

OREZONE GOLD CORPORATION

(A Development Stage Company)

Annual Consolidated Financial Statements

(Expressed in United States dollars)

For the years ended December 31, 2017 and 2016

Management's Responsibility for Financial Reporting

Independent Auditor's Report

Financial Statements

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Orezone Gold Corporation

Consolidated Financial Statements

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/ Patrick Downey

Patrick Downey
Chief Executive Officer

April 4, 2018

/s/ Peter Tam

Peter Tam
Chief Financial Officer

April 4, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Orezone Gold Corporation

We have audited the accompanying consolidated financial statements of Orezone Gold Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of loss and 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 purposes 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 as at December 31, 2017 and December 31, 2016, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

April 4, 2018
Toronto, Ontario

Orezone Gold Corporation

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Consolidated Statements of Financial Position

(Expressed in United States dollars)

As at	December 31, 2017	December 31, 2016
	\$	\$
ASSETS		
Current assets		
Cash	11,148,801	22,099,768
Trade and other receivables	47,809	98,867
Inventories (Note 5)	354,874	316,908
Prepaid expenses and deposits	229,571	108,298
Total current assets	11,781,055	22,623,841
Non-current assets		
Interests in exploration properties (Note 6)	1,999,549	2,224,746
Marketable securities (Note 7)	897,075	-
Total assets	14,677,679	24,848,587
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	610,466	805,489
Non-current liabilities		
Royalty-based obligation (Notes 4 and 8)	-	3,600,000
Total liabilities	610,466	4,405,489
Equity		
Share capital (Note 9)	161,497,821	161,396,693
Reserves	14,174,947	11,883,352
Accumulated deficit	(161,605,555)	(152,836,947)
Total equity	14,067,213	20,443,098
Total liabilities and equity	14,677,679	24,848,587

Going Concern (Note 2(b))
Commitments (Note 17)
Subsequent Event (Note 20)

These annual consolidated financial statements were approved by the Board of Directors of Orezone Gold Corporation on April 4, 2018:

/s/ Patrick Downey _____

Patrick Downey
Director

/s/ Ronald Batt _____

Ronald Batt
Director

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

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Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2017 and 2016

(Expressed in United States dollars, except for number of share amounts)

	2017	2016
	\$	\$
Expenses		
Exploration and evaluation costs (Note 10)	4,487,292	2,721,160
General and administrative costs (Note 10)	3,759,412	2,045,758
Share-based compensation (Note 9(b))	1,117,489	244,977
Depreciation and amortization (Note 6)	340,176	461,936
	9,704,369	5,473,831
Other income (loss)		
Gain on Sale of Bondi project (Note 7)	1,445,588	-
Foreign exchange gain	64,176	169,502
Finance income	151,368	117,053
Bank charges	(7,236)	(5,763)
Fair value loss on royalty-based obligation (Note 8)	-	(300,000)
Other income	20,355	-
Impairment of available-for-sale marketable securities (Note 7)	(738,490)	-
	935,761	(19,208)
Net loss before tax	(8,768,608)	(5,493,039)
Income tax expense (Note 11)	-	(5,980)
	(8,768,608)	(5,499,019)
Net loss for the year	(8,768,608)	(5,499,019)
Net loss per common share, basic and diluted	(0.06)	(0.04)
Weighted-average number of common shares outstanding, basic and diluted (Note 9)	154,073,679	136,940,801
Net loss for the year	(8,768,608)	(5,499,019)
Other comprehensive income (loss)		
Foreign currency translation gain (loss)	1,208,065	(658,541)
Net change in fair value of marketable securities (Note 7)	-	-
	1,208,065	(658,541)
Total other comprehensive income (loss)	1,208,065	(658,541)
Comprehensive loss	(7,560,543)	(6,157,560)

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

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

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Consolidated Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(Expressed in United States dollars, except for number of share amounts)

	Share capital		Reserves		Accumulated deficit	Total
	Shares	Amount	Share-based payments (Note 9)	Foreign currency translation		
	#	\$	\$	\$		
Balance, January 1, 2017	154,050,364	161,396,693	12,653,357	(770,005)	(152,836,947)	20,443,098
Stock options exercised	185,000	101,128	(33,959)	-	-	67,169
Share-based compensation	-	-	1,117,489	-	-	1,117,489
Foreign currency translation	-	-	-	1,208,065	-	1,208,065
Net change in the fair value of available-for-sale marketable securities	-	-	-	-	-	-
Net loss for the year	-	-	-	-	(8,768,608)	(8,768,608)
Balance, December 31, 2017	154,235,364	161,497,821	13,736,887	438,060	(161,605,555)	14,067,213

	Share capital		Reserves		Accumulated deficit	Total
	Shares	Amount	Share-based payments (Note 9)	Foreign currency translation		
	#	\$	\$	\$		
Balance, January 1, 2016	117,350,364	138,425,137	12,489,964	(111,464)	(147,337,928)	3,465,709
Share capital issued (Note 9 (a))	36,450,000	24,157,875	-	-	-	24,157,875
Share issuance costs (Note 9 (a))	-	(1,340,297)	-	-	-	(1,340,297)
Stock options exercised	250,000	153,978	(81,584)	-	-	72,394
Share-based compensation	-	-	244,977	-	-	244,977
Foreign currency translation	-	-	-	(658,541)	-	(658,541)
Net loss for the year	-	-	-	-	(5,499,019)	(5,499,019)
Balance, December 31, 2016	154,050,364	161,396,693	12,653,357	(770,005)	(152,836,947)	20,443,098

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

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Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in United States dollars)

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	(8,768,608)	(5,499,019)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization (Note 6)	340,176	461,936
Share-based compensation (Note 9(b))	1,117,489	244,977
Finance income	(151,368)	(117,053)
Gain on sale of Bondi project (Note 7)	(1,445,588)	-
Gain on sale of interests in exploration properties	(2,001)	-
Unrealized foreign exchange gain	(64,176)	(169,502)
Impairment of available-for-sale marketable securities (Note 7)	738,490	-
Fair value loss on royalty-based obligation (Note 8)	-	300,000
Income tax expense (Note 11)	-	5,980
Income tax paid (Note 11)	-	(5,980)
Changes in non-cash operating working capital (Note 12)	(308,592)	561,555
Total cash outflows used in operating activities	(8,544,178)	(4,217,106)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 6)	(50,070)	(18,592)
Proceeds on sale of interest in exploration properties	2,361	-
Interest received	155,933	102,836
Total cash inflows from investing activities	108,224	84,244
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of royalty-based obligation (Note 8)	(3,600,000)	-
Proceeds from private placement of common shares (Note 9(a))	-	3,857,500
Proceeds from equity financing (Note 9(a))	-	20,300,375
Share issuance costs (Note 9(a))	-	(1,340,297)
Proceeds from exercise of stock options	67,169	72,394
Total cash inflows from financing activities	(3,532,831)	22,889,972
Effect of foreign currency translation on cash	1,017,818	(492,598)
(Decrease) Increase in cash	(10,950,967)	18,264,512
Cash, beginning of year	22,099,768	3,835,256
Cash, end of year	11,148,801	22,099,768

Supplemental cash flow information is provided in Note 12.

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

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Notes to the Consolidated Financial Statements

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1. CORPORATE INFORMATION

Orezone Gold Corporation (the "Company") was incorporated on December 1, 2008 under the Canada Business Corporations Act and was a publicly listed corporation on the Toronto Stock Exchange (the "TSX"). Since December 2015, the Company is listed as a Tier 1 listed company on the TSX Venture Exchange (TSXV). The Company is primarily engaged in the 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, references to "C\$" are to Canadian dollars and references to "CFA" or "XOF" are to Communauté Financière Africaine francs.

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

These consolidated financial statements (the "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 April 4, 2018.

(b) BASIS OF MEASUREMENT

These Financial Statements have been prepared on a historical cost basis, except for the marketable securities and the financial liability at fair value through profit and loss, financial instruments were 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. In order to fund its continued exploration and development activities beyond current estimates, the Company must raise additional debt and/or equity capital.

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.

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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, 2017 were as follows:

Name of subsidiary	Place of incorporation	Ownership interest as at		Principal activity
		December 31, 2017	December 31, 2016	
Orezone Inc.	British Virgin Islands	100%	100%	Exploration & Development
Orezone Inc. SARL	Burkina Faso	100%	100%	Exploration & Development
Orezone Bomboré SA	Burkina Faso	90% ¹	100%	Exploration & Development
Burkina Resources Inc.	British Virgin Islands	100%	100%	Inactive

¹ In accordance with the mining laws of Burkina Faso, the Government of Burkina Faso will have a 10% carried equity interest in the company holding the mining permit for any producing mineral project of the Company in Burkina Faso.

(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 year for assets and liabilities and the average exchange rate for the year for consolidated statements 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 year; 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

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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 marketable securities are 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.
- Royalty based obligations are classified as financial liabilities at fair value through profit and loss, which are measured at fair value.

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting year. 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.

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(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 marketable 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 marketable securities are recognized in other comprehensive income (investment revaluation reserve) until the marketable securities 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).

The royalty held on the Bondi project by the Company has been assigned a nil value on acquisition due to the early nature of the project and the great amount of uncertainty on any future royalty payments.

(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 (loss) income.

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;

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- 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. Mineral properties are depleted on a unit-of-production basis over mineral reserves 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).

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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.

(I) 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 available-for-sale investments is determined through objective evidence, including whether there has been a significant or prolonged decrease in value. An impairment would result in the reclassification of the decline in value recognised in other comprehensive income (loss) to the consolidated statement of loss. Impairment losses recognised in profit or loss for an available-for-sale investment shall not be reversed through profit or loss.

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.

(n) FINANCIAL INSTRUMENTS – ROYALTY-BASED OBLIGATION

The Company has classified the royalty-based obligation relating to the upfront royalty from Sandstorm Gold Ltd. (“Sandstorm”) as a financial liability at fair value through profit or loss which is measured at fair value with unrealized gains (losses) recognized in net income (loss).

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(o) 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.

(p) 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.

(q) 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.

(r) SHARE-BASED COMPENSATION

The Company has a share-based compensation plan (the "Plan") described in Note 9(b). 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

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grants, and reflects the impact of changes to non-market inputs, like forfeitures, for previous grants in net income (loss), 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.

(s) 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.

(t) 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, 2017, the Company had operations in two geographic areas, being Canada and Burkina Faso.

(u) CHANGES IN ACCOUNTING POLICIES

Application of new and revised accounting standards by the Company for the year ended December 31, 2017:

In September 2014, the IASB issued the Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after January 1, 2016. The IASB also issued a number of narrow scope amendments to the certain IFRSs and IASs which were effective for annual periods beginning on or after January 1, 2016. These amendments did not have a significant impact on the Company's consolidated financial statements.

The Company has not early adopted any other amendment, standard or interpretation that has been issued by the International Accounting Standards Board ("IASB") but is not yet effective.

(v) STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

Financial Instruments

In February 2016, the IASB issued IFRS 9 – *Financial Instruments* to replace IAS 39, IFRIC 9 and earlier versions of IFRS 9. The objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities in respect of the amounts, timing and uncertainty of an entity's future cash flows. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 9 provide three different measurement categories for financial assets – subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income – while all financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

The Company expects the adoption of the new standard will not have a material impact on the measurement of the Company's reported financial instrument except the Company's investment in the common shares and common share purchase warrants in Sarama Resources ("Sarama"). The Company's investment is currently classified as available-for-sale with any unrealized gains or losses recognized in other comprehensive income ("OCI") except for any impairment recognized which is reclassified into net income (loss). Under the new standard, the Company will recognize and classify its Sarama equity investment as fair value through profit or loss. The Company does not intend

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to invoke the election to present investment in equity instruments in OCI. Any changes to the Company's financial assets prior to adoption will require additional assessment of the impact on adoption.

Revenue recognition

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* which supersedes IAS 11 – *Construction Contracts*; IAS 18 – *Revenue*; IFRIC 13 – *Customer Loyalty Programmes*; IFRIC 15 – *Agreements for the Construction of Real Estate*; IFRIC 18 – *Transfers of Assets from Customers*; and SIC 31 – *Revenue – Barter Transactions involving Advertising Services*. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Company expects the new standard will not have a material impact as the Company's mineral properties will not be in commercial production prior to the effective date. The Company will adopt IFRS 15 upon achieving future commercial production for its mineral properties.

Leases

The IASB issued IFRS 16 – *Leases* replacing IAS 17 – *Leases*. The new standard requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a "right-of-use" asset with exceptions for certain short-term leases and leases of low-value assets. The new standard is likely to result in increases to both the asset and liability positions of lessees as well as reported depreciation expense and finance costs of these entities in the statement of profit or loss. The Company is currently evaluating the financial impact the new standard will have on its financial results.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

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 any event(s) or condition(s) exists 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 Orezone Bomboré SA, which have a functional currency of the CFA.

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

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

Impairment of financial and non-financial assets

Management assesses financial and 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 carry forwards 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.

Current income tax liabilities

The Company's operating subsidiary tax filings may be reviewed from time to time in accordance with the Burkina Faso Code. The Company's interpretations of underlying tax regulations may differ from those of the tax department. Judgment is required in order to determine the appropriate accounting and disclosure treatment based on the facts. To the extent that a dispute arises, Management must determine whether it's probable that a tax liability exists and whether the extent of the liability may be estimated and accrued in its Statement of Financial Position in addition to determining the appropriate level of disclosure regarding the dispute.

Classification of royalty as royalty-based obligation

Management has determined that based on the specific agreements reached with Sandstorm the royalty-based obligation should be classified as a financial liability at fair value through profit or loss.

Fair value of the Sandstorm upfront royalty

Management has assessed the fair value of the upfront royalty as the value of the royalty plus any buyback premiums based on its assumption that the Company will have the necessary funds to repurchase the royalty from Sandstorm prior to the expiry of the irrevocable buyback option.

Sources of estimation uncertainty

Share-based compensation related to stock options

Management assesses the fair value of stock options as disclosed in Note 3(r), 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.

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5. INVENTORIES

The cost of materials and supplies inventories recognized as an expense during the year ended December 31, 2017 was \$155,620 (2016 – \$46,629). There were no write-downs or reversals of write-downs of inventories to net realizable value during the year ended December 31, 2017 (2016 - \$Nil). As at December 31, 2017, no specific inventories were pledged as security for liabilities.

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6. INTERESTS IN EXPLORATION PROPERTIES

Assets not subject to depreciation	Land	Mineral property rights	Construction in progress	Total
	\$	\$	\$	\$
Cost, being carrying amount				
Balance, January 1, 2016	148,931	832,207	6,921	988,059
Additions	-	-	484	484
Disposals	-	-	(493)	(493)
Transfer to depreciable property	-	-	(6,921)	(6,921)
Foreign currency translation	(4,139)	13,317	9	9,187
Balance, December 31, 2016	144,792	845,524	-	990,316
Additions	-	-	1,845	1,845
Disposals	-	(165,945)	-	(165,945)
Foreign currency translation	19,798	70,428	39	90,265
Balance, December 31, 2017	164,590	750,007	1,884	916,481

Assets subject to depreciation	Building	Capital improvements	Field equipment	Vehicles	Office equipment and furniture	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, January 1, 2016	2,061,266	1,242,690	1,925,307	480,766	204,037	5,914,066
Additions	-	2,447	12,089	-	3,572	18,108
Disposals	-	-	-	-	(5,295)	(5,295)
Transfer from construction in progress	-	6,921	-	-	-	6,921
Foreign currency translation	(57,295)	(34,825)	(10,000)	(13,363)	1,255	(114,228)
Balance, December 31, 2016	2,003,971	1,217,233	1,927,396	467,403	203,569	5,819,572
Additions	-	-	3,522	4,510	40,193	48,225
Disposals	-	-	-	(7,863)	-	(7,863)
Foreign currency translation	274,005	166,433	215,113	64,516	23,022	743,089
Balance, December 31, 2017	2,277,976	1,383,666	2,146,031	528,566	266,784	6,603,023
Accumulated depreciation						
Balance, January 1, 2016	1,055,868	1,168,348	1,391,895	450,844	163,768	4,230,723
Depreciation for the year	210,642	17,305	187,853	28,593	17,543	461,936
Disposals	-	-	-	-	(5,295)	(5,295)
Foreign currency translation	(39,075)	(33,269)	(16,226)	(13,844)	192	(102,222)
Balance, December 31, 2016	1,227,435	1,152,384	1,563,522	465,593	176,208	4,585,142
Depreciation for the year	215,064	15,687	86,326	2,639	20,460	340,176
Disposals	-	-	-	(7,863)	-	(7,863)
Foreign currency translation	181,147	158,538	180,571	63,990	18,254	602,500
Balance, December 31, 2017	1,623,646	1,326,609	1,830,419	524,359	214,922	5,519,955

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Carrying amounts as at:	Building	Capital improvements	Field equipment	Vehicles	Office equipment and furniture	Total
December 31, 2016	776,536	64,849	363,874	1,810	27,361	1,234,430
December 31, 2017	654,330	57,057	315,612	4,207	51,862	1,083,068

	Year ended December 31, 2017	Year ended December 31, 2016
Total interests in exploration properties		
	\$	\$
Cost, beginning of year	6,809,888	6,902,125
Additions	50,070	18,592
Disposals	(173,808)	(5,788)
Foreign currency translation	833,354	(105,041)
Cost, end of year	7,519,504	6,809,888
Accumulated depreciation, beginning of year	4,585,142	4,230,723
Depreciation	340,176	461,936
Disposals	(7,863)	(5,295)
Foreign currency translation	602,500	(102,222)
Accumulated depreciation, end of year	5,519,955	4,585,142
Carrying amounts, beginning of year	2,224,746	2,671,402
Carrying amounts, end of year	1,999,549	2,224,746

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

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

As at	December 31, 2017	December 31, 2016
	\$	\$
Burkina Faso		
Bomboré	750,007	697,270
Bondi	-	148,254
Total mineral property rights	750,007	845,524

Bomboré, Burkina Faso

The original Bomboré I exploration permit (104.5 km²) expired on February 17, 2016 after the Company had applied for a mining permit in May 2015. Three exploration permits were received on January 10, 2017 that covers much of the previous exploration permit area that surrounds the mining permit. On January 25, 2017, the company received the Bomboré mining permit Decree dated December 30, 2016. The permit refers to the 2015 Mining Code, however the Company has not yet received the mining convention and all relevant details as to the fiscal policies of the 2015 Mining Code that would apply to the permit. The Bomboré project now consists of the mining permit (25 km²) and four exploration permits; Toéyoko (46.7 km²), Bomboré II (18.2 km²), Bomboré III (48.1 km²) and Bomboré IV (12.4 km²). On August 1, 2017, the Company received the official *Arrêté* from the Ministry of Mines for the final three-year term for the Toéyoko exploration permit. The Bomboré II, Bomboré III and Bomboré IV permits will expire in January 2020 and may be renewed for two additional three-year terms.

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Bondi, Burkina Faso

The Bondi project consists of the Djarkadougou (168 km²) permit, which is located in the Bougouriba province.

On May 24, 2016, the Company agreed to a sale and transfer of the Bondi project to Sarama for the consideration of 9.6 million Sarama shares valued at C\$0.15 per share, plus 3.0 million warrants priced at C\$0.195 per share with an expiry of December 12, 2018 and 2.0 million warrants priced at C\$0.24 per share with an expiry of December 12, 2019. The transaction also includes a US\$20 per ounce royalty on the first 200,000 ounces sold out of production from the Bondi Permit area. The Ministry of Mines delivered the new Djarkadougou Order (“Arrêté”) in Sarama’s name on August 18, 2017 and the Sarama shares and warrants issued to Orezone as part of the transaction were released from escrow on August 22, 2017, which was deemed to be the close date of the transaction.

7. MARKETABLE SECURITIES

The Company’s investments consist of 9.6 million ordinary common shares of Sarama acquired as part of the sale of the Bondi project. Investments also include 3,000,000 Sarama warrants to acquire one common share of Sarama at a price of C\$0.195 until December 12, 2018 and 2,000,000 Sarama warrants to acquire one common share of Sarama at a price of C\$0.24 until December 12, 2019. The Sarama shares and warrants were issued into escrow on December 12, 2016 subject to finalizing the transaction. On August 22, 2017 the terms of the sales agreement were completed, and the common shares and warrants were released from escrow. The shares are classified as available-for-sale. On the date of close the Company recorded \$1,300,214 for the Sarama shares, \$335,350 for the 5 million warrants and no value for the royalty for total consideration of \$1,635,564. The Company had a carrying value of the property mineral rights including 2017 holding costs of (\$189,976) at the date of close for a net gain of \$1,445,588.

The investment in Sarama is classified as available-for-sale and is measured at fair value, using market prices for the share consideration and applying the Black Scholes valuation to the warrants, with changes in fair value recognized in other comprehensive income. At December 31, 2017, Management made the assessment that the investment in Sarama had experienced a significant and prolonged decline in fair value. Accordingly, an impairment of \$738,490 was transferred from accumulated other comprehensive loss and recognized in net loss.

8. ROYALTY-BASED OBLIGATION

(a) BACKGROUND

On January 27, 2015, the Company announced the completion of a royalty purchase agreement (the “Agreement”) with Sandstorm that would provide up to \$8.0 million in financing to advance its Bomboré project. Sandstorm initially purchased a 0.45% net smelter returns (“NSR”) royalty payable by the Company on future revenues from Bomboré (the “Upfront Royalty”) for \$3.0 million. The Company had the option to buy back 100% of the Upfront Royalty prior to January 27, 2018 and the Company exercised this option in January 2017 for \$3.6 million. There was no gain or loss recorded in 2017 as the obligation for the Upfront Royalty was fully accrued at December 31, 2016.

The Agreement also grants Sandstorm a right of first refusal (“ROFR”) on all future gold stream financings (“Stream”) completed by the Company up to three years subsequent to the commencement of commercial production on the Bomboré project. This provision remains in force.

The Agreement with Sandstorm was executed with Orezone and, while any related royalty obligations are calculated based on production from the Bomboré permit, they remained the obligation of Orezone until the buy back option was exercised. As security for the original Agreement, Orezone pledged all of the issued and outstanding shares of its subsidiary, Orezone Inc., as well as its intercompany account.

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(b) ACCOUNTING FOR THE ROYALTY-BASED OBLIGATION

Prior to the buy back of the Upfront Royalty, the Company classified the NSR as a financial liability at fair value through profit or loss. Due to the lack of a quoted price in an active market for a liability similar to the NSR, the Company calculates the fair value of the NSR by estimating the value a market participant would pay to purchase the creditor's interest in the liability.

9. SHARE CAPITAL

(a) CAPITAL STOCK

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

On March 30, 2016, the Company completed a non-brokered private placement that resulted in the issuance of the 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 (\$3,857,500) as an increase to share capital along with share issuance costs of \$101,798 for net proceeds of \$3,755,702.

On July 19, 2016, the Company completed a short form prospectus equity financing that resulted in the issuance of 26,450,000 common shares at a price of C\$1.00 per share. As a result of the transaction, the Company recorded C\$26,450,000 (\$20,300,375) as an increase to share capital along with share issuance costs of \$1,238,499 for net proceeds of \$19,061,876.

On March 23, 2018, the Company entered into a non-brokered private placement (Note 20).

(b) SHARE-BASED PAYMENTS

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The equity compensation plans which the Company has in place are the 2009 Stock Option Plan ("2009 Plan") that was re-approved by the shareholders at the Annual and Special Meeting of Shareholders on June 11, 2015 and the 2016 Stock Option Plan ("2016 Plan") that was adopted by the Company in connection with the Company's voluntary move from the TSX to the TSXV in December 2015. As part of the transition, the Company adopted the 2016 Plan that is compliant with the TSXV Policy 4.4. As a result, no new stock options can be granted under the 2009 Plan and as of December 31, 2017 there were 5,012,500 options granted and outstanding under the 2009 Plan. The Company's 2016 Plan was adopted by the Board of Directors and conditionally approved by the TSXV on November 16, 2015, and was approved by the shareholders at the AGM held June 22, 2016. The Company's 2016 Plan is a 10% "rolling" plan and, under the policies of the TSXV, must be approved on an annual basis by the shareholders of the Company. The number of shares reserved for issuance under the 2009 Plan and the 2016 Plan combined shall not exceed 10% of the Company's issued and outstanding common shares on a non-diluted basis. The 2016 Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The 2016 Plan is administered by the directors of the Company and allows for options to be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. All options expire on a date no later than ten years after the date of grant of such option.

As at December 31, 2017, based on the Company's total common shares outstanding, a total of 15,423,536 stock options may be issued and outstanding. Based on this, the Company could grant up to 3,431,036 additional stock options beyond what was issued and outstanding as at December 31, 2017. TSXV approval is required to reserve the related common shares for issuance.

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Stock option activity between January 1, 2016 and December 31, 2017 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	1,025,000	-	150,000	25,000	850,000	850,000	-
05/26/2009	05/26/2019	0.40	1,862,500	-	100,000	50,000	1,712,500	1,712,500	-
07/08/2010	07/08/2020	0.85	405,500	-	-	110,500	295,000	295,000	-
10/21/2010	10/21/2020	2.35	200,000	-	-	-	200,000	200,000	-
04/27/2012	04/27/2017	1.70	1,403,775	-	-	1,403,775	-	-	-
05/14/2012	05/14/2017	1.70	10,000	-	-	10,000	-	-	-
12/17/2012	12/17/2017	1.50	716,000	-	-	716,000	-	-	-
06/04/2013	06/04/2018	1.50	200,000	-	-	-	200,000	200,000	-
01/30/2014	01/30/2019	0.65	1,275,000	-	85,000	35,000	1,155,000	1,155,000	-
05/26/2014	05/26/2019	0.65	300,000	-	-	-	300,000	300,000	-
10/13/2014	10/13/2019	0.75	300,000	-	-	-	300,000	300,000	-
02/08/2016	02/08/2026	0.30	-	1,980,000	100,000	50,000	1,830,000	1,220,006	609,994
09/19/2016	09/19/2026	1.00	-	250,000	-	250,000	-	-	-
06/23/2017	06/23/2027	0.78	-	4,850,000	-	-	4,850,000	1,616,670	3,233,330
07/17/2017	07/17/2027	0.78	-	300,000	-	-	300,000	100,000	200,000
Totals			7,697,775	7,380,000	435,000	2,650,275	11,992,500	7,949,176	4,043,324
Weighted average exercise price		C\$0.90	C\$0.66	C\$0.41	C\$1.47	C\$0.65	C\$0.61	C\$0.71	

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, 2017, the weighted average market share price at exercise was C\$0.73 (2016 - C\$1.18). The outstanding options as at December 31, 2017 have a weighted average remaining contractual life of 5.82 years (2016 - 3.60 years).

The Black-Scholes option valuation model input factors used for stock options granted between January 1, 2016 and December 31, 2017 were as follows:

Grant date	Expiry date	Grant date market price	Exercise price	Weighted average value per stock option				Grant date fair value
				Risk-free interest rate	Expected life	Expected volatility	Dividend yield	
		C\$	C\$	%	(in years)	%	%	C\$
02/08/2016	02/08/2026	0.28	0.30	0.49	3.7	84.18	-	0.16
09/19/2016	09/19/2026	0.62	1.00	0.58	2.8	88.76	-	0.26
06/23/2017	06/23/2027	0.78	0.78	0.84	3.9	85.98	-	0.48
07/17/2017	07/17/2027	0.76	0.78	1.02	4.0	85.61	-	0.47
Weighted average for the period		0.64	0.66	0.75	3.8	85.58	-	0.39

As at December 31, 2017, there was \$800,401 (2016 - \$71,476) of total unrecognized share-based compensation costs related to unvested stock option awards granted under the 2016 Plan that are expected to be recognized over a weighted-average term of 1.10 years.

Dilutive Effect of Stock Options

For the year ended December 31, 2017, 11,992,500 stock options (2016 - 9,492,900) 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.

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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:

	2017	2016
	\$	\$
Drilling and assaying	1,855,970	504,049
Exploration and development studies	960,672	1,003,168
General, camp, infrastructure and other	1,489,473	1,027,549
Exploration surveys	181,177	186,394
Total exploration and evaluation costs	4,487,292	2,721,160
Salaries and employee costs	1,922,472	1,079,302
Public company costs	269,901	214,653
Professional fees	358,185	288,229
General and office costs	987,485	305,889
Investor relations and travel	221,369	157,685
Total general and administrative costs	3,759,412	2,045,758

Total short-term employee compensation and benefits expense and termination benefit expense excluding share-based compensation for the year ended December 31, 2017 was \$3,379,791 (2016 – \$2,374,806).

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 TSX Venture Exchange. Total G&A pertaining to the Company’s head office for the year ended December 31, 2017 was \$2,295,084 (2016 – \$1,029,408).

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 2017 (2016 – 15% and 11.5% respectively, 26.5% combined). The reconciliation of total income tax expense for the years ended December 31 was as follows:

	2017	2016
	\$	\$
Loss before income taxes	(8,768,608)	(5,493,039)
Income tax recovery based on the Canadian corporate income tax rate of 26.5% (2016 – 26.5%)	2,323,635	1,455,655
Effect of income taxes recorded at rates other the Canadian income tax rate	22,616	(43,892)
Effect of foreign currency translation on income taxes	2,171,202	769,955
Effect of expenses that are not deductible for tax purposes	(537,211)	(157,377)
Effect of non-taxable portion of Bondi gain on sale	231,957	-
Unrecognized change in deductible temporary differences	(517)	486
Unrecognized change in share issuance costs	48,220	(256,260)
Unrecognized change in Canadian non-capital loss carry-forwards	(849,974)	(474,071)
Unrecognized change in foreign resource-related income tax deductions	(3,409,928)	(1,300,476)
Total income tax expense	-	(5,980)

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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, 2017	December 31, 2016
	\$	\$
Canadian non-capital loss carry-forwards	4,508,697	3,920,563
Foreign resource-related income tax deductions	25,051,727	21,641,799
Unamortized share issuance costs deductible for tax purposes	220,895	269,115
Deductible temporary differences	953	684
	29,782,272	25,832,161

If not utilized, these Canadian non-capital loss carry-forwards expire between 2029 and 2037. The unamortized share issuance costs as at December 31, 2017 will be deductible for Canadian income tax purposes between 2017 and 2020.

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 is 27.5% (2016 – 27.5%).

12. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2017	2016
	\$	\$
Changes in non-cash working capital impacting cash flows from operating activities were as follows:		
Trade and other receivables	56,125	(65,197)
Inventories	6,375	16,150
Prepaid expenses and deposits	(105,542)	(1,873)
Accounts payable and accrued liabilities	(265,550)	612,475
	(308,592)	561,555
Changes in non-cash working capital impacting cash flows from investing activities were as follows:		
Trade and other receivables, related to interest received	4,565	(14,217)

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.

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

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As at	December 31, 2017	December 31, 2016
	\$	\$
Canada	9,910	17,226
Burkina Faso	1,989,639	2,207,520
	1,999,549	2,224,746

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

	2017	2016
	\$	\$
Canada	3,014	-
Burkina Faso	47,056	18,592
	50,070	18,592

14. FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed through its exploration and evaluation activities to the following financial risks: foreign currency risk, market price 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, marketable securities, accounts payable and accrued liabilities, and a royalty-based obligation. 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.

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, 2017	December 31, 2016
	\$	\$
Taxes receivable, included in trade and other receivables	32,538	78,783
Prepaid expenses, included in prepaid expenses and deposits	208,494	83,700
Taxes payable, included in accounts payable and accrued liabilities	6,288	41,454

(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 Canadian dollars ("CAD"), United States dollars ("USD"), 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:

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As at December 31, 2017	USD	CAD	EUR & CFA ¹	Total
	\$	\$	\$	\$
Financial assets				
Cash	88,113	10,791,281	269,407	11,148,801
Trade and other receivables	121	13,310	1,840	15,271
Deposits	-	-	21,077	21,077
Marketable securities	-	897,075	-	897,075
	88,234	11,701,666	292,324	12,082,224
Financial liabilities				
Accounts payable and accrued liabilities	1,372	196,178	406,628	604,178
Net financial instruments, December 31, 2017	86,862	11,505,488	(114,304)	11,478,046

As at December 31, 2016	USD	CAD	EUR & CFA ¹	Total
	\$	\$	\$	\$
Financial assets				
Cash	3,828,059	17,591,676	680,033	22,099,768
Trade and other receivables	2,415	17,233	436	20,084
Deposits	-	-	24,598	24,598
	3,830,474	17,608,909	705,067	22,144,450
Financial liabilities				
Accounts payable and accrued liabilities	145,133	210,244	408,658	764,035
Royalty-based Obligation	3,600,000	-	-	3,600,000
	3,745,133	210,244	408,658	4,364,035
Net financial instruments, December 31, 2016	85,341	17,398,665	296,409	17,780,415

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, 2017	December 31, 2016
	\$	\$
CAD	(1,150,549)	(1,739,867)
EUR & CFA	11,430	(29,641)

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.

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

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(b) 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 periods. 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.

(c) 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.

(d) 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 country 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 this has never occurred in the past.

15. FAIR VALUE MEASUREMENTS

(a) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

As at December 31, 2017, the Company's assets and liabilities recorded at fair value were as follows:

Fair value	December 31, 2017				December 31, 2016		
	Level 1	Level 2	Level 3	Total	Level 1	Level 3	Total
	\$	\$	\$	\$			\$
<i>Assets</i>							
Cash	11,148,801	-	-	11,148,801	22,099,768	-	22,099,768
Marketable securities	803,477	93,598	-	897,075	-	-	-
<i>Liabilities</i>							
Royalty-based obligation	-	-	-	-	-	3,600,000	3,600,000

The Company did not transfer any assets or liabilities between levels on the fair value hierarchy and has not offset any of its financial assets against its financial liabilities.

16. CAPITAL MANAGEMENT

As at December 31, 2017, the Company's capital consisted of \$11,148,801 of cash and \$161,497,821 of common shares (as at December 31, 2016 – \$22,099,768 and \$161,396,693).

The Company's primary objectives in managing its capital are to maintain sufficient levels of capital to continue its current exploration and development activities of its mining properties. The Company achieves its objectives by rationally allocating capital in accordance with Management's strategies, periodically raising capital from investors and through the divestiture of any non-core assets. To effectively manage its capital requirements, the Company has in

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place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its business objectives.

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

17. COMMITMENTS

As at December 31, 2017, the Company had contractual obligations for head office rent, the completion of the feasibility study update, the relocation action plan, and a drilling program in the amount of \$1,580,613 (as at December 31, 2016 – \$707,076). 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 2018 fiscal year.

18. KEY MANAGEMENT COMPENSATION

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

	2017	2016
	\$	\$
Short-term key management personnel compensation and benefits and director fees	1,256,540	747,051
Key management personnel termination benefits	451,260	-
Share-based compensation	1,038,304	178,250
	2,746,104	925,301

19. RELATED PARTY

Related parties purchased 3,800,000 common shares in the March 30, 2016 private placement and on the same terms and conditions as other subscribers. In addition, a related party purchased 100,000 common shares in the July 19, 2016 prospectus financing on the same terms and conditions as other subscribers. The Company had no other transactions with related parties for the year ended December 31, 2017.

20. SUBSEQUENT EVENT

On March 23, 2018, the Company entered into a non-brokered private placement of 56,150,000 common shares of the Company at a price per share of C\$0.80 for gross proceeds of C\$44,920,000 (the "Private Placement"). No finders' fee or commissions are payable on this Private Placement.