



ANNUAL INFORMATION FORM

of

B2GOLD CORP.

March 31, 2010

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B2GOLD CORP.
ANNUAL INFORMATION FORM

INTRODUCTORY NOTES

Date of Information

In this Annual Information Form, B2Gold Corp., together with its subsidiaries, as the context requires, is referred to as “**B2Gold**” or the “**Company**”. All information contained in this Annual Information Form is as at December 31, 2009, unless otherwise stated, being the date of the most recently completed financial year of the Company, and the use of the present tense and of the words “is”, “are”, “current”, “currently”, “presently”, “now” and similar expressions in this Annual Information Form is to be construed as referring to information given as of that date.

Cautionary Note Regarding Forward-Looking Statements

This Annual Information Form contains forward-looking statements within the meaning of applicable securities laws, which reflect management’s expectations regarding the Company’s future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Wherever possible, words such as “plans”, “expects” or “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this Annual Information Form reflect management’s current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, the Company cannot be certain that actual results will be consistent with these forward-looking statements. A number of factors could cause actual results, performance, or achievements to differ materially from the results expressed or implied in the forward-looking statements including those listed in the “*Risk Factors*” section of this Annual Information Form. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause the Company’s actual results, performance, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, shareholders should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this Annual Information Form and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Currency and Exchange Rate Information

The financial statements included herein are reported in U.S. dollars. References in this Annual Information Form to “**C\$**” are to the lawful currency of Canada, references in this Annual Information Form to “**pesos**” are to the lawful currency of Colombia and references in this Annual Information Form to “**US\$**” are to the lawful currency of the United States.

On March 30, 2010, the noon rate of exchange for one Canadian dollar in United States dollars as reported by the Bank of Canada was C\$1.00 = US\$0.9815. As of the same date, based on cross rates with the Canadian dollar, one Colombian peso equalled US\$0.000527 and one Nicaraguan cordoba equalled US\$0.048307.

Technical Information

The estimated mineral reserves and mineral resources for the Company's various mines and mineral projects set forth herein have been calculated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Council – Definitions adopted by CIM Council on December 11, 2005 (the "**CIM Standards**"), which were adopted by the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). The following definitions are reproduced from the CIM Standards:

A **mineral resource** is a concentration or occurrence of a natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories.

An **inferred mineral resource** means that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An **indicated mineral resource** means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A **measured mineral resource** means that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

A **mineral reserve** means the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

A **probable mineral reserve** means the economically mineable part of an indicated mineral resource and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

A **proven mineral reserve** means the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

CORPORATE STRUCTURE

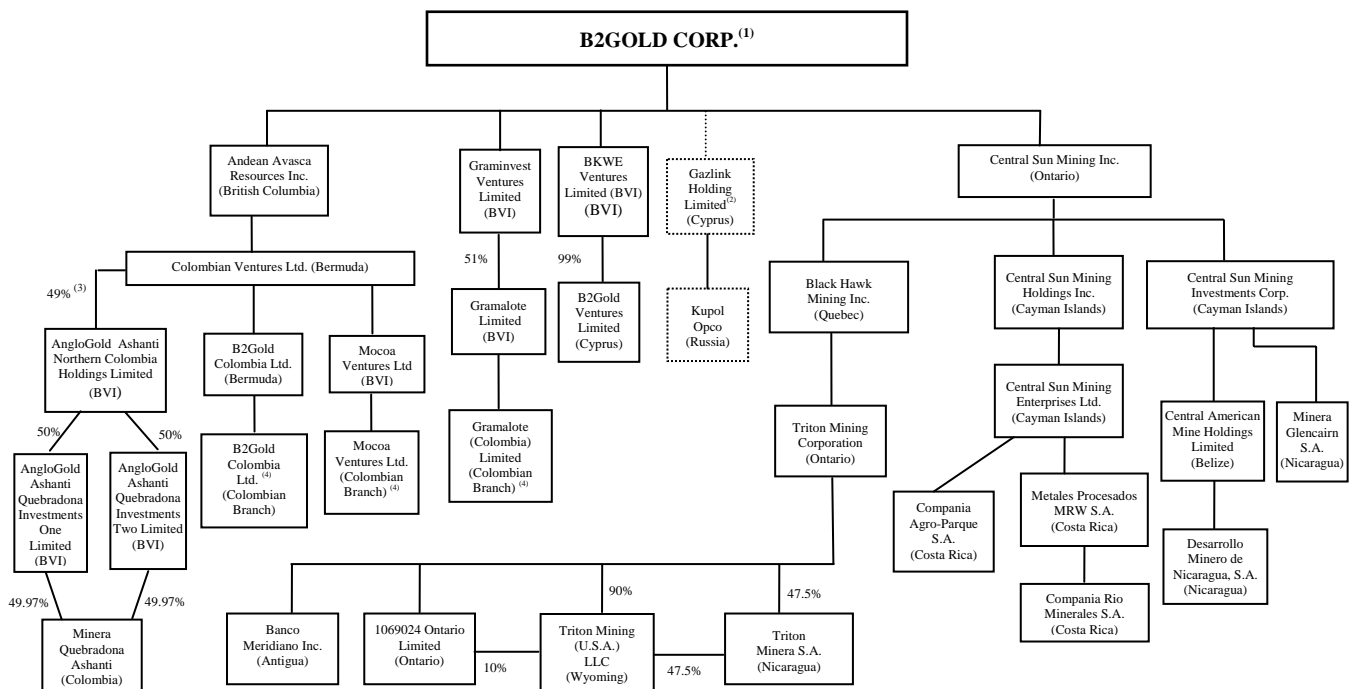
Name, Address and Incorporation

B2Gold was incorporated under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) on November 30, 2006. B2Gold’s head office is located at Suite 3100, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1 and its registered office is located at Suite 1600, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

References to the “Company” in this Annual Information Form include B2Gold’s wholly-owned subsidiaries as the context requires.

Intercorporate Relationships

The following is a diagram of the intercorporate relationships among B2Gold and its subsidiaries.



Notes:

- (1) All ownership of subsidiaries is 100% unless indicated.
- (2) Under the terms of the Purchase Agreement (defined below), B2Gold has the right to acquire one half of the direct or indirect joint venture interest of Kinross Gold Corporation in the joint venture company that will hold 100% of the shares of a Russian company that will hold the East and West Kupol licenses. See “*Information Concerning B2Gold*”.
- (3) B2Gold is currently entitled to a 49% interest in AngloGold Ashanti Northern Colombia Holdings Limited, which indirectly owns the Quebradona property.
- (4) Colombian branches are not separate legal entities.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a Vancouver-based gold producer with mining operations in Nicaragua and a portfolio of exploration assets in Colombia, Nicaragua and Northeastern Russia. Currently, the Company is operating the La Libertad gold mine (formerly referred to as the Orosi mine) (the “**La Libertad Mine**”) and the Limon gold mine (the “**Limon Mine**”) in Nicaragua. The Company owns or has a material interest in the Gramalote and Mocoa properties in Colombia, the East and West Kupol licenses in Russia, the Bellavista property in Costa Rica and the La India property in Nicaragua. The Company also has options to earn an interest in two joint ventures in Nicaragua with Radius Gold Inc. (“**Radius**”) and Calibre Mining Corp. (“**Calibre**”), respectively.

Three Year History

Over the three most recently completed financial years, the events described below contributed materially to the development of the Company’s business.

2007 Developments

In connection with the completion of the arrangement transaction between Bema Gold Corporation (“**Bema**”) and Kinross Gold Corporation (“**Kinross**”) on February 20, 2007, B2Gold acquired certain assets pursuant to a purchase and sale agreement dated December 21, 2006 (the “**Purchase Agreement**”) among Kinross, White Ice Ventures Limited, 6674321 Canada Inc., a wholly-owned subsidiary of Kinross (“**6674321**”) and B2Gold. B2Gold acquired, among other things, all of the issued and outstanding shares of Andean Avasca Resources Inc. (“**AARI**”). The Company has the right to earn a material interest in a number of properties in Colombia pursuant to the terms of a joint venture agreement originally entered into between AngloGold Ashanti Limited (“**AngloGold**”), Sociedad Kedahda S.A. (now AngloGold Ashanti Colombia S.A), a subsidiary of AngloGold (“**AngloGold Colombia**”), Bema and AARI, formerly a wholly-owned subsidiary of Bema.

The Purchase Agreement also provides for B2Gold to acquire half of Kinross’ indirect 75% interest in the East and West Kupol licenses, which cover property adjacent to the Kupol Mine developed by Bema in the Chukotka Autonomous Region in the Russian Federation. The acquisition of this interest is subject to the receipt of certain consents and the completion of transfers and other steps relating to the transfer of the East and West Kupol licenses to a subsidiary of Chukotka Mining and Geological Company (“**CMGC**”) and the subsequent acquisition of a 100% interest in the company holding the East and West Kupol licenses by a joint venture company. The Company and Kinross proposed to enter into a tripartite shareholder and joint venture agreement for the ownership and management of a company that would indirectly own the East and West Kupol licenses. It was proposed that this company would be owned by subsidiaries of each of Kinross and B2Gold and by Chukotsnab State Unitary Enterprise (“**CUE**”) or another Russian-owned company. The interests of each of the Company and Kinross were initially proposed to be 37 ^{1/2}%; subsequently it was proposed each of the three shareholders have a 33 ^{1/3}% interest. A form of shareholder and joint venture agreement was agreed to between Kinross and the Company but was not agreed to by CUE.

As partial consideration under the Purchase Agreement, on February 26, 2007, B2Gold issued 2,722,500 Common Shares to 6674321 at an issue price of C\$0.02 per share, together with promissory notes in the aggregate amount of US\$7,453,700. The Company has also reserved for issuance an additional 2,722,500 Common Shares at an issue price of C\$0.02 per share, which are expected to be issued to 6674321, together with promissory notes in the aggregate amount of US\$7,453,700, upon the completion of the acquisition of B2Gold’s interest in the East and West Kupol licenses. In December 2007 and February 2008, the Company repaid approximately US\$2,300,000 and US\$2,600,000, respectively, of the amounts owing under the promissory notes issued to 6674321. In February 2009, the Company made a final payment of US\$2,601,725 to 6674321, and accordingly, the Company has no further obligation with respect to the promissory notes issued on February 26, 2007 to 6674321.

On February 26, 2007 and July 25, 2007, B2Gold completed non-brokered private placements of 3,000,999 Common Shares and 41,599,000 Common Shares respectively, at a price of C\$0.02 per share for gross proceeds of C\$60,019.98 and C\$831,980, respectively. The private placements were completed with certain directors, officers and employees of B2Gold and other investors.

On June 29, 2007, B2Gold established the B2Gold Corp. Incentive Plan (the “**Incentive Plan**”) for the benefit of directors, officers, employees and service providers of B2Gold 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 C\$0.02 for gross proceeds of C\$99,100. The Common Shares are currently held in trust by the trustees for future beneficiaries under the Incentive Plan.

On August 21, 2007, B2Gold entered into a binding memorandum of understanding with respect to the purchase by B2Gold 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 BVI holds a 100% interest in the Gramalote property. B2Gold subsequently entered into a definitive purchase and sale agreement with Grupo Nus on October 26, 2007 in respect of the acquisition of the shares of Gramalote BVI from Grupo Nus (the “**Gramalote Purchase Agreement**”) and paid to Grupo Nus the consideration payable in respect of the first stage of closing under the Gramalote Purchase Agreement.

On September 20, 2007, B2Gold completed a non-brokered private placement of 25,000,000 Common Shares at a price of C\$0.40 per share for gross proceeds of C\$10,000,000. The private placement was completed with certain directors, officers and employees of B2Gold and other investors. On October 24, 2007, B2Gold completed a brokered private placement of 15,000,000 Common Shares at a price of C\$1.00 per share for gross proceeds of C\$15,000,000. Genuity Capital Markets, Canaccord Capital Corporation and GMP Securities L.P. acted as agents in connection with the brokered private placement. The net proceeds from both of the private placements were used to fund a portion of the acquisition of the 25% interest in Gramalote BVI, to fund exploration in Colombia and Russia and for working capital and general corporate purposes.

On December 6, 2007, B2Gold completed its initial public offering of 40,000,000 Common Shares at a price of C\$2.50 per share for gross proceeds of C\$100,000,000. In connection with the completion of the offering, the Common Shares of B2Gold commenced trading on the TSX Venture Exchange under the symbol “BTO”. The initial public offering was distributed through an underwriting syndicate led by Genuity Capital Markets, GMP Securities L.P. and Canaccord Capital Corporation, and included Orion Securities Inc., BMO Capital Markets Inc. and Haywood Securities Inc. The net proceeds from the offering were used for the repayment of indebtedness under the Purchase Agreement, to fund a portion of the remaining payments for the completion of the acquisition of the 25% interest in Gramalote BVI, to fund exploration in Colombia and Russia, to evaluate properties for acquisition purposes and for working capital and general corporate purposes.

2008 Developments

On February 13, 2008, the Company entered into a binding memorandum of agreement (“**MOA**”) with AngloGold that expanded on and superseded a non-binding memorandum of understanding between the Company and AngloGold dated November 26, 2007. Pursuant to the terms of the MOA, the parties agreed to terminate AngloGold’s right to acquire 20% of the voting shares of AARI, terminate the Company’s obligation with respect to listing AARI’s shares and amend certain Colombian joint venture arrangements to which subsidiaries of the Company and AngloGold are parties and agreed to terms for the Company to acquire additional interests in mineral properties in Colombia.

On May 15, 2008, in furtherance of the MOA, the Company entered into the Agreement to Amend the Relationship, Farm-Out and Joint Venture Agreement and regarding Gramalote Limited and Other Matters (the “**Colombia JV Amending Agreement**”) between AngloGold, AngloGold Colombia, Compania Kedahda Ltd. (“**Kedahda BVI**”), AARI and the Company, to implement the transactions agreed to in the MOA. Pursuant to the terms of the Colombia JV Amending Agreement, the Company and AngloGold completed several transactions and entered into definitive agreements that altered the existing relationship between the parties including, among other things: (i) the termination of AngloGold’s right to acquire 20% of the voting securities of AARI and the Company’s obligation to list AARI’s shares on a stock exchange; and (ii) the transfer by AngloGold to the Company of certain rights and interests in two mineral properties in Colombia.

Pursuant to the terms of the Colombia JV Amending Agreement, the Company issued to AngloGold units comprised of an aggregate of 25,000,000 Common Shares and 21,400,000 warrants to purchase Common Shares. The

warrants, which are exercisable at any time prior to May 15, 2011, consist of 11,000,000 warrants exercisable at a price of C\$3.34 per share and 10,400,000 warrants exercisable at a price of C\$4.25 per share.

Pursuant to the terms of the Colombia JV Amending Agreement, the Company granted to AngloGold 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 issuances are made, other than issuances of securities made to acquire properties or pursuant to employee incentive plans, in order 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 AngloGold owns less than 10% of the outstanding Common Shares of the Company.

On July 15, 2008, in connection with the second stage of closing under the Gramalote Purchase Agreement, the Company completed the payment to Grupo Nus of US\$7,500,000. The payment consisted of the issuance of 5,505,818 Common Shares of the Company at a deemed price of C\$1.10 per share, for an aggregate value of US\$6,000,000, and a cash payment of US\$1,500,000. As a result, the Company acquired an additional interest in the Gramalote property such that the Company and AngloGold Colombia now hold a 51% and 49% interest, respectively, in the Gramalote property.

On October 23, 2008, the Common Shares of the Company commenced trading on the Toronto Stock Exchange (“TSX”) under the symbol “BTO”.

2009 Developments

The Company announced an inferred resource estimate for the Gramalote Ridge zone of the Gramalote property on January 21, 2009. The inferred resource estimate of a 0.5 gram per tonne cut off, with a US\$1,000 per ounce gold optimised whittle pit, consisted of 74.375 million tonnes grading 1.00 grams per tonne gold for a total of 2.39 million troy ounces of gold. The Company filed a technical report for the inferred resource estimate on February 27, 2009.

On March 26, 2009, the Company acquired 100% of the shares of Central Sun Mining Inc. (“**Central Sun**”) (the “**Arrangement**”) by way of plan of arrangement (the “**Plan of Arrangement**”). The Arrangement was carried out pursuant to the terms and conditions contained in an arrangement agreement (the “**Arrangement Agreement**”) dated February 6, 2009 between the Company and Central Sun. Details of the Arrangement are set out under the heading “*Significant Acquisitions*” below. The Company filed a business acquisition report relating to the Arrangement on July 14, 2009, a copy of which is available under the Company’s profile on SEDAR at www.sedar.com.

On July 22, 2009, the Company completed a bought deal public offering of 33,340,000 Common Shares at a price of C\$0.75 per share for gross proceeds of C\$25,005,000. The offering was conducted by a syndicate of underwriters, co-led by Genuity Capital Markets and Macquarie Capital Markets Canada Ltd., and including Blackmont Capital Inc. and Haywood Securities Inc. On August 5, 2009, the underwriters exercised the over-allotment option granted by the Company under the offering and on August 7, 2009 the underwriters acquired an additional 5,001,000 Common Shares at a price of C\$0.75 per share for gross proceeds of C\$3,750,750.

The Company entered into an agreement relating to a US\$20,000,000 secured revolving credit facility (the “**Credit Facility**”) with Macquarie Bank Limited (“**Macquarie**”) on November 6, 2009. The term of the Credit Facility is for two years with a maturity date of December 31, 2011 and an interest rate of LIBOR plus 5.5%. In connection with the Credit Facility, the Company issued to Macquarie 11,063,565 share purchase warrants. Each warrant entitles the holder to acquire one Common Share of the Company at an exercise price of C\$0.97 for a period of three years. Under the Credit Facility, the Company granted a general security agreement over its assets and the shares and assets of certain of the Company’s material subsidiaries, and certain of the Company’s material subsidiaries guaranteed the obligations of the Company relating to the Credit Facility. On February 12, 2010, the Company entered into an amending agreement relating to the Credit Facility pursuant to which the Credit Facility was increased to US\$25,000,000.

During the year ended December 31, 2009, the Company received C\$257,280 pursuant to the exercise of 384,000 stock options and C\$42,000 pursuant to the exercise of 300,000 warrants held by former Central Sun

warrantholders. On exercise of the 300,000 warrants, the Company issued 384,000 Common Shares, which reflects the exchange ratio of 1.28 applied to the warrants under the Central Sun transaction.

Developments subsequent to the 2009 Year End

Pursuant to the terms of the Purchase Agreement, the Company and Kinross had agreed to try to enter into a tripartite agreement by a date which was extended several times up to December 31, 2009. On January 19, 2010, the Company notified Kinross that, pursuant to the terms of the Purchase Agreement, because the tripartite agreement was not entered into and other conditions relating to transfer of the East and West Kupol licenses were not met by December 31, 2009, the Company was requiring that Kinross' subsidiary, White Ice Ventures Limited, use its reasonable commercial efforts to structure an alternative transaction together with the Company so as to provide the Company with an equivalent indirect interest as to one half of Kinross' interest in the East and West Kupol licenses. The Purchase Agreement provides for a 180 day period following such notice for this alternative transaction to be completed, after which either party will have a right to terminate without any further obligations.

On February 18, 2010, the Company completed a bought deal public offering of 25,624,111 Common Shares at a price of C\$1.25 per share for gross proceeds of C\$32,030,138.75. The offering was conducted by a syndicate of underwriters, led by Genuity Capital Markets, Macquarie Capital Markets Canada Ltd. and Haywood Securities Inc., and including Canaccord Financial Ltd. and Raymond James Ltd.

Significant Acquisitions

Pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement, on March 26, 2009 Central Sun amalgamated with a wholly-owned subsidiary of the Company and all of the issued and outstanding common shares of Central Sun were transferred to the Company in consideration for the issuance by the Company to former shareholders of Central Sun of 1.28 Common Shares of the Company for each Central Sun common share held. The Company issued an aggregate of 80,638,705 Common Shares to the former Central Sun shareholders in connection with the Arrangement.

The outstanding stock options of Central Sun were exchanged for B2Gold stock options to acquire Common Shares of the Company based on the 1.28 to 1 exchange ratio. The B2Gold options have the same terms as the Central Sun options for which they were exchanged. In addition, the outstanding warrants of Central Sun were assumed by the Company at the time of closing of the Arrangement and became exercisable to acquire that number of Common Shares of the Company determined by reference to the share exchange ratio of 1.28. An aggregate of 26,050,471 Common Shares of the Company are issuable upon the exercise of warrants, stock options and agent's options held by the former Central Sun securityholders.

The acquisition by the Company of Central Sun added to the Company's property portfolio two Nicaraguan mines, the 100% owned La Libertad Mine and the 95% owned Limon Mine. In addition, the Company also acquired interests in additional mineral properties including, in Nicaragua, the 100% owned La India property and in Costa Rica, the 100% owned Bellavista property.

DESCRIPTION OF THE BUSINESS

General

The Company is a gold mining company with a strategic focus on acquiring interests in mineral properties with demonstrated potential for hosting economic mineral deposits with gold deposits as the primary focus. The Company conducts exploration and drilling campaigns to define and develop resources and reserves on these properties with an intention of developing, constructing and operating mines on such properties. The Company's material projects are the La Libertad Mine and the Limon Mine in Nicaragua and the Gramalote property in Colombia. The Company also owns or has a material interest in the East and West Kupol licenses in Russia, the Bellavista property in Costa Rica, and the La India property in Nicaragua and the Mocoa property in Colombia. The Company also has options to earn an interest in two joint ventures in Nicaragua with Radius and Calibre, respectively.

The Company's corporate objective is to build an intermediate gold company through the acquisition of gold properties, organic growth through exploration, and by capitalizing on its management experience through strategic acquisitions.

Material Projects

La Libertad Mine

The La Libertad Mine is located 110 kilometres due east of Managua, the capital city of Nicaragua, approximately a two hour drive from the Company's office in Managua and a five hour drive from the Limon Mine. The Company holds an indirect 100% interest in Desarrollo Minero de Nicaragua S.A. ("**Desminic**"), which owns and operates the La Libertad Mine. The Company, through Desminic, holds one exploitation and exploration concession covering 10,950 hectares, granted in August 1994 for a term of 40 years, and two other exploitation and exploration concessions covering 3,546 hectares. The three concessions form one contiguous block.

Mining and processing of ore commenced at the La Libertad Mine in the fourth quarter of 2009 following the completion of the conversion of the La Libertad Mine from a heap leach mine to a conventional milling operation. The La Libertad Mine and milling facilities have passed mechanical completion and commissioning. Ore processing at the La Libertad Mine began on December 15, 2009 with the first doré bar produced on January 5, 2010. The Company projects the La Libertad Mine to produce approximately 80,000 to 90,000 ounces of gold annually over an initial seven year mine life.

The La Libertad mill is designed to process 3,500 tonnes of ore per day. In February 2010, the La Libertad mill exceeded the Company's projections and processed an average of approximately 3,900 tonnes of ore per day. A second ball mill, which was not included in the original mine plan described in the 2008 Orosi Technical Report, is scheduled to arrive at the La Libertad Mine by the end of the first quarter 2010. The foundations for the new ball mill have been completed and work is underway on fabricating and installing the process tanks. The Company anticipates the new ball mill will be installed and commissioned by the end of the second quarter 2010. After installation of the second ball mill and additional leach tanks, the Company has projected throughput at the La Libertad Mine to increase to approximately 5,500 tonnes per day. See "*Mineral Properties – La Libertad Mine*".

Limon Mine

The Limon Mine is located approximately 100 kilometres northwest of Managua and 20 kilometres from the Pan-American Highway. The Company holds an indirect 95% interest in Triton Minera S.A. ("**Triton**"), which owns and operates the Limon Mine, and eight other mineral concessions, all at an exploration stage. The remaining 5% of Triton is held by Inversiones Mineras S.A., a holding company representing unionized mine workers in Nicaragua. The Limon property consists of the 12,000 hectare "Mina El Limon" mineral concession, which has a term of 25 years expiring in January 2027. Triton directly owns or controls the surface rights for all the property on which the mining, milling, tailings or related facilities at the Limon Mine are located.

The Limon Mine concession includes numerous epithermal gold-quartz veins that have historically produced approximately three million ounces of gold since production began in 1941. The current operation at the Limon Mine is a 1,000 tonne per day underground and open pit gold mine, which has an estimated mine life of 3.5 years. Since being acquired by the Company, the Limon Mine has produced approximately 20,612 ounces of gold in the nine months ended December 31, 2009. The Limon Mine produced 38,638 ounces of gold in the year ended December 31, 2008. For 2010, the Limon Mine is projected to produce approximately 40,000 ounces of gold. See "*Mineral Properties – Limon Mine*".

Gramalote Property

The Gramalote property is located approximately 230 kilometres northwest of the Colombian capital of Bogota and approximately 80 kilometres northeast of Medellin, the regional capital of the Department of Antioquia. The Company holds a 51% interest in Gramalote BVI, which is the company that holds the mineral interests relating to the Gramalote property. Exploration programs managed by AngloGold Colombia and the Company confirmed the large-tonnage bulk mineable potential of Gramalote Ridge area and identified additional outlying gold anomalies in the area

surrounding the Gramalote Ridge mineral system. The exploration by AngloGold Colombia and the Company has identified three target types within the Gramalote property including an advanced phase target at Gramalote Ridge, outlying targets within four to five kilometres of Gramalote Ridge and various early phase, rock and stream sediment sample anomalies within the 175 square kilometre area of interest at the Gramalote property. In February 2009, the Company reported an inferred resource estimate for Gramalote Ridge of 74.375 million tonnes grading 1.0 gram per tonne gold for a total of 2.387 million troy ounces of gold. See “*Mineral Properties – Gramalote Property*”.

Pursuant to the terms of the Shareholders’ Agreement for an incorporated joint venture Gramalote Limited dated May 15, 2008 (the “**Gramalote Shareholders Agreement**”), in the event that a feasibility study on the Gramalote property is not completed by the Company by June 30, 2010, the ownership percentages will be adjusted such that AngloGold and the Company will have a 51% and 49% interest, respectively, in the Gramalote property. Although the Company has decided not to proceed with, or complete, a feasibility study on the Gramalote property by June 30, 2010, and is currently in discussions with AngloGold regarding further exploration of the Gramalote property and possible modification of the terms of the joint venture, the Company expects to continue exploration on the Gramalote property in 2010.

Other Exploration Properties and Interests

Radius Joint Venture

Pursuant to an Option Agreement with Radius dated December 23, 2009, the Company has the option to earn a 60% interest in the Trebol, Pavon and San Pedro exploration properties in Nicaragua (six concessions with 25 year terms covering approximately 242,000 hectares) by expending US\$4 million on the properties within four years. The Company may also earn a 70% interest in certain additional areas by applying for concessions and expending US\$2 million on the concession area within three years of the grant of a concession. In addition, the Company has the option to acquire a 100% interest in the Pavon resource property, which is comprised of a 1301 hectare exploration concession, by putting the property into production within three years of giving notice of its election to develop the property. In that event, Radius will be entitled to certain production payments on gold produced from the property based on the prevailing price of gold (e.g., US\$150 per ounce at a price of US\$1,000 per ounce of gold). The Company will be the operator for all exploration and development work.

The Trebol property, located in northeastern Nicaragua, is a low sulphidation epithermal hot springs district consisting of numerous strong gold anomalies spanning over 14 kilometres of strike length. Radius has drilled nine holes totaling 963 metres on the Trebol property. Thick intersections of mineralized rock cut by the drilling and trenching yielded intervals such as 23 metres of 1.5 grams per tonne gold in hole TRDH-001 and 11 metres of 3.9 grams per tonne gold in Trench 27. The Company’s current exploration effort is concentrated on further defining the mineralization with trenching and rock and soil geochemistry to be followed by drilling later in 2010.

The Pavon resource property, located in central Nicaragua, is a low sulphidation system discovered by Radius in 2003. Several veins occurring over a strike length of 6 kilometres have been explored with 74 trenches and 71 diamond drill holes totaling approximately 10,700 metres. Historic results include up to 9.1 grams per tonne gold over 14.2 metres in Trench 1 and 10.3 grams per tonne gold over 16.8 metres in hole PADH-055 in the north zone and up to 6.7 grams per tonne gold over 11 metres in hole PADH-01 in the south zone. The Company is currently evaluating the viability of open pit mining portions of the veins and shipping the ore to the mills at the La Libertad Mine or Limon Mine.

East and West Kupol Licenses

The East and West Kupol licenses relate to an area in eastern Russia approximately 220 and 200 kilometres, respectively, southeast of the city of Bilibino and approximately 410 and 430 kilometres, respectively, northwest of Anadyr, on the boundary between the Anadyrski and Bilibinski districts within the Chukotka Autonomous Region. The licenses cover a combined area of approximately 425 square kilometres and are situated around the Kupol mine that is currently in production. Past exploration by Anyusk State Mining and Geological Company has identified a number of mineral occurrences proximal to the large Kupol gold-silver deposit, including quartz vein systems at Prekup and Dublon and several areas of anomalous soil and rock float geochemistry associated with altered and weakly veined host rocks. Diamond drilling in 2009 resulted in a new discovery at the Moroshka Basin of the West

Kupol license. Hole 30 intersected two quartz veins, approximately three metres apart which contained 16.96 grams per tonne of gold and 258.09 grams per tonne of silver over 1.5 metres and 14.92 grams per tonne of gold and 115.68 grams per tonne of silver over 1.1 metres. The intersection remains open within a prominent magnetic low which extends 800 metres north and 400 metres south. The Company drilled an additional seven holes in 2009, totaling 2,120 metres, to follow up on the drill results and the vein discovery at the Moroshka Basin. The most significant results include 13.6 grams per tonne of gold and 101.1 grams per tonne of silver over 2.5 metres in hole 36 and 113.7 grams per tonne gold and 201.7 grams per tonne silver over 0.8 metres in hole 37. The Company plans to commence a 4,200 metre diamond drilling program in March 2010 to follow up on the results from the Moroshka Basin and an additional 1,200 metres of diamond drilling on the East Kupol license.

Calibre Joint Venture

Pursuant to an Option Agreement dated July 21, 2009 with Calibre, the Company has the right to earn up to a 65% interest in potential mining projects in the Borosi gold-silver-copper prospect in northeast Nicaragua. The Option Agreement provides that the Company may earn a 51% interest in 11 exploration and exploitation mineral concessions with terms ranging from 20 to over 35 years covering approximately 70,000 hectares by funding C\$8 million of exploration expenditures on the property over a three year period ending July 1, 2012. The Company must fund C\$2.5 million of exploration expenditures by July 1, 2010. The Company may increase its interest in specific project areas to 65% by funding a preliminary feasibility study of the viability of a mining project in that area. Calibre is the operator for the initial year of the program and the Company may elect to become operator for subsequent years.

The Borosi property is located in the Bonanza-Rosita-Siuna areas of northeast Nicaragua. The “Mining Triangle” of Nicaragua is estimated to have had historical production totaling more than 5 million ounces of gold, 4 million ounces of silver, 158,000 tons of copper and 106,000 tons of zinc. The initial exploration has focused on the Eastern Epithermal, Bonanza and Rosita Gold Camps with geological mapping, prospecting, soil surveying and trenching. Exploration to date by Calibre has outlined four new epithermal vein systems with grab samples containing up to 55.4 grams per tonne gold in the La Luna Zone. A 6,000 metre diamond drill program will commence in the first quarter of 2010.

Bellavista Property

The Bellavista property is located within the Costa Rican “Gold Belt”, approximately 70 kilometers northeast of San José. The Company holds one exploitation concession covering a 7 square kilometre area. The Bellavista mine was previously operated by Glencairn Gold Corporation (“**Glencairn**”) as a heap leach operation. Mining operations were suspended by Glencairn in July 2007 due to indications of a potential massive ground movement, which in part were caused by water saturation due to abnormally high rainfall during the preceding several years. Following the suspension of mining operations, Glencairn undertook a program of rinsing the heap leach with fresh water to remove cyanide from the heap, and a monitoring program to evaluate ground movement concerns. In October 2007, a landslide at the Bellavista mine occurred resulting in damage to the East side of the heap leach pad and the recovery plant. The preventative measures taken by Glencairn averted a potential environmental disaster.

From October 2007 until now, Glencairn and the Company have conducted a number of mitigations measures, extensive monitoring programs and site reclamation. Tetra Tech Inc. (“**Tetra Tech**”), working directly for the Secretaria Técnica Nacional Ambiental (“**SETENA**”) which is the lead regulatory agency in Costa Rica, recently completed environmental and closure audits which show that the landslide has remained stable since the initial movement in October 2007 and there has been no contamination of surface and groundwater as a result of this incident. The Company’s reclamation activities continue with the planting of over 1,000 trees on portions of the waste dump area and with work programs focused on controlling runoff from rain storms and keeping water levels from building up in the slide area. The Company is investigating various alternatives relating to the Bellavista property, including the potential for re-opening the mine on the Bellavista property using different technologies, including a milling and carbon-in-leach process.

Mocoa Property

The Mocoa property is located approximately 465 kilometres southwest of the Colombian capital of Bogota and 10 kilometres north of the town of Mocoa, an agricultural centre and the capital of Department of Putumayo. The

Mocoa property was discovered through regional geochemical exploration by a joint venture of the United Nations and Ingeominas and Ecominas (Colombian state agencies). Between 1978 and 1983, the joint venture explored the deposit with 31 drill holes totalling 18,321 metres. As a result of the exploration, the joint venture was able to complete an estimate of mineral resources and reserves, in accordance with industry standards at the time. The historical estimate was prepared prior to the implementation of NI 43-101 and is not compliant with current accepted resource and reserve classifications. The Company's exploration program verified the historic mineralization and expanded the area of previous known mineralization to the northwest.

Principal Product

The Company's principal product is gold, with gold production forming a significant part of revenues. There is a global market into which the Company can sell its gold and, as a result, the Company is not dependent on a particular purchaser with respect to the sale of the gold that the Company produces.

The Company began producing gold in 2009 at the Limon Mine following its acquisition of Central Sun. In January 2010, the Company also began producing gold at its La Libertad Mine following the completion of the conversion of the mine from a heap leach mine to a conventional milling operation.

Special Skills and Knowledge

Various aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, engineering, geology, drilling, metallurgy, logistical planning and implementation of exploration programs as well as legal compliance, finance and accounting.

Competitive Conditions

The precious metal mineral exploration and mining business is a competitive business. The Company competes with numerous other companies and individuals in the search for and the acquisition of quality precious metal mineral properties. The ability of the Company to acquire precious mineral properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for precious metal development or mineral exploration.

Employees

The Company's business is administered principally from its head office in Vancouver, British Columbia, Canada. The Company also has offices in Managua, Nicaragua; Bogota, Colombia; and San Jose, Costa Rica. At December 31, 2009, the Company had 41 employees in Canada, 832 employees in Nicaragua, 28 employees in Colombia, 22 employees in Costa Rica and 2 employees in Russia.

Environmental and Regulatory

The Company has adopted an environmental policy designed to ensure all environmental risks are adequately addressed while committing to environmental protection and public welfare for all the Company's activities. The Company is also implementing procedures designed to measure compliance with the environmental policy and applicable regulatory guidelines and monitor the environmental compliance of all operations and reports as part of the corporate annual monitoring requirements. In addition, the Company will work with environmental regulatory agencies to ensure that the performance of the operations of the Company is at a level that is acceptable to the regulatory authorities. The Company will encourage open dialogue and has prepared a procedure for responding to concerns of all entities with respect to environmental issues.

Nicaragua

Regulatory

In Nicaragua, surface and underground mineral resources are the property of the Nicaraguan State (the "State"). The State has an inalienable and indefeasible absolute domain over such mineral resources. As a consequence, the State

has the right to authorize any third party to carry out activities related to exploration and exploitation of mineral resources in the country. The State grants authorization for mineral exploitation through mining concessions, permits for craft mining and special licenses for small mining projects. Under Nicaraguan mining legislation, the State is required to ensure the equality of rights and obligations of both national and foreign investors.

The mining regulatory framework is generally established on Law No. 387 “Special Law for Exploration and Exploitation of Mines”, published on the Gazette, Official Dairy No. 151, of August 13, 2008, and its regulation, Decree No. 119-2001, published on the Gazette No. 4, of January 7, 2001 (the “**Mining Law**”).

The Ministry of Energy and Mines (“**MEM**”) is the national entity in charge of regulating mining activities. MEM is also in charge of granting all authorizations required to participate in the mining industry in Nicaragua and is entitled to monitor and penalize infractions of the Mining Law.

a) Mining Concessions

Authorization for a natural person or legal entity to perform mining activities in Nicaragua is provided under a mining concession. The mining concession entitles its holder to the exclusive rights to explore, develop, mine, extract, export and sell the mineral commodities found and produced from the concession.

Under Nicaraguan mining legislation, mining concessions constitute rights *in rem* to the holder, and are different from the rights provided by the ownership of the land or surface area in which the mining concession is located, even though both may be held by the same person or entity. The rights *in rem* that originate from mining concessions are capable of being opposed by a third party, transferable and transmissible, susceptible to mortgages and generally can be used in most contracts or acts. However, a mining concession cannot form property or legal entitlement which can be transferred by way of inheritance.

The mining concession is considered immovable property and includes “integral” and “accessory” parts, even if certain parts are located outside the mining concession perimeter. The mineral deposits located in the perimeter area of the mining concession are considered an integral part of the mining concession, and included any work performed in order to use the same. The construction and installation of permanent objects related to the mineral concession and used in its operation are considered as accessory parts of the mining concession. The mining concession can only be divided, transferred or transmitted and leased totally or partially or merged with other concessions, with the previous consent of MEM and in compliance with the requirements and regulations established by MEM.

Under Nicaraguan mining legislation, the boundary of area to be provided for the mining concession is set using north, south, east and west boundary of borders, in accordance with the Universal Transverse Mercator (“**UTM**”) coordinate system, used in topographic maps, coinciding with the grids of the UTM coordinate system. A mining concession has a maximum area of 50,000 hectares is granted for a period of 25 years, which may be extended for another equal period.

(i) Payment of Rights and Fees

The holder of a mining concession is bonded to pay for the validation or surface right. As well, the holder is bonded to pay a fee for extracting rights and royalties.

Validation or Surface Rights: This payment is required to be paid in two advanced instalments. The holder of a mining concession is required to pay the equivalent in the national currency of Nicaragua of the following amounts expressed in US\$:

- US\$0.25 per hectare in the first year.
- US\$0.75 per hectare in the second year.
- US\$1.50 per hectare in the third and fourth year.
- US\$3.00 per hectare in the fifth and sixth year.
- US\$4.00 per hectare in the seventh and eighth year.
- US\$8.00 per hectare in the ninth and tenth year.

- US\$12.00 per hectare after on the tenth year.

Extraction Rights and Royalties: The State is entitled to a proportional extraction royalty over the substances extracted from a mineral concession. The amount of the royalty is determined by the place of production in the country (extraction or benefit, in accordance to each situation) and is calculated on an amount after deducting the transportation costs from the mine to the final destination from the selling price. The amount of the extraction right and royalty is 3% for minerals.

Persons or entities involved in the mining industry are also subject to the payment of income tax. Under Nicaraguan law, the extraction rights and royalty payment will be considered as an expense for the calculation of income tax.

Exemptions and suspensions of customs tax for the importation of materials, machinery, instruments and utensils are available to the holder of the mining concessions through the temporary admission regime and other regimes designed for the promotion of exportations. Also, mining concession holders are entitled to an exemption from paying taxes on immovable goods that are property of the concessionaire included inside the perimeter of the concession.

(ii) Rights of Occupation of Land of the State and Private Persons

The holder of a mining concession located on State land can perform the following activities:

- Use the necessary land to carry out exploration and exploitation activities and activities related to exploration and exploitation, including constructing accommodations for employees.
- Carry out basic activities that are necessary in normal economic conditions to perform operations required for the exploration and exploitation, including the transport of materials, equipment and extracted substances.
- Carry out inspections and activities necessary in order to obtain water supply for the personnel and facilities.
- Clear the land necessary to perform the above-noted activities and obtain a water supply, subject to certain prior authorization.

As to the occupancy of privately owned properties, the holder of a mining concession is first required to negotiate the conditions, terms and payment method with the owner of the property. In a case where no agreement can be reached, the concessionaire is entitled to make a request to the Energy Ministry for the expropriation of such land.

In all the situations mentioned above, the holder of a mining concession has the obligation to:

- Honor the rights of the private landowner and not cause any prejudice to them.
- Respect the existing infrastructure.
- Abide by the technical regulations for the environment issued by the Ministry of Environment and Natural Resources.
- Request required authorizations for exploitation of other natural resources (wood, forests, etc.).
- Repair all damage to the soil/property caused by the concessionaire's operations and pay the owner compensation for the amount of any such damage.

b) Small Mining and Craft Mining

Nicaraguan mining legislation provides for the granting of permits and licenses to small miners and craft miners. If there were craft miners performing their activities inside the area of a mining concession at the time the concession was granted to the concessionaire, the concessionaire must allow the craft miners access to the area and allow them to perform their craft mining activities. The authorization for craft mining does not create preferential rights in favor of the craft miners as the total surface allowed for craft mining activities may not exceed 1% of the total area granted to the new concessionaire. Nicaraguan mining forbids the conducting of small and craft mining activities inside the perimeter of a mine concession for exploitation, except when the holder of the same expressly agrees with the execution of these activities.

Environmental

In accordance with the Mining Law and the general environmental framework, which is composed mainly of the Law No. 217 “General Law for the Environment and Natural Resources”, its amendments, regulation, and Decree No. 76-2006 (Environmental Evaluation System), in order for a concessionaire to start its exploration and exploitation activities, an environmental permit or authorization is required. Under Nicaraguan mining legislation, the competent authority for granting the environmental authorization, monitoring or penalizing environment matters is Ministry of Environment and Natural Resources (“MARENA”), which acts jointly with MEM for monitoring matters.

Depending on the activities to be performed, the preparation and submission of an Environmental Impact Study (“EIS”) or an Environmental Evaluation (“EE”) may be required. The EIS or the EE, as applicable, must be completed by the concessionaire according to the terms of reference or guides indicated by the competent authority.

Under Nicaragua’s national environmental legislation, certain projects undertaken in connection with the exploitation of metallic minerals, including construction of facilities used for mining, wastes dams, and the rewash of minerals are considered as Category II Projects, which means they are projects that could produce high environmental impact. Before starting activities, these kinds of projects require an environmental permit, which requires an EIS.

Projects involving exploration and exploitation of non-metallic minerals with volumes of extraction less than 40,000 kilograms are considered by the Nicaraguan environmental legislation as Category III Projects, which means they are projects with moderate environmental impacts. Category III Projects require the holder of the mining concession to obtain an environmental authorization, which leads to the preparation and submission of an EE.

In general terms, exploration and exploitation activities must be performed in compliance with the environmental technical regulations dictated by MARENA. The dumping of liquid or solid waste which results from mining activities into water bodies is forbidden. The concessionaire has the obligation to properly treat and dispose of such waste in accordance with MARENA regulations.

Colombia

Regulatory

In Colombia, all mineral rights are the property of the government of Colombia. Obtaining a mining right does not transfer ownership of the mineral estate, but creates a temporary right to explore and benefit from minerals in exchange for royalty payments so long as the mining title remains in good standing.

Under Colombian mining law, foreign individuals and corporations have the same rights as Colombian individuals and corporations, and Colombian governmental regulatory bodies are specifically prohibited from requiring any additional or different requirements than would be required of a Colombian individual or corporation.

Mineral property rights are governed by the Colombian Mining Code, which has been subject to various changes and amendments. Under Colombian mining law, the holder of surface or subsurface minerals, whether operating on government or private property, is subject to the legal requirements established under the 1988 Mining Code and the Colombian Mining Law 685 of 2001 (the “**2001 Mining Code**”). The 1988 Mining Code is currently applied to those licences granted during the period it was in effect and prior to the effective date of the 2001 Mining Code. It is also applied to those applications made during its pendency but still under administrative proceeding when the 2001 Mining Code came into force, where the applicant did not request to be subject to the new regulation.

The 1988 Mining Code establishes four types of mining title: permits, exploration licenses, exploitation licenses and concession contracts. An exploration license grants the holder the exclusive right to perform, in a prescribed area, work directed to identifying commercially exploitable mineral deposits and reserves. There are three types of exploration licenses: small, medium, and large mining activity licenses. The type of exploration license is determined by the anticipated volume or tonnage of materials to be extracted from the mine to be developed on the property. During the term of the exploration license, reports on work performed on the property must be filed with

the Ministry of Mines and Energy. The Ministry of Mines and Energy subsequently makes a definitive project classification based on the information field. The Ministry of Mines and Energy has the right to reclassify the project every five years during the exploration phase. There is a maximum size area for each type of exploration license. The term of an exploration license is determined by the area covered as follows:

<u>Original Area</u>	<u>Type</u>	<u>Term</u>	<u>Extension</u>
Up to 100 hectares	Small	1 year	1 year
100 hectares up to 1,000 hectares	Medium	2 years	1 year
1,000 hectares or more	Large	5 years	N/A

On expiry of an exploration license for small mining activity and any extensions thereof, the license can be converted, on compliance with prescribed conditions, into an exploitation license. An exploitation license has a term of ten years. On its expiry, the holder can apply for a ten year extension or conversion of the license into a concession contract. On expiry of an exploration license for medium and large mining activities and any extensions thereof, the license is required to be converted to a mining concession on compliance with prescribed conditions. There are two types of mining contracts: concession contracts issued by the Ministry of Mines and Energy and those contracts issued by entities to which the Ministry of Mines and Energy has assigned its rights. A concession contract gives the holder the exclusive right to extract certain minerals and conduct the activities necessary for exploitation, transport and shipment of the same. Concession contracts have a term of 30 years.

In June 2001, a new Mining Code was enacted that somewhat simplifies and streamlines procedures for concessions. The separation of concessions into three different levels for small, medium and large mining no longer exists. There is now only one title which, once issued, has a duration of 30 years and can be extended a further 30 years, and further first rights for subsequent periods of 30 years. Within the first 30 year period, there is an exploration phase of three years with a further two year extension. This is followed by a construction phase of three years with a further one year extension. Despite these time limits, mining can start any time within this phase. To obtain the requisite permits to explore and mine the necessary environmental plans and report studies need to be presented and approved. Companies were allowed to elect to maintain existing claims under the 1988 Mining Code or elect to comply with the 2001 Mining Code.

Environmental

Mining companies in Colombia are subject to the authority of the Ministry of the Environment, the Regional Development Companies and certain municipalities and metropolitan districts. However, the National Code of Renewable Natural Resources and Environmental Protection forms the basis of environmental policy in Colombia and there is an interest in preserving natural resources from development activities. The 2001 Mining Code requires an environmental mining insurance policy for each concession contract. In addition, this provision requires that an environmental impact study (an "EIA") be presented at the end of the exploration phase if the concession is to proceed to the construction phase, and this must be approved and an environmental license issued before the exploitation phase can begin.

Exploitation may require additional permits, including an environmental license, a permit for springs, a forest use permit, a certificate of vehicular emissions, an emissions permit and a river course occupation permit.

Exploration on a mineral tenure which exceeds prospecting, mapping and sampling, requires the submittal and approval of an Environmental Management Plan ("PMA") which must include:

- (a) the work to be done (i.e., the number of drill holes, location, direction, depth, etc);
- (b) the proposed points of diversion for water so appropriate water permits can be issued;
- (c) the location and number of settling ponds to prevent turbidity in the streams by drilling fluids; and
- (d) the location of fuel and oil storage areas, away from streams and creeks.

During the exploration phase, along with a PMA, a mining company may be required to request before the Regional Development Companies a permit for springs, a forest use permit, an emission permit and/or a river course alteration permit.

The preparation and filing of the PMA is normally the responsibility of the drill contractor, and is typically approved in 15 to 30 days, up to a maximum of 90 days. There is no bond requirement for exploration PMA's, and no site reclamation is required. While PMA's do not require any authorization or environmental permits, any such work carried out in areas designated as natural reserves are to be governed by those rules and restrictions.

As discussed above, an EIA must be submitted before an environmental licence is issued. The EIA has to demonstrate the building and works plan's environmental feasibility. Without approval of this study and the issuance of the corresponding Environmental Licence, mining and exploration cannot commence.

Chapter 20 of the 2001 Mining Code deals with the issuance of the required environmental licences for mining titles. Once an EIA has been submitted, the law provides that the issuance of the required environmental licences can only be refused when:

- (a) the EIA does not comply with the requirements of the 2001 Mining Code and specifically those foreseen in the terms of reference and/or guides, established by the competent environmental authority;
- (b) the EIA has errors or omissions that cannot be corrected by the applicant and that are required components of such study;
- (c) the level of prevention, mitigation, correction, compensation and substitution for the negative impacts of the mining project prescribed in the EIA, do not comply with the substantial elements established for such effects in the guidelines; or
- (d) the omissions, errors or deficiencies of the EIA, and of the proposed measures referred to in the previous subsections, affect the total mining project.

As noted above, the 2001 Mining Code also requires a concession contract holder to obtain an environmental mining insurance policy. During the exploration stage, the insured value under the policy must be 5% of the value of the planned annual exploration expenditures and during the construction phase the insured value under the policy must be 5% of the planned investment for assembly and construction under the building and works plan. During the exploitation phase the insured value under the policy must be 10% of the product of the estimated annual production multiplied by the mine mouth price of the minerals being produced, as fixed annually by the Colombian government. For licences or agreements to be maintained under 1988 Mining Code, the holder has to obtain an insurance policy and the insured value must be 10% of the estimated production for the first two years as established by the building and works plan. Further, the policy must be maintained during the entire term of the licence or agreement.

Where there is a breach of environmental laws, an affected third party or the government may initiate judicial action against a polluting entity, including actions for protection of civil rights, civil liability lawsuits, class actions, group actions, executive or police measures and criminal filings. Environmental laws are a matter of public interest and are not subject to settlement. Historically, environmental authorities have taken a relaxed approach in the enforcement of environmental regulations. Recently, growing concern with respect to the environmental sustainability of projects, undertakings and industrial activities has resulted in increased enforcement and prosecution. Sanctions include daily penalties, suspension or revocation of the license, concession, permit, or authorization, temporary or final closure of the establishment, work demolition at the cost of the infringer, and confiscation of products or implements used to commit an infringement.

Taxes and Royalties

In Colombia, there are various government fees and royalties payable by mining titleholders. During the exploration and construction phases, the holder of a concession contract must pay property fee equivalent to one Colombian minimum daily wage per hectare per year for areas up to 2,000 hectares, two minimum daily wages per hectare per year for areas of 2,000 to 5,000 hectares, and three minimum daily wages per hectare per year for areas of 5,000 to 10,000 hectares. The fee is payable in advance per year upon the contract's execution. The fee is payable annually

until the commencement of commercial production from the property. A royalty is payable at an effective rate of 4% of the gross value of the minerals calculated at the mine mouth for gold, subject to certain deductions and gross adjustments. The value per gram of gold and silver at mine mouth for the estimation of royalties will be 80% of the average international price for the previous month, as published in the London Metal Exchange. For underground mines, the royalty is payable when annual production exceeds 8,000 tonnes and, for open-pit mines, when annual production exceeds 250,000 cubic metres.

Under the 2001 Mining Code, Colombian staff of a mining company, as a whole, should receive not less than 70% of the total payroll of qualified or of skilled personnel in upper management or senior level staff, and no less than 80% of the value of total payroll of the subordinates. Upon prior authorization, relief may be granted by the Ministry of Labour for a specified time to allow specialized training for Colombian personnel.

Surface Rights and Surface Tenure

Colombian law specifically provides that the owner of a concession contract, exploration licence or exploitation licence is entitled to use so much of the surface as is necessary to carry out the activities under the given licence or contract. Under normal conditions, this requires little more than speaking with the surface owner, obtaining permission and paying a reasonable fair market price for the areas actually used. Colombian law grants exclusive temporary possession of mineral deposits and provides mandatory easements to ensure efficient exploration and exploitation of legal mining titles and further provides authority to impose appropriate easements as necessary both within and external to the limits of the mining title. The holder of a mining title must agree with the surface owner or other party against which such easement is enforceable, including other mining title holders, upon the time, and appropriate remuneration for the use and occupancy. Colombian law provides that the remuneration payable to the surface owner is to be based on the reasonable fair market value of the land and is not to include any value attributable to the development of the "mineral wealth", and that it should only be for so much of the surface as is actually affected, consumed or occupied by the exploration or mining activity. Should the use of the surface affect the value of areas, not subject to the easement, this loss of value will also be taken into account when fixing the remuneration payable to the land owners.

Furthermore, since the mining industry is an activity of public interest, it is also possible for the concessionaire to request the competent mining authority for the expropriation of the lands necessary for mining activities. The acquisition of land through expropriation is also subject to prior indemnification to the owners(s).

RISK FACTORS

The exploration, development and mining of natural resources are highly speculative in nature and are subject to significant risks. The risk factors noted below do not necessarily comprise all those faced by the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, operations and future prospects of the Company. If any of the following risks actually occur, the business of the Company may be harmed and its financial condition and results of operations may suffer significantly.

Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the explorations, development and production of gold, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, pit wall failure and other conditions involved in drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate risks to minimize risk are being taken, milling operations are subject to hazards such as fire, equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines and no

assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining program. The economics of developing gold and other mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Production and Cost Estimates

The Company has prepared estimates of future production, operating costs and capital costs for the La Libertad Mine and the Limon Mine. The Company cannot give any assurance that such production or cost estimates will be achieved. Actual production and costs may vary from the estimates depending on a variety of factors, many of which are not within the Company's control. These factors include, but are not limited to, actual ore mined varying from estimates of grade, tonnage, dilution, and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; exchange rate and commodity price fluctuations; shortages of principal supplies needed for operations, including explosives, fuels, water and equipment parts; labor shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by governmental or regulatory authorities or other changes in the regulatory environments. Failure to achieve production or cost estimates or material increases in costs could have a material adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

The figures for mineral reserves and mineral resources contained in this Annual Information Form are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves can be mined or processed profitably. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in gold prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimates. The volume and grade of mineral reserves mined and processed and the recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Company's ability to extract these mineral reserves, could have a material adverse effect on the Company's operations, financial condition and results of operations.

Commodity Prices

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, sales of gold by central banks, forward sales by producers, production, industrial and jewellery demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

The Company's future revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of gold. The prices of these commodities are affected by numerous factors beyond the Company's control.

Foreign Countries and Mining Risks

The Company's production activities are currently conducted in Nicaragua and, as such, the Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, uncertainty as to the outcome of any litigation in foreign jurisdictions, uncertainty as to enforcement of local laws, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

The Company has interests in exploration properties that are located in developing countries, including Nicaragua, Russia and Colombia, and the mineral exploration and mining activities of the Company may be affected in varying degrees by political instability and government regulations relating to foreign investment and the mining industry. Changes, if any, in mining or investment policies or shifts in political attitude in Nicaragua, Russia or Colombia may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's business, financial condition and results of operations.

Environmental Compliance

The Company's operations are subject to local laws and regulations regarding environmental matters, the abstraction of water, and the discharge of mining wastes and materials. Any changes in these laws could affect the Company's operations and economics. Environmental laws and regulations change frequently, and the implementation of new, or the modification of existing, laws or regulations could harm the Company. The Company cannot predict how

agencies or courts in foreign countries will interpret existing laws and regulations or the effect that these adoptions and interpretations may have on the Company's business or financial condition.

The Company may be required to make significant expenditures to comply with governmental laws and regulations. Any significant mining operations will have some environmental impact, including land and habitat impact, arising from the use of land for mining and related activities, and certain impact on water resources near the project sites, resulting from water use, rock disposal and drainage run-off. No assurances can be given that such environmental issues will not have a material adverse effect on the Company's operations in the future. While the Company believes it does not currently have any material environmental obligations, exploration activities may give rise in the future to significant liabilities on the Company's part to the government and third parties and may require the Company to incur substantial costs of remediation. Additionally, the Company does not maintain insurance against environmental risks. As a result, any claims against the Company may result in liabilities the Company will not be able to afford, resulting in the failure of the Company's business. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there-under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

Institution of Restrictions on Repatriation of Earnings

There are currently no restrictions on the repatriation from the countries in which the Company operates of earnings to foreign entities. However, there can be no assurance that restrictions on repatriations of earnings from these countries will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombian (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses. Likewise, a Russian company is obligated to repatriate any proceeds in foreign currency received by such company outside Russia.

Currency Risks

The Company's operations in foreign countries are subject to currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company reports its financial results in U.S. dollars and incurs expenses in U.S. dollars, Canadian dollars, Nicaraguan córdobas, Colombian pesos and Russian rubles. As the exchange rates between the Nicaraguan córdoba, Colombian peso, Russian ruble and Canadian dollar fluctuate against the U.S. dollar, the Company will experience foreign exchange gains and losses.

In Russia, currency transactions between residents and non-residents can generally be carried out without any restrictions except that parties must buy and sell foreign currency only in specially licensed banks. However, in circumstances of political and/or economic instability, foreign currency transactions may be volatile.

The Russian ruble is not convertible outside Russia and is not traded internationally. Although a market exists within Russia for the conversion of the Russian ruble into other currencies, that market is limited in size and is subject to certain restrictions.

Restriction on Foreign Investment and Capital Raising in Russia

As of May 7, 2008, the Foreign Investment Law came into force, as well as amendments to several pieces of legislation including, in particular, amendments to the Law On the Subsoil (the "**Amendments**"). Pursuant to the Amendments, subsoil plots containing gold reserves of 50 tons or more are deemed plots of federal significance.

Under the Foreign Investment Law, transactions relating to the acquisition of control by a foreign investor or group of foreign investors (“**Foreign Investor**”) over strategic companies engaged in use of subsoil plots having federal significance are subject to prior approval by the federal body authorized to control foreign investment (the Company would be deemed a Foreign Investor). The Amendments state that the government may refuse to grant to a company controlled by a Foreign Investor the subsoil use rights for the purpose of final exploration and production of minerals from the plot. In such an instance, compensation in the form of a payment for expenses incurred by the relevant subsoil user in the course of exploration, as well as a premium to be determined but not necessarily corresponding to market value of the property in question will be paid. The legislation also restricts the raising of capital by certain Russian companies. Under the legislation, prior governmental approval is required for the acquisition by a Foreign Investor of 10% or more of the voting shares of a strategic company, which includes any Russian company engaged in subsoil use of plots containing gold reserves of 50 tons or more. In addition, governmental approval is required if a Foreign Investor is to acquire the right to elect more than 10% of the directors of a strategic company or enter into a management agreement with, or determine the decision of the management bodies of, the strategic company and similar arrangements resulting in control over a strategic company. These rules also apply to transactions and agreements entered into outside of Russia, if the transactions or agreements result in the establishment of control over strategic companies.

As the Foreign Investment Law and the Amendments have only recently become effective, it is not certain how the significant control and discretion provided to the Government of the Russian Federation in respect of subsoil use in Russia will be applied from time to time. The legislation could have a significant impact upon the Company’s ability to further develop the East and West Kupol Licenses. There can be no assurance that the required governmental approvals required to develop the East and West Kupol Licenses will be granted on acceptable terms or at all and the new legislation provides that if the approval is not granted, the compensation payable would be limited to the expenses incurred in the course of exploration and certain additional premium, not necessarily corresponding to the market value of the relevant property.

Russian Political Environment

There can be no assurance that industries deemed of national or strategic importance to the Russian Federation, such as mineral production, will not be nationalized. In addition, the Chukotka regional government’s current policy of encouragement of foreign investment may change, renationalization of the gold mining industry may occur, or other government limitations, restrictions or requirements not presently foreseen, may be implemented. Changes in policy that alter Russian laws regulating mineral concessions or other mineral rights could have a material adverse effect on the Company. There can be no assurance that the assets of the Company will not be subject to requisition or confiscation, whether legitimate or not, by any authority or body. While there are provisions for compensation and reimbursement of losses to investors under such circumstances, there can be no assurance that such provisions would be effective to restore to the Company the market value or the amount of the original investment.

Possible political or economic instability in the Russian Federation and the Chukotka region may result in the impairment or loss of mineral concessions or other mineral rights, and may adversely affect the Company and its ability to carry on business in Russia. Taxes and other fiscal measures and customs and other import regulations are particularly susceptible to revision in reaction to political changes and the pressure on the Russian Government to generate revenue or to conserve hard currency.

Uncertain Legal Environment in Russia

Among other things, the current legal environment in Russia is characterized by poorly-drafted and inconsistent legislation, gaps where legislation is not yet available, and uncertainty in application due to frequent policy shifts and lack of administrative experience. Important elements of basic and other legislation remain to be enacted or officially registered, published or otherwise made available to the public.

Russian laws often provide general statements of principles rather than a specific guide to operations and government officials may be delegated or exercise broad authority to determine matters of significance to the operations and business of the Company. Such authority may be exercised in an unpredictable manner and effective appeal processes may not be available. In addition, breaches of Russian law, especially in the areas of currency control, may involve severe penalties and consequences that may be regarded as disproportionate to the offence.

Exploration for and extraction of minerals in the Russian Federation is governed by the Subsoil Law, the Licensing Regulations and the Precious Metals Law. Given the fact that the legislative scheme and the regulatory bodies governing this scheme are of relatively recent origin, the law has been subject to varying interpretations and inconsistent application. Therefore, it can be difficult to determine with certainty in any given instance the exact nature of legal rights possessed by persons using the subsoil. Further, the Subsoil Law and other subordinate legislation contemplate certain internal procedures to be carried out by the state bodies in the course of the issuance of a subsoil license. While under the laws of developed countries, the granting of subsoil rights by state bodies deem such rights to be validly issued, in Russia a violation of such requirements committed by the state body may affect a subsoil user whose license may be attacked by a prosecutor's office or other relevant state body for non-compliance during the issuance or other internal process. Since these are internal procedures to be carried out by the state bodies, in practice it is very difficult, if possible at all, to review whether all of them were duly complied with. While under Russian law a subsoil user, who is deprived of its right to use subsoil as a result of illegal actions of subsoil authorities, may be entitled to claim compensation for damages (including lost profits) from such authorities, such right would be very difficult to enforce in practice.

Russian law consists of a variety of federal legislative, presidential, governmental, or ministerial instruments, which may overlap or conflict with each other and/or with regional and local rules and regulations. Accordingly, there are uncertainties in conclusively determining all necessary information about required permits, approvals and licences, and there is no comprehensive index or system for determining all relevant legislation. In addition, the Russian legal system is a civil law system, and legal precedents are not of the same determinative nature as in a common law system leading to inconsistent application of the same legal instrument. Additionally, the application of Russian law is often subject to a high level of discretion by government officials, whose actions feature an elevated level of non-transparency, illogical decision making, unexpected innovation and delay.

It is possible that changes in Russian law may be applied in a way that is contrary to what is written, retroactively, or in an arbitrary, formalistic or unfair manner. Accordingly, there can be no assurance that the Company has complied with all applicable laws or obtained all necessary approvals in Russia. There can be no assurance that laws, orders, rules, regulations and other Russian legislation currently relating to the Company's investment in the Russian Federation will not be altered, in whole or in part, or that a Russian court or other authority will not interpret existing Russian legislation, whether retroactively or otherwise, in such a way that would have an adverse impact on the Company. There can be no assurance that there may not be relevant applicable law that is unconstitutional, improperly adopted, unpublished, unconsolidated, classified, secret, of restricted circulation, or not publicly available, or that published or available texts of the same legislative instruments are consistent. There can be no assurance that the Russian authorities will not adopt a retroactive law or regulation that would have an adverse impact on the Company.

In general, there remains great uncertainty as to the extent to which Russian parties and entities, particularly governmental agencies, will be prepared to respect the contractual and other rights of the non-Russian parties with which they deal and also as to the extent to which the rule of law has taken hold and will be upheld in the Russian Federation. Procedures for the protection of rights, such as the taking of security, the enforcement of claims and proceedings for injunctive relief or to obtain damages, are still relatively undeveloped in the Russian Federation. Accordingly, there may be greater difficulty and uncertainty in respect of the Company's abilities to protect and enforce its rights (including contractual rights). There can be no assurance that this will not have a material adverse effect upon the Company.

Colombian Economic Environment

The status of Colombia as a developing country may make it difficult for the Company to obtain any required financing for the Company's projects. Notwithstanding the progress achieved in restructuring Colombia political institutions and revitalizing its economy, the present administration, or any successor government, may not be able to sustain the progress achieved. While the Colombian economy has experienced growth in recent years, such growth may not continue in the future at similar rates or at all. If the economy of Colombia fails to continue its growth or suffers a recession, the Company's exploration efforts may be affected. The Company does not carry political risk insurance.

Further, Colombia has in the past experienced a difficult security environment as well as political instability. In particular, various illegal groups that may be active in and around regions in which the Company is present may pose a credible threat of terrorism, extortion and kidnapping, which could have an adverse effect on the Company's operations in such regions. In the event that continued operations in these regions compromise the Company's security or business principles, the Company may withdraw from these regions on a temporary or permanent basis, which in turn, could have an adverse impact on the Company's results of operations and financial condition. No assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Colombia. Colombia is also home to South America's largest and longest running insurgency. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect the Company's business.

Labour and Employment Matters

Production at the Company's mining operations is dependent upon the efforts of the Company's employees and the Company's relations with its unionized and non-unionized employees. In addition, relations between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in those jurisdictions in which the Company carries on business. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, financial condition and results of operations.

The Limon Mine has experienced labour issues in the past, including work stoppages or suspension of operations due to legal or illegal strikes or illegal road blockades. The work stoppages remain an issue for the Company and the Company anticipates that time may be lost to strikes (legal and illegal). The Company is continuing to seek a permanent solution to these disruptions; however, there can be no assurance that a permanent solution will be found and the Company will not have to suspend operations again.

Operations at the La Libertad Mine were suspended for construction in March 2007. Care and maintenance operations required only approximately 18% of the employees and accordingly, employment of the remaining employees was suspended in the following months. Central Sun reached an agreement with the union and agreed to pay the suspended employees 36% of their wages (equivalent to paying for nine days per month) and maintain all their benefits. When construction of the La Libertad mill project commenced, the employees were to be gradually integrated back into Central Sun's work force either as direct hires or as employees of the construction contractors. Following completion of the conversion of the mill in December 2009, and the recommencement of mining operations at the La Libertad Mine, nearly all of the employees have returned to work as direct hires of Desminic and a new collective bargaining agreement has been negotiated and signed with the union.

Environmental and other Regulatory Requirements

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving towards stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. An environmental assessment of a proposed project carries a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The current mining and exploration activities of the Company require permits from various governmental authorities and such operations are, and will be, governed by laws and regulations governing exploration, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in mining and exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company may require for mining and exploration will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the

Company may undertake. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. However, there may be unforeseen environmental liabilities of the Company resulting from exploration and/or mining activities and these may be costly to remedy.

Joint Ventures

Many of the properties in which the Company has an interest will be operated through joint ventures with other mining companies and will be subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the viability of the Company's interests held through joint ventures, which could have a material adverse impact on the Company's results of operations and financial conditions:

- inability to exert influence over certain strategic decisions made in respect of joint venture properties;
- disagreement with partners on how to develop and operate mines efficiently;
- inability of partners to meet their obligations to the joint venture or third parties; and
- litigation between partners regarding joint venture matters.

Additional Funds

Future exploration, development, mining, and processing of minerals from the Company's properties could require substantial additional financing. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may involve certain restrictions on operating activities or other financings. There is no assurance that such equity or debt financing will be available to the Company or that they would be obtained on terms favourable to the Company, if at all, which may adversely affect the Company's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development, or production on any or all of the Company's properties, or even a loss of property interests.

Principal Properties Located in Remote Areas

Certain of the Company's exploration operations are located in remote areas, some of which have harsh climates, resulting in technical challenges for conducting both geological exploration and mining. The Company benefits from modern mining transportation skills and technologies for operating in areas with harsh climates. Nevertheless, the Company may sometimes be unable to overcome problems related to weather and climate at a commercially reasonable cost, which could have a material adverse effect on the Company's business and results of operations. The remote location of the Company's principal operations also results in increased costs and transportation difficulties.

Infrastructure

Mining, development and exploration activities depend on adequate infrastructure, including reliable roads, power sources and water supply. The Company's inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's operations and financial condition.

Property Interests

The ability of the Company to carry out successful mineral exploration and development activities and mining operations will depend on a number of factors. The section of this Annual Information Form entitled "*Business of the Company*" identifies the Company's obligations with respect to acquiring and maintaining title to the Company's interest in certain of its current properties. No guarantee can be given that the Company will be in a position to comply with all such conditions and obligations, or to require third parties to comply with their obligations with respect to such properties. Furthermore, while it is common practice that permits and licenses may be renewed,

extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal, extension or a transfer will be granted to the Company or, if they are granted, that the Company will be in a position to comply with all conditions that are imposed. A number of the Company's interests are the subject of pending applications to register assignments, extend the term, increase the area or to convert licenses to concession contracts and there is no assurance that such applications will be approved as submitted.

The Company is satisfied, based on due diligence conducted by the Company, that its interests in the properties are valid and exist as set out in this Annual Information Form. There can be no assurances, however, that the interests in the Company's properties are free from defects or that the material contracts between the Company and the entities owned or controlled by foreign government will not be unilaterally altered or revoked. There is no assurance that such rights and title interests will not be revoked or significantly altered to the detriment of the Company. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties. The Company's interests in properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects or governmental actions.

Certain of the Company's property interests are also the subject of joint ventures that give the Company the right to earn an interest in the properties. To maintain a right to earn an interest in the properties, the Company may be required to make certain expenditures in respect of the property maintenance by paying government claim and other fees. If the Company fails to make the expenditures or fails to maintain the properties in good standing, the Company may lose its right to such properties and forfeit any funds expended to such time.

Loss of or Inability to Acquire Mineral Properties

If the Company loses or abandons its interest in one or more of its properties, there is no assurance that it will be able to acquire other mineral properties of merit, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of its key officers, employees and consultants. Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. The success of the Company is largely dependent on the performance of its key personnel. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success. The Company has not purchased any "key-man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

Conflicts of Interest

Certain directors and officers of the Company are or may become associated with other mining and mineral exploration industry companies which may give rise to conflicts of interest. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. However, circumstances (including with respect to future corporate opportunities) may arise which are resolved in a manner that is unfavourable to the Company.

Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, and the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

No History of Dividends

The Company has not paid a dividend on its Common Shares since incorporation. The Company intends to continue to retain earnings and other cash resources for its business. Any future determination to pay dividends will be at the discretion of the board of directors and will depend upon the capital requirements of the Company, results of operations and such other factors as the board of directors considers relevant.

Price Volatility in Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. The price of the Common Shares is subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could materially and adversely harm the Company and its financial position.

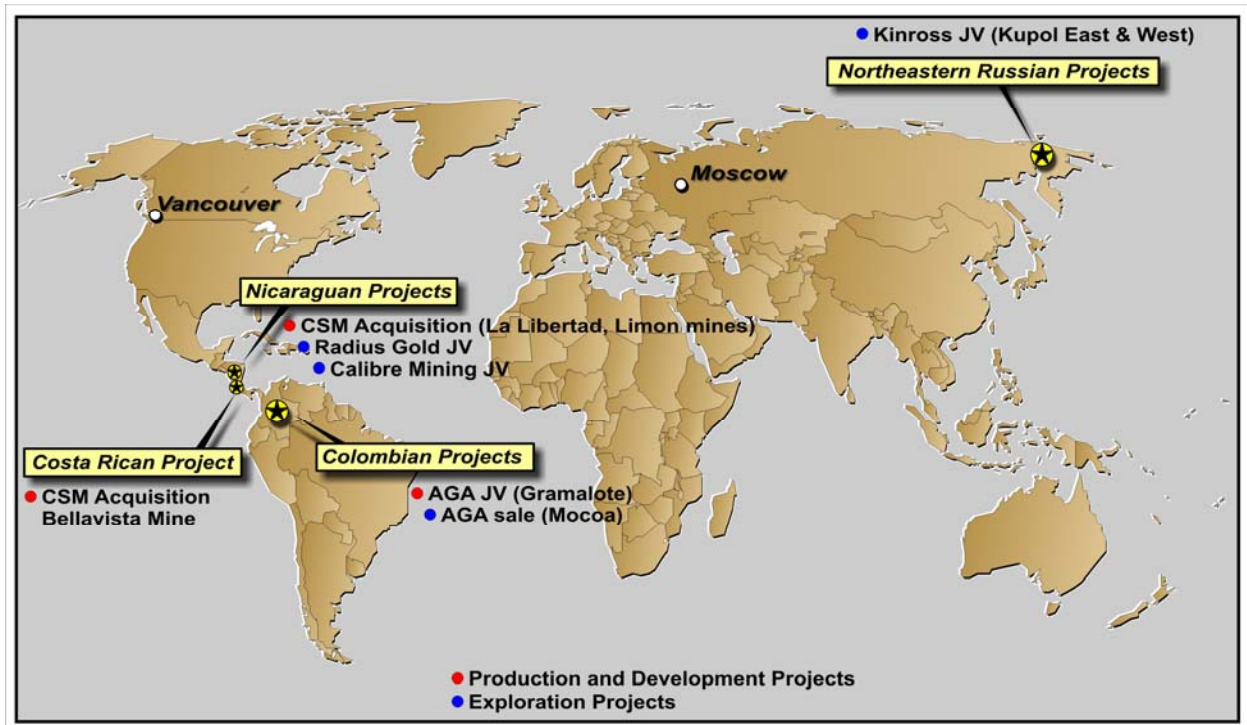
Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which the Company may become subject could have a material effect on our financial position, results of operations or the Company's property development.

Enforcement of Civil Liabilities

Substantially all of the assets of the Company are located outside of Canada, and certain of the directors and officers of the Company are resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

MINERAL PROPERTIES



The Company's material property interests are grouped geographically as follows:

- (a) the La Libertad Mine and the Limon Mine, located in Nicaragua; and
- (b) the Gramalote property, located in Colombia.

The Company also owns or has a material interest in the East and West Kupol licenses in Russia, the Bellavista property in Costa Rica, the La India property in Nicaragua and the Mocoa property in Colombia. The Company also has options to earn an interest in two joint ventures in Nicaragua with Radius and Calibre, respectively.

More detailed information on the Company's material properties, including project description and location, climate, local resources, infrastructure, physiography, history, geological setting, exploration, mineralization, drilling sampling, and mineral resource and mineral reserve estimates, can be found in the following technical reports, which are available under Central Sun's profile on SEDAR at www.sedar.com, other than the Gramalote Technical Report, the Gramalote Ridge Technical Report and the 2009 La Libertad Technical Report (each as defined below), which are available under the Company's profile:

1. Technical Report on the Orosi Mine, Nicaragua: 2008 Exploration Program and Mineral Resource Estimate, San Juan Zone dated March 14, 2009, as amended July 14, 2009 (the "**2009 La Libertad Technical Report**");
2. Technical Report on the Orosi Mine, Nicaragua prepared for Central Sun Mining Inc. dated June 26, 2008 (the "**2008 La Libertad Technical Report**");
3. Technical Report on La Libertad Project, Nicaragua, for Glencairn Gold Corporation dated October 31, 2006 (the "**La Libertad Technical Report**");
4. Technical Report of Mineral Resources and Mineral Reserves, Limon Mine and Mestiza-La India Areas, Nicaragua dated March 14, 2009 (the "**2009 Limon Technical Report**");

5. Technical Report of Mineral Resources and Mineral Reserves, Limon Mine and Mestiza Areas, Nicaragua dated March 31, 2008 (the “**2008 Limon Technical Report**”);
6. Technical Report Gramalote Property, Antioquia Department, Colombia dated February 27, 2009 (the “**Gramalote Ridge Technical Report**”); and
7. Updated Report on the Gramalote Property dated June 12, 2008 (the “**Gramalote Technical Report**”).

Summary of Mineral Reserves and Mineral Resources Estimates for Material Projects

The following table sets forth the estimated mineral reserves and mineral resources as at December 31, 2009 of the Company’s material properties: the La Libertad Mine, the Limon Mine and the Gramalote property:

Mineral Reserves - Proven and Probable⁽¹⁾

<u>Mine</u>	<u>Tonnes</u>	<u>Grade (g/t)</u>	<u>Gold (Ounces)</u>
La Libertad ⁽²⁾	12,812,236	1.58	650,270
Limon ⁽²⁾	966,139	4.59	142,634
Total Proven and Probable Mineral Reserves	13,778,375		792,904

Mineral Resources - Measured and Indicated⁽¹⁾

<u>Property</u>	<u>Tonnes</u>	<u>Grade (g/t)</u>	<u>Gold (Ounces)</u>
La Libertad ⁽²⁾	6,006,908	1.35	260,034
Limon ⁽²⁾	581,592	4.21	78,793
Total Measured and Indicated Mineral Resources....	6,588,500		338,827

Mineral Resources - Inferred⁽¹⁾

<u>Property</u>	<u>Tonnes</u>	<u>Grade (g/t)</u>	<u>Gold (Ounces)</u>
La Libertad ⁽²⁾	5,779,474	1.31	243,100
Limon ⁽²⁾	2,851,021	4.38	401,529
Gramalote ⁽³⁾	37,931,250	1.00	1,217,370
Total Inferred Mineral Resources⁽⁴⁾	46,561,745		1,861,999

Notes:

- (1) The mineral reserves and resources reported herein are based on the CIM Standards. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resources are in addition to mineral reserves.
- (2) The mineral reserve and mineral resource estimates for the La Libertad and Limon projects were compiled and verified as of December 31, 2009 under the supervision of Brian Scott, P. Geo., the Company’s chief geologist and a Qualified Person as defined under NI 43-101. The estimates reflect the attributable mineral reserves and mineral resources based on the Company’s 100% interest in the La Libertad Mine and its 95% interest in the Limon Mine.
- (3) The inferred resource estimate for the Gramalote property, which reflects the attributable resources to the Company based on its 51% interest in the Gramalote property, was prepared as of January 26, 2009 under the supervision of Susan N. Meister, MAusIMM, a Qualified Person as defined under NI 43-101.
- (4) The aggregate attributable inferred resource reflects the Company’s 51% interest in the Gramalote property, its 100% interest in the La Libertad Mine and its 95% interest in the Limon Mine.

La Libertad Mine

Certain portions of the following information has been derived from and is based on the assumptions, qualifications and procedures set out in: (i) 2009 La Libertad Technical Report prepared by William Pearson, Ph.D., P.Geo and Graham Speirs, P.Eng; (ii) the 2008 La Libertad Technical Report prepared by Jason Cox, P.Eng, Peter Lacroix, P.Eng. and David Ross, P.Geo, of Scott Wilson Roscoe Postle & Associates Ltd. (“**Scott Wilson RPA**”), and John C. Rust; and (iii) the La Libertad Technical Report prepared by Peter Lacroix of Scott Wilson RPA. For a more detailed overview of the La Libertad Mine please refer to the technical reports noted above, which are available on SEDAR at www.sedar.com.

Property Description and Location

The La Libertad Mine is located approximately 110 kilometres due east of Managua, the capital city of Nicaragua and 32 kilometres northeast of Juigalpa. The property is situated near the town of La Libertad in the La Libertad-Santo Domingo Region of the Department of Chontales in Central Nicaragua. The Company, indirectly through its subsidiary, Desminic, holds one exploitation concession covering 10,950 hectares, granted in August 31, 1994 for the term of 40 years pursuant to Ministerial Decree No. 032-RN-MC/94. This concession was granted and is regulated under the pre-2001 mining law. The principal obligations under the Ministerial Accord include the payment annually of surface taxes, and a net 3.0% royalty on gross production revenues. In 2007, Central Sun obtained an additional exploration concession, Extension WC de Oro, which covers 2,704 hectares of the potential extension of a mineralized structure northwest of the exploitation concession. The exploitation and exploration concessions form one contiguous block.

On March 28, 2008, the Nicaraguan Department of Environment issued Central Sun a full environmental permit for the construction, operation and maintenance of the La Libertad Mine projects which includes process plant upgrade and tailing management facility.

The La Libertad Mine is also subject to a royalty interest granted to IMISA, a Nicaraguan corporation formed to represent various groups of mine workers, equal to 2.0% of the total production of gold and silver from the La Libertad exploitation concession. The total royalty payable on La Libertad Mine production is 5.0%. In addition, under Nicaraguan law, small miners have the right to exploit secondary veins and small miner activities continue on the concession.

Access, Climate, Local Resources, Infrastructure and Physiography

Access to the La Libertad property is 201 kilometres by paved road from Managua to Juigalpa, the capital city of the Department of Chontales. From Juigalpa, an unsurfaced road leads northeast for 30 kilometres to the town of La Libertad. Access to the mine site is along a five kilometre, secondary unsurfaced road that originates at the entrance to the town of La Libertad.

The most salient climatic characteristic of the region is a pronounced wet and dry season. The wet season occurs in May through to November, with the highest precipitation occurring usually in September and October. Temperature variation in Nicaragua is mainly a function of altitude. Nationally, temperature varies between 21°C in the upper parts of the central mountain ranges to 29°C in the Pacific coastal regions. Statistical records indicate an annual average rate of evaporation of approximately 2,050 millimetres, higher than the average annual precipitation of approximately 1,695 millimetres. The highest monthly evaporation rates of approximately 235 millimetres coincide with the driest and hottest months (March and April).

The area is characterized by hilly terrain ranging in elevation from 400 metres to 835 metres above sea level. Cerro El Chamarro, located five kilometres northeast of the town of La Libertad, is the highest point on the concession at 835.2 metres above sea level. The La Libertad Mine is situated in the western end of the exploitation concession, approximately four kilometres northwest of the town of La Libertad. The vein outcrops along the Cerro Mojón ridge. It is the highest point in the immediate area at approximately 630 metres above sea level. The surrounding topography is characterized by gently sloping terrain, reaching a low of approximately 500 metres above sea level. Vegetative cover is primarily second growth shrubs, small trees, and grasses.

Most of the non-professional staff at the La Libertad Mine comes from the surrounding towns in the area. The town of La Libertad, some five kilometres by an unsurfaced secondary road, has a local population just over 2,000. Several other small towns are located within close proximity of the La Libertad Mine. The area has a long history of mining and ranching, and a local labour force skilled in small-scale mining is available. Many of the higher-skilled jobs, such as supervisory and professional designations, are filled by people from Managua as well as elsewhere in Central and South America. Most machinery and equipment required at the La Libertad Mine is imported. The transportation network is well established.

History

Operations from 2001 to 2007 were mostly continuous, with some temporary shutdowns reported as being for maintenance purposes. Mine production has been largely from a series of pits along the main Mojón-Crimea structure. Significant production was also achieved from the Esmeralda structure located parallel to and immediately south of the Mojón pits. Mine production for 2001 to March 2007 totalled 6.7 Mt, at a grade of 1.66 grams per tonne of gold, producing 207,000 ounces.

Ownership of Desminic passed through several companies via merger and acquisition, until July 6, 2006, when Central Sun purchased a 100% interest in La Libertad Mine. In May 2007, a scoping study was completed following test work and a study of the potential for conversion of the heap leach process to conventional milling. Results of the study were positive, and open pit mining was halted in March 2007 in order to proceed with the process upgrade. In August 2007, Central Sun commissioned a feasibility study and investigated sources of mill equipment.

Geological Setting

The Libertad mining district covers an area of approximately 150 square kilometres, and lies within a broad belt of Tertiary volcanic rocks that have been differentiated into two major units called the Matagalpa and the Coyol Groups. Oligocene to Miocene in age, the Matagalpa Group is the oldest unit and consists of intermediate to felsic pyroclastic rocks. Unconformably overlying the Matagalpa Group are Miocene-aged mafic lavas of the Lower Coyol unit. The rocks of the Lower Coyol unit host the gold-bearing quartz veins in the Libertad district.

At La Libertad, epithermal gold-silver deposits are hosted by andesitic volcanic rocks of late Miocene age. The bulk of known gold mineralization at La Libertad is contained within vein sets along two parallel trends separated by approximately 500 metres. The Mojón-Crimea Trend is nearly four kilometres long, strikes 65° and dips on average 80° to the southeast. The down-dip dimension is commonly on the order of 200 metres to 250 metres. The massive quartz veins and adjacent stockwork/stringer zones range in width from 2 metres to 70 metres for an average of 15 metres, often narrowing at depth. The Santa Mariá-Esmeralda Trend is discontinuous, with the Santa Mariá and Esmeralda veins separated by approximately 1,000 metres. The Santa Mariá vein averages 10 metres wide and is approximately 450 metres long. The Esmeralda Vein has been mined out. The San Juan vein zone extends for approximately 1,000 metres along strike and is located five kilometres south of the plant. This vein zone averages approximately 3.4 metres wide and has been drill tested to a depth of 170 metres.

Mineralization

Gold mineralization occurs in vein sets along two parallel trends separated by approximately 500 metres, the Mojón-Crimea Trend and the Santa Maria-Esmeralda Trend. The massive quartz veins and adjacent mineralized stockwork zones average 25 metres in width, narrowing to 15 metres at depth. The Santa Maria vein, located at the northeast end of the trend, averages 10 metres wide and is approximately 525 metres long. The vein is near vertical, and does not have a strong stockwork halo.

Gold mineralization is hosted by epithermal quartz and occurs as free particles up to 40 µm in diameter. Average grain sizes are 3 µm to 15 µm in diameter. Gold has a close affinity with pyrite and occurs as both a nucleus for pyrite crystallization and as a coating on pyrite crystals. Subsequent oxidation has destroyed the pyrite and freed the gold to depths of up to 150 metres below surface. Mineralization also occurs as native silver and electrum, a gold-silver alloy.

Exploration

Gold mineralization along the Mojón-Crimea and the Esmeralda-Santa Maria structures was exposed at surface in 32 large trenches excavated using a D8 dozer to depths of two to four metres. The trenches varied from 30 metres to 150 metres long and oriented perpendicular to the strike of the mineralization. Geological mapping and continuous channel sampling were completed on each trench. Mapping and sampling was also completed in two adits of 50
met
res

to 60 metres length that were driven perpendicular to mineralization at Mojón. Samples from the second adit (AD-002) were used in support of metallurgical test work.

In 2008, Central Sun commenced a major geological mapping program at the La Libertad Mine site. This included compilation of all previous data, relogging of old drill core and visits to a number of the artisanal mine workings. Five sets of conjugate shears at La Libertad were recognized. These shears strike principally at N60° dipping steeply toward the south. Within these shears there are numerous dilatations or structural openings which seem to have a periodicity in form and size. At least three phases of quartz vein development can be recognized. Each phase has been folded and/or brecciated by the subsequent phase, forming a main set of veins in which it is common to find quartz veins or veinlets, quartz breccias and fragments of quartz breccias in a matrix with quartz. Each phase has similar characteristics in terms of the types of quartz in the veins, except for Esmeralda, where the presence of amethyst and bladed-type textures is more evident, with high concentrations of secondary manganese.

In 2008, Induced Polarization (“IP”) surveys were carried out at the La Libertad Mine. The geophysical properties of the quartz rich vein and siliceous breccias in core from La Libertad contrast with the enclosing clay-altered andesitic host. After measuring the physical properties of representative La Libertad samples it was hypothesized that the clay alteration zone would be recognizable in a closely-spaced ($a=25$ metres) pole-dipole resistivity survey. Secondly, because much of the phyllic-altered andesite contains up to a few per cent of fine, euhedral pyrite grains it was believed that this would provide a clear IP target. In the final analysis this approach was found to be hampered by wide variability in the resistivity of lithologies making up the volcanic stratigraphy and anomalous chargeability unrelated to gold mineralization.

During 2009, the Company mapped and sampled a multitude of low sulphidation epithermal veins across the 20 kilometre long property position, such as the six kilometre long Jabali vein (partially mined historically for high grade vein material) with potential for both low grade, open pit stockwork mineralization up to 50 metres wide and narrow, high grade mineralization up to 194.6 grams per tonne gold over 1.3 metres wide from the Company’s surface sampling. The Los Angeles vein system offers similar potential and historical drilling intersected 13.1 grams per tonne gold over 5.78 metres wide, while the El Carmen vein returned numerous high grade grab samples up to 25.75 grams per tonne gold over 250 metres strike length, as yet untested by drilling.

Drilling

Exploration diamond drilling totaling 13,796 metres in 83 holes was completed in 2008 in the La Libertad Mine area. Targets tested include the following areas: San Juan (30 holes); Los Angeles (3 holes); Cuernos do Oro (10 holes); Victoria-Santa Maria (14 holes); Mojón SW and NE Extensions (18 holes); and Gobierno (8 holes).

San Juan is a potential new higher grade open pit mining target located five kilometres south of the processing plant. The results of the initial widespread drilling of twelve holes totaling 2,036 metres over an approximate 800 metres strike length were very positive. Follow-up definition drilling at San Juan confirmed the new zone; eighteen holes totaling 2,131 metres at spacing of approximately 50 metres by 50 metres were completed. The Los Angeles vein structure located adjacent to San Juan and probably representing a related splay structure adds potential magnitude to the new San Juan zone. Three holes totaling 565 metres tested targets at shallow depths in the Los Angeles target. A detailed mapping program including re-interpretation of previous geological data in conjunction with new diamond drilling and petrological work outlined a number of new targets along the Mojón-Crimea structure which hosts the majority of the mineral resources outlined to date at the La Libertad Mine. Drill testing of four holes totaling 796 metres to test potential splay structures of the Mojón-Crimea structure in the Santa Elena (Desconocida) area approximately two kilometres northeast of the milling facility returned positive results. Seven holes totaling 1,548 metres were completed to test potential new structures southwest of the current pit design limits on Mojón. The best result was from Hole MJ-08-003 which returned 4.49 g/t Au over a true width of 0.5 metres. In the Victoria-Santa Maria area, two confirmatory holes were drilled in the Santa Maria structure and twelve holes totaling 2,618 metres were completed at approximately 100 metre spacing to test the structure between the two mining areas that previously had minimal drilling. All holes intersected mineralized structures. The Cuernos de Oro structure located two kilometres north of the La Libertad Mine was tested by 10 holes totaling 1,114 metres spaced at approximately 100 metre intervals over a strike length of one kilometre. Results from the ten holes intersected a mineralized structure from 1.4 metres to 2.5 metres true width. This target area will likely be set aside for the small

miners to fulfill requirements under Nicaraguan law that 1% of the area of the mining concession be allocated for exploitation by small miners.

Geological mapping and three wide spaced exploration drill holes totaling 500 metres in the Santa Elena Extension area confirmed that the northeast extension of the Mojón-Crimea structure is truncated by a major east-northeast striking fault in the Santa Elena area near the Gobierno target area where the induced polarization anomalies were outlined. These holes, however, did not return any significant intersections.

IP/Resistivity surveys were completed to explore the potential strike extension over approximately three kilometres of the Mojón-Crimea structure as well as satellite structures to the immediate northeast of the mine area. This survey outlined a number of significant anomalies, including two major chargeability anomalies 1.2 kilometres and 2.5 kilometres northeast of the mine area respectively. Eight reconnaissance diamond drill holes totaling 1,678 metres were completed to test these anomalies. These holes confirmed the presence of widespread disseminated pyrite within a variety of hydrothermally clay-altered breccias however these breccias appear to be later stage and unrelated to gold mineralization as no significant values were returned from these holes.

Sampling and Analysis

Core is moved from the drill site to a covered core handling facility located at the La Libertad Mine. A new core logging and storage facility was constructed in 2008 to replace the old facilities. Geologists check depth intervals and box numbering, log and photograph the core, and mark sample intervals. Hardcopy logs record: core recovery, Rock Quality Designation (“**RQD**”), sample intervals, colour, grain size, alteration, and lithology.

The type and amount of quartz veining or brecciation are the main criteria for sample interval selection. Intervals are commonly kept to greater than 30 centimetres and range up to 1.5 metres in less-altered material. Once marked, intervals are assigned a unique sample number split by diamond saw. A continuous flow of fresh water cools the bit. Split samples are placed directly into a plastic sample bag and sealed.

In 2008, a digital system for entering logging data developed by GEMCOM known as **LOGGER** was implemented for all core logging. This system allows all pertinent data to be readily captured directly during the log process and also includes error check and various productivity enhancing tools. Once the drill log for a particular hole is completed, it is loaded into the GEMCOM database.

Sample Preparation

All rock and core samples from La Libertad were crushed, pulverized, and fire assayed for gold and silver at the Limon Mine laboratory. In the laboratory, there is separate crushing and pulverizing circuits for the mine grade control samples and exploration samples. Quality control at the Limon laboratory includes the use of blanks, duplicates, standards and internal check assays by the Limon Mine laboratory. From 2000 to 2007, external check assays were performed at ACME Analytical Laboratories Ltd., a certified laboratory in Vancouver, B.C., Canada. This laboratory uses a number of standard samples with the assay values certified by an external laboratory, Lakefield Research Limited of Canada.

Quality Control and Security of Samples

In 2008, 10% of assay pulps were sent for external checks at ALS Chemex, an ISO 9001, 2000 certified laboratory also located in Vancouver, B.C. Independent reference standards were inserted in all sample batches at the rate of one standard per 75 samples. The quality assurance procedures and assay protocols followed by the Company for underground and drill core samples at the Limón Mine laboratory were reviewed in previous years by independent consultants and were found to conform to industry accepted practices.

Drill core and spent-ore material are transported to the on-site laboratory by Company personnel. All sample preparation and analysis is done in the on-site laboratory under direct supervision of an experienced metallurgist. Drill core is stored at the mine site in either an open yard or a drill core logging facility. Sample rejects are stored temporarily at the on-site laboratory or in a separate storage facility. All of these facilities are located within the mine site, a guarded facility closed to the public.

Data Verification

During the drilling campaigns data verification and quality control was done by Triton personnel. The quality and reliability of the data obtained from ongoing programs was reviewed and verified by Triton staff geologists each time there is an update of the resource for any particular zone.

In January 2008, GEMCOM software and the LOGGER system were implemented for entry of logging data during the process of logging drill core. This approach substantially reduces errors that typically arise from the entry of data from paper to digital form. All exploration drill core at La Libertad is now logged in this manner. As part of the resource estimate for newly discovered San Juan zone, a systematic verification of all data from the historical drilling was completed. Verification of historical data in other zones is currently in progress. This review included examination of historical drill logs, assay certificates, old reports, plan maps and cross sections. In some cases old casings could be located to confirm locations of old surface drill holes. Some errors in calculations for coordinates of old holes were identified and these were corrected.

In all, 3,938 samples from drill holes, trenches, and adits representing 6,900 metres of sample were determined to be unreliable and flagged by a unique code indicating the type of inconsistency or problem. Included in these totals are 3,221 sample intervals from 97 drill holes. Of these holes, 91 had sample intervals with suspected or confirmed contamination. All trench and adit data were deemed unreliable and flagged accordingly. None of the flagged data was used by Scott Wilson RPA for resource estimates.

Mineral Reserves and Mineral Resources

Refer to the Company's "Summary of Mineral Reserves and Mineral Resources Estimates for Material Projects" on pages 26 – 27 for quantity, grades and category.

The mineral resource estimate for the La Libertad Mine is comprised of two components: (i) the unmined portions of the La Libertad epithermal gold-silver deposits outlined by drilling prior to 2008 (Mojón-Crimea and Santa Maria); and (ii) the previously mined material that has been crushed and processed by conventional heap-leach methods, that may be amenable to further processing to extract residual gold not recoverable at the current size distribution (Spent-ore). The former is based on a three-dimensional block model, with individual outlines of zones or lenses interpreted from geological data derived from drill logs, trenches, and other geological information. Grade estimates are based on samples from RC and diamond core drilling. The spent-ore estimates are derived from production records, physical surveys and sampling from trenching and drilling.

Mining Operations

The La Libertad Mine was historically a conventional surface mining operation utilizing small to mid-size equipment to drill, blast, excavate, and remove ore and waste from several active open pits. From the start of production in mid-1997 to the end of May 2006, the La Libertad Mine processed 8.1 million tonnes grading 1.77 g/t gold or 461,300 ounces of contained gold. During the same period, the La Libertad Mine moved 21.9 million tonnes of waste for an average strip ratio of 2.7 tonnes ore per tonne waste.

Following the acquisition of the La Libertad Mine in July 2006, Central Sun initiated improvements in all aspects of the operation, which included accelerated stripping, upgrades to the crushing and screening circuit, and construction of permanent heap leach pads. Extensive metallurgical test work aimed at understanding and improving recoveries was also initiated. Despite these improvements and a significant reduction in cash operating costs, overall recoveries were insufficient for the mine to operate profitably as a heap leach operation. Gold recoveries during the third quarter of 2006 ranged between 41% and 45%. Subsequent metallurgical test work showed recoveries do not improve within practical crush sizes. However, metallurgical test work indicated that grinding and leaching ore improves gold recoveries to between 90% and 96%. A 1,000-tonne bulk sample of La Libertad ore was processed at Central Sun's Limon mill to test the bulk sample's amenability to a conventional milling and cyanidation circuit. Results of this test showed that gold recovery was approximately 90%.

On February 21, 2007, Central Sun announced its plan to upgrade and expand gold production at the La Libertad Mine by converting the heap-leach mine to a conventional milling operation. Mining operations at the La Libertad

Mine were suspended March 31, 2007 due to poor recovery from the heap leach operation. In connection with a scoping study conducted on the La Libertad Mine, Central Sun processed a 4,500-tonne bulk sample of La Libertad Mine ore at its Limon mill. This test confirmed a 90.4% recovery rate. The scoping study indicated that better economic results could be achieved through a change in process. In April 2007, Central Sun acquired the Getchell process plant, which was dismantled and shipped to the La Libertad Mine site in early 2008. In August 2007, Central Sun commissioned a feasibility study relating to the conversion of the La Libertad Mine, which indicated that positive economic results could be obtained by conversion of the processing facilities from heap leaching to conventional milling.

Following the acquisition by the Company of Central Sun in March 2009, the Company commenced construction at the La Libertad Mine in order to convert the processing facilities from heap leaching to conventional milling. The Company completed the conversion of the La Libertad Mine and began processing ore on December 15, 2009, with the first doré bar being produced on January 5, 2010.

Production

During 2006, the La Libertad Mine produced 27,883 ounces of gold at a cash operating cost of US\$745 per ounce. Subsequent to acquisition by Central Sun on July 6, 2006, the La Libertad Mine produced 15,033 ounces of gold at a cash operating cost of US\$779 per ounce to December 31, 2006. The La Libertad Mine produced 16,365 ounces at a cash operating cost of US\$594 per ounce until March 31, 2007 when production at the La Libertad Mine was suspended.

Following the commencement of gold and silver production at the La Libertad Mine in January 2010, the Company expects that the La Libertad Mine will produce approximately 80,000 to 90,000 ounces of gold annually over a minimum seven year mine life. During February 2010, the mill exceeded the Company's projections, processing an average of approximately 3,900 tonnes of ore per day.

Exploration and Development

La Libertad gold district has been explored by prospectors, small scale miners, and mining companies for the last 150 years. Numerous pits, adits, trenches and small shafts throughout the district delineate a 20 kilometres long and five kilometres wide mineralized system. The La Libertad Mine area is the only segment of the district to have been explored at significant depth. The Company's land holdings offer an excellent opportunity to discover additional mineralization at similar grades as has been mined at the La Libertad Mine.

A second ball mill has arrived at the La Libertad Mine and is in the process of being installed. The foundations for the new ball mill have been completed and work is underway on fabricating and installing the process tanks. The Company anticipates the new ball mill will be installed and commissioned by the end of the second quarter 2010. After installation of the second ball mill and additional leach tanks, the Company has projected throughput at the La Libertad Mine to increase to approximately 5,500 tonnes per day.

The 6.2 kilometre long Jabali Vein system, located nine kilometres east of the La Libertad Mine has been trenched along two kilometres of the vein's strike length. Exploration work targeted possible stockwork mineralization surrounding previous historical vein mining and results to date indicate a wide (up to 50 metres) zone of low grade gold mineralization. This has confirmed the potential for bulk minable zones. In March 2010, a 12,000 metre diamond drill program was commenced at the La Libertad property. The drilling will follow up historic high grade drill results below the current mine pits with good potential to increase the mines reserve and resource base. In addition, the drilling will test some of the numerous regional targets identified along the 20 kilometre belt from historic work and the 2009 exploration program. Two rigs will be active on this program during the year.

Limon Mine

Certain portions of the following information has been derived from and is based on the assumptions, qualifications and procedures set out in: (i) the 2009 Limon Technical Report prepared by William Pearson, Ph.D., P.Geol., and Graham Speirs, P.Eng.; and (ii) the 2008 Limon Technical Report prepared by William Pearson, Ph.D., P.Geol., and Graham Speirs, P.Eng. For a more detailed overview of the Limon Mine please refer to the technical reports noted above, which are available on SEDAR at www.sedar.com.

Property Description and Location

The Limon property consists of the 12,000 hectare “Mina El Limon” mineral concession that has a term of 25 years expiring in January 2027. Each mineral concession under the Nicaraguan Mining Code is subject to an agreement issued by the government of Nicaragua that includes the rights to explore, develop, mine, extract, export and sell the mineral commodities found and produced from the concession. The Company is required to submit annual reports of its activities and production statistics to the government. Escalating annual surface taxes are payable to the Nicaraguan government for the Limon mineral concession. The surface tax rate was \$4.00 per hectare in 2009 and a maximum rate of \$12.00 per hectare will be reached in 2012 and maintained through subsequent years.

The Limon Mine property is in northwestern Nicaragua approximately 100 kilometres northwest of Managua, the capital of Nicaragua. The property straddles the boundary of the municipalities of Larreynaga and Telica of the Department of Leon and the municipalities of Chinandega and Villa Nueva of the Department of Chinandega.

Triton directly owns or controls the surface rights for all of the property upon which are located the current mining, milling, tailings and related facilities at the Limon Mine. Triton also owns a portion of the surface rights for the properties. As required, Triton has negotiated and entered into access agreements with individual surface right holders in respect of those properties for which it does not hold the surface rights within the concession. All of the permits required for exploration, mining and milling activities are in place for the Limon Mine.

Royal Gold, Inc. holds a 3% net smelter return (“NSR”) royalty on the mineral production from the Limon Mine and any other future production revenue generated from the Limon Mine and certain other concessions. The revenue from the Limon Mine is also subject to a 3% NSR on gold production payable to the Government of Nicaragua.

Internacional de Comercial S.A. (“IDC”) holds a royalty equal to 5% of the net profit of Triton Mining (USA) LLC (“Triton USA”), an indirect subsidiary of the Company that holds a 47.5% interest in the Limon Mine. Net profit is defined as the excess of gross revenue (being all revenue received from the operation by Triton USA of its business) over expenses (being specified as costs incurred and charged as expenses by Triton USA arising from its business, including working capital and operating expenses, royalties paid, borrowing costs, taxes and general sales and administrative expenses).

Access, Climate, Local Resources, Infrastructure and Physiography

The property is readily accessed by paved highway and a 15-kilometre gravel mine road with a total road distance from Managua of 140 kilometres. There are three local villages, Limon, Santa Pancha and Minvah, with an aggregate population of approximately 10,000 people which includes many of the employees of the Limon Mine. Leon, the second largest city in Nicaragua, is approximately 45 kilometres to the southwest of the Limon Mine.

The Limon Mine operates year round and is not normally affected by the typical seasonal climatic variations. The climate is tropical with a hot, wet season from May through November and a hotter, dry season from December through April. The mean annual temperature is 27 degrees Celsius with an average annual precipitation of two metres. The mining operations are in an area of low to moderate relief with elevations from 40 to 300 metres above mean sea level and plenty of flat areas for mine infrastructure. The area is covered with sparse vegetation, consisting predominantly of grasslands and scrub brush with widely spaced trees.

In general, Nicaragua has a moderately developed infrastructure of telecommunications, roads, airports and seaports and there is a fairly high literacy rate among the population with an ample supply of skilled and unskilled labour.

Electrical power for the Limon Mine is obtained from the national grid system with backup generators at the mine site. Water, both industrial and potable, is drawn from local sources.

History

Over the decades local artisan miners, called “guiriceros”, have been active throughout north-western Nicaragua, using manual grinding mills and mercury to process and recover gold from material obtained from rudimentary surface workings, scavenged from the old mine workings and even alluvial sediments.

Gold mining in the Limon district began in the 1800s and commercial production began in 1918. Production from the Limon Mine has been continuous since 1941. From 1941 to 1979, Noranda Inc. controlled the Limon Mine and produced just over 2.0 million ounces of gold from 4.1 million tonnes of ore. Production rates in this period started at 200 tonnes per day and increased to 345 tonnes per day. In 1979, the Sandinistas confiscated and nationalized the mine. Production under government control is reported to have been 280,000 ounces of gold from an estimated 1.9 million tonnes of ore.

Geological Setting

Nicaragua can be divided into three major terranes. A northwest striking graben, 30 to 40 kilometres in width, parallels the Pacific coastline along the western side of the country. This graben hosts up to 16 active or recently active volcanoes and is the site of thick Quaternary to Recent volcanic deposits. To the southwest, between the graben and Pacific coast, a narrow belt, 10 to 20 kilometres in width, of Tertiary, Mesozoic and Palaeozoic rocks is preserved. To the northeast of the graben, the Tertiary, Mesozoic and Palaeozoic “basement” is overlain by a major unit of Tertiary volcanics; namely, the Coyol (Miocene-Pliocene) and Matagalpa (Oligocene-Miocene) Groups. The Coyol Group hosts the known vein gold deposits in Nicaragua, including the Limon Mine.

The Limon Mine, located along the eastern edge of the northwest striking graben, is within an area of low hills that is in contrast with the level plain of the graben floor. Approximately 50% of the area in the general vicinity of the Limon Mine is covered by a thin layer of Quaternary to Recent deposits of volcanic ash and alluvium. The Limon Mine concession is underlain by volcanic strata that are correlated with the Miocene-Pliocene Coyol Group that is present over extensive areas of western Nicaragua. Coyol Group rocks exposed on the Limon Mine concession range from intermediate to felsic composition volcanic and volcanoclastic strata that are cut by minor intermediate to felsic hypabyssal intrusive bodies.

Exploration

In 2007, an extensive underground in-fill diamond drilling was completed in the Talavera zone totaling 4,830 metres in 41 holes has been completed. Holes were collared at 25 metres spacing and intersected targets at intervals of less than 60 metres apart vertically to a depth of 30 metres. These drill results have been incorporated into the updated mineral resource and reserve estimate for the Limon Mine. A diamond drilling program of six holes totaling 783 metres also tested the north-south extension of the El Limon zone located about 2.0 kilometres northeast of Talavera.

In 2008, Central Sun completed a diamond drill program totaling 7,055 metres in 25 holes to test targets in the Santa Pancha mine area. This work resulted in the discovery of the Santa Pancha South extension zone which extends some 500 metres along strike and 150 metres vertically. Five additional high priority targets were identified but drill testing of these targets was deferred to 2009. An extensive compilation of all existing exploration data was also completed in 2008.

In addition, wide spaced reconnaissance drilling at approximately 100 metre spacing followed by closer spaced definition drilling at approximately 50 metre by 50 metre spacing was completed on the new Santa Pancha South zone. The Santa Pancha structure, located about 4 kilometres east of the Limon processing plant, strikes N20E and extends for approximately 2.5 kilometres along strike. The Santa Pancha orebody, which has the highest grade within the Limon Mine area deposits, is currently being mined on the 100 metre level at a reserve grade of approximately 5.6 grams per tonne of gold. The closer spaced drilling provided much better definition of the

distribution of gold mineralization within the extensive structure and consistently positive results were obtained throughout the exploration drill program.

In 2009 and early 2010, the Company completed a mine definition, both underground and open pit, drill program totalling 2,523 metres in 29 holes on the Santa Pancha Vein system.

Mineralization

Gold mineralization in the Limon Mine, La India districts and northwestern Nicaragua is typical of low-sulphidation, quartz-adularia, epithermal systems. These deposits were formed at relatively shallow depth, typically from just below the surface to a little over one kilometre deep. To date this is the only style of gold mineralization that has been found and reported in the Tertiary rocks of northwestern Nicaragua. Silver is generally a commercially minor by-product of the gold mineralization. All gold production has been from quartz vein and quartz vein-breccia deposits hosted in linear structural features and is often accompanied minor pyrite and trace amounts of base metal sulphides. Gold is generally fine to very fine grained and relatively uniformly distributed throughout the higher grade parts of the veins. Only minor occurrences of disseminated or stockwork type epithermal precious metal mineralization have been reported. Mineral showings or deposits for other metals are not known in the area.

Three producing and past producing vein systems account for almost all of the gold produced from the Limon district; these are the Limon, Santa Pancha and Talavera systems. A large number of other weakly mineralized quartz veins have been identified and explored, some with minor development and production. The productive vein systems are approximately 1.0 to 2.0 kilometres long with vein widths from less than 1.0 metre to 25 metres. All economic gold mineralization found and mined to date lies within 400 metres of the surface. The productive and prospective elevations within the vein systems vary systematically across the district. Post-mineral faults locally disrupt and offset the veins.

Sampling and Analysis

Materials sampled for mineral resource and mineral reserve estimation include drill core and underground workings. Drill core recovery at the Limon Mine is generally very good. Mineralized drill core intervals to be sampled are identified and marked by a geologist. Visual indicators of the intervals to be sampled includes quartz veins, silicified breccias, silicified rock and other altered zones identified by the geologist. Sample intervals are selected based on changes in mineralization style and are normally extended for two metres into unmineralized rock. Marked sample intervals are split or sawn in half. A technician collects a continuous sample of the split or sawn core; sample lengths vary from 0.5 metres to 1.5 metres.

Underground development workings that expose mineralized veins are routinely sampled using continuous chip samples taken at waist height perpendicular to vein contacts. Samples are taken for each round of advance, giving a sample spacing of approximately three metres along the vein strike. The complete width of the development drift is sampled. A sample is normally taken for each one metre of vein width; sample lengths may vary depending on the width of the vein and changes of geology. Sampling is by a trained technician under the supervision of the mine geologist. Materials sampled as part of ongoing exploration activities include soils, boulders, rock outcrops, trenches and drill core. A geologist either takes or supervises the taking of all samples. Exploration samples of rock outcrops and boulders are normally taken as discontinuous chip samples, while trench samples are taken as continuous chip samples. These exploration sample materials are used to detect the presence of precious metals for target identification and are not normally used for resource estimation.

Sample Preparation

Rock and core samples are crushed, pulverized and fire assayed for gold and silver on-site at the Limon Mine laboratory. There are separate crushing and pulverizing circuits for the mine grade-control samples and exploration samples. The Limon Mine lab is not set up to do sample preparation or analysis for stream sediment and soil samples or multi-element suites. Sample preparation and analytical work for these samples are outsourced to independent commercial laboratories in Canada.

Quality Control and Security of Samples

Check assays and quality control-quality assurance (“QA/QC”) procedures are followed at the Limon Mine laboratory. These include internal check assays by the Limon Mine laboratory, and external check assays performed at ACME (2000-2007) and ALS Chewex (2008). Both laboratories are ISO 9001-2000 certified. The check assays are conducted independently by the exploration group and the Limón laboratory manager, and the standard samples are certified by Lakefield Research Limited of Canada. In 2008, Central Sun instituted a program whereby 10% of pulps are regularly checked at ALS Chemex Laboratories in Vancouver, British Columbia and certified external standards are inserted into each batch at the rate of one standard per 75 samples.

Samples from the mining operation are delivered by the mine geologist or technician directly to the mine laboratory each day upon the completion of underground sampling. All drill core from surface and underground drill holes is taken one or more times per shift from the drill rigs directly to a secured drill logging and sampling area within the guarded area of the mine property by authorized personnel. Within 24 to 48 hours, the potentially mineralized core intervals are photographed, logged and sampled; and the samples are delivered directly to the mine laboratory.

Each sample is assigned a unique sample number that allows it to be traced through the sampling and analytical procedures and for validation against the original sample site. In the case of exploration drill core the second half of the split core is stored on-site as a control sample, available for review and re-sampling if required. Mineralized core intervals from in-fill production holes are sampled as whole core.

Mineral Resources and Reserves

Refer to the Company’s “Summary of Mineral Reserves and Mineral Resources Estimates for Material Projects” on pages 26 – 27 for quantity, grades and category.

An update of the mineral resources and reserves was completed in March 2008 by Central Sun mine geology and engineering personnel under the supervision of Dr. William N. Pearson, Ph.D., P.Geo., and Mr. Graham Speirs, P.Eng. The updated mineral reserve and mineral resource estimate as at December 31, 2007 incorporated results from the in-fill underground diamond drilling completed in 2007. Methodology employed was the same as used by Scott Wilson RPA except that the gold price was adjusted to US\$550 per ounce for mineral reserves and cutoff grades adjusted for both mineral reserves and remaining resources. A further update of the mineral resources and reserves was completed at Limon Mine as at December 31, 2008.

Mining Operations

Mining operations at Talavera were suspended in September 2009 after the remaining economic ore was extracted, and Talavera was then placed on care and maintenance in October. The Company intends to further evaluate the potential for additional resources and reserves at Talavera, and the economics of reopening this mine. Future access to the Veta Nueva Vein which is located in the same general area as Talavera is being evaluated.

The Santa Pancha vein system has become the primary source for underground exploitation of ore. Access for underground mining at Santa Pancha is provided for by a ramp system that branches at the 90 metre level into both north and central ramps. The deepest level of the mine is at approximately 170 metres below surface. The mining methods used are longitudinal open stoping for the primary stopes and sub-level retreat for the pillar recovery. Stopes are backfilled with cemented development waste. The Santa Pancha mining operation is fully mechanized and the existing mine equipment is adequate to support current underground mining operations. The Company has provided for the replacement of some of the older equipment in the 2010 and future capital cost estimates. Two raises support the mine ventilation system and also one of them serves as emergency escapeway. Future mining at Santa Pancha will require deepening the mine and expanding along strike. Dewatering is a critical component of mining at Santa Pancha and pumps are currently working in two of the existing shafts to ensure that water levels are maintained at safe levels below the deepest workings. Improvements in this dewatering system represent a significant portion of the capital estimate for the next few years.

The Limon mill is a nominal 1,000 tonnes per day CIP gold recovery plant. Run of mine ore is hauled by truck from five small open pits (all of them located within a radius between 1 and 5 kilometres from the process plant) and the Santa Pancha Mine (6 kilometres from the process plant). Ore is stockpiled in front of the primary crusher or dumped directly into the 36-tonne capacity dump hopper feeding the jaw crusher. This stockpile is used to blend the various ore sources to maintain a consistent grade in the mill feed.

The existing Santa Rosa tailing facility is being expanded for an additional year's capacity. A new tailing facility will be constructed in 2011 in an area that has the potential for numerous volume expansions in the future.

Production

The Company reported gold production of 20,612 ounces during 2009 for the nine months ending December 31, 2009. Production from the Limon Mine for all twelve months of 2009 and for each of the five previous years is as follows:

	Units	2009	2008	2007	2006	2005	2004
Mill Feed	('000 t)	260.5	289.0	287.7	295.6	311.4	341.2
Head Grade	(g/t Au)	4.4	4.9	5.1	4.4	4.7	5.1
Recovery	(%)	86.0	84.9	78.5	83.3	83.8	84.6
Gold Recovered	(oz)	31,464	33,880	36,702	34,341	39,091	46,135

Exploration and Development

A definition drilling program commenced in the first quarter of 2010 on the Santa Pancha area of the Limon Mine. To date, 11 holes totaling 711 metres have been completed with old workings encountered in two holes and the remainder intersecting strong hydrothermal breccias and quartz veining in the principal target footwall vein. To complete the program, an additional four drill holes are planned for this area and five holes to the south, in the Shaft number 2 area, of the Santa Pancha vein system. In excess of one million ounces of gold has already been historically mined from the Santa Pancha vein system. In addition, the Company is in the process of obtaining the necessary permits for a trenching and drilling program for 2010. Numerous high priority targets have been identified on the 180 square kilometre property, including follow up on certain historic drill hole values, including hole 3301, which returned 18.8 grams per tonne gold over 9.6 metres. The Company believes that there are a number of exploration opportunities on or near the Limon Mine site. The Company expects to continue exploration at the site with the intention of increasing the reserves, resources and mine life of the project.

A surface exploration program comprised of geophysics, soil geochemistry and geological mapping is currently underway with a trenching program set to start once permits are received. A 7,000 metre drill program is schedule to restart in mid-March 2010 with two drills targeting a combination of exploration and ore definition targets.

Additionally, the Santa Pancha deep area was drilled by Central Sun in 2008 and outlined an inferred resource of 165,000 ounces of gold (1.03 million tonnes at 4.99 g/t gold at a 3.0 g/t gold cut off). In order to upgrade this inferred resource to indicated category, a 7,800 metre drill program will be completed by the Company during 2010.

Gramalote Property

The Gramalote property is located near the town of Providencia, Colombia within the municipalities of San Roque and San Jose del Nus, Department of Antioquia, Republic of Colombia, approximately 230 kilometres northwest of the Colombian capital of Bogota and approximately 110 kilometres northeast of Medellin. The Gramalote Ridge Technical Report (February 2009) was prepared under the supervision of Susan N. Meister, MAusIMM, and the Gramalote Technical Report (June 2008) was prepared under the supervision of John Gorham, P.Geol., each a Qualified Person as defined in NI 43-101. The reports are available under the Company's profile on the SEDAR website at www.sedar.com.

The Gramalote project area is covered by 73 contiguous claim blocks totalling 58,854.70 hectares. The claims presently include two exploitation licenses totalling 106.75 hectares, one exploration license totalling 2,292.81 hectares, 16 registered concession contracts totalling 25,516.41 hectares, four non-registered concession contracts totalling 4,227.80 hectares, three granted “Free Area” mineral applications totalling 11,004.92 hectares and 47 mineral applications totalling 15,726.81 hectares. The claims are registered, or are in the process of being registered, in the name of Gramalote (Colombia) Limited (“**Gramalote Branch**”), the Colombian branch of Gramalote BVI that has been formed to hold each of the Gramalote mineral claims.

B2Gold Colombia has secured surface access agreements with the property owners in the area of planned exploration and drilling. Additional surface rights may be required for the establishment of a commercial mining project.

The Gramalote property has been the subject of ongoing artisanal mineral production activities, however, it is not subject to any known pending or outstanding environmental liabilities related to exploitation within the present exploration area. The proposed exploration program described below under “Further Exploration and Development” includes diamond drilling, which requires the approval of the Colombian regional environmental authorities.

Despite widespread historic through to modern-day gold production, the Gramalote property region is, from a present-day standpoint, relatively unexplored with respect to gold and other metals. Exploration conducted by the Company and AngloGold has outlined potentially significant gold mineralization contained within the Gramalote property. This mineralization may be considered in three forms: the advanced phase, drill-explored area immediately surrounding Gramalote Ridge; the various early phase outlying targets identified within an approximately five kilometre radius of Gramalote Ridge; and additional rock and stream sediment sample-supported targets which can be inferred from first-pass reconnaissance work completed in parallel with the advanced phase activities.

With respect to Gramalote Ridge, the Company’s and AngloGold’s surface exploration and drilling program have successfully outlined a significant gold system extending over an area of somewhat more than one square kilometre, centered about Gramalote Ridge. Mineralization is contained within numerous tens-of-metres scale, structurally-related corridors which commonly contain gold grades exceeding 1 gram per tonne. The widespread nature of mineralization, grade and topographic disposition lend a clear large-tonnage, bulk-mineable potential to this intrusion-related gold system. Infill drilling, metallurgical testing and preliminary block modeling and a resource calculation have been completed by B2Gold.

Initial indications suggest that various targets, including La Concha, La Trinidad, El Limon, Cristales, La Malasia and Felipe among others, form satellite and outlying extensions to the Gramalote Ridge structural and alteration model, and could develop into important or even stand-alone targets in their own right. Many of the outlying targets are considered ready for scout-style diamond drilling programs.

The style of mineralization observed within the Gramalote property, the widespread nature and abundance of outlying targets, and the clear structural control upon mineralization at both a local and regional scale, all suggest that the Gramalote property is part of a district-scale mineralizing event. Given the regional-scale surface geochemical (stream sediment, rock and soil sample) results and accompanying geological observations, B2Gold has concluded that numerous additional strong gold anomalies exist within the Gramalote property area that deserve additional definition via prospecting and grid-based rock and soil sampling.

In February 2009, the Company completed a NI 43-101 compliant resource estimate for the Gramalote Ridge zone on the Gramalote property. The inferred resource estimate for the Gramalote Ridge Zone at a 0.5 gram per tonne gold cutoff, within a US\$1,000 per ounce gold optimised Whittle pit, consists of 74.375 million tonnes grading 1.00 gram per tonne gold for a total of 2.387 million troy ounces of gold. Further exploration is necessary in order to increase the geological confidence in the resource estimate. In addition, the uncertainty of inferred resources is such that further exploration may produce results that are substantially different than those reported.

The Gramalote Ridge zone is a continuous zone extending 1,100 by 275 by 450 metres. Using GEMS, a commercially available software package, solid models of the mineralized zones and a surface representing the saprock contact, were modeled. These interpreted geological zones were used as the basis of the resource estimate.

The Gramalote Ridge zone resource database was comprised of 110 drill holes totaling 34,483 metres of diamond drilling and 441 metres of underground channel samples. In the early drilling, drill core was sampled in predominantly 2.0 metre lengths and in later drilling, core was sampled based on geologic features. The assay database, including the underground adit, is comprised of 25,784 gold assays plus 25,626 element ICPMS (inductively coupled plasma mass spectrometry) analyses. Drill sections were spaced 60 to 100 metres apart, with drilling along the section generally spaced at 60 to 120 metres. A central area was drilled nominally to 60 by 60 metre spacing. Core recovery in 2008 was excellent and varied from 94% to 99%, with an average of 96.5% over the duration of the drill program.

Inferred mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that any or all of the inferred resources presented herein will be converted to mineral reserves.

The previous resource estimate on the Gramalote Ridge Zone, reported by AngloGold in their 2007 Fourth Quarter Report, was an initial inferred mineral resource estimate of 57.8 million tonnes at a grade of 1.14 grams per tonne of gold within a US\$700 per ounce pit shell, tabulated above a cut-off grade of 0.5 grams per tonne of gold for 2.12 million contained ounces of gold (based on 100% ownership). In the opinion of the author of the Gramalote Technical Report (2008), the block model resource estimate reported by AngloGold was a reasonable representation of the inferred resources for the Gramalote property based on the drilling and sampling information as of December 2007. However, the mineral resources were estimated in accordance with the standards of the Australian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia.

The Gramalote Ridge zone remains open to the east and detailed regional surface exploration work designed to test potential extensions to the zone was conducted in 2009. Several additional mineralized zones outlined below, which are not included in the Gramalote Ridge zone resource calculation, have been discovered on the Gramalote property and will be further explored through surface sampling and drilling.

The Trinidad zone is located along the Nus River Break and the Medellin–Puerto Berrio Highway approximately three kilometres north-northwest of the Gramalote Ridge. A soil geochemical anomaly defined by samples greater than 50 ppb extends 1,200 metres east-west by 400 metres north-south. Several hand dug trenches targeting soil anomalies (>200ppb gold) were excavated in 2008 to determine the orientation of the mineralized vein sets. In 2008, the Company drilled 20 diamond drill holes at the Trinidad zone totalling 7,019 metres over an area of 1,100 metres by 500 metres. Drill results include up to 1.00 gram per tonne gold over 223.4 metres. The drill program was designed to test the strike length of the soil geochemical anomaly. The style of alteration and mineralization at Trinidad is extremely similar to the Gramalote Ridge area. Additional drilling is required and the Trinidad zone remains open to the east and depth.

The Felipe zone is located 150 metres west and on strike from Gramalote Ridge (and is included in the Gramalote Ridge resource). Infill soil sampling has outlined an anomalous gold zone over a 700 by 700 metre area that has returned up to 2,400 ppb of gold. Mapping, sampling and trenching has been completed at the Felipe zone and diamond drill testing has commenced. The Felipe zone has been drill tested over a 280 by 340 metre area in 5 drill holes totaling 1,411 metres. Alteration and mineralization similar to the Gramalote Ridge zone has been intersected at the Felipe Zone.

The Trinidad SE zone is located three kilometres northwest of the Gramalote Ridge zone and has been tested by one drill hole, which intersected 74 metres at 0.60 grams per tonne gold. Anomalous soil geochemical results with up to 2,130 ppb gold have been defined over a 350 by 550 metre area. The soil geochemical grid is open to the south and east and is currently being expanded. The Limon Zone, located 700 metres south of the Gramalote Ridge zone comprises an 850 x 300 metres gold soil geochemical anomaly with results up to 7,280 ppb gold. Rock channel sampling has returned up to 13 grams per tonne gold over 1.1 metres.

The Maria Zone is located 2.5 kilometres east of the Gramalote Ridge zone. Soil geochemical sampling has returned anomalous values up to 2,820 ppb gold over a 400 by 120 metre area. Rock channel sampling has returned up to 18 grams per tonne gold over 1 metre. The Monjas Ridge zone is located immediately along the westward strike extension of the Gramalote Ridge zone. Anomalous soil geochemistry is outlined over a 1,000 by 120 metre area with 13% of the soil samples assaying greater than 200 ppb gold and values up to 4,200 ppb gold. The Cisneros zone is located 23 kilometres west of the Gramalote Ridge zone. Mineralization and alteration similar to the Gramalote Ridge zone has been noted and 12% of the current channel sampling has assayed greater than 1 gram per tonne gold.

The Company completed a total of 30,189 metres in 90 diamond drill holes on the Gramalote property in 2008. The publication of the revised inferred mineral resource estimate by the Company supports the Company's view that the property is of merit. The Company has not completed any further drilling on Gramalote Ridge zone. The Company is in discussions with its joint venture partner, AngloGold, regarding further exploration and development of the Gramalote property.

DIVIDENDS

The Company has not declared any dividends or distributions on its securities since its incorporation. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends or distributions in the foreseeable future. The board of directors may declare from time to time such cash dividends or distributions out of the monies legally available for dividends or distributions as the board of directors considers advisable. Any future determination to pay dividends or make distributions will be at the discretion of the board of directors and will depend on the capital requirements of the Company, results of operations and such other factors as the board considers relevant.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares. As at the date of this Annual Information Form, 308,547,812 Common Shares and no preferred shares are issued and outstanding (382,102,080 on a fully diluted basis).

Common Shares

Registered holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders of the Company, and are entitled to one vote for each Common Share held. In addition, holders of Common Shares are entitled to receive on a *pro rata* basis dividends if, as and when declared by the board of directors and, upon liquidation, dissolution or winding-up of the Company, are entitled to receive on a *pro rata* basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares, including preferred shares, ranking in priority to, or equal with, the holders of the Common Shares.

Preferred Shares

The preferred shares without par value may at any time and from time to time be issued in one or more series. The board of directors may from time to time by resolution determine the maximum number of preferred shares of any such series or determine there is no maximum, determine the designation of the preferred shares of that series and amend the articles of the Company to create, define and attach, and if permitted by the BCBCA, alter, vary or abrogate, any special rights and restrictions to be attached to the preferred shares of that series. Except as provided in the special rights and restrictions attaching to the preferred shares, the holders of preferred shares will not be entitled to receive notice of, attend or vote any meeting of the shareholders of the Company. Holders of preferred shares will be entitled to preference with respect to payment of dividends on such shares over the Common Shares, and over any other shares of the Company ranking junior to the preferred shares with respect to payment of dividends. In the event of liquidation, dissolution or winding-up of the Company, holders of preferred shares will be entitled to preference with respect to distribution of the property or assets of the Company over the Common Shares and over any other shares of the Company ranking junior to the preferred shares with respect to the repayment of capital paid up on, and the payment of any or all accrued and unpaid cumulative dividends whether or not earned or declared, or any or all declared and unpaid non-cumulative dividends, on the preferred shares.

Share Purchase Warrants

As at the date of this Annual Information Form, the following warrants to purchase Common Shares of the Company were outstanding:

Number	Exercise Price	Expiry Date
2,000,000	C\$2.50	December 6, 2010
11,000,000	C\$3.34	May 15, 2011
10,400,000	C\$4.25	May 15, 2011
100,000 (exercisable for 128,000 Common Shares) ⁽¹⁾	C\$1.13	August 12, 2010
12,803,982 (exercisable for 16,389,097 Common Shares) ⁽¹⁾	C\$1.26	October 22, 2010
11,063,565	C\$0.97	November 9, 2012

Note:

- (1) The warrants were assumed by the Company in connection with the acquisition by the Company of Central Sun on March 26, 2009.

Stock Options

The board of directors of the Company adopted a stock option plan (the “**Stock Option Plan**”) in October 2007, for the benefit of officers, directors, employees and consultants of the Company and any associated, affiliated, controlled or subsidiary company. The purpose of the Stock Option Plan is to provide eligible persons with an opportunity to purchase Common Shares and to benefit from the appreciation in the value of such Common Shares. The Stock Option Plan will increase the Company’s ability to attract individuals of exceptional skill by providing them with the opportunity, through the exercise of share options, to benefit from the growth of the Company.

The board of directors has the authority to determine the directors, officers, employees and consultants to whom options will be granted, the number of options to be granted to each person and the price at which Common Shares may be purchased, subject to the terms and conditions set forth in the Stock Option Plan.

Messrs. Johnson, Corra, Richer, Garagan, Stansbury and Robert Cross, Chairman of the board of directors, have adopted a policy of not accepting stock options granted under the Stock Option Plan.

Key provisions of the Stock Option Plan include:

- (a) the eligible participants are any director, officer, employee, or consultant of the Company or any of its associated affiliated, controlled or subsidiary companies;
- (b) the maximum number of Common Shares issuable pursuant to options granted under the Stock Option Plan will be a number equal to 10% of the issued and outstanding Common Shares on a non-diluted basis at any time;
- (c) a restriction that no more than 10% of the total number of issued and outstanding Common Shares may be issuable to insiders of the Company pursuant to options granted to insiders under the Stock Option Plan, together with all of the Company’s other previously established and outstanding or proposed share compensation arrangements;
- (d) a restriction that no more than 5% of the total number of issued and outstanding Common Shares may be issuable to any one individual within a one-year period pursuant to options granted under the Stock Option Plan, together with all of the Company’s other previously established and outstanding

or proposed share compensation arrangements, unless the Company has obtained disinterested shareholder approval;

- (e) a restriction that no more than 5% of the total number of issued and outstanding Common Shares may be issuable to the non-employee directors of the Company, as a group, within a one-year period pursuant to options granted to the non-employee directors under the Stock Option Plan, together with all of the Company's other previously established and outstanding or proposed share compensation arrangements;
- (f) a restriction that no more than 2% of the total number of issued and outstanding Common Shares may be issuable to any one consultant of the Company within a one-year period pursuant to options granted to the consultant under the Stock Option Plan, together with all of the Company's other previously established and outstanding or proposed share compensation arrangements;
- (g) the vesting period of all options shall be determined by the board of directors;
- (h) options may be exercisable for a period of up to a maximum term of five years, such period to be determined by the board of directors of the Company and the options are non-transferable and non-assignable;
- (i) the board of directors shall fix the exercise price of each option at the time the option is granted, provided that such price is not lower than the "discounted market price" of the Common Shares at the time the option is granted. The "discounted market price" means the closing price of the Common Shares on the TSX on the last trading day before the day on which the option is granted, less the allowable discount;
- (j) options held by optionees who are terminated without cause are subject to an accelerated expiry term for those options which requires that options held by those individuals expire on the earlier of: (i) the original expiry term of such options; (ii) 30 days after the optionee ceases active employment with the Company, (iii) 30 days after the date of delivery of written notice of retirement, resignation or termination; or (iv) the expiration date fixed by the board of directors;
- (k) options held by an individual who ceases to be employed by the Company for cause or is removed from office or becomes disqualified from being a director will terminate immediately;
- (l) in the event that the expiry date of an option falls within a "black-out period" (a period during which certain persons cannot trade common shares pursuant to a policy of the Company respecting restrictions on trading), or immediately following a black-out period, the expiration date is automatically extended to the date which is the tenth business day after the end of the black-out period;
- (m) in the event of death of an optionee, any option held as at the date of death is immediately exercisable for a period of 12 months after the date of death or prior to the expiry of the option term, whichever is sooner;
- (n) upon the announcement of a transaction which, if completed, would constitute a change of control of the Company and under which Common Shares of the Company are to be exchanged, acquired or otherwise disposed of, including a takeover bid, all options that have not vested will be deemed to be fully vested and exercisable, solely for the purposes of permitting the optionees to exercise such options in order to participate in the change of control transaction;
- (o) options that expire unexercised or are otherwise cancelled will be returned to the Stock Option Plan and may be made available for future option grant pursuant to the provisions of the Stock Option Plan; and

- (p) the board of directors may, from time to time, subject to applicable law and prior shareholder approval, if required, of the TSX or any other applicable regulatory body, suspend, terminate or amend the Stock Option Plan.

As at the date of this Annual Information Form, the following options were outstanding under the Stock Option Plan, each exercisable to purchase one Common Share:

Number	Exercise Price	Expiry Date
4,710,000	C\$2.40	December 6, 2012
40,000	C\$2.40	January 7, 2013
240,000	C\$2.40	February 14, 2013
165,000	C\$2.40	February 27, 2013
7,188,006 ⁽¹⁾	C\$0.95 – C\$3.72	May 10, 2010 – October 11, 2013
9,110,600	C\$0.80	August 3, 2014
125,000	C\$0.80	October 18, 2014
120,000	C\$1.27	January 21, 2015
375,000	C\$1.25	February 8, 2015
500,000	C\$1.33	March 8, 2015

Note:

- (1) The options were issued to former Central Sun optionholders in connection with the acquisition by the Company of Central Sun on March 26, 2009.

B2Gold Corp. Incentive Plan

On June 29, 2007, the Company established 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, Messrs. Johnson, Corra, Richer and Garagan, 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 C\$0.02 for gross proceeds of C\$99,100. Such Common Shares are currently held in trust by the trustees for future beneficiaries under the Incentive Plan.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares of the Company are listed for trading on the Toronto Stock Exchange (“TSX”), under the symbol “BTO”. The following table sets out the market price range and trading volumes of the Common Shares on the TSX for the periods indicated.

TSX

<u>Year</u>		<u>High</u> <u>(\$)</u>	<u>Low</u> <u>(\$)</u>	<u>Volume</u> <u>(no. of shares)</u>
	March 1-30.....	1.45	1.26	25,140,262
	February	1.38	1.23	25,319,278
2010	January	1.50	1.23	20,750,635
	December	1.46	1.11	68,645,661
	November	1.30	0.68	48,022,260
	October.....	0.82	0.71	6,841,929
	September	0.79	0.65	12,340,441
	August	0.78	0.63	12,269,712
	July	0.77	0.59	11,104,119
	June	0.98	0.70	32,201,425
	May	0.85	0.60	19,350,672
	April.....	0.82	0.60	28,158,368
2009	March.....	0.70	0.54	11,341,443

On March 30, 2010, the closing price of the Common Shares on the TSX was \$1.26 per share.

Prior Sales

The following table summarizes the issuances of share purchase warrants and stock options by the Company within the 12 months prior to the date of this Annual Information Form.

<u>Date of Issue</u>	<u>Number of Securities</u>	<u>Security</u>	<u>Price per Security</u>
March 26, 2009	7,988,789 ⁽¹⁾	Options	C\$0.11 – C\$3.94
March 26, 2009	14,110,664 ⁽²⁾	Warrants	C\$0.14 – C\$1.26
August 4, 2009	9,935,000	Options	C\$0.80
October 19, 2009	125,000	Options	C\$0.80
November 9, 2009	11,063,565	Warrants	C\$0.97
January 22, 2010	120,000	Options	C\$1.27
February 9, 2010	375,000	Options	C\$1.25
March 9, 2010	500,000	Options	C\$1.33

Notes:

- (1) The options were issued to former Central Sun optionholders in connection with the acquisition by the Company of Central Sun on March 26, 2009.
- (2) The warrants were assumed by the Company in connection with the acquisition by the Company of Central Sun on March 26, 2009. Each warrant is exercisable at the exercise price of C\$1.26 for 1.28 Common Shares of the Company.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name, municipality, province or state of residence, position held with the Company, the date of appointment of each director and executive officer, principal occupation within the immediately preceding five years and the shareholdings of each director and executive officer of the Company. The statement as to securities beneficially owned, or controlled or directed, directly or indirectly, by the directors and executive officers named below is in each instance based upon information furnished by the person concerned and is as at the date of this Annual Information Form. Directors of the Company hold office until the next annual general meeting of the shareholders or until their successors are duly elected or appointed.

<u>Name and Municipality of Residence</u>	<u>Position with Company</u>	<u>Principal Occupation During Past Five Years</u>	<u>Director/Officer Since</u>	<u>Number of Voting Securities</u> ⁽¹⁾
Clive Johnson ⁽⁶⁾ British Columbia, Canada	President, Chief Executive Officer and Director	President, Chief Executive Officer of the Company; formerly the Chairman, President and Chief Executive Officer of Bema	December 17, 2006	9,808,860 ⁽²⁾
Robert Cross ⁽⁴⁾⁽⁵⁾⁽⁶⁾ British Columbia, Canada	Chairman and Director	Serves as independent director and, in some cases, non-executive Chairman of public companies principally in the resource sector.	October 22, 2007	4,871,660
Robert Gayton ⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Director	Consultant to various public companies since 1987; formerly Vice President of Finance with Western Silver Corporation from 1995 to 2004	October 22, 2007	835,000
John Ivany ⁽⁶⁾ Alberta, Canada	Director	Retired; formerly Executive Vice President of Kinross from 1995 to 2006	November 20, 2007	800,000
Jerry Korpan London, England	Director	Executive Director of Emergis Capital S.A., based in Antwerp, Belgium; formerly Managing Director of Yorkton Securities in London, England	November 20, 2007	935,000
Barry Rayment ⁽⁴⁾⁽⁵⁾ California, USA	Director	President of Mining Assets Corporation	October 22, 2007	800,000 ⁽³⁾
Peter Tagliamonte Ontario, Canada	Director	President and Chief Executive Officer of Sulliden Gold Corporation since September 1, 2009; formerly President and Chief Executive Officer of Central Sun from May 31, 2006 to March 26, 2009	March 26, 2009	1,049,032
Bruce Humphrey Ontario, Canada	Director	Mining Engineer; formerly a Director of Central Sun from March 23, 2007 to March 26, 2009	March 26, 2009	321,943
Roger Richer British Columbia, Canada	Executive Vice President, General Counsel and Secretary	Executive Vice President, General Counsel and Secretary of the Company; formerly the Vice President of Administration, General Counsel and Secretary of Bema	December 17, 2006	6,040,000 ⁽²⁾

<u>Name and Municipality of Residence</u>	<u>Position with Company</u>	<u>Principal Occupation During Past Five Years</u>	<u>Director/Officer Since</u>	<u>Number of Voting Securities</u> ⁽¹⁾
Mark Corra British Columbia, Canada	Senior Vice President of Finance and Chief Financial Officer	Senior Vice President of Finance and Chief Financial Officer of the Company; formerly the Vice President of Finance of Bema	December 17, 2006	6,261,250 ⁽²⁾
Tom Garagan British Columbia, Canada	Senior Vice President of Exploration	Senior Vice President of Exploration of the Company; formerly the Vice President of Exploration of Bema	March 8, 2007	6,260,000 ⁽²⁾
Dennis Stansbury Nevada, USA	Senior Vice President of Development and Production	Senior Vice President of Development and Production of the Company; formerly the Vice President of Development and Production of Bema	March 8, 2007	4,800,000
George Johnson Washington, USA	Senior Vice President of Operations	Senior Vice President of Operations of the Company; formerly the Senior Vice President of Operations of Bema	August 11, 2009	500,000

Notes:

- (1) The information as to the nature of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by the directors and executive officers, not being within the knowledge of the Company, has been furnished by such directors and officers.
- (2) Messrs. Johnson, Richer, Corra and Garagan are the trustees of the Incentive Trust that holds 4,955,000 Common Shares. The Common Shares are held pursuant to a declaration of trust dated June 29, 2007 between the Company and the Trustees, which was established to hold options and shares of the Company to be allocated to directors, officers, employees and service providers of the Company as determined by the Trustees.
- (3) 800,000 Common Shares are held through the Barry D. Rayment and Celia M. Rayment Trust, of which Mr. Rayment is a trustee.
- (4) Member of the Audit Committee.
- (5) Member of the Compensation Committee.
- (6) Member of the Corporate Governance and Nominating Committee.

Shareholdings of Directors and Executive Officers

As at the date of this Annual Information Form, the directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, 43,282,745 Common Shares, representing approximately 14% of the issued and outstanding Common Shares of the Company.

Biographical Information

The following is a brief description of each of the executive officers and directors of the Company (including details with regard to their principal occupations for the last five years).

Executive Officers

Clive Johnson — President, Chief Executive Officer and Director

Clive Johnson was involved with Bema and its predecessor companies since 1977. When Bema was created by the amalgamation of three Bema group companies in 1988, Mr. Johnson was appointed the President and Chief Executive Officer. Mr. Johnson was instrumental in Bema's transition from a junior exploration company to an international intermediate gold producer. Mr. Johnson oversees the long-term strategy and development as well as the day-to-day activities of the Company.

Roger Richer — Executive Vice President, General Counsel and Secretary

Roger Richer has 25 years experience in mining law, corporate finance and international business transactions and practices. He has a Bachelor of Arts and a Bachelor of Law degree from the University of Victoria. Mr. Richer was with Bema since its inception in 1987. Until June 2008, Mr. Richer had also served as the President of Consolidated

Puma Minerals Corp., a TSX-V listed company. Mr. Richer manages the legal affairs, corporate records and corporate governance of the Company.

Mark Corra — Senior Vice President of Finance and Chief Financial Officer

Mark Corra has over 25 years mining experience. Mr. Corra is a Certified Management Accountant, with a diploma in financial management from the British Columbia Institute of Technology. Mr. Corra was with Bema since 1990, initially as Controller and subsequently as Vice President of Finance. Prior to Bema, Mr. Corra spent 11 years in accounting at Placer Dome. Mr. Corra oversees the financial reporting, cash management and tax planning of the Company and financial compliance and reporting to the regulatory authorities.

Tom Garagan — Senior Vice President of Exploration

Tom Garagan is a geologist with over 27 years of experience. Mr. Garagan was with Bema since 1991 and was appointed Vice President of Exploration in 1996. He has worked in North and South America, East and West Africa and Russia. Mr. Garagan was instrumental in several discoveries, including the Cerro Casale and Kupol deposits. Mr. Garagan has a Bachelor of Science (Honours) degree in geology from the University of Ottawa. Mr. Garagan is responsible for all aspects of the Company's exploration, including technical review of new acquisitions.

Dennis Stansbury — Senior Vice President of Development and Production

Dennis Stansbury is a mining engineer with over 30 years of engineering, construction, production and management experience at surface and underground mines in eight different countries. After working for a number of gold mining companies in South America and the United States, he joined Bema as Vice President South America in 1994 and was appointed Vice President of Development and Production in 1996.

George Johnson — Senior Vice President of Operations

George Johnson is a mining engineer with over 35 years of experience in underground and open pit mine construction and operations management. He joined Bema Gold in 1999 after 16 years with Hecla Mining Company and following the takeover of Bema by Kinross, Mr. Johnson managed the construction and completion of the Kupol mine in Northeastern Russia. Mr. Johnson has a degree in mining engineering from the University of Washington. Mr. Johnson is responsible for overseeing all of the development and production activities of the Company.

Directors

Robert Cross

Robert Cross has more than 20 years of experience as a financier in the mining and oil & gas sectors. He is a co-founder and Non-Executive Chairman of Bankers Petroleum Ltd., co-founder and Chairman of Petrodorado Ltd., and until October 2007, was the Non-Executive Chairman of Northern Orion Resources Inc. Between 1996 and 1998, Mr. Cross was Chairman and Chief Executive Officer of Yorkton Securities Inc. From 1987 to 1994, he was a Partner, Investment Banking with Gordon Capital Corporation in Toronto. Mr. Cross has an Engineering Degree from the University of Waterloo and received his MBA from Harvard Business School in 1987.

Robert Gayton

Robert Gayton is a Chartered Accountant and has acted as a consultant to various public companies since 1987. He was Chief Financial Officer with Western Silver Corporation from 1995 to 2004 and was a director of Western Silver Corporation from 2004 to 2006 and a director of Bema from 2003 to 2007. Mr. Gayton was Vice President of Finance of Doublestar Resources from 1996 to 2006 and a director from 2000 to 2007. He was a director of Northern Orion Resources Inc. from 2004 to 2007. Each of these companies was subsequently acquired by way of takeover. Mr. Gayton is currently a director of Nevsun Resources Ltd., Amerigo Resources Limited, Palo Duro Energy Inc., Quarterra Resources Inc., Western Copper Corporation, Silvercorp Metals Inc. Trans National Minerals Inc. and Eastern Platinum Ltd.

John Ivany

John Ivany retired from Kinross in 2006 having served as Executive Vice President since 1995. Prior to this, Mr. Ivany held executive positions with several resource companies including Noranda Inc., Hemlo Gold Mines Ltd., Prime Resources Corp. and International Corona Corporation. He is currently a director of Allied Nevada Gold Corp., Breakwater Resources Ltd and Eurogas International Inc. and an advisor to Genuity Capital Markets.

Jerry Korpan

Jerry Korpan is based in London, England. He was Managing Director of Yorkton Securities UK until 1999 and a director of Bema from 2002 to 2007. He is currently Executive Director of Emergis Capital S.A., a company operating out of Antwerp, Belgium and a director of Mitra Energy Limited, an independent oil company operating in South East Asia.

Barry Rayment

Dr. Barry Rayment is a mining geologist with 35 years experience in base and precious metal exploration and development. Dr. Rayment obtained his Ph.D. in Mining Geology at the Royal School of Mines, London. Dr. Rayment is the former President of Bema from 1990 to 1993 and a director of Bema from 1988 to 2007. He is currently President of Mining Assets Corporation, a private company providing consulting services to the mining industry, based in Laguna Beach, California. Dr. Rayment is currently a director of Delta Mining & Exploration Corp. and Golden Predator Royalty and Development Corp.

Peter Tagliamonte

Peter Tagliamonte is a professional mining engineer and currently the President and Chief Executive Officer of Sulliden Gold Corporation. He was formerly the President and CEO of Central Sun and previously, Vice President Operations and Chief Operating Officer of Desert Sun Mining Corp. He was responsible for developing the Jacobina Mine in Brazil into a 4,200-tonne-per-day mining operation. Mr. Tagliamonte has more than 25 years of progressive managerial experience in the mining industry. Mr. Tagliamonte holds an MBA from the Richard Ivey School of Business at the University of Western Ontario. Mr. Tagliamonte is currently a director of Sulliden Gold Corporation.

Bruce Humphrey

Bruce Humphrey has more than 30 years experience in the mining industry with such major companies as Inco, Cominco and Noranda. Most recently, as President and CEO of Desert Sun Mining Corp., he was responsible for the successful development of the Jacobina Mine in Brazil. From 1998 to 2004, Mr. Humphrey was COO of Goldcorp Inc. during the re-development of its high-grade Red Lake mine. Mr. Humphrey is currently a director of Sulliden Gold Corporation, Crocodile Gold Corporation, Avion Gold Corporation, Crowflight Minerals Inc., Kria Resources Ltd. and Alderon Resources Corp.

Cease Trade Orders or Bankruptcies

Except as outlined below:

- (a) no director or executive officer of the Company is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company), that:
 - (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred

while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this subsection (a), “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, and in each case that was in effect for a period of more than 30 consecutive days.

- (b) no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company:
 - (i) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
 - (ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Robert Gayton, a director of the Company, was a director and officer of Newcastle Silver Mines Ltd. at the date of a cease trade order issued by the British Columbia Securities Commission (“**BCSC**”) on September 30, 2003 and by the Alberta Securities Commission (“**ASC**”) on October 31, 2003 for failure to file financial statements. The orders were revoked on October 23, 2003 and March 25, 2004, respectively.

John Ivany, a director of the Company, was an officer of Kinross at the date of a cease trade order issued by the Ontario Securities Commission on April 14, 2005, which superseded a temporary cease trade order dated April 1, 2005 for failure to file its financial statements. The order was revoked on February 22, 2006.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and shareholders holding a sufficient number of securities of the Company to affect materially control of the Company.

Penalties or Sanctions

Except as outlined above under “*Cease Trade Orders or Bankruptcies*” and as set forth below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision regarding the Company.

John Ivany, a director of the Company, was the subject of enforcement proceedings by the ASC in Re: Cartaway Resources Corp. In its order dated February 22, 2001, the ASC found that Mr. Ivany, as Chief Executive Officer of Cartaway Resources Corp., had allowed the issuance of a press release that contained a material factual error in violation of the securities laws of the Province of Alberta. As a result, Mr. Ivany was prohibited from acting as a director or officer of any “junior issuer” for a period of five years and ordered to pay costs in the amount of C\$20,000.

Mr. Ivany was subject to a ruling by the BCSC dated December 19, 1990 in connection with his position as a director and officer of Prime Resources Corporation (“**Prime**”) and Calpine Resources Inc. (“**Calpine**”). The BCSC found that Prime and Calpine, as applicable, contravened the *Securities Act* (British Columbia) by: (a) failing to provide material disclosure of drilling results prior to granting or repricing options; (b) failing to disclose, on a timely basis, information regarding a private placement by Calpine where Prime was the purchaser of two million units and the effect of the private placement on the control of Calpine (Calpine was also found to have misled the Vancouver Stock Exchange by representing that the private placement was to be brokered by Prime Equities and that there were no material changes in the affairs of Calpine not previously disclosed); and (c) failing to disclose, on a timely basis, a default by Canarim Investment Corporation under a guaranteed agency agreement in respect of one million units under a public offering of Prime. The BCSC ruling suspended Mr. Ivany from trading in shares for a period of one year.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and shareholders holding a sufficient number of securities of the Company to affect materially control of the Company.

Conflicts of Interest

The Company’s directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such conflict of interest arises at a meeting of the Company’s board of directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for the participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the BCBCA, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors’ and officers’ conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. See “*Risk Factors*”. The directors and officers of the Company are not aware of any such conflicts of interests.

AUDIT COMMITTEE

The Company has established an Audit Committee that operates under a charter approved by the board of directors of the Company. A copy of the Audit Committee Charter is set out in full in Schedule A to this Annual Information Form. It is the board of directors’ responsibility to ensure that an effective internal control framework exists within the Company. The Audit Committee has been formed to assist the board of directors to meet its oversight responsibilities in relation to the Company’s financial reporting and external audit function, internal control structure and risk management procedures. In doing so, it will be the responsibility of the Audit Committee to maintain free and open communication between the Audit Committee, the external auditors and the management of the Company.

The Audit Committee will review the effectiveness of the Company’s financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of risks. The Audit Committee will oversee and appraise the quality of the external audit and will review the Company’s financial reporting and practices, accounting policies, and the competency of the Company’s accounting department.

Composition of the Audit Committee

All members of the Audit Committee are: (i) independent within the meaning of National Instrument 52-110 — *Audit Committees* (“**NI 52-110**”), which provides that a member shall not have a direct or indirect material relationship with the Company which could, in the view of the board of directors, reasonably interfere with the exercise of a member’s independent judgment; and (ii) are considered to be financially literate under NI 52-110. The members of the Audit Committee are: Robert Gayton (Chairman), Barry Rayment and Robert Cross.

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Audit Committee are as follows:

Robert Cross

Mr. Cross has over 20 years of experience as a financier in the mining and oil & gas sectors. He was formerly Chief Executive Officer of Yorkton Securities Inc. and Partner – Investment Banking of Gordon Capital Corporation. Mr. Cross received his engineering degree from the University of Waterloo, Ontario (1982) and an MBA from the Harvard Business School (1987).

Barry D. Rayment, Ph.D.

Dr. Rayment is a mining geologist with over 35 years experience in base and precious metals exploration. He has been the President of Mining Assets Corporation, a private mineral consulting firm that provides geological services to the mining industry, since 1993. He is also a director of several other public exploration and mining companies. Dr. Rayment has a Ph.D in mining geology from the Royal School of Mines, London (1974).

Robert J. Gayton, Ph.D, FCA

Mr. Gayton has been consulting on accounting and finance issues for 30 years, first as an audit partner with Peat Marwick Mitchell, Chartered Accountants, and more recently as Chief Financial Officer and/or director of numerous public and private companies. Prior to that, he was a member of the Faculty of Commerce at the University of British Columbia.

Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Company’s Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit services to be provided to the Company by its independent auditors. The Audit Committee’s policy regarding the pre-approval of non-audit services to be provided to the Company by its independent auditors is that all such services shall be pre-approved by the Audit Committee. Non-audit services that are prohibited to be provided to the Company by its independent auditors may not be pre-approved. In addition, prior to the granting of any pre-approval, the Audit Committee must be satisfied that the performance of the services in question will not compromise the independence of the independent auditors. All non-audit services performed by the Company’s auditor for the fiscal year ended December 31, 2008 have been pre-approved by the Audit Committee of the Company. No non-audit services were approved pursuant to the *de minimis* exemption to the pre-approval requirement.

External Auditor Service Fees

The aggregate fees billed by the Company's external auditors, PricewaterhouseCoopers LLP, in each of the last financial years are as follows:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees
2009	\$206,000	\$180,281	Nil	Nil
2008	\$123,000	\$11,200	Nil	Nil

Notes:

- (1) The aggregate audit fees billed.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".
- (3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or shareholder holding on record or beneficially, directly or indirectly, more than 10% of the issued shares of the Company, or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction in which the Company has participated prior to the date of this Annual Information Form, or in any proposed transaction, which has materially affected or will materially affect the Company.

LEGAL PROCEEDINGS

La Libertad Royalties Claims

Claims have been advanced by IMISA, the corporation formed by the La Libertad Mine and Limon Mine workers, which holds a royalty interest in the La Libertad Mine and also holds a 5% share interest in Triton, the owner of the Limon Mine. These claims are for payments of alleged arrears of royalties on production from the La Libertad exploitation concession, including a claim for a royalty of 2% in respect of gold and silver production from the concession area by small/artisanal miners under their statutory rights in respect of 1% of the area. IMISA is also claiming that it is entitled to an unpaid 5% share of profits of Triton.

The Company has advised IMISA that it does not believe that any such royalty payment claims are valid and that there have not been any dividends payable by Triton and accordingly, no share is payable to IMISA. The royalty arrangements with IMISA provide for an arbitration procedure for disputes and the initial step of appointment of arbitration nominees has been taken with respect to the claim for payment of royalties on the small miners production. The parties have agreed to attempt to resolve all these claims by negotiation before proceeding further with the arbitration. While there is uncertainty in the documentation concerning the royalty payments due to several factors including duplication, the Company believes that Central Sun has paid all or substantially all royalty payments required to be paid through 2009.

Vezer Construction Claim

In the course of the conversion of the La Libertad Mine from a heap leach to a conventional milling operation, Central Sun entered into an agreement with a California company known as Vezer's Industrial Professionals Inc. (together with affiliated companies, referred to as "Vezer") for services in connection with installation of a reconditioned mill from California. Following completion and commissioning of the mill, a dispute has arisen regarding the terms of the contract and Central Sun's claim for repayment of the balance of a deposit of approximately US\$457,000. The Company has commenced an action for recovery of the balance. In response to Central Sun's claim, Vezer has indicated it is entitled to damages of approximately US\$18 million both for

additional work performed by others in connection with the mine and for additional charges in connection with the original project (which was for an estimated total value of US\$6,833,352). Management of the Company believes that Vezer's claim is without any merit and will defend any such claim.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its offices in Toronto, Ontario and Vancouver, British Columbia.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts that the Company has entered in the financial year ended December 31, 2009, or before the last financial year but still in effect, are as follows:

1. Arrangement agreement dated February 6, 2009 between the Company and Central Sun, pursuant to which the Company acquired all of the outstanding common shares of Central Sun and Central Sun became a wholly-owned subsidiary of the Company;
2. Underwriting agreement dated July 6, 2009 between the Company and the underwriters, pursuant to which the underwriters purchased 33,340,000 Common Shares of the Company at a price of C\$0.75 per share for gross proceeds of approximately C\$25 million;
3. Credit agreement dated for reference November 6, 2009, as amended February 12, 2010, between the Company and Macquarie Bank Limited pursuant to which the Company obtained a credit facility in the amount of \$25,000,000; and
4. Underwriting agreement dated February 3, 2010 between the Company and the underwriters, pursuant to which the underwriters purchased 25,624,111 Common Shares of the Company at a price of C\$1.25 per share for gross proceeds of approximately C\$32.6 million.

Copies of the above material contracts are available under the Company's profile on the SEDAR.

INTERESTS OF EXPERTS

The persons referred to below have been named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 during, or relating to, the Company's financial year ended December 31, 2009.

William Pearson, Ph.D., P.Geo., and Graham Speirs, P.Eng., are the authors responsible for the 2009 Limon Technical Report.

William N. Pearson, Ph.D., P.Geo., and Graham Speirs, P.Eng., are the authors responsible for the 2008 Limon Technical Report.

William N. Pearson, Ph.D., P.Geo., and Graham Speirs, P.Eng., are the authors responsible for 2009 Orosi Technical Report.

Jason J. Cox, P.Eng., Peter A. Lacroix, P.Eng., and David A. Ross, P.Geo., of Scott Wilson RPA, and John C. Rust, are the authors responsible for the 2008 Orosi Technical Report.

Peter A. Lacroix, P.Eng., of Scott Wilson RPA, is the author responsible for La Libertad Technical Report.

Susan N. Meister, MAusIMM, is the author responsible for the technical report dated February 27, 2009 entitled "Technical Report, Gramalote Ridge Project, Department of Antioquia, Colombia".

To the knowledge of the Company, none of the persons above held, at the time of or after such person prepared the statement, report or valuation, any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of its associates or affiliates or is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

PricewaterhouseCoopers LLP, Chartered Accountants, provided an auditor's report in respect to the Company's financial statements for the year ended December 31, 2009 dated March 29, 2010. PricewaterhouseCoopers LLP has advised the Company that they are independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information, including that relating to directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, interests of insiders in material transactions and corporate governance practices, is contained in the Company's management information circular for the annual general meeting of shareholders held on June 26, 2009.

Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2009, which will be available under the Company's profile on the SEDAR website at www.sedar.com.

Copies of all materials incorporated by reference herein and additional information relating to the Company are available under the Company's profile on the SEDAR website at www.sedar.com.

Dated March 31, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

“Clive Johnson”

Clive Johnson
President & Chief Executive Officer

SCHEDULE A

AUDIT COMMITTEE CHARTER

Effective February 6, 2008

1. **Overall Purpose/Objectives**

The Audit Committee (the “Committee”) will assist the Board of Directors of the Company (the “Board”) in fulfilling its responsibilities. The Committee will oversee the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company’s process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company’s business, operations and risks.

2. **Authority**

- 2.1. The Board authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings, as the Committee deems appropriate.
- 2.2. The Committee shall receive appropriate funding, as determined by the Committee, for payment of compensation to the external auditors and to any legal or other advisers employed by the Committee, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

3. **Composition, Procedures and Organization**

- 3.1. The Committee will be comprised of at least three members of the Board.
- 3.2. Except as permitted by all applicable legal and regulatory requirements:
 - (a) each member of the Committee shall be “independent” as defined in accordance with Canadian Multilateral Instrument 52-110 – *Audit Committee*; and
 - (b) each member of the Committee will be “financially literate” with the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- 3.3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, will appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- 3.4. The Committee shall elect from its members a Chairman. The Secretary shall be elected from its members, or shall be the Secretary, or the Assistant or Associate Secretary, of the Company.

- 3.5. Any member of the Committee may be removed or replaced at any time by the Board. A member shall cease to be a member of the Committee upon ceasing to be a director of the Company.
- 3.6. Meetings shall be held not less than quarterly. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- 3.7. The times and places where meetings of the Committee shall be held and the procedures at such meetings shall be as determined, from time to time, by the Committee.
- 3.8. Notice of each meeting of the Committee shall be given to each member of the Committee. Subject to the following, notice of a meeting shall be given orally or by letter, telex, telegram, electronic mail, telephone facsimile transmission or telephone not less than 48 hours before the time fixed for the meeting. Notice of regular meetings need state only the day of the week or month, the place and the hour at which such meetings will be held and need not be given for each meeting. Members may waive notice of any meeting.
- 3.9. The Committee will invite the external auditors, management and such other persons to its meetings as it deems appropriate. However, any such invited persons may not vote at any meetings of the Committee.
- 3.10. A meeting of the Committee may be held by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other during the meeting.
- 3.11. The majority of the Committee shall constitute a quorum for the purposes of conducting the business of the Committee. Notwithstanding any vacancy on the Committee, a quorum may exercise all of the powers of the Committee.
- 3.12. Any decision made by the Committee shall be determined by a majority vote of the members of the Committee present or by consent resolution in writing signed by each member of the Committee. A member will be deemed to have consented to any resolution passed or action taken at a meeting of the Committee unless the member dissents.
- 3.13. A record of the minutes of, and the attendance at, each meeting of the Committee shall be kept. The approved minutes of the Committee shall be circulated to the Board forthwith.
- 3.14. The Committee shall report to the Board on all proceedings and deliberations of the Committee at the first subsequent meeting of the Board, and at such other times and in such manner as the Board or the articles of the Company may require or as the Committee in its discretion may consider advisable.
- 3.15. The Committee will have access to such officers and employees of the Company and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

4. **Roles and Responsibilities**

The roles and responsibilities of the Committee are as follows.

- 4.1. Oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company.
- 4.2. Review with management its philosophy with respect to controlling corporate assets and information systems, the staffing of key functions and its plans for enhancements.
- 4.3. Review the terms of reference and effectiveness of any internal audit process, and the working relationship between internal financial personnel and the external auditor.
- 4.4. Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.5. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements, reviewing with management and the external auditor where appropriate.
- 4.6. Review any legal matters which could significantly impact the financial statements as reported on by the General Counsel and meet with outside counsel whenever deemed appropriate.
- 4.7. Review the annual financial statements and the results of the audit with management and the external auditors prior to the release or distribution of such statements, and obtain an explanation from management of all significant variances between comparative reporting periods.
- 4.8. Review the interim financial statements with management prior to the release or distribution of such statements, and obtain an explanation from management of all significant variances between comparative reporting periods.
- 4.9. Review all public disclosure concerning audited or unaudited financial information before its public release and approval by the Board, including management's discussion and analysis, financial information contained in any prospectus, private placement offering document, annual report, annual information form, takeover bid circular, and any annual and interim earnings press releases, and determine whether they are complete and consistent with the information known to Committee members.
- 4.10. Assess the fairness of the financial statements and disclosures, and obtain explanations from management on whether:
 - (a) actual financial results for the financial period varied significantly from budgeted or projected results;
 - (b) generally accepted accounting principles have been consistently applied;
 - (c) there are any actual or proposed changes in accounting or financial reporting practices; and
 - (d) there are any significant, complex and/or unusual events or transactions such as related party transactions or those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.11. Determine whether the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.

- 4.12. Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 4.13. Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- 4.14. Ascertain whether any significant financial reporting issues were discussed by management and the external auditor during the fiscal period and the method of resolution.
- 4.15. Review and resolve any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- 4.16. Recommend to the Board the selection of the firm of external auditors to be proposed for election as the external auditors of the Company.
- 4.17. Review and approve the proposed audit plan and the external auditors' proposed audit scope and approach with the external auditor and management and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 4.18. Explicitly approve, in advance, all audit and non-audit engagements of the external auditors; provided, however, that non-audit engagements may be approved pursuant to a pre-approval policy established by the Committee that (i) is detailed as to the services that may be pre-approved, (ii) does not permit delegation of approval authority to the Company's management, and (iii) requires that the delegatee or management inform the Committee of each service approved and performed under the policy. Approval for minor non-audit services is subject to applicable securities laws.
- 4.19. If it so elects, delegate to one or more members of the Committee the authority to grant such pre-approvals. The delegatee's decisions regarding approval of services shall be reported by such delegatee to the full Committee at each regular Committee meeting.
- 4.20. Subject to the grant by the shareholders of the authority to do so, if required, review the appropriateness and reasonableness of the compensation to be paid to the external auditors and make a recommendation to the Board regarding such compensation.
- 4.21. Oversee the independence of the external auditors. Obtain from the external auditors a formal written statement delineating all relationships between the external auditors and the Company. Actively engage in a dialogue with the external auditors with respect to any disclosed relationships or services that impact the objectivity and independence of the external auditor.
- 4.22. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- 4.23. Review the performance of the external auditors, and in the event of a proposed change of auditor, review all issues relating to the change, including the information to be included in any notice of change of auditor as required under applicable securities laws, and the planned steps for an orderly transition.
- 4.24. Review the post-audit or management letter, containing the recommendations of the

external auditor, and management's response and subsequent follow-up to any identified weakness.

- 4.25. Review the evaluation of internal controls and management information systems by the external auditor, and, if applicable, the internal audit process, together with management's response to any identified weaknesses and obtain reasonable assurance that the accounting systems are reliable and that the system of internal controls is effectively designed and implemented.
- 4.26. Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.27. Review the process under which the Chief Executive Officer and the Chief Financial Officer evaluate and report on the effectiveness of the Company's design of internal control over financial reporting and disclosure controls and procedures.
- 4.28. Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- 4.29. Establish a procedure for the:
 - (a) confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,
 - (b) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- 4.30. Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- 4.31. Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 4.32. Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 4.33. Review and assess the adequacy of insurance coverage, including directors' and officers' liability coverage.
- 4.34. Perform other functions as requested by the full Board.
- 4.35. If it deems necessary, institute special investigations and, if it deems appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.

5. **General**

In addition to the foregoing, the Committee will:

- (a) assess the Committee's performance of the duties specified in this charter and report its finding(s) to the Board;
- (b) review and assess the adequacy of this charter at least annually and recommend any proposed changes to the Board for approval; and
- (c) perform such other duties as may be assigned to it by the Board from time to time or as may be required by any applicable stock exchanges, regulatory authorities or legislation.