

# OREZONE GOLD CORPORATION

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

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2017

**November 28, 2017**

### **General**

This Management's Discussion and Analysis ("MD&A") is provided to enable the reader to better understand the financial position and total comprehensive income (loss) for Orezone Gold Corporation (the "Company") for the three and nine month periods ended September 30, 2017, in comparison to the corresponding prior-year period. This document should be read in conjunction with the consolidated interim financial statements for the three and nine month periods ended September 30, 2017 ("Interim Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the interim reporting period. This MD&A should also be read in conjunction with the Annual Information Form ("AIF") on file with the Canadian provincial securities regulatory authorities for the year ended December 31, 2016. All dollar amounts in this MD&A are in United States dollars, unless otherwise specified. References to "\$" or "US\$" are to United States dollars, references to "C\$" are to Canadian dollars and references to "CFA" are to Burkina Faso's currency, the *Communauté Financière Africaine* francs. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates (the "functional currency"). The Company's functional currency is the Canadian dollar. This MD&A has taken into account information available up to and including November 28, 2017.

This MD&A contains forward-looking statements (see "Forward Looking Statements" below for a full discussion on the nature of forward-looking statements). Statements regarding the adequacy of cash resources to carry out our exploration and development programmes or the need for future financing are forward-looking statements. Statements regarding the potential for expansion of current Canadian Institute of Mining & Metallurgy ("CIM") mineral resources (disclosed in accordance with National Instrument 43-101 ("NI 43-101") resources, expected results including, but not limited to, targeted economic parameters and potential production levels for Bomboré, planned expenditures on the Company's projects, documentation and fiscal policies related to the Bomboré mining permit and any guidance with respect to the timing of the next milestones to develop the project are also forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language at the end of this document. Readers are advised to refer to the cautionary language included at the end of this MD&A when reading any forward-looking statements.

The MD&A is prepared in conformity with NI 51-102F1 and has been approved by the Company's board of directors (the "Board of Directors" or the "Board") prior to its release.

### **Corporate Information**

The Company was incorporated on December 1, 2008 under the *Canada Business Corporations Act* and is the product of a spin-out transaction between Orezone Resources Inc. and IAMGOLD Corporation ("IAMGOLD"). The Company was initially listed on the Toronto Stock Exchange (the "TSX") on February 25, 2009, however to reduce operating expenses, the Company moved the listing of its common shares to a Tier 1 listing on the TSX Venture Exchange (the "TSXV") on December 21, 2015. The Company's main operating subsidiary, Orezone Inc., is resident in the British Virgin Islands which has a field office through its subsidiary in the city of Ouagadougou, Burkina Faso, West Africa. The Company is primarily engaged in the exploration and development of gold properties in Burkina Faso, West Africa. Several members of senior management has been operating in West Africa for over 20 years. The Company's primary objective is to maximize shareholder value by identifying and developing commercially viable gold mining operations. Additional information on the Company's subsidiary operations in Burkina Faso can be found in the 2016 Annual Information Form that was filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Burkina Faso became the fourth largest African gold producer in 2012. Burkina Faso has similar geology to the neighbouring countries of Mali and Ghana. 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.

**Q3 2017 Highlights:**

- On July 18, 2017, the Company announced that Charles Oliver has joined the Board of Directors;
- On July 19, 2017, the Company announced that the Ministry of Mines and Quarries in Burkina Faso has issued and Sarama had paid the invoice for the transfer of the Bondi Gold Project (Djarkadougou exploration permit). 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;
- 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;
- On September 12, 2017, the Company announced positive drill results from the first two of four specifically identified target areas that have been prioritized within the Bomboré deposit to better define the extent and the geometry of discrete zones of high-grade gold mineralization within the existing pit shells in the oxidized portion of the known gold resources. The drilling at both Siga East and Siga South was successful in intercepting high-grade mineralization which should improve grade domaining. Results from the last two of the four target areas are in the subsequent events below. More drilling will be required in certain areas to confirm the geometry of discrete higher-grade zones; and
- On September 18, 2017, the Company provided an update on the Bomboré Project indicating that it had completed a comprehensive review of the project and results have shown the potential to simplify the project flowsheet with the elimination of the heap leach circuit, resulting in potential savings to both capital and operating costs. The Company also announced that it plans to release a revised mineral resource in Q1 2018 that will include recently completed drilling and could potentially include certain areas of mineralization located within seasonal river zones that were deemed to be sensitive environmental areas and excluded from the January 10, 2017 Mineral Resource. The current plan includes incorporating the simplified flowsheet and mineral resource update to complete a feasibility study in the second half of 2018.

**Significant developments subsequent to the three-month period ended September 30, 2017 included:**

- On October 27, 2017, the Company received the official *Arrêtés* from the Ministry of Mines for the geographic extension of its Bomboré II, Bomboré III and Bomboré IV permits, increasing the total Bomboré Gold Project area to 150 square kilometers; and
- On November 27, 2017, the Company announced the second set of positive drill results from the ongoing Bomboré drill programme from the last two of four specifically identified target areas that have been prioritized within the Bomboré deposit to better define the extent and the geometry of discrete zones of high-grade gold mineralization within the oxidized portion of the known gold resources. The drilling at both P11 and CFU was successful in intercepting high-grade mineralization which should improve grade domaining. More drilling will be required in certain areas to confirm the geometry of discrete higher-grade zones.

**Exploration and Development Activities**

Since 2009, the Company has been mainly focused on the development of its wholly owned Bomboré Gold Project. On August 11, 2016, the Government of Burkina Faso approved the mining permit application to build a Phase 1, open pit operation that focused on the surface oxide resource that would be processed without grinding or cement agglomeration using a combined Heap Leach ("HL") and Carbon in Leach ("CIL") circuit.

From January 2014 to April 2015, the Company completed test work and designs to complete the 2015 Feasibility Study ("2015 FS") that focused only on Phase 1. However, as a result of the resource revision released on August 22, 2016, the Company withdrew the 2015 FS.

The Company released an updated Resource Statement on September 7, 2016 and continued work to review, model and estimate the mineralization that was excluded in the September 7, 2016 Resource Statement. The excluded mineralization occurred in part within the pit shells that constrain the resource and was treated as waste (with zero grade) in the September 7, 2016 Resource Statement. On January 10, 2017, the Company released the 2017 Resource Mineral Statement. The wire

framing methodology used for the 2017 Resource estimate based on the same parameters as those used for the September 7, 2016 estimate resulted in the addition of 391 lower grade envelopes to the North and South models, many of which demonstrated grade continuity suitable to be classified as M&I Mineral Resources. There was also the addition of a minor third domain located outside the envelopes as an unconstrained model using a limited search ellipse up to 35 m by 35 m by 2.5 m. All of the "third domain" was classified as Inferred Resources and cannot, therefore, be included in the mineral reserve estimate.

The following table discloses the mineral resources on the Company's projects using the standards prescribed by the CIM and disclosed in accordance with NI 43-101:

**Table 1 – Total Resources by Project**

Project	COG (gpt)	Category	Tonnes (Mt)	Grade (Au gpt)	Contained Gold (kOz)	Effective Date
Bomboré	0.45 to 0.50	Measured+Indicated	124.5	0.92	3,695	5 Jan 17
Bomboré	0.20 to 0.50	Measured+Indicated	93.6	0.36	1,075	5 Jan 17
Oxide+ Transition Only	0.45	Measured+Indicated	53.4	0.87	1,487	5 Jan 17
Oxide+ Transition Only	0.20 to 0.45	Measured+Indicated	68.6	0.33	727	5 Jan 17
Bomboré	0.45 to 0.50	Inferred	24.9	0.93	747	5 Jan 17
Bomboré	0.20 to 0.50	Inferred	23.3	0.33	246	5 Jan 17
Oxide+ Transition Only	0.45	Inferred	4.8	0.77	117	5 Jan 17
Oxide+ Transition Only	0.20 to 0.45	Inferred	16.4	0.29	151	5 Jan 17
Total		Measured+Indicated	218.1	0.68	4,770	5 Jan 17
		Inferred	48.2	0.64	994	5 Jan 17

*Note: Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Amounts may not add due to rounding.*

The Company commenced an exploration and definition drill programme at Bomboré in November 2016 that continued into 2017. This programme was initially focused on P17S, a new higher-grade sulphide zone and on the oxide mineralization of the P13 oxide target, both situated south of the Bomboré mining permit. Previous shallow drilling at P17S from surface to a depth of only 60 m resulted in a M&I Sulphide Mineral Resource of 310,000 tonnes at 2.6 gpt for 25,700 ounces of gold. Step-out drill holes to date have intersected mineralized granodiorite to a vertical depth of 215 m and indicate a down-plunge continuity of the zone to over 500 meters. Drilling along trend indicates that the mineralization occurs within an interpreted prospective corridor that now extends to nearly three kilometres in length, with two major gaps in the drilling between P17 and the P17S NE extension and between P17S and prospect 172. The P17S programme continued until the end of June 2017 to the north and south of P17S to better define the continuity of the mineralization within this corridor. The Company reviewed the resource model within the existing pit shells based on the results of the P17S drill program to determine if certain zones within the existing pit shells would exhibit better continuity. RC drilling commenced on in July 2017 and was generally complete by October 2017. This programme consisted of infill holes to tighten up the drill spacing from 50 m by 25 m to 25 m by 25 m in four specific target areas where discrete higher-grade zones were identified. A total 249 drill holes for approximately 13,911 m were completed at Siga East, Siga South, P11 and CFU areas. On November 28, 2017, the Company announced the final positive RC drill results from the Bomboré drill programme from the final two of four specifically identified target areas that had been prioritized within the Bomboré deposit. The drilling at both P11 and CFU was successful in intercepting high-grade mineralization which should improve grade domaining. More drilling will be required in certain areas to confirm the geometry of discrete higher-grade zones.

The following table summarizes the Company's exploration and evaluation costs and meters drilled by project for the three and nine month periods ended September 30, 2017 and 2016. All figures are presented in US\$, except for meters drilled.

Table 2 – Exploration and Evaluation Costs

Three-month period ended September 30, 2017	Meters Drilled	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	M	\$	\$	\$	\$	\$
Bomboré Bondi <sup>1</sup>	11,441	422,410	355,037	111,726	16,173	905,346
	-	-	(20,595)	-	(172)	(20,767)
<b>Total</b>	<b>11,441</b>	<b>422,410</b>	<b>334,442</b>	<b>111,726</b>	<b>16,001</b>	<b>884,579</b>

Three-month period ended September 30, 2016	Meters Drilled	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	M	\$	\$	\$	\$	\$
Bomboré	-	6,504	279,099	284,390	41,963	611,956
Bondi	-	780	9,330	-	3,989	14,099
<b>Total</b>	<b>-</b>	<b>7,284</b>	<b>288,429</b>	<b>284,390</b>	<b>45,952</b>	<b>626,055</b>

Nine-month period ended September 30, 2017	Meters Drilled	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	M	\$	\$	\$	\$	\$
Bomboré	26,572	1,693,372	1,104,828	731,518	136,714	3,666,432
Bondi	-	-	-	-	-	-
<b>Total</b>	<b>26,572</b>	<b>1,693,372</b>	<b>1,104,828</b>	<b>731,518</b>	<b>136,714</b>	<b>3,666,432</b>

Nine-month period ended September 30, 2016	Meters Drilled	Drilling & Assaying	General, Camp, Infrastructure & Other	Exploration & Development Studies	Exploration Surveys	Total Exploration & Evaluation Costs
	M	\$	\$	\$	\$	\$
Bomboré	-	48,107	634,687	552,263	86,151	1,321,208
Bondi	521	82,954	84,313	358	53,321	220,946
<b>Total</b>	<b>521</b>	<b>131,061</b>	<b>719,000</b>	<b>552,621</b>	<b>139,472</b>	<b>1,542,154</b>

<sup>1</sup> YTD costs applied to the sale of the Bondi project transaction

### **Bomboré Gold Project**

Bomboré is situated 85 km east of the capital city, Ouagadougou, and is adjacent to an international highway, with access to sufficient water for mining operations, as well one major town and several local smaller villages which will be the source of the operational labour force. The project benefits from a large oxide resource (average depth 45 m) that sits above a large sulphide resource. The average depth of over 430,000 m of drilling to date is 120 m and the sulphide resource reaches depths of up to 240 m within the CIL optimized pit shells that constrain the resource. Since 2011, the Company has been examining various scenarios to develop the project in stages to reduce the initial capital requirements. In June 2013, the Company postponed the completion of the oxide material CIL FS and switched its development focus from an 8 Mt/yr Phase I oxide-only CIL operation to a 5.5 Mt/yr Phase I oxide-only HL scenario. The Company completed an updated Preliminary Economic Assessment (“PEA”) on the HL scenario that was released and filed in Q1 2014. The updated HL PEA was completed by G Mining Services Inc. (“GMS”), Kappes, Cassiday & Associates (“KCA”), and Golder Associates Inc. (“Golder”). Subsequently, the Company optimized the planned processing method to employ a combined approach of HL and CIL circuits. The combined approach was positively evaluated as part of the 2015 FS, however with the Bomboré Gold Project Resource revision announced on August 22, 2016, the Company withdrew the filed 2015 FS.

The final Environmental and Resettlement approvals from the Burkina Faso Ministry of Environment, Green Economy, and

Climate Change were received on May 18, 2016. The project will result in the resettlement of the population living on the project site (approximately 600 traditional families and 4,000 artisan gold miners) and the expropriation of a large area of agricultural land (approximately 700 ha). The Company and its consultants, Socrege, BEGE, and WSP, worked with the local population to agree on all resettlement areas for each of the communities potentially impacted by the project. The mining permit application was submitted on May 25, 2015 and was approved on August 11, 2016. The formal mining permit was received on January 25, 2017 (see Permit Status section for details).

### **2016 Resource Update**

In 2016, Orezone prepared an updated Mineral Resource estimate ("2016 Resource"). The estimate was audited, classified, and reported by RPA in a NI 43-101 Technical Report dated October 31, 2016 and based on drill hole information to December 2014. At a cut-off grade of 0.2 g/t Au for oxide and transition material and 0.38 g/t Au for fresh layers, Measured plus Indicated Mineral Resources were estimated to be 171.95 Mt at an average grade of 0.73 g/t Au for a total of four million ounces of contained gold. Using the same cut-off grades, Inferred Mineral Resources were estimated to total an additional 24.26 Mt at an average grade of 0.74 g/t Au for 579,000 ounces of contained gold. The Mineral Resource estimate had an effective date of September 7, 2016 and the supporting report was filed on SEDAR on November 7, 2016. Based on the modeling methodology, the level of completeness, and the removal of resources located near environmental sensitive areas, the 2016 estimate excluded mineralization and resources that had been included in the 2013 Resource Estimate.

The 2016 Resource Estimate resulted in a decrease in the estimated M&I Resource by 29% and a reduction in the average estimated gold grade by 4% to 0.97 gram per tonne (gpt). Within this the estimated oxidized and transition M&I Resource was reduced by 31% and the average gold grade by 2% to 0.89 gpt. The estimated fresh rock (sulphide) M&I Resource was reduced by 28% and the average gold grade by 6% to 1.04 gpt. It should be noted that approximately one third of the reduction in resources is the result of the removal of resources that occur in environmentally sensitive areas, and areas that have been set aside for the benefit of local artisanal miners. Most of these resources were already excluded from the 2015 reserves estimate as part of the 2015 FS. The remaining two-thirds of the reduction in resources were attributed to a more conservative approach to the modeling methodology than used in the 2013 estimate. This included the re-interpretation of the mineralized domains coupled with restrictions on the grade modeling of the lower grade domains. The result was the exclusion of a significant amount of mineralized drill intersections (composites) of both higher and lower grade, that occur outside of the modeled mineralized domains. Essentially, there was a significant amount of mineralization in the waste domain that is unaccounted for in the 2016 Resource.

As a result of the changes to the 2016 Resource, the 2015 Mineral Reserve estimate, as was detailed in the 2015 FS was withdrawn by the Company and should not be relied upon until it has been updated. The 2016 Resources are constrained within conceptual open pit shells prepared by RPA using parameters based on the studies completed on the project and adjusted for the economic conditions documented during Q2 2016.

### **2016 estimation methodology**

The methodology included estimating the grade in two principal grade domains, a higher grade +0.45 gpt domain (the core of mineralization) and a lower grade 0.2 to 0.45 gpt domain (the lower grade halo around the core). The grade of each domain (or envelope) was estimated using only the composited assays that occur within each envelope and therefore was a hard boundary between each domain. The 2016 Resource includes 4.01 Moz of M&I Resources (172 Mt @ 0.73 gpt which includes 3.2 Moz in 103 Mt @ 0.97 gpt). There are a further 0.58 Moz of Inferred Resources (24 Mt @ 0.74 gpt). These resources include a near surface oxide and transition resource of 1.94 Moz of M&I Resources (102 Mt @ 0.59 gpt which includes 1.36 Moz in 47 Mt @ 0.89 gpt) that averages 45 m in depth from surface. The 2016 Resource is based on a total of 440,009 m of drilling (to an average vertical depth of 120 m), including 283,940 m of Reverse Circulation ("RC") (4,703 holes) and 156,069 m of Diamond Drilling ("DD") (1,025 holes).

### **2017 Resource Update**

In September 2016, the Company contracted RPA to update the 2016 Resource to include several mineralized intervals that occurred within the pit shells and outside of the 2016 wire frame envelopes. The 2017 Resource Mineral Statement was released on January 10, 2017. The methodology used for the current resource estimate was based on the same parameters used for the September 7, 2016 resulting in the addition of 391 lower grade envelopes to the North and South models, many of which demonstrated grade continuity suitable to be classified as Measured and Indicated Mineral Resources. There was also

the addition of a minor third domain located outside the envelopes as an unconstrained model using a limited search ellipse up to 35 m by 35 m by 2.5 m. All of the "third domain" was classified as Inferred and will not be included in the mineral reserve estimate.

The overall results show that the gold ounces contained in the 2017 M&I Resources increased by 15% from 3.22 million ounces to 3.69 million ounces with a 5% reduction in the average gold grade to 0.92 gpt as compared to the 2016 estimate. Of this, the Oxidized and Transition M&I Resource increased by 10% with a 3% reduction in the average gold grade to 0.87 gpt and the fresh rock (Sulphide) M&I Resource increased by 18% with the average gold grade reduced by 7% to 0.97 gpt. For comparison purposes, these cut-off grades are above the lower economic cut-off grades that will be used for estimating the 2017 reserves.

The increase in the 2017 Resource is directly attributable to the modeling (wire framing) of the additional mineralization that had been previously categorized as waste (third domain) in the 2016 estimate and not due to a change in methodology, gold price or the drilling database.

The 2017 Mineral Resource Statement (Table 3) reports at the calculated economic cut-off gold grades of 0.2 gpt for oxide and 0.38 gpt sulphide. Compared to the 2016 estimate, at the calculated economic cut-off grades, the total Oxide and Transition M&I Resources increased from 1.935 Moz to 2.214 Moz and the total Sulphide M&I Resources increased from 2.074 million ounces to 2.556 million ounces.

**Table 3 - 2017 Mineral Resources Statement for the Bomboré Deposit, Burkina Faso, West Africa**

Material Type	Cutoff gpt	Measured Mineral Resource			Indicated Mineral Resource			Measured and Indicated Mineral Resource			Inferred Mineral Resource		
		Tonnes Mt	Grade gpt	Gold koz	Tonnes Mt	Grade gpt	Gold koz	Tonnes Mt	Grade gpt	Gold koz	Tonnes Mt	Grade gpt	Gold koz
Oxide+Tran HG	0.45	16.9	0.94	513	36.5	0.83	974	53.4	0.87	1,487	4.8	0.77	117
Oxide+Tran LG	0.2 to 0.45	18.5	0.33	196	50.1	0.33	531	68.6	0.33	727	16.4	0.29	151
<b>Total Ox+Tr</b>	<b>0.20</b>	<b>35.4</b>	<b>0.62</b>	<b>709</b>	<b>86.7</b>	<b>0.54</b>	<b>1,505</b>	<b>122.0</b>	<b>0.56</b>	<b>2,214</b>	<b>21.2</b>	<b>0.39</b>	<b>268</b>
Fresh HG	0.50	2.3	1.18	87	68.7	0.96	2,121	71.0	0.97	2,208	20.1	0.97	630
Fresh LG	0.38 to 0.5	0.8	0.43	11	24.2	0.43	337	25.0	0.43	348	6.9	0.43	96
<b>Total Fresh</b>	<b>0.38</b>	<b>3.1</b>	<b>0.99</b>	<b>97</b>	<b>93.0</b>	<b>0.82</b>	<b>2,458</b>	<b>96.0</b>	<b>0.83</b>	<b>2,556</b>	<b>27.0</b>	<b>0.84</b>	<b>726</b>
<b>Total HG</b>		<b>19.2</b>	<b>0.97</b>	<b>600</b>	<b>105.3</b>	<b>0.91</b>	<b>3,095</b>	<b>124.5</b>	<b>0.92</b>	<b>3,695</b>	<b>24.9</b>	<b>0.93</b>	<b>747</b>
<b>Total LG</b>		<b>19.2</b>	<b>0.33</b>	<b>206</b>	<b>74.4</b>	<b>0.36</b>	<b>868</b>	<b>93.6</b>	<b>0.36</b>	<b>1,075</b>	<b>23.3</b>	<b>0.33</b>	<b>246</b>
<b>Total HG + LG</b>		<b>38.4</b>	<b>0.65</b>	<b>806</b>	<b>179.6</b>	<b>0.69</b>	<b>3,964</b>	<b>218.1</b>	<b>0.68</b>	<b>4,770</b>	<b>48.2</b>	<b>0.64</b>	<b>994</b>

Notes: 1. CIM definitions were followed for Mineral Resources. 2. HG indicates material above the higher-grade cut-offs, LG indicates low grade material between the high grade and breakeven cut-off grades. 3. Mineral Resources are estimated at variable cut-off grades depending on weathering layer and location. 4. Mineral Resources are estimated using a long-term gold price of US\$1,400 per ounce. 5. A minimum mining width of approximately 3 m was used. 6. Bulk densities vary by material type. 6. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. 7. Numbers may not add due to rounding. 8. The effective date of this Mineral Resource statement is January 5, 2017.

The Company was planning to release a new Oxide and Transition Mineral Reserve estimate in Q4 2017, however, with new management in place the Company decided to complete a detailed review of the process flowsheet, capital and operating costs prior to completing.

The original planned flowsheet design was a combined Heap Leach and Carbon in Leach ("CIL") circuit. This circuit separated the fines from the coarser +212-micron product. That process was selected due to the high fines content that would require excessive cement for heap leach agglomeration and prevent construction of a normal heap pad height of 50-60m due to potential percolation and slump issues. The current review of the test work has shown that most of the oxide/upper transition material will report to the leach circuit without grinding. The softness of this material and its low abrasive index indicates that the small fraction of the material that requires a certain amount of grinding will take relatively limited power to achieve the necessary size reduction. Leach times are relatively fast, so the process will not require significant additional tankage than currently contemplated. This potential change should save significant capex with the elimination of the heap leach circuit and should also improve the overall process recovery resulting in improved cash flow due to the faster kinetics of tank leaching as opposed to heap leaching.

Based on this review, Orezone management has determined that the best course of action for the Company is to suspend work on the current reserve statement and the update to the feasibility study until the additional test work and current drill programme are completed. This additional work will be included in an updated mineral resource statement that the Company expects to release in Q1 2018 followed by the completion of a new feasibility study early in the second half of 2018.

### ***Bomboré Regional Exploration Potential***

The Bomboré oxide resources could be further expanded and upgraded by drilling the current inferred resources and the untested targets in the southern portion of the property with approximately 12,000 m of additional RC drilling. Furthermore, drill testing for ore grade mineralization in the untested gaps between the many smaller pits along the mineralized trend could result in the joining of several pits. This could add additional resources and may also marginally improve the overall strip ratio.

Approximately 2km south and along the Bomboré shear zone trend is the P17S sulphide prospect that hosts a new M&I resource of 26 koz (310,000 tonnes at a grade of 2.6 gpt) based on 22 core and 7 RC boreholes. The gold mineralization occurs in a deformed and shallowly plunging granodiorite unit. SGS Lakefield was contracted to perform a metallurgical test programme on 100 kg of representative composite samples from the P17S drill core and the results on average, are better than the whole ore cyanidation recoveries expected for main sulphide material at Bomboré based on a standard CIL circuit. These results are particularly interesting with grades above the average grade of the Bomboré resource and could have a positive impact on the project economics of the Phase 2 sulphide expansion. Drill results since November 2016 continue to indicate that the resource could be significantly larger.

### ***Permit status***

The original Bomboré I exploration permit (104.5 square kilometres) 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 and fiscal policies rather than to the 2003 mining Code under which the application was filed.

In May 2017, the Company received the Order that sets the 2-year Construction fiscal regime period from 30 December 2016 to 29 December 2018. If construction is not completed during this 2-year period, the Company can apply for one 1-year extension, whose granting is subject to at least 50% of the construction having been completed during the initial two-year period. Fiscal exonerations are reduced or terminated after the expiry of the construction period. If granted, full Construction period exonerations will apply for the additional year of construction. Since the Company is not expected to make a decision about the construction of the mine before the completion of the Feasibility Study update, currently expected to be completed during H2 2018 and as provided by the Mining Code, the Company applied for and the Minister of Mines approved on November 23, 2017 the request to suspend construction for up to 2 years. The Burkina Faso Mining Code provides for two 2-year exemption periods that can be applied for by the Company and, if granted, can delay the beginning of the 2-year Construction fiscal regime by as much as four years.

The Bomboré project includes the mining permit (25 square kilometres) and four exploration permits; Toéyoko (46.7 square kilometres), Bomboré II (18.2 square kilometres), Bomboré III (48.1 square kilometres) and Bomboré IV (12.4 square kilometres). The second three-year term of the Toéyoko permit expired in July 2017 and the Company applied to renew the permit for the final three-year term in April 2017. The Company received the official renewal *Arrêté* for the last 3-year tenure from the Ministry of Mines on August 1, 2017. The Bomboré II, Bomboré III and Bomboré IV permits will expire in January 2020 and may be renewed for two additional three-year terms. In June 2017, the Company submitted applications to expand the surface area of its Bomboré II, Bomboré III and Bomboré IV exploration permits, essentially to cover various gaps between the mining permit and the explorations permits. Our applications were all accepted and a new *Arrêté* issued for each of the three expanded permits on October 27, 2017, bringing the total surface area of the Bomboré Gold Project to 150 square kilometres.

The Government of Burkina Faso requires an annual minimum exploration expenditure of 270,000 CFA (~ US \$488) per square kilometres resulting in a minimum of 33,800,000 CFA (~ US \$61,089) for its exploration permits. Expenditures can be carried forward year over year throughout the term and renewals of the permits. The Company has not had any difficulty in meeting these minimum requirements.

### ***Ownership***

The Company owns a 100% interest in the exploration permits. The government of Burkina Faso retains a sliding scale net smelter returns ("NSR") royalty of 3% to 5%, depending on the gold price, and a 10% carried interest if the project is mined. On June 26, 2015, the Conseil National de la Transition (National Council of Transition) approved a new mining code which

was promulgated on October 29, 2015, since January 2017, the government commenced the release of a series of Decrees and Orders that will progressively implement the 2015 mining code in 2017. See note below, "New Mining Code" for further details.

### ***Analysis of expenditures on the Bomboré Gold Project***

Expenses related to total exploration and evaluation costs increased by \$2.3M over the comparative prior-year period mainly due to an ongoing drilling programme that commenced in Nov'16, the ongoing feasibility study update, a resource update and modelling software training, and community relations costs while drilling activities did not commence until Q4'16. Drilling and assaying expenditures at Bomboré increased by \$1.6M over the comparative prior-year period due to 8,176 meters drilled in Q1'17, 6,955 meters drilled in Q2'17 and 11,441 meters drilled in Q3'17 of the ongoing drilling programme. Exploration and development costs increased by \$179K over the comparative prior-year period due to a resource update and modelling software training offset slightly by lower environmental study costs. General Camp, infrastructure and other costs for the nine-month period ended September 30, 2017 increased by \$470K over the comparative prior-year period due to increased camp activity as a result of the ongoing drilling programme and increased security at camp level as well as community relations costs. Exploration survey costs increased by \$51K over the comparative prior-year period due to increased wages and the IP survey with limited field activity in 2016.

### ***Bondi Project***

On May 24, 2016, the Company agreed to a sale and transfer of the Bondi project to Sarama for the consideration of 9.6M Sarama shares valued at C\$0.15 per share, plus 3M warrants priced at C\$0.195 per share with an expiry of two years and 2M warrants priced at C\$0.24 per share with an expiry of three years, both from the date of issue. The transaction also includes a US\$20/oz 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. The Company recorded a gain on the sale of the project of \$1.4M.

### ***New Mining Code***

The mining legislation of Burkina Faso provides for certain fiscal policies that are specific to mining activities and offers certain tax incentives for titleholders at different stages of their projects. On June 26, 2015, the *Conseil National de la Transition* approved a new Mining Code that was adopted by the parliament on July 16, 2015, and promulgated on October 29, 2015.

Since January 2017, the government commenced the release of a series of seven Decrees that will implement the 2015 mining code; these Decrees will be followed by several Orders that will further define how the 2015 Mining Code will be implemented. Items within the new Mining Code include, amongst others, the introduction of a new tax of 1.0% of the gross revenues to support a Mining Fund for Local Development, an effective increase in income tax rates from 17.5 to 27.5%, penalties for changes in production levels, the obligation for a mining company to pay a dividend if an after-tax profit is made and adequate reserves have been accumulated, and for feasibility studies to include a plan for the training and the promotion of local mining executives. The Company intends to pursue all possibilities with the government of Burkina Faso that may potentially offset the negative impact of the 2015 mining code on the overall economics of the project.

### ***Financial Review***

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

**Table 4 – Financial Information**

The components of general and administrative costs for the three and nine month periods ended September 30 were as follows:

<b>Expenses</b>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Exploration and evaluation	<b>884,579</b>	626,055	<b>3,666,432</b>	1,542,154
General and administrative	<b>994,421</b>	420,473	<b>2,748,344</b>	1,341,297



Share-based compensation	227,744	46,222	911,284	212,444
Depreciation and amortization	84,360	109,672	260,708	360,016
<b>Total Expenses</b>	<b>2,191,104</b>	1,202,422	<b>7,586,768</b>	3,455,911
<b>Other income (loss)</b>	<b>1,466,820</b>	27,083	<b>1,619,677</b>	(31,561)
<b>Net loss before tax</b>	<b>(724,284)</b>	(1,175,339)	<b>(5,967,677)</b>	(3,487,472)
<b>Income tax</b>	-	-	-	(5,980)
<b>Net Loss</b>	<b>(724,284)</b>	(1,175,339)	<b>(5,967,677)</b>	(3,493,452)
Foreign currency translation income (loss)	665,174	(60,583)	1,292,480	(72,505)
Net change in fair value of available for sale financial assets	(331,376)	-	(331,376)	-
<b>Other comprehensive income (loss)</b>	<b>333,798</b>	(60,583)	<b>961,104</b>	(72,505)
<b>Net loss per common share, basic and diluted</b>	<b>(0.01)</b>	(0.01)	<b>(0.04)</b>	(0.03)

The components of general and administrative costs for the three and nine month periods ended September 30 were as follows:

**Table 5 – General & Administrative Expenses**

Expenses	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Salaries and employee costs	447,024	210,672	1,418,634	632,906
Public company costs	51,873	38,305	219,043	152,258
Professional fees	127,282	46,587	252,862	227,838
General and office costs	328,853	72,518	711,248	218,013
Investor relations and travel	39,389	52,391	146,557	110,282
<b>Total Expenses</b>	<b>994,421</b>	420,473	<b>2,748,344</b>	1,341,297

**Table 6 – Consolidated Balance Sheets (Summary)**

Items	September 30, 2017	December 31, 2016
Cash	13,359,328	22,099,768
Investment	1,313,091	-
Interest in exploration properties	2,063,958	2,224,746
Non-current liabilities	-	3,600,000
Shareholders' equity	16,348,395	20,443,098
Total assets	17,243,858	24,848,587
Comprehensive loss	(5,005,077)	(6,157,560)

The Company is in the exploration and evaluation phase and does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration and evaluation activities undertaken on the active projects and the administrative expenses required to operate and carry out these activities as well as other items such as interest income and foreign exchange gains/losses. Below is a discussion of the major items that impact net loss for the three and nine-month periods ended September 30, 2017 and 2016.

Exploration and evaluation costs in the three and nine-month period ended September 30, 2017 increased by \$0.3M and \$2.1M respectively over the comparative prior-year periods. The increased expenditures are mainly due to:

- 11,441 m and 26,572 m drilled during the three and nine-month period ended September 30, 2017 vs. zero and 521 m drilled the three- and nine-month period ended September 30, 2016;
- increased exploration and development study costs as a result of a resource update and modeling software training; and
- increased camp activity and security at camp level.

General and administrative costs ("G&A") include both the Company's head office expenses and the local office related to the Company's subsidiaries. Head office G&A encompasses the costs of head office salaries and benefits, director compensation, professional fees, investor relations, travel, facilities and IT, as well as all costs associated with maintaining the Company's listing on the TSXV.

Total G&A costs in the three and nine-month periods ended September 30, 2017 increased by \$574K and \$1.4M respectively from the comparative prior-year periods mainly due to:

- salary and employee costs increased by \$785K compared to the prior-year periods mainly due to severance costs to the previous President & CEO, implementing recommendations from the compensation review completed during 1H'17; offset slightly by a decrease in Burkina Faso General & Administration salaries as some costs were allocated to Exploration and Evaluation during the ongoing drilling programme;
- an increase in general & office costs of \$471K as compared to the prior-year periods mainly due to Bomboré SA permit taxes incurred year-to-date whereas the mining permit was not yet received as at Q3'16, increased Burkina Faso travel, added security and software training at the in-country administrative office compared to the prior year periods;
- an increase of \$36K in IR & Travel costs as compared to the prior-year periods mainly due to an increase in conference & marketing related costs as well as costs relating to the website update in 1H'17; and
- an increase of \$67K in public company costs as compared to the prior-year period due to costs related to Board expenses as well as an increase in filing fees as compared to the prior year.

Share-based compensation expenses recognized increased by \$699K over the comparative prior-year period mainly due to the grant of stock options to executives and employees in June 2017 where the first tranche vests immediately.

Other income (loss) in the three and nine-month periods ended September 30, 2017 increased by \$1.4M and \$1.6M respectively compared to the prior-year period. On August 22, 2017, the Company completed the sale of Bondi to Sarama and received 9.6M Sarama shares valued at C\$0.17 per share, plus 3M warrants priced at C\$0.195 per share with an expiry of two years and 2M warrants priced at C\$0.24 per share with an expiry of three years. The gain on the sale of the Bondi project is \$1.4M, There is no corresponding gain in the prior periods. Other increases are due to increased interest income of \$48K compared to the comparable prior-year period. In addition because the Sandstorm royalty was repurchased in January 2017, there was no interest expense in 2017 compared to \$300K in 1H'16 and a higher foreign exchange gain of \$48K compared to the comparable prior-year period.

### **Summary of Quarterly Results**

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

**Table 7 – Summary of Quarterly Results**

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
	\$	\$		\$	\$	\$	\$	\$
<b>Net loss attributable to common shareholders</b>	(0.72)	(3.25)	(1.99)	(2.01)	(1.18)	(1.07)	(1.24)	(1.57)
<b>Net loss per share, basic and diluted</b>	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

The decrease in net loss during Q3 2017 as compared to the second quarter in 2017 is primarily due to the gain on the Bondi sale offset by drilling activity, higher salaries and severance costs incurred in Q2'17 and a stock option grant in Q2'17. The loss is lower compared to quarters in 2016 due to the gain on the Bondi sale and there was no drilling or significant exploration work done. The majority of ongoing technical activities were completed by the end of 2015.

### **Sandstorm Gold Ltd. Royalty**

On January 27, 2015, the Company announced the completion of a royalty purchase agreement ("Agreement") with Sandstorm that provided up to \$8.0M in financing to advance the Bomboré Project. Sandstorm initially purchased a 0.45% net smelter returns ("NSR") royalty on future revenues from Bomboré (the "Upfront Royalty") for \$3.0M. The Company exercised its option to buy back 100% of the Upfront Royalty in January 2017 for \$3.6M.

The Agreement also granted Sandstorm a right of first refusal ("ROFR") on all future gold stream financings ("Stream") completed by the Company for up to three years after to the commencement of commercial production on the Bomboré Gold Project, regardless of the Company exercising its buy back option.

### **Liquidity and Capital Resources**

The Company raises funds through the issuance of equity to conduct its activities, or through the sale of royalties or related interests. The Company has no mining operations and does not generate revenue from its operating activities.

The Company had cash of \$13.4M at September 30, 2017, a decrease of \$8.7M compared to the \$22.1M cash position at December 31, 2016. The Company had a working capital of \$14.3M at September 30, 2017.

As at November 28, 2017, the Company had approximately \$12.1M in cash. The Company currently has no committed funding or financing arrangements.

The Company intends to use part of its treasury to advance the Bomboré Gold Project during the remainder of 2017. The Bomboré activities underway include exploration drilling as well as updating the reserves, mine plan and commencing a revised feasibility study based on an updated process flowsheet. The drill programme is ongoing and continued into Q3 2017. Other activities include training programmes for local peoples in the Bomboré region in combination with initial relocation work and minor infrastructure construction. Management is confident that the current working capital is sufficient to sustain the Company's exploration and evaluation, continued development plans and general and administrative expenses on an ongoing basis at current levels and, based on planned expenditures and current contract commitments into 2019.

Upon completion of an updated and positive feasibility study, the board will consider all alternatives including a full project financing or partnership that will be required to construct a mine at Bomboré. If the typical project financing facilities of debt and equity are not available on terms satisfactory to the Company, management and the Board of Directors may consider other strategic alternatives and re-evaluate programmes and potentially defer some development activities in order to conserve its total resources in such a manner as deemed to be in the best interest of the Company and its stakeholders.

### **Use of Proceeds from Financings**

On March 21, 2016, the Company announced the arrangement of a non-brokered private placement of \$3.8M (C\$5M) whereby it issued 10,000,000 common shares at a price of C\$0.50 per share. The private placement closed March 30, 2016 and the Company has used all of the proceeds for expenditures to advance the Bomboré Gold Project through the permitting process and general corporate purposes.

On July 19, 2016, the Company completed a \$20.3M (C\$26.5M) short form prospectus financing that resulted in net proceeds of \$19.1M (C\$24.8M) whereby 26,450,000 common shares were issued at a price of C\$1.00 per share. However, as a result

of subsequent events, including its comprehensive review of the Bomboré Project following the appointment of its new CEO, the use of proceeds set out in the short-form prospectus, have been reallocated. The reallocation has principally been to provide the Company with the necessary funding to prepare an update resource and feasibility study that was not anticipated at the time of the prospectus. As of September 30, 2017, the Company has used \$6.6 M of the net proceeds as outlined in table 8 below:

**Table 8 – Use of Net Proceeds from the July 2016 Financing**

2016 Financing Categories	July 2016	Actual Expenditures to
	Prospectus	September 30, 2017
	\$ M	\$ M
Bomboré detailed engineering	1.9	-
Relocation preparation	1.0	-
Construction of bridge and fence	1.6	-
Camp construction	3.1	-
Construction of new village	5.4	-
Buyout of Sandstorm Royalty	3.6	3.6
Working Capital and General Corporate purposes	2.5	1.3
Exploration & Feasibility Study expenses	-	1.7
<b>Total use of proceeds</b>	<b>19.1</b>	<b>6.6</b>

### Share Capital Information

As at September 30, 2017, the Company had 154,050,364 common shares outstanding (fully diluted – 167,001,364).

**Table 9 – Stock Options Outstanding as at September 30, 2017**

Range of exercise prices	Outstanding			Exercisable	
	Outstanding options	Remaining contractual life (in years)	Weighted-average outstanding exercise price C\$	Vested options	Weighted-average vested exercise price C\$
\$0.00 to \$0.49	4,542,500	4.55	0.35	3,882,506	0.36
\$0.50 to \$0.99	7,320,000	7.35	0.75	3,886,670	0.73
\$1.00 to \$1.99	888,500	0.32	1.50	888,500	1.50
\$2.00 to \$2.99	200,000	3.03	2.35	200,000	2.35
	<b>12,951,000</b>	<b>5.82</b>	<b>0.69</b>	<b>8,857,676</b>	<b>0.68</b>

### Contractual Obligations

As at September 30, 2017, the Company had contractual obligations for head office rent, professional fees, community relations, feasibility study update costs, communication services, camp catering costs, drilling activities, IT services and equipment and inventory purchases and rentals in the amount of \$742,007 (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 2017 and 2018 fiscal years.

Subsequent to September 30, 2017, the Company entered into further contractual obligations in the amount of \$807,586 for feasibility study update costs, training, and equipment and inventory purchases and rentals, of which the majority are expected to be payable throughout the 2017 and 2018 fiscal years.

### Off Balance Sheet Arrangements

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

### **Transactions with Related Parties**

The Company had no transactions with related parties for the three and nine month periods ended September 30, 2017.

### **Proposed Transactions**

The Company continually reviews potential merger, acquisition, investment and other joint venture and strategic alternative transactions that could enhance shareholder value.

### **Risks and Uncertainties**

The Company is in the business of exploring for minerals and if successful, ultimately mining them. The natural resource industry is by its nature, both cyclical and with significant risks as listed below. Even though Management has been successful in the past in developing economic deposits, there is no assurance that the Company's projects will become economically viable. Once a potentially economic deposit is identified, the Company's ability to establish a profitable mining operation is subject to a host of variables including technical considerations, regulatory and political issues and economic factors (including the need to source the capital required to develop the project). Many of these are beyond the control of the Company. The most significant risks and uncertainties faced by the Company are:

- Orezone's ability to successfully establish mining operations and profitably produce gold;
- Potential for the Company to become subject to additional tax liabilities;
- Permitting and license Risks;
- Changes in, and volatility of, the price of gold;
- Operating in West Africa, including changes in government related unrest, protests and vandalism, government sanctions and related operational delays due to acts of protest and or terrorism, government instability and war;
- The speculative nature of resource exploration and development projects;
- Potential changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation;
- Potential changes to the mining code of Burkina Faso, tax laws, and related government guarantees or stabilization agreements thereof and the ability of the Company to dispute any changes that may negatively impact the value of the project and shareholder returns;
- The accuracy of Orezone's mineral resource and reserve estimates;
- The fact that Orezone has a history of losses and expects to incur losses for the foreseeable future;
- Orezone's reliance on its Management team;
- The availability of local labour, local and outside contractors and equipment when required to carry out our exploration and development activities;
- The Company's ability to finance the development of its mineral projects;
- Uncertainties related to title to the Company's mineral projects;
- The Government of Burkina Faso's interests in subsidiaries of Orezone holding mining permits;
- Health risks associated with the mining workforce in Burkina Faso;
- Environmental risks;
- Operational risks and hazards inherent in the mining industry including the security and protection of its employees against unforeseen events;
- The potential inability to maintain the infrastructure necessary to carry out mining, processing, development and exploration activities;
- Operations of the Company are carried out in geographical areas which are subject to various other risk factors;
- The Company's property interests are held in areas in Burkina Faso that have historically been mined by artisanal miners;
- Mining companies face increasing public scrutiny and monitoring of their activities to demonstrate that operations will benefit local governments and communities surrounding projects;
- Impact of evolving anti-corruption laws;
- The potential unavailability of insurance to cover certain risks;
- The competitive nature of the mining industry;
- Currency fluctuations;

- The Company does not intend to pay dividends in the foreseeable future;
- Investors may have difficulty enforcing judgments;
- Shareholders' interest in the Company may be diluted in the future;
- Factors that have historically made Orezone's share price volatile;
- Investors outside of Canada may have difficulty bringing actions and enforcing judgments against the Company, its directors, its executive officers and some of the experts named in this MD&A; and
- Differences in US and Canadian practices for reporting mineral resources.

#### Financial Risks

- Foreign currency risk;
- Market price risk;
- Liquidity risk;
- Credit risk; and
- Title risk, including renewals and application delays.

For a more detailed discussion of the above risk factors, refer to the Company's Annual Information Form and the Company's Annual Financial Statements filed for the year ended December 31, 2016.

### **Standards, Amendments and Interpretations not yet Effective**

#### **Revenue recognition**

##### Revenue recognition

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15") 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. On 22 July, 2015 the IASB confirmed a one-year deferral of the effective date of IFRS 15 to January 1, 2018. Early adoption is permitted.

##### 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 that we present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The effective date of IFRS 9 is January 1, 2018. Earlier adoption is permitted.

##### Leases

The IASB issued IFRS 16 – *Leases* to replace IAS 40 – *Investment Property*, the objective of this standard is to set out the principles for the recognition, measurement, presentation and disclosure of leases. The effective date of IFRS 16 is January 1, 2019. Earlier adoption is permitted.

#### **Financial Instruments**

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

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

The Company does not currently have derivative instruments.

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

- Cash is classified as FVTPL, which is measured at fair value.
- Trade and other receivables, excluding taxes receivable balances that do not meet the definition of a financial instrument, and refundable deposits included in prepaid expenses and deposits, are classified as loans and receivables, which are measured at amortized cost, using the effective interest method, less any impairment losses.
- The investment is classified as available-for-sale, which is measured at fair value.
- Accounts payable and accrued liabilities, excluding taxes payable balances that do not meet the definition of a financial instrument, are classified as other financial liabilities, which are measured at amortized cost, using the effective interest method.
- The royalty-based obligation relating to the upfront royalty from Sandstorm Gold Ltd. is classified as a financial liability at FVTPL which is measured at fair value with unrealized gains (losses) recognized in net income (loss).

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

### **Critical Accounting Estimates and Judgments**

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

#### **Critical judgments in applying accounting policies**

##### *Going concern risk assessment*

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

##### *Determination of functional currency*

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

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

As disclosed in note 3(h) of the 2016 Annual Financial Statements, Management judgment is applied in capitalizing costs related to acquired mineral property rights and property, plant and equipment. Management has determined that expenditures incurred during the exploration and evaluation phase will be expensed as incurred until it determines that the technical feasibility and commercial viability of a mineral property has been established.

##### *Impairment of non-financial assets*

Management assesses non-financial assets for impairment as disclosed in note 3(k) of the 2016 Annual Financial Statements.

##### *Deferred income taxes*

Judgment is required in order to determine whether to recognize deferred tax assets and/or liabilities on the statement of financial position. Management must assess the extent to which it is probable that the Company and its subsidiaries will have future taxable profits available against which it can recognize unused tax losses or unused tax credits as well as sufficient loss

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 and its operating subsidiary tax filings may be reviewed from time to time in accordance with the Income Tax Act (Canada) and the Burkina Faso Code respectively. The Company's interpretations of underlying tax regulations may differ from those of the respective 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 obligation should be classified as a financial liability at fair value through profit and 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 and warrants*

Management assesses the fair value of stock options and warrants, as disclosed in note 3(q) of the 2016 Annual Financial Statements, using the Black-Scholes option pricing model. This model requires Management to make estimates and assumptions with respect to inputs including the risk-free interest rate, volatility and expected life of the equity-settled instruments. As well, Management must make assumptions about anticipated forfeitures based on the historical actions of plan participants which may not be a true representation of future participant exercise behaviour.

##### *Useful lives of property, plant and equipment*

As disclosed in note 3(j) of the 2016 Annual Financial Statements, Management reviews its estimate of the useful life of property, plant and equipment annually and accounts for any changes in estimates prospectively.

#### **Forward Looking Statements**

Management's Discussion and Analysis of Financial Position and Total Comprehensive Loss for the three and nine month periods ended September 30, 2017 may contain or refer to certain forward-looking statements relating, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking statements 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 and the timing of updates thereof, planned expenditures on the Company's projects, obtaining renewed exploration permits, obtaining the official mining Decree and related mining convention, estimates of future production, unit costs and capital costs, the ability to demonstrate the economic feasibility of the mineral deposits to a level up to and including that of a full feasibility study, the ability to obtain adequate financing as needed in the future to fund ongoing exploration or production activities, the timing of commencement of operations, and estimates of the amount of time the Company may carry on operations with existing cash resources and available funding, 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 material which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals and sufficient financing, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects the failure of parties to contracts to honor contractual commitments, unexpected increases in budgets costs and expenditures, 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 the standards of the CIM and disclosed in accordance with 43-101 adopted by the Canadian Securities Administrators. The disclosure 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, Geo., Senior Vice President of Exploration, the Company's qualified person under NI 43-101, supervises all work associated with exploration and development programmes in West Africa. Mr. Tim Miller, the Company's Chief Operating Officer, and Mr. Patrick Downey, P. Eng., the President and Chief Executive Officer, are also qualified persons under NI 43-101. One or more of the Company's qualified persons have reviewed, approved and verified the technical information in this MD&A. Orezone has also filed a current technical report on the Bomboré Gold Project titled "Technical Report On The Updated Mineral Resource Estimate For The Bomboré Gold Project, Burkina Faso, West Africa" and dated January 12, 2017 which contains detailed information about assay methods and data verification measures used to support the scientific and technical information disclosed in this MD&A.

#### **Other MD&A Requirements**

Additional information related to the Company including the Company's Annual Information Form and technical reports can be found on SEDAR at [www.sedar.com](http://www.sedar.com).