OREZONE GOLD CORPORATION

(A Development Stage Company)

Annual Consolidated Financial Statements

(Expressed in United States dollars)

For the years ended December 31, 2013 and 2012

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Orezone Gold Corporation.

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

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

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

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

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

/s/ Ronald N. Little

Ronald N. Little
Chief Executive Officer

March 28, 2014

/s/ Sean Homuth

Sean Homuth
Chief Financial Officer

March 28, 2014

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Orezone Gold Corporation

We have audited the accompanying consolidated financial statements of Orezone Gold Corporation, which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Orezone Gold Corporation and its subsidiaries as at December 31, 2013 and December 31, 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(b) in the consolidated financial statements, which indicates that there exists a material uncertainty as to the Company's ability to raise additional funds on favourable terms that may bear upon Orezone Gold Corporation's ability to continue as a going concern.

/s/ Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

March 28, 2014
Toronto, Ontario

Orezone Gold Corporation

(A Development Stage Company)

Consolidated Statements of Financial Position

(Expressed in United States dollars)

As at	**December 31, 2013**	December 31, 2012
	$	$
ASSETS		
Current assets		
Cash	**9,476,471**	16,833,596
Trade and other receivables	**45,982**	62,595
Inventories (Note 5)	**560,657**	672,625
Prepaid expenses and deposits	**167,363**	605,151
Total current assets	**10,250,473**	18,173,967
Non-current assets		
Investment (Note 6)	**2,825,738**	10,106,288
Interests in exploration properties (Note 7)	**5,320,983**	6,592,846
Total assets	**18,397,194**	34,873,101
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**341,047**	1,875,406
Equity		
Share capital (Note 8)	**133,439,571**	128,599,858
Reserves	**13,490,331**	11,305,551
Accumulated deficit	**(128,873,755)**	(106,907,714)
Total equity	**18,056,147**	32,997,695
Total liabilities and equity	**18,397,194**	34,873,101

Going Concern (Note 2(b))
Commitments (Note 16)

These financial statements were approved by the Board of Directors of Orezone Gold Corporation on March 28, 2014:

/s/ Ronald N. Little

Ronald N. Little
Director

/s/ Ronald Batt

Ronald Batt
Director

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

Orezone Gold Corporation

(A Development Stage Company)

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2013 and 2012
(Expressed in United States dollars, except for number of share amounts)

	2013	2012
	$	$
Expenses		
Exploration and evaluation costs (Note 10)	**7,712,756**	21,501,493
General and administrative costs (Note 10)	**3,153,126**	3,696,222
Share-based compensation (Note 8(b)&(d))	**861,073**	3,329,665
Depreciation and amortization (Note 7)	**1,195,071**	1,186,683
	12,922,026	29,714,063
Other (loss) income		
Foreign exchange gain	**51,018**	782
Finance income	**97,501**	257,194
Bank fees/charges	**(17,787)**	(15,211)
Gain on sale of Sega project (Note 7)	**-**	25,953,888
Gain on sale of PP&E	**169,073**	278,450
Gain on sale of inventory	**35,359**	-
Write-off of PP&E	**-**	(6,744)
Write-off of mineral property rights (Note 7)	**(231,735)**	-
Impairment of available-for-sale financial assets (Note 6)	**(9,147,444)**	-
Other (loss) income	**(9,044,015)**	26,468,359
Net loss before tax (Note 11)	**(21,966,041)**	(3,245,704)
Current income tax expense (Notes 7 & 11)	**-**	(1,871,888)
Net loss for the year	**(21,966,041)**	(5,117,592)
Net loss for the year attributable to:		
Common shareholders	**(21,966,041)**	(4,777,856)
Non-controlling interest	**-**	(339,736)
Net loss per common share, basic and diluted	**(0.25)**	(0.06)
Weighted-average number of common shares outstanding, basic and diluted (Note 8(d))	**86,996,917**	85,336,631
Other comprehensive income (loss)		
Net loss for the year	**(21,966,041)**	(5,117,592)
Net change in fair value of available-for-sale financial assets	**371,250**	(1,649,702)
Impairment of available-for-sale financial assets (Note 6)	**1,538,914**	-
Foreign currency translation (loss) gain	**(562,546)**	1,437,789
Total other comprehensive income (loss)	**1,347,618**	(211,913)
Comprehensive loss	**(20,618,423)**	(5,329,505)
Comprehensive loss attributable to:		
Common shareholders	**(20,618,423)**	(4,978,219)
Non-controlling interest	**-**	(351,286)

All of the above other comprehensive income (loss) items will be subsequently recycled into the statement of income (loss).

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

Orezone Gold Corporation

(A Development Stage Company)

Consolidated Statements of Changes in Equity

For the years ended December 31, 2013 and 2012
(Expressed in United States dollars, except for number of share amounts)

	Share capital		Reserves						
	Shares	Amount	Share-based payments (Note 8(b))	Foreign currency translation	Investment revaluation	Changes in subsidiary ownership interests	Accumulated deficit	Non-controlling interest	Total
	#	$	$	$	$	$	$	$	$
Balance, January 1, 2013	85,638,698	128,599,858	10,533,453	2,311,012	(1,538,914)	-	(106,907,714)	-	32,997,695
Stock options exercised	45,000	101,651	(23,911)	-	-	-	-	-	77,740
Share capital issued (Note 8)	10,000,000	4,776,500	-	-	-	-	-	-	4,776,500
Share issuance costs	-	(38,438)	-	-	-	-	-	-	(38,438)
Share-based compensation	-	-	861,073	-	-	-	-	-	861,073
Impairment of available-for-sale financial assets (Note 6)	-	-	-	-	1,538,914	-	-	-	1,538,914
Net change in the fair value of available-for-sale financial assets	-	-	-	-	371,250	-	-	-	371,250
Foreign currency translation	-	-	-	(822,839)	260,293	-	-	-	(562,546)
Net loss for the year	-	-	-	-	-	-	(21,966,041)	-	(21,966,041)
Balance, December 31, 2013	**95,683,698**	**133,439,571**	**11,370,615**	**1,488,173**	**631,543**	**-**	**(128,873,755)**	**-**	**18,056,147**

	Share capital		Reserves						
	Shares	Amount	Share-based payments (Note 8(b))	Foreign currency translation	Investment revaluation	Changes in subsidiary ownership interests	Accumulated deficit	Non-controlling interest	Total
	#	$	$	$	$	$	$	$	$
Balance, January 1, 2012	83,724,531	123,566,961	7,245,954	972,461	-	2,413,210	(99,034,665)	(230,267)	34,933,654
Stock options exercised	96,167	106,047	(42,166)	-	-	-	-	-	63,881
Change in subsidiary ownership interests (Note 9)	1,818,000	4,926,850	-	-	-	(2,413,210)	(3,095,193)	581,553	-
Share-based compensation	-	-	3,329,665	-	-	-	-	-	3,329,665
Net change in the fair value of available-for-sale financial assets	-	-	-	-	(1,649,702)	-	-	-	(1,649,702)
Foreign currency translation	-	-	-	1,338,551	110,788	-	-	(11,550)	1,437,789
Net loss for the year	-	-	-	-	-	-	(4,777,856)	(339,736)	(5,117,592)
Balance, December 31, 2012	**85,638,698**	**128,599,858**	**10,533,453**	**2,311,012**	**(1,538,914)**	**-**	**(106,907,714)**	**-**	**32,997,695**

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

Orezone Gold Corporation

(A Development Stage Company)

Consolidated Statements of Cash Flows

For the years ended December 31, 2013 and 2012
(Expressed in United States dollars)

	2013	2012
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**(21,966,041)**	(5,117,592)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization (Note 7)	**1,195,071**	1,186,683
Share-based compensation (Note 8(b)&(d))	**861,073**	3,329,665
Gain on sale of Sega project (Note 7)	**-**	(25,953,888)
Gain on sale of PP&E	**(169,073)**	(278,450)
Gain on sale of inventory	**(35,359)**	-
Write-off of PP&E	**-**	6,744
Finance income	**(97,501)**	(257,194)
Write-off of mineral property rights (Note 7)	**231,735**	-
Impairment of available-for-sale financial assets (Note 6)	**9,147,444**	-
Current income tax expense (Note 11)	**-**	1,871,888
Changes in non-cash operating working capital (Note 12)	**(929,020)**	471,763
Total cash outflows used in operating activities	**(11,761,671)**	(24,740,381)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 7)	**(261,360)**	(1,421,641)
Net cash proceeds from sale of the Sega project	**-**	14,624,515
Income tax paid on sale of Sega project (Notes 7 & 11)	**-**	(1,871,888)
Net cash proceeds from sale of PP&E	**362,944**	310,947
Cash proceeds from sale of inventory	**35,359**	-
Interest received (Note 12)	**103,489**	269,433
Total cash inflows from investing activities	**240,432**	11,911,366
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance costs (Note 12)	**(14,032)**	(28,419)
Net proceeds from private placement (Note 8)	**4,776,500**	-
Proceeds from exercise of stock options	**77,740**	63,881
Total cash inflows from financing activities	**4,840,208**	35,462
Effect of foreign currency translation on cash	**(676,094)**	929,041
Decrease in cash	**(7,357,125)**	(11,864,512)
Cash, beginning of year	**16,833,596**	28,698,108
Cash, end of year	**9,476,471**	16,833,596

Supplemental cash flow information is provided in Note 12.

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

1. CORPORATE INFORMATION

Orezone Gold Corporation (the "Company") was incorporated on December 1, 2008 under the Canada Business Corporations Act and is a publicly listed corporation on the Toronto Stock Exchange (the "TSX"). The Company is primarily engaged in the acquisition, exploration and development of gold properties in Burkina Faso, West Africa. The Company is in the exploration and evaluation phase and is in the process of determining whether any of its mineral properties are technically feasible and commercially viable. The Company's primary objective is to maximize shareholder value by identifying and developing commercially viable gold mining operations.

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

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

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

These consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These Financial Statements were authorized for issue by the Board of Directors on March 28, 2014.

(b) BASIS OF MEASUREMENT

These Financial Statements have been prepared on a historical cost basis, except for the available-for-sale financial assets which are measured at fair value. These Financial Statements are presented in United States dollars, unless otherwise indicated.

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

These Financial Statements have been prepared on the basis of principles applicable to a going concern which assumes the Company will continue to meet its obligations and discharge its liabilities for the foreseeable future. The Company is in 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 $21,966,041 during year ended December 31, 2013 and an accumulated deficit of $128,873,755 at December 31, 2013. The Company has a working capital balance of $9,909,426 at December 31, 2013 and held 11 M shares in Amara. 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 some scope for flexibility in terms of the amount and timing of such expenditures, which can be adjusted accordingly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these Financial Statements.

(a) BASIS OF CONSOLIDATION

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

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

The subsidiaries of the Company and their principal activities as at December 31, 2013 were as follows:

Name of subsidiary	Place of incorporation	Ownership interest as at		Principal activity
		December 31, 2013	December 31, 2012	
Orezone Inc.	British Virgin Islands	100%	100%	Exploration & Development
Orezone Inc. SARL	Burkina Faso	100%	100%	Exploration & Development
Brighton Energy Corporation[1]	Canada	100%	100%	Holding Company
Brighton Energy Limited[1]	British Virgin Islands	100%	100%	Holding Company
Niger Resources Inc.[1]	British Virgin Islands	100%	100%	Holding Company
Burkina Resources Inc.	British Virgin Islands	100%	100%	Inactive

[1] The principal activity of Niger Resources Inc. was exploration and development until November 1, 2013 when the exploration permits were abandoned. See Note 7.

(b) FINANCIAL CURRENCY AND FOREIGN CURRENCY TRANSLATION

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

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

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

Foreign operations are translated from their functional currencies into the Company's functional currency (Canadian dollars) on consolidation by applying the exchange rates prevailing at the end of the reporting period for assets and

liabilities and the average exchange rate for the period for consolidated statement of comprehensive loss items. Such exchange differences, including differences that arise relating to long-term intercompany balances that form part of the net investment in the foreign operation, are recognized in other comprehensive income (loss).

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

(c) BUSINESS COMBINATIONS

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

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

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

(d) FINANCIAL INSTRUMENTS

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

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

The Company does not currently have derivative instruments.

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.

(e) CASH AND CASH EQUIVALENTS

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

(f) INVENTORIES

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

(g) PREPAID EXPENSES AND DEPOSITS

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

(h) AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Company's investment in equity securities is designated as an available-for-sale financial asset and recorded at fair value on the trade date. Changes in fair value of available-for-sale investments are recognized in other comprehensive income (investment revaluation reserve) until investments are disposed of or when there is objective evidence of an impairment in value, at which point accumulated gains and losses in the fair value reserve are transferred to net income (loss). Evidence of impairment can include a significant decline in value (greater than 30%) or a prolonged decline in value (greater than six months).

(i) INTERESTS IN EXPLORATION PROPERTIES

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

Pre-exploration expenditures

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

Exploration and evaluation expenditures

Once the legal right to explore a mineral property has been acquired, costs directly related to the acquisition of the mineral property rights are capitalized and accounted for on either an individual property or area-of-interest basis. Subsequently the mineral property rights are carried at cost, less any impairment, until such time as the assets are substantially ready for their intended use, being commercial production at operating levels intended by Management, or sale. Purchased mining properties are recognized as assets at their acquisition date fair value if purchased as part

of a business combination. Exploration expenditures incurred during the exploration and evaluation phase are expensed as incurred in net income (loss).

Mine development costs

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

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

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

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

(j) REHABILITATION LIABILITIES

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

(k) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

Major maintenance and repairs

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

Gains and losses

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

Leased assets

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

(l) IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

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

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

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

(m) PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

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

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

(n) INCOME TAXES

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

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

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

It is the Company's policy to permanently write-off any previously unrecognized deferred tax assets on resource-related deductions related to permits no longer held by the Company in the period in which the permits are disposed of/expire. The related valuation allowance is also adjusted accordingly.

(o) SHARE CAPITAL

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

(p) EARNINGS (LOSS) PER SHARE

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

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

(q) SHARE-BASED COMPENSATION

The Company has a share-based compensation plan (the "Plan") described in Note 8(d). The Company's subsidiary, Orezone Inc., issued common share purchase warrants of its subsidiary, Brighton Energy Corporation ("Brighton"), as

described in Note 8(c) (the "2010 Brighton Warrants"). The Company and Orezone Inc. measure the compensation cost of stock options issued under the Plan and the 2010 Brighton Warrants using the fair-value method as determined using the Black-Scholes option pricing model. Compensation costs are measured at the grant date based on the fair value of the award and are recognized over the vesting period in net income (loss), with a corresponding increase to reserves. Upon exercise, common shares are issued from treasury and the amount reflected in reserves is credited to share capital, as adjusted for any consideration paid.

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

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

(r) COMPREHENSIVE INCOME (LOSS)

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

(s) SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one business segment, being the acquisition, exploration and potential development of precious metal properties. At December 31, 2013 the Company had operations in two geographic areas, being Canada, Burkina Faso and up to Q4 2013 the Company also had operations in Niger.

(t) CHANGES IN ACCOUNTING POLICIES

The following accounting policies were adopted by the Company for the year ended December 31, 2013. The new accounting policies did not have an impact on the Company's 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 also supersedes the portion of IAS 27, "Consolidated and Separate Financial Statements", that addresses the accounting for consolidated financial statements. This standard is effective for annual periods beginning on or after January 1, 2013. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

IFRS 11, "Joint Arrangements"

This new standard provides guidance on how to account for interests in jointly controlled entities and is effective for annual periods beginning on or after January 1, 2013. The adoption of this pronouncement did not have any impact on the Company's consolidated financial statements.

IFRS 12, "Disclosure of Interests in Other Entities"

This new standard provides disclosure guidance on interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. This standard is effective for annual periods beginning on or after January 1, 2013. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

IFRS 13, "Fair Value Measurement"

This new standard sets out a single IFRS definition and measurement framework for fair value and is effective for annual periods beginning on or after January 1, 2013. The adoption of this standard did not 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 and is effective for annual periods beginning on or after January 1, 2013. The application of this amendment did not have any impact on the Company's consolidated financial statements.

IAS 27, "Separate Financial Statements"

This amendment contains accounting and disclosure requirement for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. This amendment requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9, "Financial Instruments". This amendment is effective for annual periods beginning on or after January 1, 2013. The application of this amendment did not have any impact on the Company as it does not present separate 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 and is effective for annual periods beginning on or after January 1, 2013. The application of this amendment did not have any impact on the Company's consolidated financial statements.

(u) 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 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". The related hedge accounting standards in IFRS 9 and IAS 39 will also be updated in conjunction with the update to IFRS 9. The International Accounting Standards Board has deferred the mandatory effective date from January 1, 2015, however the new effective date has not yet been finalized. Early application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IAS 32, "Financial Instruments: Presentation"

This amendment prescribes the accounting for offsetting financial assets and financial liabilities. The amendment is effective for 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 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 application of this pronouncement is not expected to have an impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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 Income (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(k), 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.

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.

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.

5. INVENTORIES

The cost of material and supplies inventories recognized as an expense during the year ended December 31, 2013 was $555,497 (2012 – $1,672,064). There were $5,170 in write-downs during the year ended December 31, 2013 (2012 - $nil) and no reversals of write-downs of inventories to net realizable value during the years ended December 31, 2013 or 2012. As at December 31, 2013, no specific inventories were pledged as security for liabilities.

6. INVESTMENT

The Company's investment consists entirely of 11 million ("M") ordinary common shares of Amara Mining plc ("Amara") (formerly "Cluff Gold plc") acquired as part of the sale of the Sega project (see Note 7). The shares are classified as available for sale and are subject to orderly market provisions for a period of two years per the terms of the Asset Purchase Agreement with Amara, dated February 3, 2012.

As at December 31, 2013, the value of the Amara shares had declined from their $11,347,201 value at initial recognition to $2,825,738 ($10,106,288 at December 31, 2012). The effect of translation from functional to presentation currency is included in the Foreign Currency Translation Reserve while the change in value, discussed herein, is included in the Investment Revaluation Reserve on the Consolidated Statements of Changes in Equity. Although the current value represents an increase from the value of $2,216,658 at June 30, 2013, Management treated the decline in value from initial recognition to June 30, 2013 as other than temporary and as such, in the three month period ended March 31, 2013, reclassified the unrealized loss of $5,915,454 previously recorded in equity as part of other comprehensive income (loss) to the Statement of Income (Loss). As well, in the three month period ended June 30, 2013, Management recorded the additional unrealized loss of $3,231,990 directly to the Statement of Loss. In the six month period ended December 31, 2013, the increase of $371,250 in value of the investment has been recorded in other comprehensive income (loss).

Subsequent to December 31, 2013, the Amara shares were sold (see Note 18 (b)).

7. INTERESTS IN EXPLORATION PROPERTIES

Assets not subject to depreciation and amortization	Land	Mineral property rights	Construction in progress	Total
	$	$	$	$
Cost, being carrying amount				
Balance, January 1, 2012	311,356	1,341,983	126,897	1,780,236
Transfer to depreciable property	-	-	(135,200)	(135,200)
Additions	-	-	6,442	6,442
Disposals	-	(16,527)	-	(16,527)
Foreign currency translation	5,197	26,532	1,861	33,590
Balance, December 31, 2012	316,553	1,351,988	-	1,668,541
Disposals	(138,875)	(231,735)	-	(370,610)
Foreign currency translation	11,298	(44,128)	-	(32,830)
Balance, December 31, 2013	**188,976**	**1,076,125**	**-**	**1,265,101**

Assets subject to depreciation and amortization	Building	Capital improve-ments	Field equipment	Vehicles	Office equipment and furniture	Total
	$	$	$	$	$	$
Cost						
Balance, January 1, 2012	1,990,487	1,394,839	1,649,540	236,647	181,389	5,452,902
Transfer from construction in progress	135,200	-	-	-	-	135,200
Additions	415,321	83,348	617,388	293,507	5,635	1,415,199
Disposals	(33,195)	-	(27,978)	(4,194)	-	(65,367)
Foreign currency translation	40,819	24,977	47,171	3,661	2,133	118,761
Balance, December 31, 2012	2,548,632	1,503,164	2,286,121	529,621	189,157	7,056,695
Additions	-	5,980	179,451	53,341	22,588	261,360
Disposals	(46,292)	-	(44,761)	-	-	(91,053)
Foreign currency translation	113,159	67,683	(3,293)	27,074	(1,978)	202,645
Balance, December 31, 2013	**2,615,499**	**1,576,827**	**2,417,518**	**610,036**	**209,767**	**7,429,647**
Accumulated depreciation and amortization						
Balance, January 1, 2012	308,226	211,033	258,438	39,021	111,789	928,507
Depreciation for the year	228,498	407,477	416,622	108,837	25,249	1,186,683
Disposals	(2,540)	-	(21,661)	(624)	-	(24,825)
Foreign currency translation	10,670	13,768	11,042	3,793	2,752	42,025
Balance, December 31, 2012	544,854	632,278	664,441	151,027	139,790	2,132,390
Depreciation for the year	254,250	355,219	414,065	144,802	26,735	1,195,071
Disposals	(16,781)	-	(28,108)	-	-	(44,889)
Foreign currency translation	33,004	42,289	6,142	12,107	(2,349)	91,193
Balance, December 31, 2013	**815,327**	**1,029,786**	**1,056,540**	**307,936**	**164,176**	**3,373,765**
Carrying amounts as at:						
December 31, 2012	2,003,778	870,886	1,621,680	378,594	49,367	4,924,305
December 31, 2013	**1,800,172**	**547,041**	**1,360,978**	**302,100**	**45,591**	**4,055,882**

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

	2013	2012
	$	$
Cost, beginning of year	**8,725,236**	7,233,138
Additions	**261,360**	1,421,641
Disposals	**(461,663)**	(81,894)
Foreign currency translation	**169,815**	152,351
Cost, end of year	**8,694,748**	8,725,236
Accumulated depreciation and amortization, beginning of year	**2,132,390**	928,507
Depreciation and amortization	**1,195,071**	1,186,683
Disposals	**(44,889)**	(24,825)
Foreign currency translation	**91,193**	42,025
Accumulated depreciation and amortization, end of year	**3,373,765**	2,132,390
Carrying amounts, beginning of year	**6,592,846**	6,304,631
Carrying amounts, end of year	**5,320,983**	6,592,846

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

The Company held the following mineral property rights by area as at December 31, 2013:

	Number of permits	Area (km^2)	Expiry dates[1] of current permits	Expiry dates[1] of potential permit renewals
Bomboré	2	168	02/15 and 07/14	n/a and 07/20
Bondi	1	168	08/15	n/a
	3	**336**		

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

As at	December 31, 2013	December 31, 2012
	$	$
Burkina Faso		
Bomboré	**882,630**	935,270
Bondi	**193,495**	185,202
Total Burkina Faso	**1,076,125**	1,120,472
Brighton, Niger (Uranium)	**-**	231,516
Total mineral property rights	**1,076,125**	1,351,988

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

Bomboré, Burkina Faso

The Bomboré (105 km^2) and the Toéyoko (63 km^2) permits are located in the Ganzourgou province. The Bomboré permit was renewed in December 2012 for a final two-year term expiring February 2015. The Toéyoko permit was acquired in June 2011 for a three-year term and may be renewed for two more consecutive three-year terms. The Company owns a 100% interest in the permits.

Sega, Burkina Faso

The Sega project consisted of the Tiba (124 km^2) and Namasa (189 km^2) permits.

On May 23, 2012 (the "Closing Date"), the Company completed the sale of the Sega project to Amara for consideration consisting of $15 M in cash and 11 M new common shares of Amara (the "Sega Transaction"). Under the terms of the Sega Transaction, Amara acquired the Tiba and Namasa exploration permits as well as the Sega exploration camp and data accumulated from exploration work completed on related predecessor permits. Amara has also assumed a 3% NSR due to Royal Gold as well as all Burkina Faso Government interests, including the standard sliding scale NSR and 10% carried interest held by the Government of Burkina Faso once a mining permit is granted. The Company recorded a gain on the sale of the permit in the amount of $24,082,000, net of income taxes paid to the Government of Burkina Faso upon closing of $1,871,888, as well as a gain on the sale of the related camp and certain assets in the amount of $256,607. Upon closing of the Sega Transaction, Amara reimbursed the Company for all costs associated with the completion of a 10,000 meter RC drill program at Sega that commenced in 2012. The recovery of $551,789 is shown net of the Sega expenses for the year ended December 31, 2012.

Bondi, Burkina Faso

The Bondi project consists of the Djarkadougou (168 km^2) permit, which is located in the Bougouriba province and expires in August 2015. The Company owns a 100% interest in the permit. This permit was renewed in August 2012 for its final three-year term.

Brighton, Niger (Uranium)

The Company, through its wholly-owned subsidiary Brighton Energy Corporation ("Brighton"), had two uranium exploration permits in Niger, Zéline 1 (241 km^2) and Assaouas 1 (239 km^2). During Q4 2013, the Company decided to abandon these permits and cease operating in this region. As a result, it submitted final exploration reports and returned the permits to the Government of Niger. The Company had previously recognized an impairment loss of $231,735 in Q2 2013, representing the full amount of the permit acquisition costs capitalized. As a result, no further impairment loss was recognized upon returning the permits.

In March 2012, the Company acquired the outstanding minority interest, representing 33% of the then issued and outstanding shares of Brighton, and increased its ownership in Brighton to 100% as described in Note 9.

In June 2013, the Company determined that the Zéline 1 and the Assaouas 1 permits were impaired and that it would be unable to recover its investment in the permits. As a result, in the three months ended June 30, 2013, the Company wrote off $231,735 of mineral property rights included with interests in exploration properties.

In November 2013, the Company initiated the process of filing final reports for the Zéline 1 and Assaouas 1 permits as it intends to abandon the permits and return them to the Government of Niger.

8. SHARE CAPITAL

(a) CAPITAL STOCK

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

On March 29, 2012, the Company completed the Brighton Exchange transaction that resulted in the issuance of 1,818,000 common shares at a volume-weighted average price of C$2.71 per share, as described in Note 9. As a result of the transaction, the Company recorded C$4,904,797 (US$4,926,850) as an increase to share capital.

On November 13, 2013, the Company completed a non-brokered private placement that resulted in the issuance of 10,000,000 common shares at a price of C$0.50 per share. As a result of the transaction, the Company recorded C$5,000,000 (US$4,776,500) as an increase to share capital.

(b) SHARE-BASED PAYMENT RESERVES

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

Net change attributable to:	Share-based payments	Common share purchase warrants	Total share-based payment reserves
	$	$	$
Balance, January 1, 2012	7,179,153	66,801	7,245,954
Stock options exercised	(42,166)	-	(42,166)
Share-based compensation	3,329,665	-	3,329,665
Balance, December 31, 2012	10,466,652	66,801	10,533,453
Stock options exercised	(23,911)	-	(23,911)
Share-based compensation	861,073	-	861,073
Balance, December 31, 2013	**11,303,814**	**66,801**	**11,370,615**

(c) COMMON SHARE PURCHASE WARRANTS

On October 4, 2010, the Board of Orezone Inc. approved the issuance of 545,000 warrants to certain members of the Company and its subsidiaries' Management and Board of Directors to purchase 545,000 of the common shares of Brighton held by Orezone Inc. (the "2010 Brighton Warrants"). The 2010 Brighton Warrants were issued at a price of C$1.00, vested immediately and expire one year subsequent to the date of an initial public offering by Brighton or other corporate transaction. Reserves as at December 31, 2013 and December 31, 2012 included $66,801 related to the 2010 Brighton Warrants.

(d) SHARE-BASED PAYMENTS

<u>**Orezone Gold Corporation**</u>

On May 15, 2009, the Company's shareholders approved the Company's stock option plan. Under the terms of the Plan, stock options may be granted to directors, officers, employees and non-employees providing ongoing services to the Company. Stock options are issued at market value based on the volume-weighted average price for the five trading days immediately preceding the date of grant, and can have a contractual term of up to ten years and generally vest over two to three years. The maximum number of common shares reserved for issuance under the Plan is equal to 10% of the Company's issued and outstanding shares from time to time less the aggregate number

of shares reserved for issuance or issuable under any other security-based compensation arrangement for the Company. The Company does not presently have any other security-based compensation arrangement. All stock options are equity-settled and are issued with a contractual life of five to ten years. As at December 31, 2013, based on the Company's total common shares outstanding, a total of 9,568,370 stock options may be issued and outstanding. Based on this, the Company could grant up to 2,654,470 additional stock options beyond what was issued and outstanding as at December 31, 2013. TSX approval is required to reserve the related common shares for issuance. The Plan must be reapproved by the Company's shareholders every three years in accordance with the rules of the TSX. The Plan was approved by the Company's shareholders at its annual and special meeting held May 24, 2012.

During 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.

Subsequent to December 31, 2013, the Company granted stock options to Directors, Officers and employees (Note 18 (a)).

Stock option activity between January 1, 2012 and December 31, 2013 was as follows:

Grant date	Expiry date	Exercise price	Opening balance	Activity during the period			Closing balance	Vested and exercisable	Unvested
				Granted	Exercised	Forfeited			
		C$	#	#	#	#	#	#	#
05/15/2009	03/25/2019	$0.36	1,125,000	-	-	-	1,125,000	1,125,000	-
05/26/2009	05/26/2019	$0.40	2,115,000	-	65,000	-	2,050,000	2,050,000	-
07/08/2010	07/08/2020	$0.85	455,500	-	17,000	-	438,500	438,500	-
10/21/2010	10/21/2020	$2.35	200,000	-	-	-	200,000	200,000	-
11/16/2010	11/16/2020	$3.65	50,000	-	-	50,000	-	-	-
02/09/2011	02/09/2021	$4.00	810,000	-	-	810,000	-	-	-
04/05/2011	04/05/2021	$4.85	600,000	-	-	600,000	-	-	-
06/22/2011	06/22/2021	$4.25	150,000	-	-	150,000	-	-	-
12/23/2011	12/23/2021	$3.75	909,000	-	-	909,000	-	-	-
04/27/2012	04/27/2017	$1.70	-	2,017,900	14,167	36,833	1,966,900	1,311,271	655,629
05/14/2012	05/14/2017	$1.70	-	55,000	45,000	-	10,000	6,667	3,333
12/17/2012	12/17/2017	$1.50	-	923,500	-		923,500	-	923,500
06/04/2013	06/04/2018	$1.50	-	200,000	-	-	200,000	66,667	133,333
Totals			6,414,500	3,196,400	141,167	2,555,833	6,913,900	5,198,105	1,715,795
Weighted average exercise price			C$1.95	C$1.63	C$1.00	C$4.09	C$1.03	C$0.85	C$1.58

The grant date fair value is calculated using the Black-Scholes option pricing model. Where relevant, the expected life has been adjusted based on management's best estimate for the effects of historical forfeitures and behavioural considerations. Expected volatility is based on the historical share price volatility. During the year ended December 31, 2013 the weighted average market share price at exercise was C$1.80 (2012 - C$2.60). The outstanding options as at December 31, 2013 have a weighted average remaining contractual life of 4.67 years (2012 – 5.67 years).

The Black-Scholes option valuation model input factors used for stock options granted between January 1, 2012 and December 31, 2013 were as follows:

				Weighted average value per stock option				
Grant date	**Expiry date**	**Grant date market price**	**Exercise price**	**Risk-free interest rate**	**Expected life**	**Expected volatility**	**Dividend yield**	**Grant date fair value**
		C$	C$	%	(in years)	%	%	C$
04/27/2012	04/27/2017	1.69	1.70	1.43	3.3	80.87	-	0.93
05/14/2012	05/14/2017	1.41	1.70	1.43	2.0	83.62	-	0.56
12/17/2012	12/17/2017	1.50	1.50	1.25	3.9	81.34	-	0.88
06/04/2013	06/04/2018	0.63	1.50	1.35	4.0	80.64	-	0.25
Weighted average for period		1.56	1.63	1.37	3.5	81.04	-	0.87

As at December 31, 2013, there was $444,981 (as at December 31, 2012 – $1,236,123) of total unrecognized share-based compensation costs related to unvested stock option awards granted under the Plan that are expected to be recognized over a weighted-average term of 0.71 years.

Brighton Energy Corporation

On December 22, 2010, the Board of Directors of Brighton approved the Brighton stock option plan (the "2010 Plan"). Under the terms of the 2010 Plan, stock options may be granted to directors, officers and employees of Brighton or a related entity of Brighton and non-employees providing ongoing services to Brighton. Stock options shall be issued at a price fixed by Brighton's Board of Directors, if the board does not set a price the stock options shall be issued at no less than the price of the common shares issued as part of the most recent private placement (or other equity transaction) prior to the grant date. The stock options can have a contractual term of up to ten years. The maximum number of common shares reserved for issuance under the 2010 Plan is equal to 10% of Brighton's issued and outstanding shares from time to time less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement for Brighton. Brighton does not presently have any other security-based compensation arrangement. All stock options are expected to be equity-settled and are issued with a life of ten years. As at December 31, 2013, a total of 1,500,000 options may be issued in relation to Brighton's issued and outstanding shares. Up to and including December 31, 2013 there have been 1,500,000 stock options issued, 225,000 of those options have been forfeited which leaves 225,000 additional stock options that may be granted by Brighton. As at December 31, 2013, 1,275,000 stock options remained outstanding with a weighted-average exercise price of C$1.00, a weighted-average grant date fair value of C$0.18 and a remaining contractual life of 6.98 years.

On December 22, 2010, the Board of Brighton granted 1,500,000 options with an exercise price of C$1.00 and a life of ten years. The options vest one year subsequent to an initial public offering by Brighton or other corporate transaction or immediately upon change of control. Up to and including December 31, 2013 none of the vesting conditions for the Brighton options have been met.

No share-based compensation costs have been recorded for the years ended December 31, 2013 and 2012 related to the Brighton options since the conditions for vesting have not yet been met. During the year ended December 31, 2013, 100,000 stock options were forfeited with a weighted-average exercise price of C$1.00 (year ended December 31, 2012 – nil).

Dilutive Effect of Stock Options

For the year ended December 31, 2013, 6,913,900 stock options (2012 - 6,767,400) which could have been dilutive were excluded from the computation of diluted earnings per share as the Company realized a net loss and it would be anti-dilutive to include them.

9. BUSINESS COMBINATIONS AND NON-CONTROLLING INTEREST

On March 29, 2012, the Company acquired 5,000,000 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. The exchange ratio was determined using a value of C$1.00 per share for the shares of Brighton and C$2.75 per share for the shares of the Company. Upon completion of the Brighton Exchange, the Company, together with its subsidiary, owns 100% of Brighton and its wholly-owned subsidiaries Brighton Energy Limited and Niger Resources Inc.

The net proceeds for the Brighton Exchange were computed using an average C$2.71 per share volume-weighted average price for the Company’s shares based on the execution dates of the definitive share agreements and resulted in combined net proceeds of C$4,904,797 (US$4,926,850), recorded as an increase to share capital. As a result of the Brighton Exchange, the Company reversed the historical reserve associated with previous Brighton transactions of US$2,413,210 and eliminated the remaining negative non-controlling interest at March 29, 2012 of (US$581,553), with the remaining proceeds of US$3,095,193 recorded as an increase to accumulated deficit.

10. NATURE OF EXPENSES

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

	2013	2012
	$	$
Drilling and assaying	**2,166,977**	14,739,973
Exploration and development studies	**3,018,270**	3,320,046
General, camp, infrastructure and other	**2,108,700**	2,717,102
Exploration surveys	**418,809**	724,372
Total exploration and evaluation costs	**7,712,756**	21,501,493
Salaries and employee costs	**2,044,004**	2,176,816
General and office costs	**413,110**	548,467
Professional fees	**276,082**	225,495
Public company costs	**260,924**	291,862
Investor relations and travel	**159,006**	453,582
Total general and administrative costs	**3,153,126**	3,696,222

Total short-term employee compensation and benefits expense excluding share-based compensation for the year ended December 31, 2013 was $4,233,816 (2012 – $5,336,336).

Total general and administrative expense (“G&A”) above included both the Company’s head office G&A and local office G&A related to operating the Company’s subsidiaries. Head office G&A encompasses the costs of head office salaries and benefits, Director compensation, investor relations and travel, facilities and IT, as well as all costs associated with maintaining the Company’s listing on the Toronto Stock Exchange. Total G&A pertaining to the Company’s head office for the year ended December 31, 2013 was $1,846,695 (2012 – $2,459,749).

11. INCOME TAXES

The income tax expense differs from what would have been computed using the combined Canadian federal (15%) and provincial (11.5%) statutory income tax rate of 26.5% in 2013 (2012 – 15% and 11.5% respectively, 26.5% combined). The reconciliation of total income tax expense for the years ended December 31 was as follows:

	2013	2012
	$	$
Loss before income taxes	**(21,966,041)**	(3,245,704)
Income tax recovery based on the Canadian corporate income tax rate of 26.5% (2012 – 26.5%)	**5,821,002**	860,110
Effect of income taxes recorded at rates other the Canadian income tax rate	**(7,761,704)**	4,941,263
Effect of changes in income tax rates on unrecognized deferred tax asset balances from 26.5% to 26.5% (2012 – 25.0% to 26.5%)	**-**	145,948
Effect of foreign currency translation on income taxes	**463,740**	332,054
Effect of expenses that are not deductible for tax purposes	**1,236,902**	(4,122,348)
Unrecognized change in deductible temporary differences	**(1,383)**	(5,188)
Unrecognized change in share issuance costs	**206,044**	148,759
Unrecognized change in Canadian non-capital loss carry-forwards	**208,955**	(1,474,962)
Unrecognized change in foreign resource-related income tax deductions	**(173,556)**	(2,697,524)
Total income tax expense	**-**	(1,871,888)

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

As at	**December 31, 2013**	December 31, 2012
	$	$
Canadian non-capital loss carry-forwards	**3,130,671**	3,339,626
Foreign resource-related income tax deductions	**13,852,137**	13,678,581
Unamortized share issuance costs deductible for tax purposes	**191,521**	397,565
Deductible temporary differences	**28,041**	26,658
	17,202,370	17,442,430

If not utilized, these Canadian non-capital loss carry-forwards expire between 2029 and 2033. The unamortized share issuance costs as at December 31, 2013 will be deductible for Canadian income tax purposes between 2013 and 2017.

The resource-related deductions generated by the Company's foreign subsidiaries are available to reduce future income taxes in Burkina Faso over an indefinite period. These deductions are tracked by project and can be applied to reduce future profit earned in Burkina Faso on the same respective projects should they be taken into production, or can be used to offset taxable gains associated with associated permit sales if such a sale is undertaken. The effective corporate income tax rate in Burkina Faso was 17.5% as at December 31, 2013 and 2012.

Due to Management's decision to return the Company's exploration permits in Niger to the Government of Niger during the year it has also eliminated the foreign resource-related income tax deductions relating to its Niger projects as it has dropped the permits against which these losses were incurred.

At December 31, 2011, the Company had $2,240,433 of deferred tax assets relating to its Sega project. These assets were not recognized as it was not considered probable that sufficient future taxable profit would be generated to allow these assets to be recovered. However, the Company was able to use $857,582 of these assets to reduce

its taxes owing on the sale of its Sega project (see Note 7). Taxes paid to the Government of Burkina Faso on the transaction were $1,871,888. The remaining deferred tax asset balance of $1,382,851 expired unused and no resource-related deductions regarding Sega remain.

Given that common stock in Amara comprised part of the consideration on the sale of Sega, the Company could be subject to additional income tax in Canada when the shares are eventually sold. Upon eventual sale of the investment any realized gains will be taxable in Canada as Foreign Accrual Property Income ("FAPI"). The Company has non-capital loss carryforwards to offset the potential tax liability. However, any capital losses on the eventual sale of the stock are only deductible against FAPI in the same legal entity in the year of actual sale. Accordingly, the Company has not recognized a deferred tax asset relating to the current loss position of the common stock at December 31, 2013.

The Company's subsidiary, Brighton Energy Canada, has a FAPI reserve of $246,576 at December 31, 2013 (December 31, 2012 - $nil) resulting from debt forgiveness on its waiver of interest on an intercompany loan. This reserve will continue to be carried forward until sufficient Foreign Accrual Property Losses ("FAPL") have been incurred by the entity to eliminate the reserve.

As at December 31, 2013, the Company had gross temporary differences of $2,438,038 (December 31, 2012 - $17,337,230) associated with investments in subsidiaries for which no deferred tax liabilities have been recognized, as the Company is able to control the timing of the reversal of these temporary differences and it is not probable that these differences will reverse in the foreseeable future.

12. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2013	2012
	$	$
Changes in non-cash working capital impacting cash flows from operating activities were as follows:		
Trade and other receivables	**5,904**	(19,882)
Inventories	**138,336**	(114,489)
Prepaid expenses and deposits	**428,702**	149,147
Accounts payable and accrued liabilities	**(1,501,962)**	456,987
	(929,020)	471,763
Changes in non-cash working capital impacting cash flows from investing activities were as follows:		
Trade and other receivables, related to interest received	**7,568**	12,239
Changes in non-cash working capital impacting cash flows from financing activities were as follows:		
Accounts payable and accrued liabilities, related to share issuance costs	**24,406**	-

13. SEGMENTED INFORMATION

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

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

As at	**December 31, 2013**	December 31, 2012
	$	$
Canada	**21,818**	15,968
Burkina Faso	**5,299,165**	6,151,505
Niger	**-**	425,373
	5,320,983	6,592,846

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

	2013	2012
	$	$
Canada	**18,839**	5,635
Burkina Faso	**242,521**	1,416,006
	261,360	1,421,641

14. FINANCIAL INSTRUMENTS AND RISKS

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

The Company's financial instruments consist of cash, trade and other receivables, certain refundable deposits, investments and accounts payable and accrued liabilities. The fair value of trade and other receivables, refundable deposits and accounts payable and accrued liabilities are equivalent to their carrying amounts given their short maturity period. The fair value of the available-for-sale investment is determined by reference to the closing quoted market price obtained from the London Stock Exchange, being the principal exchange upon which it trades.

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

As at	**December 31, 2013**	December 31, 2012
	$	$
Taxes receivable, included in trade and other receivables	**32,828**	34,477
Prepaid expenses, included in prepaid expenses and deposits	**108,252**	548,182
Taxes payable, included in accounts payable and accrued liabilities	**31,404**	43,721

(a) FOREIGN CURRENCY RISK

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

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

As at December 31, 2013	**USD**	**CAD**	**EUR & CFA**[1]	**GBP**	**Total**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash	279,515	8,562,758	634,198	-	9,476,471
Trade and other receivables	96	11,043	2,015	-	13,154
Deposits	-	-	59,111	-	59,111
Investment (classified as available-for-sale)	-	-	-	2,825,738	2,825,738
	279,611	8,573,801	695,324	2,825,738	12,374,474
Financial liabilities					
Accounts payable and accrued liabilities	7,986	150,901	150,756	-	309,643
Net financial instruments, December 31, 2013	**271,625**	**8,422,900**	**544,568**	**2,825,738**	**12,064,831**

As at December 31, 2012	USD	CAD	EUR & CFA[1]	GBP	Total
	$	$	$	$	$
Financial assets					
Cash	582,667	15,756,194	494,735	-	16,833,596
Trade and other receivables	9,553	18,565	-	-	28,118
Deposits	-	-	56,969	-	56,969
Investment (classified as available-for-sale)	-	-	-	10,106,288	10,106,288
	592,220	15,774,759	551,704	10,106,288	27,024,971
Financial liabilities					
Accounts payable and accrued liabilities	65,838	997,666	768,181	-	1,831,685
Net financial instruments, December 31, 2012	526,382	14,777,093	(216,477)	10,106,288	25,193,286

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

As at	**December 31, 2013**	December 31, 2012
	$	$
CAD	**(842,290)**	(1,477,709)
EUR & CFA	**(54,457)**	21,648
GBP	**(282,574)**	(1,010,629)

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

As at December 31, 2013, the fair value hierarchy of financial instruments measured at fair value consisted of the Company's cash and investment balances, which were valued based on Level 1 inputs. The Company does not have financial instruments that are valued based on Level 2 or Level 3 inputs and did not transfer any assets or liabilities between levels on the fair value hierarchy.

The Company has not offset any of its financial assets against its financial liabilities.

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

(b) MARKET PRICE RISK

The Company holds shares of a publicly traded company and is subject to the risk that the fair value or future cash flows of this financial instrument will fluctuate because of changes in the market price. A significant decrease in the value of the financial instrument could result in a reduction in cash available for reinvestment in its exploration activities.

(c) LIQUIDITY RISK

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. The Company's accounts payable and accrued liabilities are due within one year of the end of the reporting years. The Company currently has sufficient resources to meet its obligations as they become due. The Company will periodically need to raise funds in the future to continue operations, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

(d) CREDIT RISK

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

(e) TITLE RISK

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

Although the Company's intends to complete all of the required deliverables in order to apply for a mining permit for the Bomboré project prior to the expiry of its exploration permit on February 17, 2015, unforeseen costs or delays may impact its ability to do so successfully prior to the exploration permit expiry and there can be no assurance that the Company will be successful in obtaining a mining permit prior to expiry.

15. CAPITAL MANAGEMENT

As at December 31, 2013, the Company's capital consisted of $12,302,209 of cash and available-for-sale securities and $133,439,571 of common shares (as at December 31, 2012 – $26,939,884 and $128,599,858).

The Company is not subject to any externally imposed capital requirements.

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

16. COMMITMENTS

As at December 31, 2013, the Company had contractual obligations for environmental impact studies, feasibility costs, PEA study procedures, metallurgical work and equipment and inventory purchases and rentals in the amount of $199,938 (as at December 31, 2012 – $1,866,508). 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 2014 fiscal year.

Subsequent to December 31, 2013, the Company entered into further contractual obligations in the amount of $1,062,171 for drilling activities, sample analysis services, mineral analytical services, environmental assessment, building lease, insurance, feasibility study procedures, equipment rental and equipment and inventory purchases, which are expected to be payable throughout the 2014 fiscal year.

17. KEY MANAGEMENT COMPENSATION

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

	2013	2012
	$	$
Short-term key management personnel compensation and benefits and director fees	**1,259,550**	1,601,042
Share-based compensation (Note 8(b)&(d))	**654,591**	2,740,343
	1,914,141	4,341,385

18. EVENTS AFTER THE REPORTING DATE

(a) STOCK OPTION GRANT

On January 30, 2014, the Board approved the issuance of 1,600,000 stock options to the Company's Directors, Officers and employees at a strike price of C$0.65 per share. These options vest two years from the grant date and expire five years from the grant date.

(b) SALE OF INVESTMENT

On March 19, 2014, the Company sold 11 M ordinary common shares of Amara for net proceeds of $3.4 M. This represents the entire investment held at December 31, 2013.