OREZONE GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2011

June 14th, 2011

General

This Management's Discussion and Analysis ("MD&A") is provided to enable the reader to assess material changes in financial position and results of operations for the three-month period ended March 31, 2011, in comparison to the corresponding prior-year period. This document should be read in conjunction with the unaudited condensed consolidated interim financial statements as at and for the three month period ended March 31, 2011 ("Interim Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements. The MD&A is also intended to supplement and complement the audited annual consolidated financial statements and accompanying notes for the fiscal year ended December 31, 2010 (collectively, the "Annual Financial Statements"). As a result, this MD&A should also be read in conjunction with the Annual Financial Statements and Annual Information Form ("AIF") on file with the Canadian provincial securities regulatory authorities, for the year ended December 31, 2010. All dollar amounts in this MD&A are in United States dollars, unless otherwise specified. This MD&A has taken into account information available up to and including June 14, 2011.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out our exploration programs or the need for future financing are forward looking statements. Statements regarding expected results, including the potential for expansion of current NI 43-101 qualified resources of the Company are also forward looking statements. All forward looking statements, including those note 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.

Nature of Operations

Orezone Gold Corporation (the "Company") was incorporated on December 1, 2008 under the Canada Business Corporations Act and is a publicly listed corporation on the Toronto Stock Exchange (the "TSX"). The Company's operations consist of the former exploration interests of Orezone Resources Inc. ("Resources"), excluding the Essakane gold project in Burkina Faso ("Essakane") which was acquired by IAMGOLD Corporation ("IMG") on February 25, 2009 as part of its business combination with Resources. The Company is primarily engaged in the acquisition, exploration and development of gold properties in Burkina Faso, West Africa and uranium properties in Niger, West Africa. The Company is in the exploration stage and has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The Company's primary objective is to maximize shareholder value by identifying and developing commercially exploitable gold deposits.

Although the Company began trading publicly on February 25, 2009, the projects, management and Board represent the continuation of Resources' successful track record in Burkina Faso extending back to its inception in 1996. This includes the acquisition, exploration, development, financing, construction and divestiture of Essakane, the largest gold deposit in Burkina Faso. Burkina Faso is on track to become the fourth largest African gold producer in 2011 and much of this production will come from Essakane. Burkina Faso has similar geology, but is relatively underexplored, compared to the neighboring countries of Mali and Ghana, where more major discoveries have been made and a number of large mines have been built. Bomboré, now the largest undeveloped gold deposit in Burkina, was also acquired by Resources in 2002 at much lower gold prices.

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

The Company has three advanced stage gold projects. In 2011, the Company is continuing to focus on advancing its Bomboré and Sega projects towards pre-feasibility and a production decision. The Company expects to have completed all critical tasks necessary to evaluate whether the projects are economic during the year. The Company resumed work during Q3 2010 on Brighton Energy Corporation ("Brighton"), its 67%-owned subsidiary that operates uranium exploration permits in Niger, West Africa. Until recently, the permits were under force majeure as a result of security issues in northern Niger. The Company began drilling its highest priority targets before year-end. The following table provides the NI 43-101 qualified resources on the Company's projects:

Table 1 - NI 43-101 Qualified Resources

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

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

Significant developments during, and subsequent to, March 31, 2011 included:

- On February 9, 2011, the Board approved the issuance of 1,055,000 stock options with 10 year expiry to employees and directors at a price of CAD $4.00 per share. The options vest in two years, with the exception of new participants to the plan for whom one-third vest immediately and the remaining two-thirds vest evenly on the first and second anniversary of the grant;
- On February 11, 2011, the Company announced a significant uranium discovery in Niger by its subsidiary, Brighton based on a 30-hole, 5,538 m reconnaissance drilling program on its 482 km^2 Zéline 1 exploration permit that is located 25 km to the north of AREVA's open pit SOMAIR mine. On May 16, 2011, the Company announced another significant discovery based on a 39-hole, 9,446 m reconnaissance drilling program on its 491 km^2 Assaouas 1 exploration permit that is located 60 km to the southwest of the city of Agadez;
- On March 23, 2011, the Company announced the results of an additional 3,151 m of diamond drilling and the first 3,361 m of reverse circulation drilling on its Bomboré project. The results indicate a bias towards higher average grade and slightly narrower widths when compared to the current resource model. On May 26, 2011, the Company announced the results of an additional 10,450 m of RC and 4,303 m of core drilling;
- On April 6, 2011, the Company expanded the Board with the addition of Mr. Patrick Downey, a mining engineer with over 30 years of experience that includes senior positions at several large-scale gold mining operations. The Company also announced that Mr. Keith Peck, a financial advisor focused on the resource sector, was nominated and at the annual general meeting of shareholders held on May 27, 2011 he was elected to the board. 600,000 incentive stock options were approved and granted to the new directors. The Company also announced the return of Sean Homuth as CFO and the addition of George McTaggart as VP Corporate Development; and

- On April 11, 2011, the Company reported positive metallurgical test results on its 100% owned Sega gold deposit. All test results for the near surface oxide and transition (semi-oxidized) resources are better than expected and will improve the economics of the project.

Exploration Activity

Table 2 - Project Drilling and Explorations Costs
Three months ended March 31

	2011			2010		
	(m)	Drilling ($)	Other ($)	(m)	Drilling ($)	Other ($)
Bomboré	25,472	1,183.5	1,331.9	34,327	882.0	708.1
Sega	-	-	175.2	-	-	35.7
Bondi	-	-	6.0	-	-	12.5
Brighton	13,136	770.3	290.5	-	-	28.4
Total	38,608	1,953.8	1,803.6	34,327	882.0	784.7

Bomboré Project

The Company is evaluating the economic potential of Bomboré to host a large-tonnage, low-grade, conventional Carbon in Leach ("CIL") operation as well as a Heap Leach ("HL") operation of the near surface oxide resource. Located only 85 km east of the capital city, the project has excellent infrastructure with access to sufficient water, a paved national highway, a local power nearby and a large labour force. Resources remain open at depth and for the most part on strike. The Company will spend approximately $24 million to complete 170,000 m of infill and expansion drilling by Q1 2012. The drilling will consist of approximately 85,000 m of reverse circulation ("RC") and 85,000 m of core drilling. The Company plans to release a Preliminary Economic Assessment ("PEA") study during Q2 2011 as an interim step to complete pre-feasibility by year end and full feasibility by Q2 2012. As the Company progresses through the drill program, interim updates of the resources and geological model will be released and will ultimately form the basis for the full feasibility study.

The 2010 resources are based on 120,000 m of drilling to an average vertical depth of 60 m. The geological model indicates continuity and consistency across the weathering profile. The additional 170,000 m drill program will both increase the average vertical depth of drilling to 120 m and expand the surface footprint of the shallow (50 m) oxide resource.

Based on the positive results of the detailed metallurgical test program undertaken in 2009, the Company completed a 42,456 m, 619-hole RC drilling program during the first half of 2010 to infill and expand the oxide resource at Bomboré. A new geological model and a resource update were completed by Orezone, audited by SRK Consulting (Canada) Inc. and released on October 19, 2010 (see Table 1 above).

The resources occur at surface to a depth of up to 170 m in five main zones contained within the Bomboré geochemical anomaly. Over 80% of the resource occurs within 80 m from surface. The gold-in-soil anomaly overlying the resource extends virtually uninterrupted at a level of +0.1 g/t for more than 14 km and represents the largest gold anomaly in Burkina Faso.

Exploration expenditures at Bomboré in the three months ended March 31, 2011 were greater than the prior year comparative period mainly due to an increase in more expensive core drilling (10,751 m RC, 7,259 m DD and 7,462 m Auger vs. 31,272 m RC, 3,055 m Auger).

In January 2010, the Company was granted its third three year renewal of the Bomboré permit and in the process the permit surface area was reduced to 104.5 km^2. The Company will be required to apply for a mining permit within three years or apply for a new mining exploration permit in order to be guaranteed the first right for such an application.

Sega Project

Sega is being evaluated as a possible Heap Leach operation. The update incorporated the results of an additional 8,050 m RC and 4,421 m core drilling completed in 2007 and 2008 and resulted in an increase from 446,000 to 450,000 ounces in the Indicated category and from 64,000 to 147,000 ounces in the Inferred category. In 2010, the Company initiated metallurgical testing and other critical activities necessary to advance the project towards a pre-feasibility stage. The Company released detailed metallurgical results early in Q2 2011 and is in a position to evaluate the economics of the project prior to proceeding with a pre-feasibility study. The Company plans to spend approximately $2 million on exploration and feasibility-type programs in 2011.

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

Exploration expenditures for the Sega project in the three months ended March 31, 2011 increased over the comparative prior year period as a result of the ongoing detailed metallurgical study undertaken in 2010 and the site preparation for a 10,000 m auger drilling program. Work during the previous year was limited to a resource update.

Bondi Project

Bondi is a shallow, structurally controlled, 4 km long shear zone hosted gold deposit that contains 282,000 ounces of Measured and Indicated gold resources at a grade of 2.12 g/t and 149,700 ounces of Inferred at a grade of 1.84 g/t. During 2009, the Company undertook an air core drilling program to test an additional 4 km strike extension south along the Bondi structure. The program was successful and intercepted geochemical anomalies 50 times the background level of gold, along the trend on widely-spaced (≥1,000 m) drill fences. The Company is currently evaluating the potential for a northern extension and thereby a means to increase the resource to a level necessary to support a mining operation. The Company hopes to undertake a $1 million program of drilling and detailed metallurgical work in 2011 to follow up high priority targets and to better evaluate the economic potential of the project. Since all resources and finances are focused on Bomboré and Sega, some of this program may not be completed until 2012.

Limited external work was completed during the three months ended March 31, 2011 and the comparative prior year period and as a result overall expenditures were relatively low. Expenditures for the three months ended March 31, 2011 decreased from the comparative prior year period as the Company's activities were limited to Niton XRF analyses, the trenching program and a review of the geological model while in the comparative prior year period work included compilation to identify potential extensions, field mapping and validation of the current resource model. The Company's 2010 expenditures of $65.9k did not meet the minimum annual expenditure requirement for the permit however it is able to carry-forward excess amounts from previous years in order to satisfy the annual minimum. As the Company has spent well-above the minimum requirements in earlier years it has sufficient expenditures to satisfy all requirements under the permit.

Brighton Projects

The exploration activities in Niger are operated by Brighton, a 67%-owned subsidiary holding five Niger uranium permits through its wholly owned subsidiary Niger Resources Inc. ("NIRES"). In the three months ended March 31, 2011, activities included the continued reconnaissance drilling on the Zéline 1 and Assaouas 1 permits, as well as compilation and water well sampling on all the permits. The Company began a drilling program on its Zéline 1 permit during Q4 2010; this program was completed during Q1 2011 and followed by a drilling program on the Assaouas 1 permit. These activities account for higher exploration expenses over the comparative prior year period during which work was limited as a result of the force majeure. The Company announced on September 15, 2010 the intention to commence an airborne geophysical survey on all five of its uranium permits however the program was subsequently halted due to security risks. The original airborne geophysical contractor did not return, the Company canceled the contract and entered into a new agreement with a contractor that will perform the services. Brighton continues to be very active with drilling on the permits (Zéline 1 and Assaouas 1) that are accessible and not remote.

The Company acquired three of the five uranium exploration permits during Q1 2010. The uranium permits were under force majeure due to the security risks in the region until November 27, 2009. Brighton received permit extensions to account for the period of force majeure and has budgeted $3 million towards completing various exploration activities on the permits. Related work began in Q3 2010. Activities to be continued during 2011 will include drilling of high priority targets, an airborne geophysical survey and follow-up ground mapping, prospecting and sampling.

On June 30, 2010 NIRES completed a non-brokered private placement whereby it issued 5,000,000 common shares in exchange for gross proceeds of CAD $5 million (US $4.9 million). The funds will be used to finance the $3 million exploration program as well as to follow-up any positive results thereafter in 2011. As a result of the transaction, the Company's interest in NIRES was reduced from 80% to 53.33%. On August 31, 2010, all of the participants in the private placement, as well as NAC, exchanged their 7,000,000 common shares of NIRES for equivalent common shares of Brighton, a parent of NIRES. Subsequent to this transaction, a wholly-owned subsidiary of the Company, Orezone Inc., purchased from NAC all of the outstanding shares of Brighton that it owned for CAD $1 million. The transaction closed on September 8, 2010 and resulted in the Company's interest in Brighton increasing to 67%.

Financial Review

The results of operations for the three months ended March 31, 2011 and 2010 were:

Three Months ended March 31,	2011	2010
Expenses		
General and administrative	1,029.8	587.5
Depreciation and amortization	80.3	53.4
Share-based compensation	837.2	171.4
Exploration and project development	3,757.4	1,666.7
	5,704.7	2,479.0
Other items	12.9	(214.5)
Non-controlling interest	456.3	6.8
Net loss attributable to common shareholders	(5,235.5)	(2,686.7)
Currency translation gain attributable to common shareholders	1,615.3	262.1
Total comprehensive loss attributable to common shareholders	(3,620.2)	(2,424.6)
Net loss per common share – basic and diluted	(0.06)	(0.04)

The Company is still in the exploration 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 discussion of the major items impacting net loss for the three months ended March 31, 2011 and 2010.

Exploration and project development costs increased by $2.0 million for the three months ended March 31, 2011 compared to the comparative prior year period, mainly due to increased drilling activity and a preliminary economic assessment completed on the Bomboré project as described above (refer to Exploration Activity).

Administrative expenses increased by $442.3k for the three months ended March 31, 2011 compared to the comparative prior year period, mainly due to:

- $158.8k increase in salaries, benefits and consulting fees due to the hiring of additional staff and annual salary revisions;
- $51.2k increase in public relations and travel to due increased presence at key conferences and trade shows as well as increased marketing activities;
- $74.5k increase in public company costs due to increased director costs, higher TSX fees and additional costs related to the preparation of the annual report;
- $46.6k increase in professional fees due to the implementation of IFRS and increased audit and legal fees.

There was a $665.8k increase in stock-based compensation expense of which $548.3k is due to the timing of the vesting of options granted in the quarter to new employees.

Given the Company has no revenue generating activities, net losses are largely a function of the level of exploration and general and administrative expenses incurred. Offsetting the increase in net loss and net loss per share were the following items:

- $227.4k decrease in other items due to lower foreign exchange loss on the conversion of originating currencies to functional currencies and increased interest income;

- $449.5k decrease in non-controlling interest ("NCI"). NCI represents equity interests in subsidiaries owned by outside parties and under IFRS, it is required that income or loss as well as a portion of the accumulated other comprehensive income be attributed to the NCI.

Summary of Quarterly Results

The following summarized financial data has been prepared in accordance with IFRS except the 2009 data which has been prepared in accordance with CGAAP and should be read in conjunction with the Company's interim consolidated financial statements for those periods. All net loss figures are presented in 000's (other than "per share" amounts).

	2011	2010				2009		
	IFRS	IFRS				Canadian GAAP		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net loss	(5,235.5)	(2,674.1)	(1,551.1)	(2,031.0)	(2,686.7)	(520.1)	(193.9)	(438.5)
Net loss per share	(0.06)	(0.04)	(0.02)	(0.03)	(0.05)	(0.01)	(0.00)	(0.01)

Variations in net losses over the four quarters in 2010 resulted mainly from quarterly fluctuations in the level of exploration costs, administrative expenses, and exposure to foreign currency fluctuations. Whereas, it was the Company's policy to capitalize exploration expenses under Canadian GAAP and therefore fluctuations in the 2009 quarterly net loss/loss per share were mainly due to the level of administrative expenses and exposure to foreign currency fluctuations.

Liquidity and Capital Resources

The Company had cash of approximately $57.9 million as at March 31, 2011, a decrease of $3.4 million compared to the $61.3 million cash position at December 31, 2010.

The Company has no cash flow generating operations and its long-term financial success is highly dependent on management's ability to discover economically viable mineral deposits. The Company has sufficient capital resources to pursue its exploration program on its projects in 2011 based on its working capital balance of $57.4 million. Additional financing will be required in the future should the Company decide to bring one of its properties into production. There can be no assurance that the Company will be able to obtain adequate financing in the future to fund such activities or that the terms of such financing will be favorable.

Share Capital Information

As at June 14, 2011, the Company had 83,080,031 common shares outstanding (fully diluted – 89,435,031), as well as the following options.

Number of options Outstanding	Exercise Price Range
3,662,500	$0.00 to $0.49
710,000	$0.50 to $0.99
-	$1.00 to $1.99
300,000	$2.00 to $2.99
50,000	$3.00 to $3.99
1,652,500	$4.00 to $4.99
6,355,000	$1.56*

*Weighted average strike price

Contractual Obligations

At March 31, 2011, the Company's contractual obligations consisted of purchase obligations in the amount of $3.8 million relating to drilling contracts, the PEA on its Bomboré and Sega projects, airborne geophysical surveys, in-hole geophysics and camp construction costs all of which are due within one year. Purchase obligations represent agreements to purchase goods or services that are enforceable and legally binding on the Company. Subsequent to March 31, 2011, the Company entered into further purchase obligations in the amount of $3.2 million relating to airborne geophysical surveys, acquisition of a RC drill, drilling contracts and camp construction costs all of which are also due within one year.

Off Balance Sheet Agreements

The Company does not have any off balance sheet agreements.

Transactions with Related Parties

In the three months ended March 31, 2011, the Company charged $25.3k compared to $15.1k for the three months end March 31, 2010 in administrative fees to Northern Graphite ("Northern") for rent, expenses incurred on its behalf and administrative and geological services that were provided by the Company to Northern during the period. During these periods, the Company's former Senior Vice President ("SVP") was a director and President of Northern as well as a director of Northern's parent company, Industrial Minerals Inc. The Company's former SVP continues to act in the capacity of director for three of the Company's subsidiaries. The Company's President and CEO is a director of Northern.

Proposed Transactions

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

Risks and Uncertainties

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

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

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

Recently Issued Accounting Pronouncements

IFRS 1, "First Time Adoption of International Financial Reporting Standards"

This amendment contains guidance on severe hyperinflation and removes fixed dates for first-time adopters with respect to IAS 39, "Financial Instruments: Recognition and Measurement". This amendment is effective for annual periods beginning on or after July 1, 2011. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 7, "Financial Instruments: Disclosures"

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

IFRS 9, "Financial Instruments"

This new standard is part of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement" and provides guidance on the classification and measurement of financial liabilities, hedge accounting and derecognition. This new standard will also supersede IFRIC 9, "Reassessment of Embedded Derivatives". This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 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 SIC 12, "Consolidation – Special Purpose Entities". This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

IFRS 11, "Joint Arrangements"

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

IFRS 12, "Disclosure of Interests in Other Entities"

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

IAS 12, "Income Taxes"

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

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 the new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

Significant estimates and assumptions include those related to the going concern assumption, the determination of functional currency, the fair value of financial instruments, stock-based compensation related to stock options and warrants, the useful lives of property, plant and equipment and the impairment of non-financial assets.

Conversion to International Financial Reporting Standards

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

Note 16 to the Interim Financial Statements contains a detailed discussion on the differences between the Company's financial statements under CGAAP and IFRS. Note 16 also includes a detailed reconciliation from CGAAP to IFRS of the Company's statement of financial position as at January 1, 2010 and December 31, 2010 as well as its statement of operations and comprehensive loss for the three month and one year periods ended March 31, 2010 and December 31, 2010 respectively. Below is a summary discussion of some of the key impacts of conversion to IFRS:

1) Optional Exemptions on First-time Adoption

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

Business combinations

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

Fair value or revaluation as deemed cost

IFRS 1 allows first time adopters to elect to measure an item of property, plant and equipment at January 1, 2010 at its fair value and to use the resulting fair value as its deemed cost from that date forward. The Company has elected not to revalue its property, plant, and equipment at the transition date and will continue to carry them at their historical amortized cost.

Cumulative translation differences

IFRS 1 allows first time adopters to elect to, at the date of transition, eliminate all previously recorded cumulative translation differences related to foreign operations. The Company has chosen to apply this election. The application of this election has resulted in a decrease in accumulated other comprehensive income of $0.5 million, with a corresponding decrease in deficit, as at January 1, 2010 and December 31, 2010.

Share-based payment transactions

IFRS 1 encourages, but does not require, first time adopters to apply IFRS 2, "Share-Based Payments" ("IFRS 2"), to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the date of transition. The majority of the Company's stock option grants under its 2009 Stock Option Plan were not vested prior to January 1, 2010. The Company has therefore elected to apply IFRS 2 to all stock options granted under the 2009 Stock Option Plan. The application of IFRS 2 has resulted in an increase to contributed surplus (and corresponding increase to deficit) of $135.5k and $58.8k as at January 1, 2010 and December 31, 2010 respectively. Stock based compensation expense increased by $33.9k and decreased by $76.7k for the three month and one year periods ended March 31, 2010 and December 31, 2010 respectively.

2) Key Financial Impact of Policy Selections and Application of IFRSs

Mineral exploration costs

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

The application of this policy has resulted in a decrease in exploration property interests by $35.0 million and $28.8 million as at December 31, 2010 and January 1, 2010 respectively with a corresponding increase in deficit. As at December 31, 2010, non-controlling interest has decreased by $0.4 million with corresponding decrease in deficit. The application of this policy has also resulted in an increase in net loss of $1.9 million and $6.1 million for the three-month and one-year periods ended March 31, 2010 and December 31, 2010 respectively. Of these amounts $1.7 million and $4.8 million have been allocated to exploration and project development expenses for the three month and one year periods ended March 31, 2010 and December 31, 2010 respectively. Non-controlling interest share of net losses increases by $6.8k and $0.4 million for the three month and one year periods ended March 31, 2010 and December 31, 2010 respectively. The application of this policy also resulted in an increase of cash flows used in operating activities for the three month and one year periods ended March 31, 2010 and December 31, 2010 by $1.3 million and $6.4 million respectively (and a corresponding decrease on cash flows used in investing activities). There were several other less significant impacts to various line items on the statement of financial position and statement of comprehensive loss.

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

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

On March 2, 2010, under IFRS the Company recorded a non-controlling interest of ($83.6k), with a corresponding addition of $83.6k to contributed surplus, as part of the transaction whereby NAC acquired a 20% interest in the Company's subsidiary NIRES. Under CGAAP $nil was allocated to contributed surplus and non-controlling interest for the same transaction. The difference in treatment is largely driven by the fact that under CGAAP, NIRES had capitalized mineral exploration costs that offset its liabilities at the transaction date, whereas under IFRS, the net assets of NIRES were ($418.2k) immediately before the transaction primarily because mineral exploration costs are no longer capitalized. IFRS permits a negative non-controlling interest to be recorded whereas same would not be recorded under CGAAP.

On June 30, 2010, under CGAAP the Company recorded a dilution gain, and a corresponding increase to net income, of $2.6 million as part of the $4.8 million private placement financing whereby the non-controlling interest of NIRES increased by $2.2 million, and from 20% to 46.67% ownership. Under IFRS the Company recorded additions of $2.8 million to contributed surplus and $2.1 million to non-controlling interest. Under IFRS no dilution gain is recorded so the deficit is also $2.6 million higher than the treatment under CGAAP for the same transaction.

On September 8, 2010, the Company closed a share purchase agreement to purchase all the outstanding shares of the Company's subsidiary Brighton held by NAC for $1.0 million, and under CGAAP recorded $0.3 million in capitalized mineral property acquisition costs and a $0.6 million decrease to non-controlling interest. Under IFRS, the exchange is accounted for as an equity transaction with owners. The Company recorded decreases of $0.4 million to contributed surplus and $0.5 million to non-controlling interest respectively for the same transaction and no amounts were capitalized to mineral property acquisition costs.

Functional Currency Determination

Both CGAAP and IFRS require that functional currency be evaluated by legal entity. IAS 21, "Changes in Foreign Exchange Rates" ("IAS 21"), outlines the criteria that must be used in determining functional currency by legal entity. Some key differences exist between the criteria outlined in IAS 21 and those required under CGAAP. Upon application of the criteria of

IAS 21, the Company reached different conclusions as to the functional currency of each of its legal entities. Further, the Company has chosen to retain the US dollar as its presentation currency.

The application of IAS 21 has had the impact of increasing foreign exchange loss by $0.4 million and $2.0 million for the three month and one year periods ended March 31, 2010 and December 31, 2010 respectively with a corresponding increase to deficit as at March 31, 2010 and December 31, 2010. The change also had the impact of increasing accumulated other comprehensive income by $0.3 million and $1.7 million as at March 31, 2010 and December 31, 2010 respectively. Deficit as at January 1, 2010 decreased by $0.2 million. There was no impact to accumulated other comprehensive income as at January 1, 2010 as the Company elected under IFRS 1 to eliminate the impact of the change in functional currency as at the Transition Date. There were several other less significant impacts to various line items on the statement of financial position. For a complete discussion, reference should be made to Note 16 in the Interim Financial Statements.

Controls and Procedures

Disclosure Controls

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

Internal Control Over Financial Reporting

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

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

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

Management, including the CEO and CFO, has assessed the effectiveness of internal controls over financial reporting as of March 31, 2011 and concluded, subject to the limitations noted above, that the Company has sufficient controls to meet the requirements as stated above. The assessment was completed using the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Changes in Internal Controls

There have been no significant changes to internal controls in the three months ended March 31, 2011. On September 29, 2010, the Company's CFO, Mr. Sean Homuth, resigned, however he subsequently resumed his position with the Company on January 12, 2011. As the Company had an interim CFO during Mr. Homuth's absence, and the Company's system of internal controls continued to be applied consistently, management has determined that the impact on internal controls was not significant.

Forward Looking Statements

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2011 (the "MD&A") may contain or refer to certain forward-looking statements relating, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, capital costs and 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, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Cautionary Note to U.S. Investors Concerning Resource Estimates

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

Qualified Persons

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

Other MD&A Requirements

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