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, 2013

November 13th, 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 income (loss) for Orezone Gold Corporation (the "Company") for the three and nine month periods ended September 30, 2013, in comparison to the corresponding prior-year periods. This document should be read in conjunction with the condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2013 ("Interim Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim reporting periods. 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, 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. 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 has taken into account information available up to and including November 13th, 2013.

This MD&A contains forward-looking statements (see "Forward Looking Statements" below for a full discussion on the nature of forward-looking statements). Statements regarding the adequacy of cash resources to carry out our exploration and development programs or the need for future financing are forward-looking statements. Statements regarding the potential for expansion of current National Instrument 43-101 ("NI 43-101") qualified resources, expected results including, but not limited to, targeted economic parameters and production levels for Bomboré, planned expenditures on the Company's projects, completion of the preliminary economic assessment and feasibility study (including related timing), and obtaining a mining permit (including related timing and milestones) 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. 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. During Q3 2013, the Company's main focus continued to be the advancement of the Bomboré gold project towards a production decision. As a result of more challenging markets, in May 2013 the Company decided to reduce its total planned exploration and feasibility expenditures for 2013 to $10.2M by postponing any further drilling at Bomboré, Bondi and Brighton projects. Subsequently, Management announced its intent to shift the focus of the Bomboré Feasibility Study ("FS") in order to assess a lower capital cost heap leach ("HL") scenario, as outlined in the August 2011 Preliminary Economic Assessment ("PEA"). The Company now plans to spend $8.3M[1] on exploration and feasibility work in 2013, a decrease of $0.2M over the estimate at Q2 2013 as a result of a reduction in exploration activities and environmental study work in H2 2013, offset by an increase in the estimated cost to complete the PEA update.

The following table provides the resources on the Company's projects using the standards of National Instrument 43-101:

Table 1 – Total Resources by Project

Category	Tonnes	Grade	Contained Gold	Date Released
	(M)	(Au g/t)*	(oz)*	
Bomboré (Constrained to $1,400 pit shell)				
Total Measured and Indicated resources	139.9	1.01	4,561,000	April 2013
Total Inferred resources	18.4	1.22	723,000	
Oxide and Transition M&I resources only	67.2	0.91	1,964,000	April 2013
Oxide and Transition Inferred resources only	6.4	0.92	189,000	
Bondi				
Measured and Indicated resources	4.1	2.12	282,000	February 2009
Inferred resources	2.5	1.84	150,000	
Total				
Measured and Indicated resources	**144.0**	**1.05**	**4,843,000**	
Inferred resources	**21.0**	**1.30**	**873,000**	

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

Significant developments during, and subsequent to, the three month period ended September 30, 2013 included:

Niger

- During Q3 2013 Management decided that it would not renew the Niger permits after the current renewal period ends in Q4 2013 and notified the Government of Niger of its intent to return the permits on October 22nd; and
- Subsequent to quarter end the Company sold its land, building and certain equipment for 176M CFA (approx. $362K) before taxes and fees. Net proceeds on the sale were approximately $330K.

General

- On October 30th the Company announced that it had arranged a C$5M non-brokered private placement financing whereby it would issue 10,000,000 common shares at C$0.50 per share. The private placement subsequently closed on November 13th.

[1] Excludes local G&A. Includes local capital expenditures, of which $53K do not relate to a specific project.

Exploration Activity

The following table summarizes the Company's exploration and evaluation costs and meters drilled by project for the three and nine month periods ended September 30, 2013 and 2012. All figures are presented in US$, except for meters drilled.

Table 2 – Exploration and Evaluation Costs

Three month period ended September 30, 2013	Meters Drilled	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	m	$	$	$	$	$
Bomboré	-	-	335,800	176,228	49,885	**561,913**
Bondi	-	-	20,876	561	28,965	**50,402**
Brighton, Niger (Uranium)	-	-	4,525	-	132	**4,657**
Total	**-**	**-**	**361,201**	**176,789**	**78,982**	**616,972**

Three month period ended September 30, 2012	Meters Drilled	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	m	$	$	$	$	$
Bomboré	**11,762**	1,352,313	680,137	934,413	145,158	**3,112,021**
Sega	-	-	-	-	-	**-**
Bondi	-	935	21,698	38,115	10,716	**71,464**
Brighton, Niger (Uranium)	**130**	1,545	48,543	-	11,135	**61,223**
Total	**11,892**	**1,354,793**	**750,378**	**972,528**	**167,009**	**3,244,708**

Nine month period ended September 30, 2013	Meters Drilled	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	m	$	$	$	$	$
Bomboré	**21,658**	1,436,275	1,532,265	2,512,965	238,188	**5,719,693**
Bondi	**7,078**	719,870	147,009	70,747	99,248	**1,036,874**
Brighton, Niger (Uranium)	-	-	90,787	-	9,676	**100,463**
Total	**28,736**	**2,156,145**	**1,770,061**	**2,583,712**	**347,112**	**6,857,030**

Nine month period ended September 30, 2012	Meters Drilled [1]	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	m	$	$	$	$	$
Bomboré	**114,705**	10,718,470	1,625,361	1,476,561	304,175	**14,124,567**
Sega	**10,000**	4,231	3,523	-	487	**8,241**
Bondi	**2,500**	110,131	99,958	103,559	49,263	**362,911**
Brighton, Niger (Uranium)	**18,664**	1,263,304	209,558	-	238,668	**1,711,530**
Total	**145,869**	**12,096,136**	**1,938,400**	**1,580,120**	**592,593**	**16,207,249**

[1] ***Includes 4,860 m of auger drilling on Bomboré and 2,500 m at Bondi, as well as 10,000 m of RC drilling on Sega that was fully funded by Amara***

Bomboré Project

Orezone is developing its wholly owned Bomboré project towards transition into a mining operation. 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 April 29, 2013, the Company announced an updated NI 43-101 compliant resource statement (the "2013 Resource") on the project that includes 4.56M oz Measured & Indicated ("M&I") (140M t @ 1.01 g/t) and 0.72M oz Inferred (18M t @ 1.22 g/t). This includes a near surface oxide and transition resource of 1.96M oz M&I (67M t @ 0.91 g/t) that occurs mostly within an average of 50 m from surface. The 2013 Resource includes an additional 67,023 m (37,249 m of RC and 29,774 m of core) of drilling that was not included in the previous resource released on August 27, 2012, for a total of 404,648 m (to an average vertical depth of 120 m), including 259,025 m of reverse circulation ("RC") (4,170 holes) and 145,623 m of diamond drilling ("DD") (926 holes) and represents an increase of 0.49M oz M&I resources. The 2013 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. In April 2013, Management decided to further reduce its 75,000 m infill and expansion drilling program (originally 90,000 m) to reduce costs and as a result, the Company completed 59,421 m of exploration and definition drilling between September 2012 and the conclusion of the program in April 2013. The drilling program was designed to both upgrade and expand the current inferred resources, as well as test a number of new oxide targets.

The 2013 Resource was estimated using the results of the technical studies of the FS and relevant cost estimates for current mining, processing and G&A of comparable Burkina Faso mines. There are considerable opportunities to optimize these parameters given the robust oxide/transition resource and the ability to construct the project in stages.

In June 2013, the Company announced that it had decided to postpone the ongoing FS on the Carbon-in-Leach ("CIL") scenario as the work completed to date indicated that the initial capital required would be similar to that outlined in the 2011 PEA. As a result, it was determined that it would not be practical to raise the required financing given current capital market conditions. Consequently, the Company has decided to reassess and update the HL scenario presented in the 2011 PEA. The work completed to date on the CIL scenario could contribute towards the completion of a finalized prefeasibility ("PFS") or FS document at anytime, should market conditions improve. Much of the CIL FS work completed to date can be incorporated into a PFS or FS for the HL scenario. The Company is currently in the process of completing a detailed gap analysis to determine the extent of additional work required to complete a FS on the HL scenario. The Company plans to update the HL scenario from the 2011 PEA using the current resource model and current operating and capital cost estimates. The updated PEA is expected to be released in Q4 2013. The Company anticipates commencing longer lead time metallurgical work required for the FS on a HL scenario in Q4 2013 and, subject to positive PEA results, it will proceed with a FS in Q1 2014. In November the Company completed a C$5M private placement financing which will primarily be used to fund the continuation of various technical studies to support a full FS on a HL scenario. The HL scenario is expected to demonstrate a significantly lower initial capex than the CIL scenario as well as a potentially shorter construction period.

The Company now estimates that it will spend approximately $7.1M, including capital expenditures of $0.16M, on exploration and development at Bomboré in 2013, including the costs to date on the FS, the PEA update and camp/capital additions. The work performed on the CIL FS accounts for approximately $2.3M of the above costs, while the PEA update for the HL scenario accounts for approximately $0.46M. This represents an increase from the estimated cost presented in Q2 2013 due to final contractor selection with detailed estimates provided. The Company also plans to spend approximately $0.3M on the detailed gap analysis and the metallurgical test program in 2013.

2013 Resource Update

The Mineral Resource Statement (Table 3) was prepared by SRK Consulting (Canada) Inc. ("SRK") from Toronto. The mineral resources are constrained within conceptual open pit shells prepared by G Mining Services ("GMS") from Montreal using parameters established by GMS in January 2013 and taking into account the FS results of the metallurgical and geotechnical test work. It should be noted that these parameters are based on a CIL operation. The update of the PEA will reflect revised cost parameters applicable to a HL operation however it should also be noted that the sulphide resources are not amenable to heap leaching and will not be a part of the HL mine plan. The total resource (oxide and sulphide) spans an area over 11 km long and up to 1 km wide with an estimated stripping ratio (prior to mine design) of 2:1. The majority of the total resource occurs within the top 120 m, where approximately 90% of the drilling was completed to date, but pit shells can reach a depth of 200 m.

Table 3 - 2013 Mineral Resource Statement* for the Bomboré Deposit, Burkina Faso, West Africa, SRK Consulting (Canada) Inc., April 29, 2013, CIL Processing Scenario

	Cut-off	Measured Mineral Resource			Indicated Mineral Resource			Inferred Mineral Resource		
Category	**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**
North:										
Laterite/Oxide	0.45	13.57	0.95	417	14.20	0.82	375	2.04	0.88	57
Transitional	0.45	9.22	0.93	275	5.84	0.92	173	0.79	1.00	25
Fresh	0.50	22.04	1.00	711	11.98	1.29	497	4.42	1.63	232
Sub-total		**44.83**	**0.97**	**1,402**	**32.02**	**1.02**	**1,046**	**7.25**	**1.35**	**315**
South:										
Laterite/Oxide	0.45	8.11	0.94	246	4.55	0.86	126	1.66	0.89	48
Transitional	0.45	7.49	0.89	214	2.99	0.96	92	1.35	0.96	41
Fresh	0.50	20.58	1.02	674	15.26	1.19	584	5.46	1.26	222
Sub-total		**36.17**	**0.98**	**1,134**	**22.80**	**1.09**	**802**	**8.46**	**1.14**	**311**
Southeast:										
Laterite/Oxide	0.45	0.24	1.33	10	0.36	1.05	12	0.30	0.97	9
Transitional	0.45	0.25	1.53	12	0.34	0.97	11	0.23	0.97	7
Fresh	0.50	1.53	1.44	71	1.32	1.43	61	2.18	1.15	81
Sub-total		**2.03**	**1.44**	**94**	**2.02**	**1.28**	**83**	**2.71**	**1.12**	**97**
Combined:										
Laterite/Oxide	0.45	21.92	0.95	673	19.11	0.84	513	4.00	0.89	115
Transitional	0.45	16.96	0.92	502	9.16	0.94	276	2.37	0.97	74
Sub-total	0.45	**38.88**	**0.94**	**1,174**	**28.27**	**0.87**	**789**	**6.37**	**0.92**	**189**
Combined:										
Fresh	0.50	44.14	1.03	1,456	28.56	1.24	1,142	12.05	1.38	534
Total		**83.03**	**0.99**	**2,630**	**56.83**	**1.06**	**1,931**	**18.42**	**1.22**	**723**
Total M+I		**139.86**	**1.01**	**4,561**						
Total M+I Oxidized		**67.16**	**0.91**	**1,964**						

* 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 gold price of US$1,400 and the cut-off grades from the previous resource estimation have been retained for comparison purposes. The average calculated cut-off grades based on the assumptions considered for the current pit optimization are 0.29, 0.33 and 0.57 g/t for the oxide, transition and fresh resources respectively. Reported within conceptual open pit shells optimized considering a carbon-in-leach ("CIL") process option.

Table 4 - 2013 Mineral Resource Whittle Pit Sensitivity to Gold Price, CIL Processing Scenario

	Measured and Indicated Oxide + Transition + Fresh					Measured and Indicated Oxide + Transition Only			
Gold Price US$/oz	Total Tonnage (Mt)	Au Metal (Moz)	Au Grade (g/t)	Strip Ratio *		Total Oxide Tonnage (Mt)	Au Metal (Moz)	Au Grade (g/t)	Strip Ratio *
1,000	69.8	2.44	1.09	2.1		50.0	1.48	0.92	1.6
1,100	91.4	2.95	1.00	2.0		61.5	1.67	0.85	1.5
1,200	114.3	3.44	0.94	1.9		74.0	1.86	0.78	1.4
1,300	140.6	3.96	0.88	1.9		87.3	2.03	0.73	1.3
1,400	165.5	4.42	0.83	1.8		98.9	2.18	0.68	1.2
1,500	193.0	4.88	0.79	1.7		113.2	2.34	0.64	1.1
1,600	226.2	5.43	0.75	1.7		128.4	2.49	0.60	1.0
1,700	260.6	5.98	0.71	1.6		143.0	2.64	0.57	1.0

Resources are inclusive of 5% mining losses and 5% dilution with zero grade. Total tonnage is from pit shells optimized on Measured and Indicated blocks of oxide, transition and fresh material. Oxide tonnage is from pit shells optimized only on the Measured and Indicated blocks of oxide and transition material. The economic cut-offs averaged 0.29, 0.33 and 0.57 g/t for oxide, transition and fresh resources respectively.

*The strip ratio is that of the resource whittle shell and is expected to increase for the detailed pit designs.

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. The mineral resource estimate was prepared by Dorota El-Rassi, P.Eng. and Glen Cole, P.Geo. of SRK; who 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, who is an Independent Qualified Person as defined by National Instrument 43-101.

Drilling Progress since August 2012

Subsequent to the August 2012 resource estimate drilling cut-off date (approximately March 2012), additional drilling continued at Bomboré with 40,012 m of DD and 57,215 m of RC drilling completed to April 27th, of which 67,023 m were included in the 2013 Resource. This drilling has focused mainly on the Siga and Maga areas as part of the infill and expansion drill program that concluded in April 2013.

The 2012 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 which has 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 averaged 3.4 g/t over a core length of 6.25 m (maximum of 10.2 g/t). Drilling during Q1 2013 further defined the P17S gold prospect where 15 core holes have now been completed, of which 12 intersected 14 mineralized intervals averaging 7.6 m at a grade of 2.94 g/t. With open ended mineralization to the north and to the east, more expansion drilling is warranted. The true width of these mineralized intervals is unknown at this stage.

Economics and optimal mining scenario

The base case presented in the 2011 PEA for an oxide-only HL plant demonstrated an after-tax IRR of 9.9%[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 at the time. The after-tax IRR improved to 27.8% 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 updated PEA and further technical studies, the Company hopes to improve on the HL scenario economics presented in the 2011 PEA by:

1. **Using the resource model, study work and results of the current CIL scenario:** By compiling study work to date on the oxide-only CIL scenario, the Company hopes to reduce the time required and cost of updating the PEA HL scenario in order to continue towards a FS;

2. **Resource expansion:** As a result of the recent drilling, resources have been upgraded and expanded to include 2M oz of M&I oxide/transition resources, more than double those used in the 2011 PEA. The Company expects the remaining results of the drill program to further increase and upgrade the oxide resources;

3. **Improved continuity:** The 2013 Resource, together with subsequent drill programs, has been successful in demonstrating improved continuity of the mineralization which has improved strip ratios; and

4. **HL pad and process design**: The PEA contemplated a large pad which could be reduced if agglomeration and compaction tests are positive. This will be the focus of future feasibility test work for the HL scenario.

Feasibility and infrastructure work

The Company continued to advance the FS based on a CIL scenario until late in Q2 2013 when Management decided to shift its focus to the HL scenario. The environmental impact study ("EIS"), archaeological studies, detailed metallurgical studies and optimization studies all commenced in 2011 and were largely complete at the end of 2012 pending final pit designs and infrastructure location selections. A detailed socio-economic field inventory was completed in September 2011 within the 2011 PEA CIL site layout and an interim report was received in December 2011. During Q2 2012, the socio-economic database from this study 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 and, in Q2 2013, contracted SOCREGE to lead the Resettlement Action Plan.

The Company began a series of metallurgical studies in Q4 2011 which were largely complete in Q4 2012. Much of this work was 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 was to reduce power/grinding costs and simplify/reduce the grinding circuit without decreasing throughput for a CIL scenario. 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. Further testing is now required for the HL scenario which amongst other things will include compaction-permeability and further agglomeration optimization testing, more column testing, and more communition testing.

Detailed variability test work was completed in Q2 2012 to optimize recoveries of the sulphide (fresh) ore in a CIL scenario 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 that were to form the basis for developing a processing flow sheet, and determining plant capacity, equipment selection and sizing under the CIL scenario. Cost estimates and updated pit slopes were also released with the revised recoveries. The 2013 Resource includes 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.

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

The Company's objective is to improve project economics by reducing both the initial capital expenditures and operating costs through the processing of only the oxide ores in a HL scenario. The annual HL throughput could be expanded in the future from cash flows generated from the operation. Although the CIL scenario requires more capital, it too could be considered in the future pending project cash flows, gold price assumptions and better capital markets. In Q2 2013, the Company did not release new plant site designs and grinding circuit trade-off studies as expected due to the change in focus to a HL scenario. Work on the preliminary mill design for a CIL operation was also postponed.

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. This was particularly helpful during the completion of the most recent drill programs and resulting resource updates. The facility was managed by an independent certified international laboratory (SGS Group), however, given the reduced drilling activity, the Company terminated the management and operation of the facility at the end of Q2 2013. This facility could be re-commissioned at a later date should exploration drilling or mining activities warrant.

During the first half of 2013 the Company began work to close artisanal mining sites on its property and will continue to do so throughout 2013. As well, in Q3 2013, minor road and bridge repairs were undertaken on site.

PEA update and gap analysis

The Company has engaged GMS to oversee and complete an NI 43-101 compliant update to the HL scenario included in the August 2011 PEA. GMS had previously been managing the FS work on the CIL scenario and much of this information will be incorporated into the PEA. To date, they have completed the matrix of Whittle optimization HL parameters and generated an optimized pit shell based on this matrix. The next step is to finalize a pit design and the HL reserves.

The Company has also engaged Kappes, Cassiday & Associates ("KCA"), of Reno, Nevada, to complete the process design including the adsorption-desorption-recovery ("ADR") process. To date, they have completed the evaluation of the processing costs.

Golder and Associates has been contracted to complete the engineering and design of the pads and ponds. Golder had previously completed feasibility level work for a tailing facility, hydrological, hydrogeology and all geotechnical studies for the CIL scenario which now benefits the PEA update. To date, Golder has completed the design of the heap leach infrastructure (pads and ponds) and the evaluation of the capital and operating costs.

The Company expects to complete and release the results of the updated PEA by the end of 2013.

Permit status and expansion

The original Bomboré I permit (105 km^2) was renewed in December 2012 for an additional two-year exploration term (expiry is February 17, 2015) during which time the Company intends to apply for a mining permit.

In August 2011, the Company announced it had been granted exploration rights to the Toéyoko permit, an additional 63 km^2 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 97,227 m drill program completed in Q2 2013 included 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 $557) per km^2 resulting in minimums of 28,215,000 CFA (~ US $58,208) for Bomboré and 17,010,000 CFA (~ US $35,092) 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 Government of Burkina Faso is currently reviewing its mining code and has asked the Chamber of Mines, the industry group that represents the mining companies, for comments.

Analysis of expenditures

Drilling and assaying expenditures at Bomboré for the three and nine month periods ended September 30, 2013 decreased by $1.35M and $9.28M respectively over the prior-year comparative periods due to lower drilling activity as a result of increased focus on FS and PEA activities. During the three and nine month periods ended September 30, 2013, the Company completed nil m and 21,658 m respectively of drilling compared to 11,762 m and 114,705 m of drilling for the comparative prior-year periods. General camp, infrastructure and other costs for the three and nine month periods ended September 30, 2013 has decreased by $0.34M and $0.09M respectively over the comparative prior-year periods due to the decision to end the drilling program in April 2013 offset slightly by adding additional camp resources, including medical services, and work related to closing artisanal mining holes. Expenses related to exploration and development studies in the three month period ended September 30, 2013 has decreased by $0.76M over the comparative prior-year period due to the suspension of the FS while it increased by $1.04M in the nine month period as compared to the prior year due to the undertaking of the 2013 Resource update, metallurgical test programs, the FS activities and the ongoing PEA activities.

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$26.3M. This was comprised of US$15M in cash and 11M 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 $26.0M as well as a gain of $0.26M on the sale of property, plant and equipment relating to the Sega camp and certain capital assets. A total of $1.9M in tax was paid to the Government of Burkina Faso on the related capital gain. Refer to Note 8 in the Interim 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 $0.55M 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 (≥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 Q1 2013, the Company initiated a 7,500 m RC and core drilling program (5,000 m of RC and 2,500 m of DD) which was completed in April 2013. The infill core holes within the inferred resources were broadly in line with the resource model and will assist to upgrade those resources to the indicated category. As well, targets identified by the 2012 auger drilling program were tested by RC holes which extended Zone 372 to the SE by approximately 275 m and intersected gold mineralization approximately 1,500 m to the South of Zone 2S. The Company also completed a Mobile Metal Ions ("MMI™") geochemical survey test over a 400 m section where two blind deposits are present which concluded that a strong gold anomaly existed over the blind deposits where conventional soil chemistry did not work. The results of the MMI™ will assist in future target generation and prioritization. During Q2 2013, the Company also released the results of its metallurgical study which indicated that direct agitated cyanidation recoveries averaged 94% for oxide, 93% for semi-oxidized and 91% for sulphide material. As well, recoveries were ≥ 90% for all of the composite samples at all grind sizes between 75 μm to 106 μm irrespective of cyanide concentration used. Results showed rapid gold recoveries at all feed sizes with oxide recovery in 6-12 hours and sulphide recovery within 12 hours. The project is currently on care and maintenance and management is evaluating strategic alternatives.

Drilling and assaying expenditures in the nine month period ended September 30, 2013 increased by $0.61M as compared to the prior year due to the completion of 2,497 m of DD and 4,581 m of RC drilling, while the Company only completed 2,500 m of lower cost auger drilling in the comparative prior-year period. In May 2013 the Company decided to reduce its planned spending on exploration and development activities to $1.1M, including capital expenditures of $0.03M, for 2013. The majority of the cost savings result from the deferral of a 3,500 m auger drilling program as well as the decision to defer a resource update for the project until 2014. In August 2012 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 $557) per km^2 resulting in a minimum of 45,360,000 CFA (~ US $93,576) 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 future requirements.

Brighton Energy, Niger (Uranium)

The exploration activities in Niger are operated by Brighton, a 100%-owned[1] 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. In May 2013, Management decided to place the remaining two permits and its operations in Niger on care and maintenance to reduce costs, until market conditions improve. During Q2 2013, the Company began the process of selling assets and terminating leases related to its exploration activities in Niger. In Q3 2013, Management made the decision that it would not renew its two remaining permits in country when their next renewal comes up in Q4 2013 and to completely wind down operations in Niger. On October 22, 2013, the Company advised the Government of Niger that it would be returning the permits. The Company is currently in the process of selling the remaining assets in-country and making the necessary arrangements to effect the wind down. Subsequent to Q3 2013, the Company sold its land, building and certain equipment in Niger for proceeds of 176M CFA (approximately $362K) before taxes and fees. Net proceeds on the sale were approximately $330K.

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 km^2 Zéline 1 permit, which indicated a significant presence of uranium with 28 of 59 holes having >200 ppm eU_3O_8, in the same sequence of Carboniferous rocks along with a similar structural setting to that of the neighboring mines. In total, 115-holes (13,756 m) have been completed on the property.

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 eU_3O_8, including 534 ppm eU_3O_8 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. Upon renewal the permit was subject to a 50% surface area reduction resulting in its being reduced to 239 km^2.

[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.

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 (14,130 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. In May 2013, the Company decided to reduce its planned expenditure on the projects to $0.1M on the remaining permits, exclusive of severance costs of $19K paid to laid off exploration employees in May 2013, leaving minor administrative costs and taxes. The 9,800 m drilling program on its Zéline 1 (5,400 m) and Assaouas 1 (4,400 m) and corresponding budgets of $478K and $600K respectively permits have been withdrawn given the Company's decision subsequent to September 30, 2013 to formally notify the Government of Niger of its intent to abandon the permits.

In the three and nine month periods ended September 30, 2013, drilling and assaying expenses decreased by $1.5K and $1.26M compared to the same prior-year periods as the Company did not undertake any drilling activities in the first three quarters of 2013 as compared to the 130 m and 18,664 m respectively drilled during the comparative prior year periods. General, camp, infrastructure and other costs for the three and nine month periods ended September 30, 2013 decreased by $0.04M and $0.12M respectively from the prior-year comparative periods as a result of very limited activities undertaken in the first three quarters of 2013, as opposed to the 2012 camp costs resulting from the drilling programs undertaken during that period. Expenses related to exploration surveys for the three and nine month periods ended September 30, 2013 have decreased by $0.01M and $0.23M from the prior-year comparative periods. During the first three quarters of 2012 the Company completed in-hole geophysics as part of the drilling programs on all the permits while there were no similar costs in the first three quarters of 2013 as a result of the postponement/cancellation of exploration activities on these permits.

Financial Review

Total comprehensive (loss) income for the three and nine month periods ended September 30 was as follows:

Table 5 – Financial Information

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	$	$	**$**	$
Expenses				
Exploration and evaluation	**616,972**	3,244,708	**6,857,030**	16,207,249
General and administrative	**660,462**	797,834	**2,553,414**	2,716,708
Share-based compensation	**157,787**	1,354,071	**701,794**	3,121,513
Depreciation and amortization	**271,399**	293,472	**914,751**	866,158
	1,706,620	5,690,085	**11,026,989**	22,911,628
Other income	**16,422**	72,930	**144,125**	24,450,012
Write-off of mineral property rights	**-**	-	**(231,735)**	-
Impairment of available-for-sale financial assets	**-**	-	**(9,147,444)**	-
Non-controlling interest	**-**	-	**-**	339,736
Net (loss) income attributable to common shareholders	**(1,690,198)**	(5,617,155)	**(20,262,043)**	1,878,120
Net change in fair value of available-for-sale financial assets	**589,598**	2,484,926	**589,598**	2,646,809
Impairment of available-for-sale financial assets	**-**	-	**1,538,914**	-
Foreign currency translation (loss) gain attributable to common shareholders	**542,730**	1,215,158	**(415,542)**	1,450,355
Total comprehensive (loss) income attributable to common shareholders	**(557,870)**	(1,917,071)	**(18,549,073)**	5,975,284
Net income (loss) per common share, basic and diluted	**(0.02)**	(0.07)	**(0.24)**	0.02

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 income (loss) for the three and nine month periods ended September 30, 2013 and 2012.

Exploration and evaluation costs in the three and nine month periods ended September 30, 2013 decreased by $2.6M and $9.4M respectively over the comparative prior-year periods. The decreased expenditures during the periods are mainly due to reduced drilling activities on the Sega, Bomboré, and Niger projects as compared to the prior-year periods. These were somewhat offset by increased expenses related to the Bomboré resource update and increased camp infrastructure, the work that was ongoing on the FS until June 2013, ongoing PEA activities, the Bondi drilling program and severance costs of $35K related to layoffs of exploration employees in Burkina Faso and Niger (refer to Exploration Activity).

General and administrative costs ("G&A") include both the Company's head office and local office related to the Company's subsidiaries. Total G&A decreased by $0.14M and $0.16M respectively in the three and nine month periods ended September 30, 2013, over the comparative prior-year periods, mainly due to:

- A decrease in salaries and employee costs for the three month period ended September 30, 2013 of $48K as compared to the prior-year period due to the reduction of staff in Burkina Faso and Niger. These costs increased by $71K in the nine month period as compared to the prior year due to the $174K severance payout in Niger to administrative employees in May 2013 and a greater percentage of employees' time being allocated to administrative responsibilities due to a reduction in exploration activities. These charges were partially offset by the reversal of incentive pay accruals due to the decision to forgoe incentive pay for 2013 in order to lower costs and preserve cash and the reduced staffing levels in the third quarter of 2013;

- A decrease in general and office costs of $67K and $44K respectively due to reduced IT and supply purchases as well as lower costs as a result of reduced activities on the permits; and
- A decrease in investor relations and travel expenses of $31K and $200K respectively mainly due to lower travel costs resulting from fewer attendees at international conferences during 2013.

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 three and nine month periods ended September 30, 2013 is $425K and $1.5M respectively representing a decrease of $83K and $389K over the comparative prior-year periods, mainly due to a lower head count, lower conference attendance, and reduced investor relations activities.

Share-based compensation expense recognized during the three and nine month periods ended September 30, 2013 decreased $1.2M and $2.4M over the comparative prior-year periods, mainly due to:

- A $135K and a $583K expense decrease related to 2.1M options granted in April/May 2012 to the Company's Directors and Officers, employees and contractors given one-third vested upon grant;
- A $1.1M and $2M expense decrease related to options unvested in the first nine months of 2012 that were subsequently forfeited by Directors and Officers, employees and contractors in September 2012; and
- Partially offset by a $91K and $273K expense increase from 0.9M options granted in December 2012 to the Company's Directors and Officers and employees which vest only after two years.

Other (loss) income includes:

- Foreign exchange gain in the three month period ended September 30, 2013 decreased by $8K over the comparative prior year period while the gain in the nine month period ended September 30 2013 increased by $102K as compared to the prior-year period, mainly due to an appreciation of the Euro/CFA and USD currencies versus C$ in 2013;
- Interest income for the three and nine month periods ended September 30, 2013 decreased by $54K and $128K over the comparative prior year periods as a result of higher treasury balances during the first three quarters of 2012 as compared to the same period in 2013;
- A $5K increase and $199K decrease respectively in the three and nine month periods ended September 30, 2013 in the gain on sale of property, plant and equipment and inventory over the comparative prior-year periods as a result of the sale of certain assets and inventory in Niger in the first three quarters of 2013 as opposed to the sale of all Sega PP&E in the first half of 2012;
- A $24.1M net gain on the sale of the Sega project in Q2 2012;
- A $232K write-off of the Niger mineral property rights in Q2 2013; and
- Impairment of available-for-sale financial assets of $nil and $9.1M respectively in the three and nine month periods ended September 30, 2013.

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).

Table 6 – Summary of Quarterly Results

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
	$	$	$	$	$	$	$	$
Net income (loss) attributable to common shareholders	(1.69)	(6.86)	(11.71)	(6.65)	(5.62)	17.19	(9.70)	(8.06)
Net income (loss) per share, basic	(0.02)	(0.08)	(0.14)	(0.07)	(0.07)	0.20	(0.12)	(0.09)
Net income (loss) per share, diluted	(0.02)	(0.08)	(0.14)	(0.07)	(0.07)	0.19	(0.12)	(0.09)

The decrease in net loss during Q3 2013 compared to Q1 and Q2 2013 relates mostly to the reduced exploration activities. The increase in net loss in 2013 as compared to 2012 relates mostly to the impairment of the Amara investment in 2013 offset by the sale of Sega in 2012. The decrease in net loss during 2012 as compared to 2011 is mainly due to the sale of the Sega 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 $6.10M at September 30, 2013, a decrease of $1.21M compared to the $7.31M cash position at June 30, 2013. In October 2013, the Company announced that it had arranged a C$5M non-brokered private placement which subsequently closed on November 13th.

The Company also has 11M common shares of Amara that were received on May 23, 2012 upon the completion of the sale of the Sega 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 September 30, 2013, the 11M common shares of Amara are recorded at their fair market value of $2.98M based on the closing market price on September 30, 2013 and converted to USD. In Q1 2013, Management determined that the investment was impaired and as a result reclassified unrealized losses from the Statement of Comprehensive Loss to the Statement of Loss. In Q2 2013, the decrease in value continued to be significant resulting in the related loss being recorded directly to the Statement of Loss. In Q3 2013, the value of the investment recovered slightly resulting in the related gain being recorded directly to other comprehensive income. Should there be a future decrease in value, the Company will determine if a further reclassification to the Statement of Loss is necessary. As at November 12, 2013, the value of the shares had decreased to $2.5M.

The Company is at the exploration stage and, as is common with many exploration companies, raises funds in the equity market to conduct its activities. The Company has incurred losses in the current and prior periods, with a net loss of $20,262,043 during the nine month period ended September 30, 2013 and an accumulated deficit of $127,169,757 at September 30, 2013. The Company has a working capital of $6,691,924 at September 30, 2013. Subsequent to September 30, 2013, the Company raised C$5M in common equity through a non-brokered private placement. Management intends to finance operating expenses over the next twelve months with funds currently on hand and/or through raising equity. Given the continuation of weak investor sentiment and capital market conditions of the gold sector, there exists a material uncertainty as to the Company's ability to raise additional funds on favourable terms. However, the Company's discretionary exploration and development activities have considerable scope for flexibility in terms of the amount and timing of such expenditures, and those can be adjusted accordingly.

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, 2012 and Q1 2013 are also presented in the table for comparative purposes. All figures in the table are presented in US$ millions.

Table 7 – Use of Proceeds from 2010 Financings[1]

2010 Financing Categories	January 2010 Prospectus	December 2010 Prospectus[2]	Total 2010 Financings	Actual expenditures from January 1, 2010 to March 31, 2013[3]
	$	$	$	$
Bomboré gold project exploration and development	3.81	26.83	30.64	44.84
Sega gold project exploration	1.43	3.22	4.65	1.03
Bondi gold project exploration	0.48	2.15	2.63	0.83
Niger Uranium Project Exploration	0.00	0.00	0.00	1.30
Regional project generation and exploration	0.95	1.07	2.02	0.19
General and administrative expenses	2.29	17.04	19.33	10.79
Underwriting fees	0.51	2.94	3.45	3.74
Total use of proceeds	**9.47**	**53.25**	**62.72**	**62.72**

[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.

[3] Represents expenditures incurred during the period identified up to the total amount of financings. Expenditures incurred in Q1 2013 were partially financed by proceeds from the Sega sale and are not presented in the table.

Although the Company's expenditures have exceeded the above-mentioned financings, the sale of the Sega project during the first half of 2012 and the C$5M private placement announced in October 2013 provide additional funds to support operations beyond these equity financings. The Company anticipates having sufficient funds to complete the update of the PEA for the HL scenario on its Bomboré gold project in 2013 and to advance various technical studies towards the completion of a FS for an oxide only HL scenario in 2014.

The Company incurred capital expenditures of $4.76M from January 1, 2010 to December 31, 2011 relating to all of its projects, as well as $1.20M 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 September 30, 2013, the Company had 85,683,698 common shares outstanding (fully diluted – 92,597,598).

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 $4.93M increase to share capital.

As at September 30, 2013 , the Company also has the following outstanding stock options:

Table 8 – Stock Options Outstanding as at September 30, 2013

	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	3,175,000	5.59	0.39	3,175,000	0.39
$0.50 to $0.99	438,500	6.78	0.85	438,500	0.85
$1.00 to $1.99	3,100,400	3.84	1.63	1,384,605	1.69
$2.00 to $2.99	200,000	7.06	2.35	200,000	2.35
	6,913,900	**4.92**	**1.03**	**5,198,105**	**0.85**

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 September 30, 2013, the Company had contractual obligations for environmental impact studies, community impact studies, costs associated with the PEA update and gap analysis for the HL scenario, professional services and inventory purchases in the amount of $505,602 (as at December 31, 2012 – $1,866,508). It is expected that the majority of the commitments will be payable throughout the balance of the 2013 fiscal year.

Subsequent to September 30, 2013, the Company entered into further contractual obligations in the amount of $50,617 for equipment rentals, PEA update costs related to the HL scenario, laboratory testing, professional services, IT equipment and services and inventory purchases, which are expected to be payable throughout the balance of 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 three and nine month periods ended September 30, 2013.

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 MD&A 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 has not adopted any new standards, amendments or interpretations beyond those presented in the Interim Financial Statements for the three month period ended March 31, 2013.

Recently Issued Accounting Pronouncements

The following remaining standards, amendments and interpretations issued but not yet effective up to the date of the issuance of these Interim Financial Statements, as described in the 2012 Annual Financial Statements, have not been early adopted in these Interim Financial Statements:

- IAS 32, "Financial Instruments: Presentation"

The following standard and interpretation not described in or subsequently amended since the 2012 Annual Financial Statements, have not been early adopted in these Interim Financial Statements:

- IFRS 9, "Financial Instruments" – The International Accounting Standards Board has deferred the mandatory effective date from January 1, 2015. However the new effective date has not yet been determined.
- IFRIC 21, "Levies" – This interpretation was issued by the IASB in May 2013 and provides guidance on the accounting for levies within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". This interpretation is effective for annual periods beginning on or after January 1, 2014.

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.

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 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 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.

Other than temporary impairment of available-for-sale ("AFS") investment

Management judgment is applied in evaluating whether an unrealized loss on the Company's AFS investment recognized in other comprehensive income (loss) is other than temporary and should be reclassified to the Statement of Loss. Management performs qualitative and quantitative assessments in order to judge if the reduction in fair value, as compared to its value upon initial recognition, is significant or prolonged.

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

As disclosed in note 3(i) of the Annual Financial Statements, 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) of the Annual Financial Statements, 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) of the Annual Financial Statements, Management reviews its estimate of the useful life of property, plant and equipment annually and accounts for any changes in estimates prospectively.

Impairment of non-financial assets

Management assesses non-financial assets for impairment as disclosed in note 3(l) of the Annual Financial Statements.

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 design of internal controls over financial reporting as of September 30, 2013 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 month period ended September 30, 2013.

<u>Forward Looking Statements</u>

Management's Discussion and Analysis of Financial Condition and Total Comprehensive Loss for the three and nine month periods ended September 30, 2013 (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.

<u>Cautionary Note to U.S. Investors Concerning Resource Estimates</u>

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**.