

OREZONE GOLD CORPORATION

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

FOR THE YEAR ENDED DECEMBER 31, 2012

March 28th, 2013

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 year ended December 31, 2012, in comparison to the corresponding prior-year period. This document should be read in conjunction with the audited annual consolidated financial statements for the years ended December 31, 2012 and 2011 ("Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Annual Information Form ("AIF") on file with the Canadian provincial securities regulatory authorities for the year ended December 31, 2012. 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 March 28th, 2013. The financial information in this MD&A is 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.

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 National Instrument 43-101 ("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 is primarily engaged in the acquisition, exploration and development of gold properties in Burkina Faso, West Africa and uranium properties in Niger, West Africa. Management has been operating in West Africa for over 15 years. 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 the successful track record of Orezone Resources Inc. ("Resources") in Burkina Faso, extending back to its inception in 1996. This includes the acquisition, exploration, development, financing, construction and divestiture of the Essakane gold project to IAMGOLD Corporation, the largest operating gold mine in Burkina Faso. Burkina Faso became the fourth largest African gold producer in 2012 and much of this production came 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 two advanced stage gold projects: Bomboré and Bondi, which are both located in Burkina Faso. The world class Bomboré project is the largest undeveloped gold deposit in Burkina Faso. During 2012, the Company's main focus continued to be the advancement of Bomboré towards a production decision, which the Company expects to be in a position to make after the completion of a full Feasibility Study ("FS") in the second half of 2013. The Company plans to spend a total

of \$11.1 M on exploration and development in 2013 on all of its projects with a further \$2.5 M on construction transition at Bomboré pending a positive decision to mine following the completion of the Feasibility Study ("FS").

The Company also has uranium exploration permits in Niger, which it operates through its 100%-owned subsidiary Brighton Energy Corporation ("Brighton"). The Company has made significant discoveries on its exploration permits held by Brighton and completed an 18,664 m drill program during 2012 to follow up these discoveries.

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
	(M)	(Au g/t)*	(oz)*	
Bomboré (Constrained to \$1,400 pit shell)				
Measured and indicated resources	125.0	1.03	4,131,000	August 2012
Inferred resources	32.1	1.00	1,034,000	
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	129.1	1.06	4,413,000	
Inferred resources	34.6	1.06	1,183,700	

* Using a cut-off of 0.45 g/t for oxide material, 0.45 g/t for transition material and 0.50 g/t for fresh material for Bomboré and a 0.50 g/t cut-off for Bondi.

Significant developments during, and subsequent to, the year ended December 31, 2012 included:

Bomboré

- The Company completed a metallurgical test program on the oxide and sulphide ores with results indicating recoveries of +90% from oxides using a standard carbon-in-leach process;
- Mr. Claude Poulin was hired May 1, 2012 as the Bomboré Project Manager to assist with the completion of the full Feasibility Study ("FS") and to transition the project team from exploration to development. Claude has more than 30 years of experience in the mining industry and holds an MBA. He has considerable gold mine development and exploration experience in West Africa including the Morila and Sadiola mines in Mali for Anglogold Ashanti, the Essakane mine for IAMGOLD and the Mana mine for SEMAFO in Burkina Faso;
- On August 27, 2012, the Company announced an updated NI 43-101 compliant resource statement for its Bomboré Gold Deposit; and
- The Company has announced 93,722 m of cumulative additional positive oxide and sulphide drill results from infill and expansion drilling completed subsequent to Q1 2012 at Bomboré. These results were not included in the Bomboré resource update announced on August 27th;

Sega

- On May 23, 2012, the Company completed the sale of its Sega Gold Project ("Sega") in Burkina Faso to Amara Mining plc ("Amara") (formerly "Cluff Gold plc") for total gross consideration of approximately US\$26.3M.

Brighton

- On March 29, 2012, the Company repurchased the 33% minority shareholding in Brighton;
- During Q2 and Q3 2012, the Company abandoned the Abelajouad, Assaouas 2 and Zéline 4 uranium exploration permits held in Niger, retaining Zéline 1 and Assaouas 1 after making significant discoveries during the recent drill programs; and
- On November 2, 2012, the Government of Niger approved the renewal of the Zéline 1 and Assaouas 1 permits for the period of three years. Both permits were subject to a standard 50% size reduction resulting in the new permits covering 241 km² and 239 km² respectively.

General

- On April 27 and May 14, 2012, the Board approved the issuance of 2,017,900 and 55,000 stock options respectively to the Company's employees, Directors and Officers and contractors at a strike price of C\$1.70 per share. In general, one third of these options vest immediately and the remaining two-thirds vest in equal amounts on the one and two-year anniversary dates. All of these options granted have a five-year expiry;
- In September 2012, 2,294,000 (15,000 in October) stock options with strike prices between C\$3.65 and C\$4.85 were forfeited by Directors and Officers, employees and consultants;
- On December 17, 2012, the Board approved the issuance of 923,500 stock options to the Company's employees, Directors and Officers at a strike price of C\$1.50 per share. These options vest in two years and have a five year expiry; and
- Subsequent to year-end, an employee exercised 45,000 stock options with an exercise price of C\$1.70.

Exploration Activity

The following table summarizes the Company's exploration and evaluation costs and meters drilled by project for the years ended December 31, 2012, 2011 and 2010. All figures are presented in US\$, except for meters drilled.

Table 2 – Exploration and Evaluation Costs

Year ended December 31, 2012	Meters Drilled ^{1,2}	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	m	\$	\$	\$	\$	\$
Bomboré	140,705	13,362,295	2,350,964	3,162,933	401,765	19,277,957
Sega	10,000	4,231	3,523	-	487	8,241
Bondi	2,500	110,131	115,928	157,113	59,688	442,860
Brighton, Niger (Uranium)	18,664	1,263,316	246,687	-	262,432	1,772,435
Total	171,869	14,739,973	2,717,102	3,320,046	724,372	21,501,493

¹ Includes 4,860 m of auger drilling on Bomboré and 2,500 m on Bondi

² Includes 10,000 m of RC drilling on Sega that was fully funded by Amara

Year ended December 31, 2011	Meters Drilled ³	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	m	\$	\$	\$	\$	\$
Bomboré	162,939	16,503,991	1,579,260	1,339,258	409,926	19,832,435
Sega	10,000	333,746	207,453	61,623	138,168	740,990
Bondi	-	-	24,270	-	111,782	136,052
Brighton, Niger (Uranium)	23,588	1,725,256	360,644	-	1,732,322	3,818,222
Total	196,527	18,562,993	2,171,627	1,400,881	2,392,198	24,527,699

³ Includes 12,142 m of auger drilling on Bomboré and 10,000 m on Sega

Year ended December 31, 2010	Meters Drilled ³	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	m	\$	\$	\$	\$	\$
Bomboré	48,597	3,072,419	289,345	483,748	177,603	4,023,115
Sega	-	3,207	86,910	56,675	148,631	295,423
Bondi	-	-	20,710	28,789	-	49,499
Brighton, Niger (Uranium)	1,637	135,519	136,504	240,628	-	512,651
Total	50,234	3,211,145	533,469	809,840	326,234	4,880,688

⁴ Includes 3,054 m of auger drilling on Bomboré

Bomboré Project

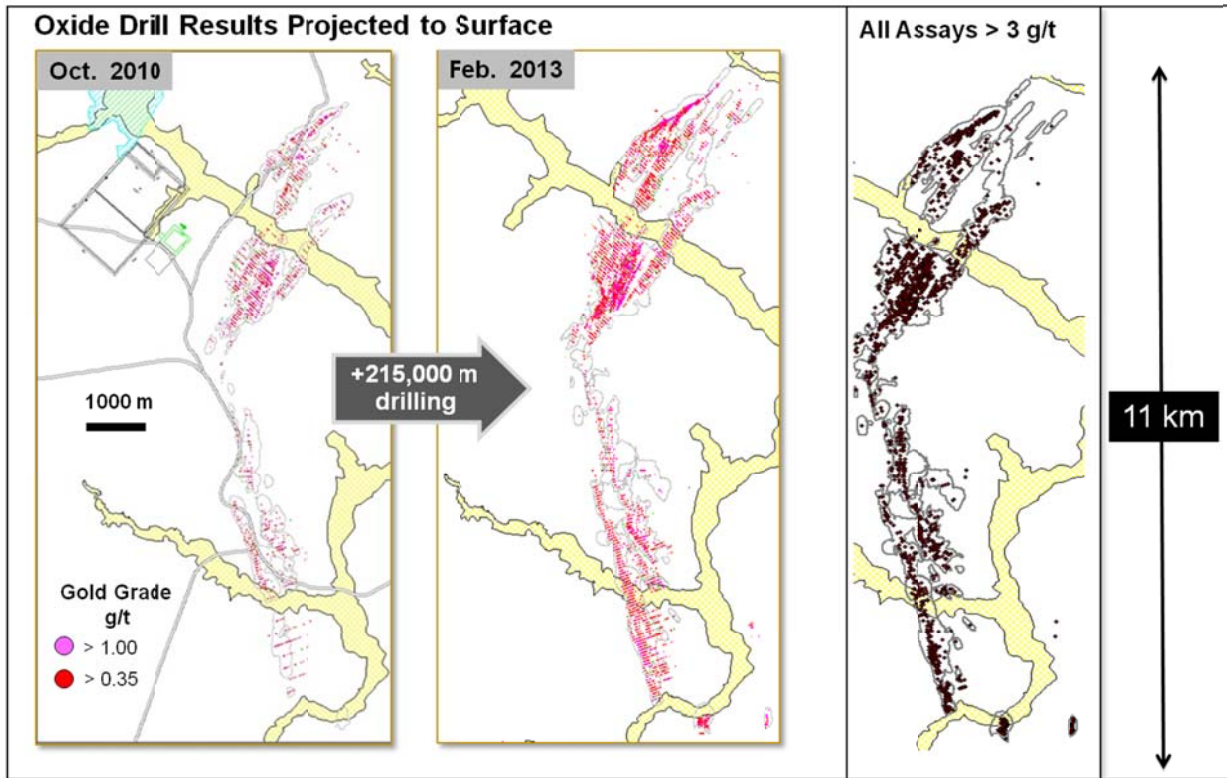
Orezone is developing its wholly owned Bomboré project towards transition to a mining operation by late 2015. Bomboré is situated 85 km east of the capital city and is adjacent to an international highway with access to sufficient water, power and a local labor force. On August 27, 2012, the Company announced an updated NI 43-101 compliant resource statement (the "2012 Resource") on the project. The 2012 Resource includes 4.13M oz Measured & Indicated ("M&I") (125M t @ 1.03 g/t) and 1.03M oz Inferred (32.1M t @ 1.00 g/t) and was based on 338,033 m of drilling (to an average vertical depth of 120 m), including 222,184 m of RC (3,510 holes) and 115,849 m of core (764 holes). The 2012 Resource is constrained within optimized pit shells (\$1,400/oz gold price) that span 11 km, and remain open at depth and, for the most part, along strike. The 2012 Resource was successful at demonstrating improved continuity in the mineralization which will lead to lower strip ratios than those previously reported in the 2011 preliminary economic assessment ("PEA"). 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 oxide/transition resource included within the 2012 Resource represents approximately 1.76M oz M&I and 0.26M oz Inferred with significant potential for further expansion. Map 1 illustrates oxide drill hole intersections, projected to surface, for both the 2010 Resource as well as an updated view incorporating all drill results received to date, including the 2012 Resource, demonstrating significant progress towards expansion and improvement in the continuity of the oxide resource.

Although the 2012 Resource was estimated using current in-country costs for a large tonnage CIL operation, there are considerable opportunities to optimize these parameters given the robust oxide/transition resource and the resulting ability to construct the project in stages. A FS is underway and is expected to be completed late in the second half of 2013. The FS will examine the potential for a large tonnage open pit CIL operation to be built in two phases. The first phase would process the softer near surface oxide material, with subsequent expansion to process the larger sulphide resource. This phased approach will reduce the initial capital requirements and provide the opportunity to finance the second phase of construction using operating cash flows. Production could commence as early as 2015 with as much as 150,000 oz/yr and increase to as much as 250,000 oz/yr with the completion of the second phase expansion. Orezone has rehired much of the same technical team that completed all of the necessary permitting for Essakane in six months and was responsible for the successful relocation of over 12,000 local people. G Mining Services Inc. ("GMS") is completing the Bomboré FS and was previously responsible for building Essakane, the largest operating mine in Burkina Faso, on time and on budget.

The 2012 Resource was based on an additional 217,475 m of drilling from the 2010 Resource (116,154 m of RC and 101,321 m of core), which was completed between Q4 2010 and Q1 2012. The Company also completed a 12,142 m auger drilling program in 2011 and a 4,860 m auger drilling program in 2012, both designed to identify possible lateral extensions of the known resources and to test other gold targets. Subsequent to completion of the 2012 Resource, the Board approved an additional 90,000 m of infill and expansion drilling (in addition to 35,000 m of drilling in Q2 2012 that was excluded from the 2012 Resource). In 2013, Management decided to reduce the additional drilling program to 75,000 m in order to focus its resources on the FS. The 110,000 m of additional drilling will target both an upgrade and expansion of the current inferred resources, as well as a number of new oxide targets. The Company expects to complete an updated resource calculation for use in completion of the FS. This update will include approximately 68,400 m of additional drilling not incorporated into the 2012 Resource. The Company has delayed the update to early Q2 2013 in order to allow time to include additional recent drill results over a particular section of the deposit. With the additional drilling budget, the Company estimates that it will spend approximately \$8.5 M on exploration and development in 2013 including the costs related to the completion of the FS and camp/capital additions. The FS accounts for approximately \$4 M of the above costs. The Company has also identified

approximately \$2.5 M it plans to spend on capital and costs to transition to the construction phase once a decision to proceed with construction has been made.

Map 1 – Comparison of Oxide drill hole intersections projected to surface for the 2010 Resource vs. all Oxide results to date from the Program



2012 Resource Update

The Mineral Resource Statement (Table 3) was prepared by SRK Consulting (Canada) Inc. ("SRK") from Toronto. The mineral resources are constrained within 6.2 km² of conceptual open pit shells prepared by GMS from Montreal using parameters established by GMS in June 2012 and taking into account the results of the ongoing metallurgical test work (Table 4). The total resource (oxide and sulphide) spans an area over 11 km long and up to 1 km wide with an estimated stripping ratio of 2.7:1. The majority of the total resource occurs within the top 120 m, where approximately 95% of the drilling was completed to date, but pit shells can reach a depth of 200 m.

Table 3 - 2012 Mineral Resource Statement* for the Bomboré Deposit, Burkina Faso, West Africa, SRK Consulting (Canada) Inc., August 20, 2012, CIL Processing Scenario

Category	Cut-off	Measured Mineral Resource			Indicated Mineral Resource			Inferred Mineral Resource		
	Gold	Tonnage	Grade	Contained Gold	Tonnage	Grade	Contained Gold	Tonnage	Grade	Contained Gold
	g/t	Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz
South:										
Laterite/Oxide	0.45	4.89	0.93	146	6.32	0.94	190	2.85	0.85	78
Transitional	0.45	3.65	0.90	105	3.55	0.96	110	2.07	0.82	55
Fresh	0.50	10.37	1.00	333	18.25	1.06	621	9.73	0.97	303
Sub-total		18.91	0.96	585	28.12	1.02	922	14.65	0.93	436
Southeast:										
Laterite/Oxide	0.45	0.17	1.32	7	0.40	1.19	15	0.16	0.77	4
Transitional	0.45	0.14	1.68	8	0.18	1.16	7	0.16	0.64	3
Fresh	0.50	1.50	1.56	75	0.64	1.50	31	0.29	0.97	9
Sub-total		1.81	1.54	90	1.22	1.35	53	0.61	0.83	16
North:										
Laterite/Oxide	0.45	11.24	0.92	333	15.10	0.91	441	3.46	0.70	78
Transitional	0.45	7.39	0.93	222	5.31	1.00	171	1.57	0.74	37
Fresh	0.50	19.29	1.03	638	16.60	1.27	676	11.85	1.23	467
Sub-total		37.92	0.98	1,193	37.02	1.08	1,288	16.87	1.07	581
Combined:										
Laterite/Oxide	0.45	16.29	0.93	487	21.82	0.92	647	6.47	0.77	160
Transitional	0.45	11.18	0.93	335	9.04	0.99	287	3.80	0.78	95
Sub-total	0.45	27.47	0.94	822	30.87	0.94	934	10.27	0.94	255
Combined:										
Fresh	0.50	31.17	1.04	1,046	35.49	1.16	1,328	21.86	1.11	779
Total		58.64	0.99	1,868	66.36	1.06	2,262	32.13	1.00	1,034
Total M+I		125.00	1.03	4,131						
* Mineral resources are not mineral reserves and do not have a demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. The cut-off grades are based on a gold price of US\$1,400 per ounce and metallurgical recovery of 94 percent for laterite and oxide, 92 percent for transitional material and 82 percent for fresh material. Reported within conceptual open pit shells optimized considering a carbon in leach process option.										

Table 4 - 2012 Optimization Parameters used by GMS vs. 2010 Optimization Parameters used by SRK

Category	2012	2010	Category	2012	2010
Gold Price	\$1,400	\$1,025			
NSR	\$70	\$41			
Lower Cut-off	g/t	g/t	Mining Costs	\$	\$
Oxide	0.45	0.30	Oxide	1.90	1.10
Transition	0.45	0.35	Transition	2.35	1.35
Fresh	0.50	0.50	Fresh	2.44	1.65
Process Recovery	%	%	Processing Costs	\$	\$
Oxide	94	93	Oxide	7.21	6.67
Transition	92	92	Transition	9.76	8.52
Fresh	82	78	Fresh	12.66	10.36
Overall Pit Slopes	Degrees	Degrees	G&A	\$	\$
Oxide	35	37	Oxide	3.84	1.55
Transition	40	42	Transition	3.84	1.67
Fresh	45	50	Fresh	3.84	1.85

Table 5 - 2010 Mineral Resource Statement* for the Bomboré deposit, Burkina Faso, West Africa, SRK Consulting (Canada) Inc., October 15, 2010, CIL Processing Scenario

Cut-off (g/t)	Weathering Profile	Indicated Mineral Resource			Inferred Mineral Resource		
		Tonnage (Mt)	Grade (g/t)	Gold (Moz)	Tonnage (Mt)	Grade (g/t)	Gold (Moz)
0.30	Oxide	34.0	0.67	0.73	25.0	0.59	0.48
0.35	Transition	11.2	0.84	0.30	5.4	0.88	0.15
0.50	Fresh	15.7	1.10	0.55	30.3	1.28	1.24
	TOTAL	60.9	0.81	1.59	60.6	0.96	1.87

* Mineral Resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. The cut-off grades are based on a gold price of US\$1,025 per ounce with CIL processing recoveries of 93% for oxide, 92% for transitional and 78% for fresh material. Indicated and Inferred Mineral Resources are all reported within conceptual optimized open pit shells. **Unlike 2008, those resource blocks that occur outside the pits shells are not included in this resource estimate.** Mt= million metric tonnes. Moz= million troy ounces; g/t= grams gold per tonne.

Table 6 - 2012 Mineral Resource Sensitivity to Gold Price, CIL Processing Scenario

Gold Price US\$/oz	Measured and Indicated			Inferred		
	Ore Tonnage (Mt)	Au Metal (Moz)	Au Grade (g/t)	Ore Tonnage (Mt)	Au Metal (Moz)	Au Grade (g/t)
1,100	78.5	2.65	1.05	20.2	0.66	1.01
1,200	97.3	3.05	0.98	26.0	0.79	0.95
1,300	112.0	3.49	0.91	41.5	1.17	0.88
1,400	142.0	3.88	0.85	56.5	1.50	0.82
1,500	167.9	4.31	0.80	74.6	1.86	0.78
1,600	193.6	4.70	0.75	99.3	2.36	0.74
1,700	218.7	5.05	0.72	129.9	2.95	0.71

Resources are from Whittle runs including 5% dilution and 5% mining losses.

Drilling on the Bomboré property, geological modeling and the mineral resource estimates were supervised by Pascal Marquis, Ph.D., P. Geo., Senior Vice President and Qualified Person for Orezone, as defined by National Instrument 43-101, and who has reviewed and approved the technical information in this release. The mineral resource estimate was prepared by Dorota El-Rassi, P.Eng. and Glen Cole, P.Geo. of SRK; they are Independent Qualified Persons as defined by National Instrument 43-101. The optimization parameters and the Whittle pit optimization were established by Louis-Pierre Gignac, P.Eng., CFA of GMS; he is an Independent Qualified Person as defined by National Instrument 43-101.

Post 2012 Resource Drilling progress

The Company completed the remainder of the 217,475 m drill program, that had been initiated in November 2010, in Q1 2012 (66,848 m) with all results incorporated into the 2012 Resource. Additional drilling continues at Bomboré with 38,936 m of diamond drilling ("DD") and 53,345 m of RC drilling completed to February 28th (26,000 m drilled in Q4 2012). This drilling has focused mainly on the Siga and Maga areas as part the 110,000 m infill and expansion drill program that will conclude in Q2 2013.

The reconnaissance mapping and prospecting program on the new Toéyoko permit to the southwest identified two promising targets on the permit. The first target is the southern portion of P13 where we have confirmed gold mineralization in carbonaceous meta-argillite (similar to the P16 deposit) over a strike length of 3.5 km. A recent scout drilling program was completed on a broad 400 m by 25 m drilling pattern and more RC drilling is required to confirm the geometry and continuity of the mineralized zones. The second target, P17S, is located 1,600 m to the south of the P17 deposit that was included in the 2010 Resource. The Company completed three core holes on two fences 100 m apart on this new discovery during Q3 2012, all of which intersected gold mineralization in felsic intrusives hosted in sheared meta-gabbro. The uncut grade is averaging 3.4 g/t over a core length of 6.25 m (maximum of 10.2 g/t). Drilling during Q1 2013 has further expanded the southern P16 and the P17N deposits. With open ended mineralization, more expansion drilling is warranted. The true width of these mineralized intervals is unknown at this stage.

During Q2 2012, the Company undertook a 4,860 m auger drilling program on several new targets on the Bomboré and Toéyoko permits. Assay results were received and compiled during the quarter with the most significant results from the 3 km southern end of the P13 target where two gold anomalies were defined on 400 m spaced auger profiles. These, as well as several other more discrete gold anomalies, are currently being followed up with reconnaissance RC drilling as part of the drill program that commenced in Q2 2012.

Economics and optimal mining scenario

The base case presented in the PEA for a combined oxide-sulphide CIL plant demonstrated an after-tax IRR of 6.9%¹ to the Company, using \$1,000/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 lowest strip ratio, the highest recoveries, use less power and reagents and thereby result in the lowest operating costs per tonne of ore. 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 2012 Resource was successful in expanding and upgrading resources overall, and most significantly, in demonstrating approximately 2M oz of oxide/transition resource (1.76M oz M&I; 0.26M oz Inf). The Company expects the current drill program to further increase and upgrade both the oxide and sulphide resources; and
3. **Improved continuity:** The 2012 Resource, together with subsequent drill programs, has been successful in demonstrating improved continuity of the mineralization which will improve the strip ratios. The Company is targeting a strip ratio of 2:1 for an oxide-only CIL plant with an eight to ten year mine life.

¹ Represents the Company's Burkina Faso subsidiary cash flows net of royalties and local taxes.

Feasibility and infrastructure work

The Company continues to advance the FS which is expected to be complete late in the second half of 2013. The environmental impact study ("EIS"), archaeological studies, detailed metallurgical studies and optimization studies all commenced in 2011 and were largely complete at year-end pending final pit designs and infrastructure location selections. A detailed socio-economic field inventory was completed in September 2011 and an interim report was received in December 2011. During Q2 2012, the socio-economic database was validated and field visits were undertaken by Orezone staff to all families potentially impacted by the project to finalize a detailed building inventory map and estimate the cost of relocating each family. The Company has started identifying possible resettlement areas for each of the communities potentially impacted by the project.

The Company began a series of metallurgical studies in Q4 2011 which were largely complete in Q4 2012. Much of this work is based on the nature of the oxide ores which are soft with rapid leach kinetics, close to surface, and contain a large amount of fine material that is suitable for the leaching circuit without the need for crushing/grinding. The focus of the studies is to reduce power/grinding costs and simplify/reduce the grinding circuit without decreasing throughput. Approximately one tonne of material (76 samples) representative of the various oxide and sulphide mineralized zones was collected and delivered to McClelland Laboratories Inc. in Nevada, USA. The samples were subjected to 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. Metallurgical testing completed to date indicates recoveries of +90% from oxides using a CIL process. The various ores of Bomboré are not refractory with the gold being fine grained and free-milling.

Detailed variability test work was completed in Q2 2012 to optimize recoveries of the sulphide (fresh) ore that are expected to be dependent primarily on grind size. All geotechnical drilling and work on the ground was also completed prior to year end. The Company released results of the metallurgical studies on March 27, 2013 and these will form the basis for developing a processing flow sheet, and determining plant capacity, equipment selection and sizing. Cost estimates and updated pit slopes were also released with the revised recoveries and can be found in Table 7 where they are compared with those parameters used in the previous resource estimates. The Q2 2013 resource update and FS will include all of these updated parameters and costs. Preliminary scrubber test work results were also released indicating that 67% of the near surface saprolite oxide resources (approximately 43% of the total oxide resource) is amenable to scrubbing.

The Company's objective is to improve project returns by reducing both the initial capital expenditures and operating costs through the processing of only the softer surface ores for at least the first five to six years, with subsequent expansion of the grinding and leaching circuit funded from cash flows generated from the operation. Results of the ongoing trade-off studies will be released as they are completed. In Q2 2013, the Company will release new plant site designs and grinding circuit trade off studies which could contribute to further reducing capex and operating costs. Roche Ltd., of Montreal have been contracted as the engineers to deliver the preliminary mill design. The back-end of the plant including the leaching circuit and tailings pond along with pump station and bulk water storage is expected to be very similar in design to the Essakane Mine that was Orezone's project until 2009. Map 2 illustrates the current pit outlines for the 2012 Resource as well as conceptual plant and tailing storage facility layouts.

Table 7 – 2013 Resource Update Parameters from the March 27, 2013 Release

Optimization Parameter	Unit	2013 CIL	2012 CIL	2011 CIL
Gold Price	\$/oz	1,400.00	1,400.00	1,000.00
Govt. Royalty	\$/oz	70.00	70.00	40.00
Selling Costs	\$/oz	2.50	2.50	2.50
Dilution	%	5	5	5
Mining Loss	%	5	5	5
Overall Pit Slopes				
Oxide	Degrees	36 ¹	35	35
Transition	Degrees	44 ²	40	40
Fresh	Degrees	51 ³	45	45
Process recovery				
Oxide	%	92.0 ⁴	94.0	93.0
Transition	%	89.0 ⁵	92.0	92.0
Fresh	%	81.7 ⁶	82.0	81.0
Mining Costs - Ore				
Oxide	\$/tonne	1.74	1.90	1.40
Transition	\$/tonne	2.32	2.35	1.74
Fresh	\$/tonne	2.44	2.44	1.89
Mining Costs - Waste				
Oxide	\$/tonne	1.63	1.90	1.40
Transition	\$/tonne	2.18	2.35	1.74
Fresh	\$/tonne	2.28	2.44	1.89
Incr. Bench Cost				
per 10 m Bench	\$/tonne	0.03	0.04	0.03
Processing Costs ⁷				
Oxide	\$/tonne	6.60	7.21	6.67
Transition	\$/tonne	7.83	9.76	8.52
Fresh	\$/tonne	15.02	12.66	12.43
G&A Costs ⁸				
Oxide	\$/tonne	3.72	3.84	2.69
Transition	\$/tonne	3.72	3.84	2.69
Fresh	\$/tonne	3.72	3.84	2.69

Notes:

^{1,2,3} Average slopes were used for the 2013 Whittle optimization but Golder's detailed recommendations will be used for the pit design; between 36 and 55 degrees for saprolite (where the height of the saprolite wall is less than 80 meters), between 40 and 45 degrees for transition, and between 45 and 55 degrees for sulphide/fresh.

^{4,5,6} For the 2013 Whittle optimization, this table shows the metallurgical recovery expected around the average in-situ grade, and is including fine carbon and solution losses of 0.017 gpt.

⁷ 2013 Whittle optimization costs include \$0.10/t in re-handling costs.

⁸ 2013 Whittle optimization costs include \$0.60/t of rehabilitation and sustaining capital provisions. Ore haulage costs will be refined for each pit in the feasibility study.

The new site camp, office and access roads were built during 2011 and are fully functional. Construction of a sample preparation facility with the capacity to process 18,000 samples per month commenced during Q4 2011 and was completed in June 2012 and has improved the turn-around time for assay results to approximately two weeks. The facility is managed by an independent certified international laboratory (SGS Group). The commissioning of the Company's own RC drill rig in late Q4 2011 has led to a 35.5% cost savings per meter for 2012 as compared to 2011. With these investments, the Company continues to improve the efficiency of its exploration programs and ultimately the development of the project.

Permit status and expansion

The original Bomboré I permit (105 km²) was renewed in December 2012 for an additional two-year exploration term (current expiry is February 17, 2015).

In August 2011, the Company announced it had been granted exploration rights to the Toéyoko permit, an additional 63 km² of prospective ground adjacent to Bomboré. Toéyoko is within its first three-year term and may be renewed for two more consecutive three-year terms. The new permit extends the Bomboré 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 Toéyoko. A 1,900 line-km high resolution airborne geophysical survey was completed in November 2011 over the Toéyoko permit and the Company received the magnetometry and radiometric data at the end of December 2011.

The Company merged the Toéyoko and Bomboré geophysical datasets (both at 50 m line spacing) and high-resolution photo-satellite base maps during Q1 2012. Reconnaissance mapping and prospecting was completed prior to the start of the auger drilling program, of which 2,561 m was completed during Q2 2012. The auger drilling has been completed and potential targets for future expansion have been identified, with 414 m of DD completed during Q2 2012. The current 110,000 m drill program includes a 4,750 m scout RC drilling program to follow up on positive auger drilling results on the P13 target, and 1,200 m of core drilling to follow up on the P17S discovery.

The Government of Burkina Faso requires an annual minimum expenditure of 270,000 CFA (~ US \$543) per km² resulting in minimums of 28,215,000 CFA (~ US \$56,771) for Bomboré and 17,010,000 CFA (~ US \$34,225) for Toéyoko. The Company is able to carry forward expenditures year over year throughout the three year term of the permits as well as into subsequent renewals, if it so requires, in order to meet these minimums. To date, the Company has not had any difficulty in meeting these minimum requirements.

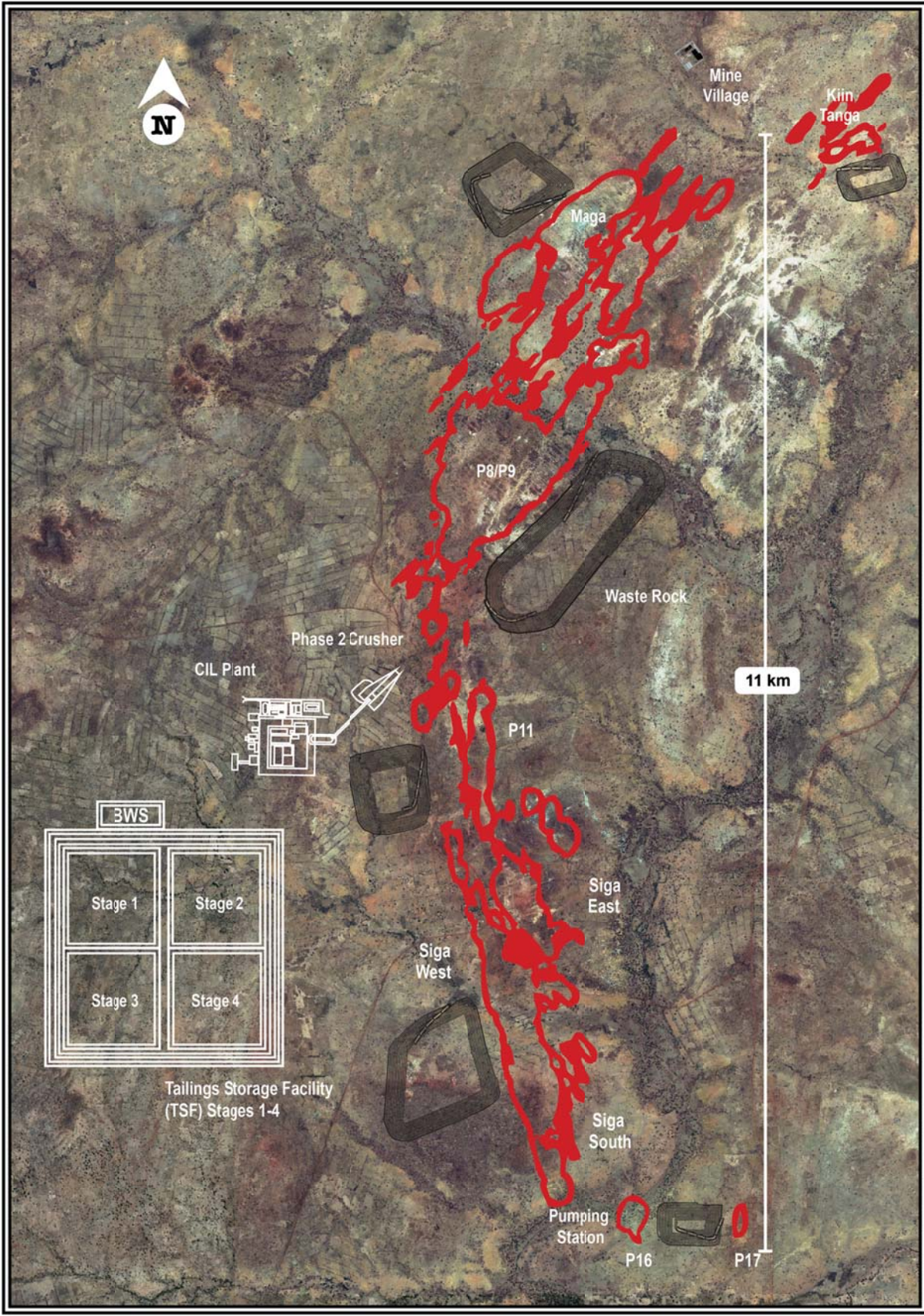
Ownership

The Company owns a 100% interest in the exploration permits less the standard sliding net smelter royalty ("NSR") of between 3% and 5%, depending on the gold price, and 10% carried interest held by the government in the event that a mining permit is granted. The Burkina Faso mining code is currently being updated and is out for comment to the industry, it is not yet finalized.

Analysis of expenditures

Drilling and assaying expenditures at Bomboré for the year ended December 31, 2012 decreased by \$3.14 M over the prior-year comparative period due to lower drilling activity. During the year the Company completed 140,705 m of drilling compared to 162,939 m of drilling for the year ended December 31, 2011. This reduction is due to a focus on the FS and the completion of required drilling for the 2012 Resource. The decrease is also attributable to the Company's acquisition of its own RC rig which has generated a significant decrease in the cost per meter for RC drilling. General camp, infrastructure and other costs for the year ended December 31, 2012 has increased by \$0.55 M over the prior-year comparative period as the Company continues to expand the camp and increase its camp activities, including the hiring of a Project Manager to assist in the management of the FS. Expenses related to exploration and development studies in the year ended December 31, 2012 increased by \$1.82 M from the prior-year comparative period due to the undertaking and release of the 2012 Resource, metallurgical testing and the ongoing FS activities as opposed to the same period in 2011 where the Company spent the majority of its time on the PEA and environmental studies.

Map 2 – Bomboré Project Pit Outlines and Conceptual Plant Layout



Sega Project

On February 3, 2012, the Company signed a definitive agreement for the sale and transfer of the Sega project to Amara Mining plc ("Amara") (formerly "Cluff Gold plc") and the Company completed the sale on May 23, 2012 (the "Closing Date") for total consideration of approximately US\$26.3 M. This was comprised of US\$15 M in cash and 11 M new common shares of Amara, representing 6.5% of Amara's issued and outstanding common shares (the "Sega Transaction"). The Company recorded a gain on the sale of the project of \$26.0 M as well as a gain of \$0.26 M on the sale of property, plant and equipment relating to the Sega camp and certain capital assets. A total of \$1.9 M in tax was paid to the Government of Burkina Faso on the related capital gain. Refer to Note 7 in the Annual Financial Statements for a detailed description of the significant terms of the Sega Transaction.

As part of the transaction the Company agreed to complete a 10,000 m RC drilling program which was fully funded by Amara. Total costs incurred and reimbursed upon completion of the program and the close of the transaction was \$0.55 M representing all costs incurred in 2012.

Bondi Project

The Bondi gold project is a 100%-owned, shallow and 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 resources 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 ($\geq 1,000$ m) drill fences. The Company is currently evaluating the potential for a northern extension to increase the resource to a level necessary to support a mining operation. The Company completed a high-resolution airborne geophysics survey in Q4 2011 to assist in the identification of high priority drill targets and initiated a metallurgical testing program to better evaluate the economic potential of the project during Q2 2012.

During the year ended December 31, 2012 expenditures increased by \$0.31 M over the comparative prior-year period. In 2012, the Company completed a 606-hole (2,500 m) auger drilling program and initiated a mapping and prospecting program as well as refurbishing the camp. New RC and DD targets have been defined based on the metallurgical data and auger drilling results, with a 11,000 m drilling program commencing in 2013 with the goal of upgrading and expanding the project resources, with a focus on the down-dip extension of the high-grade ore shoots and the testing of new drilling targets. The Company plans to spend \$1.1 M on exploration and development in 2013. In August formal approval of the renewal of the permit for its final three-year term, with the mandatory 25% reduction in the permit area, was received from the Government of Burkina Faso.

The Government of Burkina Faso requires an annual minimum expenditure of 270,000 CFA (~ US \$543) per km² resulting in a minimum of 45,360,000 CFA (~ US \$91,268) for Bondi. The Company has the ability to carry forward excess expenditures year over year throughout the three year term of the permits as well as into subsequent renewals, if it so requires, in order to meet these minimums. To date, the Company has not had any difficulty in meeting these minimum requirements and has sufficient historical expenditures on the permit in order to meet these future requirements.

Brighton Energy, Niger (Uranium)

The exploration activities in Niger are operated by Brighton, a 100%-owned¹ subsidiary of the Company holding two Niger uranium permits through its wholly owned subsidiary Niger Resources Inc. ("NIREs"). In the first three quarters of 2012 Management decided to abandon the Abelajouad, Assaouas 2 and Zéline 4 permits.

Zéline 1

During 2012, the Company completed a 4,172 m (56-hole) reconnaissance drilling program, in addition to the previously completed 59-hole, 9,584 m reconnaissance drilling programs conducted between Q4 2010 and Q3 2011, on the 241 km² Zéline 1 permit, which indicated a significant presence of uranium with 28 of 59 holes having >200 ppm eU₃O₈, in the same

¹ On March 29, 2012, the Company acquired 5 M common shares of Brighton, representing the remaining 33% minority interest in 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. With the completion of the Brighton Exchange, the Company now owns 100% of Brighton and its wholly-owned subsidiaries Brighton Energy Limited and Niger Resources Inc. See Note 9 in the Annual Financial Statements for a detailed description of the terms of the Brighton Exchange.

sequence of Carboniferous rocks along with a similar structural setting to that of the neighboring mines. The three drilling programs completed on the permit since December 2010 have identified an 83 km² prospective area where uranium mineralization has been mostly intersected in the Guezouman Carboniferous Formation. A total of 37 km² have been drilled on an 800 m pattern, and the remaining 46 km² have only been drilled on a 1,600 m pattern. In total, 115-holes (13,756 m) have been completed on the property. In November, the Government of Niger approved the first three-year renewal of the permit resulting in the permit being reduced to 241 km². The priority will now be to complete further drilling and reduce spacing to 800 m in the 46 km² prospective area where the uranium mineralization is shallower. A budget of 5,400 m and \$600,000 is planned for 2013.

Assaouas 1

In Q2 2011 the Company announced that the 39-hole, 9,446 m reconnaissance drilling program at Assaouas 1 indicated the presence of uranium: 20 of 24 holes had >100 ppm eU₃O₈, including 534 ppm eU₃O₈ over a cumulative 5.1 m in hole AM10056. In Q1 2012 the Company completed an additional 17 holes, totaling 6,164 m of drilling, on new targets located in the western portion of the permit and another 1,369 m (4-holes) were drilled during Q2 2012. There was no drilling activity during the rest of 2012. The Company received its first three-year renewal of the permit from the Government of Niger in November. Upon renewal the permit was subject to a 50% surface area reduction resulting in its being reduced to 239 km². The priority will now be to infill, on a 400 m drilling pattern, the area around hole AM10056. A budget of 4,400 m and \$478,000 is planned for 2013.

Outlook and Analysis of Expenditures

In the first half of 2012, the Company completed the initial scout drilling programs on its Abelajouad (2,848 m) and Assaouas 2 (1,556 m) permits and follow-up drilling programs (14,500 m) on its Assaouas 1, Zéline 1 and Zéline 4 permits. The Abelajouad, Assaouas 2 and Zéline 4 permits were abandoned as the grade and widths did not suggest strong potential for an economic deposit. The Company plans to spend approximately \$1.3 M in 2013 on the remaining permits, including administrative costs. This includes a 9,800 m drilling program on its Zéline 1 (5,400 m) and Assaouas 1 (4,400 m) permits in 2013. However, the timing of commencement of the drilling is currently being evaluated given weak conditions in the uranium market.

In the year ended December 31, 2012, drilling and assaying expenses decreased by \$0.46 M compared to the same prior-year period due to a reduction in meters drilled. For the year ended December 31, 2012 a total of 18,664 m have been drilled compared to 23,588 m drilled for the year ended December 31, 2011. Expenses related to exploration surveys for the year ended December 31, 2012 have decreased by \$1.47 M from the prior-year comparative period. During 2011 the Company completed a high-resolution airborne geophysics survey on all the permits while there were no similar costs in 2012.

The Government of Niger requires a minimum expenditure of US \$2,000,000 per permit over the three year term of its two permits in order to be eligible for renewal. The Company cannot carry forward excess expenditures from one renewal period to another in order to meet these requirements, however since these are only required for renewal they are not guaranteed expenditures or liabilities for the permit holder.

Financial Review

Total comprehensive loss for the years ended December 31 was as follows:

Table 8 – Financial Information

	2012	2011	2010
	\$	\$	\$
Expenses			
Exploration and evaluation	21,501,493	24,527,699	4,880,688
General and administrative	3,696,222	4,079,321	2,577,829
Share-based compensation	3,329,665	3,000,568	944,408
Depreciation and amortization	1,186,683	548,601	226,003
	29,714,063	32,156,189	8,628,928
Other income	24,596,471	361,289	(669,317)
Non-controlling interest	339,736	1,524,617	355,342
Net loss attributable to common shareholders	(4,777,856)	(30,270,283)	(8,942,903)
Net change in fair value of available-for-sale financial assets	(1,649,702)	-	-
Foreign currency translation gain (loss) attributable to common shareholders	1,452,830	(758,431)	1,730,892
Total comprehensive loss attributable to common shareholders	(4,978,219)	(31,028,714)	(7,212,011)
Net loss per common share, basic and diluted	(0.06)	(0.36)	(0.13)

Table 9 – Consolidated Balance Sheets (Summary)

	2012	2011	2010
	\$	\$	\$
Cash	16,833,596	28,698,108	61,318,213
Investment	10,106,288	-	-
Interest in exploration properties	6,592,846	6,304,631	2,642,773
Shareholders' equity	32,997,695	35,163,921	62,805,077
Total assets	34,873,101	36,351,386	64,946,671

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 years ended December 31, 2012 and 2011.

Exploration and evaluation costs in the year ended December 31, 2012 decreased by \$3.0 M compared to the same period in 2011. The decreased expenditures during the year are mainly due to reduced costs in Niger with the completion of the high resolution airborne geophysics surveys on the uranium permits in 2011, reduced costs for Segá due to the sale of the project and lower current year drilling activity at Bomboré. These are offset by increased expenses related to preparing the NI 43-101 compliant Resource Update, work on preparing the FS and increased camp and infrastructure costs (refer to Exploration Activity).

General and administrative costs ("G&A") include both the Company's head office G&A and local office G&A related to the Company's subsidiaries. Total G&A decreased by \$0.38 M in the year ended December 31, 2012, compared to the same period in 2011, mainly due to:

- A decrease in investor relations and travel expenses of \$90k for the year mainly due to lower travel costs less publicity and lower website costs in 2012;

- A decrease in public company costs of \$91k due to lower costs relating to directors, TSX listing fees and other filing fees;
- A decrease in general office costs of \$45k due to reduced spending on computer supplies as well as some additional taxes related to the Burkina tax audit; and
- A decrease in professional fees of \$134k due to lower audit fees in the year subsequent to the Company's transition to IFRS as well as lower audit fees incurred in Burkina and for Brighton Energy Corporation.

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 TSX. Total G&A pertaining to the Company's head office for the year ended December 31, 2012 is \$2.5 M representing a decrease of \$319k from same period in 2011, mainly due to lower head count, public company costs and professional fees as a result of lower audit and TSX fees.

Share-based compensation expense recognized during the year ended December 31, 2012 increased \$329k over the comparative prior year, mainly due to:

- The acceleration of the expense (\$953k) relating to 2.3 M options forfeited during the year by Directors and Officers, employees and consultants offset by a \$1.3 M decrease relating to expenses recorded on the same options in 2011 (i.e. expenses were higher in 2011 due to timing of recognition);
- A \$1.07 M expense increase related to 3.0 M options granted during 2012 to the Company's Directors and Officers, employees and contractors; and
- A \$296k expense decrease related to grants fully vested before 2012.

Offsetting the expenses were the following items:

- On May 23, 2012, the Company completed the sale of Sega to Amara and received US\$15 M cash and 11 M new common shares of Amara. The gain on the sale of the Sega exploration property and certain property, plant and equipment sold as part of the transaction was \$24.3 M, net of \$1.9 M in income tax expense paid to the Government of Burkina Faso. There is no corresponding gain, loss or income tax expense in the prior period;
- Foreign exchange gain in the year ended December 31, 2012 increased by \$0.11 M over the same period in 2011, mainly due to a slight appreciation of the Euro/CFA and US\$ currencies versus C\$;
- Interest income for the year ended December 31, 2012 decreased by \$0.22 M over the comparative prior year period as a result of significantly higher treasury balances during 2011 following the December 2010 net financing of C\$50.9 M; and
- On March 29, 2012 the Company completed the Brighton Exchange and acquired the remaining 33% minority interest in Brighton, thereby eliminating the non-controlling interest ("NCI") in future quarters. In the year ended December 31, 2012, the NCI share of the net loss decreased by \$1.2 M from the prior-year comparative period. The Company's NCI represented equity interests in Brighton owned by outside parties. Under IFRS, income or loss as well as a portion of the accumulated other comprehensive income had to be attributed to the NCI.

Summary of Quarterly Results

The following summarized financial data has been prepared in accordance with IFRS. This data should be read in conjunction with the Company's condensed consolidated interim financial statements and consolidated annual financial statements for the respective periods. All net income (loss) figures in the table are presented in US\$ millions, except for the net income (loss) per common share amounts (basic and diluted).

	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
	\$	\$	\$	\$	\$	\$	\$	\$
Net income (loss) attributable to common shareholders	(6.65)	(5.62)	17.19	(9.70)	(8.06)	(8.78)	(8.20)	(5.23)
Net income (loss) per share, basic	(0.07)	(0.07)	0.20	(0.12)	(0.09)	(0.11)	(0.10)	(0.06)
Net income (loss) per share, diluted	(0.07)	(0.07)	0.19	(0.12)	(0.09)	(0.11)	(0.10)	(0.06)

The decrease in net loss during 2012 compared to 2011 is mainly due to the sale of the Segá project along with lower exploration expenses. There was more drilling as well as airborne surveys in 2011 compared to mostly resource update and FS work in 2012.

Liquidity and Capital Resources

The Company had cash of \$16.83 M at December 31, 2012, a decrease of \$11.87 M compared to the \$28.70 M cash position at December 31, 2011.

The Company also has 11 M common shares of Amara that were received on May 23, 2012 upon the completion of the sale of the Segá project. The shares held by the Company are classified as marketable securities available-for-sale and are carried at fair value, which is based on the market quote on the London Stock Exchange. At December 31, 2012, the 11 M common shares of Amara are recorded at their fair market value of \$10.11 M based on the closing market price on December 31, 2012 and converted to USD. Changes in the fair value of the common shares from the transaction closing date of May 23, 2012 to December 31, 2012 are recorded as a \$1.44 M investment revaluation reserve in other comprehensive income. As at March 27, 2013 the value of the shares has decreased to \$5.33 M.

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 2013 based on its December 31, 2012 net working capital balance of \$16.30 M, which includes net cash proceeds of approximately \$14.92 M from the sale of its Segá project that was completed during Q2 2012 less the related \$1.90 M capital gain tax paid to the Government of Burkina Faso. 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\$53,906,250 (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, 2011 and 2012 are also presented in the table for comparative purposes. All figures in the table are presented in US\$ millions.

Table 10 – Use of Proceeds from 2010 Financings¹

2010 Financing Categories	January 2010 Prospectus	December 2010 Prospectus²	Total 2010 Financings	Actual expenditures from January 1, 2010 to December 31, 2012
	\$	\$	\$	\$
Bomboré gold project exploration and development	3.81	26.83	30.64	44.10
Segá gold project exploration	1.43	3.22	4.65	1.03
Bondi gold project exploration	0.48	2.15	2.63	0.65
Niger Uranium Project Exploration	0.00	0.00	0.00	1.29
Regional project generation and exploration	0.95	1.07	2.02	0.18
General and administrative expenses	2.29	17.04	19.33	10.58
Underwriting fees	0.51	2.94	3.45	3.74
Total use of proceeds	9.47	53.25	62.72	61.57

¹ The table is prepared based on accrual-based expenses.

² The over-allotment option was exercised on the December 2010 financing and as a result it has been allocated to the financing categories on a pro-rata basis.

The Company anticipates having sufficient funds to complete a full FS on the Bomboré gold project in 2013.

The Company incurred capital expenditures of \$4.76 M from January 1, 2010 to December 31, 2011 relating to all of its projects, as well as \$1.20 M to acquire additional exploration interests in Niger, which were funded by cash on hand prior to the 2010 financings, proceeds on stock option and warrant exercises during 2010 and 2011, and interest income and foreign exchange gains on the proceeds of the above-mentioned financings.

Share Capital Information

As at December 31, 2012, the Company had 85,638,698 common shares outstanding (fully diluted – 92,406,098).

On March 29, 2012, the Company completed the Brighton Exchange transaction, which resulted in the issuance of 1,818,000 common shares at a volume-weighted average price of C\$2.71 per share. As a result, the Company recorded a \$4.93 M increase to share capital.

As at December 31, 2012, the Company also has the following outstanding stock options:

Table 11 – Stock Options Outstanding as at December 31, 2012

Range of exercise prices	Outstanding			Exercisable	
	Outstanding options	Remaining contractual life (in years)	Weighted-average outstanding exercise price C\$	Vested options	Weighted-average vested exercise price C\$
\$0.00 to \$0.49	3,175,000	6.34	0.39	3,175,000	0.39
\$0.50 to \$0.99	438,500	7.52	0.85	438,500	0.85
\$1.00 to \$1.99	2,953,900	4.52	1.64	706,805	1.70
\$2.00 to \$2.99	200,000	7.81	2.35	200,000	2.35
	6,767,400	5.67	1.02	4,520,305	0.72

In 2012, there were 2,309,000 stock options (with strike prices between C\$3.65 and C\$4.85) forfeited by Directors and Officers, employees and consultants. The expense related to forfeited options unvested at that date was accelerated to record the amount that otherwise would have been recognised for services received over the remainder of the vesting period, which was determined to be the grant date fair value adjusted for the estimated forfeiture rate less any amounts previously expensed relating to the grants.

Contractual Obligations

As at December 31, 2012, the Company had contractual obligations for environmental impact studies, feasibility costs, tailing treatment studies, laboratory management services, metallurgical testing, camp costs, construction and facilities costs and equipment and inventory purchases and rentals in the amount of \$1,866,508 (as at December 31, 2011 – \$3,801,867). 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 throughout the 2013 fiscal year.

Subsequent to December 31, 2012, the Company entered into further contractual obligations in the amount of \$1,504,381 for drilling activities, sample analysis services, pit slope study, process engineering and equipment and inventory purchases, which are expected to be payable throughout the 2013 fiscal year.

Off Balance Sheet Agreements

The Company does not have any off-balance sheet agreements.

Transactions with Related Parties

The Company has no transactions with related parties as at, or for the year ended December 31, 2012.

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 with significant risks as listed below. Even though Management has been successful in the past in developing economic deposits there is no assurance that the Company's projects will become economically viable. 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):

- Successfully establishing mining operations and profitably producing gold;
- Changes in, and volatility of the price of gold;
- Marketable securities held as investments and market price risk;
- Risks associated with operating in foreign jurisdictions (West Africa);
- The speculative nature of resource exploration and development projects;
- Government regulations and permitting may have an adverse effect on Orezone's activities;
- Risks associated with changes to the mining code and tax rates;
- Orezone's Mineral Resource estimates are only estimates and may not reflect the actual deposits or the economic viability of gold extraction;
- Orezone relies on its management team and the loss of one or more of these persons may adversely affect Orezone;
- The Company's operations rely on the availability of local labour, local and outside contractors and equipment when required to carry out our exploration and development activities;
- The Company's operations are subject to financing risks;
- The Company's projects are subject to title risks;
- The Government of Burkina Faso has the right to 10% ownership of certain subsidiaries;
- The Government of Niger has the right to ownership ranging from 10% to 40% of certain subsidiaries;
- Health risks associated with the mining workforce in Burkina Faso;
- The Company's projects are subject to environmental risks;
- Orezone's potential future mining operations will be subject to operational risks and hazards inherent in the mining industry;
- The operations of the Company are carried out in geographical areas which are subject to various other risk factors;
- The Company's insurance coverage does not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured or uninsurable;
- The mining industry is extremely competitive;
- Currency fluctuations may affect Orezone's financial performance;
- The Company does not intend to pay dividends in the foreseeable future;
- Shareholders' interest in Orezone may be diluted in the future;
- Orezone's common shares are publicly traded and are subject to various factors that have historically made Orezone's share price volatile;
- Investors in the United States or in other jurisdictions outside of Canada may have difficulty bringing actions and enforcing judgments against Orezone, its directors, its executive officers and some of the experts named in this AIF based on civil liability provisions of federal securities laws or other laws of the United States or any state thereof or the equivalent laws of other jurisdictions of residence; and
- There are differences in US and Canadian practices for reporting Mineral Resources.

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, 2012.

Accounting Standards, Amendments and Interpretations Recently Adopted

The Company's adoption of the following new standards and amendments as of January 1, 2012 did not have any impact on the financial position or performance of the Company:

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.

International Accounting Standard 12, "Income Taxes" ("IAS 12")

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.

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.

IFRS 7, "Financial Instruments: Disclosures"

This amendment provides disclosure guidance on offsetting financial assets and financial liabilities. This amendment is effective for annual periods beginning on or after July 1, 2013 and is applied retrospectively. 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, 2014. 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, 2014. 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 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, 2014. 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.

IAS 32, "Financial Instruments: Presentation"

This amendment prescribes the accounting for offsetting financial assets and financial liabilities. The amendment is effective annual periods beginning on or after January 1, 2014 and is applied retrospectively. 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.

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.

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

- Cash is classified as FVTPL, which is 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.
- The investment is classified as available-for-sale, which is measured at fair value.
- 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.

Critical Accounting Estimates

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.

Critical judgments in applying accounting policies

Going concern risk assessment

Management considers whether there exists any event(s) or condition(s) that may cast significant doubt on the Company's ability to continue as a going concern. Considerations take into account all available information about the future including the availability of debt and equity financing as well as the Company's working capital balance and future commitments.

Determination of functional currency

Management has made determinations with respect to its functional currency in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates," and as such has determined that the functional currency of all of its entities is the Canadian dollar with the exception of its subsidiaries, Orezone Inc. SARL and Niger Resources Inc., which have a functional currency of the Communauté Financière Africaine francs.

Accounting policy selection for interest in exploration properties including property, plant and equipment

As disclosed in note 3(i), Management judgment is applied in capitalizing costs related to acquired mineral property rights and property, plant and equipment. Management has determined that expenditures incurred during the exploration and evaluation phase will be expensed as incurred until it determines that the technical feasibility and commercial viability of a mineral property has been established.

Sources of estimation uncertainty

Share-based compensation related to stock options and warrants

Management assesses the fair value of stock options and warrants, as disclosed in note 3(q), using the Black-Scholes option pricing model. This model requires Management to make estimates and assumptions with respect to inputs including the risk-free interest rate, volatility and expected life of the equity-settled instruments. As well, Management must make assumptions about anticipated forfeitures based on the historical actions of plan participants which may not be a true representation of future participant exercise behaviour.

Useful lives of property, plant and equipment

As disclosed in note 3(k), Management reviews its estimate of the useful life of property, plant and equipment annually and accounts for any changes in estimates prospectively. Current changes in these estimates, as well as the related impact, are presented in note 3(t).

Impairment of non-financial assets

Management assesses non-financial assets for impairment as disclosed in note 3(l).

Deferred income taxes

Judgment is required in order to determine whether to recognize deferred tax assets and/or liabilities on the statement of financial position. Management must assess the extent to which it is probable that the Company and its subsidiaries will have future taxable profits available against which it can recognize unused tax losses or unused tax credits as well as sufficient loss carryforwards to offset potential tax liabilities. The amount and availability of deferred tax assets and liabilities are directly influenced by future changes to tax laws in the jurisdictions in which the Company and its subsidiaries operate.

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 IFRS. 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 IFRS, and that receipts and expenditures are being made only in accordance with authorizations of the Company's Management and Board; 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 December 31, 2012 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 year ended December 31, 2012.

Forward Looking Statements

Management's Discussion and Analysis of Financial Condition and Total Comprehensive Loss for the year ended December 31, 2012 (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 and including that of a full 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, changes in market prices of securities held, 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., Senior 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. Claude Poulin, MBA, Project Manager for Bomboré, and Mr. Ron Little, P. Eng., the President and Chief Executive Officer, are also qualified persons under NI 43-101.

Other MD&A Requirements

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