B2GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This Management's Discussion and Analysis has been prepared as at March 29, 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 audited consolidated financial statements and the notes thereto of the Company as at and 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 (see "Acquisition of Central Sun Mining Inc." section). 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, and in Panama, the 60% owned Cerro Quema project.

RESULTS OF OPERATIONS

Fourth quarter ended December 31, 2009 versus fourth quarter ended December 31, 2008

Gold revenue from the Limon Mine in the fourth quarter of 2009 was $3.5 million on the sale of 3,211 ounces at an average realized price of $1,104 per ounce. The Limon Mine was acquired as part of the Central Sun business combination on March 26, 2009. Prior to the acquisition of Central Sun, the Company had no source of operating revenue. For the three months ended December 31, 2009, the Limon Mine had an operating loss of approximately $2.2 million. The poor operating results in the quarter were mainly caused by illegal work stoppages at the Limon Mine (see "Limon Mine" section).

The Company reported a loss of $17.3 million (negative $0.06 per share) on revenue of $3.5 million for the fourth quarter of 2009 compared to a loss of $15 million (negative $0.10 per share) on revenue of $nil in the equivalent period of 2008. The loss in the fourth quarter of 2009 included a $10.7 million write-down in the carrying value of the Quebradona property in Colombia and the write-off of the Antioquia property, also located in Colombia, in the amount of $2.9 million. Interest and financing expenses totalled $0.7 million (Q4-2008 - $nil), related to the Credit Facility (see "Credit Facility" section) established on November 6, 2009.

The loss in the fourth quarter of 2008 included a foreign exchange loss of $7.3 million which resulted from the strengthening of the United States dollar relative to the Canadian dollar. The foreign exchange loss in the fourth quarter of 2008 related mainly to cash/ short-term money market investments as the Company maintains the majority of its cash/ short-term money market investments in Canadian dollars. In the fourth quarter of 2008, the Company wrote-off resource property costs in the amount of $5.9 million, of which $4.9 million related to its interest in the Miraflores property in Colombia.

On August 4, 2009, the Company granted approximately 10 million incentive stock options with an exercise price of Cdn.$0.80 per option to non-executive directors, non-executive officers, employees and consultants of the Company. These stock options have a term of five years and expire on August 3, 2014. One-third of these options vested on August 4, 2009, another one-third will vest on February 4, 2010 and the remainder will vest on August 4, 2010. It is the Company's policy to not grant stock options to executive directors and officers. The estimated fair value of these options totalling $5 million is being recognized over the vesting period. The fair value was estimated at $0.50 per option at the grant date using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 2.66%, an expected life of five years, an expected volatility of 86.7%, and a dividend yield rate of nil.

Summary of Unaudited Quarterly Results:

	Q4 2009	**Q3 2009**	**Q2 2009**	**Q1 2009**	**Q4 2008**	**Q3 2008**	**Q2 2008**	**Q1 2008**
	$ (000's)	$ (000's)	$ (000's)	$ (000's)	$ (000's)	$ (000's)	$ (000's)	$ (000's)
Gold revenue	3,544	9,243	7,851	-	-	-	-	-
Mine operating income/ (loss)	(2,189)	711	(717)	-	-	-	-	-
Loss and comprehensive loss for the period	17,254	1,964	2,843	5,727	14,987	4,547	2,114	8,347
Loss per share – basic and diluted	0.06	0.01	0.01	0.04	0.10	0.03	0.01	0.07

Selected Annual Financial Information (extracted from audited financial statements):

	For the year ended Dec. 31, 2009	*For the year ended Dec. 31, 2008*	*For the period from inception (on Nov. 30, 2006) to Dec. 31, 2007*
	$ (000's)	$ (000's)	$ (000's)
Gold revenue	20,638	-	-
Mine operating income/ (loss)	2,195	-	-
Loss and comprehensive loss	27,788	29,995	4,196
Loss per share – basic and diluted	0.12	0.21	0.13
Total assets	247,354	152,223	130,640
Total long-term liabilities	35,921	11,918	3,056

In 2009, the Company reported a loss of $27.8 million (negative $0.12 per share) on revenue of $20.6 million compared to a loss of $30 million (negative $0.21 per share) on revenue of $nil in the equivalent period of 2008. During 2009, the Company wrote-off resource property costs in the amount of $7.6 million, as the Company elected not to continue with the Nariño, San Luis, Yarumalito, Cauca and Antioquia properties under its Colombia joint venture agreement with AngloGold Ashanti Limited ("AngloGold"). In addition, the carrying value of the Quebradona property was written down by $10.7 million to its estimated fair value of $1 million. General and administrative costs totalled $7.2 million in 2009, slightly higher than in 2008.

During 2008, the Company recorded a foreign exchange loss of $12.7 million which resulted from the strengthening of the United States dollar relative to the Canadian dollar. The foreign exchange loss related mainly to cash/ short-term money market investments as the Company held the majority of its cash/ short-term money market investments in Canadian dollars. The Company wrote-off resource property costs in the amount of $6.4 million in 2008, of which $4.9 million related to its interest in the Miraflores property. On February 27, 2008, the Company recorded a loss of $3 million from the write-off of its "Puma Option", as it elected not to exercise its option to purchase the common shares of Consolidated Puma Minerals Corp. ("Puma") held by Kinross Gold Corporation ("Kinross"). General and administrative expenses totalled $6.7 million in 2008, partially offset by interest income of $2.6 million.

The Company reported a loss of $4.2 million ($0.13 per share) for the period from its inception on November 30, 2006 to December 31, 2007. The loss during the period included a write-off of resource property costs in the amount of $2.3 million, relating to the San Martin de Loba ($1.3 million) and San Carlos properties ($1 million) in Colombia, as the Company elected not to continue to explore these properties due to poor drill results. The write-off of resource property costs was partially offset by a net foreign exchange gain of $1.6 million incurred in the period, due to the strengthening of the Canadian dollar relative to the United States dollar. General and administrative costs totalled $3.8 million during this period.

Total assets increased to $247.4 million at December 31, 2009, up from $152.2 million at December 31, 2008, reflecting the acquisition of Central Sun (see "Acquisition of Central Sun Mining Inc." section). During 2009, long-term liabilities increased to $35.9 million from the December 31, 2008 balance of $11.9 million, mainly as the result of the Central Sun acquisition and the Credit Facility loan.

LIMON MINE

The operating results for the Limon Mine are summarized in the following table. The Company acquired the Limon Mine as part of the Central Sun business combination (see "Acquisition of Central Sun Mining Inc." section). Prior to the second quarter of 2009, the Company had no source of operating revenue.

	Q4 2009	Q3 2009	Q2 2009	Total 2009
Gold sold (ounces)	3,211	9,508	8,513	21,232
Average realized gold price ($/ ounce)	1,104	972	922	972
Tonnes milled	39,193	83,835	53,483	176,511
Grade (grams/ tonne)	3.35	4.33	4.67	4.30
Recovery (%)	90	88	88	88
Gold production (ounces)	3,577	10,203	6,832	20,612
Cash operating costs ($/ ounce)	1,115	647	858	798
Total cash costs ($/ ounce)	1,193	699	923	859

In the fourth quarter of 2009, the Limon Mine processed 39,193 tonnes of ore at an average grade of 3.35 grams per tonne ("g/t"), producing 3,577 ounces of gold at a total cash cost of $1,115 per ounce. The poor results in the quarter were caused by illegal work stoppages and road blockades. In total fifty-one operating days were lost resulting in lower than budgeted production and higher cash costs as well as lower than expected head grades as ore haulage from higher grade mineral sources was interrupted. The Limon Mine has had a long history of labour disputes, which the Company had expected to cease after signing a collective bargaining agreement on July 3rd, 2009 with the three unions representing the workers at Limon. The Company, the union leaders and the Ministry of Labour of the Government of Nicaragua had worked together to reach this binding agreement.

For 2009, from the date of acquisition on March 26, 2009 to December 31, 2009, the Limon Mine processed 176,511 tonnes of ore at an average grade of 4.30 g/t, producing 20,612 ounces of gold at a total cash cost of $859 per ounce. The poor performance in 2009 was mainly due to illegal work stoppages resulting in approximately seventy lost operating days, mostly in the second and fourth quarters. In addition, eleven operating days were lost when the motor on the ball mill failed in June. The Limon Mine did not have any spare motors for the mills, but the motor from the Bellavista property in Costa Rica was adapted to replace this motor. The Bellavista motor was successfully modified and has been operating with full production levels being achieved. Under its insurance policy for losses arising from equipment failure, the Company expects to receive approximately $1.3 million ($0.15 million received in January 28, 2010) in the first half of 2010, of which $0.75 million has been included in accounts receivable as at December 31, 2009.

Subsequent to December 31, 2009, production is beginning to improve at the Limon Mine with a total of 6,564 ounces of gold being produced in January and February 2010. The Company is working with the local unions and government to ensure that the unions honour the current collective agreement.

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 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 at an estimated cash cost of approximately $550 per ounce. The Company's technical team believes there is excellent potential to increase the Limon mine life and discover additional veins.

The Company's 2010 exploration and drilling budget for the Limon property is $3.8 million. 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 ("m") drill program is scheduled to restart in mid March 2010 with two drills targeting a combination of exploration and ore definition targets. Additionally, the Santa Pancha deep area (between shafts #2 and #8) was drilled by Central Sun in 2008 and outlined an inferred resource of 165,000 ounces of gold (1.03 million tonnes at 4.99 g/t gold at a 3.0 g/t gold cut off). In order to upgrade this inferred resource to indicated category, a 7,800 m drill program is expected to be completed during 2010.

The Company plans to expend $6.6 million in 2010 for capital projects at the Limon Mine to continue to improve the mine performance.

LA LIBERTAD MINE

The Orosi Mine in Nicaragua has been renamed La Libertad Mine. The mine was originally called La Libertad after the nearby town, and was changed to Orosi in 2007. Renaming the mine, La Libertad honours the history of mining in the area and reflects the importance of the mine to the local community. The Company and the mine contractor currently employ approximately 600 Nicaraguans at La Libertad, and the Company will inject approximately $32 million into the local economy in 2010.

Subsequent to December 31, 2009, 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 tonnes of ore per day, as well as carbon-in-pulp recovery tanks, and a tailings impoundment. The Company's capital budget for La Libertad construction was approximately $62 million. In 2010, a second ball mill and additional leach tanks will be added to the process facilities to increase production to 5,500 tonnes of ore per day. Ore processing at the La Libertad Mine began on December 15, 2009 with the first doré bar produced on January 5, 2010. In February 2010, the new mill exceeded projections having processed an average of approximately 3,900 tonnes of ore per day.

The second ball mill, fabricated in China, is currently being transported to the La Libertad Mine and is scheduled to arrive on site by the end of the first quarter 2010. The foundations for the new ball mill have been completed and work is underway on fabricating and installing the process tanks. The Company anticipates the new ball mill will be installed and commissioned by the end of the second quarter 2010, increasing throughput to approximately 5,500 tonnes of ore per day.

La Libertad Mine commenced operating as a heap leach mine in 1996. Operations were suspended in the first quarter of 2007 after a re-evaluation of the project indicated that gold recoveries could be improved from approximately 40% from heap leaching to over 90% using a conventional milling operation. The La Libertad Mine currently has a minimum seven year mine life and is expected to produce approximately 80,000 to 90,000 ounces of gold annually at an estimated cash cost of approximately $500 per ounce. The La Libertad Mine has excellent exploration targets adjacent to the mine over a 20 kilometre ("km") belt.

A 12,000 m ($3 million) diamond drill program is scheduled to commence in March 2010 at La Libertad property. The drilling will follow 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 km belt from historic work and the 2009 exploration program. Two rigs will be active on this program during the year.

The 6.2 km long Jabali Vein system, located nine km east of the La Libertad Mine has been trenched along two km of the vein's strike length. Exploration work targeted possible stockwork mineralization surrounding previous historical vein mining and results to date indicate a wide (up to 50 m) zone of low grade gold mineralization. This has confirmed the potential for bulk minable zones and drill testing of these targets will commence in March 2010.

BELLAVISTA PROPERTY

The Phase II environmental and closure audit for the Bellavista property has been completed by an independent third party engineering company, Tetra Tech, Inc., and submitted to Secretaria Technical Nacional Ambiental ("SETANA"), the lead regulatory agency in Costa Rica. During the fourth quarter of 2009, field work focused on the installation of additional inclinometers and piesometers in and around the slide area. The Phase II work was completed by the end of the quarter, and final results were presented to SETENA, other regulatory agencies and other stake holders in early December. The final Phase II report was submitted to SETENA in January 2010, and includes recommendations for monitoring of the site for several more years. The results of the report confirm that the landslide area remains stable, and there has been no contamination of surface or ground water. Reclamation and maintenance activities continued and work programs have focused on facilities that will control runoff from next year's 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.

ACQUISITION OF CENTRAL SUN MINING INC.

On January 30, 2009, the Company entered into an agreement with Central Sun to effect the acquisition of Central Sun pursuant to a plan of arrangement (the "Arrangement"). On March 26, 2009 ("Acquisition Date"), the Company completed the Arrangement and acquired 100% of the outstanding shares of Central Sun. The purchase has been accounted for as a business acquisition, with B2Gold as the acquirer and Central Sun as the acquiree. The results of operations of Central Sun have been consolidated with those of B2Gold commencing on the Acquisition Date. The primary assets acquired are Central Sun's interests in the Limon Mine (95%) and the La Libertad Mine (100%) both located in Nicaragua.

Pursuant to the Arrangement, all of the issued and outstanding common shares of Central Sun were exchanged for common shares of the Company on the basis of a ratio of 1.28 common shares of the Company for each common share of Central Sun. In addition, outstanding stock options to purchase common shares of Central Sun were exchanged for replacement options to purchase an equivalent number of common shares of the Company based on the same exchange ratio and outstanding share purchase warrants of Central Sun were amended to entitle holders to acquire common shares of the Company based on the exchange ratio. All outstanding Central Sun stock options vested upon change of control.

In connection with the Arrangement, the parties entered into a loan agreement on February 6, 2009 providing for a loan by the Company to Central Sun of up to Cdn.$10 million to finance the payment by Central Sun of certain debt obligations and to fund re-commencement of capital improvements to Central Sun's La Libertad Mine. On March 6, 2009, the Company and Central Sun agreed to an amendment of the loan agreement providing for the advancement by the Company of an additional $8 million to finance the repayment by Central Sun of an existing $8 million debt obligation. The financing provided by the Company to Central Sun totalling $15.9 million has been included in the total purchase price of Central Sun's assets.

Total consideration paid of $74.8 million included the above mentioned $15.9 million financing, the fair value of 80,638,705 B2Gold shares issued at $0.63 per share (based on the weighted average price of B2Gold shares calculated two days before, the day of, and two days subsequent to the agreement date of January 30, 2009), and 7,988,789 B2Gold replacement options and 18,061,648 share purchase warrants with a fair value of $2.8 million and $4.6 million, respectively, plus B2Gold transaction costs of $0.7 million. The options and share purchase warrants have been valued using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 3%, an expected volatility of 86%, an expected average life of 3.62 years for the options and 1.64 years for the warrants and a dividend yield of nil.

The purchase price was calculated as follows:

	$ (000's)
Common shares issued (80,638,705 B2Gold common shares)	**50,802**
Cash advanced to Central Sun under loan agreements	**15,928**
Fair value of options and warrants issued	**7,353**
Transaction costs	**741**
Total purchase price	**74,824**

The following table sets forth the allocation of the purchase price to the fair value of the assets and liabilities acquired.

	$ (000's)
Preliminary purchase price allocation:	
Cash and cash equivalents	**1,409**
Accounts receivable	**1,303**
Product inventory	**1,365**
Supplies inventory	**6,440**
Prepaids	**1,839**
Marketable securities	**101**
Other long-term assets	**372**
Property, plant and equipment	
La Libertad Mine	**58,204**
Limon Mine	**26,504**
Cerro Quema property	**5,963**
Bellavista property	**2,225**
Accounts payable and accrued liabilities	**(13,271)**
Asset retirement obligations, including current portion	**(12,334)**
Other long-term liabilities	**(1,879)**
Non-controlling interest	**(3,417)**
	74,824

On July 16, 2009, the Company completed the sale of its common shares in a subsidiary (60% owned) which holds the Cerro Quema property located in Panama. The Company's 60% indirect interest in the Cerro Quema property had been acquired on March 26, 2009 as part of the Central Sun Arrangement. The aggregate consideration received was $2.15 million, consisting of $0.35 million in cash (received) and a note receivable of $1.8 million together with interest at a rate of 6% per annum starting on December 1, 2009. The note is receivable in eight monthly instalments, starting on December 30, 2009 ($0.1 million was received) with the last instalment of $600,000 due on October 15, 2010. As a result of the sale, the following assets and liabilities were deconsolidated effective July 16, 2009:

	$ (000's)
Property, plant and equipment - Cerro Quema property	**6,460**
Current liabilities	**(911)**
Non-controlling interest	**(3,399)**
	2,150

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%. Under the Credit Facility, the Company granted a general security agreement over its assets and the shares and assets of certain of the Company's material subsidiaries, and certain of the Company's material subsidiaries guaranteed the obligations of the Company relating to the Credit Facility. 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. At December 31, 2009, the Company had drawn down $13.5 million of the Credit Facility.

As consideration for the Credit Facility, the Company paid facility fees of $0.6 million to Macquarie and is paying a commitment fee of 1.75% per annum, payable quarterly, on the undrawn balance of the facility. In addition, the Company issued to Macquarie 11,063,565 share purchase warrants. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of Cdn.$0.97 for a period of three years. The fair value of the Macquarie warrants was calculated to be $4.47 million using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 2%, an expected life of three years, an expected volatility of 79% and a dividend yield of nil. The fair value of these warrants has been recorded as part of the transaction costs incurred with respect to the Credit Facility which amounted to approximately $5.5 million.

For accounting purposes, the Credit Facility loan was initially measured using the effective interest rate method, net of transaction costs incurred. In accordance with CICA recommendations regarding the presentation of financial liabilities, the principal amount owing under the Credit Facility loan has been presented on the Consolidated Balance Sheet net of the unamortized balance of transaction costs.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2009 and 2008, the Company had cash and cash equivalents and short-term money market investments of $2.9 million and $46.3 million, respectively. The decrease was mainly due to expenditures incurred on upgrading the La Libertad Mine to a standard milling operation and exploration on the Company's properties located in Colombia, Russia and Nicaragua. The Company also made cash advances of $15.9 million to Central Sun prior to its acquisition on March 26, 2009 (see "Acquisition of Central Sun Mining Inc." section). The Company's working capital at December 31, 2009 was $11.6 million compared to working capital of $41.3 million at December 31, 2008.

Subsequent to December 31, 2009, 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 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.

Subsequent to December 31, 2009, on February 12, 2010, the Credit Facility was increased to $25 million.

The following table presents, as at December 31, 2009, 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	1,483	1,483	-	-	-	-
Asset retirement obligations (undiscounted)	19,394	686	2,946	982	3,848	10,932

The Company experienced a negative operating cash flow in 2009. However, the Company expects to experience a positive operating cash flow in 2010, following commencement of commercial production at the La Libertad Mine. With both the Limon and La Libertad Mines operating in 2010, the Company's annual gold production is projected to be approximately 120,000 to 130,000 ounces.

Operating activities

Cash flow from operating activities (before non-cash working capital changes) for the fourth quarter of 2009 was negative $0.7 million compared to negative $8.6 million in the comparable period last year. The change was primarily attributable to a $7.5 million reduction in foreign exchange losses, relating mainly to the Company's cash/ short-term money market investments held in Canadian dollars.

For 2009, cash flow from operating activities (before non-cash working capital changes) was negative $3.5 million compared to negative $16.6 million in 2008. The change was primarily attributable to a $12.1 million reduction in foreign exchange losses, relating mainly to the Company's cash/ short-term money market investments held in Canadian dollars.

Financing activities

On November 6, 2009, the Company entered into a $20 million (subsequently increased to $25 million) revolving Credit Facility of which $13.5 million was drawn down as at December 31, 2009. Transaction costs, on a cash basis, with respect to the Credit Facility totalled $1 million.

On November 3, 2009, the Company 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. Subsequent to December 31, 2009, on February 18, 2010, this loan was fully repaid by the Company together with interest.

On July 22, 2009, the Company completed a bought deal equity financing with a syndicate of underwriters and issued 33,340,000 common shares of the Company at Cdn.$0.75 per share, for gross proceeds of approximately Cdn.$25 million. The Company had granted the underwriters an over-allotment option to purchase up to 5,001,000 common shares at Cdn.$0.75 per share. On August 5, 2009, the underwriters exercised, in full, their over-allotment option. The additional gross proceeds from the exercise of the over-allotment option totalled approximately Cdn.$3.75 million. As part of the offering, 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 3,932,539 common shares of the Company. 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.$1.29 million.

On July 8, 2009, the Company received loans in the amount of Cdn.$2 million from certain officers and shareholders of the Company which were interest bearing at a rate of 5% per annum. These loans were fully repaid together with interest on July 22, 2009.

During 2009, the Company received approximately $0.3 million from the issuance of 768,000 common shares upon the exercise of stock options and warrants.

The following share issuances in 2009 and 2008 did not result in any additional cash to the Company:

On March 26, 2009, the Company issued (or made available for issue) 80,638,705 common shares in exchange for all of the issued and outstanding shares of Central Sun.

On July 15, 2008, pursuant to the terms of the Gramalote Purchase Agreement, the Company acquired the Additional Interest in Gramalote BVI and 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).

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 AngloGold, Sociedad Kedadha S.A. (a subsidiary of AngloGold), Compania Kedahda Ltd. ("Kedahda BVI") (a subsidiary of AngloGold), Andean Avasca Resources Inc. ("AARI") (100% owned by B2Gold) and the Company. Pursuant to the terms of the Amending Agreement, the parties agreed to terminate AngloGold's right to acquire 20% of the voting shares of AARI, 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 AngloGold are parties and acquire additional interests in mineral properties in Colombia. AARI indirectly had 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 AngloGold. On May 15, 2008, pursuant to the Amending Agreement, the Company issued to AngloGold 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.

Investing activities

In the fourth quarter of 2009, capital expenditures on construction and development at the La Libertad Mine (see "La Libertad Mine" section) and on the Limon Mine totalled $11.4 million and $0.4 million, respectively. In addition, resource property expenditures for exploration and development totalled $1.5 million, on a cash basis, of which $0.9 million was spent on the Gramalote property in Colombia and $0.6 million (the Company's 50% share) on the East and West Kupol Licenses in Russia.

In the fourth quarter of 2008, the Company incurred resource property expenditures for exploration and development in the amount of approximately $6.7 million (on a cash basis) which was expended as follows: $2.6 million on the Gramalote property, $1.5 million on Colombian properties under the joint venture agreement with AngloGold (including approximately $1.1 million on Quebradona), $1.4 million on Mocoa, $0.8 million (the Company's 50% share) on the East and West Kupol Licenses, and $0.4 million on Miraflores.

During 2009, approximately $40.5 million was spent on the development and construction of new mill facilities at the La Libertad Mine and $1.9 million on the Limon Mine. In addition, resource property expenditures for exploration and development totalled $8.6 million (2008 - $26.3 million), on a cash basis, which was spent on properties in Colombia and Russia as follows: $3.6 million (2008 - $10.8 million) on the Gramalote property, $2.7 million (2008 - $7.3 million) on Colombian properties under the joint venture arrangement with AngloGold, $0.6 million (2008 - $3.7 million) on Mocoa, $nil on Miraflores (2008 - $1.1 million) and $1.7 million (the Company's 50% share) (2008 - $3.4 million) on the East and West Kupol Licenses.

At Gramalote, the Company has completed and published a National Instrument 43-101 compliant inferred mineral resource estimate for the Gramalote Ridge Zone of 74.375 million tonnes grading 1.00 g/t gold for a total of 2.39 million troy ounces of gold at a 0.5 g/t cut-off and within a $1,000 per ounce gold optimized Whittle pit. The Gramalote Ridge zone remains open to the east and west. Detailed regional surface exploration work carried out by the Company in 2009 at Gramalote has outlined seven quality drill targets located within four km of the Gramalote Ridge resource. All of these targets have similar geological, alteration and mineralization characteristics to the Gramalote Ridge. Drilling is warranted at Trinidad South and Southeast to follow up on the previous drilling that returned up to 223 m at 1.00 g/t gold and 109 m at 1.13 g/t gold. Monjas is the western extension of Gramalote Ridge and consists of over a two km long zone of anomalous rocks and soils with trenching of the limited outcrops returning up to 4 m at 3.1 g/t gold, 5 m at 1.6 g/t gold and 2 m at 3.2 g/t gold and soil geochemistry returning up to 4.2 g/t gold. Monjas East is immediately along strike from 2008 Gramalote Ridge drilling results of 34.1 m at 1.32 g/t gold and 23.8 m at 1.1 g/t gold. The company plans to follow up these targets in 2010 with a view to expanding the resources at Gramalote. The Company is currently in discussions with joint venture partner AngloGold regarding further exploration of the Gramalote Property and the terms of the joint venture.

In Russia, the Company completed a total of 1,877 m of drilling in eight diamond drill holes in the Moroshka Basin in the spring of 2009. The drilling resulted in the discovery of gold bearing quartz adularia veins with the best intersections from hole KW09-030, consisting of 16.96 g/t gold and 258.09 g/t silver over 1.5 m, followed by a second vein containing 14.92 g/t gold and 115.68 g/t silver over 1.1 m. These intersections represent a new vein discovery and the first significant gold bearing intersections on the Kupol East and West licenses. These intersections are located approximately four km east of the Kupol mine, owned 75% by Kinross. Although most of the area is tundra covered, geological mapping during the summer has shown the alteration associated with mineralization extends for at least 1.5 km north south.

The Company plans to commence a 4,200 m diamond drilling program in March 2010 on the Kupol West property's Moroshka west zone to follow 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 km east of the Kupol mine. An additional 1,200 m of diamond drilling is planned on the Kupol East license on the Sinter / Tokai target located 14 km east of the Moroshka basin. The total 2010 exploration budget on the Kupol West and East licenses is estimated at $3.8 million.

Pursuant to an Option Agreement dated July 21, 2009 (the “Calibre Option Agreement”), the Company has the right to acquire from Calibre Mining Corp. (“Calibre”) up to a 65% interest in potential mining projects in the Borosi gold-silver-copper prospect in northeast Nicaragua. The Calibre Option Agreement provides that the Company may acquire a 51% interest in 11 exploration and exploitation mineral concessions with terms ranging from 20 to over 35 years by funding Cdn.$8 million of exploration expenditures on the property over a three year period ending July 1, 2012. The Company must fund Cdn.$2.5 million of exploration expenditures by July 1, 2010. The Company may increase its interest in specific project areas to 65% by funding a preliminary feasibility study of the viability of a mining project in that area. Calibre is the operator for the initial year of the program and the Company may elect to become operator for subsequent years.

Pursuant to an Option Agreement with Radius Gold Inc. (“Radius”) dated December 23, 2009 (the “Radius Option Agreement”), the Company has the right to acquire a 60% interest in the Trebol, Pavon and San Pedro exploration properties in Nicaragua (six concessions with 25 year terms) by expending $4 million on the properties within four years. Under the Radius Option Agreement, the Company may also earn a 70% interest in certain additional areas by applying for concessions and expending $2 million on the concession area within three years of the grant of a concession. In addition, the Company has the option to acquire a 100% interest in the Pavon resource property, by putting the property into production within three years of giving notice of its election to develop the property. Radius will be entitled to certain production payments on gold produced from the property based on the prevailing price of gold (e.g., $150 per ounce at a price of $1,000 per ounce of gold). The Company is the operator for all exploration and development work.

During 2009, the Company redeemed approximately $33 million of funds invested in highly liquid money market investments of which $15.9 million was advanced to Central Sun prior to the Acquisition Date in order to finance the repayment by Central Sun of an existing $8 million debt obligation and to fund the re-commencement of construction at La Libertad.

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

In February 2008, the Company repaid approximately $2.6 million of the amounts owing under its promissory notes to Kinross. In February 2009, the Company made a final payment of $2.6 million and accordingly has no further obligation with respect to the promissory notes issued on February 26, 2007 to Kinross.

During the second quarter of 2008, Puma repaid $2.1 million owing under its promissory note to the Company.

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

Financial Instruments – Disclosures (Section 3862)

In May 2009, the CICA amended section 3862 which requires additional disclosure of fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market date or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's financial instruments consist of cash and cash equivalents, accounts and note receivable, marketable securities, accounts payable and accrued liabilities, related party loans and the Credit Facility loan. The book values of cash and cash equivalents, accounts and note receivable, accounts payable and accrued liabilities and related party loans are representative of their respective fair values due to the short-term nature of these instruments. The fair value of the Credit Facility loan approximates $13.5 million (equal to the principal amount drawn under the facility as at December 31, 2009) due to the floating rate nature of this instrument. Marketable securities are carried at their fair values based on published market prices at the balance sheet date.

Cash and cash equivalents and marketable securities are classified as Level 1 and the Credit Facility loan as Level 2 within the fair value hierarchy established by CICA section 3862.

The adoption of the following new accounting policies on January 1, 2009 had no impact on the Company's consolidated financial statements:

Goodwill and Intangible Assets (Section 3064)

This section was issued in February 2008 and replaced CICA 3062, "Goodwill and Other Intangible Assets," and Section 3450, "Research and Development Costs". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets.

Credit Risk and Fair Value of Financial Assets and Liabilities (EIC 173)

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." The EIC provides guidance on evaluating credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments.

Mining Exploration Costs (EIC 174)

In March 2009, the CICA issued EIC-174, "Mining Exploration Costs." The EIC provides guidance on the accounting and the impairment review of exploration costs. This standard is effective for the fiscal year beginning January 1, 2009.

The following accounting policies are to be implemented:

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.

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.

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.

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 December 31, 2009, 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 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 year ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

USE OF PROCEEDS

With respect to the Company's July 22, 2009 equity financing, the table below compares the estimated use of proceeds as presented in the July 2009 prospectus against the actual use of the proceeds from the financing.

	Projected amount in July 2009 Prospectus	***Actual amount at December 31, 2009***
	$ (000's)	$ (000's)
Development and exploration of the Nicaraguan projects	6,500	13,200
Exploration expenditures in Colombia and Russia	7,800	2,300
Reclamation costs relating to the properties	3,000	1,800

The variance noted in the actual amount of proceeds used on the development and exploration of Nicaraguan projects from July to December 2009 reflects the impact of unforeseen illegal strikes at the Limon Mine. The result was a reduction in the Company's operating cash inflow from the Limon Mine during the six month period ended December 31, 2009 by approximately $8 million, which funds the Company had designated to be used for development of the La Libertad Mine. Accordingly, the Company was required to reallocate funds that were designated for use in the first half of 2010 for exploration in Colombia and Russia to fund additional costs at the La Libertad Mine in the fourth quarter of 2009.

The variance in the use of the proceeds did not affect the Company's ability to achieve its business objectives with respect to the exploration in Colombia and Russia. In November 2009, the Company obtained a $20 million revolving credit facility from Macquarie, funds from which were used in part to finance exploration activities and in the first quarter of 2010 the La Libertad Mine achieved commercial production.

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.

	Q4 2009	**Total 2009**
	$ (000's)	$ (000's)
Operating costs per consolidated financial statements	4,120	18,221
Accrual for past severance obligations (per July 3, 2009 collective labour agreement)	-	(451)
Royalties and production taxes	279	1,242
Inventory sales adjustment	(134)	(1,314)
Total cash costs	4,265	17,698
Gold production (in ounces)	3,577	20,612
Total cash costs per ounce of gold production ($/ ounce)	1,193	859

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, administration, smelting, refining, transportation costs, royalties and production taxes, less silver by-product credits.

OUTLOOK

B2Gold is pleased to provide an outlook for the Company's operations for the remainder of 2010. At La Libertad Mine (formerly Orosi) in Nicaragua the mill ramp up is currently ahead of schedule and an exploration and development drilling program has commenced. At the Limon Mine, exploration has also commenced targeting a combination of exploration and ore definition targets. From these two mines the Company plans to produce approximately 120,000 to 130,000 ounces of gold in 2010 generating significant cash flow with no project debt and no gold hedging. Exploration is also underway with Calibre and Radius, B2Gold's two joint venture partners in Nicaragua. Exploration drilling has recommenced at the Kupol East and West Licenses in Russia. Finally throughout the remainder of this year, B2Gold plans to continue to advance the Bellavista project in Costa Rica and the Gramalote property in Colombia. B2Gold has a strong balance sheet, having recently completed a bought deal financing for Cdn.$32 million.

Operations

La Libertad Mine

La Libertad open pit mine recommenced gold and silver production in the first quarter of 2010, following the construction of a SAG and ball mill grinding circuit, designed to process 3,500 tonnes of ore per day, as well as carbon-in-pulp recovery tanks, and a tailings impoundment. During the month of February 2010, the new mill exceeded projections having processed an average of approximately 3,900 tonnes of ore per day.

A second ball mill, fabricated in China, has arrived on site and work is underway on its installation. The Company anticipates the new ball mill will be installed and commissioned by the end of the second quarter 2010, increasing throughput to approximately 5,500 tonnes per day. La Libertad Mine currently has a minimum seven year mine life and is expected to produce approximately 80,000 to 90,000 ounces of gold annually. Capital expenditures for 2010 are budgeted at $11.1 million which includes completion of the main tailings pond, installation of the second ball mill and sustaining capital.

Limon Mine

Gold production at the Limon Mine continues to improve after a poor year of production in 2009 which was due primarily to a number of illegal union strikes. The Company has worked with the local unions and the government of Nicaragua to ensure the Company and the unions honour the current binding collective agreements. The Company plans to expend $6.6 million for capital projects at the Limon Mine to continue to improve the mine performance.

With both the La Libertad Mine and the Limon Mine now in operation, B2Gold's gold production for 2010 is projected to be approximately 120,000 to 130,000 ounces with estimated combined operating cash costs of approximately $525 to $550 per ounce.

Exploration

B2Gold'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 and Calibre.

At La Libertad Mine, a 12,000 m ($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 km 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 m drill program recommenced in mid-March, targeting a combination of exploration and ore definition targets. Additionally, a 7,800 m 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 m diamond drilling program is scheduled for the second half of the year. Work to date, which is ongoing has consisted of hand dug trenches and geochemical soil sampling over the 25 km 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. B2Gold 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 m diamond drill program testing these initial targets began in March.

B2Gold is currently in discussions with AngloGold regarding further exploration of the Gramalote property. The Company expects exploration drilling to continue on the Gramalote property in 2010.

On the Kupol East and West properties, a 4,200 m 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 km east of the Kupol mine.

An additional 1,200 m 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.

Management intends to continue to build B2Gold into an intermediate gold producer through the exploration and development of existing projects and the potential acquisition of additional development projects and producing mines.

OUTSTANDING SHARE DATA

At March 29, 2010 there were 308,544,614 common shares outstanding. In addition, there were approximately 22.6 million stock options outstanding with exercise prices ranging between Cdn.$0.80 to Cdn.$3.72 per share and approximately 51 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.