to the COVID-19 pandemic resulted in, among other things, border closures, travel restrictions, as well as quarantine, and other emergency measures imposed by various governments. Additional government or regulatory actions or inactions around the world in jurisdictions where the Company or its suppliers operate may also have a potential significant economic and social impact.

On March 25, 2020, the Company announced a temporary suspension of its operations at the Limon and Libertad mines and all exploratory drilling activity due to the COVID-19 pandemic. During the suspension period, the Company enhanced its health and safety protocols and updated operational and exploratory planning programs to manage the business through the pandemic. In July 2020, the Company was able to re-establish a steady state of operation, and since then, the Company has not experienced any significant operational setbacks related to the COVID-19 pandemic. As a result of the temporary suspension, the Company incurred $7,313 of care and maintenance costs during the year ended December 31, 2020.

The Company continues its enhanced COVID-19 health and safety protocols, including social distancing, mask wearing, and preventative communication campaigns, while working closely with our local communities, the Ministry of Health in Nicaragua, employees and contractors to minimize the spread of the virus.

3. BASIS OF PRESENTATION

Statement of Compliance and Basis of Presentation

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The accounting policies applied in these consolidated financial statements are presented in Note 4 and have been applied consistently to all years presented, unless otherwise noted.

The financial statements were authorized for issue by the Company's Board of Directors on February 23, 2022.

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

3. BASIS OF PRESENTATION - *continued*

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed to variable returns and has the ability to affect those returns through power to direct the relevant activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries will be de-consolidated from the date that control ceases. The Company's subsidiaries names, percentage ownership, and principal activities are presented below.

Subsidiary	Percentage Ownership	Principal Activity
Calibre owned for the years ended December 31, 2021 and 2020		
CXB Nicaragua S.A.	100%	Mineral Exploration
Calibre Mining Services Inc. (USA)	100%	Service Company
Desarrollo Minero de Nicaragua S.A. *(owner of the La Libertad Mine)* [1]	100%	Gold Production
Cerro Quiros Gold S.A.	100%	Mineral Exploration
Triton Minera S.A. *(owner of the El Limon Mine)*	100%	Gold Production
Calibre Mining Nicaragua S.A.	100%	Mineral Exploration
Calibre CXB Nicaragua Limited (Barbados)	100%	Mineral Exploration
Adobe Capital and Trading Limited (Barbados)	100%	Holding Company
Calibre Nicaragua Holdings Limited (Barbados)	100%	Holding Company

[1] During the year ended December 31, 2020, Minera Glencairn S.A. and Minerales Nueva Esperanza S.A. merged with Desarrollo Minero De Nicaragua S.A. ("Desarrollo"). Assets and liabilities of both merged entities were incorporated into that of Desarrollo.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are financial assets subsequently measured at amortized cost.

Business Combinations

The acquisition method of accounting is used to account for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Transaction costs, other than those associated with the issue of debt or equity securities, which the business incurs in connection with a business combination, are expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Business Combinations - *continued*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Company reports in its consolidated financial statements provisional amounts for the items for which the fair value measurement is incomplete. During the period after the acquisition date and the time the Company receives the relevant information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable (the "measurement period"), the Company will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new relevant information obtained about facts and circumstances that existed as of the acquisition date and that, if known, would have affected the measurement of the amounts recognized as of that date, including recognizing additional assets or liabilities. The measurement period does not exceed one year from the acquisition date.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in income immediately.

Foreign Currency Translation

Items included in the financial statements of each of the subsidiaries of the Company 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 United States dollars. The functional currency of the parent company is the Canadian dollar. The Company's mining operations operate primarily within an economic environment where the functional currency is the United States dollar.

Transactions denominated in foreign currencies are translated into the functional currency of an entity as follows:

- Monetary assets and liabilities are translated at the rates of exchange at the balance sheet date;
- Non-monetary assets and liabilities translated at historical exchange rates prevailing at each transaction date;
- Revenue and expenses are translated at the average exchange rate for the period or the exchange rate at the date of the transaction, if appropriate, except depreciation and amortization, which are translated at historical exchange rates, and share-based payments expense, which are translated at the rates of exchange applicable at the date of grant of the share-based payments; and
- Exchange gains and losses on translation are included in earnings.

For any entity whose functional currency differs from the United States dollar, foreign currency balances and transactions are translated into the United States dollar as follows:

- Assets and liabilities are translated at the rates of exchange at the balance sheet date;
- Revenue and expenses are translated at average exchange rates throughout the reporting period or at rates that approximate the actual exchange rates; items such as depreciation are translated at the monthly average exchange rate; and
- Exchange gains and losses on translation are included in Other Comprehensive Income.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Foreign Currency Translation - *continued*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. The exchange gains and losses are recognized in earnings upon the substantial disposition, liquidation or dissolution of the entity that gave rise to such amounts.

Inventories

Inventory includes work in progress inventory in the form of stockpiled ore and in-circuit inventory, finished goods inventory, and materials and supplies. Cost of materials and supplies inventory include acquisition, freight and other directly attributable costs. Cost of work in progress inventory and finished goods includes all direct costs incurred in production including direct labor and material, freight, depreciation and amortization of plant and equipment used in the production process, amortization of acquisition cost and directly attributable overhead costs. All inventories are valued at the lower of cost or net realizable value, with net realizable value determined with reference to market price, less estimated future production costs to convert inventories into saleable form. If carrying value exceeds net realizable value, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused the write-down no longer exist.

- Stockpiled ore represents unprocessed ore that has been mined and is available for future processing. Stockpiled ore is measured by estimating the number of tonnes through physical surveys and contained ounces through grade reconciliation via the ore control process.
- In-circuit inventory represents material that is currently being processed to extract the contained gold into a saleable form, typically unrefined doré. The amount of gold in-circuit is determined by assay values and by measure of the various gold bearing materials in the recovery process.
- Finished goods inventory is saleable gold in the form of doré bars that have been poured and refined.
- Materials and supplies inventories consist mostly of equipment parts and other consumables required in the mining and ore processing activities.

Mineral Interests, Plant and Equipment

Mineral interests, plant and equipment include property, plant and equipment, mineral properties and mine development costs, deferred stripping, and exploration and evaluation expenditures.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment charges. All repairs and maintenance expenditures are charged to profit or loss, except for major improvements and replacements which are capitalized, if they extend the useful life of an asset. Property, plant and equipment are depreciated using the straight-line method at rates sufficient to depreciate such capitalized costs over the estimated production lives of such facilities. The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Mineral Interests, Plant and Equipment - *continued*

Mineral properties and mine development costs

Mineral properties and mine development costs are stated at cost less accumulated depreciation and impairment losses. When production commences, these costs are amortized using the units of production ("UOP") method, based on recoverable ounces from the estimated proven and probable reserves and a portion of measured and indicated resources that are reasonably expected to be converted to proven and probable reserves.

Capitalization of costs incurred ceases when the mining property is capable of commencement of mining operations in the manner intended by management. Costs incurred prior to this point, including depreciation of related plant and equipment, are capitalized. The Company applies judgment in its assessment of when a mine is capable of operating in the manner intended by management which takes account of the design of the mine and the nature of the initial commissioning phase of the mine.

Non-recoverable costs for projects determined not to be commercially feasible are expensed in the period in which the determination is made or when the carrying value of the project is determined to be impaired.

Revenue from sales of gold ounces recovered and related costs while bringing a mine in a condition necessary for it to be capable of operating in the manner intended by management are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2.

Deferred stripping

Stripping costs incurred during the production phase of an open pit mine are considered production costs and are included in the cost of inventory produced during the period in which stripping costs are incurred, unless the stripping activity can be shown to be a betterment of the mineral property. Betterment occurs when stripping activity increases future output of the mine by providing access to additional reserves and resources. Stripping costs incurred to prepare the ore body for extraction are capitalized as mine development costs and are amortized on a UOP basis over the reserves and a portion of measured and indicated resources that are reasonably expected to be converted to proven and probable reserves.

Exploration and Evaluation Expenditures

The Company defers the cost of acquiring, maintaining its interest and, exploring mineral properties as exploration and evaluation assets. Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, exploration and evaluation expenditures are reclassified to "mineral properties and mine development costs" subject to a condition of impairment. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. Exploration costs that do not relate to any specific property are expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Mineral Interests, Plant and Equipment - *continued*

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as but not limited to:

- The extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document;
- The status of environmental permits; and
- The status of mining leases or permits.

Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets that take a substantial period of time to make ready for their intended use are added to the cost of the assets, until such time as the assets are substantially complete and ready for their intended use. The amount of borrowing costs capitalized cannot exceed the actual amount of borrowing costs incurred in a period. All other borrowing costs are expensed in the period in which they are incurred.

Impairment of Non-Current Assets

The carrying amounts of non-current assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded as an expense in the statements of income or loss.

The recoverable amount is the higher of an asset's "fair value less costs of disposal" and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined. "Fair value less costs of disposal" is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to the present value, assumptions used are those that an independent market participant would consider appropriate. In assessing "value-in-use", the estimated future cash flows expected to arise from the continuing use of the assets in their present form are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are evaluated for potential reversals when events or circumstances warrant such consideration. Where an impairment loss is subsequently reversed, the amount of such reversal is limited such that the revised carrying amount of the asset or cash-generating unit does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in the prior years. A reversal of an impairment loss is recognized in the statement of operations.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Mine Restoration Provision

Future obligations to retire an asset including site closure, dismantling, remediation and ongoing treatment and monitoring are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk-free rate in the accounting period when the related environmental disturbance occurs. The measurement determination is based on estimated future cash flows, the current risk-free discount rate, and an estimated inflation factor. The value of restoration provisions is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the risk-free interest rate. The liability is added to the carrying amount of the associated asset, and this additional carrying amount is depreciated over the life of the asset. The liability is accreted to full value over time through periodic charges to earnings. This unwinding of the discount is expensed in the statements of operations. As reclamation work is performed or liabilities are otherwise settled, the recorded amount of the liability is reduced.

Employee Benefits Provision

Actuarial valuations for the employee benefits obligation are carried out annually. Actuarial gains and losses can arise from changes in actuarial assumptions used to determine the accrued benefit obligation. Actuarial gains and losses arising in the year are recognized in the period in which they occur in other comprehensive income. Current service cost, the recognized element of any past service cost, and interest expense arising on the employee benefits obligation are recognized in the consolidated statement of operations as incurred. The values attributed to the employee obligation liabilities are assessed in accordance with the advice of the independent qualified actuary.

Other Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognized for future operating losses. Provisions are based on the most reliable information available at the reporting date, including the risks and uncertainties associated with the current best estimate. If the effect is material, provisions may be determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Current and Deferred Income Taxes

Income tax is comprised of current and deferred tax. Income tax is recognized in the statements of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Current and Deferred Income Taxes - *continued*

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is reversed. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. The extent to which deductible temporary differences, unusued tax losses and other income tax deductions are expected to be realized are reassessed at the end of each reporting period.

Deferred income tax assets and liabilities are not recognized if the temporary difference arises on the initial recognition of assets and liabilities in a transaction other than a business combination, that at the time of the transaction, affects neither the taxable nor the accounting profit or loss.

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 the fair value of the non-monetary consideration received, or at the fair value of the shares issued if the fair value of the non-monetary consideration cannot be measured reliably, on the date of issue.

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.

Share-Based Payments

Stock option awards

The grant date fair value of the estimated number of stock options awarded to employees, officers and directors that will eventually vest, is recognized as share-based compensation expense over the vesting period of the stock options with a corresponding increase to equity. The grant date fair value of each stock option is estimated on the date of the grant using the Black-Scholes option-pricing model and is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest and adjusts the amount of recorded compensation expense accordingly. The impact of the revision of the original estimates, if any, is recognized in the statement of operations or capitalized in mining properties such that the accumulated expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

For transactions with non-employees, the fair value of equity settled awards is measured at the fair value of the goods or services received, at the date the goods or services are received by the Company. In cases where the fair value of goods or services received cannot be reliably estimated, the Company estimates the fair value of the awards at the date of grant.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Share-Based Payments - *continued*

Share unit awards

Pursuant to the terms of its long-term incentive plan ("the Incentive Plan"), the Company can grant Restricted share units ("RSUs"), Deferred share units ("DSUs"), and Performance share units ("PSUs") (collectively, the "Share Unit Awards") to any director, officer, employee or consultant who is eligible to receive an award under the stock option plan and under the terms ascribed by the Board of Directors. Each Share Unit Award granted is exercisable into common shares for no additional consideration after the vesting conditions, as specified by the Board. The Share Unit Awards can be settled in cash or equity at the option of the Company.

Equity-settled share unit awards are measured at fair value on the date of grant and the total fair value is amortized over the vesting period using a graded vesting approach. Cash-settled share unit awards are remeasured to fair value at each reporting date and the change in fair value is recognized as an expense. The expense is recognized in the statement of operations or capitalized in mining properties (granted to individuals on specific projects).

Revenue

Revenue is generated from the sale of gold and silver. The Company produces doré which contains gold and silver. Doré is further processed by a third party refiner to produce refined metals for sale.

Gold revenue is recognized when the risk and rewards associated with the asset is transferred to the customer, which coincides with the delivery of the commodity to the customer, the sales price is agreed upon, and collectability is reasonably assured. Gold revenue is measured based on the price specified in the sales contract at the time of sale. The transaction price is fixed on the date of sale based on the London Bullion Market Association's ("LBMA") gold spot price and number of ounces delivered. Payment is due on the value date specified in the sales contract. Silver revenue is accounted for as a by-product and is recorded as a credit to operating costs.

Earnings per Share

Earnings per share ("EPS") is calculated based on the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is calculated using the treasury stock method and if converted method, as applicable. Under the treasury stock method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercises of options and warrants that would be anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance expense. The finance expense is charged to the statements of operations over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of operations. Short-term leases are leases with a lease term of 12 months or less. Certain leases contain variable payment terms. Variable lease payments are recognized in the statement of operations in the period in which the condition that triggers those payments occurs.

Financial Instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them. Financial assets are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, according to their contractual cash flow characteristics and the business models under which they are held.

The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. Embedded derivatives in financial liabilities or executory contracts are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial Instruments - *continued*

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets classified as amortized cost are subsequently measured at amortized cost using the effective interest method. Cash, restricted cash, receivables and certain other assets are classified as and measured at amortized cost.

Financial assets at FVOCI

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("OCI") if they are held for the collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. The Company initially recognizes these financial assets at their fair value with subsequent changes to fair values recognized in OCI. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of operations. On initial recognition of an equity investment, an irrevocable election is available to measure the investment at fair value through OCI, wherein changes in fair value are recognized in OCI with no reclassification to the statement of operations on derecognition. The election is available on an investment-by-investment basis.

Financial assets at FVTPL

Financial assets are measured at FVTPL if they do not qualify as financial assets at amortized cost or fair value through OCI. The Company initially recognizes these financial assets at their fair value with subsequent changes to fair values recognized in the statement of operations.

Financial liabilities

Financial liabilities are classified and subsequently measured at amortized cost unless they are required or elected to be measured at FVTPL. Financial liabilities at FVTPL are measured at fair value and with subsequent changes in fair values recognized in the statement of operations. Accounts payable and accrued liabilities, debt, and provisions are classified as and measured at amortized cost.

Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are recorded in the statement of operations.

4. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial Instruments - *continued*

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and pricing models. Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

Level 1 – fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair value measurements are derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost and fair value through OCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, Financial Instruments ("IFRS 9"), which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Derecognition of financial assets and liabilities

A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate.

A financial liability is derecognized when the associated obligation is discharged, or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of operations.

5. ESTIMATION UNCERTAINTY AND ACCOUNTING POLICY JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make accounting policy judgement and, estimates and assumptions in determining the carrying amounts of assets and liabilities. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from these estimates.

Estimates

The estimates used in the preparation of the audited consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and earnings within the next financial year include:

Value-Added Tax Receivables

The Company incurs indirect taxes, including value-added tax, on purchases of goods and services at its operating mines and development projects. Indirect tax balances are recorded at their estimated recoverable amounts within current or long-term assets, net of provisions, and reflect the Company's best estimate of their recoverability under existing tax rules in the respective jurisdictions in which they arise. Management's assessment of recoverability considers the probable outcomes of claimed deductions and/or disputes. The provisions and balance sheet classifications made to date may be subject to change and such change may be material.

Mineral Reserves and Resources

The Company estimates its Mineral Reserves and Mineral Resources based on information compiled by qualified persons as defined in accordance with NI 43-101, *Standards of Disclosure for Mineral Projects*, issued by the Canadian Securities Administrators. Mineral Reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties.

There are numerous estimates in determining Mineral Reserves and Mineral Resources. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Changes to management's assumptions and judgements made in estimating the size and grade of the ore body, metallurgical assumptions made in estimating recovery of the ore body, including economic estimates of commodity prices, production costs, future capital requirements, and exchange rates, will impact Mineral Reserve and Mineral Resources estimates. These estimates and assumptions valid at the time of estimation may change significantly when new information becomes available. This may result in a change of the economic status of the Mineral Reserve and may ultimately result in Mineral Reserves being revised.

Changes in the Mineral Reserve or Mineral Resource estimates may impact the carrying value of mineral properties, plant and equipment, the calculation of depreciation expense, asset retirement obligations, and the recognition of deferred tax amounts. In addition, mineral reserve and mineral resource estimates are used in depreciation and deferred stripping computations.

5. ESTIMATION UNCERTAINTY AND ACCOUNTING POLICY JUDGEMENTS - *continued*

Inventory Valuation

Finished goods, in-circuit inventory and stockpile ore are valued at the lower of costs and net realizable value. The assumptions used in the valuation of inventories include estimates of the amount of gold in the mill circuit and in the stockpile and an assumption of the gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in process inventories and finished gold inventory, which would reduce earnings and working capital.

Mine Restoration Provision

Management assesses the asset retirement obligations on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs required based on the existing laws and regulations in the jurisdiction the Company operates in, the timing of these expenditures, and the impact of changes in the discount rate. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and / or regulatory requirements in the future.

Contingent Liabilities

On an ongoing basis, the Company is subject to various tax, legal and other disputes, the outcomes of which cannot be assessed with a high degree of certainty. A liability is recognized where, based on the Company's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. By their nature, these provisions will only be resolved when one or more future events occur or fail to occur, which will bring resolution to their underlying cases. The assessment of such provisions inherently involves the exercise of significant judgment of the potential outcome of future events.

Accounting Policy Judgements

The accounting policy judgements used in the preparation of the audited consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and earnings within the next financial year include:

Impairment of Non-Current Assets

Non-current assets are tested for impairment at the end of each reporting period if, in management's judgement, there is an indicator of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) changes in quantity of the recoverable resources and reserves; (ii) changes in metal prices, capital and operating costs and interest rates; and (ii) market capitalization of the Company compared to its net assets, are evaluated by management in determining whether there are any indicators of impairment. If there are indicators, management performs an impairment test on the major assets in this category.

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

5. ESTIMATION UNCERTAINTY AND ACCOUNTING POLICY JUDGEMENTS - *continued*

Impairment of Non-Current Assets - *continued*

In addition, the application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is probable that future economic benefits are likely, either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable mine can be established. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

As at December 31, 2021 and December 31, 2020, the Company did not have any indicators of impairment.

Employee Benefits Obligation

The Company provides benefits to employees, including severance and other post-retirement benefits. The cost of these post-retirement benefits received by employees is estimated based on actuarial valuation methods that require professional judgment. Estimates typically used in determining these amounts include, as applicable, rates of employee turnover, future claim costs, discount rates, future salary and benefit levels, mortality rates and future medical costs. Changes to these estimates may have a material impact on the amounts presented.

6. PRODUCTION COSTS

	Year Ended December 31,	
	2021	2020
Raw materials and consumables	**$ 51,016**	$ 43,211
Salaries and employee benefits	**36,202**	27,139
Contracted services	**57,324**	39,761
Electricity and power	**17,238**	14,393
Site administration and other	**12,851**	5,981
Silver by-product credit	**(7,582)**	(8,802)
Change in inventories	**4,922**	(13,787)
	$ 171,971	$ 107,896

Total leasing activities includes payments of $639 relating to short-term leases (those with a term of 12 months or less) for the year ended December 31, 2021 (year ended December 31, 2020 - $625) and $43,628 for payments made to contractors (including both lease and non-lease components) that have been expensed in the statement of operations during the year ended December 31, 2021 (year ended December 31, 2020 - $27,903).

An additional $26,058 relating to variable lease payments (including both lease and non-lease components) was capitalized as part of plant and equipment during the year ended December 31, 2021 (year ended December 31, 2020 - $18,961).

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

7. GENERAL AND ADMINISTRATIVE EXPENSES

	Year Ended December 31,	
	2021	2020
Salaries, wages and benefits	**$ 5,133**	$ 5,255
Consulting and professional fees	**1,033**	993
Corporate administration and other	**1,422**	1,459
	$ 7,588	$ 7,707

8. FINANCE EXPENSE

	Year Ended December 31,	
	2021	2020
Interest expense	**$ 15**	$ 40
Accretion of mine restoration provision	**335**	819
Accretion of employee benefit obligations	**800**	930
Accretion on deferred payment to B2Gold	**-**	1,214
	$ 1,150	$ 3,003

9. OTHER INCOME (EXPENSE)

	Year Ended December 31,	
	2021	2020
(Loss) gain on disposal of assets, net	**$ (51)**	$ 1,454
Loss on settlement of convertible debenture and deferred payment to B2Gold	**-**	(477)
Gain on modification of deferred payment to B2Gold	**-**	459
Reversal (expense) of other charges	**853**	(900)
Management fee income	**309**	84
Other expense	**(447)**	(281)
	$ 664	$ 339

During the year ended December 31, 2020 (and included in (loss) gain on disposal of assets), pursuant to the terms of an agreement with one of the Company's contractors, Calibre relinquished title to certain aged property and equipment with no carrying value assigned. Upon assignment, the Company was released from a total of $1,536 of accounts payable owed to the contractor, resulting in a gain on disposal of property and equipment of the same amount.

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

10. RECEIVABLES, PREPAIDS AND OTHER CURRENT ASSETS

	As at December 31,	
	2021	2020
Receivables	**$ 494**	$ 291
Value added tax and other recoverable taxes	**1,189**	696
Prepaid expenses and deposits	**3,125**	1,435
Supplier advances	**3,114**	3,215
Employee advances and other	**327**	236
	$ 8,249	$ 5,873

Value added tax ("VAT") receivable may be used to offset other taxes payable including income and payroll taxes. Historically, the operations have experienced delays in receiving payment or confirmation of offset against other taxes and, on some occasions, VAT receivable claims have been denied. As at December 31, 2021, $3,565 of VAT and other recoverable taxes has been reclassified to long-term assets (Note 13).

Included in supplier and employee advances are certain payments to local contractors engaged by the Company to conduct mine development and provide operational support. The advances to different contractors have various terms of repayment from short-term to up to 24-month periods and rates of interest ranging from nominal amounts to 6% per annum. In certain situations, the advances are collateralized by certain equipment owned by the contractor. As at December 31, 2021, $2,768 of these advances are included in long-term assets (Note 13).

11. INVENTORIES

	As at December 31,	
	2021	2020
Finished goods - gold and silver doré	**$ 438**	$ 916
In-circuit	**8,970**	7,742
Ore stockpiles	**11,049**	13,400
Materials and supplies	**33,950**	24,340
	$ 54,407	$ 46,398

The amount of depreciation included in inventory as at December 31, 2021 was $5,664 (December 31, 2020 - $2,368). The amount of production costs that was inventoried in gold doré, gold-in-circuit, and ore stockpiles ("metal inventory") was $208,881 for the year ended December 31, 2021 (year ended December 31, 2020 - $152,186). As at December 31, 2021 and December 31, 2020, the Company did not record any net realizable value adjustments with respect to the carrying value of any inventory balances.

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

12. MINERAL INTERESTS, PLANT AND EQUIPMENT

The following tables provide continuity schedules which outline changes to mineral interests for the years ended December 31, 2021 and 2020.

Cost		Mineral Interests		Exploration and Evaluation assets		Property, plant and equipment		Total
Balance as at December 31, 2019	**$**	**102,529**	**$**	**36,391**	**$**	**63,501**	**$**	**202,421**
Acquisition of EBP		-		4,000		-		4,000
Additions		22,338		16,323		13,238		51,899
Reclassification of Pavon from exploration to mineral interest		10,818		(10,818)		-		-
Reclassification of exploration assets to mine development		4,175		(4,175)		-		-
Reclassification of property, plant and equipment to mineral interests		9,233		-		(9,233)		-
Disposals		-		-		(88)		(88)
Change in mine restoration provision		-		-		2,927		2,927
Recovery on costs and option payments		-		(851)		-		(851)
Balance as at December 31, 2020	**$**	**149,093**	**$**	**40,870**	**$**	**70,345**	**$**	**260,308**
Additions		36,339		24,573		26,690		87,602
Reclassifications		1,897		(1,897)		-		-
Disposals		-		-		(473)		(473)
Change in mine restoration provision						6,881		6,881
Recovery on costs and option payments		-		(3,216)		-		(3,216)
Balance as at December 31, 2021	**$**	**187,329**	**$**	**60,330**	**$**	**103,443**	**$**	**351,102**
Accumulated depreciation and amortization								
Balance as at December 31, 2019	**$**	**1,843**	**$**	**-**	**$**	**1,531**	**$**	**3,374**
Depreciation and amortization		10,139		-		5,869		16,008
Disposals		-		-		(13)		(13)
Balance as at December 31, 2020	**$**	**11,982**	**$**	**-**	**$**	**7,388**	**$**	**19,370**
Depreciation and amortization		30,371		-		11,350		41,721
Disposals		-		-		(75)		(75)
Balance as at December 31, 2021	**$**	**42,353**	**$**	**-**	**$**	**18,662**	**$**	**61,015**
Net carrying amounts								
Balance as at December 31, 2020	$	137,111	$	40,870	$	62,958	$	240,939
Balance as at December 31, 2021	**$**	**144,976**	**$**	**60,330**	**$**	**84,780**	**$**	**290,086**

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

12. MINERAL INTERESTS, PLANT AND EQUIPMENT – *continued*

The following table provides a continuity schedule which details exploration and evaluation assets for the years ended December 31, 2021 and 2020.

	December 31, 2019	Assets acquired	Additions	Recoveries and option payments	Costs reclassified	Disposals	December 31, 2020
Limon	$ 495	$ -	$ 4,322	$ -	$ (555)	$ -	$ 4,262
Libertad	12,004	-	8,709	-	(14,438)	-	6,275
Borosi - 100% Calibre owned	18,344	-	186	-	(18,530)	-	-
Borosi - Rio Tinto option	-	-	487	(487)	18,530	-	18,530
Eastern Borosi - IAMGOLD option	5,087	-	364	(364)	(5,087)	-	-
EBP - 100% Calibre	-	4,000	2,255	-	5,087	-	11,342
Other	461	-	-	-	-	-	461
	$ 36,391	$ 4,000	$ 16,323	$ (851)	$ (14,993)	$ -	$ 40,870

	December 31, 2020	Assets acquired	Additions	Recoveries and option payments	Costs reclassified	Disposals	December 31, 2021
Limon	$ 4,262	$ -	$ 2,806	$ -	$ (1,897)	$ -	$ 5,171
Libertad	6,275	-	9,936	-	-	-	16,211
Borosi - Rio Tinto option	18,530	-	3,207	(3,216)	-	-	18,521
EBP - 100% Calibre	11,342	-	8,624	-	-	-	19,966
Other	461	-	-	-	-	-	461
	$ 40,870	$ -	$ 24,573	$ (3,216)	$ (1,897)	$ -	$ 60,330

Acquisitions and Option Agreements

The Company has certain interests in the Borosi Gold-Silver-Copper Project (the "Borosi Project"), which consists of a number of contiguous mining and exploration concessions located in the North Atlantic Autonomous Region of Nicaragua. The Company has entered into option agreements over these concessions, as summarized below.

Borosi – Rio Tinto option

During the year ended December 31, 2020, Calibre entered into an option earn-in agreement with Rio Tinto, whereby Rio Tinto can earn an initial 55% interest (and potentially up to a 75% interest) in Calibre's 100%-owned Borosi Project (the "Borosi Project") in Northeast Nicaragua. Pursuant to the terms of the agreement:

- *First Option:* Rio Tinto shall have a five-year option to acquire a 55% interest in the Borosi Project by incurring $10 million in qualifying expenditures, of which $3 million is committed to be incurred within two years of obtaining the necessary permits and approvals.
- *Second Option:* If Rio Tinto exercises the First Option and earns a 55% interest in the Borosi Project, it will have the right to earn an additional 10% interest by incurring an additional $15 million over a three-year period.
- *Third Option:* If Rio Tinto exercises the Second Option and earns a 65% interest in the Borosi Project, it has the right to earn an additional 10% interest by incurring an additional $20 million over a three-year period.

Calibre has been designated as the initial operator of the field work being completed under the above option agreement and will receive a fee equal to 10% of the qualifying expenditures.

12. MINERAL INTERESTS, PLANT AND EQUIPMENT – *continued*

Acquisitions and Option Agreements - *continued*

In addition, the Company and Rio Tinto have entered into a separate exploration alliance (“Alliance Agreement”) to acquire and earn-in to various exploration concessions in Nicaragua, with a focus on skarn, copper and copper-gold porphyry style targets (the “Alliance”). This exploration alliance is a five-year generative exploration and concession acquisition alliance under which Rio Tinto will fund 100% of the costs incurred under the Alliance Agreement.

Rio Tinto has the right to instruct Calibre to acquire selected Alliance properties and will fund the acquisition of those properties. Rio Tinto shall also have the right to designate one or more blocks of the Alliance properties (each such block not to exceed 40,000 hectares in the aggregate) and shall have the exclusive option to earn up to an 80% interest in each such block, on the following terms and conditions:

- *First Option:* Rio Tinto shall have a five-year option to acquire a 55% interest in the Alliance by incurring $5 million in qualifying expenditures.
- *Second Option:* If Rio Tinto exercises the First Option and earns a 55% interest in the Alliance, it shall have the right to earn an additional 10% by incurring an additional $5 million in qualifying expenditures over a five-year period.
- *Third Option:* If Rio Tinto exercises the Second Option and earns 65% interest in the Alliance, it shall have the right to earn an additional 15% by incurring an additional $15 million over a five-year period.

Calibre will receive a fee of 10% of qualifying expenditures for acting as the operator under the Alliance Agreement.

As a result of the Rio Tinto option agreement being completed, the Company reclassified $18,530 from the Borosi – 100% Calibre owned category to the Borosi – Rio Tinto option category during the year ended December 31, 2020.

For the years ended December 31, 2021 and 2020, the Company recovered $3,216 and $487, respectively in general exploration, salary and wages, concession property payments, and related charges associated with the Rio Tinto option agreements.

Eastern Borosi – IAMGOLD option

Pursuant to a 2014 option agreement, IAMGOLD Corporation (“IAMGOLD”) earned a 70% interest in a portion of the Company’s Eastern Borosi Project (“EBP”), having spent $10,000 in exploration expenditures and making cash payments to Calibre of $900.

On August 20, 2020, Calibre executed an agreement to acquire the 70% interest in the EBP from IAMGOLD, resulting in Calibre owning an undivided 100% interest in this project.

As consideration for IAMGOLD’s 70% interest in the EBP, Calibre issued 2,253,961 common shares, with a fair value of $3,000 and agreed to pay $1,000 in cash 12 months following the date of the acquisition agreement which was paid in Q3 2021. In addition, the Company granted a 2% net smelter return (“NSR”) royalty on future production from the EBP acquired, with Calibre retaining the right to purchase 1% of the NSR royalty for $2 million and a right of first refusal on the remaining 1% NSR royalty.

As a result of the EBP acquisition, the Company reclassified $5,087 from the Eastern Borosi – IAMGOLD Option category to the EBP – 100% Calibre owned category during the year ended December 31, 2020.

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

13. OTHER ASSETS

	As at December 31,			
		2021		2020
Long-term portion of supplier advances (Note 10)	**$**	**2,768**	$	2,293
Long-term portion of value added and other recoverable taxes (Note 10)		**3,565**		2,488
Other long term assets		**-**		17
	$	**6,333**	$	4,798

14. DEFERRED PAYMENT TO B2GOLD

Balance as at December 31, 2019	$	14,293
Loss on settlements and modification of deferred payment		18
Accretion expense		1,214
Repayment of deferred payment		(15,525)
Balance as at December 31, 2020	$	-

Pursuant to the terms of the acquisition of the Nicaraguan assets from B2 Gold Corporation ("B2Gold") in 2019, the Company on October 15, 2020 made the final acquisition payment of $15,525 on the original due date. For accounting purposes, upon initial recognition, the deferred payment was accounted for at fair value using a discount rate of 10.5%. The deferred payment was measured at amortized cost and accreted to maturity over its term.

The fulfillment of this final payment concludes Calibre's financial obligations under the terms of the agreement to purchase the Nicaragua Assets from B2Gold.

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

15. PROVISIONS

Mine Restoration Provision

	Year ended December 31,	
	2021	2020
Balance beginning of year	$ 51,636	$ 48,906
Change in estimate	6,881	2,927
Accretion expense	335	819
Expenditures	(506)	(1,016)
Balance end of year	58,347	51,636
Less: current portion	(4,472)	(4,007)
Long-term portion end of year	$ 53,875	$ 47,629

The restoration provision consists primarily of costs associated with mine reclamation and closure activities. These activities, which tend to be site specific, generally include costs for earthworks, including detoxification and recontouring, revegetation, water treatment, demolition, decommissioning the mill complex and related infrastructure, physical and chemical stability of the tailings area, post-closure site security and monitoring costs. The Company considers such factors as changes in laws and regulations, and requirements under existing permits in determining the estimated costs. Such analysis is performed on a regular basis.

In calculating the present value of the Company's mine restoration provisions as at December 31, 2021 and December 31, 2020, management used a risk-free rate ranging from 1.26% to 1.35% and an inflation rates from 2.25% to 2.31% at December 31, 2021 and a discount rate ranging from 0.35% to 0.65% and an inflation rate of 1.4% at December 31, 2020.

The undiscounted cash flows, before inflation adjustments, estimated to settle the mine restoration provisions was approximately $55,050 as at December 31, 2021 ($49,764 as at December 31, 2020). Due to the nature of mine closure plans, cash expenditures are expected to occur over a significant period of time.

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

15. PROVISIONS - *continued*

Employee Benefits Obligation

	Year ended December 31, 2021	2020
Balance beginning of year	$ 8,524	$ 9,221
Service cost	2,836	1,714
Accretion expense	800	930
Total amount recongnized in profit and loss	**3,636**	**2,644**
Remeasurements		
Change in financial estimates	(155)	(787)
Change in mine life	1,757	(1,894)
Total amount recognized in OCI	**1,602**	**(2,681)**
Payments	**(1,334)**	**(660)**
Balance end of year	12,428	8,524
Less: current portion	(919)	(820)
Long-term portion end of year	**$ 11,509**	**$ 7,704**

The employee benefits obligation relates to severance accruals for employees at the Company’s operations in Nicaragua. The severance is computed based on the years of service at the average salary of the last six months of employment. Employees that work less than ten years have a maximum benefit of five months salaries. In some cases, those with more than ten consecutive years of service can receive an additional severance benefit of ten to twenty months salary when leaving Calibre. The calculation is in line with labor regulations in Nicaragua.

The assumptions used to calculate the employee benefits obligation at the end of each year are as follows:

	2021	2020
Discount rate	11.0%	10.1%
Salary growth rate	3.0%	2.0%

16. SHARE CAPITAL

Authorized Share Capital

The authorized share capital consists of unlimited common shares without par value.

Share Capital and Recent Issuances

During the year ended December 31, 2021, 2.9 million options and 2.0 million warrants were exercised for gross proceeds of $3,148.

During the year ended December 31, 2020, 1.4 million options and 0.6 million warrants were exercised for gross proceeds of $1,151.

During the year ended December 31, 2020, pursuant to the acquisition of the EBP from IAMGOLD (Note 12), the Company issued a total of 2.3 million common shares with a value of $3,000.

16. SHARE CAPITAL - *continued*

Warrants

A summary of the Company's warrant activities for the years ended December 31, 2021 and 2020 is presented below:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Shares issuable on exercise of warrants (in thousands)	Weighted average exercise price (CAD$)	Shares issuable on exercise of warrants (in thousands)	Weighted average exercise price (CAD$)
Balance as at beginning of year	11,178	$ 0.95	13,764	$ 1.02
Exercised	(2,000)	0.95	(616)	0.71
Expired	-	-	(1,970)	1.50
Balance as at end of year	9,178	$ 0.95	11,178	$ 0.95

As at December 31, 2021, the following share purchase warrants were outstanding and exercisable:

Expiry date	Exercise price (CAD$)	Number of warrants (in thousands)	Remaining contractual life in years
October 30, 2023	$0.95	9,178	1.83
Weighted average/Total	$0.95	9,178	

Long-term Incentive Plan

Effective October 8, 2020, the Company adopted the Incentive Plan. The purpose of the Incentive Plan is to attract, retain and incentivize leadership as directors, officers, employees and consultants of the Company and to promote a greater alignment of interests between such persons and shareholders of the Company. The Incentive Plan is administered by the Board who are tasked with the responsibility to interpret the Incentive Plan, including determining the times when awards are granted, to whom, the number of awards granted, the length of the exercise period and the vesting provisions involved in awards granted, subject to the terms of the Incentive Plan, applicable securities laws and regulatory requirements.

As at December 31, 2021, the aggregate number of shares to be reserved and set aside for issue upon the exercise or redemption and settlement for all awards granted under the Incentive Plan is fixed at 60 million which would be issued upon the exercise or redemption and settlement of options, DSUs, PSUs and RSUs, collectively, the "Share Unit Awards". The Share Unit Awards can be settled through a delivery of cash, common shares, or any combination thereof, at the sole discretion of the Board. To date, the Company has not granted any DSUs under the Incentive Plan.

16. SHARE CAPITAL - *continued*

Stock Options

A summary of the Company's stock option activities for the years ended December 31, 2021 and 2020 is presented below:

	Year ended December 31, 2021			Year ended December 31, 2020		
	Shares issuable on exercise of options (in thousands)		Weighted average exercise price (CAD$)	Shares issuable on exercise of options (in thousands)		Weighted average exercise price (CAD$)
Balance as at beginning of period	30,943	$	0.64	30,250	$	0.62
Granted	3,358		1.61	2,375		1.02
Exercised	(2,937)		0.67	(1,462)		0.74
Expired or Cancelled	(3,528)		0.72	(220)		0.69
Balance as at end of period	27,836	$	0.75	30,943	$	0.64

As at December 31, 2021, the following stock options were outstanding and exercisable:

Options Outstanding			Options Exercisable
Number of Options (in thousands)	Exercise price (CAD$)	Weighted average remaining contractual life in years	Number of Options (in thousands)
24,835	$0.45 - $0.98	5.51	16,245
2,854	$1.43 - $1.87	7.40	-
147	$2.08 - $2.70	6.63	16
27,836	$0.75	5.71	16,261

During the year ended December 31, 2020, the Company granted 2.4 million stock options. The options granted expire in 2028, with all the options vesting equally over three years beginning one year from the date of grant.

During the year ended December 31, 2021, the Company granted 3.4 million stock options. The options granted expire in 2029, with all options vesting equally over three years beginning one year from the date of grant.

Restricted Stock Units ("RSU")

A summary of the Company's RSU activities for the year ended December 31, 2021 and the year ended December 31, 2020 is presented below:

	Year ended December 31, 2021	Year ended December 31, 2020
	Number of units (in thousands)	Number of units (in thousands)
Balance as at beginning of period	7,232	5,275
Granted	1,581	3,459
Exercised (equity-settled)	(1,461)	(1,467)
Exercised (cash-settled)	(683)	-
Expired or Cancelled	(1,559)	(35)
Balance as at end of period	5,110	7,232

16. SHARE CAPITAL - *continued*

Restricted Stock Units ("RSU") - *continued*

The Company granted a total of 1.6 million RSUs during the year ended December 31, 2021 and 3.5 million RSUs during the year ended December 31, 2020. The RSUs granted vest equally over a three-year period, on the anniversary dates starting one-year from the date of grant. The RSUs will be settled within 10 business days of vesting, however, as allowed under the Incentive Plan, individuals may elect to defer the receipt of any vested RSUs until a later date prior to their expiry. A summary of the vesting schedule of the RSUs currently outstanding is outlined in the table below:

	Number of RSU vesting during the period (in thousands)
Vested and Exercisable as at December 31, 2021	945
Vesting in 2022	2,495
Vesting in 2023	1,195
Vesting in 2024	475
	5,110

Pursuant to the terms of the Incentive Plan, the Board can elect to settle any outstanding RSUs through any combination of cash or the issuance of common shares. Prior to September 30, 2021, all exercised RSUs were settled through the issuance of common shares of the Company, and the fair value of all granted RSUs were based on the share price at the time of grant and the total fair value was amortized over the RSU vesting period using a graded vesting approach.

In September 2021, the Board agreed to settle future RSU exercises through the payment of cash. As a result, the Company recognized a share-based payment liability of $4,385 for the then outstanding RSUs (reclassified from contributed surplus). As at December 31, 2021, the fair value of the RSU-related share-based liabilities was $3,435 and a recovery of $950 was credited to the Company's statement of operations during the year ended December 31, 2021.

The determination of the fair value of the RSU share-based liabilities at the time of the change to cash-based settlement and the period end date were based on standardized valuation modeling which takes into account the Company's current share price, the number of RSUs outstanding (vested and unvested), time to vesting, and appropriate forfeiture rates.

During the year ended December 31, 2021, the Company settled a total of 0.7 million RSUs through a cash payment of CAD $0.9 million.

As at December 31, 2021, there are 0.9 million RSUs that have vested and can be exercised at any time at the option of the RSU holder.

16. SHARE CAPITAL - *continued*

Performance Share Units ("PSU")

A summary of the Company's PSU activities for the year ended December 31, 2021 and the year ended December 31, 2020 is presented below:

	Year ended December 31, 2021	Year ended December 31, 2020
	Number of units (in thousands)	Number of units (in thousands)
Balance as at beginning of period	-	-
Granted	1,400	-
Exercised (equity-settled)	(50)	-
Balance as at end of period	1,350	-

During the year ended December 31, 2021, the Company granted a total of 1.4 million PSUs to directors of the Company. The fair value of the PSUs was based on the share price at the time of grant and the total fair value was amortized over the PSU vesting period. During the year ended December 31, 2021, 50,000 PSUs were exercised and settled through the issuance of common shares, leaving 1,350,000 PSUs outstanding at December 31, 2021.

Pursuant to the terms of the Company's long-term incentive plan, the Board can elect to settle any outstanding PSUs through any combination of cash or the issuance of common shares. Prior to September 2021, all exercised PSUs were settled through the issuance of common shares of the Company, and the fair value of all granted PSUs were based on the share price at the time of grant and the total fair value was amortized over the vesting period.

In September 2021, the Board agreed to settle future PSU exercises through the payment of cash. As a result, the Company recorded an initial share-based liability of $456, related to all the outstanding PSUs (reclassified from contributed surplus). As at December 31, 2021, the fair value of the PSU-related share-based liabilities was $606 and a charge of $150 was recorded in the Company's statement of operations during the year ended December 31, 2021.

The determination of the fair value of the PSU share-based liabilities at the time of the change to cash-based settlement and the period end date were based on standardized valuation modeling which takes into account the Company's current share price, the number of PSUs outstanding (vested and unvested), time to vesting, and appropriate forfeiture and discounting rates.

Stock-Based Compensation

The weighted average fair value of the stock options granted during the year ended December 31, 2021 was $0.83 per share (year ended December 31, 2020 – $0.37 per share). Options are priced using the Black-Scholes option pricing model. Since October 2019, expected volatility is based on the historical share price volatility of comparable peer companies within the Company's industry in which it operates (gold producer) at the time of granting the options. The fair value of options granted during the year ended December 31, 2021 and 2020 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

16. SHARE CAPITAL - *continued*

Stock-Based Compensation – *continued*

	Year ended December 31, 2021	2020
Weighted average risk-free interest rate	**1.17%**	1.57%
Weighted average expected option life	**5 years**	5 years
Weighted average expected stock volatility	**60%**	57%
Weighted average expected dividend yield	**Nil**	Nil

The Company amortizes the fair value of equity-settled options, RSUs, and PSUs granted over a graded vesting schedule. Consequently, the total compensation expense recognized for equity awards during the year ended December 31, 2021 was $3,743 (year ended December 31, 2020 - $6,272). For the year ended December 31, 2021, the total compensation charged to the statement of operations was $3,582 (year ended December 31, 2020 - $6,199) of which $758 (year ended December 31, 2020 - $665) is included in production costs, and $161 (year ended December 31, 2020 - $73) was capitalized to mineral interests.

17. SUPPLEMENTAL CASH FLOW INFORMATION

The following supplemental information to the statement of cash flows for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021	2020
Change in non-cash working capital		
Change in receivables, prepaids, and deposits	**$ (4,046)**	$ (7,151)
Change in inventories	**(4,713)**	(15,733)
Change in accounts payable, accrued liabilities and income tax	**2,885**	10,676
Change in provisions	**1,503**	480
	$ (4,371)	$ (11,728)
Non-cash investing and financing activities		
Value of shares issued for acquisition of an exploration property	**$ -**	$ 3,000
Amortization included in exploration and evaluation assets	**29**	26
Share-based compensation included in exploration and evaluation assets	**161**	73
Mineral interest costs included in accounts payable	**$ 4,474**	$ 5,141

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

18. RELATED PARTY TRANSACTIONS

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

Compensation of Key Management and Board of Directors

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has identified the members of the Board of Directors and certain senior officers as its key management personnel, including the Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. The remuneration of directors and key management is determined by the compensation committee of the Board of Directors.

The director's fees, consulting fees and other compensation of directors and key management personnel were as follows for the years ended December 31, 2021 and 2020:

	Year ended December 31,	
	2021	2020
Short-term salaries and benefits	**$ 2,175**	$ 2,526
Director fees	**712**	545
Share-based compensation	**1,270**	3,545
Severance charges	**434**	-

Management contracts

As at December 31, 2021, minimum commitments upon termination of the existing contracts was approximately $1,525 and minimum commitments due within one year under the terms of these contracts is $2,073. In addition, the Company is party to various executive and employee contracts that would require payments totaling $1,417 to be made upon the occurrence of a "change of control".

Other related party transactions

B2Gold is considered a related party by virtue of its equity interest in Calibre. B2Gold owned approximately 33% of the Company as at December 31, 2021. Pursuant to an agreement with B2Gold in November 2016, B2Gold retains a 1.5% NSR on production within certain concessions pertaining to a portion of the ground that is included in the Rio Tinto option agreement (Note 12).

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

19. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial tax rates to earnings before income taxes. These differences result from the following items:

	Year ended December 31,	
	2021	2020
Income before income taxes	**$ 91,904**	$ 86,171
Canadian federal and provincial income tax rates	**27%**	27%
Income tax expense based on the above rates	**24,814**	23,266
Increase (decrease) due to:		
Non - deductible expenses and other permanent differences	**1,408**	2,267
Losses for which no tax benefit has been recorded	**1,976**	2,325
Withholding taxes	**477**	661
Difference between foreign and Canadian tax rates	**3,209**	2,756
Foreign exchange	**1,141**	2,397
Revaluation of deferred tax assets	**680**	(10,914)
Income tax expense	**33,705**	22,758
Income tax expense consists of:		
Current income and mining tax	**24,734**	14,756
Deferred tax expense	**8,971**	8,002
	$ 33,705	$ 22,758

The components of recognized net deferred tax liabilities are as follows:

	As at December 31,	
	2021	2020
Tax losses and asset retirement obligation	**$ 4,065**	$ 2,095
Current asset and liabilities	**(647)**	(1,213)
Mineral interests, plant and equipment	**(42,092)**	(31,065)
	$ (38,674)	$ (30,183)

The components of unrecognized deferred tax assets are as follows:

	As at December 31,	
	2021	2020
Non-capital losses	**$ 8,734**	$ 7,910
Capital losses and other	**514**	851
Share issue costs	**476**	719
Share based compensation accrual	**1,097**	-
Asset retirement obligation	**13,079**	13,929
Mineral interests, plant and equipment	**6,918**	6,120
	$ 30,818	$ 29,529

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

19. INCOME TAXES - *continued*

The components of Income and other taxes payable account follows:

	As at December 31,	
	2021	2020
Income tax due	**$ 8,414**	$ 1,016
Employee withholdings	**1,277**	1,350
Other withholdings	**1,368**	1,522
Ad Valorem tax	**914**	746
Other	**1,529**	1,636
	$ 13,502	$ 6,270

As at December 31, 2021, the Company has non-capital losses available for carryforward which may be applied to reduce future years taxable income. These losses, if not utilized, will expire as follows:

	2022	**2023**	**2024**	**2025**	**2026**	**2027 and Later years**	**Total**
Nicaragua	$ -	$ -	$ 853	$ -	$ -	$ -	$ 853
Canada	-	-	-	-	53	31,187	31,240
	$ -	$ -	$ 853	$ -	$ 53	$ 31,187	$ 32,093

20. SEGMENTED INFORMATION

Operating segments are those operations whose operating results are reviewed by the chief operating decision makers ("CODM") to make decisions about resources to be allocated to the segments and assess their performance, provided those operations pass certain quantitative thresholds. The CODM for the Company are the Chief Executive Officer and the Chief Financial Officer.

Since the acquisition of the Limon and Libertad assets in October 2019, management has increasingly viewed the operations as a single unit and taken steps to consolidate and manage its resources as such. In the current period, reflecting the culmination of this work, the Company has commenced presenting its Nicaraguan operations as a single operating segment reflecting the "hub-and-spoke" strategy used by management to optimize mill asset utilization and maximize results.

As management views the Nicaraguan asset group as a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment results.

The Company has only one revenue stream, being the sale of refined gold from its operations in Nicaragua. All revenue derived from the sale of gold is to one customer, however, the Company is not economically dependent on this single customer for sale of its product, as gold and other metals can be sold through numerous commodity traders worldwide.

(Stated in thousands of United States Dollars, except per share amounts, unless otherwise noted)

20. SEGMENTED INFORMATION - *continued*

The following geographic data includes assets based on their location as at December 31, 2021 and 2020.

	December 31, 2021			December 31, 2020		
	Canada	Nicaragua	Total	Canada	Nicaragua	Total
Cash and cash equivalents	$ 72,375	$ 6,079	$ 78,454	$ 49,452	$ 3,723	$ 53,175
Other current assets	501	62,155	62,656	575	51,696	52,271
Mining interest and property and equipment	50	290,036	290,086	194	240,745	240,939
Other long-term assets	-	6,333	6,333	-	4,798	4,798
Total assets	$ 72,926	$ 364,603	$ 437,529	$ 50,221	$ 300,962	$ 351,183

21. COMMITMENTS AND CONTINGENCIES

Commitments

The Company is committed to $8,242 for obligations under normal course of operations including capital expenditure commitments and contractual commitments. The following table provides a summary of the upcoming commitments by year (not discussed elsewhere in these consolidated financial statements for the years ended December 31, 2021 and 2020):

	2022	2023	2024	2025	2026 and later years	Total
Payables and non-capital orders	$ 2,872	$ -	$ -	$ -	$ -	$ 2,872
Capital expenditure commitments	5,370	-	-	-	-	5,370
	$ 8,242	$ -	$ -	$ -	$ -	$ 8,242

Contingencies

The Nicaraguan subsidiaries of Calibre Mining Corp., received observation letters from the Nicaraguan Tax Authority for the fiscal years 2016 and 2017 relating to certain matters associated with the Company's operations in Nicaragua related to the tax deductibility of certain expenditures. The proposed reassessment, and associated tax payment for the Company's Nicaraguan subsidiaries for the fiscal years 2016 and 2017 is approximately $1.7 and 8.0 million, respectively (including penalties and interest charges). However, the Company believes that its tax positions are valid and intends to vigorously defend its tax filing positions.

22. CAPITAL MANAGEMENT

The Company's objectives when managing its capital is to ensure it will be able to continue as a going concern while maximizing the return to shareholders. The selling price of gold and minimizing production costs and capital expenditures are key factors in helping the Company reach its capital risk management objectives.

The capital of the Company consists of common shares, warrants, options and debt instruments. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mining properties. The Company manages its capital structure and makes adjustments to it considering changes in economic conditions, the risk characteristics of the underlying assets and working capital requirements. In order to maintain or adjust its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, transactions involving equity instruments, as well as capital and operating budgets. The Company is not subject to any externally imposed capital requirements.

Management reviews its capital management approach on an on-going basis and believes that this approach, given its relative size, is reasonable.

23. FINANCIAL INSTRUMENTS RISK FACTORS

These principal risks related to financial instruments to which the Company is exposed are credit risk, liquidity risk, interest rate risk, and currency risk.

Fair values of cash and cash equivalents are based on quoted prices in active markets for identical assets, resulting in a level one valuation. The carrying value amount of the Company's financial instruments that are measured at amortized cost approximates fair value due to their short-term nature and market conditions and amount involved.

Credit risk

Credit risk is the risk of financial loss to the Company if a third party to a financial instrument fails to meet its contractual obligations. As at December 31, 2021, the Company's maximum exposure to credit risk was the book value of cash and cash equivalents, accounts receivable and current and long-term advances. The Company limits its credit exposure on cash and cash equivalents by holding its deposits mainly with high credit quality financial institutions as determined by credit agencies in Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and through its budgeting and forecasting process. Budgets are prepared annually, and forecasts are prepared and reviewed on a regular basis, to help determine the funding requirements to support the Company's current operations and expansion and development plans and by managing its capital structure as described above.

23. FINANCIAL INSTRUMENTS AND RISK FACTORS – *continued*

Liquidity risk - *continued*

As at December 31, 2021, the Company had cash and cash equivalents of $78,454 (December 31, 2020 - $53,175) and current liabilities of $43,418 (December 31, 2020 - $35,490). Cash provided by operating activities totaled $105,600 for the year ended December 31, 2021 (year ended December 31, 2020 - $81,261). In addition, the Company's working capital improved from $69,956 at December 31, 2020 to $97,692 at December 31, 2021.

Interest rate risk

The Company has no interest-bearing debt at December 31, 2021. The Company's interest revenue earned on cash and cash equivalents is exposed to interest rate risk. A decrease in interest rates would result in lower interest income and an increase in interest rates would result in higher interest income.

Currency risk

Currency risk is the risk that the fair value of, or cash flow from, the Company's financial instruments will fluctuate because of changes in foreign currency rates. The Company's functional currency at the location of its operations is the U.S. dollar and the major purchases are transacted in the U.S. dollars as well. The significant majority of the Company's currency is held in either the U.S. or Canadian dollars with only a very small amount held at any time in the Nicaraguan Cordoba.

The Company is subject to gains and losses due to fluctuations in the Canadian dollar and Nicaraguan Cordoba against the U.S. dollar. Sensitivity to a plus or minus 5% change in all foreign currencies (Canadian dollar and Nicaraguan Cordoba) against the U.S. dollar with all over variables held constant at December 31, 2021, would affect the statements of operations and comprehensive income by approximately $4.4 million.

The Cordoba has been annually devalued against the U.S. dollar by means of a crawling peg mechanism which was approximately 3% and was lowered to approximately 2% during the fourth quarter of 2020. All the Company's gold production is in Nicaragua.

The Company generates revenue in U.S. dollars, thereby mitigating currency risk for its Nicaraguan operations where expenditures are mainly in U.S. dollars. The Company maintains Canadian and U.S. dollar bank accounts in Canada, and US dollar and Cordoba bank accounts in Nicaragua. The Company's foreign exchange exposure to fluctuations in Cordoba is limited as its annual expenditures in the local Nicaraguan currency and Cordoba denominated bank accounts are kept at a minimum at any given time. In addition, while a significant portion of the Company's corporate administrative costs are denominated in Canadian dollars, any fluctuation in the U.S. dollar against the Canadian dollar is not expected to have a material impact on the Company's cash flows given the relative stability of both currencies and the limited Canadian dollar expenditures in any given year.

Commodity price risk

The Company sells gold and silver at world market prices. The market prices of gold and to a lesser extent silver will be a primary driver of our profitability and ability to generate both operating and free cash flow. Calibre has not entered into any positions during the year ended December 31, 2021 to manage commodity price risk and does not have any positions outstanding as at December 31, 2021.

24. SUBSEQUENT EVENTS

On October 25, 2021, the Company announced it had entered into a definitive reorganization agreement with Fiore, whereby Calibre proposed to acquire all of Fiore's issued and outstanding common shares pursuant to a court-approved plan of arrangement (the "Reorganization"). The Reorganization was completed prior to market opening on January 12, 2022. Pursuant to the terms of the agreement, Calibre acquired a 100% interest in Fiore's gold producing Pan Mine, the adjacent advanced-stage and permitted Gold Rock Project and the past producing Illipah Gold Project in Nevada, as well as the Golden Eagle project in Washington State. Fiore controls a large land package on Nevada's prolific Battle Mountain – Eureka trend.

On closing of the Reorganization, Calibre issued a total of 101.3 million common shares and paid $8.0 million in cash to Fiore shareholders for a 100% interest in Fiore Gold Ltd and its subsidiaries. Upon closing of the Reorganization, existing Calibre and former Fiore shareholders own approximately 77% and 23% of the issued and outstanding Calibre outstanding common shares, respectively. Pursuant to the terms of the arrangement, the Company also issued a total of 6.5 million replacement options to holders of Fiore options and 0.2 million amended stock appreciation rights ("SARs") to holders of Fiore SARs.