OREZONE GOLD CORPORATION

(A Development Stage Company)

Annual Consolidated Financial Statements
(Expressed in United States dollars)

For the years ended December 31, 2011 and 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Orezone Gold Corporation.

The accompanying annual consolidated financial statements (the "Financial Statements") of Orezone Gold Corporation (the "Company") and all the information in the annual report ("Annual Report") are the responsibility of Management and have been approved by the Company's Board of Directors (the "Board").

The Financial Statements have been prepared by Management in accordance with International Financial Reporting Standards. The Financial Statements include certain amounts that are based on the best estimates and judgments of Management and in their opinion present fairly, in all material respects, the Company's financial position, results of operations and cash flows. When alternate accounting methods exist, Management has chosen those methods it deems most appropriate under the circumstances. Management has prepared the financial information presented elsewhere in the Annual Report and has ensured that it is consistent with the Financial Statements.

Management is responsible for the integrity of the Financial Statements and has developed and maintains a system of internal controls, which they believe provide reasonable assurance that transactions are properly authorized and recorded, that financial records are reliable and form a proper basis for the preparation of Financial Statements and that the Company's assets are properly accounted for and safeguarded. The internal control processes include Management's communication to employees of policies that govern ethical business conduct.

The Board is responsible for overseeing Management's responsibility for financial reporting and is ultimately responsible for reviewing and approving the Financial Statements. The Audit Committee meets periodically with Management, as well as the independent external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that each party is properly discharging its responsibilities and to review the Financial Statements and the external auditors' report. The Audit Committee reports its findings to the Board for consideration when the Board approves the Financial Statements for issuance. The Audit Committee also considers, for review by the Board and approval by the Company's shareholders, the engagement or re-appointment of the independent external auditors.

The Financial Statements have been audited by Deloitte & Touche LLP, the independent external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Company's shareholders. Deloitte & Touche LLP have full and free access to the Audit Committee.

/s/ Ronald N. Little

Ronald N. Little
Chief Executive Officer

March 28, 2012

/s/ Sean Homuth

Sean Homuth
Chief Financial Officer

March 28, 2012

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Orezone Gold Corporation.

We have audited the accompanying consolidated financial statements of Orezone Gold Corporation, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010, and January 1, 2010, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Orezone Gold Corporation as at December 31, 2011, December 31, 2010, and January 1, 2010, and the results of its operations and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Deloitte & Touche LLP"

Chartered Accountants
Licensed Public Accountants
March 28, 2012
Toronto, Ontario

Orezone Gold Corporation

(A Development Stage Company)

Consolidated Statements of Financial Position

(Expressed in United States dollars)

As at	**December 31, 2011**	December 31, 2010	January 1, 2010
	$	$	$
ASSETS			
Current assets			
Cash	**28,698,108**	61,318,213	4,538,551
Trade and other receivables	**53,782**	61,450	21,904
Inventories (Note 5)	**546,327**	167,566	249,780
Prepaid expenses and deposits	**748,538**	756,669	182,500
Government deposits	**-**	-	108,827
Total current assets	**30,046,755**	62,303,898	5,101,562
Non-current assets			
Interests in exploration properties (Note 6)	**6,304,631**	2,642,773	2,467,666
Total assets	**36,351,386**	64,946,671	7,569,228
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**1,417,732**	912,893	482,053
Equity			
Share capital	**123,566,961**	122,818,816	62,990,088
Contributed surplus (Note 7(c))	**9,659,164**	7,019,751	3,918,566
Foreign currency translation reserve	**972,461**	1,730,892	-
Accumulated deficit	**(99,034,665)**	(68,764,382)	(59,821,479)
Total shareholders' equity	**35,163,921**	62,805,077	7,087,175
Non-controlling interest (Note 8)	**(230,267)**	1,228,701	-
Total equity	**34,933,654**	64,033,778	7,087,175
Total liabilities and equity	**36,351,386**	64,946,671	7,569,228

Commitments (Note 15)

These financial statements were approved by the Board of Directors of Orezone Gold Corporation on March 28, 2012:

/s/ Ronald N. Little

Ronald N. Little
Director

/s/ Alain Krushnisky

Alain Krushnisky
Director

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

Orezone Gold Corporation
(A Development Stage Company)
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2011 and 2010
(Expressed in United States dollars, except for number of share amounts)

	2011	2010
	$	$
Expenses		
Exploration and evaluation costs (Note 9)	**24,527,699**	4,880,688
General and administrative costs (Note 9)	**4,079,321**	2,577,829
Share-based compensation	**3,000,568**	944,408
Depreciation and amortization (Note 6)	**548,601**	226,003
	32,156,189	8,628,928
Other income (loss)		
Foreign exchange loss	**(104,495)**	(717,176)
Finance income	**480,000**	83,121
Finance expense	**(19,557)**	(10,919)
Gain on sale of property, plant and equipment	**-**	10,388
Capital tax recovery (expense)	**5,341**	(34,731)
	361,289	(669,317)
Net loss for the year	**(31,794,900)**	(9,298,245)
Net loss for the year attributable to:		
Common shareholders	**(30,270,283)**	(8,942,903)
Non-controlling interest	**(1,524,617)**	(355,342)
Net loss per common share, basic and diluted	**(0.36)**	(0.13)
Weighted-average number of common shares outstanding, basic and diluted	**83,277,950**	67,173,805
Other comprehensive income (loss)		
Net loss for the year	**(31,794,900)**	(9,298,245)
Foreign currency translation (loss) gain	**(692,782)**	1,881,739
Comprehensive loss	**(32,487,682)**	(7,416,506)
Comprehensive loss attributable to:		
Common shareholders	**(31,028,714)**	(7,212,011)
Non-controlling interest	**(1,458,968)**	(204,495)

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

Orezone Gold Corporation
(A Development Stage Company)
Consolidated Statements of Changes in Equity
For the years ended December 31, 2011 and 2010
(Expressed in United States dollars, except for number of share amounts)

	Share capital						
	Shares	**Amount**	**Contributed surplus** (Note 7(c))	**Foreign currency translation reserve**	**Accumulated deficit**	**Non-controlling interest**	**Total**
	#	$	$	$	$	$	$
Balance, January 1, 2010	53,955,531	62,990,088	3,918,566	-	(59,821,479)	-	7,087,175
Share capital issued (Note 7(a))	27,715,000	62,716,844	-	-	-	-	62,716,844
Share issuance costs (Note 7(a))	-	(3,741,854)	-	-	-	-	(3,741,854)
Warrants exercised (Note 7(b))	250,000	222,857	-	-	-	-	222,857
Stock options exercised	947,500	630,881	(256,433)	-	-	-	374,448
Share-based compensation	-	-	944,408	-	-	-	944,408
Foreign currency translation	-	-	-	1,730,892	-	150,847	1,881,739
Net loss for the year	-	-	-	-	(8,942,903)	(355,342)	(9,298,245)
Change in subsidiary ownership interests (Note 8)	-	-	2,413,210	-	-	1,433,196	3,846,406
Balance, December 31, 2010	82,868,031	122,818,816	7,019,751	1,730,892	(68,764,382)	1,228,701	64,033,778
Stock options exercised	856,500	748,145	(361,155)	-	-	-	386,990
Share-based compensation	-	-	3,000,568	-	-	-	3,000,568
Foreign currency translation	-	-	-	(758,431)	-	65,649	(692,782)
Net loss for the year	-	-	-	-	(30,270,283)	(1,524,617)	(31,794,900)
Balance, December 31, 2011	**83,724,531**	**123,566,961**	**9,659,164**	**972,461**	**(99,034,665)**	**(230,267)**	**34,933,654**

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

Orezone Gold Corporation
(A Development Stage Company)
Consolidated Statements of Cash Flows
For the years ended December 31, 2011 and 2010
(Expressed in United States dollars)

	2011	2010
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**(31,794,900)**	(9,298,245)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization (Note 6)	**548,601**	226,003
Share-based compensation	**3,000,568**	944,408
Gain on sale of property, plant and equipment	**-**	(10,388)
Finance income	**(480,000)**	(83,121)
Finance expense	**19,557**	10,919
Capital tax (recovery) expense	**(5,341)**	34,731
Changes in non-cash operating working capital (Note 11)	**252,875**	(211,469)
Cash used in operating activities	**(28,458,640)**	(8,387,162)
Interest paid	**(19,557)**	(10,919)
Capital taxes paid	**(29,390)**	-
Total cash outflows from operating activities	**(28,507,587)**	(8,398,081)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral property rights (Notes 6, 8)	**-**	(238,854)
Acquisition of property, plant and equipment (Note 6)	**(4,537,022)**	(223,429)
Acquisition of North Atlantic Resources Ltd.'s interest in Brighton Energy Corporation (Note 8)	**-**	(960,523)
Interest received	**476,386**	59,517
Recovery of government deposits related to mineral property rights	**-**	108,827
Proceeds on disposal of property, plant and equipment	**-**	10,388
Total cash outflows from investing activities	**(4,060,636)**	(1,244,074)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance (Note 7(a))	**-**	62,716,844
Share issuance costs (Notes 7(a), 11)	**(98,776)**	(3,643,078)
Net proceeds from Niger Resources Inc. private placement (Note 8)	**-**	4,806,929
Proceeds from exercise of common share purchase warrants (Note 7(b))	**-**	222,857
Proceeds from exercise of stock options	**386,990**	374,448
Total cash inflows from financing activities	**288,214**	64,478,000
Effect of foreign currency translation on cash	**(340,096)**	1,943,817
(Decrease) increase in cash	**(32,620,105)**	56,779,662
Cash, beginning of year	**61,318,213**	4,538,551
Cash, end of year	**28,698,108**	61,318,213

Supplemental cash flow information is provided in Note 11.

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

1. CORPORATE INFORMATION

Orezone Gold Corporation (the "Company") was incorporated on December 1, 2008 under the Canada Business Corporations Act and is a publicly listed corporation on the Toronto Stock Exchange (the "TSX"). The Company's operations include the former exploration interests of Orezone Resources Inc. ("Resources"), excluding the Essakane gold project in Burkina Faso ("Essakane") which was acquired by IAMGOLD Corporation ("IMG") on February 25, 2009 as part of its business combination with Resources (the "Transaction"). The Company is primarily engaged in the acquisition, exploration and development of gold properties in Burkina Faso, West Africa and uranium properties in Niger, West Africa. The Company is in the exploration and evaluation phase and is in the process of determining whether any of its mineral properties are technically feasible and commercially viable. The Company's primary objective is to maximize shareholder value by identifying and developing commercially viable gold mining operations.

The address of the Company's corporate office is 290 Picton Avenue, Suite 201, Ottawa, Ontario, Canada, K1Z 8P8.

References to "$" or "US$" are to United States dollars and references to "C$" are to Canadian dollars.

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

These consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). This is the first time that the Company has prepared its financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Previous CGAAP").

A description of how the transition from Previous CGAAP to IFRS has affected the reported financial results of the Company since the transition date to IFRS of January 1, 2010 (the "Transition Date") is provided in Note 18.

These Financial Statements were authorized for issue by the Board of Directors on March 28, 2012.

(b) BASIS OF MEASUREMENT

These Financial Statements have been prepared on a historical cost basis and are presented in United States dollars, unless otherwise indicated.

The preparation of consolidated financial statements in accordance with IFRS requires Management to make certain critical accounting estimates. It also requires Management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these Financial Statements, are disclosed in Note 4.

These Financial Statements have been prepared on a basis that assumes the Company will continue operating for the foreseeable future. While the Company is in the exploration and evaluation phase, and has not generated revenue from operations, and relies on external financing to fund its activities, it currently has sufficient working capital to meet its obligations and discharge its liabilities for the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these Financial Statements and in preparing the opening consolidated statements of financial position as at January 1, 2010 for the purposes of the transition to IFRS, except where specific exemptions permitted an alternative treatment on transition to IFRS in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards", as disclosed in Note 18.

(a) BASIS OF CONSOLIDATION

These Financial Statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until control ceases. Control is established when the Company has the power to govern the financial and operating policy decisions of the entity, and generally exists where more than 50% of the voting power of the entity is held by the Company. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All material intercompany transactions and balances are eliminated in full on consolidation.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest exists, any losses of that subsidiary are attributed to the non-controlling interests even if it results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The subsidiaries of the Company and their principal activities as at December 31, 2011 were as follows:

Name of subsidiary	Place of incorporation	Ownership interest	Principal activity
Orezone Inc.	British Virgin Islands	100%	Exploration & Development
Orezone Inc. SARL	Burkina Faso	100%	Exploration & Development
Brighton Energy Corporation	Canada	67% (Note 17(b))	Holding Company
Brighton Energy Limited	British Virgin Islands	67% (Note 17(b))	Holding Company
Niger Resources Inc.	British Virgin Islands	67% (Note 17(b))	Exploration & Development
Burkina Resources Inc.	British Virgin Islands	100%	Inactive

(b) FINANCIAL CURRENCY AND FOREIGN CURRENCY TRANSLATION

These Financial Statements are presented in United States dollars. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates (the “functional currency”). The Company’s functional currency is the Canadian dollar.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period: monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date; non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date; and, non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Such exchange differences arising from retranslation are recognized in net income (loss).

Foreign operations are translated from their functional currencies into the Company’s functional currency (Canadian dollars) on consolidation by applying the exchange rates prevailing at the end of the reporting period for assets and liabilities and the average exchange rate for the period for consolidated statement of comprehensive loss items. Such exchange differences, including differences that arise relating to long-term intercompany balances that form part of the net investment in the foreign operation, are recognized in other comprehensive income (loss).

The consolidated financial statements are translated into the presentation currency (United States dollars) as follows: all assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; equity balances are translated at the rates of exchange at the transaction dates. All items included in the consolidated statements of comprehensive loss are translated using the average monthly exchange rates unless there are significant fluctuations in the exchange rate, in which case the rate at the date of the transaction is used. Exchange differences arising on the translation to the presentation currency are recorded in the foreign currency translation reserve.

(c) BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. For each business combination at the acquisition date, the Company recognizes at fair value all of the identifiable assets acquired, the liabilities assumed, the non-controlling interest in the acquiree and the aggregate of the consideration transferred, including any contingent consideration to be transferred. When the fair value of the consideration transferred and the amount recognized for non-controlling interest exceeds the net amount of the identifiable assets acquired and the liabilities assumed measured at fair value (the "net identifiable assets"), the difference is treated as goodwill. The Company does not currently have goodwill.

Acquisition costs are expensed as incurred in net income (loss). Costs associated with the issuance of equity are charged to the relevant account within equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and attributed to the shareholders of the Company, through contributed surplus.

The Company has elected on transition to IFRS to not restate business combinations that preceded the Transition Date.

(d) FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recognized at fair value when the Company or its subsidiaries become party to the contracts that give rise to them. Subsequent measurement depends on whether the financial instrument is classified as fair value through profit and loss ("FVTPL"), available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. Financial instruments classified as: FVTPL are measured at fair value with unrealized gains and losses recognized in net income (loss); available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss); and, held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Transaction costs in respect of FVTPL financial instruments are recognized in net income (loss) at the transaction date whereas transaction costs in respect of other financial instruments are included in the initial fair value measurement of the financial instrument.

The Company may also enter into financial instruments or other contracts that contain embedded derivatives. Embedded derivatives (e.g. a lease denominated in a currency other than that of either counterparty to the contract) are accounted for separately from the host contract at fair value as derivatives when the risks and characteristics of the embedded derivatives are not closely related to those of their host contract, and the host contract is not classified as FVTPL.

The Company does not currently have derivative instruments or available-for-sale financial instruments.

The Company has made the following classifications with respect to its financial instruments:

- Cash and government deposits are classified as FVTPL, which are measured at fair value.
- Trade and other receivables, excluding taxes receivable balances that do not meet the definition of a financial instrument, and refundable deposits included in prepaid expenses and deposits are classified as loans and receivables, which are measured at amortized cost, using the effective interest method, less any impairment losses.
- Accounts payable and accrued liabilities, excluding taxes payable balances that do not meet the definition of a financial instrument, are classified as other financial liabilities, which are measured at amortized cost, using the effective interest method.

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

(e) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in interest-bearing accounts with high credit quality financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. The Company does not currently have cash equivalents.

(f) INVENTORIES

Inventories are measured at the lower of cost and net realizable value and consist of materials and supplies to be consumed in exploration activities. Net realizable value is the estimated selling price in the ordinary course of business less the costs necessary to make the sale.

(g) PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are measured at the lower of cost and net realizable value and consist of prepayments on service and rental contracts and short-term deposits on purchases of supplies and property, plant and equipment. Net realizable value is the estimated recovery value in the ordinary course of business less the costs necessary to recover the prepayment or deposit. Deposits on property, plant and equipment are transferred to interests in exploration properties and included in the initial acquisition cost of the asset when it is received.

(h) INTERESTS IN EXPLORATION PROPERTIES

All of the Company's projects are currently in the exploration and evaluation phase.

Pre-exploration expenditures

Costs during the pre-exploration phase are expensed as incurred in net income (loss).

Exploration and evaluation expenditures

Once the legal right to explore a mineral property has been acquired, costs directly related to the acquisition of the mineral property rights are capitalized and accounted for on either an individual property or area-of-interest basis. Subsequently the mineral property rights are carried at cost, less any impairment, until such time as the assets are substantially ready for their intended use or sale, being commercial production at operating levels intended by Management. Purchased mining properties are recognized as assets at their acquisition date fair value if purchased as part of a business combination. Exploration expenditures incurred during the exploration and evaluation phase are expensed as incurred in net income (loss), whereas such costs were capitalized under Previous CGAAP. The Company has applied this new exploration expenditure policy on transition to IFRS (see Note 18(d)).

Mine development costs

Once the technical feasibility and commercial viability of a mineral property has been established, the property is no longer in the exploration and evaluation phase and is considered to be a mine property under development. Thereafter, costs incurred directly related to mine development and construction are capitalized, including associated acquisition costs, directly attributable administrative or support costs and depreciation of related property, plant and equipment, and are accounted for on either an individual property or area-of-interest basis. Subsequently the mine properties under development are carried at the aforementioned cost, less any impairment, until such time as the assets are substantially ready for their intended use or sale, being commercial production at operating levels intended by Management.

Technical feasibility and commercial viability is established once all of the following conditions have been met:

- The Company has established a 43-101 compliant estimate of property resources and/or reserves;
- The Company has obtained a mining permit or otherwise has the right to extract the resource and/or reserves; and
- The Company has established that it is economically viable to mine the resource and/or reserves. This includes the completion of a 43-101 compliant study to a pre-feasibility level at a minimum.

As the Company currently has no operational income and is not capitalizing exploration expenditures during the exploration and evaluation phase, any incidental revenues earned in connection with the exploration activities, or government assistance or mining duty credits realized during this phase, are applied against the exploration costs in net income (loss).

(i) REHABILITATION LIABILITIES

The Company is subject to various government laws and regulations and constructive obligations related to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred, including estimated costs of restoration, reclamation and re-vegetation of the affected exploration sites. When the liability is recognized at the present value of the estimated costs, the carrying amount of the capitalized related mining assets is correspondingly increased. Subsequently, the liability is adjusted for changes in the present value based on current market discount rates and liability-specific risks. The Company does not currently have rehabilitation liabilities.

(j) PROPERTY, PLANT AND EQUIPMENT

Upon initial acquisition, property, plant and equipment including land are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by Management. In subsequent periods, property, plant and equipment excluding land are stated at cost less accumulated depreciation and any impairment in value, while land is stated at cost less any impairment in value.

Property, plant and equipment unrelated to production are depreciated using the straight-line method over the estimated useful lives of the assets. Mineral properties are depleted on a unit-of-production basis over the measured and indicated resources or the life of the mine. Land is not depreciated. Where significant components of assets have differing useful lives, depreciation is calculated on each separate component.

Estimates of remaining useful lives and residual values are reviewed annually, with any changes accounted for prospectively.

Depreciation and amortization is provided on a straight-line basis over the following estimated useful lives:

Buildings	10 – 20 years
Field equipment	2 – 10 years
Office equipment and furniture	2 – 4 years
Vehicles	4 years
Capital improvements	2 – 10 years

As a result of a review of the useful lives of its property, plant and equipment, the Company has changed the amortization term for certain depreciable assets as described in Note 3(s).

Major maintenance and repairs

Expenditures on major maintenance and repairs include the cost of asset replacement parts and overhaul costs. When an asset or part of an asset is replaced or overhauled and it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured, that expenditure is capitalized and the carrying amount of the item replaced is derecognized. All maintenance and repairs costs, except major overhaul or replacement costs, are expensed as incurred in net income (loss).

Gains and losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in other income (loss).

Leased assets

The Company does not currently have any leases where the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), whereby the asset is treated as if it had been purchased outright.

(k) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses non-financial assets including mineral property rights, mine properties under development, mineral property assets and property, plant and equipment for impairment when facts and circumstances suggest that the carrying amount of the asset may not exceed its recoverable amount, being the higher of the value in use and the fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment recognized immediately in net income (loss).

Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, subject to the amount not exceeding the carrying amount that would have been determined had impairment not been recognized for the asset in prior periods. Any reversal of impairment is recognized immediately in net income (loss).

Capitalized mineral property rights are also tested for impairment before the assets are transferred to the mineral property costs.

(l) PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The Company does not currently have any provisions.

Contingent liabilities and assets are not recognized in the consolidated financial statements. However, contingent liabilities are disclosed in the notes to the consolidated financial statements unless their occurrence is remote, and contingent assets are disclosed in the notes to the consolidated financial statements if their recovery is deemed probable. The Company does not currently have any contingent liabilities or assets.

(m) INCOME TAXES

Income tax expense consists of current and deferred income taxes and includes all domestic and foreign taxes based on taxable profits. Current and deferred income taxes are included in net income (loss) except to the extent that they relate to a business combination or items recognized directly in equity or other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income (loss) for the current period and any adjustment to income taxes payable or receivable in previous periods. Current income taxes are determined based on enacted or substantively enacted tax rates and laws at the end of the current financial reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income taxes are determined using the liability method where there are differences between the carrying amounts and tax bases of assets and liabilities, and unused tax losses and credits. Deferred tax liabilities and assets are measured by applying tax rates that are expected to apply when the amounts are realized or settled respectively, based on enacted or substantively enacted tax rates and laws at the end of the current financial reporting year. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be realized, and is later reduced if the Company determines it is no longer probable to be realized. The Company has not currently recognized any deferred tax assets or liabilities. In particular, no deferred tax asset has been recognized in respect of tax loss carry-forwards or deductible temporary differences as it is not probable at the end of the financial reporting year that future taxable profits will be available against which such an asset can be realized.

(n) SHARE CAPITAL

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or liability. The Company's common shares and common share purchase warrants are classified as equity instruments. Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds of issuance.

(o) EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common shareholders of the Company by the weighted-average number of outstanding common shares for the year.

Diluted earnings (loss) per share is computed by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted-average number of outstanding common shares for the year including all additional common shares that would have been outstanding if potentially dilutive equity instruments were converted to common shares.

(p) SHARE-BASED COMPENSATION

The Company has a share-based compensation plan (the "Plan") described in Note 7(d). The Company's subsidiary, Orezone Inc., issued common share purchase warrants of its subsidiary, Brighton Energy Corporation ("Brighton"), as described in Note 7(b) (the "2010 Brighton Warrants"). The Company and Orezone Inc. measure the compensation cost of stock options issued under the Plan and the 2010 Brighton Warrants using the fair-value method as determined using the Black-Scholes option pricing model. Compensation costs are measured at the grant date based on the fair value of the award and are recognized over the vesting period in net income (loss) or are capitalized in mine property under development costs depending on the responsibilities of the option holder, with a corresponding increase to contributed surplus. Upon exercise, common shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, as adjusted for any consideration paid.

The Black-Scholes option pricing model incorporates highly subjective assumptions, including volatility and expected time until exercise, which affect the calculated values. At the end of each reporting period, the Company reviews the option pricing model and updates model inputs for any changes for the purposes of determining the fair value of new grants, and reflects the impact of changes to non-market inputs, like forfeitures, for previous grants in net income (loss) or mine property under development costs, with a corresponding adjustment to contributed surplus.

Options issued to non-employees, are measured based on the fair value of the services received, at the date of receiving those services. If the fair value of the goods or services cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The Company has elected to not apply IFRS 2, "Share-Based Payments" ("IFRS 2"), retrospectively to equity-settled stock option grants that have fully vested at the Transition Date.

(q) COMPREHENSIVE INCOME (LOSS)

The Company reports the changes in equity which result from transactions, events and circumstances from non-shareholder sources in its comprehensive income (loss) that are not included in net income (loss) such as certain unrealized gains and losses resulting from changes in the fair value of financial assets classified as available-for-sale, gains and losses on derivative instruments and from foreign currency exchange gains and losses resulting from foreign subsidiaries with a functional currency different than the functional currency of the Company, and from foreign currency exchange gains and losses resulting from translating the consolidated results of the Company to the presentation currency.

(r) SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and potential development of precious metal properties. The Company has operations in three geographic areas, being Canada, Burkina Faso and Niger.

(s) CHANGE IN ACCOUNTING ESTIMATES

On April 1, 2011 the Company revised the estimated useful lives of certain office and field equipment to 2-4 years (previously 2-3 years), certain vehicles to 4 years (previously 2 years) and certain capital improvements to 5-10 years (previously 2 years). The Company also adopted these same new useful lives as its policy for property, plant and equipment acquired on or after April 1, 2011.

This change in estimated useful lives was applied prospectively to the remaining impacted unamortized asset balances as at April 1, 2011 and has resulted in a decrease to depreciation and amortization expense and net loss of $152,521 for the year ended December 31, 2011 (2010 – no impact). As at December 31, 2011, the total impact on net income (loss) in future years resulting from this change in estimate will be to spread the remaining impacted unamortized asset balance of $481,649 to depreciation and amortization expense over a weighted-average amortization term of 4.1 years (1.1 years prior to the change) until the impacted assets are fully depreciated. This change had no impact on the loss per share amounts for the years ended December 31, 2011 or 2010.

(t) STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the Financial Statements are listed below, none of which have been early adopted by the Company. The Company reasonably expects these standards, amendments and interpretations to be applicable at a future date and intends to adopt them once they become effective. The Company is currently evaluating the impact that these standards, amendments and interpretations will have on its consolidated financial statements; however the Company does not expect the impact of the resulting changes to the consolidated financial statements to be material.

<u>IFRS 1, "First-Time Adoption of International Financial Reporting Standards"</u>

This amendment replaces references to a fixed date of '1 January 2004' with the 'date of transition to IFRSs', eliminates the need to derecognize transactions that occurred before the date of transition to IFRS and provides disclosure guidance where an entity elects to measure its assets and liabilities at fair value and to use that fair value as the deemed cost in its opening IFRS statement of financial position because of severe hyperinflation. This amendment is effective for annual periods beginning on or after July 1, 2011. Earlier application is permitted. This pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

IFRS 7, "Financial Instruments: Disclosures"

This amendment provides disclosure guidance on transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 9, "Financial Instruments"

This new standard is part of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement" and provides guidance on the classification and measurement of financial assets, financial liabilities, hedge accounting and derecognition. This new standard will also supersede International Financial Reporting Interpretations Committee 9, "Reassessment of Embedded Derivatives". This standard is effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 10, "Consolidated Financial Statements"

This new standard provides guidance on the determination of control where this is difficult to assess and replaces the consolidation requirements in IFRS Standing Interpretations Committee 12, "Consolidation – Special Purpose Entities". This new standard will also supersede the portion of IAS 27, "Consolidated and Separate Financial Statements", that addresses the accounting for consolidated financial statements. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 11, "Joint Arrangements"

This new standard provides guidance on how to account for interests in jointly controlled entities. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. This pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

IFRS 12, "Disclosure of Interests in Other Entities"

This new standard provides disclosure guidance on interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 13, "Fair Value Measurement"

This new standard sets out a single IFRS definition and measurement framework for fair value. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IAS 1, "Presentation of Financial Statements"

This amendment contains new standards regarding the presentation of items of other comprehensive income. This amendment is effective for annual periods beginning on or after July 1, 2012. Earlier application is permitted. The application of this pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

IAS 12, "Income Taxes"

This amendment contains new standards related to deferred tax: recovery of underlying assets and supersedes SIC 21, "Income Taxes – Recovery of Revalued Non-Depreciable Assets". This amendment is effective for annual periods beginning on or after January 1, 2012. Earlier application is permitted. The application of this pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

IAS 19, "Employee Benefits"

This amendment contains new standards related to employee benefits from defined benefit plans. This amendment is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The application of this pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

IAS 27, "Separate Financial Statements"

This amendment contains accounting and disclosure requirement for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. This amendment requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9, "Financial Instruments". This amendment is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IAS 28, "Investments in Associates and Joint Ventures"

This amendment prescribes the accounting for investments in associates and sets out the requirement for the application of the equity method when accounting for investments in associates and joint ventures. The amendment is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The application of this pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine"

This Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The application of this pronouncement is not expected to have an impact on the Company's consolidated financial statements as the Company is currently in the exploration and evaluation phase.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these Financial Statements requires Management to make estimates and assumptions about the future that affect the amounts recorded in the Financial Statements. These estimates and assumptions are based on the Company's experience and Management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the year of change and future years if the change impacts both years.

Significant judgments include those related to the going concern assumption, the determination of functional currency and the accounting policy selection for interests in exploration properties including property, plant and equipment. Significant estimates include share-based compensation related to stock options and warrants, the useful lives of property, plant and equipment and the impairment of non-financial assets.

5. INVENTORIES

The cost of material and supplies inventories recognized as an expense during the year ended December 31, 2011 was $3,461,736 (2010 – $1,044,523). There were no write-downs or reversals of write-downs of inventories to net realizable value during the years ended December 31, 2011 or 2010. As at December 31, 2011, no specific inventories were pledged as security for liabilities.

(Expressed in United States dollars)

6. INTERESTS IN EXPLORATION PROPERTIES

Assets not subject to depreciation and amortization	**Land**	**Mineral property rights**	**Construction in progress**	**Total**
	$	$	$	$
Cost, being carrying amount				
Balance, January 1, 2010	335,387	1,118,623	-	1,454,010
Additions	8,559	238,854	-	247,413
Foreign currency translation	(11,979)	19,605	-	7,626
Balance, December 31, 2010	331,967	1,377,082	-	1,709,049
Additions	-	-	128,758	128,758
Foreign currency translation	(20,611)	(35,099)	(1,861)	(57,571)
Balance, December 31, 2011	**311,356**	**1,341,983**	**126,897**	**1,780,236**

Assets subject to depreciation and amortization	**Building**	**Capital improve-ments**	**Field equipment**	**Vehicles**	**Office equipment and furniture**	**Total**
	$	$	$	$	$	$
Cost						
Balance, January 1, 2010	927,509	-	203,997	-	77,589	1,209,095
Additions	53,238	76,133	64,942	-	20,557	214,870
Foreign currency translation	(59,944)	1,152	(12,025)	-	4,378	(66,439)
Balance, December 31, 2010	920,803	77,285	256,914	-	102,524	1,357,526
Additions	1,160,119	1,472,430	1,441,667	255,177	78,871	4,408,264
Foreign currency translation	(90,435)	(154,876)	(49,041)	(18,530)	(6)	(312,888)
Balance, December 31, 2011	**1,990,487**	**1,394,839**	**1,649,540**	**236,647**	**181,389**	**5,452,902**
Accumulated depreciation and amortization						
Balance, January 1, 2010	78,220	-	76,732	-	40,487	195,439
Depreciation for the year	88,764	10,205	99,144	-	27,890	226,003
Foreign currency translation	(297)	175	(613)	-	3,095	2,360
Balance, December 31, 2010	166,687	10,380	175,263	-	71,472	423,802
Depreciation for the year	154,536	215,394	105,455	42,012	31,204	548,601
Foreign currency translation	(12,997)	(14,741)	(22,280)	(2,991)	9,113	(43,896)
Balance, December 31, 2011	**308,226**	**211,033**	**258,438**	**39,021**	**111,789**	**928,507**
Carrying amounts as at:						
January 1, 2010	849,289	-	127,265	-	37,102	1,013,656
December 31, 2010	754,116	66,905	81,651	-	31,052	933,724
December 31, 2011	**1,682,261**	**1,183,806**	**1,391,102**	**197,626**	**69,600**	**4,524,395**

(Expressed in United States dollars)

The net change in interests in exploration properties for the years ended December 31 was as follows:

	2011	2010
	$	$
Cost, beginning of year	**3,066,575**	2,663,105
Additions	**4,537,022**	462,283
Foreign currency translation	**(370,459)**	(58,813)
Cost, end of year	**7,233,138**	3,066,575
Accumulated depreciation and amortization, beginning of year	**423,802**	195,439
Depreciation and amortization	**548,601**	226,003
Foreign currency translation	**(43,896)**	2,360
Accumulated depreciation and amortization, end of year	**928,507**	423,802
Carrying amounts, beginning of year	**2,642,773**	2,467,666
Carrying amounts, end of year	**6,304,631**	2,642,773

The Company does not currently have depreciation and amortization capitalized in interests in exploration properties.

The Company held the following mineral property rights by area as at December 31, 2011:

	Number of permits	**Area (km^2)**	**Expiry dates[1] of current permits**	**Expiry dates[1] of potential permit renewals**	**Expiry dates[2] of mining conventions**
Bomboré	2	168	02/13 and 07/14	07/20	n/a
Sega (Note 17(a))	2	313	03/13 and 06/12	03/16 and 06/15	n/a
Bondi	1	224	08/12	08/15	n/a
Brighton, Niger (Uranium)	5	3,958	11/12, 11/12, 10/12, 10/12 and 04/12	11/18, 11/18, 10/18, 10/18 and 04/18	05/27, 05/27, 04/27, 04/27 and 08/36
	10	**4,663**			

The carrying amounts of the mineral property rights by area were as follows:

As at	**December 31, 2011**	December 31, 2010	January 1, 2010
	$	$	$
Burkina Faso			
Bomboré	**915,357**	936,646	898,769
Sega (Note 17(a))	**16,749**	17,291	18,512
Bondi	**182,162**	188,059	201,342
Total Burkina Faso	**1,114,268**	1,141,996	1,118,623
Brighton, Niger (Uranium)	**227,715**	235,086	-
Total mineral property rights	**1,341,983**	1,377,082	1,118,623

[1] In Burkina Faso and Niger, exploration permits are valid for a period of three years from the date of issue and may be renewed for two more consecutive terms of three years each. Permit size reductions of 50% accompany each permit renewal in Niger while permits in Burkina Faso are subject to a 25% surface area reduction only upon the second renewal.

[2] In Niger, mining conventions are valid for a period of twenty years from the date of issue and are renewable until the reserves are exhausted, except in the case of the Abelajouad permit which has a term of 30 years.

Bomboré, Burkina Faso

The Bomboré (105 km^2) and the Toéyoko (63 km^2) permits are located in the Ganzourgou province. The Bomboré permit was renewed in January 2010 for its final three-year term. The Toéyoko permit was acquired in June 2011 for a three-year term and may be renewed for two more consecutive three-year terms. The Company owns a 100% interest in the permits less the standard sliding net smelter royalty[1] ("NSR") and 10% carried interest held by the government in the event that a mining permit is granted.

Sega, Burkina Faso

The Sega project consists of the Tiba (124 km^2) and Namasa (189 km^2) permits. The Tiba permit is located in the Yatenga province and was renewed in April 2010 for its second consecutive three-year term, which expires in March 2013. The Namasa permit is located in the Yatenga and Zandoma provinces, expires in June 2012 and may be renewed for one more consecutive three-year term. The Company originally acquired the project from IMG (formerly Repadre Capital Corporation, "Repadre") in 2001. Upon transfer in 2001, Repadre retained a 3% NSR in the project, that is currently held by Royal Gold, of which 2% can be bought back for $2,000,000. The Company is also subject to the standard sliding NSR[1] and 10% carried interest held by the government in the event that a mining permit is granted.

Subsequent to December 31, 2011, the Company entered into a definitive agreement to sell the Sega project. Refer to Note 17(a) for a detailed description of the terms of the agreement.

Bondi, Burkina Faso

The Bondi project consists of the Djarkadougou (224 km^2) permit, which is located in the Bougouriba province and expires in August 2012. The Company owns a 100% interest in the permit less the standard sliding NSR[1] and 10% carried interest held by the government in the event that a mining permit is granted. This permit may be renewed for one more consecutive three-year term.

Brighton, Niger (Uranium)

The Company, through its 67%-owned interest in Brighton Energy Corporation ("Brighton"), has five uranium exploration permits in Niger. Zéline 1 (482 km^2) and Zéline 4 (500 km^2) expire in October 2012 and may be renewed for two more three-year terms with permit size reductions. The Company also holds Mining Conventions relating to these two permits with terms of 20 years, which are renewable until the reserves are exhausted. The Abelajouad (2,000 km^2) permit expires in April 2012, while the Assaouas 1 (491 km^2) and Assaouas 2 (485 km^2) permits expire in November 2012. These latter three permits may be renewed for two more three-year terms with permit size reductions.

Subsequent to December 31, 2011, the Company acquired the outstanding 33% minority interest in Brighton and increased its ownership in Brighton to 100%. Refer to Note 17(b) for details of the related share exchange.

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[1] On December 31, 2010, the Government of Burkina Faso passed an amendment to its Mining Law whereby the government's royalty interest would be: maintained at 3% if the price of gold is less than or equal to $1,000/oz; increased to 4% if the price of gold is between $1,000/oz and $1,300/oz; and, increased to 5% if the price of gold is greater than or equal to $1,300/oz. The royalty level is applied to all gold sold or delivered by a refinery, based on the daily spot price of such distribution. The annual mining permit taxes were also increased from $1,020/km^2 to $15,306/km^2 for the first five years, to $20,408/km^2 for the next five years and then to $30,612/km^2 from the eleventh year on, based on 2010 CFA exchange rates. The Mining Code was updated in 2012 and the foregoing remained unchanged.

(Expressed in United States dollars)

7. SHARE CAPITAL

(a) CAPITAL STOCK

Authorized capital stock consists of an unlimited number of common shares, without par value.

On January 26, 2010, the Company completed a C$10,005,000 (US$9,470,844) equity financing whereby it issued 13,340,000 common shares at a price of C$0.75 per share. The net proceeds of C$9,155,779 (US$8,666,640) from the financing were used principally to fund ongoing exploration and development activities at the Company's West African projects.

On December 21, 2010, the Company completed a C$53,906,250 (US$53,246,000) equity financing whereby it issued 14,375,000 common shares at a price of C$3.75 per share. The net proceeds of C$50,934,774 (US$50,308,350) from the financing are being used principally to fund ongoing exploration and development activities at the Company's West African projects.

(b) COMMON SHARE PURCHASE WARRANTS

Prior to the execution of the Transaction, Standard Bank ("Standard") held 2,000,000 warrants to purchase common shares of Resources at a price of C$1.30 per share, expiring on August 29, 2010. Pursuant to the warrant agreement and the terms of the Transaction, the warrants did not expire upon a change of control, which the Transaction was deemed to be. Standard was therefore entitled to receive 0.08 common shares of IMG and 0.125 common shares of the Company for each warrant exercised subsequent to February 25, 2009. On March 13, 2009, IMG and the Company agreed on the ratio of the exercise price that would be received by each in the event that Standard exercises the warrants. On August 26, 2010, Standard exercised its warrants in the Company and as a result the Company issued 250,000 common shares in exchange for C$234,000 (US$222,857).

On October 4, 2010, the Board of Orezone Inc. approved the issuance of 545,000 warrants to certain members of the Company and its subsidiaries' Management and Board of Directors to purchase 545,000 of the common shares of Brighton held by Orezone Inc. (the "2010 Brighton Warrants"). The 2010 Brighton Warrants were issued at a price of C$1.00, vested immediately and expire one year subsequent to the date of an initial public offering by Brighton or other corporate transaction. Contributed surplus as at December 31, 2011 and 2010 included a $66,801 reserve related to the 2010 Brighton Warrants.

(c) CONTRIBUTED SURPLUS

The net change in the components of contributed surplus for the years ended December 31 was as follows:

Net change attributable to:	**Stock options**	**Changes in subsidiary ownership interests**	**Common share purchase warrants**	**Total contributed surplus**
	$	$	$	**$**
Balance, January 1, 2010	3,918,566	-	-	3,918,566
Stock options exercised	(256,433)	-	-	(256,433)
Share-based compensation	877,607	-	66,801	944,408
Changes in subsidiary ownership interests (Note 8)	-	2,413,210	-	2,413,210
Balance, December 31, 2010	4,539,740	2,413,210	66,801	7,019,751
Stock options exercised	(361,155)	-	-	(361,155)
Share-based compensation	3,000,568	-	-	3,000,568
Balance, December 31, 2011	**7,179,153**	**2,413,210**	**66,801**	**9,659,164**

(Expressed in United States dollars)

(d) STOCK OPTION PLANS

Orezone Gold Corporation

On May 15, 2009, the Company's shareholders approved the Company's stock option plan (the "Plan"). Under the terms of the Plan, stock options may be granted to directors, officers, employees and non-employees providing ongoing services to the Company. Stock options are issued at market value based on the volume-weighted-average price for the five trading days immediately preceding the date of grant, and can have a contractual term of up to ten years and generally vest over two to three years. The maximum number of common shares reserved for issuance under the Plan is equal to 10% of the Company's issued and outstanding shares from time to time less the aggregate number of shares reserved for issuance or issuable under any other security-based compensation arrangement for the Company. The Company does not presently have any other security-based compensation arrangement. All stock options are equity-settled and are issued with a contractual life of ten years. As at December 31, 2011, based on the Company's total common shares outstanding, a total of 8,372,453 stock options may be issued and outstanding. Based on this, the Company can grant up to 1,957,953 additional stock options beyond what was issued and outstanding as at December 31, 2011. Prior to grant, TSX approval is required to reserve the related common shares for issuance.

Stock option activity for the years ended December 31 was as follows:

	Number of stock options	Weighted-average exercise price
		C$
Balance outstanding, January 1, 2010	5,320,000	0.39
Granted	995,000	1.44
Exercised	(947,500)	0.41
Forfeited	(440,000)	0.50
Balance outstanding, December 31, 2010	4,927,500	0.59
Granted	2,714,000	4.12
Exercised	(856,500)	0.45
Forfeited	(370,500)	3.34
Balance outstanding, December 31, 2011	**6,414,500**	**1.95**
Options exercisable, December 31, 2010	2,775,000	0.46
Options exercisable, December 31, 2011	**3,940,000**	**0.95**

As at December 31, 2011, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	**Outstanding options**	**Remaining contractual life**	**Weighted-average outstanding exercise price**	**Vested options**	**Weighted-average vested exercise price**
C$		(in years)	C$		C$
$0.00 to $0.49	3,240,000	7.35	0.39	3,240,000	0.39
$0.50 to $0.99	455,500	8.53	0.85	47,000	0.85
$2.00 to $2.99	200,000	8.81	2.35	200,000	2.35
$3.00 to $3.99	959,000	9.93	3.74	33,000	3.65
$4.00 to $4.99	1,560,000	9.21	4.35	420,000	4.43
	6,414,500	**8.32**	**1.95**	**3,940,000**	**0.95**

(Expressed in United States dollars)

As at December 31, 2010, the following stock options were outstanding and exercisable:

	Outstanding			Exercisable	
Range of exercise prices	**Outstanding options**	**Remaining contractual life**	**Weighted-average outstanding exercise price**	**Vested options**	**Weighted-average vested exercise price**
C$		(in years)	C$		C$
$0.00 to $0.49	3,827,500	8.35	0.39	2,517,500	0.38
$0.50 to $0.99	750,000	9.24	0.75	157,500	0.61
$2.00 to $2.99	300,000	9.81	2.35	100,000	2.35
$3.00 to $3.99	50,000	9.88	3.65	-	n/a
	4,927,500	**8.59**	**0.59**	**2,775,000**	**0.46**

The Black-Scholes option pricing model input factors used for stock options granted during the years ended December 31 were as follows:

	2011	**2010**
Stock options granted during the year	2,714,000	995,000
Weighted-average exercise price	C$4.12	C$1.44
Weighted-average grant date market price	C$3.58	C$1.41
Weighted-average expected stock option life[1]	3.7 years	7.8 years
Weighted average expected volatility[2]	84%	83%
Weighted-average risk-free interest rate[3]	1.99%	2.45%
Weighted-average dividend yield	0.00%	0.00%
Weighted-average grant date fair value (Black-Scholes value)	C$2.03	C$0.96

The grant date fair value is calculated using the Black-Scholes option valuation model. As at December 31, 2011, there was $2,123,947 (as at December 31, 2010 – $624,069) of total unrecognized share-based compensation costs related to unvested stock option awards granted under the Plan that are expected to be recognized over a weighted-average term of 1.42 years.

Brighton Energy Corporation

On December 22, 2010, the Board of Directors of Brighton, a 67%-owned subsidiary of the Company, approved the Brighton stock option plan (the "2010 Plan"). Under the terms of the 2010 Plan, stock options may be granted to directors, officers and employees of Brighton or a related entity of Brighton and non-employees providing ongoing services to Brighton. Stock options shall be issued at a price fixed by Brighton's Board of Directors, if the board does not set a price the stock options shall be issued at no less than the price of the common shares issued as part of the most recent private placement (or other equity transaction) prior to the grant date. The stock options can have a contractual term of up to ten years. The maximum number of common shares reserved for issuance under the 2010 Plan is equal to 10% of Brighton's issued and outstanding shares from time to time less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement for Brighton.

[1] The expected option life (estimated period of time outstanding) of options granted was estimated using the historical exercise behaviour of Plan participants with reference to the then-current weighted-average life and intrinsic value of options outstanding as at the end of the reporting years.

[2] The expected volatility was based on historical volatility of the Company since its listing date excluding the first three months of trading data as trading volume and behaviour during this period is not indicative of longer term expected volatility.

[3] The risk-free rate is based on the yield of a Government of Canada marketable bond in effect at the time of grant with an expiry commensurate with the expected life of the award.

Brighton does not presently have any other security based compensation arrangement. All stock options are expected to be equity-settled and are issued with a life of ten years. As at December 31, 2011, a total of 1,500,000 options may be issued in relation to Brighton's issued and outstanding shares. Up to and including December 31, 2011 there have been 1,500,000 stock options issued, 125,000 of those options have been forfeited which leaves 125,000 additional stock options that may be granted by Brighton.

On December 22, 2010, the Board of Brighton granted 1,500,000 options with an exercise price of C$1.00 and a life of ten years. The options vest one year subsequent to an initial public offering by Brighton or other corporate transaction or immediately upon change of control. Up to and including December 31, 2011 none of the vesting conditions for the Brighton options have been met.

No share-based compensation costs have been recorded for the years ended December 31, 2011 or 2010 related to the Brighton options since the conditions for vesting have not yet been met.

During the year ended December 31, 2011, 125,000 stock options (2010 – nil) were forfeited with a weighted-average exercise price of C$1.00.

As at December 31, 2011, 1,375,000 stock options remained outstanding with a weighted-average exercise price of C$1.00, a weighted-average grant date fair value of C$0.18 and a remaining contractual life of 8.98 years.

8. BUSINESS COMBINATIONS AND NON-CONTROLLING INTEREST

The Company has elected on transition to IFRS to not restate business combinations that preceded the Transition Date. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and are attributed to the shareholders of the Company, through contributed surplus.

On March 2, 2010, Niger Resources Inc. ("NIRES"), a subsidiary of the Company, acquired three uranium exploration permits, Abelajouad, Assaouas 1 and Assaouas 2 from North Atlantic Resources Ltd. ("NAC") in exchange for a 20% interest in NIRES and C$250,000 (US$238,854) in cash consideration. This resulted in the Company's interest in NIRES being reduced from 100% to 80%. A non-controlling interest of ($83,642) was recorded on the date of the transaction, with a corresponding equal addition recorded in contributed surplus, since the net assets of NIRES were ($418,211) immediately before the transaction.

On June 30, 2010, the Company's 80%-owned subsidiary NIRES completed a non-brokered private placement whereby it issued 5,000,000 common shares in exchange for net proceeds of C$4,984,695 (US$4,806,929). As a result, the Company's ownership interest in NIRES was reduced to 53.33%. Accordingly, the Company's proportionate share of the increase in net assets of NIRES (C$2,856,942 or US$2,755,057) was recorded as an addition to contributed surplus with the balance of the increase (C$2,127,753 or US$2,051,872) recorded as an increase to non-controlling interest.

On August 31, 2010, all of the participants in the private placement, as well as NAC, exchanged their 7,000,000 common shares of NIRES for equivalent common shares of Brighton, a parent of NIRES. The non-controlling interest ownership percentages of Brighton following the transaction equalled their ownership percentages of NIRES immediately before the transaction.

On September 8, 2010, the Company closed a share purchase agreement to purchase all the outstanding shares of Brighton owned by NAC for C$1,000,000 (US$960,523). As a result of the transaction, the Company's interest in Brighton increased to 66.67% and the non-controlling interest was reduced by US$535,034 while the residual US$425,489 was deducted from contributed surplus.

Contributed surplus as at December 31, 2011 and 2010 included a $2,413,210 reserve related to the above non-controlling interest transactions.

(Expressed in United States dollars)

At December 31, 2011, the Company had cash of $409,105 that was raised in NIRES to be used to advance uranium exploration projects in Niger (December 31, 2010 – $4,122,165).

Subsequent to December 31, 2011, the Company acquired the outstanding 33% minority interest in Brighton and increased its ownership in Brighton to 100%. Refer to Note 17(b) for details of the related share exchange.

9. NATURE OF EXPENSES

The components of exploration and evaluation costs and general and administrative costs for the years ended December 31 were as follows:

	2011	2010
	$	$
Drilling and assaying	**18,562,993**	3,211,145
Exploration surveys	**2,392,198**	533,469
General, camp, infrastructure and other	**2,171,627**	809,840
Exploration and development studies	**1,400,881**	326,234
Total exploration and evaluation costs	**24,527,699**	4,880,688
Salaries and employee costs	**2,200,319**	1,389,270
General and office costs	**593,385**	478,104
Investor relations and travel	**543,175**	300,444
Public company costs	**383,282**	191,189
Professional fees	**359,160**	218,822
Total general and administrative costs	**4,079,321**	2,577,829

Total short-term employee compensation and benefits expense excluding share-based compensation for the year ended December 31, 2011 was $4,879,306 (2010 – $2,462,355).

Total general and administrative expense (“G&A”) above included both the Company’s head office G&A and local office G&A related to operating the Company’s subsidiaries. Head office G&A encompasses the costs of head office salaries and benefits, Director compensation, investor relations and travel, facilities and IT, as well as all costs associated with maintaining the Company’s listing on the Toronto Stock Exchange. Total G&A pertaining to the Company’s head office for the year ended December 31, 2011 was $2,778,615 (2010 – $1,584,926).

(Expressed in United States dollars)

10. INCOME TAXES

The reconciliation of total income tax expense (recovery) for the years ended December 31 was as follows:

	2011	2010
	$	$
Loss before income taxes	**31,794,900**	9,298,245
Income tax recovery based on the Canadian corporate income tax rate of 28.25% (2010 – 31.0%)	**8,982,058**	2,882,456
Effect of income taxes recorded at rates other the Canadian income tax rate	**(1,022,137)**	(36,714)
Effect of changes in income tax rates on unrecognized deferred tax asset balances from 28.25% to 25.0% (2010 – 31.0% to 26.0%)	**(70,621)**	679,541
Effect of foreign currency translation on income taxes	**(685,669)**	(388,406)
Effect of expenses that are not deductible for tax purposes	**(2,136,378)**	(1,126,440)
Effect of changes in items recognized directly in equity	**-**	972,882
Unrecognized change in deductible temporary differences	**(4,008)**	(7,273)
Unrecognized change in share issuance costs	**228,776**	(775,102)
Unrecognized change in Canadian non-capital loss carry-forwards	**(821,092)**	(632,575)
Unrecognized change in foreign resource-related income tax deductions	**(4,470,929)**	(1,568,369)
Total income tax (expense) recovery	**-**	-

The following deferred tax assets have not been recognized as it is not considered probable that sufficient future taxable profit will be generated to allow these assets to be recovered as at the following dates:

As at	**December 31, 2011**	December 31, 2010	January 1, 2010
	$	$	$
Canadian non-capital loss carry-forwards	**1,864,663**	1,043,571	410,996
Foreign resource-related income tax deductions	**10,981,057**	6,510,128	4,941,759
Unamortized share issuance costs deductible for tax purposes	**546,326**	775,102	-
Deductible temporary differences	**21,470**	17,462	10,189
	13,413,516	8,346,263	5,362,944

If not utilized, these Canadian non-capital loss carry-forwards expire between 2029 and 2031. The unamortized share issuance costs as at December 31, 2011 will be deductible for Canadian income tax purposes between 2012 and 2014.

The resource-related deductions generated by the Company's foreign subsidiaries are available to reduce future income taxes in Burkina Faso and Niger over an indefinite period. These deductions are tracked by project and can be applied to reduce future profit earned in Burkina Faso and Niger on the same respective projects should they be taken into production, or can be used to offset taxable gains associated with associated permit sales if such a sale is undertaken. The effective corporate income tax rate in Burkina Faso was 17.5% (27.5% less a 10% special reduction for mining companies as outlined in the Mining Code) as at December 31, 2011 and 2010. The effective corporate income tax rate in Niger was 30.0% as at December 31, 2011 and 2010.

As at December 31, 2011, no deferred tax asset associated with the cumulative resource-related income tax deductions of the Sega project was recognized as the terms and likelihood of completing the Sega Transaction described in Note 17(a) were not known with reasonable certainty at that time.

There were no deferred tax liability movements or balances for the years ended December 31, 2011 or 2010.

(Expressed in United States dollars)

11. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental details of the changes in non-cash working capital for the years ended December 31 were as follows:

	2011	2010
	$	$
Changes in non-cash working capital impacting cash flows from operating activities were as follows:		
Trade and other receivables	**10,120**	(13,592)
Inventories	**(414,428)**	68,373
Prepaid expenses and deposits	**(28,859)**	(569,690)
Accounts payable and accrued liabilities	**686,042**	303,440
	252,875	(211,469)
Changes in non-cash working capital impacting cash flows from investing activities were as follows:		
Trade and other receivables, related to finance income	**(3,614)**	(23,604)
Government deposits, related to the acquisition of mineral property rights	-	108,827
	(3,614)	85,223
Changes in non-cash working capital impacting cash flows from financing activities were as follows:		
Accounts payable and accrued liabilities, related to share issuance costs	**(98,776)**	98,776

12. SEGMENTED INFORMATION

The Company operates in business units based on mineral properties and has one business segment, being the acquisition, exploration and potential development of precious metal properties, as carried out through Orezone Inc.

The carrying amounts of interests in exploration properties segmented by geographic area were as follows:

As at	December 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Canada	**23,992**	31,052	37,102
Burkina Faso	**5,844,559**	2,176,441	2,233,916
Niger	**436,080**	435,280	196,648
	6,304,631	2,642,773	2,467,666

Total additions to the cost of interests in exploration properties segmented by geographic area for the years ended December 31 were as follows:

	2011	2010
	$	$
Canada	**13,939**	20,557
Burkina Faso	**4,493,440**	188,521
Niger	**29,643**	253,205
	4,537,022	462,283

13. FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed through its exploration and evaluation activities to the following financial risks: foreign currency risk, liquidity risk, credit risk and title risk. In common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated. The overall objective of the Board of Directors is to set policies that seek to reduce risk without unduly affecting the Company's competitiveness and flexibility.

The Company's financial instruments consist of cash, trade and other receivables, certain refundable deposits and accounts payable and accrued liabilities. The fair value of trade and other receivables, refundable deposits and accounts payable and accrued liabilities are equivalent to their carrying amounts given their short maturity period.

The following taxes receivable and payable balances included in the consolidated statements of financial position do not meet the definition of a financial instrument, and are thus excluded from the analysis of financial instruments and risk that follows:

As at	**December 31, 2011**	December 31, 2010
	$	$
Taxes receivable, included in trade and other receivables	**20,514**	31,758
Taxes payable, included in accounts payable and accrued liabilities	**102,893**	93,262

(a) FOREIGN CURRENCY RISK

In the normal course of operations, the Company is exposed to currency risk due to business transactions in foreign countries. The Company mainly transacts in United States dollars ("USD"), Canadian dollars ("CAD"), Euros ("EUR"), and Communauté Financière Africaine francs ("CFA"). Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The USD equivalent of the Company's financial instruments by originating denomination currency was as follows:

As at December 31, 2011	**USD**	**CAD**	**EUR & CFA[1]**	**Total**
	$	$	$	$
Financial assets				
Cash	2,768,540	24,382,320	1,547,248	28,698,108
Trade and other receivables	795	32,473	-	33,268
Deposits	-	-	74,480	74,480
	2,769,335	24,414,793	1,621,728	28,805,856
Financial liabilities				
Accounts payable and accrued liabilities	40,649	171,089	1,103,101	1,314,839
Net financial instruments, December 31, 2011	**2,728,686**	**24,243,704**	**518,627**	**27,491,017**

[1] The financial instruments held in EUR and CFA have been presented together as the CFA is pegged to the EUR.

(Expressed in United States dollars)

As at December 31, 2010	**USD**	**CAD**	**EUR & CFA[1]**	**Total**
	$	$	$	$
Financial assets				
Cash	883,221	59,578,326	856,666	61,318,213
Trade and other receivables	-	26,693	2,999	29,692
Deposits	-	-	71,007	71,007
	883,221	59,605,019	930,672	61,418,912
Financial liabilities				
Accounts payable and accrued liabilities	54,544	634,295	130,792	819,631
Net financial instruments, December 31, 2010	**828,677**	**58,970,724**	**799,880**	**60,599,281**

A 10% weakening against the USD of the currencies to which the Company had exposure would have had the following effects (a 10% strengthening against the USD would have had the opposite effect):

As at	**December 31, 2011**	December 31, 2010
	$	$
CAD	**(2,424,370)**	(5,897,072)
EUR & CFA	**(51,862)**	(79,988)
	(2,476,232)	(5,977,060)

The fair value hierarchy of financial instruments measured at fair value was as follows:

As at	**December 31, 2011**	December 31, 2010	January 1, 2010
	Level 1, $	Level 1, $	Level 1, $
Cash	**28,698,108**	61,318,213	4,538,551
Government deposits	**-**	-	108,827

The Company does not have financial instruments that are valued based on Level 2 or Level 3 inputs.

The Company is also exposed to foreign currency risk on the CFA currency held as the peg rate to the EUR is periodically reviewed and could be adjusted which may result in a devaluation of currency on hand. The Company manages this risk by minimizing the amount of CFA held at any point in time and by monitoring ongoing discussions concerning the peg rate to ensure that proposed changes are known prior to implementation.

(b) LIQUIDITY RISK

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. The Company's accounts payable and accrued liabilities are due within one year of the end of the reporting years. The Company currently has sufficient resources to meet its obligations as they become due as a result of the equity financings which closed on January 26, and December 21, 2010 (see Note 7(a)) and the private placement that closed on June 30, 2010 (see Note 8). The Company will periodically need to raise funds in the future to continue operations, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

(c) CREDIT RISK

The Company's cash and trade and other receivables are exposed to credit risk, which is the risk that the counterparties to the Company's financial instruments will fail to discharge their obligations to the Company. The amount of credit risk to which the Company is exposed is insignificant due to the majority of the cash being held in a Canadian chartered bank and the limited amount of trade and other receivables.

(d) TITLE RISK

Title to mineral property rights involves certain inherent risks due to the potential for problems arising from the ambiguous conveyance history characteristic of many mining properties and from political risk associated with the countries in which the Company carries out its exploration activities. The Company has taken all reasonable steps to ensure it has proper title to its properties. However, no guarantees can be provided that there are no unregistered agreements, claims or defects which may result in the Company's title to its properties being challenged. Furthermore, the Company requires a number of different permits and licenses in order to carry on its business and there can be no assurance that they will be renewed upon expiry. The Company is also subject to the risk that a new mineral exploration permit or mining permit will not be issued upon expiration of the third term of an exploration permit.

14. CAPITAL MANAGEMENT

As at December 31, 2011, the Company's capital consisted of $123,566,961 of common shares (as at December 31, 2010 – $122,818,816).

The Company's primary objectives in managing its capital are to maintain sufficient levels of capital to continue its current exploration, development and other operating activities, and to maintain sufficient financial strength and flexibility to support additional future investments in the development of the Company's mining properties. The Company achieves its objectives by rationally allocating capital in accordance with Management's strategies and periodically raising capital from investors.

The Company's capital structure was modified during the year ended December 31, 2010 in order to meet these objectives. In January 2010, the Company undertook an equity financing at C$0.75 per share with gross proceeds of C$10,005,000 (net proceeds of C$9,155,779) and in December 2010, the Company undertook another equity financing at C$3.75 per share for gross proceeds of C$53,906,250 (net proceeds of C$50,934,774). As well, in August 2010, the Company's warrants were exercised, resulting in the issuance of 250,000 common shares at C$0.94 per share for gross proceeds of C$234,000. See Notes 7(a) and 7(b) for US$ equivalents.

15. COMMITMENTS

As at December 31, 2011, the Company had contractual obligations for drilling activities, social-economic and environmental impact studies, sample analysis and laboratory management services, construction and facilities costs and equipment and inventory purchases in the amount of $3,801,867 (as at December 31, 2010 – $3,802,687). The schedule of certain payments is dependent upon the contractors' ability to complete various milestones, however it is expected that the majority of the commitments will be payable during the first quarter of 2012.

Subsequent to December 31, 2011, the Company entered into further contractual obligations in the amount of $1,336,615 for drilling activities, sample analysis services, construction and facilities costs and vehicle, equipment and inventory purchases, which are expected to be payable during the first half of 2012.

As at December 31, 2011, the contractual obligations of the Company included $296,608 of commitments related to a 10,000 meter reverse circulation ("RC") drill program at Sega which will be assumed by Cluff Gold plc as described in Note 17(a).

(Expressed in United States dollars)

16. KEY MANAGEMENT COMPENSATION

Key Management Personnel and Director compensation for the years ended December 31 was as follows:

	2011	2010
	$	$
Short-term employee compensation and benefits and director fees	**1,707,197**	912,340
Share-based compensation (Note 7(d))	**2,612,694**	572,867
	4,319,891	1,485,207

17. EVENTS AFTER THE REPORTING DATE

(a) SALE OF SEGA PROJECT TO CLUFF GOLD PLC

On February 3, 2012, the Company signed a definitive agreement with Cluff Gold plc ("Cluff") for the sale and transfer of the Sega project for consideration consisting of $15 million in cash and 11 million new common shares of Cluff (the "Sega Transaction"). Under the terms of the Sega Transaction, Cluff will acquire the Tiba and Namasa exploration permits (see Note 6) as well as the Sega exploration camp and data accumulated from exploration work completed on related predecessor permits. Cluff will assume a 3% NSR due to Royal Gold as well as all Burkina Faso Government interests including the standard sliding scale NSR and 10% carried interest held by the Government of Burkina Faso once a mining permit is granted. Cluff will also assume the full cost of a 10,000 meter RC drill program that was underway at the time of entering into the Sega Transaction. The shares of Cluff are subject to a standard four-month hold period as well as orderly marketing arrangements for a period of two years from the closing date of the Sega Transaction. The Sega Transaction is subject to a number of closing conditions, including TSX approval and approval from the Government of Burkina Faso for the transfer of the exploration permits.

(b) OREZONE GOLD CORPORATION ACQUISITION OF THE 33% MINORITY INTEREST IN BRIGHTON

Subsequent to December 31, 2011, the Company executed definitive share exchange agreements to acquire the 5,000,000 common shares held by minority interests in its 67%-owned uranium subsidiary Brighton (the "Brighton Exchange"). Under the terms of the Brighton Exchange, each minority shareholder received approximately 0.36 free-trading common shares of the Company in exchange for each share of Brighton held, resulting in 1,818,000 new common shares of the Company being issued. The exchange ratio was determined using a value of C$1.00 per share for the shares of Brighton and C$2.75 per share for the shares of the Company. Upon completion of the Brighton Exchange, the Company will own 100% of Brighton and its wholly-owned subsidiaries Brighton Energy Limited and NIRES and will continue to fund the uranium exploration programs currently underway in Niger.

18. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS 1, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"), requires that comparative financial information be provided so as a result, the first date at which the Company has applied IFRS was the Transition Date of January 1, 2010. IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS the Company prepared its consolidated financial statements in accordance with Previous CGAAP. In preparing the Company's opening IFRS consolidated financial statements, the Company has adjusted amounts reported previously in the consolidated financial statements prepared in accordance with Previous CGAAP.

(Expressed in United States dollars)

RECONCILIATION OF EQUITY

As at	December 31, 2010	January 1, 2010
	$	$
Equity under Previous CGAAP		
Share capital	122,818,816	62,990,088
Contributed surplus	4,547,697	3,783,071
Accumulated other comprehensive income (“AOCI”)	483,211	483,211
Accumulated deficit	(30,265,434)	(31,580,772)
Total equity under Previous CGAAP	**97,584,290**	**35,675,598**
Contributed surplus, effect of transition to IFRS		
Share-based compensation (c)	58,844	135,495
Change in subsidiary ownership interests (e)	2,413,210	-
	2,472,054	135,495
Foreign currency translation reserve, previously AOCI, effect of transition to IFRS		
Elimination of transition cumulative translation adjustment (b)	(483,211)	(483,211)
Foreign currency translation from functional currencies (f)	1,730,892	-
	1,247,681	(483,211)
Accumulated deficit, effect of transition to IFRS		
Elimination of transition cumulative translation adjustment (b)	483,211	483,211
Share-based compensation (c)	(58,844)	(135,495)
Expensing of capitalized exploration costs (d)	(34,592,182)	(28,834,896)
Reversal of dilution gain (e)	(2,563,535)	-
Foreign currency translation from functional currencies (f)	(1,767,598)	246,473
	(38,498,948)	(28,240,707)
Non-controlling interest, effect of transition to IFRS		
Net loss attributable to non-controlling interest (d)	(381,450)	-
Reclassify non-controlling interest to equity (e)	1,629,136	-
Change in subsidiary ownership interests (e)	(169,832)	-
Foreign currency translation from functional currencies (f)	150,847	-
	1,228,701	-
Total equity, effect of transition to IFRS		
Elimination of transition cumulative translation adjustment (b)	(483,211)	(483,211)
Share-based compensation (c)	58,844	135,495
Net loss attributable to non-controlling interest (d)	(381,450)	-
Reclassify non-controlling interest to equity (e)	1,629,136	-
Change in subsidiary ownership interests (e)	2,243,378	-
Foreign currency translation from functional currencies (f)	1,881,739	-
Accumulated deficit (b), (c), (d), (e), (f)	(38,498,948)	(28,240,707)
	(33,550,512)	(28,588,423)
Equity under IFRS		
Share capital	122,818,816	62,990,088
Contributed surplus	7,019,751	3,918,566
Foreign currency translation reserve	1,730,892	-
Accumulated deficit	(68,764,382)	(59,821,479)
Non-controlling interest	1,228,701	-
Total equity under IFRS	**64,033,778**	**7,087,175**

(Expressed in United States dollars)

RECONCILIATION OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at January 1, 2010	CGAAP as previously reported	Effect of transition to IFRS	IFRS
	$	$	$
ASSETS			
Current assets			
Cash	4,538,551	-	4,538,551
Trade and other receivables	21,904	-	21,904
Inventories (f)	173,238	76,542	249,780
Prepaid expenses and deposits (f)	164,752	17,748	182,500
Government deposits	108,827	-	108,827
	5,007,272	94,290	5,101,562
Non-current assets			
Interests in exploration properties (d), (f)	31,150,379	(28,682,713)	2,467,666
Total assets	36,157,651	(28,588,423)	7,569,228
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	482,053	-	482,053
Equity			
Share capital	62,990,088	-	62,990,088
Contributed surplus (c)	3,783,071	135,495	3,918,566
Accumulated other comprehensive income (b)	483,211	(483,211)	-
Accumulated deficit (b), (c), (d), (f)	(31,580,772)	(28,240,707)	(59,821,479)
Total shareholders' equity	35,675,598	(28,588,423)	7,087,175
Total liabilities and equity	36,157,651	(28,588,423)	7,569,228

(Expressed in United States dollars)

RECONCILIATION OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2010	CGAAP as previously reported	Effect of transition to IFRS	IFRS
	$	$	$
ASSETS			
Current assets			
Cash	61,318,213	-	61,318,213
Trade and other receivables	61,450	-	61,450
Inventories (f)	168,162	(596)	167,566
Prepaid expenses and deposits (f)	738,656	18,013	756,669
	62,286,481	17,417	62,303,898
Non-current assets			
Interests in exploration properties (d), (e), (f)	37,839,838	(35,197,065)	2,642,773
Total assets	100,126,319	(35,179,648)	64,946,671
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	912,893	-	912,893
Non-controlling interest (e)	1,629,136	(1,629,136)	-
Equity			
Share capital	122,818,816	-	122,818,816
Contributed surplus (c), (e)	4,547,697	2,472,054	7,019,751
Foreign currency translation reserve, previously accumulated other comprehensive income (b), (f)	483,211	1,247,681	1,730,892
Accumulated deficit (b), (c), (d), (e), (f)	(30,265,434)	(38,498,948)	(68,764,382)
Total shareholders' equity	97,584,290	(34,779,213)	62,805,077
Non-controlling interest (d), (e), (f)	-	1,228,701	1,228,701
Total equity	99,213,426	(35,179,648)	64,033,778
Total liabilities and equity	100,126,319	(35,179,648)	64,946,671

(Expressed in United States dollars, except for number of share amounts)

RECONCILIATION OF THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the year ended December 31, 2010	CGAAP as previously reported	Effect of transition to IFRS	IFRS
	$	$	$
Expenses			
Exploration and evaluation costs (d)	-	4,880,688	4,880,688
General and administrative costs (d)	1,708,568	869,261	2,577,829
Share-based compensation (c), (d)	866,243	78,165	944,408
Depreciation and amortization (d)	28,186	197,817	226,003
	2,602,997	6,025,931	8,628,928
Other income (loss)			
Dilution gain (e)	2,563,535	(2,563,535)	-
Foreign exchange gain (loss) (f)	1,330,023	(2,047,199)	(717,176)
Finance income (f)	83,145	(24)	83,121
Finance expense (f)	(5,350)	(5,569)	(10,919)
Gain on sale of property, plant and equipment (f)	7,867	2,521	10,388
Capital tax expense (f)	(34,777)	46	(34,731)
	3,944,443	(4,613,760)	(669,317)
Net income (loss) for the year	1,341,446	(10,639,691)	(9,298,245)
Net income (loss) for the year attributable to:			
Common shareholders (c), (d), (e), (f)	1,315,338	(10,258,241)	(8,942,903)
Non-controlling interest (d)	26,108	(381,450)	(355,342)
Net income (loss) per common share, basic and diluted	0.02	(0.15)	(0.13)
Weighted-average number of common shares outstanding, basic	67,173,805	-	67,173,805
Weighted-average number of common shares outstanding, diluted	69,870,630	(2,696,825)	67,173,805
Other comprehensive income (loss)			
Net income (loss) for the year	1,341,446	(10,639,691)	(9,298,245)
Foreign currency translation gain (f)	-	1,881,739	1,881,739
Comprehensive income (loss)	1,341,446	(8,757,952)	(7,416,506)
Comprehensive income (loss) attributable to:			
Common shareholders	1,315,338	(8,527,349)	(7,212,011)
Non-controlling interest	26,108	(230,603)	(204,495)

(Expressed in United States dollars)

RECONCILIATION OF THE CONSOLIDATED STATEMENTS OF CASH FLOWS

The main impact of the transition to IFRS on the consolidated statements of cash flows for the year ended December 31, 2010, is an increase of cash flows used in operating activities by $6,499,634, a corresponding decrease of cash flows used in investing activities of $6,530,358 and an impact on the effect of foreign currency translation on cash. The change is mainly due to the Company's policy under IFRS for mineral exploration costs (see (d) below) which differs from the treatment under Previous CGAAP.

EXPLANATION OF TRANSITION IMPACT

Optional exemptions

The Company applied the following IFRS 1 applicable exemptions in the conversion from Previous CGAAP to IFRS:

(a) Business combinations

IFRS 1 allows first-time adopters to elect to not apply the requirements of IFRS 3, "Business Combinations" ("IFRS 3") retrospectively to business combinations that occurred prior to January 1, 2010. The Company has chosen to apply this election. Accordingly, the Company has retained the same classification as reported under Previous CGAAP for business combinations completed prior to January 1, 2010.

(b) Transition cumulative translation differences

IFRS 1 allows first-time adopters to elect to eliminate all previously recorded cumulative translation differences related to foreign operations at the Transition Date. The Company has chosen to apply this election. The Company's application of this election has resulted in a decrease to accumulated other comprehensive income of $483,211, with a corresponding decrease to accumulated deficit as at January 1 and December 31, 2010.

(c) Share-based compensation

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, "Share-Based Payments" ("IFRS 2"), to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the Transition Date. The majority of the Company's stock option grants under its 2009 Stock Option Plan were not vested prior to January 1, 2010. The Company has therefore elected to apply IFRS 2 to all stock options granted under the 2009 Stock Option Plan.

IFRS 2 and Previous CGAAP are largely converged, with the exception of two main differences affecting the Company's stock option grants. IFRS 2 does not allow straight-line amortization of compensation expense related to stock options granted with a graded vesting schedule. The attribution method is instead required which effectively splits the grant into separate units for valuation purposes based on the vesting schedule. Additionally, IFRS 2 requires the incorporation of an estimate of forfeiture rates. Under Previous CGAAP, the Company's policy was to account for forfeitures as they occurred.

The Company's application of IFRS 2 had the following impact:

As at	December 31, 2010	January 1, 2010
	$	$
Consolidated statements of financial position		
Increase to contributed surplus	58,844	135,495
Increase to accumulated deficit	(58,844)	(135,495)

(Expressed in United States dollars)

	Year ended December 31, 2010
	$
Consolidated statements of comprehensive loss	
Decrease to share-based compensation expense, and decrease to net loss, and decrease to net loss attributable to common shareholders	(76,651)

Mandatory exceptions

The application of the following mandatory exemptions did not have a financial impact on the Company's consolidated statements of comprehensive loss for the year ended December 31, 2010.

De-recognition of financial assets and liabilities

The Company has applied the de-recognition requirements in IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"), prospectively from the Transition Date. As a result, any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with Previous CGAAP have not been reviewed for compliance with IAS 39.

Estimates

The estimates made by the Company under Previous CGAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy. As a result, the Company has not used hindsight to revise estimates.

Impacts of policy selection and application of IFRSs

(d) Mineral exploration costs

Similar to Previous CGAAP, IFRS allows the choice of either capitalizing or expensing costs related to mineral exploration. Under Previous CGAAP the Company's policy was to capitalize mineral exploration costs. Capitalized exploration costs included an allocation of directly attributable administrative and support costs, depreciation of property, plant and equipment used for exploration activities and share-based compensation.

Under IFRS, the Company's policy is to charge costs incurred in the exploration phase to expense until certain criteria have been met (see Note 3(h)). Further, only direct costs related to mineral exploration activities are included as part of exploration expenses. The Company's application of this policy had the following impact:

As at	December 31, 2010	January 1, 2010
	$	$
Consolidated statements of financial position		
Decrease to interest in exploration properties, and total assets	(34,973,632)	(28,834,896)
Decrease to non-controlling interest	(381,450)	-
Increase to accumulated deficit	(34,592,182)	(28,834,896)
Decrease to total equity	(34,973,632)	(28,834,896)

(Expressed in United States dollars)

	Year ended December 31, 2010
	$
Consolidated statements of comprehensive loss	
Increase to exploration and evaluation costs	4,880,688
Increase to general and administrative costs	869,261
Increase to share-based compensation	154,816
Increase to depreciation and amortization	197,817
Increase to net loss for the year	(6,102,582)
Increase to net loss for the year, and increase to comprehensive loss, attributable to:	
Common shareholders	(5,721,132)
Non-controlling interest	(381,450)

(e) Changes in subsidiary ownership interests that do not result in a loss of control

Subsequent to the Transition Date, the main impact to the Company's financial results of the application of IFRS 3 to business combinations has been the accounting for changes in subsidiary ownership interests that do not result in a loss of control (see Note 8).

Under IFRS, non-controlling interest is presented as a component of equity whereas under Previous CGAAP it is not. The reconciliation of equity includes the impact of reclassifying the Previous CGAAP non-controlling interest balance of $1,629,136 into equity.

On March 2, 2010, under IFRS the Company recorded a non-controlling interest of ($83,642), with a corresponding addition of $83,642 to contributed surplus, as part of the transaction whereby NAC acquired a 20% interest in the Company's subsidiary NIRES. Under Previous CGAAP $nil was allocated to contributed surplus and non-controlling interest for the same transaction. The difference in treatment is largely driven by the fact that under Previous CGAAP, NIRES had capitalized mineral exploration costs that offset its liabilities at the transaction date, whereas under IFRS, the net assets of NIRES were ($418,211) immediately before the transaction primarily because mineral exploration costs are no longer capitalized (see (d) below). IFRS permits a negative non-controlling interest to be recorded.

On June 30, 2010, under Previous CGAAP the Company recorded a dilution gain, and a corresponding increase to net income, of $2,563,535 as part of the $4,806,929 private placement that saw the non-controlling interest of NIRES increased by $2,243,394, and from 20% to 46.67% ownership. Under IFRS the Company recorded additions of $2,755,057 to contributed surplus and $2,051,872 to non-controlling interest. Under IFRS no dilution gain is recorded so the accumulated deficit is also $2,563,535 higher than the treatment under Previous CGAAP for the same transaction.

On September 8, 2010, the Company closed a share purchase agreement to purchase all the outstanding shares of the Company's subsidiary Brighton held by NAC for $960,523, and under Previous CGAAP recorded $320,157 in capitalized mineral property acquisition costs, no longer capitalized under IFRS, and a $640,366 decrease to non-controlling interest. Under IFRS, the Company recorded decreases of $425,489 to contributed surplus and $535,034 to non-controlling interest respectively for the same transaction.

(Expressed in United States dollars)

(f) Functional currency determination

Both Previous CGAAP and IFRS require that functional currency be evaluated by legal entity, but the criteria to determine the functional currency of a given entity differs between Previous CGAAP and IFRS. IAS 21, "Changes in Foreign Exchange Rates" ("IAS 21"), outlines the criteria that must be used in determining functional currency by legal entity. Upon application of IAS 21, the Company reached different conclusions as to the functional currency of each of its legal entities. In particular the functional currency of Orezone Gold Corporation is the Canadian dollar under IAS 21, whereas it was the United States dollar under Previous CGAAP. Further, the Company has chosen to retain the United States dollar as its presentation currency for its consolidated financial results (see Note 3(b)). The Company's application of IAS 21 includes the foreign currency impact associated with translating its consolidated results, including foreign operations, to its presentation currency, and has the following impact:

As at	December 31, 2010	January 1, 2010
	$	$
Consolidated statements of financial position		
(Decrease) increase to inventories	(596)	76,542
Increase to prepaid expenses and deposits	18,013	17,748
Increase to interests in exploration properties	96,724	152,183
Increase to total assets	114,141	246,473
Increase to foreign currency translation reserve	1,730,892	-
(Increase) decrease to accumulated deficit	(1,767,598)	246,473
Increase to non-controlling interest	150,847	-
Increase to total equity	114,141	246,473

	Year Ended December 31, 2010
	$
Consolidated statements of comprehensive loss	
Increase to foreign exchange loss	(2,047,199)
Decrease to finance income	(24)
Increase to finance expense	(5,569)
Increase to gain on sale of property, plant and equipment	2,521
Decrease to capital tax expense	46
Increase to net loss, and net loss attributable to common shareholders	(2,050,225)

	Year Ended December 31, 2010
	$
Consolidated statements of comprehensive loss	
Increase to foreign currency translation gain, and decrease to comprehensive loss	1,881,739
Decrease to comprehensive loss attributable to:	
Common shareholders	1,730,892
Non-controlling interest	150,847