B2GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the quarters ended March 31, 2010 and 2009

(All tabular amounts are expressed in United States dollars, unless otherwise stated)

This Management's Discussion and Analysis has been prepared as at May 12, 2010 and contains certain "Forward-Looking Statements" within the meaning of the Canadian Securities laws. All statements, other than statements of historical fact, included herein, including without limitation statements regarding potential mineralization, exploration results and future plans and objectives of B2Gold Corp. (the "Company" or "B2Gold") are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

The following discussion of the operating results and financial position of the Company should be read in conjunction with the unaudited interim consolidated financial statements and the notes thereto of the Company for the three months ended March 31, 2010 and the audited consolidated financial statements and the notes thereto of the Company for the year ended December 31, 2009. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all amounts are expressed in United States dollars, unless otherwise stated.

OVERVIEW

B2Gold Corp. ("B2Gold" or the "Company") is a Vancouver-based gold producer with mining operations in Nicaragua and a portfolio of development and exploration assets in Colombia, Nicaragua and north-eastern Russia. Currently, the Company is operating the La Libertad Mine (formerly the "Orosi Mine") and the Limon Mine in Nicaragua. The Company owns or has a material interest in the Gramalote and Mocoa properties in Colombia, the East and West Kupol licenses in Russia, and the Bellavista property in Costa Rica.

On March 26, 2009, B2Gold completed a business combination with Central Sun Mining Inc. ("Central Sun") in which B2Gold acquired all of the outstanding common shares of Central Sun. As a result of this transaction, B2Gold acquired the La Libertad Mine (100%) and the Limon Mine (95%). In addition, the Company acquired Central Sun's interests in additional mineral properties including, in Costa Rica, the 100% owned Bellavista property. Prior to the acquisition of Central Sun, the Company had no source of operating revenue.

RESULTS OF OPERATIONS

First Quarter 2010 and 2009

The Company had a strong quarter overall, as the La Libertad Mine commenced commercial production on February 1, 2010 (see "La Libertad Mine" section). Also, the Limon Mine had its best quarter since being acquired by B2Gold on March 26, 2009, producing 10,257 ounces of gold at an operating cash cost of $611 per ounce (see "Limon Mine" section). Consolidated gold production for the first quarter of 2010 totalled 16,265 ounces at an operating cash cost of $772 per ounce compared to nil ounces being produced in the corresponding period of 2009 and to 3,577 ounces in the fourth quarter of 2009 at a cash cost of $1,115 per ounce. Cash costs are expected to progressively decrease quarter over quarter throughout 2010 as the strip ratio at the La Libertad Mine decreases and production of fresh ore increases combined with higher throughput once commissioning of the second ball mill is completed. La Libertad is budgeted to produce between 80,000 to 90,000 ounces of gold in 2010 at an average operating cash cost of approximately $500 per ounce.

Consolidated gold revenue in the first quarter of 2010 was $17.1 million on the sale of 15,447 ounces at an average realized price of $1,104 per ounce, excluding approximately $0.7 million of gold revenue from the sale of 599 ounces in January 2010 relating to the La Libertad Mine. Prior to commercial production on February 1, 2010, net revenues or expenses derived from La Libertad mining activities were included in mine development costs.

The Company reported a net loss of $4.6 million (negative $0.02 per share) on revenue of $17.1 million for the first quarter of 2010 compared to a net loss of $5.7 million (negative $0.04 per share) on revenue of $nil in the equivalent period of 2009. Interest and financing expenses increased by $1.5 million (including amortization of deferred financing costs of $1.1 million) in the first quarter of 2010 compared to the first quarter of last year as a result of the Credit Facility (see “Credit Facility” section), established on November 6, 2009. General and administrative costs increased by $1.3 million to $2.8 million in the current quarter, primarily due to increased activities resulting from the Central Sun acquisition (including general and administrative costs relating to the regional office in Nicaragua) and to the strengthening of the Canadian dollar against the United States dollar as corporate head office expenses are incurred primarily in Canadian dollars.

In the first quarter of 2009, the Company wrote-off resource property costs in the amount of $2.8 million, as it elected not to continue with the Nariño and San Luis properties in Colombia. The Company also recorded a foreign exchange loss of approximately $1.6 million in the quarter resulting from the strengthening of the United States dollar relative to the Canadian dollar. The foreign exchange loss was attributable to the Company’s cash and short-term money market investments, held mostly in Canadian dollars.

Summary of Unaudited Quarterly Results:

	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Gold sales (ounces)	15,447	3,211	9,508	8,513	-	-	-	-
Average realized gold price ($/ ounce)	1,104	1,104	972	922	-	-	-	-
Gold produced (ounces)	16,265	3,577	10,203	6,832	-	-	-	-
Cash operating costs ($/ ounce)	772	1,115	647	858	-	-	-	-
Total cash costs ($/ ounce)	831	1,193	699	923	-	-	-	-
Gold revenue ($ in thousands)	17,051	3,544	9,243	7,851	-	-	-	-
Loss and comprehensive loss for the period ($ in thousands)	4,588	17,254	1,964	2,843	5,727	14,987	4,547	2,114
Loss per share – basic and diluted ($)	0.02	0.06	0.01	0.01	0.04	0.10	0.03	0.01

LIMON MINE

	Q1 2010
Gold revenue ($ in thousands)	10,530
Gold sold (ounces)	9,574
Average realized gold price ($/ ounce)	1,100
Tonnes milled	86,165
Grade (grams/ tonne)	4.27
Recovery (%)	88
Gold production (ounces)	10,257
Cash operating costs ($/ ounce)	611
Total cash costs ($/ ounce)	671

After a poor year of production in 2009 caused by a number of illegal union strikes, production continued to improve at the Limon Mine. In the first quarter of 2010, the Limon Mine processed 86,165 tonnes of ore at an average grade of 4.27 grams per tonne (“g/t”), producing 10,257 ounces of gold at an operating cash cost of $611 per ounce compared to a budgeted operating cash cost of $632 per ounce. Limon gold sales for the quarter were 9,574 gold ounces at an average realized price of $1,100 per ounce generating revenue of $10.5 million. The Company will continue working with the local unions and government to ensure that the mine continues to operate efficiently for the benefit of the local community, the workers and the Company. Budgeted gold production for 2010 is 40,000 ounces at an operating cash cost of approximately $625 per ounce.

The mill recovery for gold in the first quarter was 88% slightly better than the 86% budgeted. Contributing to recoveries was the consistent operation of the Tailings Solution Processing Plant, installed in June 2009, which added 115 ounces of gold during the first quarter.

The Company plans to expend $6.6 million for capital projects at the Limon Mine during 2010. During the first quarter, the most significant expenditures included a new fleet of surface trucks to reduce haulage costs from the different open pit sources of ore to the mill and the expansion of existing Santa Rosa tailings storage facility. Total capital expenditures for the quarter were $1.2 million.

During the quarter, mining activities were expanded to other company concessions including Villanueva I and II located 30 kilometers to the North of the Limon mill. The Limon mill processed 8,025 tonnes of ore from these two concessions at an average grade of 4.79 g/t, producing 1,085 ounces of gold.

The Limon Mine concession includes numerous epithermal gold-quartz veins and has been in operation as an underground and open pit gold mine since 1941. To date the Limon Mine has produced approximately three million ounces of gold. The current operation is a 1,000 tonnes per day (“t/d”) underground and open pit mine. The Limon Mine currently has a mine life of 3.5 years with projected average annual production of approximately 40,000 ounces of gold. Operating cash costs are budgeted to average approximately $625 per ounce of gold in 2010. The Company’s technical team believes there is excellent potential to increase the Limon mine life and discover additional veins. During the first quarter the Company expended $0.5 million on exploration and has an exploration budget of $3.8 million for 2010.

LA LIBERTAD MINE (formerly the "Orosi Mine")

	Q1 2010
Gold revenue ($ in thousands)	6,521
Gold sold (ounces)	5,873
Average realized gold price ($/ ounce)	1,110
Tonnes milled	203,187
Grade (grams/ tonne)	1.04
Recovery (%)	92
Gold production (ounces)	6,008
Cash operating costs ($/ ounce)	1,045
Total cash costs ($/ ounce)	1,110

In the first quarter of 2010, the La Libertad open pit mine recommenced gold and silver production, following the construction in 2009 of a SAG and ball mill grinding circuit, designed to process 3,500 t/d, as well as carbon-in-pulp recovery tanks, and a tailings impoundment. The Company's capital budget for La Libertad construction to the end of 2009 was approximately $62 million. Capital expenditures for 2010 are budgeted to be $11.1 million most of which will occur in the first half of the year for the completion of the tailings facility, installation of the second ball mill and fabrication of additional leach tanks.

Gold and silver production recommenced at the open pit La Libertad Mine in January 2010. Commercial production was achieved on February 1, 2010. The production ramp-up has gone well with the sag and ball mills often significantly exceeding the design throughput of 3,500 t/d. In April, the mills processed an average of over 3,900 t/d. The second ball mill has been installed and is scheduled to be commissioned by the end of June. Once commissioning of the second ball mill is completed, processing is projected to ramp-up to 5,500 t/d per day by August of 2010. The La Libertad Mine is projected to produce 80,000 to 90,000 ounces of gold in 2010 at a cash operating cost of approximately $500 per ounce.

February and March gold sales for La Libertad totalled 5,873 ounces at an average sales price of $1,110 per ounce generating revenue of $6.5 million. Ore pit mine production was 79,606 tonnes compared to 173,707 tonnes budgeted. Waste moved was 1,662,834 tonnes versus 1,430,581 tonnes budgeted resulting in a strip ratio of approximately 21 versus 8 budgeted. The higher than budget strip ratio was attributed to:

- aggressive pit development primarily due to catch-up from 2009;
- generation of additional selected material which was used in tailings dam construction;
- establishment of crushed waste reserves for future use in dam construction and road maintenance (again additional selected material); and
- reduction of ore release attributed to continued cleanup of old workings in both pits. Pit development is anticipated to reach previously-untouched benches in May.

In February and March 2010, the mill plant processed 203,187 tonnes (including ore from pits and "spent ore" from previous heap leach operations) versus 206,500 tonnes budgeted, with a grade of 1.04 g/t gold versus 1.64 g/t budgeted. Approximately 45% of the ore processed through the mill was classified as spent ore contributing to the lower than budgeted grade. The average recovery was 92% well ahead of the 76% budgeted. Gold bullion production was 6,008 ounces compared to 8,334 ounces budgeted at an operating cash cost of $1,045 per ounce (budget average was $777 per ounce). The higher than budgeted cash costs was mainly due to the higher strip ratio and lower grade ore. Operating cash costs per ounce for the first quarter of 2010 were anticipated to be high due to the build up of gold in the plant circuit, an elevated strip ratio, and a higher percentage of spent ore which is at a lower grade and expected to have a lower recovery compared to fresh ore from the pit. Operating cash costs per ounce of gold for La Libertad are budgeted to decrease progressively quarter over quarter throughout 2010 as the initial push back of the pits is completed reducing the strip ratio closer to the 2010 budget of approximately 8 tonnes waste per tonne of ore mined. Mill throughput will increase to 5,500 t/d as the second ball mill is commissioned which will also help reduce per ounce cash costs. The expected increase of fresh ore from open pit mining will improve the blended grade of ore being processed through the mill increasing gold production. For the second half of 2010, the mill throughput is forecasted to consist of a blend of 70% fresh ore and 30% spent ore.

BELLAVISTA PROPERTY

The Phase II environmental and closure audit for the Bellavista property has been approved by the Secretaria Technical Nacional Ambiental ("SETENA"), the lead regulatory agency in Costa Rica. The Company is currently working with SETENA on detailed field programs and monitoring plans for the next two years. The results of this report confirm that the landslide area remains stable, there has been no contamination of surface or ground water, and reclamation work has been successful. Reclamation and maintenance programs continue and work programs are focused on facilities that will control runoff from rain storms and help prevent water levels from building up in the slide area.

In parallel with the environmental audit work, the Company continues to investigate the potential for re-opening the mine utilizing different technologies. Bellavista was previously operated as a heap leach operation, but if the Company attempts to re-start operations, it would be as a milling and carbon-in-leach process.

By Statement of Claim dated March 16, 2009, Central Sun commenced a legal proceeding in Ontario (the "Engineering Action") against several engineering firms and certain individual engineers alleging that the Defendants were negligent and breached their contractual obligations with respect to the siting, design, construction, assessment and monitoring of the Bellavista gold mine in Costa Rica, and that the mine was destroyed by a landslide as a result. As a result of the Defendants' alleged negligence and/or breach of contract, the Company claims damages. The Engineering Action is still at the pleadings stage. It is anticipated that preliminary motions will be brought by the Defendants to challenge the Ontario court's jurisdiction. The outcome of this claim is not determinable at this time and no accrual for a contingent gain has been made in the consolidated financial statements.

CREDIT FACILITY

The Company entered into an agreement relating to a $20 million secured revolving credit facility (the "Credit Facility") with Macquarie Bank Limited ("Macquarie") on November 6, 2009. The term of the Credit Facility is for two years with a maturity date of December 31, 2011 and an interest rate of LIBOR plus 5.5%. On February 12, 2010, the Company entered into an amending agreement relating to the Credit Facility pursuant to which the Credit Facility was increased to $25 million. As at March 31, 2010, the Company had drawn down a total of $19 million under the Credit Facility of which $5.5 million was drawn in the first quarter of 2010.

The Credit Facility provides that in certain events or on December 1, 2010 the lender has the right to review the Credit Facility and may within 28 days of such event or date determine whether to continue to make the Credit Facility available or terminate it and require repayment within 60 days. Management believes that it is unlikely that the Credit Facility will be terminated prior to its maturity date of December 31, 2011. However, since the Credit Facility is subject to review by Macquarie on December 1, 2010, the Credit Facility was classified as a current liability as at March 31, 2010.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended the first quarter of 2010 with cash and cash equivalents of $21.7 million and working capital of $17 million compared to cash and cash equivalents of $2.9 million and working capital of $11.6 million at December 31, 2009. The increase in cash and cash equivalents in the quarter was mainly due to an equity financing on February 18, 2010 for net proceeds of $29 million and to $5.5 million in further draw downs under the Credit Facility; partially offset by capital expenditures on construction and development at the La Libertad Mine and Limon Mine in the amounts of $10.5 million and $1.2 million, respectively, and $3.6 million in exploration expenditures. The Credit Facility with a carrying value of $15.2 million, net of unamortized transaction costs of $3.7 million, was reclassified as a current liability (from long-term) as at March 31, 2010.

The following table presents, as at March 31, 2010, the Company's known contractual obligations, relating to the mill construction at the La Libertad Mine and consumable supplies primarily for the Limon Mine. The timing of the Company's asset retirement obligations is also presented below on an undiscounted basis.

	Total	***2010***	***2011***	***2012***	***2013***	***2014 and later***
	$ (000's)	***$ (000's)***	***$ (000's)***	***$ (000's)***	***$ (000's)***	***$ (000's)***
Purchase commitments	1,043	1,043	-	-	-	-
Asset retirement obligations (undiscounted)	19,029	686	2,581	982	3,848	10,932

The Company expects to generate positive operating cash flow in 2010 with both the Limon and La Libertad mines operating in 2010.

Operating activities

Cash flow from operating activities (before non-cash working capital changes) for the first quarter of 2010 was negative $0.1 million compared to negative $2.8 million in the comparable period last year. The favourable change was primarily attributable to positive cash flow from Limon Mine operations and to a reduction in foreign exchange losses, relating mainly to the Company's cash/ short-term money market investments held in Canadian dollars.

Financing activities

On February 18, 2010, the Company completed a bought deal equity financing and issued 25,624,111 common shares, including 3,342,276 common shares issued on exercise of the over-allotment option, at Cdn.$1.25 per share, for aggregate gross proceeds of approximately Cdn.$32 million. As part of the offering, AngloGold Ashanti Limited (AngloGold) exercised its pre-emptive right granted by the Company to maintain its percentage of holdings of approximately 10% of the common shares of the Company by acquiring 2,624,111 common shares. The Company paid the underwriters a commission equal to 5% of the gross proceeds of the offering upon closing, excluding the common shares purchased by AngloGold for which no commission was payable, for an aggregate commission of Cdn.$1.44 million.

During the first quarter of 2010, the Company drew down an additional $5.5 million under its Credit Facility.

The Company received proceeds of $0.3 million (Q1 2009 - $nil) from the exercise of stock options and warrants in the first quarter of 2010.

On November 3, 2009, the Company had received a loan in the amount of Cdn.$1 million from an officer and shareholder of the Company which was interest bearing at a rate of 5% per annum. On February 18, 2010, this loan was fully repaid by the Company together with interest.

Investing activities

In the first quarter of 2010, capital expenditures on construction and development at the La Libertad Mine (see "La Libertad Mine" section) and on the Limon Mine totalled $10.5 million and $1.2 million, respectively. In addition, resource property expenditures on exploration totalled approximately $3.6 million (Q1 2009 - $3.4 million), expended as follows:

	Q1 2010 $ (000's)	Q1 2009 $ (000's)
Exploration and other development:		
Gramalote	**815**	1,315
Calibre joint venture	**747**	-
Kupol East and West Licenses	**578**	486
La Libertad Mine	**529**	-
Limon Mine	**468**	-
Radius joint venture	**432**	
Mocoa	**-**	320
Other Colombia properties, under AngloGold JV arrangement	**-**	1,260
	3,569	3,381

The Company's exploration team has generated numerous exploration targets around the Limon Mine and La Libertad Mine and on other properties in Nicaragua in joint ventures with Radius Gold Inc. ("Radius") and Calibre Mining Corp. ("Calibre").

At La Libertad Mine, a 12,000 metre ($3 million) diamond drill program commenced in March 2010. The drilling is following up historic high grade drill results below the current mine pits with good potential to increase the mines reserve and resource base. In addition, the drilling will test some of the numerous regional targets identified along the 20 kilometre belt from historic work and the 2009 exploration program.

At the Limon Mine, a surface exploration program comprised of geophysics, soil geochemistry and geological mapping is currently underway with a trenching program set to start once permits are received. A 7,000 metre drill program recommenced in mid-March, targeting a combination of exploration and ore definition targets. Additionally, a 7,800 metre drill program is expected to be completed on the Santa Pancha deep area during 2010 with the intention of upgrading the existing inferred resource to indicated category. The Company has a total exploration and drilling budget for the Limon property of approximately $3.8 million for 2010.

On the Trebol property (a joint venture with Radius), a 3,000 metre diamond drilling program is scheduled for the second half of the year. Work which is ongoing has consisted of hand dug trenches and geochemical soil sampling over the 25 kilometre strike length of the system. The 2010 exploration budget is approximately $1.8 million.

On the Pavon (Natividad) property (a joint venture with Radius), a detailed trenching program is currently underway to define the continuity of high grade, near surface veining and associated stockwork mineralization that could potentially be exploited in two shallow open pits. The Company has an option to acquire a 60% interest in the Trebol, Pavon and San Pedro properties owned by Radius.

On the Borosi property (a joint venture with Calibre), Calibre has completed geological mapping and prospecting, soil sampling and trenching on the Eastern Epithermal, Rosita and Bonanza targets. Initial results from this work have outlined several targets. A 5,000 metre diamond drill program testing these initial targets began in March.

The Company is currently in discussions with AngloGold regarding further exploration of the Gramalote property.

On the Kupol East and West properties, a 4,200 metre diamond drilling program commenced in March 2010 on the Kupol West property's Moroshka west zone following up on results from the Moroshka basin announced on January 19, 2010. These previously announced results confirmed the presence of a northerly trending system of gold bearing quartz veins, which was a follow up to the drill results and new vein discovery announced last year at the Moroshka basin, 4 kilometre east of the Kupol mine.

An additional 1,200 metre of diamond drilling is planned on the Kupol East property on the Sinter/ Tokai target located 14 km east of the Moroshka basin. The total 2010 exploration budget on the Kupol East and West properties is estimated at $3.8 million of which the Company is responsible for funding 50%.

In the first quarter of 2009, the Company redeemed approximately $14 million of funds invested in highly liquid money market investments primarily in order to fund the acquisition of Central Sun and its operations.

In February 2009, the Company made a final payment of $2.6 million with respect to amounts owed under its promissory notes to Kinross Gold Corporation.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Notes 2 and 3 of its audited consolidated financial statements as at December 31, 2009. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

- Purchase price allocation;
- Use of estimates;
- Impairment of long-lived assets;
- Depreciation and depletion;
- Asset retirement obligations;
- Future income taxes; and
- Stock-based compensation.

Purchase price allocation

Business acquisitions are accounted for by the purchase method of accounting whereby the purchase price is allocated to the assets acquired and the liabilities assumed based on fair value at the time of the acquisition. The excess purchase price over the fair value of identifiable assets and liabilities acquired is goodwill. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of property, plant and equipment acquired generally require a high degree of judgment, and include estimates of mineral reserves acquired, future gold prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities in the purchase price allocation.

Use of estimates

The preparation of these consolidated financial statements in conformity with generally accepted accounting principles in Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impairment of long-lived assets

The Company reviews and evaluates the recoverability of property, plant and equipment when events and circumstances suggest impairment. Where information is available and conditions suggest impairment, estimated future net cash flows are calculated using estimated future prices, proven and probable reserves, resources and operating and capital costs on an undiscounted basis. An impairment charge is recorded if the undiscounted future net cash flows are less than the carrying amount. Reductions in the carrying value, with a corresponding charge to operations, are recorded to the extent that the estimated future net cash flows on a discounted basis are less than the property interest carrying value.

Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered. If an impairment is identified, the carrying value of the property interest is written down to its estimated fair value.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Depreciation and depletion

Mine property, plant and equipment are recorded at cost. Repairs and maintenance expenditures are charged to operations; major improvements and replacements which extend the useful life of an asset are capitalized. Mine property, plant and machinery are amortized over the life of the mine using the unit-of-production ("UOP") method, based on recoverable ounces from the estimated proven and probable reserves and the measured and indicated resources. Mobile equipment is depreciated on a straight-line basis, net of residual value, over the shorter of the mine life or estimated useful life of the asset. Prior to commercial production, pre-production expenditures, net of revenue, are capitalized to plant and equipment.

Mineral acquisition, exploration and development costs are capitalized on an individual project basis until such time as the economics of an ore body are defined or the project is sold, abandoned or otherwise determined to be impaired. If production commences, these costs would be amortized using the UOP method. Unrecoverable costs for projects determined not to be commercially feasible are expensed in the year in which the determination is made or when the carrying value of the project is determined to be impaired.

The calculation of the depreciation and depletion expense could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of reserves and resources through exploration activities, differences between estimated and actual costs of mining and differences in gold price used in the estimation of mineral reserves and resources. Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and depletion and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Asset retirement obligations

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Significant judgments and estimates are made when estimating the nature and costs associated with asset retirement obligations. Cash outflows relating to the obligations are expected to be incurred over periods estimated to extend to 2019 and beyond. When considering the effect of the extended time period over which costs are expected to be incurred, combined with the estimated discount rate and inflation factors, the fair value of the asset retirement obligations could materially change from period to period due to changes in the underlying assumptions.

Future income taxes

The Company uses the liability method of accounting for future income taxes. Under this method of tax allocation, future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in earnings in the period in which the change is substantively enacted.

Stock-based compensation

All stock option based awards made to directors, employees and consultants are recognized in these consolidated financial statements and measured using a fair value based method. Consideration received on the exercise of stock options is recorded as share capital. The related contributed surplus originally recognized when the options were earned, is transferred to share capital. The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options. This model is subject to various assumptions. The assumptions the Company makes will likely change from time to time.

RECENT ACCOUNTING PRONOUNCEMENTS

Business Combinations (Section 1582), Consolidations (Section 1601) and Non-controlling Interests (Section 1602)

These sections were issued in January 2009 and are harmonized with International Financial Reporting Standards. Section 1582 specifies a number of changes, including: an expanded definition of a business combination, a requirement to measure all business acquisition at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. These new standards are effective for 2011.

International Financial Reporting Standards ("IFRS")

In January 2006, the Canadian Accounting Standards Board ("AcSB") adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted accounting standards, namely, International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The AcSB confirmed in February 2008 plans to converge Canadian generally accepted accounting principles ("Canadian GAAP") with IFRS over a transition period with an effective implementation date effective for interim and annual periods commencing January 1, 2011.

At this time, the Company has not yet determined the impact of the transition on its consolidated financial condition. However, it is completing a review of its accounting policies and of Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS. Following this initial diagnostic step, in 2010 the Company will proceed to make a determination of the impact of transition to IFRS on its financial statements and systems, if any. The implementation and transition phase to IFRS are currently planned for 2010 in order to meet the expected adoption date of January 1, 2011. Training of Company personnel started and will continue throughout 2010. Areas of potential differences identified to date include:

Asset retirement obligations

The Company's future obligations to retire an asset including site closure, dismantling, remediation and ongoing treatment and monitoring are currently recorded as a liability at fair value at the time incurred. The fair value determination is based on estimated future cash flows, the current credit adjusted risk-free discount rate and an estimated inflation factor. The value of asset retirement obligations is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge the liability and accreted to full value over time through periodic charges to earnings. These changes in value are recorded in the period in which they are identified and when costs can be reasonably quantified, and are capitalized as part of the asset's carrying value and amortized over the asset's estimated useful life. Differences under IFRS include:

- IFRS defines site restoration and environmental provisions as legal or constructive obligations; Canadian GAAP limits the definition to legal obligations.
- IFRS requires provisions to be updated at each balance sheet date using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability). Canadian GAAP requires the use of a current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions.
- Accretion expense is recorded as a finance cost under IFRS rather than as an element of operating cost.

Property, plant and equipment

The Company's property, plant and equipment are recorded at cost.

- IFRS 1 allows companies to elect fair value as the deemed cost of an individual asset at the date of transition.
- IFRS requires a componentization approach, separately identifying and measuring significant individual components of assets which have different useful lives. Significant components will be depreciated based on their individual useful lives.

Impairment (long-lived assets, intangibles and goodwill)

In evaluating the Company's long-lived assets for recoverability, the undiscounted future cash flows of the individual mining operations are used to perform the test. An impairment charge is recorded if the undiscounted future net cash flows are less than the carrying amount. Reductions in the carrying value, with a corresponding charge to operations, are recorded to the extent that the estimated future net cash flows on a discounted basis are less than the property interest carrying value.

- IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss).
- IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.
- Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as a part of a Cash Generating Unit.
- Impairment testing under IFRS is performed using two new valuation methods – value in use and fair value less cost to sell.

Foreign currency translation

- IFRS uses a functional currency concept (currency of the primary economic environment in which the entity operates) to determine the method of measuring foreign currency translation. Canadian GAAP uses the concept of integrated and self-sustaining foreign operations.

Business combinations

During 2009, the Corporation completed the acquisition of Central Sun. Acquisitions are accounted for using the purchase method whereby assets and liabilities acquired are recorded at their fair values as of the date of acquisition and any excess of the purchase price over such fair value is recorded as goodwill. Under IFRS:

- IFRS 1 provides the option to not apply the IFRS business combinations standard on a retrospective basis.
- A new business combinations standard IFRS 3(R) will be applicable prior to transition, and will significantly change accounting for acquisitions including the following:

    - Transaction costs will be expensed as incurred.
    - Assets and liabilities will be recorded at full fair value, rather than at the value of the consideration paid.
    - In step acquisitions, the assets and liabilities owned prior to the acquisition of majority interest are re-valued at the date of acquisition.

Financial Instruments

Financial and derivative instruments, including embedded derivatives, are recorded at fair values, with changes in those fair values recognized in net earnings/ loss.

- IFRS has a different derivative definition as compared to existing Canadian GAAP. This difference may have a significant impact on the number of recognized embedded derivatives.

RISKS AND UNCERTAINTIES

The exploration and development of natural resources are highly speculative in nature and are subject to significant risks. The risk factors noted below do not necessarily comprise all those faced by the Company. The Company is faced with a number of other risk factors as described under "Risk Factors", disclosed in its Annual Information Form, available under the Company's profile on SEDAR at www.sedar.com. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, operations and future prospects of the Company. If any of the following risks actually occur, the business of the Company may be harmed and its financial condition and results of operations may suffer significantly.

Exploration, Development and Operating Risks

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

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines and no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining program. The economics of developing gold and other mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Foreign Countries and Mining Risks

The Company's production activities are currently conducted in Nicaragua and, as such, the Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, uncertainty as to the outcome of any litigation in foreign jurisdictions, uncertainty as to enforcement of local laws, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

The Company has interests in exploration properties that are located in developing countries, including Nicaragua, Russia and Colombia, and the mineral exploration and mining activities of the Company may be affected in varying degrees by political instability and government regulations relating to foreign investment and the mining industry. Changes, if any, in mining or investment policies or shifts in political attitude in Nicaragua, Russia or Colombia may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's business, financial condition and results of operations.

Restriction on Foreign Investment and Capital Raising in Russia

As of May 7, 2008, the Foreign Investment Law came into force, as well as amendments to several pieces of legislation including, in particular, amendments to the Law On the Subsoil (the "Amendments"). Pursuant to the Amendments, subsoil plots containing gold reserves of 50 tons or more are deemed plots of federal significance. Under the Foreign Investment Law, transactions relating to the acquisition of control by a foreign investor or group of foreign investors ("Foreign Investor") over strategic companies engaged in use of subsoil plots having federal significance are subject to prior approval by the federal body authorized to control foreign investment (the Company would be deemed a Foreign Investor). The Amendments state that the government may refuse to grant to a company controlled by a Foreign Investor the subsoil use rights for the purpose of final exploration and production of minerals from the plot. In such an instance, compensation in the form of a payment for expenses incurred by the relevant subsoil user in the course of exploration, as well as a premium to be determined but not necessarily corresponding to market value of the property in question will be paid. The legislation also restricts the raising of capital by certain Russian companies. Under the legislation, prior governmental approval is required for the acquisition by a Foreign Investor of 10% or more of the voting shares of a strategic company, which includes any Russian company engaged in subsoil use of plots containing gold reserves of 50 tons or more. In addition, governmental approval is required if a Foreign Investor is to acquire the right to elect more than 10% of the directors of a strategic company or enter into a management agreement with, or determine the decision of the management bodies of, the strategic company and similar arrangements resulting in control over a strategic company. These rules also apply to transactions and agreements entered into outside of Russia, if the transactions or agreements result in the establishment of control over strategic companies.

As the Foreign Investment Law and the Amendments have only recently become effective, it is not certain how the significant control and discretion provided to the Government of the Russian Federation in respect of subsoil use in Russia will be applied from time to time. The legislation could have a significant impact upon the Company's ability to further develop the East and West Kupol Licenses. There can be no assurance that the required governmental approvals required to develop the East and West Kupol Licenses will be granted on acceptable terms or at all and the new legislation provides that if the approval is not granted, the compensation payable would be limited to the expenses incurred in the course of exploration and certain additional premium, not necessarily corresponding to the market value of the relevant property.

Property Interests

The ability of the Company to carry out successful mineral exploration and development activities and mining operations will depend on a number of factors. No guarantee can be given that the Company will be in a position to comply with all conditions and obligations, or to require third parties to comply with their obligations with respect to such properties. Furthermore, while it is common practice that permits and licenses may be renewed, extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal, extension or a transfer will be granted to the Company or, if they are granted, that the Company will be in a position to comply with all conditions that are imposed. A number of the Company's interests are the subject of pending applications to register assignments, extend the term, increase the area or to convert licenses to concession contracts and there is no assurance that such applications will be approved as submitted.

The Company is satisfied, based on due diligence conducted by the Company, that its interests in the properties are valid and exist. There can be no assurances, however, that the interests in the Company's properties are free from defects or that the material contracts between the Company and the entities owned or controlled by foreign government will not be unilaterally altered or revoked. There is no assurance that such rights and title interests will not be revoked or significantly altered to the detriment of the Company. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties. The Company's interests in properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects or governmental actions.

Certain of the Company's property interests are also the subject of joint ventures that give the Company the right to earn an interest in the properties. To maintain a right to earn an interest in the properties, the Company may be required to make certain expenditures in respect of the property maintenance by paying government claim and other fees. If the Company fails to make the expenditures or fails to maintain the properties in good standing, the Company may lose its right to such properties and forfeit any funds expended to such time.

Commodity Prices

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, sales of gold by central banks, forward sales by producers, production, industrial and jewellery demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

The Company's revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of gold. The prices of these commodities are affected by numerous factors beyond the Company's control.

Currency Risks

The Company's operations in foreign countries are subject to currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company reports its financial results in United States dollars and incurs expenses in United States dollars, Canadian dollars, Nicaraguan córdobas, Colombian pesos and Russian rubles. As the exchange rates between the Nicaraguan córdoba, Colombian peso, Russian ruble and Canadian dollar fluctuate against the United States dollar, the Company will experience foreign exchange gains and losses.

In Russia, currency transactions between residents and non-residents can generally be carried out without any restrictions except that parties must buy and sell foreign currency only in specially licensed banks. However, in circumstances of political and/or economic instability, foreign currency transactions may be volatile.

The Russian ruble is not convertible outside Russia and is not traded internationally. Although a market exists within Russia for the conversion of the Russian ruble into other currencies, that market is limited in size and is subject to certain restrictions.

Environmental Compliance

The Company's operations are subject to local laws and regulations regarding environmental matters, the abstraction of water, and the discharge of mining wastes and materials. Any changes in these laws could affect the Company's operations and economics. Environmental laws and regulations change frequently, and the implementation of new, or the modification of existing, laws or regulations could harm the Company. The Company cannot predict how agencies or courts in foreign countries will interpret existing laws and regulations or the effect that these adoptions and interpretations may have on the Company's business or financial condition.

The Company may be required to make significant expenditures to comply with governmental laws and regulations. Any significant mining operations will have some environmental impact, including land and habitat impact, arising from the use of land for mining and related activities, and certain impact on water resources near the project sites, resulting from water use, rock disposal and drainage run-off. No assurances can be given that such environmental issues will not have a material adverse effect on the Company's operations in the future. While the Company believes it does not currently have any material environmental obligations, exploration activities may give rise in the future to significant liabilities on the Company's part to the government and third parties and may require the Company to incur substantial costs of remediation. Additionally, the Company does not maintain insurance against environmental risks. As a result, any claims against the Company may result in liabilities the Company will not be able to afford, resulting in the failure of the Company's business. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

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

INTERNAL CONTROLS

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management, with the participation of the certifying officers, has evaluated the effectiveness of the design and operation, as of March 31, 2010, of the Company's disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective and designed to ensure that material information relating to the Company and its subsidiaries is made known to them by others within those entities.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and compliance with Canadian generally accepted accounting principles in the financial statements. Management has evaluated the design of internal controls over financial reporting and has concluded that such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in Canada. In addition, there have been no changes in the Company's internal control over financial reporting during the period ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

NON-GAAP MEASURES

Cash cost per ounce data are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

	Q1 2010 $ (000's)
Operating costs per consolidated financial statements	12,802
Royalties and production taxes	965
Inventory sales adjustment	(251)
Total cash costs	13,516
Gold production (in ounces)	16,265
Total cash costs per ounce of gold production ($/ ounce)	831

Total cash costs per ounce is derived from amounts included in the Consolidated Statement of Operations and include mine site operating costs such as mining, processing, smelting, refining, transportation costs, royalties and production taxes, less silver by-product credits.

OUTLOOK

The Company's operational objectives for the second quarter and remainder of 2010 are to continue to advance gold production at the La Libertad Mine which went into commercial production on February 1, 2010. Once commissioning of the second ball mill is completed daily throughput will increase to 5,500 t/d from 3,500 t/d. The La Libertad Mine is budgeted to produce between 80,000 to 90,000 ounces of gold in 2010 at a cash operating cash cost of approximately $500 per ounce.

Gold production has continued to improve at the Limon Mine in the first quarter of 2010 after a poor year of production in 2009 caused by a number of illegal union strikes. Budgeted gold production at the Limon Mine for 2010 is 40,000 ounces at an operating cash cost of approximately $625 per ounce.

Discussions with AngloGold regarding the Gramalote property in Colombia are advancing and an agreement should be reached in the second quarter of 2010. The Company's expectations are to advance Gramalote by completing a Feasibility Study over the next 18 months.

La Libertad exploration

Recent results from trenching and drilling on the Jabali zone on the La Libertad property have returned good gold grades over significant widths. The Jabali vein system is located at the east end of the 20 kilometre long belt of gold bearing veins on the La Libertad property. Jabali is an east-west trending, low sulphidation, epithermal quartz vein system which was mined for its high grade ore from 1862 to 1956 and has been traced over a distance of 6.2 kilometres. There are two programs currently underway at Jabali; trenching and drilling for new open pit and/or underground resources at the Antenna and Central zones, as well as trench evaluation of the colluvium, generated from previous open pit and underground exploitation.

The Company believes the Jabali area has excellent potential. Most of the near surface high grade vein material exposed in the trenching has been partially mined historically, but remains open to depth. In addition the trenching indicates that the lower grade veins and stockwork zones were never mined. 18 trenches testing the Jabali quartz vein stockwork system at surface have been completed over three areas covering 3 kilometres of the strike of the 6.2 kilometre long system. Assay results include Jabali Antenna trench JBTR09-04, which intersected 24.35 metres grading 2.39 g/t gold in mixed quartz vein and stockwork surrounding historical mining backfill, Jabali Central trench JBTR09-13, which intersected 22.8 metres grading 5.17 g/t gold in a quartz vein breccia and JBTR09-11, which intersected 46.35 metres grading 3.04 g/t gold in mixed historical mine dump colluvium (derived from local historic mining) and quartz veining. Additional trenching to test the remainder of the strike length is ongoing.

Subsequent drilling of both the Central and Antenna zones, which is currently ongoing, has returned 32.74 metres grading 8.74 g/t gold in hole JB10-005, including 6.09 metres grading 41.20 g/t. More assays are pending.

In addition to the Jabali vein system, two other veins located seven kilometres northeast of the Libertad Mine were tested by trenching. The east-west trending El Carmen and Escandalo veins have been traced for 1,200 metres and 500 metres respectively and are open along strike. Both veins have been mined to shallow depths on a small scale. Of particular note is the El Carmen trench CATR09-02, which intersected 20.1 metres grading 5.59 g/t gold in quartz vein, breccias and stockwork and the Escandalo trenching, which indicates strong potential for open pit targets, similar in grade and thickness to the present Mojon pit. An initial drill hole has been completed on both targets and results are pending.

The Company has also received positive drill results from the initial diamond drilling in and adjacent to the Mojon and Crimea deposits. The total exploration and drilling budget for the La Libertad Property is $3.1 million for 2010 with a total of 12,000 metres of diamond drilling planned. Drilling commenced on February 19 and is ongoing with 28 holes totaling 4,700 metres completed to date with two drill rigs on site. This program is focused on evaluating the possibility of expanding the open pits below the current reserves at the Crimea, Mojon and Santa Maria deposits as well as the exploration drilling at Jabali and other epithermal vein targets such as San Juan, El Carmen, Escandalo and Los Angeles.

Limon exploration

The Company encountered high grade gold intercepts, with significant widths in several new drill holes. The exploration and drilling budget for the Limon Property of $3.8 million for 2010 with a total of 14,800 metres of diamond drilling is planned. A surface exploration program comprised of geophysics and soil geochemistry is currently underway with a trenching program set to start once permits are received. Diamond drilling in the Santa Pancha area of the El Limon concession started on April 1, 2010, and to May 1, 2010 266 metres has been completed in ten holes. Two drills are currently operating.

Full results have been received for the mine resource definition drill program conducted in 2009 and early 2010 on the Santa Pancha vein system. Initial drilling in the Santa Pancha "Deep" area is highlighted by hole LIM-10-3476 which returned 20.8 metres (true width 15.73 metres) grading 9.45 g/t gold, including 5.8 metres grading 15.26 g/t gold and 5.5 metres grading 14.92 g/t gold. Infill drilling is currently being conducted in this area to confirm and upgrade the December 2009 inferred resource of 167,000 ounces of gold (1.1 million tonnes at 4.7 g/t gold at 2.3 g/t gold cut off).

Radius Joint Venture

Work crews continue to define the extent of the gold anomaly at the main Trebol epithermal gold prospect in northeast Nicaragua (see Radius press release dated March 23rd, 2010), using detailed surface sampling and trenching. Results are pending. In addition soil sampling has confirmed another anomaly 5 kilometres to the southwest, also along trend, in which float boulders have returned similar grades up to 4 g/t gold. Both of these new areas will be developed in the coming months with trenching and more sampling.

At the El Pavon project, closely spaced trenching has been completed over the Ahumada Vein at Pavon Sur. Channel and saw-cut sampling are being utilized to determine open pit potential on the oxidized surface enriched zone at both the Pavon Sur and Norte targets. Trenching at Pavon Norte is currently underway.

Kupol East and West Licenses

A spring drill program comprising 5 holes totaling 2,788 metres has been completed on additional targets in the Moroshka basin looking for veins other than those discovered to date. Results are pending. Drilling at the main Moroshka vein system will commence later in the year.

The Company has spent considerable effort reviewing potential acquisitions of exploration, development or producing gold properties and will continue to do so with the objective of building B2Gold into an intermediate gold producer.

OUTSTANDING SHARE DATA

At May 12, 2010 there were 310,237,338 common shares outstanding. In addition, there were approximately 21.2 million stock options outstanding with exercise prices ranging between Cdn.$0.80 to Cdn.$3.72 per share and approximately 50 million share purchase warrants with exercise prices ranging between Cdn.$0.88 to Cdn.$4.25 per share. More information on these instruments is disclosed in Notes 13 and 19 of the Company's December 31, 2009 audited consolidated financial statements.

CAUTION ON FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis contains forward-looking statements within the meaning of applicable securities laws, which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Wherever possible, words such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this Management's Discussion and Analysis reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements. A number of factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements including those listed in the "Risk Factors" section of this management's discussion and analysis. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause the Company's actual results, performance, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, shareholders should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this Management's Discussion and Analysis and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Additional information on the Company, including its Annual Information Form is available under the Company's profile on SEDAR at www.sedar.com.