

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*This Management's Discussion and Analysis has been prepared as at November 25, 2008 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 as at and for the periods ended September 30, 2008 and the audited consolidated financial statements of the Company and the notes thereto for the period from November 30, 2006 (date of incorporation) to December 31, 2007. 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.*

### INCORPORATION AND OVERVIEW

B2Gold was incorporated as a private company under the Business Corporations Act (British Columbia) on November 30, 2006. On December 6, 2007, B2Gold completed its initial public offering of 40 million common shares at a price of Cdn.\$2.50 per share for gross proceeds of Cdn.\$100 million. On December 6, 2007, B2Gold's common shares were listed for trading on the TSX Venture Exchange. B2Gold was formed by certain former executives of Bema Gold Corporation ("Bema") and essentially commenced operations in March 2007. On October 23, 2008, the Company's common shares were listed and commenced trading on the Toronto Stock Exchange. As a result of this graduation, the Company's common shares were delisted from the TSX Venture Exchange (at the commencement of trading on the Toronto Stock Exchange).

The Company is a mineral exploration company focused on the acquisition, exploration and development of interests in precious metals properties worldwide. The Company's interests in mineral properties that are considered to be material are its interests in the Gramalote, Quebradona and Miraflores properties in Colombia and the East and West Kupol Licenses in Russia. The Company also holds a 100% interest in the Mocoa property in Colombia. These properties are at various stages of exploration, either with drilling previously completed on the property or with drill ready targets and drilling scheduled to commence or continue in 2008.

B2Gold was formed to acquire certain assets formerly owned by Bema that were considered by Kinross Gold Corporation ("Kinross") not to be part of the core assets of Bema that Kinross wished to retain and acquire in the arrangement transaction approved by Bema's shareholders and implemented on February 27, 2007. On February 26, 2007, pursuant to the Purchase Agreement, the Company acquired certain assets ("Non-Russian Assets") consisting of the former interests of Bema in a joint venture arrangement with AngloGold Ashanti Limited ("AGA") relating to the acquisition of interests in a number of properties in Colombia, as well as certain office leasehold interests and furniture and equipment, a \$1.9 million receivable from Consolidated Puma Minerals Corp. ("Puma") and an option to acquire approximately 35% of the outstanding shares of Puma from Bema ("Puma Option"). The Company paid an aggregate of \$7.5 million in the form of 2,722,500 common shares of B2Gold and promissory notes aggregating \$7,453,717 for these assets acquired on February 26, 2007. In December 2007 and February 2008, the Company repaid approximately \$2.3 million and \$2.6 million, respectively, of the amounts owing under the promissory notes. In February 2008, the Company elected not to exercise its option to acquire the common shares of Puma from Kinross.

The Purchase Agreement also provides for the acquisition of 50% of Bema's 75% interest in a proposed joint venture (37.5% overall interest) that will have an indirect interest in the Kupol East and West Licenses. The Company has reserved for issuance an additional 2,722,500 common shares, which are expected to be issued to Kinross, together with a promissory note in the aggregate amount of approximately \$7.4 million, upon the completion of the acquisition of the Company's interest in the East and West Kupol Licenses. Closing is subject to the receipt of certain consents and the completion of transfers and other steps relating to the proposed transfer of the Kupol East and West Licenses to a Russian subsidiary of Chukotka Mining and Geological Company ("CMGC")

(75% owned by Kinross and 25% owned by the Government of Chukotka). The Company and Kinross are currently in negotiations with a company controlled by agencies of the Government of Chukotka ("CUE") to reach agreement on the amount of CUE's ownership interest and other aspects of the anticipated joint venture. The Company and Kinross are currently sharing equally the initial funding of the cost of exploration activities on the East and West Kupol license area.

On August 21, 2007, the Company entered into a binding Memorandum of Understanding ("Gramalote MOU") with respect to the purchase by the Company of 25% of the issued and outstanding shares of Gramalote Limited ("Gramalote BVI") which holds mineral exploitation and exploration licenses and concession contracts covering approximately 27,000 hectares in Colombia. In connection with the execution of the Gramalote MOU, the Company paid \$3.5 million to Grupo Nus (the vendors) and in exchange Grupo Nus issued a \$3.5 million promissory note in favour of the Company. On October 26, 2007, the Company entered into a definitive purchase and sale agreement ("Gramalote Purchase Agreement"). In connection with the first stage of closing under the Gramalote Purchase Agreement, the Company paid an amount of \$7.5 million to Grupo Nus, consisting of a cash payment of \$4 million and the satisfaction and cancellation of the \$3.5 million owing to the Company under the promissory note. In addition, pursuant to the Gramalote Purchase Agreement, on December 6, 2007 (upon completion of the Company's initial public offering) the Company issued 2 million share purchase warrants, each warrant entitling the holder to purchase one common share of B2Gold at a price of Cdn.\$2.50 per share until December 6, 2010. The Company paid Grupo Nus an additional \$7.5 million on April 25, 2008.

On February 13, 2008, the Company entered into a binding memorandum of agreement ("MOA") with AGA that expands on and supersedes the non-binding memorandum of understanding between the Company and AGA dated November 26, 2007. Pursuant to the terms of the MOA, the parties agreed to terminate AGA's right to acquire 20% of the voting shares of Andean Avasca Resources Inc. ("AARI") (100% owned by B2Gold), terminate the Company's obligation with respect to the listing of AARI's shares, amend certain Colombian joint venture arrangements to which subsidiaries of the Company and AGA are parties and acquire additional interests in mineral properties in Colombia. AARI indirectly has the right to earn a material interest in a number of properties in Colombia, including the Quebradona property, pursuant to the terms of a joint venture agreement with AGA.

On May 15, 2008, the Company entered into the Agreement to Amend the Relationship, Farm-Out and Joint Venture Agreement and regarding Gramalote Limited and Other Matters ("Amending Agreement") between AGA, Sociedad Kedahda S.A. (a subsidiary of AGA), Compania Kedahda Ltd. ("Kedahda BVI") (a subsidiary of AGA), AARI and the Company, to implement the transactions agreed to in the MOA (see "B2Gold/ AngloGold transaction" section). Pursuant to the Amending Agreement, the Company issued to AGA units comprised of an aggregate of 25,000,000 common shares and 21,400,000 share purchase warrants. The warrants, which are exercisable at any time prior to May 15, 2011, consisted of 11,000,000 warrants exercisable at a price of Cdn.\$3.34 per share and 10,400,000 warrants exercisable at a price of Cdn.\$4.25 per share.

On May 15, 2008, in connection with the Amending Agreement, Kedahda BVI elected not to exercise its right to acquire the Additional Interest in Gramalote BVI. As a result, pursuant to the terms of the Gramalote Purchase Agreement, the Company notified Grupo Nus that it was exercising its option to acquire the Additional Interest by paying \$7.5 million in cash or common shares within 60 days. On July 15, 2008, the Company completed the \$7.5 million payment to Grupo Nus by issuing 5,505,818 common shares of the Company at a price of Cdn.\$1.10 per share (valued at \$6 million) and making a cash payment of \$1.5 million. The Company is now entitled to a 51% share interest in Gramalote BVI with AGA holding a 49% interest. The Company has taken over management of exploration of the Gramalote property and will be responsible for any expenditures it incurs prior to June 30, 2010 in connection with any feasibility study on the Gramalote property. In the event that a feasibility study on the Gramalote property is not completed prior to June 30, 2010, or the Gramalote Shareholders Agreement is terminated by unanimous agreement of the parties, Gramalote BVI will be required to issue, for nominal consideration, that number of common shares to AGA required to ensure that AGA will hold a 51% interest in Gramalote BVI.

## RESULTS OF OPERATIONS

### *Third quarter 2008 versus third quarter 2007*

For the three months ended September 30, 2008, the Company had a loss of \$4.5 million (negative \$0.03 per share) compared to a loss of \$3.3 million (negative \$0.08 per share) in the equivalent period of 2007. The increase in loss was mainly due to a foreign exchange loss of \$2.9 million in the current quarter and stock-based compensation expense of \$0.7 million. The third quarter of 2007 included a write-off of resource property costs in the amount of \$2.3 million. The foreign exchange loss of \$2.9 million in the current quarter resulted from the strengthening of the United States dollar against the Canadian dollar (the United States dollar strengthened against the Canadian dollar from 1.0197 on June 30, 2008 to 1.0642 on September 30, 2008) and related primarily to the net cash proceeds received from the Company's December 6, 2007 initial public offering (see "Financing activities" section) as the Company maintains the majority of its cash and cash equivalents in Canadian dollars. Stock-based compensation expense of \$0.7 million (Q3-2007 - \$nil) related to options granted on December 7, 2007 and in the first quarter of 2008. During the third quarter of 2007, the Company wrote-off resource property costs in the amount of \$2,279,465, relating to the San Martin de Loba (\$1,284,633) and San Carlos properties (\$994,832) in Colombia, as it elected not to continue to explore these properties due to poor drill results.

### *Summary of Unaudited Quarterly Results:*

	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	From inception (Nov. 30, 2006) to Mar. 31, 2007
	\$	\$	\$	\$	\$	\$	\$
Loss and comprehensive loss for the period	4,546,852	2,113,320	8,347,329	167,381	3,338,068	201,723	488,683
Loss per share – basic and diluted	0.03	0.01	0.07	0.00	0.08	0.04	0.30

### *First nine months 2008 versus first nine months 2007*

For the nine months ended September 30, 2008, the Company reported a loss of \$15 million (negative \$0.10 per share), resulting mainly from foreign exchange losses of \$5.4 million, stock-based compensation expense of \$3.5 million and the write-off of the Puma Option in the amount of \$3 million. In addition, general and administrative costs totalled \$5.1 million and were partially offset by interest income of \$2.2 million. The results for the same period one year earlier are not comparable as the Company commenced operations essentially in March 2007. The Company has no source of ongoing operating revenue.

In the first nine months of 2008, the Company recorded a foreign exchange loss of \$5.4 million due to the strengthening of the United States dollar relative to the Canadian dollar (the United States dollar strengthened against the Canadian dollar from 0.9913 on December 31, 2007 to 1.0642 on September 30, 2008). The Company also recorded a non-cash loss of \$3 million from the write-off of its Puma Option as the Company elected during the first quarter of 2008 not to exercise its option to purchase the common shares of Puma held by Kinross. Stock-based compensation expense totalled \$3.5 million in 2008 (in addition to approximately \$1.7 million of stock-based compensation capitalized to resource property interests).

On December 7, 2007, the Company granted 4,915,000 incentive stock options with an exercise price of Cdn.\$2.40 per share to non-executive directors, non-executive officers, and employees of the Company. These stock options have a term of five years and expire on December 7, 2012. One-third of these options vested on June 7,

2008, another one-third will vest on December 7, 2008 and the remainder will vest on December 7, 2009. In the first quarter of 2008, the Company granted an additional 640,000 stock options to employees also having an exercise price of Cdn.\$2.40 per option and a term of five years. The fair value of the options granted in 2008 and 2007 was estimated at approximately \$1.41 per option at the grant date using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 4%, an expected life of five years, an expected volatility of 67%, and a dividend yield rate of nil. The estimated fair value of these options is being recognized over their vesting periods (recorded either as a charge to operations or capitalized to resource property interests).

The loss during the period from the Company's inception on November 30, 2006 to September 30, 2007 was \$4 million (negative \$0.28 per share), mainly due to the write-off of resource property costs of \$2.3 million and to general and administrative costs.

## **B2GOLD/ ANGLOGOLD TRANSACTION**

On May 15, 2008, the Company entered into the Amending Agreement to implement the transactions contemplated under the MOA and the joint venture arrangements between the parties were amended by new agreements, such that:

- AGA's rights to acquire 20% of the voting securities of AARI and the Company's obligation to list those shares on a stock exchange were terminated and, in consideration of the termination of these rights and in consideration of the other rights and the transfer to the Company of certain mineral prospects in Colombia, the Company issued to AGA units comprised of an aggregate of 25,000,000 common shares of B2Gold and 21,400,000 share purchase warrants ("AGA warrants"). The AGA warrants, which are exercisable for a three year term at any time prior to May 15, 2011, consist of 11,000,000 warrants exercisable at a price of Cdn.\$3.34 per share and 10,400,000 warrants exercisable at a price of Cdn.\$4.25 per share.

The fair value of the AGA warrants was calculated to be \$3,660,521 using the Black-Scholes option pricing model based on a risk free annual interest rate of approximately 4%, an expected life of three years, an expected volatility of 55% and a dividend yield of nil.

- The Company acquired a 100% interest in the Miraflores property in Colombia.
- AGA transferred to the Company its 100% interest (subject to AGA retaining a 1% royalty) in the Mocoa property, a copper/molybdenum deposit located in the south of Colombia.
- AGA transferred to the Company a 2% interest in Gramalote Limited ("Gramalote BVI") and assigned to the Company other rights relating to Gramalote BVI, including AGA's right to acquire an additional 24% interest ("Additional Interest"), so that the Company now holds a 51% interest in the Gramalote BVI (with AGA retaining 49%) and the Company has taken over management of exploration of the Gramalote property; in order to retain the 2% share interest, the Company will be responsible for expenditures until completion of a feasibility study of the project by July 2010.
- AGA transferred to Gramalote BVI its interests in additional Gramalote Trend Properties.
- The Company increased from 3,000 metres ("m") to 5,000 m the extent of drilling required for it to earn in its interests in other Colombian properties under the joint venture agreement ("JVA") between AGA and AARI.
- The Company granted to AGA registration rights to qualify a resale of its securities by prospectus and a pre-emptive right to subscribe for securities issued by the Company on the same basis as such issues are made, other than issues made to acquire properties or under employee incentive plans, in order for AGA to maintain its percentage ownership of common shares of the Company. This pre-emptive right will continue for the lesser of a period of three years or until AGA owns less than 10% of the outstanding common shares of the Company.

AGA has agreed to a one year standstill in respect of its interest in the Company which will cease to be effective in the event of a third party take-over bid or merger proposal relating to all or substantially all of the shares or assets of the Company. In addition, AGA has agreed to give the Company advance written notice of AGA's intention to sell any common shares in the Company. On May 15, 2008, AGA held approximately 15.9% of the Company's issued and outstanding common shares. If the 21,400,000 AGA warrants were included in the calculation on an "if exercised" basis, AGA's interest in the Company would have been approximately 26% on May 15, 2008.

The purchase consideration has been allocated to the fair value of the assets acquired from AGA as follows:

	\$
Purchase price:	
25,000,000 common shares of B2Gold	33,750,000
21,400,000 AGA warrants	3,660,521
Transaction costs	430,269
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Total purchase price	37,840,790
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Fair value of assets/ (liabilities) acquired:	
Mocoa property	27,163,466
Gramalote investment	10,045,085
Quebradona property	3,984,364
Miraflores property	1,941,370
Other Properties under the Colombia Joint Venture Arrangement	1,992,182
Future income tax assets	2,063,507
Future income tax liabilities	(9,349,184)
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Total fair value of assets acquired on May 15, 2008	37,840,790
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## **LIQUIDITY AND CAPITAL RESOURCES**

The Company ended the third quarter of 2008 with cash and cash equivalents of approximately \$61.5 million and a working capital balance of \$57.2 million compared to cash and cash equivalents of \$75.9 million and working capital of \$64.8 million at June 30, 2008. The decrease in cash and cash equivalents of \$14.4 million during the quarter was mainly due to exploration expenditures incurred on the Company's properties in Colombia and Russia (see "Investing activities" section) and to a foreign exchange loss of \$2.9 million. Current liabilities totalled \$5.8 million at September 30, 2008 compared to \$12.2 million at June 30, 2008. The decrease in current liabilities during the quarter was mainly due to the Company completing a \$7.5 million payment to Grupo Nus on July 15, 2008 to acquire the Additional Interest in Gramalote BVI (by issuing 5,505,818 common shares of the Company valued at \$6 million and making a cash payment of \$1.5 million).

### ***Operating activities***

During the third quarter of 2008, cash flow from operating activities, before changes in non-cash working capital changes, was negative \$3.9 million (Q3 2007 – negative \$1.3 million), due primarily to a foreign exchange loss of \$2.9 million and to general and administrative costs.

### ***Financing activities***

On December 6, 2007, the Company completed its initial public offering. Pursuant to an agreement (the "Underwriting Agreement") dated November 28, 2007, between the Company and Genuity Capital Markets, Canaccord Capital Corporation, GMP Securities L.P., BMO Nesbitt Burns Inc., Orion Securities Inc. and Haywood Securities Inc. (collectively, the "Underwriters"), the Underwriters purchased, in the portions set out in the Underwriting Agreement, an aggregate of 40 million common shares at a purchase price of Cdn.\$2.50 per common share for gross proceeds of Cdn.\$100 million. The Company paid the Underwriters a commission of Cdn.\$0.15 per common share purchased by the Underwriters, excluding 6 million common shares purchased by Kinross for which no commission was payable, for an aggregate commission of Cdn.\$5.1 million.

On October 24, 2007, the Company completed a brokered private placement of 15 million common shares at a price of Cdn.\$1.00 per share for gross proceeds of Cdn.\$15 million. Genuity Capital Markets, Canaccord Capital Corporation and GMP Securities L.P. acted as agents in connection with this private placement and were paid a cash commission of Cdn.\$750,000. Kinross was a participant in this private placement and acquired approximately 1.5 million shares.

On September 20, 2007, the Company completed a non-brokered private placement of 25 million common shares at a price of Cdn.\$0.40 per share for gross proceeds of Cdn.\$10 million. The private placement was completed with certain directors, officers and employees of the Company and other investors. Kinross was a participant in this private placement and acquired approximately 2.5 million shares.

On July 25, 2007 and February 26, 2007, the Company completed non-brokered private placements of 41,599,000 common shares and 3,000,999 common shares, respectively, both at a price of Cdn.\$0.02 per share for gross proceeds totalling Cdn.\$892,000. These private placements were completed with certain directors, officers and employees of the Company and other investors.

On June 29, 2007 the Company established the B2Gold Incentive Plan (the "Incentive Plan") for the benefit of directors, officers, employees and service providers of the Company and issued to the trustees of the Incentive Plan options to acquire 4,955,000 common shares. On October 12, 2007, following the exercise of these options, an aggregate of 4,955,000 common shares were issued to the trustees of the Incentive Plan at a price of Cdn.\$0.02 per share for gross proceeds of Cdn.\$99,100. These shares are currently held in trust by the trustees pursuant to the terms of the Incentive Plan. The Company will recognize stock based compensation expense with respect to these incentive shares, when these shares are granted to the ultimate beneficiaries by the trust.

During 2007, the Company had received interest-free advances of Cdn.\$1.5 million from certain officers and shareholders of the Company. These advances were repaid in 2007; approximately Cdn.\$0.9 million was satisfied by way of shares (a total of 1.53 million common shares issued under the Company's October 24, 2007 and

September 24, 2007 private placements) and the remaining Cdn.\$0.6 million was repaid in cash from the proceeds of the Company's initial public offering.

### *Investing activities*

On May 15, 2008, in connection with the Amending Agreement (see "B2Gold/ AngloGold transaction" section), Kedahda BVI elected not to exercise its right to acquire the Additional Interest in Gramalote BVI. As a result, pursuant to the terms of the Gramalote Purchase Agreement, the Company notified Grupo Nus that it was exercising its option to acquire the Additional Interest by paying \$7.5 million in cash or common shares within 60 days. On July 15, 2008, the Company completed the \$7.5 million payment to Grupo Nus by issuing 5,505,818 common shares of the Company at a price of Cdn.\$1.10 per share (valued at \$6 million) and making a cash payment of \$1.5 million. The Company is now entitled to a 51% share interest in Gramalote BVI with AGA holding a 49% interest. The Company has taken over management of exploration of the Gramalote property and will be responsible for any expenditures it incurs prior to June 30, 2010 in connection with any feasibility study on the Gramalote property. On May 15, 2008, the Company entered into the Shareholders' Agreement for an incorporated joint venture Gramalote Limited (the "Gramalote Shareholders' Agreement") that outlines the obligations of AGA and the Company (or their respective subsidiaries) with respect to the Gramalote property and regulates their rights and obligations. Pursuant to the terms of the Gramalote Shareholders Agreement, in the event that a feasibility study on the Gramalote property is not completed prior to June 30, 2010, or the Gramalote Shareholders Agreement is terminated by unanimous agreement of the parties, Gramalote BVI will be required to issue, for nominal consideration, that number of common shares to AGA required to ensure that AGA will hold a 51% interest in Gramalote BVI.

On April 25, 2008, pursuant to the Gramalote Purchase Agreement, the Company made an additional cash payment of \$7.5 million to Grupo Nus with respect to its purchase of 25% of the issued and outstanding shares of Gramalote BVI.

In March 2008, the Company provided Puma with the required six months notice that it will be terminating its Management Services Agreement/ Exploration Management Agreement with Puma as of September 12, 2008. At the request of Kinross, Puma's largest shareholder, the Company has agreed to continue to manage Puma until December 19, 2008. On April 21, 2008, the Company requested that Puma repay \$1 million (repaid on April 29, 2008) of the amount owing under its promissory note to B2Gold and the remaining balance of approximately \$1.1 million on the date of Puma's 2008 Annual General Meeting on June 12, 2008 (repaid on June 12, 2008).

In February 2008 and December 2007, the Company repaid \$2.6 million and \$2.3 million, respectively, of its promissory notes to Kinross. At September 30, 2008, approximately \$2.6 million remained payable under these notes. These promissory notes had been issued to Kinross pursuant to the Purchase Agreement relating to the Non-Russian Assets acquired on February 26, 2007.

During the third quarter of 2008, the Company incurred resource property expenditures in the amount of approximately \$11.1 million (on a cash basis) which was expended as follows: \$6.6 million on the Gramalote property, \$2 million on Colombian properties under the JVA with AGA (including approximately \$0.8 million on Quebradona), \$1.5 million on Mocoa, \$0.9 million (the Company's 50% share) on the East and West Kupol Licenses, and \$0.1 million on Miraflores.

The Company completed its Earn-in-Requirements in respect of the Quebradona property on May 28, 2008 (by completing 5,000 m of exploration drilling). On September 15, 2008, the Company and AGA amended the JVA to extend the date by which AGA was to make its participation decision and to jointly fund further exploration at the Quebradona property. Based on the JVA, AGA had the following three alternatives to decide from regarding further exploration at Quebradona: (i) elect to fund all future exploration as the operator at 65% and free carry B2Gold to feasibility; (ii) elect to be the operator and fund on a pro-rata basis of 51% AGA and 49% B2Gold; or (iii) elect to fund as the owner of a 49% interest with B2Gold as operator owning and funding 51%. The amendment to the JVA is that the parties will fund an additional 10,000 m of drilling on a 51% B2Gold/49% AGA basis. The drilling will be completed within the next six months, with B2Gold as operator. Upon the completion of the drilling program and receipt of the assays, AGA will have 30 days to choose between the participation alternatives outlined above. If

AGA elects to become operator and free carry B2Gold to feasibility (to earn a 65% interest), AGA will reimburse B2Gold for its 51% expenditure for the additional 10,000 m drill program.

The 5,300 m phase I drilling program completed by B2Gold on the Quebradona Property focused on the Aurora and Isabella targets, two of the five porphyry targets outlined on the property, by stream sediment and soil geochemical sampling. The phase I drilling on the Aurora zone outlined significant gold mineralization in two zones, the La Mama and the La Isla zones with results of up to 1.07 grams per tonne (“g/t”) gold (“Au”) over 182 m in hole 8. Since completing the phase I drilling program, a further 6,075 m of the additional 10,000 m drill program have been drilled on the Aurora, La Sola, Chaquiro and El Tenedor porphyry targets with drilling continuing at El Tenedor and Chaquiro.

The Company commenced a 25,000 m to 30,000 m diamond drilling program on the Gramalote property in early April 2008. The scoping study drill program will consist of 20,000 m of infill drilling in the area of previous drilling by AGA on the main Gramalote zone, 10,000 m of satellite drilling of the prospective outlying targets (including the La Trinidad and Felipe zones), detailed metallurgical and geotechnical studies and resource modeling.

On September 4, 2008, the Company announced it has made a significant new gold discovery at the La Trinidad zone on the Gramalote property. Drill results included up to 1.13 g/t Au over 109.4 m in hole 2, and 1.24 g/t Au over 101.85 m in hole 4. The La Trinidad zone is located west of the Gramalote deposit along the highway from Medellin to Puerto Berrio, near the town of Providencia. The mineralization at the La Trinidad zone is similar to Gramalote in size, orientation, vein mineralization and hydrothermal alteration. The zone was discovered with trenching and follow-up drilling on soil geochemical anomalies.

The Company has drilled approximately 28,200 m during the 2008 Gramalote property diamond drill program. Most of this work has focused on ongoing resource definition drilling at Gramalote Ridge (21,418 m to date) over a 1,200 m by 600 m area at the intrusion-hosted, structurally-controlled, bulk-tonnage Gramalote gold deposit. In the first quarter of 2009, the Company intends to publish a NI 43-101 compliant resource estimate on the Gramalote deposit. AGA had previously drilled 12,300 m in 43 holes at Gramalote Ridge.

At the 100% owned Mocoa copper molybdenum deposit the Company completed a 5,123 m drill program that tested extensions of known mineralization and twinned historic drill holes. Ingeominas and Ecominas (Colombian state agencies) and the United Nations had completed 18,321 m of drilling in 31 holes at Mocoa between 1978 and 1983.

Limited diamond drilling and metallurgical test work at the Miraflores property by Kedadha and the Company has been successful at delineating a significant low-grade, large tonnage gold-silver deposit at Miraflores that is potentially amenable to bulk-tonnage mining and mineral extraction techniques. The Miraflores property consists of a gold-bearing breccia body exposed over a 250 m by 250 m area on surface that extends to at least 600 m vertical depth. Previous B2Gold drilling returned up to 124 m at 1.3g/t Au and 204 m at 1.2g/t Au. The 2008 program will consist of scoping work and surface sampling.

In Russia, B2Gold has rights to acquire a 37.5% interest, from Kinross, in the Kupol East and West Licenses in Chukotka, Russia. These Licenses cover the ground surrounding, and adjacent to, the high grade Kupol gold and silver mine that was being developed by Bema at the time of the Kinross takeover and is now in production.

Previous exploration work carried out by Russian operators and most recently by B2Gold on the Kupol East and West Licenses has outlined several mineralized targets. A total of 10,306 m of drilling has been completed in 2008 with 7,516 m on the Kupol West project and 2,790 m on the Kupol East project. B2Gold is the exploration operator for the joint venture on these Licenses. Drilling has been completed for the year on both projects.

At Kupol West, drilling was conducted in two stages with a spring program running from March through May and a fall program from September through November. Both programs tested targets generated during the 2007 and previous exploration programs. Two new zones of alteration and mineralization have been identified in the 2008 drilling and final assays are pending. Exploration work indicates that the structural system and related alteration hosting the main Kupol Vein system extends up to 6 km north of the Kupol mine property boundary. Extensive



epithermal pathfinder soil geochemical anomalies have been identified in the Moroshka West basin area, four km to the east of the Kupol Mine. These will be followed up with drilling in the spring of 2009.

Drilling on Kupol East was in April and May 2008. The Prekup prospect was drilled along strike and at depth and several targets were tested in the Tokai area, including drilling along strike of a sinter zone. Summer work in 2008 included an extensive program of soil geochemical sampling over numerous targets and trenching and detailed mapping over the Tokai and Killer Bunny prospects.

The Company is responsible for making the following cash payments to the underlying property vendors with respect to the Miraflores, La Mina, and San Luis properties located in Colombia (these payments are at the Company's discretion and are based upon available financial resources and the exploration merits of the properties which are evaluated on a periodic basis):

- Miraflores: (i) 420,000,000 pesos (\$207,000) on October 25, 2007 (*paid*), (ii) 480,000,000 pesos (\$270,000) on April 25, 2008 (*paid*), (iii) 520,000,000 pesos (\$238,000\*) on October 25, 2008, (iv) 600,000,000 pesos (\$275,000\*) on April 25, 2009, (v) 820,000,000 pesos (\$375,000\*) on October 25, 2009 and (vi) 3,570,000,000 pesos (\$1,634,000\*) on April 25, 2010.

*\* converted to United States dollars based on the Colombian peso/ United States dollar exchange rate as at September 30, 2008.*

- La Mina: (i) \$50,000 on November 20, 2007 (*paid*), (ii) \$50,000 on May 20, 2008 (*paid*) and (iii) \$1 million thirty days after a pre-feasibility study.
- San Luis: (i) \$75,000 on June 6, 2008 (*paid*), (ii) \$150,000 on June 6, 2009, (iii) \$200,000 on June 6, 2010, (iv) \$350,000 on June 6, 2011, (v) \$1,625,000 on June 6, 2013.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company's accounting policies are described in Note 2 of its audited consolidated financial statements as at December 31, 2007. 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:

- Use of estimates;
- Resource properties;
- Future income taxes;
- Stock-based compensation; and
- Financial instruments.

### ***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.

### ***Resource properties***

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. If production commences, these costs would be amortized on a units of production basis over the estimated mineral reserves. 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 Company reviews and evaluates the carrying value of resource property interests 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.

### ***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. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

### *Stock-based compensation*

Compensation expense for stock options granted are determined based on the estimated fair values of the stock options at the time of grant, the cost of which is recognized over the vesting periods of the respective options (and recorded as a charge to operations or capitalized to resource properties). In the determination of fair values, the Company uses the Black-Scholes option pricing model. Fair values are determined at the time of grant. Consideration received on the exercise of stock options is recorded as share capital.

### *Financial instruments*

Effective November 30, 2006, the Company adopted the following three new accounting standards and related amendments to other standards on financial instruments issued by the Canadian Institute of Chartered Accountants (“CICA”).

- *Financial Instruments – Recognition and Measurement (Section 3855)*  
This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a company’s balance sheet and measured either at fair value or, in certain circumstances, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations or other comprehensive income. All financial assets and liabilities are recognized when the entity becomes a party to the contract.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost.
- Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- Held-for-trading financial instruments are measured at fair value. All gains and losses are included in net earnings/ loss in the period in which they arise.
- All derivative financial instruments are classified as held-for-trading financial instruments and are measured at fair value. All gains and losses are included in net earnings/ loss in the period in which they arise.

In accordance with this new standard, the Company has classified its financial instruments as follows:

- Cash and cash equivalents have been designated as “held-for-trading”.
- Accounts receivable and the note receivable from Puma were “receivables”, initially valued at fair value and subsequently measured at amortized cost.
- The Company’s Gramalote investment had been classified as available-for-sale at December 31, 2007, and was initially recorded at its fair market value, which approximated cost.

On May 15, 2008, in accordance with the CICA Handbook Accounting Guideline 15 “Consolidation of Variable Interest Entities” (“AcG15”), the Company concluded that its investment in Gramalote BVI qualifies as a Variable Interest Entity and that the Company is not the primary beneficiary. Accordingly, effective May 15, 2008, under AcG15, the Company’s investment in Gramalote is now being accounted for using the equity method.

- Accounts payable and accrued liabilities, the accrued Gramalote purchase payment and notes payable to Kinross have been designated as “other financial liabilities”, initially valued at fair value and subsequently measured at amortized cost.
- *Comprehensive Income (Section 1530)*  
Comprehensive income is the change in shareholders’ equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other “comprehensive income” until it is appropriate to recognize them in net earnings/ loss. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.
- *Hedging (Section 3865)*  
This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have any hedges.

## RELATED PARTY TRANSACTIONS

As part of the Arrangement between Bema and Kinross and pursuant to the Purchase Agreement, the Company entered into the following agreements with Puma, a company related by way of common directors:

- Management Services Agreement pursuant to which the Company will provide office space, furnishings and equipment, communications facilities, secretarial and administrative services and personnel to Puma in consideration for a monthly fee of Cdn.\$5,000.
- Exploration Management Agreement, whereby Puma will reimburse the Company for services supplied in connection with Puma's exploration or development work programs, and pay the Company a contractor fee equal to 10% of direct program expenditures incurred by Puma.

In March 2008, the Company provided Puma with the required six months notice that it will be terminating its Management Services Agreement/ Exploration Management Agreement with Puma as of September 12, 2008. The Company is currently managing Puma until December 19, 2008 at the request of Kinross.

During 2007, the Company also provided management, administrative and technical services, on a month-to-month basis, to Victoria Resource Corporation (up to July 2007) and Consolidated Westview Resource Corp. (up to November 2007), companies which were also previously managed by Bema. In addition to those transactions disclosed elsewhere in these consolidated financial statements, the Company had the following transactions and balances with the above associated companies:

	<i>For the three months ended Sep. 30, 2008</i>	<i>For the three months ended Sep. 30, 2007</i>	<i>For the six months ended Sep. 30, 2008</i>	<i>For the period from inception (Nov. 30, 2006) to Dec. 31, 2007</i>
	\$	\$	\$	\$
<b>Consolidated Statement of Loss</b>				
Management fees (income)	(50,242)	(21,551)	(172,120)	(273,669)
Interest income	-	(48,998)	(61,416)	(164,178)
Expenses (reimbursed):				
Office and general	-	(4,266)	-	(10,434)
Salaries and benefits	2,083	(34,568)	(53,006)	(106,700)
Rent	(6,907)	(10,241)	(21,203)	(31,874)
	<b>(55,066)</b>	(119,624)	<b>(307,745)</b>	(586,855)
<b>Consolidated Balance Sheet</b>				
Accounts receivable	145,797	55,059	145,797	374,209

## **CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS**

### ***Capital Disclosures (Section 1535)***

Effective January 1, 2008, the Company adopted Section 1535 “Capital Disclosures”. This standard requires disclosure of an entity’s objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

### ***Financial Instruments - Disclosure (Section 3862) and Presentation (Section 3863)***

These standards replace CICA 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity’s financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity’s key management personnel. Effective January 1, 2008, the Company adopted these standards.

### ***Goodwill and Intangible Assets (Section 3064)***

Section 3064 establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC–27, “Revenues and Expenses During the Pre-operating Period”. As a result of the withdrawal of EIC–27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and financial statements beginning January 1, 2009.

### ***International Financial Reporting Standards (“IFRS”)***

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## **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](http://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 and Mining Risks***

The business of exploring for minerals and mining involves a high degree of risk. Only a small proportion of the properties that are explored are ultimately developed into producing mines. At present, none of the properties in which the Company has an interest have proven or probable reserves or measured, indicated or inferred resources and the proposed programs are an exploratory search for reserves and resources. The mining areas presently being assessed by the Company may not contain economically recoverable volumes of minerals or metals. Should economically recoverable volumes of minerals or metal be found, substantial expenditures are required to establish

reserves through drilling, to develop metallurgical processes and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, 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.

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. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Depending on the price of gold or other minerals produced, which have fluctuated widely in the past, the Company may determine that it is impractical to commence or continue commercial production.

### ***Foreign Countries and Laws and Regulations***

The Company has interests in properties that are located in developing countries, including 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. Any changes in regulations or shifts in political conditions or attitudes are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

### ***Restriction on Foreign Investment and Capital Raising in Russia***

On May 5, 2008, the Russian Parliament adopted new legislation that requires prior approval for the development by a foreign investor of any subsoil deposit containing gold reserves of 50 tons or more or for the direct or indirect acquisition by a foreign investor of more than 10% of the voting shares (or other means of control) of a Russian company that uses such a subsoil deposit. The legislation could have a significant impact upon the Company's ability to further develop the East and West Kupol Licenses through its participation in the proposed Kupol joint venture. It is possible that this legislation may cause the Company, Kinross and CUE to make changes to the structure and terms of the proposed Kupol joint venture in order to comply with the legislation or receive approval under it. Such changes may be material and there can be no assurance that the Kupol joint venture will proceed as proposed. In addition, if the Kupol joint venture proceeds and "Kupol Opco", the Russian operating company that will hold the East and West Kupol licenses and related exploration assets, were to identify and seek to develop a deposit containing gold reserves of 50 tons or more, approval of the Russian regulatory body would be required for development of that deposit. There can be no assurance that such approval would be granted on acceptable terms or at all and the new legislation provides that if the approval is not granted, the compensation payable to Kupol Opco would be limited to the expenses incurred in the course of exploration.

### ***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. The section of this Management Discussion & Analysis entitled "Liquidity and Capital Resources – Investing activities" identifies the Company's obligations with respect to acquiring and maintaining title to the Company's interest in certain of its current properties. No guarantee can be given that the Company will be in a position to comply with all such 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 in Colombia are the subject of pending applications with the applicable mining registry 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. In addition, a

number of the Company's interests in Colombia are the subject of contractual promises to assign, pursuant to which a third party has agreed to assign to the Company, or to an entity in which the Company holds its interest in the applicable property, certain licenses and/or concession contracts upon the issuance of such licenses or concession contracts by the mining registry to the promising party. The failure of a promising party to comply with its contractual obligation could have a material adverse impact on the Company's interests in the license or concession contract.

There can be no assurances that the interest in the Company's properties is 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.

### ***Commodity Prices***

The profitability of the Company's operations, if established, 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 U.S. dollars and incurs expenses in U.S. dollars, Canadian dollars, Colombian pesos and Russian rubles. As the exchange rates between the Colombian peso, Russian ruble and Canadian dollar fluctuate against the U.S. dollar, the Company will experience foreign exchange gains and losses.

### ***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.

### ***Additional Financing***

The Company currently has no revenues from operations and no mineral reserves or mineral resources. If the Company's exploration programs are successful, additional financing will be required in order to complete the development of the properties in which the Company has an interest. The only sources of future funds presently available to the Company are the sale of additional equity capital, selling or leasing the Company's interest in a property or the entering into of joint venture arrangements or other strategic alliances in which the financing sources could become entitled to an interest in the properties or the projects. The Company's capital resources are largely determined by the strength of the junior resource market and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* of the Canadian Securities Administrators) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

### **OUTLOOK**

B2Gold's corporate objective for the remainder of the year and beyond is to continue to build an intermediate gold producing company through exploration and acquisition. The Company is continuing its ongoing exploration programs in Colombia and Russia and is assessing other exploration and development opportunities. In the first quarter of 2009 the Company intends to publish a NI 43-101 compliant resource estimate on Gramalote, its most advanced Colombian exploration project. B2Gold finds itself in the enviable position of having a very strong cash balance going into the fourth quarter and New Year. In this economic environment, the Company has a unique opportunity to evaluate an increasing number of high quality acquisition opportunities.

## OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares. At November 25, 2008, the Company had the following common shares, stock options and share purchase warrants outstanding:

Common shares	<b>162,783,318 <sup>(1)</sup></b>
Stock options (exercise price of Cdn.\$2.40, expiring between December 6, 2012 and February 27, 2013)	<b>5,450,000</b>
Share purchase warrants (exercise price of Cdn.\$2.50 until December 6, 2010)	<b>2,000,000</b>
Share purchase warrants (exercise price of Cdn.\$3.34 until May 15, 2011)	<b>11,000,000</b>
Share purchase warrants (exercise price of Cdn.\$4.25 until May 15, 2011)	<b>10,400,000</b>
Fully diluted common shares outstanding, as at August 28, 2008	<b>191,633,318</b>

*(1) Includes 4,955,000 common shares issued to the trustees of the Incentive Plan (see "Financing activities" section).*

## CAUTION ON FORWARD-LOOKING INFORMATION

This management's discussion and analysis includes forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.