B2GOLD CORP.

(A Development Stage Company)

Consolidated Financial Statements

December 31, 2007

(in United States dollars)

PricewaterhouseCoopers LLP
Chartered Accountants
PricewaterhouseCoopers Place
250 Howe Street, Suite 700
Vancouver, British Columbia
Canada V6C 3S7
Telephone +1 604 806 7000
Facsimile +1 604 806 7806

Auditors' Report

To the Shareholders of B2Gold Corp.

We have audited the consolidated balance sheet of B2Gold Corp. as at December 31, 2007, and the consolidated statements of loss and comprehensive loss and cash flows for the period from inception November 30, 2006 to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and the results of its operations and cash flows for the period from inception November 30, 2006 to December 31, 2007, in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, BC
April 25, 2008

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2007
(In United States dollars)

Assets	
Current	
Cash and cash equivalents	**$ 98,982,803**
Accounts receivable *(Note 11)*	**1,078,579**
Note receivable from Puma *(Note 4)*	**2,067,856**
Derivative instrument ("Puma Option") *(Notes 2, 4 and 15)*	**3,045,625**
Prepaids	**104,200**
	105,279,063
Resource property interests *(Notes 5, 15 and Schedule)*	**7,251,663**
Gramalote investment *(Notes 6 and 15)*	**17,283,072**
Other assets *(Note 7)*	**825,982**
	$ 130,639,780
Liabilities	
Current	
Accounts payable and accrued liabilities	**$ 1,114,726**
Accrued Gramalote purchase payment *(Note 6)*	**7,500,000**
Notes payable to Kinross *(Notes 4 and 8)*	**2,572,553**
Related party loans *(Notes 9 and 11)*	**101,839**
	11,289,118
Notes payable to Kinross *(Notes 4 and 8)*	**2,404,254**
Future income tax liabilities *(Note 12)*	**652,028**
	14,345,400
Shareholders' Equity	
Capital stock *(Notes 9 and 15)*	
Authorized	
- unlimited number of common shares, without par value	
- unlimited number of preferred shares, without par value	
Issued	
- 132,277,500 common shares	**117,852,009**
Value assigned to stock options and share purchase warrants *(Notes 6 and 9)*	**2,638,226**
Deficit	**(4,195,855)**
	116,294,380
	$ 130,639,780

Commitments *(Notes 4,5 6 and 15)*
Subsequent events *(Note 15)*

Approved by the Board *"Clive T. Johnson"* Director *"Robert J. Gayton"* Director

(See accompanying notes to consolidated financial statements)

CONSOLIDATED STATEMENT OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE PERIOD FROM INCEPTION (NOVEMBER 30, 2006) TO DECEMBER 31, 2007
(in United States dollars, except shares)

Expenses	
Salaries and benefits	**$ 1,598,444**
Travel, meals and entertainment	**646,908**
Office and general	**554,422**
Rent and utilities	**467,028**
Consulting fees	**352,963**
Audit fees	**166,416**
Amortization	**46,743**
Loss before the undernoted expenses (income)	**3,832,924**
Write-off of resource property interests *(Note 5)*	**2,312,486**
Foreign exchange gain	**(1,551,184)**
Interest income	**(537,297)**
Stock-based compensation *(Note 9)*	**446,369**
Interest on notes payable to Kinross *(Note 8)*	**369,380**
Management fees *(Note 11)*	**(273,669)**
Unrealized loss on derivative instrument ("Puma Option") *(Note 2)*	**54,456**
Loss before income taxes	**4,653,465**
Current income tax	**24,128**
Future income tax recovery	**(481,738)**
Loss and comprehensive loss for the period/ Deficit, end of period	**$ 4,195,855**
Basic and diluted loss per common share	**$ 0.13**
Weighted average number of common shares outstanding	**32,384,853**

(See accompanying notes to consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION (NOVEMBER 30, 2006) TO DECEMBER 31, 2007
(in United States dollars)

Operating activities	
Loss for the period	**$ (4,195,855)**
Non-cash charges (credits)	
Write-off of resource property interests	**2,312,486**
Future income tax recovery	**(481,737)**
Stock-based compensation	**446,369**
Interest on notes payable to Kinross	**369,380**
Unrealized loss on derivative instrument (“Puma Option”)	**54,456**
Interest income on note receivable from Puma	**(164,178)**
Amortization *(Note 7)*	**46,743**
Changes in non-cash working capital	
Accounts receivable and prepaids	**(1,182,779)**
Accounts payable and accrued liabilities	**755,045**
	(2,040,070)
Financing activities	
Common shares issued for cash, net of issue costs *(Note 9)*	**116,927,049**
Related party loans, received *(Notes 9 and 11)*	**1,535,236**
Related party loans, repayments *(Note 11)*	**(554,720)**
	117,907,565
Investing activities	
Gramalote investment	**(7,701,674)**
Colombia properties interest, exploration	**(4,958,985)**
Repayment of note payable to Kinross	**(2,250,266)**
Kupol East West licenses, exploration	**(1,817,793)**
Office furniture and equipment	**(198,369)**
Colombia Joint Venture Arrangement, cash acquired *(Note 4)*	**282,000**
Colombia land purchases	**(116,571)**
Other	**(123,034)**
	(16,884,692)
Increase in cash and cash equivalents	**98,982,803**
Cash and cash equivalents, beginning of period	**-**
Cash and cash equivalents, end of period	**$ 98,982,803**

Supplementary cash flow information *(Note 10)*

(See accompanying notes to consolidated financial statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the period from inception (November 30, 2006) to December 31, 2007
(in United States dollars unless otherwise stated)

1 Nature of operations

B2Gold Corp. ("B2Gold") was incorporated as a private company under the Business Corporations Act (British Columbia) on November 30, 2006. On December 6, 2007, B2Gold completed its initial public offering *(Note 9)* and listed its common shares for trading on the TSX Venture Exchange.

B2Gold was formed by certain former executives of Bema Gold Corporation. B2Gold and its subsidiary companies (collectively the "Company") is a mineral exploration Company that acquires and explores mineral properties, primarily for gold, in Colombia and Russia. All of the Company's interests relate to mineral properties that are currently at an early stage of exploration, including its Gramalote, Quebradona and Miraflores properties in Colombia and the East and West Kupol licenses in Russia.

2 Summary of significant accounting policies

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. The United States dollar is the Company's functional currency; accordingly, these consolidated financial statements are expressed in United States dollars.

Principles of consolidation
These consolidated financial statements include the accounts of B2Gold and its wholly-owned subsidiaries Andean Avasca Resources Inc. ("AARI"), Colombian Ventures Ltd., Avasca Ventures Ltd., BKWE Ventures Limited, Netscout Limited and Graminvest Ventures Limited. Intercompany balances and transactions are eliminated on consolidation.

The Company follows the recommendations in Accounting Guideline 15, "Consolidation of Variable Interest Entities ("VIE")" which establishes the application of consolidation principles to entities that are subject to control on a basis other than ownership of voting interests. The guideline requires the primary beneficiary of a VIE to consolidate the VIE. A VIE is an entity which either does not have sufficient equity at risk to finance its activities without additional subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest. The primary beneficiary is the enterprise that will absorb or receive the majority of the VIE's expected losses, expected residual returns, or both. The Company has determined that the trust arrangement under its Incentive Plan identified in Note 9 is a VIE.

Use of estimates
The preparation of these consolidated financial statements in conformity with generally accepted accounting principles in Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents
Cash and cash equivalents includes cash and money market instruments expected to be capable of prompt liquidation which have an original maturity of three months or less at acquisition. Cash and cash equivalents are designated as "held-for-trading" with changes in fair value recorded in the Statement of Loss.

Resource property interests
Mineral acquisition, exploration and development costs are capitalized on an individual project basis until such time as the economics of an ore body are defined. If production commences, these costs

would be amortized on a units of production basis over the estimated mineral reserves. Unrecoverable costs for projects determined not to be commercially feasible are expensed in the year in which the determination is made or when the carrying value of the project is determined to be impaired.

Property evaluations
The Company reviews and evaluates the carrying value of resource property interests when events and circumstances suggest impairment. Where information is available and conditions suggest impairment, estimated future net cash flows are calculated using estimated future prices, proven and probable reserves, resources and operating and capital costs on an undiscounted basis. An impairment charge is recorded if the undiscounted future net cash flows are less than the carrying amount. Reductions in the carrying value, with a corresponding charge to operations, are recorded to the extent that the estimated future net cash flows on a discounted basis are less than the property interest carrying value.

Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered. If an impairment is identified, the carrying value of the property interest is written down to its estimated fair value.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Investments
Investments classified as available-for-sale are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Equity investments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. Investments classified as held-to-maturity are measured at amortized cost using the effective interest method. Investments in companies over which the Company can exercise significant influence are accounted for using the equity method.

Foreign exchange translation
The Company's foreign subsidiaries are integrated operations and financial statements stated in foreign currencies are translated using the temporal method. Currency transactions and balances are translated into the reporting currency as follows:

- Monetary items are translated at the rates prevailing at the balance sheet date;
- Non-monetary items are translated at historical rates;
- Revenues and expenses are translated at the average rates in effect during applicable accounting periods except depreciation and amortization which are translated at historical rates; and
- Exchange gains and losses on foreign currency translation are included in operations for the period.

Future income taxes
The Company uses the liability method of accounting for future income taxes. Under this method of tax allocation, future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

Asset retirement obligations
The Company recognizes the fair value of a liability for an asset retirement obligation when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time are measured by applying an effective interest method and recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. As at December 31, 2007, the Company did not have any asset retirement obligations.

Loss per share
Basic per share amounts are calculated using the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated using the treasury-stock method, which assumes that any proceeds from the exercise of options and warrants would be used to purchase common shares at the average market price during the period. The weighted average number of common shares outstanding is adjusted for the net increase in the number of common shares issued upon exercise of the options and warrants. Stock options and warrants are included in the calculation of diluted per share amounts only to the extent that the average market price of the common shares during the period exceeds the exercise price of the options or warrants. When the Company has incurred a loss, the potential shares to be issued from the assumed exercise of options and warrants are not included in the computation of diluted per share amounts since the result would be anti-dilutive.

Stock-based compensation
Compensation expense for stock options granted are determined based on the estimated fair values of the stock options at the time of grant, the cost of which is recognized over the vesting periods of the respective options (and recorded as a charge to operations or capitalized to resource properties). In the determination of fair values, the Company uses the Black-Scholes option pricing model. Fair values are determined at the time of grant. Consideration received on the exercise of stock options is recorded as share capital.

Financial instruments
Effective November 30, 2006, the Company adopted the following three new accounting standards and related amendments to other standards on financial instruments issued by the Canadian Institute of Chartered Accountants ("CICA").

- *Financial Instruments – Recognition and Measurement (Section 3855)*
  This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a company's balance sheet and measured either at fair value or, in certain circumstances, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations or other comprehensive income. All financial assets and liabilities are recognized when the entity becomes a party to the contract.

  All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification:

  - Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost.

  - Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.

  - Held-for-trading financial instruments are measured at fair value. All gains and losses are included in net earnings/ loss in the period in which they arise.

  - All derivative financial instruments are classified as held-for-trading financial instruments and are measured at fair value. All gains and losses are included in net earnings/ loss in the period in which they arise.

  In accordance with this new standard, the Company has classified its financial instruments as follows:

  - Cash and cash equivalents have been designated as "held-for-trading".

  - Accounts receivable and the note receivable from Consolidated Puma Minerals Corp. ("Puma")*(Note 4)* are "receivables", initially valued at fair value and subsequently measured at amortized cost.

  - Puma Option *(Note 4)*, is a derivative instrument (as the value of the option changes with the underlying market price of Puma common shares) and as such is classified as held-for-trading. Derivatives are recorded on the balance sheet at fair value with mark-to-market adjustments included in net income/ loss.

  - The Company's Gramalote investment *(Note 6)* has been classified as available-for-sale, and accordingly was initially recorded at its fair market value, which approximated cost. There is no quoted market price in an active market for the investment in Gramalote, and accordingly, this investment will be measured at cost.

  - Accounts payable and accrued liabilities, the accrued Gramalote purchase payment and notes payable to Kinross *(Note 4)* have been designated as "other financial liabilities", initially valued at fair value and subsequently measured at amortized cost.

- *Comprehensive Income (Section 1530)*
  Comprehensive income is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in other "comprehensive income" until it is appropriate to recognize them in net earnings/ loss. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

  As at December 31, 2007, no items had been included in other comprehensive income and as a result the adoption of Section 1530 has had no impact on the Company's consolidated financial statements.

- *Hedging (Section 3865)*
  This new standard specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not apply hedge accounting to its derivate instrument.

3 New Accounting Pronouncements in Canada

- ***Capital Disclosures (Section 1535)***
  This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for the Company for interim and annual periods relating to fiscal years beginning on or after January 1, 2008. The Company is currently evaluating the effects of adopting this standard.

- ***Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)***
  These standards replace CICA 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. This standard is effective for the Company for interim and annual periods beginning on or after January 1, 2008. The Company is currently evaluating the effects of adopting this standard.

- ***General standards on financial statement presentation (Section 1400)***
  CICA 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning on or after January 1, 2008. The Company does not expect the adoption of these changes to have an impact on its consolidated financial statements.

- ***Goodwill and Intangible Assets (Section 3064)***
  Section 3064 establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC–27, "Revenues and Expenses During the Pre-operating Period". As a result of the withdrawal of EIC–27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and financial statements beginning January 1, 2009.

- ***Accounting Changes (Section 1506)***
  Effective January 1, 2007, the Company adopted the revised CICA Section 1506 "Accounting Changes" which require that: (i) voluntary changes in accounting principles can be made if, and only if, the changes result in more reliable and relevant information, (ii) changes in accounting policies are accompanied by disclosures of prior period amounts and justification for the change, and (iii) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

4 B2Gold/ Kinross Gold transaction

On November 6, 2006, Bema Gold Corporation ("Bema") and Kinross Gold Corporation ("Kinross Gold") announced that their respective Boards of Directors had unanimously approved Kinross Gold's acquisition of Bema. The acquisition of Bema by Kinross Gold was completed on February 27, 2007 by way of a shareholder-approved plan of arrangement (the "Arrangement"). In connection with the completion of the Arrangement transaction between Bema and Kinross Gold in February 2007, the Company acquired certain assets ("Non-Russian Assets") pursuant to a purchase and sale agreement (the "Purchase Agreement") among Kinross Gold, White Ice Ventures Limited (a wholly-owned Bema subsidiary), 6674321 Canada Inc. (a wholly-owned Bema subsidiary) ("Kinross") and the Company. The consideration paid for the Non-Russian Assets was $7.5 million, financed primarily by the issuance of three promissory notes totalling $7,453,717 to Kinross and also by the issuance of 2,722,500 shares of B2Gold common stock at a price of Cdn.$0.02 per share.

Pursuant to the terms of the Purchase Agreement, on February 26, 2007 (the closing of the Non-Russian transaction) the Company acquired the following Non-Russian Assets:

- *Colombia Joint Venture Arrangement*
  All of Bema's interest in a recently established Colombian joint venture arrangement with AngloGold Ashanti Limited ("AGA") *(Note 5)*.

- *Puma Option*
  An option ("Puma Option") to purchase all or any part of the 17,935,310 common shares in the capital of Puma held by Kinross at any time up to February 27, 2008 at a price equal to the 30 day volume-weighted average price of Puma common shares on the TSX Venture Exchange at the time of exercise, less 10%.

- *Note receivable from Puma*
  All of the indebtedness totalling $1,887,867 ("Puma Note") owed by Puma to Kinross as at February 26, 2007. The Puma Note is unsecured, denominated in United States dollars, bears interest at the prime lending rate plus 2% and is payable to the Company on demand after February 26, 2008.

- *Leasehold assets and Colombia land*
  Certain leasehold improvements, furniture and equipment owned by Kinross.

  On February 26, 2007, Kinross assigned to the Company all of its rights pursuant to the lease of Bema's head office premises. In addition, the Company, as tenant, and a subsidiary of Kinross Gold, as subtenant, entered into a sublease for a portion of the premises presently constituting the Company's head office.

  Colombia land, located mainly on the La Mina property *(Note 7)*, is held for the purpose of securing access to the La Mina property for drilling.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the period from inception (November 30, 2006) to December 31, 2007
(in United States dollars unless otherwise stated)

For the purposes of these consolidated financial statements, the purchase consideration has been allocated to the fair value of the Non-Russian Assets acquired as follows:

	$
Purchase price:	
Promissory notes issued, principal amount *(Note 8)*	**7,453,717**
Less imputed interest, as at February 26, 2007	**(596,024)**
	6,857,693
2,722,500 common shares of B2Gold	**46,283**
Transaction costs	**93,304**
Total purchase price	**6,997,280**
Fair value of assets/ (liabilities) acquired:	
Derivative instrument (“Puma Option”)	**3,100,081**
Puma note receivable	**1,903,678**
Colombia Joint Venture Arrangement (including cash of $282,000)	**2,063,162**
Leasehold assets and Colombia land	**412,097**
Future income tax liabilities	**(481,738)**
Total fair value of assets acquired	**6,997,280**

The Purchase Agreement also provided for the acquisition of 50% of Bema’s 75% interest in a joint venture (37.5% overall interest) that will have an indirect interest in the Kupol East and West Licenses *(Note 5)*. The Company has reserved for issuance an additional 2,722,500 common shares, which are expected to be issued to Kinross, together with a promissory note in the aggregate amount of approximately $7.4 million, upon the completion of the acquisition of the Company’s interest in the East and West Kupol licenses. Closing is subject to the receipt of certain consents and the completion of transfers and other steps relating to the transfer of the Kupol East and West licenses to a Russian subsidiary of Chukotka Mining and Geological Company (“CMGC”) (75% owned by Bema and 25% owned by the Government of Chukotka). The Company and Kinross Gold are currently in negotiations with a company controlled by agencies of the Government of Chukotka (‘‘CUE’’) to reach agreement on the amount of CUE’s ownership interest and other aspects of the anticipated joint venture.

The Purchase Agreement also included an option granted by the Company to Kinross, that in the event of an initial public offering by the Company, Kinross would have the right to purchase the number of common shares at the initial public offering price such that Kinross and its affiliates would own up to 19.9% of the total issued and outstanding B2Gold common shares. In addition, the Company granted to Kinross a pre-emptive right to maintain a 9.9% equity interest in B2Gold until February 27, 2008 (at the same price at which such shares are issued to third party purchasers).

5 Resource property interests

Colombia Joint Venture Arrangement

On November 8, 2006, AGA, Sociedad Kedadha S.A. ("Kedadha") (a subsidiary of AGA), Bema and Andean Avasca Resources Inc. ("AARI") (then a wholly-owned subsidiary of Bema) entered into a Relationship, Farm-out and Joint Venture Agreement (the "JVA") to jointly explore mineral opportunities in Colombia (the Area of Mutual Interest). On February 26, 2007, pursuant to the Purchase Agreement, the Company acquired all of the shares of AARI, and all the rights, interests and obligations of Bema under the JVA were assigned to and assumed by the Company *(Note 4)*. Subsequent to December 31, 2007, the Company entered into a binding memorandum of agreement ("MOA") with AGA, in which the parties agreed to amend certain terms of the JVA *(Note 15)*.

Pursuant to the JVA (dated November 8, 2006 and as amended September 28, 2007), AARI may earn a joint venture interest in certain properties located in northern and southern Colombia by performing exploration work, including drilling, on the following properties (individually, a "Property" and collectively, the "Properties"): Quebradona (effective March 6, 2006), La Mina (effective March 6, 2006), San Martin de Loba (effective March 6, 2006), San Carlos (effective March 6, 2006), Miraflores (effective April 24, 2007), Narino (effective July 1, 2007), San Luis (effective September 1, 2007) and Cauca (effective October 1, 2007). The Company may earn an interest in one or more of these Properties by advancing the Property to the drilling stage and completing a minimum of 3,000 meters (increased to 5,000 meters pursuant to the MOA) of drilling within two years of the effective date, or as such date may be extended. Upon completing these requirements (the "Earn-in Requirements") in respect of a Property, the JVA provides that the Company and AGA will form a joint venture in respect of the Property, whereby the Company and AGA will be entitled to 51% and 49% interests in the Property, respectively, subject to the following options of AGA.

Once AARI has completed its Earn-in Requirement, AGA will have the following options for each Property:

(i) contribute to project expenditures based on a 51% interest and manage the project;
(ii) fund all project expenditures including the Company's share to the completion of a feasibility study;
(iii) contribute to project expenditure based on its 49% interest in the Property; or
(iv) not contribute to project expenditure.

If AGA elects either option (i) or (ii), it will be the joint venture manager for the project. Furthermore, its interest will be adjusted such that under option (i) AGA will be entitled to a 51% interest and under option (ii) it will be entitled to a 65% interest in the Property. If AGA elects either option (iii) or (iv), the Company will be the joint venture manager of the project and maintain its 51% interest or, if AGA elects not to contribute, acquire additional interests. Subject to a sole funding election by AGA or an election by either party not to contribute (with a corresponding reduction of its interests), the JVA provides that each of the parties must make contributions to meet project expenditures based on their respective interests in the joint venture for each Property.

The JVA also provides for certain potential rights between the parties to acquire additional interests in other third-party or AGA properties within the Area of Mutual Interest. AGA has agreed (upon AARI satisfying its Earn-in Requirement in respect of a Property) to offer the Company its interest or rights to an interest in other joint ventures, if it elects not to pursue such projects and to offer a 51% interest in AGA projects in which it has expended at least $1 million and has discontinued exploration. The Company can earn a 51% interest by spending an amount at least equal to the greater of previous AGA expenditures on the project or $1 million within two years of the offer date. The Company is required to advise Kedahda of mining opportunities within the Area of Mutual Interest and Kedahda will have the first right to acquire a 75% interest in such opportunities.

The JVA had contemplated that the Company will cause AARI to be listed on a recognized stock exchange by November 8, 2008. Under the JVA, the Company granted to AGA the right to receive not less than 20% of AARI's equity securities (and carrying not less than 20% of the votes for the election of directors, calculated on a fully diluted basis immediately following the listing of AARI on a prescribed stock exchange on the listing date), together with one half common share purchase warrant for each common share offered to AGA (with each such common share purchase warrant exercisable within three years of the listing date at a price 33% above the initial public offer price) following the listing of AARI on a recognized stock exchange (for no additional consideration other than in consideration of the properties that AGA is providing under the JVA). Pursuant to the terms of the MOA *(Note 15)*, the parties agreed to terminate AGA's right to acquire 20% of the voting shares of AARI and to terminate the Company's obligation with respect to the listing of AARI's shares.

During 2007, the Company elected not to continue with the San Martin de Loba and San Carlos properties and as a result wrote-off related acquisition and exploration costs totalling $1,297,462 and $1,015,024, respectively.

The Company is also responsible for making the following cash payments to the underlying ("original") property vendors with respect to the Miraflores, La Mina, and San Luis properties (these payments are at the Company's discretion and are based upon available financial resources and the exploration merits of the properties which are evaluated on a periodic basis):

- Miraflores: (i) 420,000,000 pesos ($210,000) on October 25, 2007 (paid), (ii) 480,000,000 pesos ($238,000*) on April 25, 2008, (iii) 520,000,000 pesos ($258,000*) on October 25, 2008, (iv) 600,000,000 pesos ($298,000*) on April 25, 2009, (v) 820,000,000 pesos ($407,000*) on October 25, 2009 and (vi) 3,570,000,000 pesos ($1,772,000*) on April 25, 2010.

  ** converted to United States dollars based on the Colombian peso/ United States dollar exchange rate at December 31, 2007.*

- La Mina: (i) $50,000 on November 20, 2007 (paid), (ii) $50,000 on May 20, 2008 and (iii) $1,000,000 thirty days after completion of a pre-feasibility study.

- San Luis: (i) $75,000 on June 6, 2008, (ii) $150,000 on June 6, 2009, (iii) $200,000 on June 6, 2010, (iv) $350,000 on June 6, 2011, (v) $1,625,000 on June 6, 2013.

At December 31, 2007, the Company had not completed the Earn-in Requirements on any of the Properties described above and consequently had no joint ventures with AGA.

Kupol East and West Exploration Licenses (surrounding ground to the Kupol Mine)
The Kupol East and West Licenses are located in northeastern Russia. These Licenses surround the Kupol Mine which Bema has been developing since 2003. Titles to the Kupol East and West Licenses were granted to CMGC on August 25, 2006 and have a term of 25 years. The Company commenced exploration on the Kupol East and West projects in February 2007 from the date of registration of the Licenses.

The Company is currently negotiating a joint venture agreement (the "Kupol JV Agreement") relating to the exploration, development and mining of gold and silver in Chukotka Autonomous Region, covered by the East and West Kupol Licenses. Provided that final agreement is reached on the Kupol JV Agreement and certain conditions to closing are fulfilled, it is anticipated that the East and West Kupol Licenses will be held indirectly by a joint venture company ("Kupol JVCo"), the indirect shareholders of which will be a subsidiary of the Company, Kinross Gold and a company controlled by CUE (or its successor in interest). The Company and Kinross Gold are currently in negotiations with CUE to reach agreement on the amount of CUE's ownership interest and other aspects of the Kupol JV Agreement.

The Company and Kinross Gold have agreed in principle on the proposed terms of the Kupol JV Agreement. The key terms are expected to be as follows:

- the Company, as operator, is to subcontract with the company that holds the Kupol East and West licenses to carry out exploration under the licenses;

- the costs of exploration carried out on the properties covered by the Kupol East and West licenses in the year ending December 31, 2007 will be borne equally by the Company and Kinross Gold (through subsidiaries). For the 2008 calendar year and following, the Company, Kinross Gold and CUE (through subsidiaries) are to fund the exploration of these in proportion to their ownership interests in Kupol JVCo;
- following the initial two year period the Company, Kinross Gold and CUE (through subsidiaries) are each to continue to fund future exploration relating to the Kupol East and West licenses pro rata to their respective interests in Kupol JVCo;

- the Company, Kinross Gold and CUE (through subsidiaries) are to have mutual rights of first refusal with respect to their respective interests in Kupol JVCo; and

- the Company, Kinross Gold and CUE (through subsidiaries) are to share, in accordance with their pro rata interests in Kupol JVCo, all exploration, development or mining opportunities within a 100 km radius of the Kupol mill site, exclusive of the approximately 17 square km of the license relating to the Kupol Mine.

6 Gramalote investment

On August 21, 2007, the Company entered into a binding Memorandum of Understanding ("MOU") with respect to the purchase by the Company of 25% of the issued and outstanding shares of Gramalote Limited ("Gramalote BVI") from Robert Allen, Gustavo Koch, Robert Shaw and Sergio Aristizabal (collectively referred to as "Grupo Nus"). Gramalote Limited holds a 100% interest in the Gramalote property. The Gramalote property is located within the municipalities of San Roque and San Jose del Nus, Department of Antioquia, Republic of Colombia. In connection with the execution of the MOU, the Company paid $3.5 million to Grupo Nus and in exchange Grupo Nus issued a $3.5 million promissory note in favour of the Company. On October 26, 2007, the Company entered into a definitive purchase and sale agreement ("Gramalote Purchase Agreement") with Grupo Nus. In connection with the first stage of closing under the Gramalote Purchase Agreement, the Company paid an amount of $7.5 million to Grupo Nus, consisting of a cash payment of $4 million and the satisfaction and cancellation of the $3.5 million owing by Grupo Nus to the Company under the promissory note. In addition, on December 6, 2007, upon completion of the Company's initial public offering *(Note 9)*, the Company issued 2 million share purchase warrants to Grupo Nus, each warrant entitling the holder to purchase one common share of B2Gold at a price of Cdn.$2.50 per share until December 6, 2010. The fair value of the Grupo Nus warrants was calculated to be $2,081,398 using the Black-Scholes option pricing model based on a risk free annual interest rate of approximately 4%, an expected life of three years, an expected volatility of 58% and a dividend yield of nil. The fair value of these warrants has been recorded as part of the Company's cost relating to the acquisition of its 25% interest in the Gramalote property. Under the terms of the Gramalote Purchase Agreement, the Company is also required to pay Grupo Nus an additional $7.5 million on or before April 26, 2008 (which has been accrued for as a liability at December 31, 2007).

On or about March 16, 2006, Grupo Nus and Compania Kedahda Ltd. ("Kedahda BVI"), a subsidiary of AGA, had entered into a Shareholders' Agreement with respect to Gramalote BVI. Under the Shareholders' Agreement, Kedahda BVI may earn an initial 51% ownership interest in Gramalote BVI. In addition, under the Gramalote Shareholders Agreement, Kedahda BVI may acquire an additional 24% ownership interest ("Additional Interest") by completing a feasibility study and paying Grupo Nus $15 million on or before July 17, 2010.

In the event that Kedahda BVI does not increase its ownership interest in Gramalote BVI from 51% to 75% as contemplated in the Gramalote Shareholders Agreement prior to the earlier of: (a) July 18, 2010 and the completion of a positive feasibility study on the Gramalote property; and (b) the waiver by Kedahda BVI of its rights to increase its ownership interest in Gramalote BVI before July 18, 2010 (the "Kedahda Option Exercise Date"), the Company will have the option (the "B2Gold Option") to acquire the Additional Interest by paying to Grupo Nus $7.5 million within 60 days from the Kedahda Option Exercise Date (the "B2Gold Option Exercise Date"). The $7.5 million payment may be made either in cash or common shares, at the option of the Company. If the payment is paid in common shares of the Company, the price per share will be equal to the average closing price of the common shares on the TSX-V for the 20 days immediately preceding the payment date.

If the Company does not exercise the B2Gold Option, Grupo Nus is required to elect, within 60 days from the B2Gold Option Exercise Date, either to assume the contributions and other obligations in respect of the Additional Interest, or to allow the Company to retain (at no charge to the Company) the Additional Interest and assume all contributions and other associated obligations.

In the event that the Company acquires Kedahda BVI's 51% interest in Gramalote BVI, the Company will be required to pay to Grupo Nus the $15 million that in certain circumstances would otherwise be payable by Kedahda BVI to Grupo Nus, less any amounts paid by the Company to Grupo Nus in connection with the acquisition of the Additional Interest by the Company. The $15 million payment (less any such credits) is to be made on the first to occur of: (a) July 18, 2010; or (b) the completion of a positive feasibility study on the Gramalote property.

In addition, the Company will be required to pay Grupo Nus US$10.00 per ounce of gold for 25% of that number of ounces of gold in excess of 1,000,000 proven and probable ounces of gold reserves determined to exist within the Gramalote property. If the Company acquires the Additional Interest, the Company will be required to pay US$10.00 per ounce of gold for 49% of that number of the excess ounces. Every two years, the reserves are to be recalculated, and additional payments are to be made, if necessary.

Subsequent to December 31, 2007, the Company entered into a binding MOA with AGA *(Note 15)*, pursuant to which, the Company will increase its existing 25% interest in Gramalote BVI to a 51% share interest in Gramalote BVI with AGA owning a 49% interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the period from inception (November 30, 2006) to December 31, 2007
(in United States dollars unless otherwise stated)

7 Other assets

	Cost $	Accumulated Depreciation $	Net Book Value $
Colombia land	**442,032**	**-**	**442,032**
Computer equipment/ software	**198,369**	**(29,755)**	**168,614**
Leasehold assets	**86,636**	**(16,988)**	**69,648**
Other	**145,688**	**-**	**145,688**
Closing balance, December 31, 2007	**872,725**	**(46,743)**	**825,982**

The Colombia land is being held by the Company in order to secure access to the La Mina property for drilling *(Note 5)*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the period from inception (November 30, 2006) to December 31, 2007
(in United States dollars unless otherwise stated)

8 Notes payable to Kinross

On February 26, 2007, the Company issued three promissory notes to Kinross totalling $7,453,717, in order to finance the purchase of the Non-Russian Assets *(Note 4)*. These notes are unsecured, non-interest bearing, denominated in United States dollars and are payable as follows: $2,601,726 due on February 26, 2008, $2,601,725 due on February 26, 2009 and the remainder of $2,250,266 *(paid from the proceeds of the Company's initial public offering)* due on the earlier of (i) the date of an initial public offering by the Company and (ii) February 26, 2008.

For accounting purposes, these notes have been initially recorded at an estimated fair value of $6,857,693 and are subsequently being measured at amortized cost. The estimated fair value at inception was calculated based on the net present value using a discount rate estimated to represent the interest rate of comparable debt. Interest expense is being recognized on the notes by accreting the notes (using the effective interest rate method) to their face value over the term of the notes.

	$
Principal amount	**7,453,717**
Less imputed interest, at February 26, 2007 *(Note 4)*	**(596,024)**
	6,857,693
Interest expense ("accretion")	**369,380**
Payment	**(2,250,266)**
Carrying value, at December 31, 2007	**4,976,807**
Less current portion	**(2,572,553)**
Long-term portion, at December 31, 2007	**2,404,254**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the period from inception (November 30, 2006) to December 31, 2007
(in United States dollars unless otherwise stated)

9 Capital stock

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares. As at December 31, 2007, the Company had 132,277,500 common shares outstanding and no preferred shares outstanding.

	Number of shares	Amount $
Common shares, issued during the period:		
For cash, net of issue costs:		
Initial Public Offering	**40,000,000**	**93,215,367**
Private Placements:		
- October 24, 2007 @ Cdn.$1.00 per share	**15,000,000**	**14,542,960**
- September 20, 2007 @ Cdn.$0.40 per share	**25,000,000**	**9,252,144**
- July 25, 2007 @ Cdn.$0.02 per share	**41,599,000**	**741,411**
- February 26, 2007 @ Cdn.$0.02 per share	**3,000,999**	**53,843**
- November 30, 2006 (Incorporation)	**1**	**1**
For Non-Russian Assets *(Note 4)*	**2,722,500**	**46,283**
	127,322,500	**117,852,009**
Incentive Plan	**4,955,000**	
Total issued common shares, December 31, 2007	**132,277,500**	**117,852,009**

On December 6, 2007, the Company completed its initial public offering. Pursuant to an agreement (the "Underwriting Agreement") dated November 28, 2007, between the Company and Genuity Capital Markets, Canaccord Capital Corporation, GMP Securities L.P., BMO Nesbitt Burns Inc., Orion Securities Inc. and Haywood Securities Inc. (collectively, the "Underwriters"), the Underwriters purchased, in the portions set out in the Underwriting Agreement, an aggregate of 40 million common shares at a purchase price of Cdn.$2.50 per common share, for gross proceeds of Cdn.$100 million. The Company paid the Underwriters Cdn.$0.15 per common share purchased by the Underwriters, excluding 6 million common shares purchased by Kinross for which no commission was payable, for an aggregate commission of Cdn.$5.1 million.

On October 24, 2007, the Company completed a brokered private placement of 15 million common shares at a price of Cdn.$1.00 per share for gross proceeds of Cdn.$15 million. Genuity Capital Markets, Canaccord Capital Corporation and GMP Securities L.P. acted as agents in connection with this private placement and were paid a cash commission of Cdn.$750,000. Kinross was a participant in this private placement and acquired approximately 1.5 million shares.

On September 20, 2007, the Company completed a non-brokered private placement of 25 million common shares at a price of Cdn.$0.40 per share for gross proceeds of Cdn.$10 million. The private placement was completed with certain directors, officers and employees of the Company and other investors. Kinross was a participant in this private placement and acquired approximately 2.5 million shares.

On July 25, 2007 and February 26, 2007, the Company completed non-brokered private placements of 41,599,000 common shares and 3,000,999 common shares, respectively, both at a price of Cdn.$0.02 per share for gross proceeds totalling Cdn.$892,000. These private placements were completed with certain directors, officers and employees of the Company and other investors.

Incentive shares
On June 29, 2007 the Company established the B2Gold Incentive Plan (the “Incentive Plan”) for the benefit of directors, officers, employees and service providers of the Company and issued to the trustees of the Incentive Plan options to acquire 4,955,000 common shares.

On October 12, 2007, following the exercise of these options, an aggregate of 4,955,000 common shares were issued to the trustees of the Incentive Plan at a price of Cdn.$0.02 per share for gross proceeds of Cdn.$99,100 ($101,839). These shares are currently held in trust by the trustees pursuant to the terms of the Incentive Plan. The Company will recognize stock based compensation expense with respect to these incentive shares, when these shares are granted to the ultimate beneficiaries by the trust. The proceeds received from the trustees have been classified as related party loans on the Consolidated Balance Sheet as at December 31, 2007.

Stock options
On October 22, 2007, the Company adopted a stock option plan for its directors and employees to acquire common shares of B2Gold at a price determined by the fair market value of the shares at the date of grant. The options currently outstanding are exercisable for a period not to exceed five years, as the plan allows for a maximum term of five years. At December 31, 2007, a total of 8,312,750 common shares remain available for issuance under the stock option plan.

On December 7, 2007, the Company granted 4,915,000 incentive stock options with an exercise price of Cdn.$2.40 per option to non-executive directors, non-executive officers, and employees of the Company. These stock options have a term of five years and expire on December 7, 2012. One-third of these options will vest on June 7, 2008, another one-third will vest on December 7, 2008 and the remainder will vest on December 7, 2009. The estimated fair value of these options totalling $6,913,431 is being recognized over the vesting period (of which $446,369 was expensed in 2007 and $110,459 capitalized to resource property interests). The fair value was estimated at $1.41 per option at the grant date using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 4%, an expected life of five years, an expected volatility of 67%, and a dividend yield rate of nil. At December 31, 2007, all of these stock options remained unexercised.

Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options at date of grant.

(in United States dollars unless otherwise stated)

Shares held in escrow

At December 31, 2007, 89,380,500 common shares of the Company were held in escrow (or subject to resale restrictions), to be released on the following dates:

	Number of shares *(1)*
February 29, 2008	**11,228,562**
May 29, 2008	**11,228,562**
June 6, 2008	**22,233,124**
August 29, 2008	**2,897,000**
November 29, 2008	**11,228,563**
December 6, 2008	**11,116,562**
May 29, 2009	**8,331,563**
June 6, 2009	**11,116,564**
	89,380,500

(1) Approximately 56.9 million common shares held by directors, officers and shareholders holding more than 2% of the issued and outstanding common shares that have been released from escrow or will be released prior to June 6, 2008 will be subject to a contractual restriction on transfer pursuant to a lock-up agreement between each such shareholder and the underwriters in the initial public offering of the Company. Pursuant to the terms of the lock-up agreement, such common shares are not permitted to be traded prior to June 6, 2008. In addition, all of the common shares issued prior to the Company's initial public offering on December 6, 2007 are subject to a four month hold period ending March 30, 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the period from inception (November 30, 2006) to December 31, 2007

(in United States dollars unless otherwise stated)

10 Supplementary cash flow information

Supplementary disclosure of cash flow information is provided in the table below:

	$
Non-cash investing and financing activities:	
Accounts payable and accrued liabilities relating to resource property expenditures	**359,681**
Accrued Gramalote purchase payment *(Note 6)*	**7,500,000**
Common shares issued for Non-Russian Assets *(Note 4)*	**46,283**
Promissory notes issued for Non-Russian Assets *(Note 4)*	**6,857,693**
Fair value assigned to warrants issued to Grupo Nus *(Note 6)*	**2,081,398**
Stock-based compensation, capitalized to resource property interests *(Note 9)*	**110,459**
Future income tax liabilities relating to resource property expenditures *(Note 12)*	**652,027**

At December 31, 2007, of the $99 million reported as cash and cash equivalents, approximately $98.2 million was invested in highly liquid, short-term, non-asset backed commercial paper.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the period from inception (November 30, 2006) to December 31, 2007
(in United States dollars unless otherwise stated)

11 Related party transactions

As part of the Arrangement between Bema and Kinross and pursuant to the Purchase Agreement *(Note 4)*, the Company entered into the following agreements with Puma, a company related by way of common directors:

- Management Services Agreement pursuant to which the Company will provide office space, furnishings and equipment, communications facilities, secretarial and administrative services and personnel to Puma in consideration for a monthly fee of Cdn.$5,000.

- Exploration management agreement, whereby Puma will reimburse the Company for services supplied in connection with Puma's exploration or development work programs, and pay the Company a contractor fee equal to 10% of direct program expenditures incurred by Puma.

During the current period, the Company also provided management, administrative and technical services, on a month-to-month basis, to Victoria Resource Corporation (up to July 2007) and Consolidated Westview Resource Corp. (up to November 2007), companies which were also previously managed by Bema. In addition to those transactions disclosed elsewhere in these consolidated financial statements, the Company had the following transactions and balances with these associated companies:

	$
Consolidated Statement of Loss	
Management fees (income)	**(273,669)**
Interest income	**(164,178)**
Expenses (reimbursed):	
Office and general	**(10,434)**
Salaries and benefits	**(106,700)**
Rent	**(31,874)**
	(586,855)
Consolidated Balance Sheet	
Accounts receivable	**374,209**

During 2007, the Company had received interest-free advances of Cdn.$1.5 million from certain officers and shareholders of the Company. These advances were repaid in 2007; approximately Cdn.$0.9 million was satisfied by way of shares (a total of 1.53 million common shares issued under the Company's October 24, 2007 and September 24, 2007 private placements) and the remaining Cdn.$0.6 million was repaid in cash from the proceeds of the Company's initial public offering.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the period from inception (November 30, 2006) to December 31, 2007
(in United States dollars unless otherwise stated)

12 Income taxes

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. On acquisition of mineral property interests the Company records a future income tax liability and a corresponding adjustment to the related asset carrying amount.

The following sets forth the tax effect of temporary differences that give rise to significant portions of the future income tax assets and future income tax liabilities:

	$
Future income tax assets	
Operating loss carry-forwards	**1,274,729**
Share issuance costs	**1,656,730**
Note receivable from Puma	**49,471**
Other	**370,512**
Gross future income tax assets	**3,351,442**
Valuation allowance	
Canada	**(2,615,938)**
Net future income tax assets	**735,504**
Future income tax liabilities	
Derivative instrument (“Puma Option”)	**(464,458)**
Notes payable to Kinross	**(271,046)**
Resource property interests	**(652,028)**
	(1,387,532)
Net future income tax liability	**(652,028)**

Non-capital loss carry-forwards for Canadian tax purposes of approximately $4 million expire in 2027 unless utilized.

13 Fair value of financial instruments

The fair values of accounts receivable, accounts payable and accrued liabilities, and the accrued Gramalote purchase payment approximate their carrying values due to the short-term nature of these instruments.

The carrying value of the Puma Note Receivable *(Note 4)* approximates its fair value due to the floating rate nature of its applicable interest rate. The carrying values of the Company's notes payable to Kinross are estimated to approximate fair values as at December 31, 2007.

14 Segmented information

The Company's principal activity is the exploration and development of mineral properties. The Company's resource properties are located in Colombia and Russia as disclosed in Note 5.

15 Subsequent events

- ***February 13, 2008 binding Memorandum of Agreement***
  On November 26, 2007, the Company entered into a non-binding memorandum of understanding with AGA to terminate AGA's right to acquire 20% of the voting securities of AARI and to terminate B2Gold's obligation with respect to the listing of AARI's shares. On February 13, 2008, the Company entered into a binding memorandum of agreement ("MOA") with AGA that expands on and supersedes the non-binding memorandum of understanding between the Company and AGA dated November 26, 2007.

  The MOA sets out an agreement-in-principle between the Company and AGA on several proposed transactions and agreements that would alter the existing relationships between the parties. The MOA contemplates that, upon the receipt of certain regulatory and stock exchange approvals, the parties would enter into definitive agreements to effect the following transactions:

  - AGA's rights to acquire 20% of the voting securities of AARI and the Company's obligation to list those shares on a stock exchange will terminate and, in consideration of the termination of these rights and in consideration of the other rights and the transfer to the Company of certain mineral prospects in Colombia, the Company will issue to AGA units (the "Units") comprised of an aggregate of 25,000,000 common shares and 21,400,000 share purchase warrants. These warrants will be exercisable for a three year term, consisting of 11,000,000 at a price of Cdn.$3.34 per share and 10,400,000 warrants at a price of Cdn.$4.25 per share.

  - AGA will transfer to the Company all of its rights and interests in the Miraflores property so that the Company will have a 100% interest in the Miraflores property.

  - AGA will transfer to the Company its 100% interest (subject to AGA retaining a 1% royalty) in the Mocoa property, a copper/molybdenum deposit located in the south of Colombia.

  - AGA will complete its payments to a third party to earn its 51% interest in Gramalote BVI.

  - AGA will transfer to the Company a 2% interest in Gramalote BVI and will assign to the Company all other rights in respect of Gramalote BVI, including its right to acquire an additional 24% interest, so that, together with its existing 25% interest, the Company will be entitled to a 51% share interest in Gramalote BVI and AGA will own a 49% interest.

  - The Company will take over management of exploration of the Gramalote property and will be responsible for expenditures to complete a feasibility study of the project by July 18, 2010. If the Company does not complete the feasibility study by July 18, 2010, then the Company will be required to transfer back to AGA the 2% interest in Gramalote BVI.

  - AGA will transfer its interest in certain properties that are adjacent to the Gramalote property.

  - The Company will increase from 3,000 metres to 5,000 metres the extent of drilling required for it to earn in its interests in properties under the Colombia JV Agreement.

- A new joint venture agreement will be entered into between the Company and AGA in respect of the Gramalote property to replace the Company's and AGA's (or their respective subsidiaries') obligations to each other under the Association Contract and related agreements.

- The Company will grant to AGA registration rights to qualify a resale of its securities by prospectus and a pre-emptive right to subscribe for securities issued by the Company on the same basis as such issues are made, other than issues made to acquire properties or under employee incentive plans, in order for AGA to maintain its percentage ownership of Common Shares of the Company. This right will continue for the lesser of a period of three years or until AGA owns less than 10% of the outstanding common shares of the Company.

AGA has agreed to a one year standstill in respect of its interest in the Company which will cease to be effective in the event of a third party take-over bid or merger proposal relating to all or substantially all of the shares or assets of the Company. In addition, AGA has agreed to give the Company advance written notice of AGA's intention to sell any common shares in the Company. Based on the 132,277,500 currently outstanding common shares of the Company, upon issuance of the 25,000,000 shares issuable to AGA at the closing of these transactions AGA would hold approximately 15.9% of the Company's issued and outstanding shares. If the 21,400,000 million warrants to be issued to AGA were included in the calculation on an "if exercised" basis, AGA's interest in the Company would be approximately 26%.

- ***Puma Option (not exercised)***
  In February 2008, the Company elected not to exercise its option to acquire 34.7% or 17,935,310 common shares of Puma from Kinross. As a result, in the first quarter of 2008, the Company will record a derivative loss of $3,045,625 (equal to the carrying value of the Puma Option at December 31, 2007).

  The Company will continue to manage the affairs of Puma until Puma's Annual General Meeting scheduled for June 12, 2008.

RESOURCE PROPERTY INTERESTS SCHEDULE
For the period from inception (November 30, 2006) to December 31, 2007
(in United States dollars)

	Colombia properties (under JVA agreement)								
	Quebradona	Miraflores	La Mina	Narino	San Martin De Loba	San Carlos	Cauca	Kupol East/ West	Total
	$	$	$	$	$	$	$	$	$
Exploration expenditures incurred during the period:									
Acquisition costs	296,861	296,861	296,861	296,861	296,861	296,861	-	-	**1,781,166**
Administration	269,787	333,118	55,556	69,378	237,372	100,341	72,041	244,840	**1,382,433**
Claim maintenance & underlying option payments	38,880	211,367	134,080	-	90,899	93,924	8,877	-	**578,027**
Consulting	107,482	105,725	-	24,177	18,373	27,150	31,056	38,431	**352,394**
Drilling	-	319,357	-	-	409,053	137,652	-	561,243	**1,427,305**
Field expenses	190,377	160,749	20,678	61,234	61,211	88,167	35,002	641,272	**1,258,690**
Geochemistry	81,211	36,923	-	29,401	16,671	18,926	14,550	4,417	**202,099**
Salaries and other related costs	224,337	273,287	22,652	107,617	125,044	186,703	92,522	373,478	**1,405,640**
Travel & accommodation	94,088	77,649	5,549	26,329	41,978	65,300	12,404	201,071	**524,368**
Future income tax	-	-	-	-	-	-	-	652,027	**652,027**
	1,303,023	1,815,036	535,376	614,997	1,297,462	1,015,024	266,452	2,716,779	**9,564,149**
Write-off of resource properties	-	-	-	-	(1,297,462)	(1,015,024)	-	-	**(2,312,486)**
Balance, end of period	1,303,023	1,815,036	535,376	614,997	-	-	266,452	2,716,779	**7,251,663**