OREZONE GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND TOTAL COMPREHENSIVE LOSS

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2011

November 14th, 2011

General

This Management's Discussion and Analysis ("MD&A") is provided to enable the reader to assess material changes in the financial position and total comprehensive loss for Orezone Gold Corporation (the "Company") for the three and nine month periods ended September 30, 2011, in comparison to the corresponding prior-year periods. This document should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2011 ("Interim Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements. The MD&A is also intended to supplement and complement the audited annual consolidated financial statements for the fiscal year ended December 31, 2010 ("Annual Financial Statements"). As a result, this MD&A should also be read in conjunction with the Annual Financial Statements and Annual Information Form ("AIF") on file with the Canadian provincial securities regulatory authorities, for the year ended December 31, 2010. All dollar amounts in this MD&A are in United States dollars, unless otherwise specified. References to "$" or "US$" are to United States dollars and references to "C$" are to Canadian dollars. This MD&A has taken into account information available up to and including November 14, 2011.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out our exploration programs or the need for future financing are forward-looking statements. Statements regarding expected results, including the potential for expansion of current NI 43-101 qualified resources of the Company are also forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language at the end of this document. Readers are advised to refer to the cautionary language included at the end of this MD&A when reading any forward-looking statements.

The MD&A is prepared in conformity with NI 51-102F1 and has been approved by the Board of Directors prior to its release.

Corporate Information

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 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 has not yet determined 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.

Although the Company began trading publicly on February 25, 2009, the projects, Management and Board represent the continuation of Resources' successful track record in Burkina Faso, extending back to its inception in 1996. This includes the acquisition, exploration, development, financing, construction and divestiture of Essakane, the largest gold deposit in Burkina Faso. Burkina Faso is projected to become the fourth largest African gold producer in 2012 and much of this production will come from Essakane. Burkina Faso has similar geology, but is relatively underexplored, compared to the neighboring countries of Mali and Ghana where more major discoveries have been made and a number of large mines have been built.

Burkina Faso has good infrastructure relative to much of West Africa, and has provided the opportunity to acquire both relatively large unexplored tracts of land, as well as more advanced stage assets, on reasonable terms. The Company will continue to focus the majority of its efforts in Burkina Faso.

The Company has three advanced stage gold projects: Bomboré, Sega and Bondi, which are all located in Burkina Faso. The Bomboré project is currently one of the largest undeveloped gold deposits in Burkina Faso and was acquired by Resources in 2002 at much lower gold prices. In 2011, the Company's main focus continues to be the advancement of the Bomboré gold project towards a production decision, which the Company expects to be in a position to make in Q3 2012.

The Company also has uranium exploration permits in Niger, West Africa which it operates through its 67%-owned subsidiary Brighton Energy Corporation ("Brighton"). The Company has made significant discoveries on two of the five exploration permits held by Brighton, and in October 2011 has initiated a 25,000 m drill program to follow up on targets identified on the remaining permits.

The following table provides the NI 43-101 qualified resources on the Company's projects:

Table 1 – NI 43-101 Qualified Resources

Category	Tonnes	Grade	Contained Gold	Date Released
	(million)	(Au g/t)*	(oz)*	
Bomboré				
Indicated resources	60.9	0.81	1,589,000	October 2010
Inferred resources	60.6	0.96	1,873,000	
Sega				
Indicated resources	8.3	1.69	450,000	February 2009
Inferred resources	2.9	1.58	147,300	
Bondi				
Measured and indicated resources	4.1	2.12	282,000	February 2009
Inferred resources	2.5	1.84	149,700	
Total				
Measured and indicated resources	**73.3**	**0.98**	**2,321,400**	
Inferred resources	**66.0**	**1.02**	**2,170,000**	

* Using a 0.5 g/t cut-off, except for Bomboré which uses a cut-off of 0.30 g/t for oxide material, 0.35 g/t for transition material and 0.50 g/t for fresh material.

Significant developments during, and subsequent to the third quarter of 2011 included:

- On August 8, 2011 the Company announced that it had been granted exploration rights to an additional 63 km^2 of prospective ground adjacent to its Bomboré gold project in Burkina Faso. The Toéyoko permit extends the Bomboré gold project footprint to the south and southwest by 60% (see Map 1 in Bombore Project discussion below);
- On August 18, 2011 the Company announced positive detailed metallurgical test results for the sulphide resources from its Sega gold project in Burkina Faso. Final results from column leach tests for the sulphide resources are 77% recovery for material that is crushed to 1.7 mm and agglomerated with 7 kg/t of cement. The Company also announced a partial reorganization to its Board of Directors and Committees; and
- On July 26, September 12, and October 17, 2011 the Company announced additional positive drill results from an ongoing 170,000 m infill and expansion drill program at its Bomboré gold project in Burkina Faso. Results include 701 reverse circulation (RC) holes (38,061 m) and 146 diamond drill (DD) holes (22,259 m) from the northern and southern portions of the 11 km long Bomboré resource.

Exploration Activity

The following table summarizes the Company's exploration expenditures and meters drilled by project for the three and nine month periods ended September 30, 2011 and 2010. All figures are presented in US$, except for meters drilled.

Table 2 – Project Drilling and Exploration Expenses

Three months ended September 30, 2011	Meters Drilled*	Drilling & Assaying	Camp & Facilities	Engineering & Consultants	Salaries & Benefits	Total Exploration & Project Development
Bomboré	**57,991**	4,832,382	859,225	397,449	532,014	**6,621,070**
Sega	**-**	43,226	60,715	13,565	44,933	**162,439**
Bondi	**-**	-	1,248	-	3,015	**4,263**
Brighton, Niger (Uranium)	**916**	48,238	113,689	477,904	46,222	**686,053**
Total	**58,907**	**4,923,846**	**1,034,877**	**888,918**	**626,184**	**7,473,825**

* Auger drilling included above: Bomboré 1,469 m.

Three months ended September 30, 2010	Meters Drilled	Drilling & Assaying	Camp & Facilities	Engineering & Consultants	Salaries & Benefits	Total Exploration & Project Development
Bomboré	**-**	183,178	16,384	25,429	120,414	**345,405**
Sega	**-**	109,090	8,176	11,149	31,359	**159,774**
Bondi	**-**	-	1,713	362	5,930	**8,005**
Brighton, Niger (Uranium)	**-**	-	42,811	31,431	31,293	**105,535**
Total	**-**	**292,268**	**69,084**	**68,371**	**188,996**	**618,719**

Nine months ended September 30, 2011	Meters Drilled*	Drilling & Assaying	Camp & Facilities	Engineering & Consultants	Salaries & Benefits	Total Exploration & Project Development
Bomboré	**127,313**	9,323,310	2,106,131	1,054,606	1,242,060	**13,726,107**
Sega	**10,000**	190,936	253,883	92,645	155,662	**693,126**
Bondi	**-**	-	4,785	-	11,807	**16,592**
Brighton, Niger (Uranium)	**17,393**	1,059,104	337,989	1,418,475	203,855	**3,019,423**
Total	**154,706**	**10,573,350**	**2,702,788**	**2,565,726**	**1,613,384**	**17,455,248**

* Auger drilling included above: Total 22,146 m including Bomboré 12,146 m and Sega 10,000 m.

Nine months ended September 30, 2010	Meters Drilled*	Drilling & Assaying	Camp & Facilities	Engineering & Consultants	Salaries & Benefits	Total Exploration & Project Development
Bomboré	**45,511**	1,934,413	482,251	149,907	500,049	**3,066,620**
Sega	**-**	117,533	29,887	33,952	59,831	**241,203**
Bondi	**-**	-	7,303	3,571	23,884	**34,758**
Brighton, Niger (Uranium)	**-**	-	58,860	53,537	77,281	**189,678**
Total	**45,511**	**2,051,946**	**578,301**	**240,967**	**661,045**	**3,532,259**

* Auger drilling included above: Bomboré 3,054 m.

Certain comparative figures in the Interim Financial Statements and Table 2 of the MD&A issued earlier in 2011 for the periods ended June 30 and March 31, 2011 and 2010 have been reclassified to be consistent with the current period's presentation.

Bomboré Project

The Company is focused on developing the 100%-owned Bomboré gold project into a world-class deposit. Resources as of October 2010 include 1.6M oz indicated (61M t @ 0.8 g/t) and 1.9M oz inferred (61M t @ 1 g/t) based on 120,000 m of drilling to an average depth of 60 m resulting in over 30,000 oz per vertical meter. The resources are constrained within optimized open pit shells that span 11 km, and remain open at depth and for the most part along strike. From surface to an average depth of 40-50 m, the resources are oxidized and amenable to both carbon-in-leach (CIL) and heap leach (HL) processing. The project is situated 85 km east of the capital city, adjacent to an international highway with access to sufficient water, power and a large labor force.

In November 2010, the Company launched a $24 million, 170,000 m infill and expansion drilling program ("the Program"). The program consists of 85,000 m of reverse circulation drilling focused mostly on upgrading the near-surface oxide material and 85,000 m of core drilling to upgrade and expand the lower sulphide material. The Company also launched a 12,000 m auger drilling program designed to identify possible lateral extensions of the known resources and to test other gold in soil anomalies. In June 2011, the Company completed and released a Preliminary Economic Assessment ("PEA") that evaluated both a heap leach and a carbon-in-leach operation. The results demonstrated that both stand-alone scenarios are positive and economically feasible if inferred resources can be substantially upgraded to the indicated category and more extensive technical studies confirm the preliminary assumptions and information generated by the PEA. The technical studies are included and ongoing as part of the Program.

Drilling progress

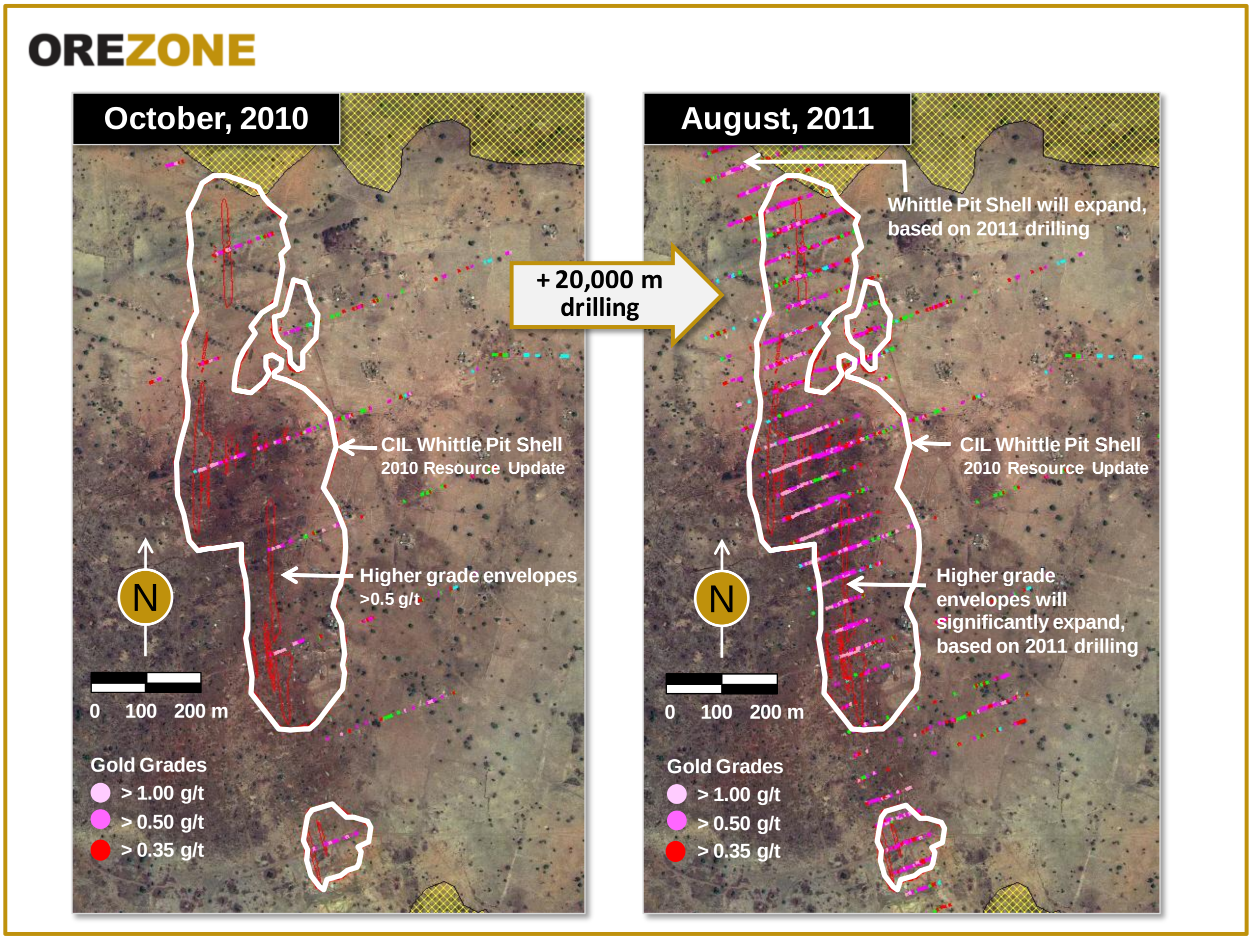
Approximately 80% of the Program has now been completed (135,000 m) with roughly 70% of the assays received. Results reported to date have cumulatively indicated higher grades (+42% in the oxide, +37% in the sulphide) and narrower widths (-29% in the oxide, -33% in the sulphide) compared to the October 2010 NI 43-101 compliant resource model ("the 2010 Resource Model"). This is considered to be very positive given that the majority of the assays reported to date have been from the southern half of the deposit, where historically there had been less drilling.

Some of the drill results and conclusions are still preliminary and may be further improved as approximately 20% of the leach residue fire assays are still pending for the Siga, P11 and P8P9 areas. The leach residue fire assays typically increase the mineralized width above a lower cut-off of 0.5 g/t by about 18% for a similar bulk grade.

Most significantly, the drilling to date has also improved continuity of the mineralization along strike and between the pit shells, which should result in lower open pit mining strip ratios in the oxidize material. One example is the Siga South zone where drilling has confirmed that it connects with the Siga West zone resulting in 3.7 km of continuous mineralized structure with a vertical depth of up to 200 m. The zone remains open at depth and along strike and warrants further drilling to test the full potential. In the 2010 Resource Model, Siga South amounted to only 1.6 km of the 11 km Bomboré resource and was classified as an inferred resource supported only by shallow widely-spaced drill holes. The infill and expansion drill results to date (see Map 1 below) already indicate that this area will have a positive impact on the next resource update expected in Q2 2012, and will further improve the economics of the project.

The remaining 50,000 m of the Program will occur in the northern half of the deposit where grades and continuity were more robust than the southern half in the 2010 Resource Model. The initial RC results reported in October 2011 from the northern half (P8P9) continue to confirm this positive trend. With six drill rigs in operation (5DD, 1RC) the Company is on track to complete the 170,000 m program by Q1 2012. A full NI 43-101 compliant resource update is planned for release in Q2 2012, followed by a full feasibility study by Q4 2012.

Map 1 – Siga South plan view comparison of drill hole intersections projected to surface for 2010 and 2011



Economics and optimal mining scenario

The base case presented in the June 2011 PEA demonstrated an after-tax IRR of 9.9% (HL) and 6.9% (CIL) to the Company, using $1,025/oz Whittle pit shells, revenues based on $1,100/oz gold, $80/bbl oil and all other costs being current market. The after-tax IRR improves to 28% (HL) and 20% (CIL) from revenues at a $1,500/oz gold price, $120/bbl oil and the same $1,000/oz Whittle pit shells. Upon completion of the Program and further technical studies the Company hopes to improve on the economics presented in the PEA by:

1. **Lowering the initial capital expenditure by building the plant in two phases:** By starting with only an oxide plant, capital requirements would be substantially reduced and a phase II expansion to process the fresh or sulphide ores could be built using project cash flows. The oxide ores are softer to mine, have the highest recoveries, use less power and reagents, and have the lowest strip ratio. The Company is currently evaluating the economic feasibility of this scenario (including completion of engineering and metallurgical testing) and the related capital requirements;

2. **Resource expansion:** The ongoing 170,000 m expansion and infill drilling program and expected Q2 2012 resource update will expand the NI 43-101 compliant gold resource. Drilling completed to date has also demonstrated higher grades in both the oxide/transition and sulphide resources; and

3. **Improved continuity:** The drilling to date has improved the continuity of the mineralization which will result in lowering the strip ratios.

Feasibility and infrastructure work

The environmental impact study, along with metallurgical and optimization studies, continue to proceed on schedule. A detailed socio-economic field inventory was completed in September and an interim report is expected in Q4 2011. Approximately one ton of material (76 samples) representative of the various oxide and sulphide mineralized zones is currently being processed by McClelland Laboratories Inc. in Nevada, USA, for detailed ore variability testing, including work index and abrasion index test work and cyanidation tests, carbon and sulfur speciation, ICP scan, whole rock analysis and granulometry and particle size distribution analysis. Results will become progressively available over the next six months and will be integrated into the next round of Whittle resource modeling. This work will be used in determining the flow sheet and optimum equipment size for the potential oxide plant scenario. This could significantly reduce up-front capital costs as well as lower operating costs which would improve upon the economics presented in the June 2011 PEA.

The new mine-site camp, office and access roads were completed in Q3 2011 and are fully functional. Construction of a sample preparation facility with the capacity to process 18,000 samples per month has commenced and when commissioned in Q1 2012 it will improve the turn-around time for assay results. The facility will be managed by a certified international laboratory (SGS Group). With these investments, the Company continues to improve the efficiency of its exploration programs and ultimately the development of the project.

Permit expansion

The original Bomboré I permit (105 km^2) was renewed in January 2010 for its final three-year term, and in August 2011, the Company announced it had been granted exploration rights to an additional 63 km^2 of prospective ground adjacent to its Bomboré gold project in Burkina Faso. The Toéyoko permit was acquired for a three-year term and may be renewed for two more consecutive three-year terms. It extends the project footprint to the south and southwest by 60%. Regional gold-in-soil geochemistry and auger drilling results indicate there is potential for mineralization to extend from Bomboré onto the new Toéyoko permit (see Map 2 below). "P13" on Map 2 is one example of a gold-in-soil geochemistry anomaly that is being targeted with future auger drilling.

Ownership

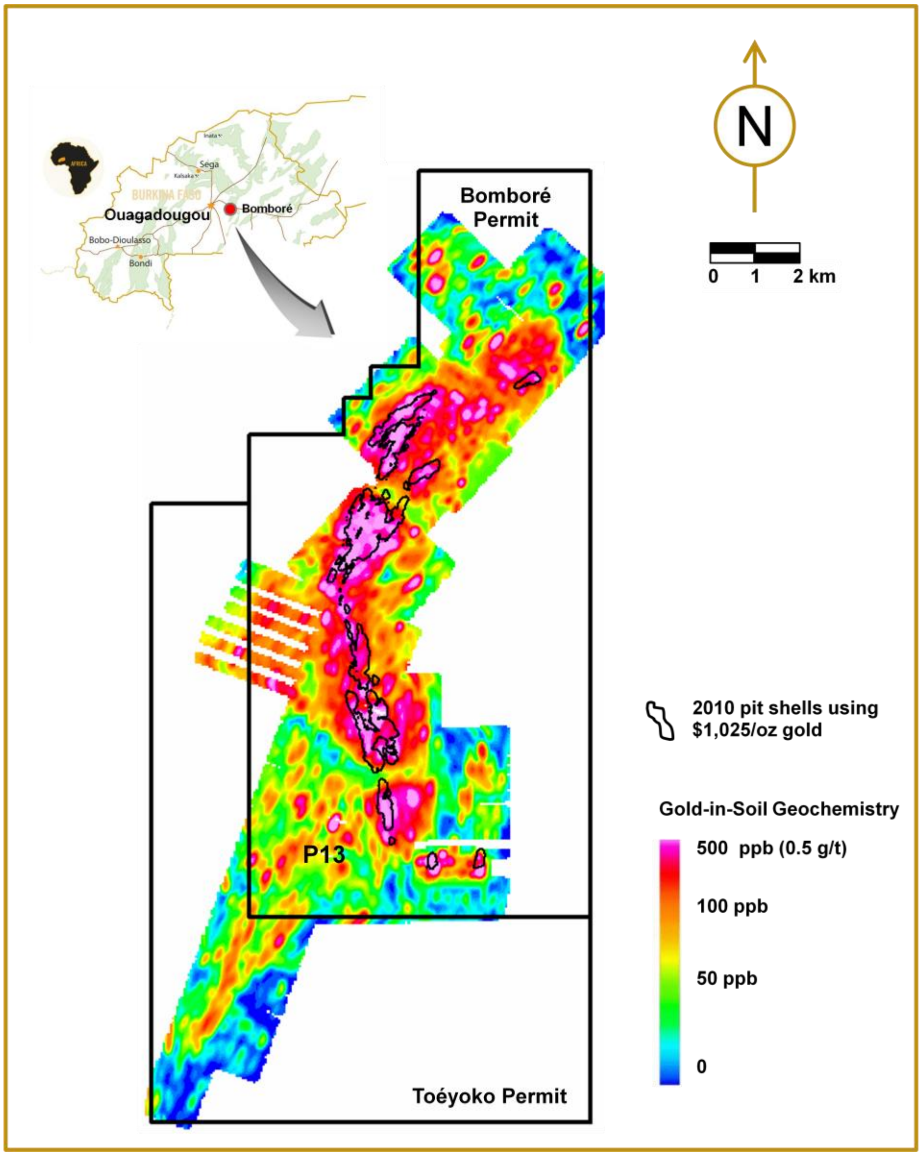
The Company owns a 100% interest in the permits less the standard sliding net smelter royalty[1] ("NSR") and 10% carried interest held by the government in the event that a mining permit is granted. As of December 31, 2010 the NSR is a variable rate based on the price of gold with a 3% minimum at a gold price of $1000/oz or less, 4% up to 1,300/oz; and 5% at $1,300/oz or greater. The royalty level is applied to all gold sold or delivered by a refinery, based on the daily spot price of such distribution.

Analysis of expenditures

Drilling and assaying expenditures at Bomboré in the three and nine month periods ended September 30, 2011 increased by $4.65 million and $7.39 million respectively over the prior-year comparative periods due to both an increase in the number of meters drilled as well as an increased proportion of more expensive core drilling. The Company completed 46,612 m of DD drilling out of total drilling of 127,313 m in the nine month period ended September 30, 2011 versus a total of 45,511 m drilled in the same period in 2010 with no DD being completed. In the three month period ended September 30, 2011, the Company completed 24,392 m of DD drilling out of total of 57,992 m drilled as compared to no drilling for the same period in 2010. Camp and facility costs as well as salaries and benefits have also increased as the Company has completed several camp and road construction projects and has substantially increased its number of project employees to support the increased drilling activity. In the three and nine month periods ended September 30, 2011, these costs have increased by a total of $1.25 million and $2.37 million respectively over the prior-year comparative periods. Expenses related to engineering and consultants have increased by $0.37 million and $0.90 million respectively for the three and nine month periods ended September 30, 2011, mainly due to the completion of the PEA and the initiation of the socio-economic study in 2011.

[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 current Communauté Financière Africaine francs ("CFA") exchange rates.

Map 2 – Bomboré Project gold-in-soil geochemistry map



Sega Project

The 100%-owned Sega gold project is being evaluated as a potential heap leach operation. The January 2010 Sega resource update incorporated the results of an additional 8,050 m RC and 4,421 m core drilling completed in 2007 and 2008 and resulted in an increase from 446,000 to 450,400 oz in the indicated category and from 64,000 to 147,300 oz in the inferred category. In 2010, the Company initiated metallurgical testing and other critical activities necessary to advance the project towards a pre-feasibility stage. In August 2011, the Company announced positive metallurgical test results with recoveries of approximately 85% and 77% in the oxide/transition and sulphide resources respectively. The results are generally positive and indicate that the sulphide resources at Sega are also amenable to heap leaching. The Company envisions a small open pit heap leach operation and is advancing the project towards completion of a pre-feasibility study in 2012. The Company also plans to commence a 10,000 m RC drill program on the project in Q1 2012 to follow up on targets identified by the recently completed auger drilling program.

The Company acquired the original Seguenega permit from IAMGOLD Corporation (formerly Repadre Capital Corporation, or "Repadre") in 2001. Upon transfer, Repadre retained a 3% NSR of which 2% can be bought back for $2 million. In April 2010, the Company was granted its second three-year renewal of the Tiba permit.

Exploration expenditures for the Sega project in the three and nine month periods ended September 30, 2011 increased over the comparative prior-year period as a result of the detailed metallurgical study undertaken in 2010 and the execution of a 10,000 m auger drilling program. Work during the previous year was limited to the completion of an in-house 43-101 compliant resource update.

Bondi Project

The Bondi gold project is a 100%-owned, shallow, structurally controlled, 4 km long shear zone hosted gold deposit that contains 282,000 oz of measured and indicated gold resources at a grade of 2.12 g/t and 149,700 oz of inferred at a grade of 1.84 g/t. During 2009, the Company undertook an air core drilling program to test an additional 4 km strike extension south along the Bondi structure. The program was successful and intercepted geochemical anomalies 50 times the background level of gold, along the trend on widely-spaced (≥1,000 m) drill fences. The Company is currently evaluating the potential for a northern extension and thereby a means to increase the resource to a level necessary to support a mining operation. The Company will initiate and complete a high-resolution airborne geophysics survey in Q4 2011 to follow up high priority drill targets. The Company also plans on initiating a metallurgical testing program to help better evaluate the economic potential of the project.

Limited external work was completed during the three and nine month periods ended September 30, 2011 and the comparative prior-year period and as a result overall expenditures were relatively low. Expenditures for the three and nine month periods ended September 30, 2011 decreased from the comparative prior year period as the Company's activities were limited to Niton XRF analyses, the trenching program and a review of the geological model while in the comparative prior-year period work included compilation to identify potential extensions, field mapping and validation of the current resource model. The Company's 2010 expenditures of $66k did not meet the minimum annual expenditure requirement for the permit however it is able to carry-forward excess amounts from previous years in order to satisfy the annual minimum. As the Company has spent well above the minimum requirements in earlier years, it has sufficient expenditures to satisfy all requirements under the permit.

Brighton Project, Niger (Uranium)

The exploration activities in Niger are operated by Brighton Energy Corporation, a 67%-owned subsidiary of the Company holding five Niger uranium permits through its wholly owned subsidiary Niger Resources Inc. ("NIRES").

The Company acquired three of the five uranium exploration permits during Q1 2010. The uranium permits were under force majeure due to the security risks in the region until November 27, 2009. Brighton received permit extensions to account for the period of force majeure.

The Company began an initial drilling program on its Zéline 1 permit during Q4 2010 and completed it during Q1 2011. The 30-hole, 5,327 m reconnaissance drilling program on the 482 km^2 Zéline 1 permit, which is located 25 km to the north of active mines that have produced 240 million pounds of uranium since 1971, indicate a significant presence of uranium. During Q1 2011 the drilling program on the Assaouas 1 permit commenced and during Q2 2011 the Company announced that the 39-hole, 9,446 m reconnaissance drilling program on its 491 km^2 permit indicated the presence of uranium. During Q3 2011 the Company continued the drilling program on Zéline 1 completing 29-holes for 4,257 m drill and results further expanded the uranium discovery made earlier this year. The drill results indicate that the area of significant uranium mineralization previously delineated extends to the north by an additional 2.5 km, expanding the total area from 6 to 14 km^2. In addition, the Company completed a 46,049 line-km airborne magnetometry-radiometry survey during Q3 2011, at a 100 m line spacing, over its 5 exploration permits totaling 3,958 km^2. The Company plans to commence a 20,000 m RC drill program in Q4 2011 to follow up on targets identified by the recently completed airborne survey as well as definition drilling on previous discoveries.

In the three and nine month periods ended September 30, 2011, activities included additional reconnaissance drilling on the Zéline 1 and Assaouas 1 permits, as well as compilation, water well sampling and high-resolution airborne geophysics on all the permits. These activities account for higher exploration expenses over the comparative prior-year period during which work was limited as a result of the force majeure.

Financial Review

Total comprehensive loss for the three and nine month periods ended September 30, 2011 and 2010 were as follows:

Table 3 – Total Comprehensive Loss Results

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	**2011**	2010
	$	$	**$**	$
Expenses				
General and administrative	**1,121,783**	572,565	**3,395,466**	1,612,046
Depreciation and amortization	**176,327**	59,627	**337,068**	165,128
Share-based compensation	**630,153**	182,427	**2,750,002**	483,401
Exploration and project development	**7,473,825**	618,719	**17,455,248**	3,532,259
	9,402,088	1,433,338	**23,937,784**	5,792,834
Other income (loss)	**332,670**	(321,853)	**473,732**	(755,692)
Non-controlling interest	**292,390**	204,023	**1,254,427**	279,645
Net loss attributable to common shareholders	**(8,777,028)**	(1,551,168)	**(22,209,625)**	(6,268,881)
Foreign currency translation gain (loss) attributable to common shareholders	**(3,444,375)**	417,721	**(1,338,326)**	646,367
Total comprehensive loss attributable to common shareholders	**(12,221,403)**	(1,133,447)	**(23,547,951)**	(5,622,514)
Net loss per common share, basic and diluted	**(0.11)**	(0.02)	**(0.27)**	(0.09)

The Company is still in the exploration and evaluation phase and does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration activities undertaken on the active projects and the administrative expenses required to operate and carry out its exploration activities as well as other items such as interest income and foreign exchange gains/losses. Below is a discussion of the major items impacting net loss for the three and nine month periods ended September 30, 2011 and 2010.

Exploration and project development costs in the three and nine month periods ended September 30, 2011 increased by $6.86 million and $13.92 million respectively, compared to the same periods in 2010. The increased expenditures are mainly due to increased drilling activity at Bomboré and Niger, expenses related to camp and road construction at Bomboré, the airborne survey in Niger and the PEA completed on the Bomboré gold project as described above (refer to Exploration Activity).

General and administrative expenses[1] ("G&A") includes both the Company's head office G&A and local G&A related to operating the Company's subsidiaries. Total G&A increased by $0.55 million and $1.78 million respectively in the three and nine month periods ended September 30, 2011, compared to the same periods in 2010, mainly due to:

- an increase in salaries and benefits of $0.33 million and $1.02 million respectively due to the hiring of additional staff and annual salary revisions;
- an increase in marketing and travel of $0.11 million and $0.25 million respectively due to increased presence at key conferences and trade shows as well as increased investor relations activities;
- an increase in public company costs of $0.03 million and $0.12 million respectively due mostly to increased Director compensation and higher TSX listing fees; and
- an increase in professional fees of $0.07 million and $0.13 million respectively due to the implementation of IFRS and increased audit and legal fees for the Company and Brighton.

[1] Certain comparative general and administrative expense figures in the Interim Financial Statements and the MD&A issued earlier in 2011 for the periods ended June 30 and March 31, 2011 and 2010 have been reclassified to be consistent with the current period's presentation.

Head office G&A encompasses the costs of head office salaries and benefits, Director compensation, public 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 three and nine month periods ended September 30, 2011 is $0.74 million and $2.28 million respectively, representing an increase of $0.49 million and $1.35 million respectively over the same periods in 2010, mainly due to increased compensation costs (resulting mainly from increased headcount and annual salary revisions), increased investor relations activities and increased audit fees resulting from the implementation of IFRS.

Share-based compensation expense recognized during the three and nine month periods ended September 30, 2011 represents an increase of $0.45 million and $2.27 million over the same periods in 2010, resulting primarily from the impact of 1,805,000 options granted during the nine month periods ended September 30, 2011, of which 21% vested immediately upon issuance, and all of which were issued in the first six months of 2011. During the three and nine month periods ended September 30, 2010, 645,000 options were granted, of which 10% vested immediately upon issuance.

Offsetting the increase in net loss and net loss per share were the following items:

- In the three and nine month periods ended September 30, 2011 there was a foreign exchange gain of $0.22 million and $0.08 million respectively, as compared to foreign exchange losses of $0.34 million and $0.79 million respectively compared to the same periods in 2010. The significant gain in the three months ended September 30, 2011 is mainly due to the appreciation of the Euro/CFA and US$ currencies versus C$, which reverses the foreign exchange loss in the first 6 months of 2011 that resulted primarily from the depreciation of the Euro/CFA currencies versus C$. In 2010, the foreign exchange losses arose primarily due to the depreciation of the Euro/CFA currencies versus C$;
- Interest income for the three and nine month periods ended September 30, 2011 increased by $0.09 million and $0.36 million respectively as a result of a higher treasury balance in 2011;
- In the three and nine month periods ended September 30, 2011 the non-controlling interest (NCI) share of the net loss increased by $0.09 million and $0.97 million respectively. The Company's NCI represents equity interests in Brighton owned by outside parties. Under IFRS, income or loss as well as a portion of the accumulated other comprehensive income must be attributed to the NCI.

Summary of Quarterly Results

The following summarized financial data has been prepared in accordance with IFRS, except the Q4 2009 data which has been prepared in accordance with Canadian Generally Accepted Accounting Principles that were in effect prior to the transition to IFRS ("Previous CGAAP"). This data should be read in conjunction with the Company's Interim Financial Statements and Annual Financial Statements for the respective periods. All net loss figures in the table are presented in US$ millions, except for the net loss per common share amounts (basic and diluted).

Table 4 – Quarterly Results

	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009 (Previous CGAAP)
Net loss attributable to common shareholders	8.78	8.20	5.23	2.67	1.55	2.03	2.69	0.52
Net loss per share	0.11	0.10	0.06	0.04	0.02	0.03	0.04	0.01

Variations in net losses over the three quarters in 2011, and the increase in net loss over the comparative prior-year periods in 2010, resulted primarily from an increased spend on exploration activities in 2011 following the US$50 million financing in December 2010. Variations in net losses over the four quarters in 2010 resulted mainly from quarterly fluctuations in the level of exploration costs, administrative expenses, and exposure to foreign currency fluctuations, whereas in 2009 it was the Company's policy to capitalize exploration expenses under Previous CGAAP and therefore fluctuations in the 2009 quarterly net loss/loss per share were mainly due to the level of administrative expenses and exposure to foreign currency fluctuations.

Liquidity and Capital Resources

The Company had cash of $38.12 million at September 30, 2011, a decrease of $23.20 million compared to the $61.32 million cash position at December 31, 2010.

The Company has no cash flow generating operations and its long-term financial success is highly dependent on Management's ability to discover economically viable mineral deposits. The Company has sufficient capital resources to pursue its exploration and feasibility programs on its projects in 2011 and 2012 based on its working capital balance of $36.93 million. Additional financing will be required in the future should the Company decide to bring one of its projects into production. There can be no assurance that the Company will be able to obtain adequate financing in the future to fund such activities or that the terms of such financing will be favorable.

Use of Proceeds from 2010 Financings

On January 26, 2010, the Company completed a C$10,005,000 (US$9,470,844) equity financing that resulted in net proceeds of C$9,155,779 (US$8,666,640). On December 21, 2010, the Company completed a C$53,906,250m (US$53,246,000) equity financing that resulted in net proceeds of CAD $50,934,774 (US$50,308,350).

The table below provides a summary of the January 26, and December 21, 2010 financings (the "2010 Financings"), broken down by the use of proceeds categories disclosed in the Company's short-form prospectuses. Approximate actual expenditures by 2010 Financing Category for all of 2010 and the nine month period ended September 30, 2011 are also presented in the table for comparative purposes. All figures in the table are presented in US$ millions.

Table 5 – Use of Proceeds from 2010 Financings

2010 Financing Categories	January 2010 Prospectus	December 2010 Prospectus	Total 2010 Financings	Actual expenditures from January 1, 2010 to September 30, 2011
	$	$	$	$
Bomboré gold project exploration and development	3.81	26.83	30.64	17.71
Sega gold project exploration	1.43	3.22	4.65	0.96
Bondi gold project exploration	0.48	2.15	2.63	0.06
Regional project generation and exploration	0.95	1.07	2.02	0.05
General and administrative expenses	2.29	17.04	19.33	6.07
Underwriting fees	0.51	2.94	3.45	3.41
Total use of proceeds	**9.47**	**53.25**	**62.72**	**28.26**

The Company anticipates having sufficient funds to complete the current 170,000 m drilling program on its Bomboré gold project as well as the planned exploration activities on its other permits. In addition the Company anticipates having sufficient funds to prepare and release a full NI 43-101 compliant resource update, scheduled for Q2 2012, and to complete a full bankable feasibility study on the Bomboré gold project by Q4 2012.

On June 30, 2010, the Company's 80%-owned subsidiary NIRES completed a non-brokered private placement that resulted in net proceeds of C$4,984,695 (US$4,806,929) and that reduced the Company's ownership interest in NIRES to 53.33%, the proceeds of which were designated for the advancement of uranium project exploration in Niger. Of the net proceeds of $4.81 million, $2.77 million has been used on uranium exploration activities in Niger in the year ended December 31, 2010 and the nine month period ended September 30, 2011 combined. On August 31, 2010, all of the participants in the NIRES private placement exchanged their common shares of NIRES for equivalent shares of Brighton, a parent of NIRES. 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 this transaction, the Company's interest in Brighton increased to 66.67%.

Share Capital Information

As at September 30, 2011, the Company had 83,657,531 common shares outstanding (fully diluted – 89,510,031), as well as the following outstanding stock options:

Table 6 – Stock Options Outstanding as at September 30, 2011

	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	3,290,000	7.60	0.39	3,290,000	0.39
$0.50 to $0.99	472,500	8.78	0.85	64,000	0.85
$2.00 to $2.99	300,000	9.07	2.35	100,000	2.35
$3.00 to $3.99	50,000	9.14	3.65	16,000	3.65
$4.00 to $4.99	1,740,000	9.45	4.31	433,334	4.42
	5,852,500	**8.33**	**1.72**	**3,903,334**	**0.91**

As at November 14, 2011, the Company had 83,707,531 common shares outstanding (fully diluted – 89,510,031), as well as 5,802,500 outstanding stock options. Subsequent to September 30, 2011, 50,000 stock options with an exercise price of $0.40 were exercised.

Contractual Obligations

As at September 30, 2011, the Company had contractual obligations for drilling activities, social-economic and environmental impact studies, camp construction and facilities costs and equipment purchases in the amount of $6.59 million (commitments as at December 31, 2010 – $3.80 million). 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 2011, with the remainder payable during the first quarter of 2012. Subsequent to September 30, 2011, the Company entered into further contractual obligations in the amount of $0.40 million for drilling activities and airborne geophysical surveys which are expected to be payable during 2011.

Off Balance Sheet Agreements

The Company does not have any off balance sheet agreements.

Transactions with Related Parties

The Company has no transactions with any related party relationships under IFRS as at September 30, 2011. The fact that the Company, its subsidiaries and Northern Graphite have some common Directors does not create a related party relationship under IFRS as none of these Directors control the respective entities.

Proposed Transactions

The Company continually reviews potential merger, acquisition, investment and other joint venture transactions that could enhance shareholder value, however, at the current time, there are no reportable proposed transactions.

Risks and Uncertainties

The Company is in the business of exploring for minerals and if successful, ultimately mining them. The natural resource industry is by its nature, both cyclical and risky. Even though Management has been successful in the past in developing economic deposits there is no assurance that economic deposits will be found and in fact, most companies are unsuccessful due to the very low odds of finding an economic deposit. Once a potentially economic deposit is identified, the Company's ability to establish a profitable mining operation is subject to a host of variables including technical considerations, economic factors and regulatory issues. Many of these are beyond the control of the Company. The most significant risks and uncertainties faced by the Company are (in no specific order):

- Impact of fluctuations in the gold price;
- Risk of political instability and/or changes in government regulations affecting our permits in Burkina Faso and Niger;
- Foreign currency risk;
- Risk that the Company will not find mineralization that is economic to extract;
- Technical and market factors affecting the Company's ability to bring a deposit into production;
- General economic risk;
- Financing risk;
- Title risk;
- Environmental risk; and
- Risks related to the Company's reliance on a small number of key individuals to carry out its mandate.

For a more detailed discussion of the above risk factors, refer to the Company's Annual Information Form filed for the year ended December 31, 2010.

Recently Issued Accounting Pronouncements

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 International Accounting Standard Board's ("IASB") 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" ("IFRIC 9"). 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" ("SIC 12"). 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 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 27, "Consolidated and 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"

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.

Critical Accounting Estimates

The preparation of the Interim Financial Statements requires Management to make estimates and assumptions about the future that affect the amounts recorded in the Interim 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 period of change and future periods if the change impacts both periods.

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 and 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.

Conversion to International Financial Reporting Standards

For all periods up to and including the year ended December 31, 2010, the Company prepared its financial statements in accordance with Previous CGAAP. Conversion to IFRS was required for all Canadian publicly listed companies for the first financial period ending subsequent to January 1, 2011. Given the requirement to present comparative financial information, the Company's effective date of transition to IFRS was January 1, 2010 (the "Transition Date"). The Interim Financial Statements referenced herein have been prepared in accordance with IAS 34, "Interim Financial Reporting", and IFRS 1, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"). The Company continues to monitor changes in IFRS issued by the IASB and their potential impact on the Company's financial statements. The Company will make necessary adjustments as the new pronouncements and changes become effective.

Note 17 to the Interim Financial Statements contains a detailed discussion of the differences between the Company's financial statements under Previous CGAAP and IFRS. Note 17 also includes a detailed reconciliation from Previous CGAAP to IFRS of the Company's statement of equity as at January 1, September 30, and December 31, 2010 as well as its statement of comprehensive loss for the three and nine month periods ended September 30, 2010. Below is a summary discussion of some of the key impacts of conversion to IFRS:

1. Optional exemptions on first-time adoption

IFRS 1 allows for certain optional exemptions on first time adoption of IFRS. The Company has elected to apply the following exemptions:

Business combinations

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

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 application of this election has resulted in a decrease in accumulated other comprehensive income of $0.48 million, with a corresponding decrease in deficit, as at January 1, and December 31, 2010.

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. The application of IFRS 2 has resulted in an increase to contributed surplus, and a corresponding increase to deficit, of $0.14 million and $0.06 million as at January 1, 2010 and December 31, 2010 respectively. Share-based compensation expense decreased by $0.04 million and $0.02 million in the three and nine month periods ended September 30, 2010 respectively, and decreased by $0.08 million for the year ended December 31, 2010.

2. Key financial impact of policy selections and application of IFRSs

Mineral exploration costs

Both Previous CGAAP and IFRS allow the choice of either capitalizing or expensing costs related to mineral exploration. Under Previous CGAAP, the Company's policy was to capitalize all such costs and assess the resulting asset for impairment on a periodic basis. IFRS only provides guidance on the treatment of costs incurred in the exploration phase. Subsequent to the point of technical and economic feasibility, all costs must be evaluated against the capitalization criteria for property, plant and equipment and intangible assets. Under IFRS, the Company has chosen to expense all costs related to mineral exploration incurred prior to the point of defining a NI 43-101 compliant resource, attaining economic feasibility, and the acquisition of a mining permit.

The application of this policy has resulted in a decrease in exploration property interests by $34.97 million and $28.83 million as at December 31, 2010 and January 1, 2010 respectively with a corresponding increase in deficit. As at December 31, 2010, NCI has decreased by $0.38 million, with corresponding decrease in deficit. The application of this policy has also resulted in an increase to net loss of $1.00 million and $4.35 million in the three and nine month periods ended September 30, 2010 respectively, and $6.14 million for the year ended December 31, 2010. Of these amounts $0.62 million and $3.53 million for three and nine month periods ended September 30, 2010 and $4.77 million for the year ended December 31, 2010 have been allocated to exploration and project development expenses. The NCI share of net losses increased by $0.20 million and $0.28 million for the three and nine month periods ended September 30, 2010 respectively, and $0.38 million for the year ended December 31, 2010. The application of this policy also resulted in an increase of cash flows used in operating activities for the nine month period ended September 30, 2010 and the year ended December 31, 2010 by $4.42 million and $6.36 million respectively, with a corresponding decrease to cash flows used in investing activities. There were several other less significant impacts to various line items on the statement of financial position and statement of comprehensive loss.

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 has been the accounting for changes in subsidiary ownership interests that do not result in a loss of control, including that under IFRS NCI is presented as a component of equity whereas under Previous CGAAP it is not included in equity.

On March 2, 2010, under IFRS the Company recorded a NCI of ($0.08 million), with a corresponding addition of $0.08 million 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 NCI 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 ($0.42 million) immediately before the transaction primarily because mineral exploration costs are no longer capitalized. IFRS permits a negative NCI to be recorded whereas it would not be recorded under Previous CGAAP.

On June 30, 2010, under Previous CGAAP the Company recorded a dilution gain, and a corresponding increase to net income, of $2.56 million as part of the $4.81 million private placement financing whereby the NCI of NIRES increased by $2.25 million, and from 20% to 46.67% ownership. Under IFRS the Company recorded additions of $2.76 million to contributed surplus and $2.05 million to NCI. Under IFRS no dilution gain is recorded so the deficit is also $2.56 million 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 $0.96 million, and under Previous CGAAP recorded $0.32 million in capitalized mineral property acquisition costs and a $0.64 million decrease to NCI. Under IFRS, the exchange is accounted for as an equity transaction with owners. The Company recorded decreases of $0.43 million to contributed surplus and $0.53 million to NCI respectively for the same transaction and no amounts were capitalized to mineral property acquisition costs.

Functional currency determination

Both Previous CGAAP and IFRS require that functional currency be evaluated by legal entity. IAS 21, "Changes in Foreign Exchange Rates" ("IAS 21"), outlines the criteria that must be used in determining functional currency by legal entity. Some key differences exist between the criteria outlined in IAS 21 and those required under Previous CGAAP. Upon application of the criteria of IAS 21, the Company reached different conclusions as to the functional currency of each of its legal entities. Further, the Company has chosen to retain the US dollar as its presentation currency.

The application of IAS 21 has had the impact of increasing foreign exchange loss by $0.47 million and $0.95 million for the three and nine month periods ended September 30, 2010 respectively, and $2.02 million for the year ended December 31, 2010, with a corresponding increase to deficit as at September 30, and December 31, 2010. The change also had the impact of increasing accumulated other comprehensive income by $0.65 million and $1.73 million as at September 30, and December 31, 2010 respectively, and NCI by $0.17 million and $0.15 million as at September 30, and December 31, 2010 respectively. There was no impact to accumulated other comprehensive income as at January 1, 2010 as the Company elected under IFRS 1 to eliminate the impact of the change in functional currency as at the Transition Date. There were several other less significant impacts to various line items on the statement of financial position. For a complete discussion, reference should be made to Note 17 in the Interim Financial Statements.

Controls and Procedures

Disclosure controls

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to Management as appropriate to allow timely decision-making regarding required disclosures. The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded, based on their evaluation of the effectiveness of the Company's disclosure controls and procedures, that these controls and procedures provide reasonable assurance that material information is made known to them by others within the Company. However, a control system, no matter how well conceived, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal control over financial reporting

Management is responsible for certifying the design of the Company's internal control over financial reporting ("ICFR") as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings." The Company's ICFR is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable CGAAP. ICFR should include those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of Management and the Company's Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives due to its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to error, collusion, or improper override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis. It is possible to design into the financial reporting process safeguards to reduce, though not eliminate, this risk.

Management, including the CEO and CFO, has assessed the effectiveness of internal controls over financial reporting as of September 30, 2011 and concluded, subject to the limitations noted above, that the Company has sufficient controls to meet the requirements as stated above. The assessment was completed using the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") *Changes in Internal Controls*.

There have been no significant changes to internal controls in the three and nine month periods ended September 30, 2011. On September 29, 2010, the Company's CFO, Mr. Sean Homuth, resigned; however he subsequently resumed his position with the Company on January 12, 2011. As the Company had an interim CFO during Mr. Homuth's absence, and the Company's system of internal controls continued to be applied consistently, Management has determined that the impact on internal controls was not significant.

Forward Looking Statements

Management's Discussion and Analysis of Financial Condition and Total Comprehensive Loss for the three and nine month periods ended September 30, 2011 (the "MD&A") may contain or refer to certain forward-looking statements relating, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs and capital costs, the ability to demonstrate the economic feasibility of the mineral deposits to a level up to an including that of a bankable feasibility study, the ability to obtain adequate financing as needed in the future to fund ongoing exploration or production activities and the timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals and sufficient financing, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Cautionary Note to U.S. Investors Concerning Resource Estimates

The resource estimates in the MD&A were prepared in accordance with National Instrument ("NI") 43-101 adopted by the Canadian Securities Administrators. The requirements of NI 43-101 differ significantly from the requirements of the United States Securities and Exchange Commission (the "SEC"). The MD&A uses the terms "measured", "indicated" and "inferred" resources. Although these terms are recognized and required in Canada, the SEC does not recognize them. The SEC permits US mining companies, in their filings with the SEC, to disclose only those mineral deposits that constitute "reserves". Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally extracted at the time the determination is made. United States investors should not assume that all or any portion of a measured or indicated resource will ever be converted into "reserves". Further, "inferred resources" have a great amount of uncertainty as to their existence and whether they can be mined economically or legally, and United States investors should not assume that "inferred resources" exist or can be legally or economically mined, or that they will ever be upgraded to a higher category.

Qualified Persons

Dr. Pascal Marquis, P. Geo., Vice President of Exploration, the Company's qualified person under NI 43-101, supervises all work associated with exploration and development programs in West Africa. Mr. Ron Little, P. Eng., the President and Chief Executive Officer ("CEO"), is also a qualified person under NI 43-101.

Other MD&A Requirements

All relevant information related to the Company is filed electronically at **www.sedar.com**.