# B2GOLD CORP.
# MANAGEMENT'S DISCUSSION AND ANALYSIS
**For the quarters ended September 30, 2009 and 2008**

(All tabular amounts are expressed in thousands of US dollars except per share and per ounce amounts)

*This Management's Discussion and Analysis has been prepared as at November 10, 2009 and contains certain "Forward-Looking Statements" within the meaning of the Canadian Securities laws. All statements, other than statements of historical fact, included herein, including without limitation statements regarding potential mineralization, exploration results and future plans and objectives of B2Gold Corp. (the "Company" or "B2Gold") are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.*

*The following discussion of the operating results and financial position of the Company should be read in conjunction with the unaudited interim consolidated financial statements and the notes thereto of the Company for the nine months ended September 30, 2009 and the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2008. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all amounts are expressed in United States dollars, unless otherwise stated.*

## OVERVIEW

B2Gold is a Vancouver-based gold producer with mining operations in Nicaragua and a portfolio of mining, development and exploration assets in Colombia, Nicaragua and Northeastern Russia. Currently, the Company is operating the Limon gold mine (the "Limon Mine") in Nicaragua, and is converting the Orosi open pit heap leach gold mine (the "Orosi Mine") in Nicaragua to a conventional milling operation. The Company also owns or has a material interest in the Gramalote, Quebradona and Mocoa properties in Colombia, the Mestiza – La India property in Nicaragua, and the East and West Kupol licenses in Russia. The Company currently considers its material properties to be the Limon Mine, the Orosi Mine and the Gramalote property.

On March 26, 2009, the Company completed a business combination with Central Sun Mining Inc. ("Central Sun") in which it acquired all of the outstanding common shares of Central Sun (see "Acquisition of Central Sun Mining Inc." section). As a result of this transaction, the Company acquired two Nicaraguan mines (95% owned Limon and 100% owned Orosi) with current production of approximately 43,000 ounces of gold per year from the Limon Mine in Nicaragua increasing to an annual rate of approximately 125,000 to 130,000 ounces per year by the end of 2009 as the Orosi Mine recommences production as a milling operation rather than a heap leach mine. The Company also acquired Central Sun's interests in additional mineral properties including, in Nicaragua, the 100% owned La India property, and in Costa Rica, the 100% owned La Bellavista property.

## RESULTS OF OPERATIONS

Gold revenue from the Limon Mine in the third quarter of 2009 was $9.2 million on the sale of 9,508 ounces at an average realized price of $972 per ounce. The Limon Mine was acquired as part of the Central Sun business combination on March 26, 2009. Prior to the acquisition of Central Sun, the Company had no source of operating revenue. For the three months ended September 30, 2009, the Limon Mine had operating income of approximately $0.7 million.

The Company reported a loss of $2 million (negative $0.01 per share) on revenue of $9.2 million for the third quarter of 2009 compared to a loss of $4.5 million (negative $0.03 per share) on revenue of $nil in the equivalent period of 2008. The decrease in loss of $2.7 million was mainly due to lower foreign exchange losses, relating to the Company's cash/ short-term money market investments held in Canadian currency. In the third quarter of 2009, foreign exchange gains totalled $0.2 million versus foreign exchange losses of $2.9 million in the prior year quarter. Stock based compensation expense increased by $1 million to $1.7 million in the third quarter of 2009, as the result of stock options being granted on August 4, 2009. On September 30, 2009, the Company elected not to continue with the Cauca property in Colombia and as a result wrote-off related acquisition and exploration costs in the amount $1.5 million in the quarter.

On August 4, 2009, the Company granted approximately 9.9 million incentive stock options with an exercise price of Cdn.$0.80 per option to non-executive directors, non-executive officers, employees and consultants of the Company. These stock options have a term of five years and expire on August 3, 2014. One-third of these options vested on August 4, 2009, another one-third will vest on February 4, 2010 and the remainder will vest on August 4, 2010. It is the Company's policy to not grant stock options to executive directors and officers. The estimated fair value of these options totalling $4.9 million is being recognized over the vesting period. The fair value was estimated at $0.50 per option at the grant date using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 2.66%, an expected life of five years, an expected volatility of 86.7%, and a dividend yield rate of nil.

For the first nine months of 2009, the Company reported a loss of $10.5 million (negative $0.05 per share) on revenue of $17.1 million compared to a loss of $15 million (negative $0.10 per share) on revenue of $nil in the equivalent period of 2008. The loss for the nine months ended September 30, 2009 included a write-off of resource property costs in the amount of $4.7 million (the Company elected not to continue with the Nariño, San Luis, Yarumalito and Cauca properties in Colombia) and general and administrative costs of $5.6 million. The loss for the nine months ended September 30, 2008, mainly consisted of a $3 million write-off relating to the Puma Option (the Company elected during the first quarter of 2008 not to exercise its option to purchase the common shares of Consolidated Puma Minerals Corp. held by Kinross Gold Corporation), stock-based compensation expense of $3.5 million and a foreign exchange loss of $5.4 million. In addition, general and administrative costs totalled $5.1 million and were partially offset by interest income of $2.2 million.

***Summary of Unaudited Quarterly Results:***

| | Q3 2009<br>$ (000's) | Q2 2009<br>$ (000's) | Q1 2009<br>$ (000's) | Q4 2008<br>$ (000's) | Q3 2008<br>$ (000's) | Q2 2008<br>$ (000's) | Q1 2008<br>$ (000's) | Q4 2007<br>$ (000's) |
|---|---|---|---|---|---|---|---|---|
| Gold revenue | 9,243 | 7,851 | - | - | - | - | - | - |
| Mine operating income/ (loss) | 711 | (717) | - | - | - | - | - | - |
| Loss and comprehensive loss for the period | 1,964 | 2,843 | 5,727 | 14,987 | 4,547 | 2,114 | 8,347 | 167 |
| Loss per share – basic and diluted | 0.01 | 0.01 | 0.04 | 0.10 | 0.03 | 0.01 | 0.07 | 0.00 |

## LIMON MINE

The operating results for the Limon Mine are summarized in the following table. The Company acquired the Limon Mine as part of the Central Sun business combination. Prior to the second quarter of 2009, the Company had no source of operating revenue.

| | Q3 2009 | Q2 2009 |
|---|---|---|
| Gold sold (ounces) | 9,508 | 8,513 |
| Average realized gold price ($/ ounce) | 972 | 922 |
| Tonnes milled | 83,835 | 53,483 |
| Grade (grams/ tonne) | 4.33 | 4.67 |
| Recovery (%) | 88 | 88 |
| Gold production (ounces) | 10,203 | 6,832 |
| Cash operating costs ($/ ounce) | 647 | 858 |
| Total cash costs ($/ ounce) | 699 | 923 |

In the third quarter of 2009, the Limon Mine processed 83,835 tonnes of ore at an average grade of 4.33 grams per tonne ("g/t"), producing 10,203 ounces of gold at a total cash cost of $699 per ounce. September production at the Limon Mine was affected by illegal work stoppages initiated by the unions. As a result of these work stoppages several days were lost resulting in lower than budgeted production and higher cash costs.

The Limon Mine has a long history of labour disputes, which the Company had expected to cease after signing a collective bargaining agreement on July 3rd, 2009 with the three unions representing the workers at Limon. The Company, the union leaders and the Ministry of Labour of the Government of Nicaragua worked together to reach this binding agreement. Among many benefits to the union workers is a pay increase of up to 17%.

In summary, approximately six days were lost during the third quarter for labour disruptions and the ball mill motor failure which occurred in June. Daily production rates of 1,022 tonnes per day were achieved for the days worked which is higher than the daily budgeted through put by approximately 100 tonnes per day. The mill recovery was 88%. Contributing to the gold recovery was better plant utilization due to the operation of the newly installed Tailings Solution Processing Plant. The project was completed in early July and the new plant produced its first 226 ounces of gold from the solution during the third quarter.

## OROSI MINE

The Orosi Mine construction is 95% complete and remains on target for the completion of construction and the commencement of production in late November. The power supply is complete and is connected to the national power grid and the initial tailings storage facility is ready for start-up. Initial capacity of the mill is expected to be 3,500 tonnes of ore per day and will ramp up to 5,500 tonnes of ore per day once the second ball mill is installed in the second quarter of 2010. The Company is projecting gold production of approximately 84,000 ounces from an average grade of 1.81 grams per tonne ("g/t") gold for 2010. Contract open pit mining has commenced with a new mining fleet.

The total construction cost for Orosi is now estimated at approximately $62 million. This is an increase of approximately $7 million, or 13% from the Company's previous estimate. The primary reasons for the increased construction costs are: higher costs to excavate the tailings dam due to heavier than usual rains in June, July and August; a change in routing of the new power line, due to surface rights access issues; and additional changes to the mill facilities to accommodate the second ball mill which will increase throughput from 3,500 tonnes per day to 5,500 tonnes per day.

The Company owns a 100% interest in the Orosi open pit gold mine, which commenced operating as a heap leach mine in 1996. Operations were suspended in the first quarter of 2007 after a re-evaluation of the project indicated that gold recoveries could be improved from approximately 40% from heap leaching to over 90% using a conventional milling operation. Once in commercial production, the Orosi Mine will have an initial seven year mine life and is expected to produce approximately 80,000 to 90,000 ounces of gold annually at an estimated cash cost of approximately $465 per ounce. The Orosi Mine has excellent exploration targets adjacent to the mine over a 20 km belt. Excellent potential exists to increase the reserves, resources and the mine life. The Orosi Mine is 100% un-hedged and debt free.

**BELLAVISTA MINE**

The Company is continuing to advance the Phase II environmental and closure audit for the Bellavista property. During the third quarter of 2009, work focused on reviewing all available data concerning the landslide and mitigation measures. Additional inclinometers and piesometers are being installed in the slide area. The majority of the Phase II work was completed by the end of the quarter, and preliminary results were presented to regulatory agencies on October 2$^{nd}$. It is planned to present final Phase II results prior to year end, and monitoring of the site is planned for several more years. Reclamation activities continued with the planting of over 1,000 trees on portions of the waste dump area. Work programs also focused on controlling runoff from rain storms and keeping water levels from building up in the slide area.

In parallel with the environmental audit work, the Company continues to investigate the potential for re-opening the mine utilizing different technologies. Bellavista was previously operated as a heap leach operation, but if the Company attempts to re-start operations, it would be as a milling and carbon in leach process.

**ACQUISITION OF CENTRAL SUN MINING INC.**

On January 30, 2009, the Company entered into an agreement with Central Sun to effect the acquisition of Central Sun pursuant to a plan of arrangement (the "Arrangement"). On March 26, 2009 ("Acquisition Date"), the Company completed the Arrangement and acquired 100% of the outstanding shares of Central Sun. The purchase has been accounted for as a business acquisition, with B2Gold as the acquirer and Central Sun as the acquiree. The results of operations of Central Sun have been consolidated with those of B2Gold commencing on the Acquisition Date. The primary assets acquired are Central Sun's interests in the Limon Mine (95%) and the Orosi Mine (100%) both located in Nicaragua.

Pursuant to the Arrangement, all of the issued and outstanding common shares of Central Sun were exchanged for common shares of the Company on the basis of a ratio of 1.28 common shares of the Company for each common share of Central Sun. In addition, outstanding stock options to purchase common shares of Central Sun were exchanged for replacement options to purchase an equivalent number of common shares of the Company based on the same exchange ratio and outstanding share purchase warrants of Central Sun were amended to entitle holders to acquire common shares of the Company based on the exchange ratio. All outstanding Central Sun stock options vested upon change of control.

In connection with the Arrangement, the parties entered into a loan agreement on February 6, 2009 providing for a loan by the Company to Central Sun of up to Cdn.$10 million to finance the payment by Central Sun of certain debt obligations and to fund re-commencement of capital improvements to Central Sun's Orosi Mine. On March 6, 2009, the Company and Central Sun agreed to an amendment of the loan agreement providing for the advancement by the Company of an additional $8 million to finance the repayment by Central Sun of an existing $8 million debt obligation. The financing provided by the Company to Central Sun totalling $15.9 million has been included in the total purchase price of Central Sun's assets.

Total consideration paid of $74.8 million included the above mentioned $15.9 million financing, the fair value of 80,638,705 B2Gold shares issued at $0.63 per share (based on the weighted average price of B2Gold shares calculated two days before, the day of, and two days subsequent to the agreement date of January 30, 2009), and 7,988,789 B2Gold replacement options and 18,061,648 share purchase warrants with a fair value of $2.8 million and $4.6 million, respectively, plus B2Gold transaction costs of $0.7 million. The options and share purchase warrants have been valued using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 3%, an expected volatility of 86%, an expected average life of 3.62 years for the options and 1.64 years for the warrants and a dividend yield of nil.

The purchase price was calculated as follows:

| | **$ (000's)** |
|---|---|
| Common shares issued (80,638,705 B2Gold common shares) | **50,802** |
| Cash advanced to Central Sun under loan agreements | **15,928** |
| Fair value of options and warrants issued | **7,353** |
| Transaction costs | **741** |
| Total purchase price | **74,824** |

The following table sets forth a preliminary allocation of the purchase price to assets and liabilities acquired, based on preliminary estimates of fair values. The Company has not yet determined the fair value of all identifiable assets and liabilities acquired. The Company is currently undergoing a process whereby the fair value of all identifiable assets and liabilities acquired will be determined. This is a preliminary purchase price allocation and therefore subject to adjustment over the course of 2009 on completion of the valuation process and analysis of resulting tax effects. Such adjustments may be material.

| | **$ (000's)** |
|---|---|
| Preliminary purchase price allocation: | |
| Cash and cash equivalents | **1,409** |
| Accounts receivable | **1,303** |
| Product inventory | **1,365** |
| Supplies inventory | **6,440** |
| Prepaids | **7,416** |
| Marketable securities | **101** |
| Other long-term assets | **372** |
| Cerro Quema property | **6,460** |
| Resource property interests | **75,630** |
| Accounts payable and accrued liabilities | **(13,271)** |
| Asset retirement obligations, including current portion | **(7,105)** |
| Other long-term liabilities | **(1,879)** |
| Non-controlling interest | **(3,417)** |
| | **74,824** |

On July 16, 2009, the Company completed the sale of its common shares in a subsidiary (60% owned) which holds the Cerro Quema property. The aggregate consideration received was $2.15 million, consisting of $0.35 million in cash (of which $0.2 million was received on July 16, 2009 and $0.15 million on November 5, 2009) and a note receivable of $1.8 million due on January 30, 2010. The Company's 60% indirect interest in the Cerro Quema property had been acquired on March 26, 2009 as part of the Central Sun Arrangement. As a result of the sale, the following assets and liabilities were deconsolidated effective July 16, 2009:

| | **\$ (000's)** |
|---|---|
| Assets held for sale - Cerro Quema property | **6,460** |
| Current liabilities | **(911)** |
| Non-controlling interest | **(3,399)** |
| | **2,150** |

**LIQUIDITY AND CAPITAL RESOURCES**

The Company ended the third quarter of 2009 with cash and cash equivalents of $9.4 million compared to cash and cash equivalents of $4.5 million at June 30, 2009. During the third quarter of 2009, the Company completed an equity financing for net proceeds of approximately $25 million (see "Financing activities" section). Capitalized expenditures related to upgrading the Orosi Mine to a standard milling operation totalled approximately $18.7 million in the quarter. The Company had a working capital balance of $12.4 million at September 30, 2009.

Subsequent to September 30, 2009, on November 3, 2009, the Company signed a commitment letter for a $20 million secured revolving credit facility (the "Credit Facility") to be provided by Macquarie Bank Limited ("Macquarie"). The term of the Credit Facility will be for two years with a maturity date of December 31, 2011 and an interest rate of LIBOR plus 5.5%. Advance of funds under the Credit Facility is subject to the fulfillment by the Company of certain conditions precedent, including entering into a definitive credit agreement. In connection with the Credit Facility, the Company has agreed, subject to obtaining regulatory approval, to issue to Macquarie approximately 11 million warrants to purchase common shares of B2Gold. Each warrant will entitle the holder to acquire one common share of B2Gold at an exercise price of Cdn.$0.97 for a period of three years from the date of issue. The Credit Facility will be used for general corporate purposes.

The following table presents, as at September 30, 2009, the Company's known contractual obligations, relating to the mill construction at the Orosi Mine and consumable supplies primarily for the Limon Mine. The timing of the Company's asset retirement obligations is also presented below on an undiscounted basis.

| | ***Total*** | ***2009*** | ***2010*** | ***2011*** | ***2012*** | ***2013 and later*** |
|---|---|---|---|---|---|---|
| | ***\$ (000's)*** | ***\$ (000's)*** | ***\$ (000's)*** | ***\$ (000's)*** | ***\$ (000's)*** | ***\$ (000's)*** |
| Purchase commitments | 1,891 | 1,675 | 129 | 72 | 15 | - |
| Asset retirement obligations (undiscounted) | 10,770 | 747 | 3,087 | 1,114 | 217 | 5,605 |

The acquisition by the Company of Central Sun is expected to provide the Company with future operating cash flow. The Orosi (100% owned) upgrade to a milling plant is expected to be commissioned in the fourth quarter of 2009. With both the Limon and Orosi Mines operating in 2010, B2Gold's annual gold production is projected to be approximately 120,000 to 130,000 ounces at estimated cash costs of approximately $490 to $500 per ounce. For the remainder of 2009 the recently arranged Credit Facility will provide the Company with increased liquidity to allow it to meet its funding commitments as Orosi ramps up to production in 2010.

***Operating activities***

Cash flow from operating activities (before non-cash working capital changes) for the third quarter of 2009 was an inflow of $1.7 million compared to a cash outflow of $3.9 million for the same period of 2008. The positive cash flow from operations in the current quarter was attributable to the Limon Mine acquired on March 26, 2009

For the nine months ended September 30, 2009 and 2008, operating activities (before non-cash working capital changes) required cash of $2.8 million and $8.1 million, respectively. The decrease in cash outflow was mainly due to a decrease in foreign exchange losses.

***Financing activities***

On July 22, 2009, the Company completed a bought deal equity financing with a syndicate of underwriters and issued 33,340,000 common shares of the Company at Cdn.$0.75 per share, for gross proceeds of approximately Cdn.$25 million. The Company had granted the underwriters an over-allotment option to purchase up to 5,001,000 common shares at Cdn.$0.75 per share. On August 5, 2009, the underwriters exercised, in full, their over-allotment option. The additional gross proceeds from the exercise of the over-allotment option totalled approximately Cdn.$3.75 million. As part of the offering, AGA exercised its pre-emptive right granted by the Company to maintain its percentage of holdings of approximately 10% of the common shares of the Company by acquiring 3,932,539 common shares of the Company. The Company paid the underwriters a commission equal to 5% of the gross proceeds of the offering upon closing, excluding the common shares purchased by AGA for which no commission was payable, for an aggregate commission of Cdn.$1.29 million.

On July 8, 2009, the Company received loans in the amount of Cdn.$2 million from certain officers and shareholders of the Company. These loans were fully repaid by the Company on July 22, 2009.

For the nine months ended September 30, 2009, the Company received a total of $50,000 from the issuance of 512,000 common shares upon the exercise of stock options and warrants.

The following share issuances did not result in any additional cash to the Company:

On March 26, 2009, the Company issued (or made available for issue) 80,638,705 common shares in exchange for all of the issued and outstanding shares of Central Sun.

On July 15, 2008, pursuant to the terms of the Gramalote Purchase Agreement, the Company acquired the Additional Interest in Gramalote BVI and completed the $7.5 million payment to Grupo Nus by issuing 5,505,818 common shares of the Company at a price of Cdn.$1.10 per share valued at $6 million (and making a cash payment of $1.5 million).

On May 15, 2008, the Company entered into the Agreement to Amend the Relationship, Farm-Out and Joint Venture Agreement and regarding Gramalote Limited and Other Matters (“Amending Agreement”) between AGA, Sociedad Kedadha S.A. (a subsidiary of AGA), Compania Kedahda Ltd. (“Kedahda BVI”) (a subsidiary of AGA), Andean Avasca Resources Inc. (“AARI”) (100% owned by B2Gold) and the Company. Pursuant to the terms of the Amending Agreement, the parties agreed to terminate AGA’s right to acquire 20% of the voting shares of Andean Avasca Resources Inc. (“AARI”) (100% owned by B2Gold), terminate the Company’s obligation with respect to the listing of AARI’s shares, amend certain Colombian joint venture arrangements to which subsidiaries of the Company and AGA are parties and acquire additional interests in mineral properties in Colombia. AARI indirectly has the right to earn a material interest in a number of properties in Colombia, including the Quebradona property, pursuant to the terms of a joint venture agreement with AGA. On May 15, 2008, pursuant to the Amending

Agreement, the Company issued to AGA units comprised of an aggregate of 25,000,000 common shares and 21,400,000 share purchase warrants. The warrants, which are exercisable at any time prior to May 15, 2011, consisted of 11,000,000 warrants exercisable at a price of Cdn.$3.34 per share and 10,400,000 warrants exercisable at a price of Cdn.$4.25 per share.

***Investing activities***

In the third quarter of 2009, capital expenditures on construction and development at Orosi (see "Orosi Mine" section) and on the Limon Mine totalled $18.7 million and $0.7 million, respectively. The Company also incurred resource property expenditures for exploration and development in the amount of $1.4 million (Q3 2008 - $9.6 million), on a cash basis, on its projects in Colombia and Russia as follows: $0.4 million (Q3 2008 - $5.1 million) on the Gramalote property, $0.7 million (Q3 2008 - $2 million) on Colombian properties under the joint venture arrangement with AGA, $0.2 million (Q3 2008 - $1.6 million) on Mocoa, and $0.1 million (the Company's 50% share) (Q3 2008 - $0.9 million) on the East and West Kupol Licenses.

During the nine months ended September 30, 2009, approximately $29 million was spent on the development and construction of new mill facilities at the Orosi Mine. In addition, the Company also incurred resource property expenditures for exploration and development in the amount of $7.3 million (2008 - $19.5 million), on a cash basis, on its projects in Colombia and Russia as follows: $2.7 million (2008 - $8.1 million) on the Gramalote property, $2.8 million (2008 - $5.8 million) on Colombian properties under the joint venture arrangement with AGA, $0.7 million (2008 - $2.3 million) on Mocoa, $nil on Miraflores (2008 - $0.7 million) and $1.1 million (the Company's 50% share) (2008 - $2.6 million) on the East and West Kupol Licenses.

At Gramalote, the Company has completed and published a National Instrument 43-101 compliant inferred mineral resource estimate for the Gramalote Ridge Zone of 74.375 million tonnes grading 1.00 g/t gold for a total of 2.39 million troy ounces of gold at a 0.5 g/t cut-off and within a $1,000 per ounce gold optimized Whittle pit. The Gramalote Ridge zone remains open to the east and west. Detailed regional surface exploration work carried out by the Company in 2009 at Gramalote has outlined seven quality drill targets located within four km of the Gramalote Ridge resource. All of these targets have similar geological, alteration and mineralization characteristics to the Gramalote Ridge. Drilling is warranted at Trinidad South and Southeast to follow up on the previous drilling that returned up to 223 metres ("m") at 1.00 g/t gold and 109 m at 1.13 g/t gold. Monjas is the western extension of Gramalote Ridge and consists of over a two km long zone of anomalous rocks and soils with trenching of the limited outcrops returning up to 4 m at 3.1 g/t gold, 5 m at 1.6 g/t gold and 2 m at 3.2 g/t gold and soil geochemistry returning up to 4.2 g/t gold. Monjas East is immediately along strike from 2008 Gramalote Ridge drilling results of 34.1 m at 1.32 g/t gold and 23.8 m at 1.1 g/t gold. The company plans to follow up these targets in 2010 with a view to expanding the resources at Gramalote. The Company is currently in discussions with joint venture partner AngloGold Ashanti regarding further exploration of the Gramalote Property and the terms of the joint venture.

In Russia, the Company completed a total of 1,877 m of drilling in eight diamond drill holes in the Moroshka Basin in the spring. The drilling resulted in the discovery of gold bearing quartz adularia veins with the best intersections from hole KW09-030, consisting of 16.96 g/t gold and 258.09 g/t silver over 1.5 m, followed by a second vein containing 14.92 g/t gold and 115.68 g/t silver over 1.1 m. These intersections represent a new vein discovery and the first significant gold bearing intersections on the Kupol East and West licenses. These intersections are located approximately four km east of the Kupol mine, owned 75% by Kinross. Although most of the area is tundra covered, geological mapping during the summer has shown the alteration associated with mineralization extends for at least 1.5 km north south. The Company plans to start a 1,600 m drill program in November to follow up the initial discovery holes.

On June 23, 2009, the Company and Calibre Mining Corp. ("Calibre") executed an option agreement whereby the Company will be entitled to acquire a 51% interest in the NEN Gold-Copper Project ("NEN Property") by expending Cdn.$8 million on exploration and other work by July 1, 2012; of which Cdn.$2.5 million must have been expended by July 1, 2010. The Company has the option to acquire an additional 14% interest in a Designated Project Area ("Project Area") as defined and agreed upon by both parties, within the NEN Property Boundary, for a total 65% Project Area interest by completing a preliminary feasibility study on that Designated Project. Calibre will be the operator of the work program in the first year of the agreement; the Company will have an option to assume operatorship afterwards.

On June 26, 2009, the Company was granted an option from Radius Gold Inc. (“Radius”) to acquire an interest in its mineral property portfolio in Nicaragua. Radius began exploring in Nicaragua in 2003. In addition to discovering a number of exploration projects with potential to host gold resources; specifically the Trebol, Pavon and San Pedro exploration properties (the "Properties"), Radius's technical team also compiled an extensive regional exploration data base covering much of the Central American country (the "Regional Exploration Projects"). The agreement with Radius consists of 3 parts:

1. <u>Trebol, Pavon and San Pedro</u>

Radius has granted the Company an option to acquire a 60% interest in the Properties by expending a total of $4 million on exploration on any one or more of the Properties within 4 years from the date of the agreement. When the Company has spent the $4 million, it will own a 60% interest in all of the Properties and a joint venture will be formed whereby which each party will contribute its pro rata share of the exploration costs.

2. <u>Production from the Pavon Resource Property</u>

In 2005 Meridian Gold Inc. (“Meridian”) completed a 2 stage exploration drill program at the Pavon vein system. Internal company work by Meridian led to the outlining of a conceptual gold resource on specific parts of the Pavon vein system which are being contemplated separately to the Properties described above. Under the Pavon Resource Property agreement, the Company will have an option to review the conceptual gold resource outlined by Meridian. If the Company feels that there is potential to mine any or all of the resource, it will have an option to put the property into production within a time frame of 3 years. After production is achieved, ownership of the Pavon Resource Property will be transferred 100% to the Company and Radius will receive 40% of the net cash flow generated from the operation.

3. <u>The Regional Exploration Projects</u>

Radius has assembled an extensive data base of regional geological, geochemical and geophysical data covering much of Nicaragua. It has agreed to provide this to the Company, on an exclusive basis. If as a result of reviewing the regional data, the Company identifies a prospect or project for acquisition and exploration on ground that is not covered by an existing concession, Radius will apply for a concession over the area and that area will then be designated a "project area".

During the nine months ended September 30, 2009, the Company redeemed approximately $33 million of funds invested in highly liquid money market investments of which $15.9 million was advanced to Central Sun prior to the Acquisition Date in order to finance the repayment by Central Sun of an existing $8 million debt obligation and to fund the re-commencement of construction at Orosi.

On April 25, 2008, pursuant to the Gramalote Purchase Agreement, the Company made an additional cash payment of $7.5 million with respect to its purchase of 25% of the issued and outstanding shares of Gramalote BVI. On July 15, 2008, the Company completed the $7.5 million payment to Grupo Nus by issuing 5,505,818 common shares of the Company at a price of Cdn.$1.10 per share (valued at $6 million) and making a cash payment of $1.5 million.

In February 2008, the Company repaid approximately $2.6 million of the amounts owing under its promissory notes to Kinross. In February 2009, the Company made a final payment of $2.6 million and accordingly has no further obligation with respect to the promissory notes issued on February 26, 2007 to Kinross.

During the second quarter of 2008, Consolidated Puma Minerals Corp. repaid $2.1 million owing under its promissory note to the Company.

## CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Notes 2 and 3 of its audited consolidated financial statements as at December 31, 2008. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

- Measurement uncertainty;
- Use of estimates;
- Resource properties;
- Future income taxes;
- Asset retirement obligations; and
- Stock-based compensation.

***Measurement uncertainty***

As at December 31, 2008, management of the Company had determined that impairment indicators existed, and completed an impairment assessment for each of its mineral property interests and its Gramalote investment. The economic environment existing at that date, the significant declines in commodity prices and the decline in the Company's stock price were considered as impairment indicators. The impairment assessments included a determination of fair value for each mineral property using various valuation techniques including changes in the Company's share price, in-situ values, comparable company analysis, commodity price changes and recent expenditures analysis.

Management's impairment evaluation did not result in the identification of an impairment of the Company's mineral property interests as of December 31, 2008. For its Gramalote investment assessment, management determined that no other than temporary impairment had occurred, and that no write down was required. As at September 30, 2009, management determined that there were no events or circumstances which indicated impairment (other than the decision not to continue with certain exploration properties in Colombia which were written-off in 2009). Although management believes the estimates applied in these impairment assessments are reasonable, such estimates are subject to significant uncertainties and judgments. If long-term estimates of commodity prices, in-situ values or share prices were to change significantly, impairment charges may be required in future periods and such charges could be material.

***Use of estimates***

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

***Resource properties***

Mineral acquisition, exploration and development costs are capitalized on an individual project basis until such time as the economics of an ore body are defined. If production commences, these costs would be amortized on a units of production basis over the estimated mineral reserves. Unrecoverable costs for projects determined not to be commercially feasible are expensed in the year in which the determination is made or when the carrying value of the project is determined to be impaired.

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

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

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

***Asset retirement obligations***

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Significant judgments and estimates are made when estimating the nature and costs associated with asset retirement obligations. Cash outflows relating to the obligations are incurred over periods estimated to extend to 2018 and beyond. When considering the effect of the extended time period over which costs are expected to be incurred, combined with the estimated discount rate and inflation factors, the fair value of the asset retirement obligations could materially change from period to period due to changes in the underlying assumptions.

***Future income taxes***

The Company uses the liability method of accounting for future income taxes. Under this method of tax allocation, future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in earnings in the period in which the change is substantively enacted.

***Stock-based compensation***

All stock option based awards made to directors, employees and consultants are recognized in these consolidated financial statements and measured using a fair value based method. Consideration received on the exercise of stock options is recorded as share capital. The related contributed surplus originally recognized when the options were earned, is transferred to share capital. The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options. This model is subject to various assumptions. The assumptions the Company makes will likely change from time to time.

## CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

The Company has adopted the following additional policies in 2009, in conjunction with the acquisition of Central Sun:

*Inventories*

Gold inventories are valued at the lower of average production cost or net realizable value. In-process inventories are valued at the lower of moving average cost or net realizable value. Materials and supplies inventories are valued at the lower of average cost or current replacement cost.

*Resource property interests*

Mine property, plant and equipment are recorded at cost. Repairs and maintenance expenditures are charged to operations; major improvements and replacements which extend the useful life of an asset are capitalized. Mine property, plant and machinery are amortized over the life of the mine using the unit-of-production method. Mining equipment is depreciated on a straight-line basis, net of residual value, over the shorter of the mine life or estimated useful life of the asset. Care and maintenance costs are charged to operations.

*Revenue recognition*

Revenue is recorded at estimated net realizable value when title has passed. Adjustments to these amounts are made after final prices, weights and assays are established. Silver revenues are recorded as a cost recovery credit.

***New accounting policies implemented effective January 1, 2009***

The adoption of the following new accounting policies in 2009 had no impact on the Company's consolidated financial statements:

*Goodwill and Intangible Assets (Section 3064)*

This section was issued in February 2008 and replaced CICA 3062, "Goodwill and Other Intangible Assets," and Section 3450, "Research and Development Costs". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets.

*Credit Risk and Fair Value of Financial Assets and Liabilities (EIC 173)*

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." The EIC provides guidance on evaluating credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments.

*Mining Exploration Costs (EIC 174)*

In March 2009, the CICA issued EIC-174, "Mining Exploration Costs." The EIC provides guidance on the accounting and the impairment review of exploration costs. This standard is effective for the fiscal year beginning January 1, 2009.

***Accounting policies to be implemented***

*Business Combinations (Section 1582), Consolidations (Section 1601) and Non-controlling Interests (Section 1602)*

These sections were issued in January 2009 and are harmonized with International Financial Reporting Standards. Section 1582 specifies a number of changes, including: an expanded definition of a business combination, a requirement to measure all business acquisition at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. These new standards are effective for 2011.

*International Financial Reporting Standards ("IFRS")*

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**RISKS AND UNCERTAINTIES**

*The exploration and development 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. The Company is faced with a number of other risk factors as described under "Risk Factors", disclosed in its Annual Information Form, available under the Company's profile on SEDAR at www.sedar.com. 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 and Mining Risks***

The business of exploring for minerals and mining involves a high degree of risk. Only a small proportion of the properties that are explored are ultimately developed into producing mines. At present, none of the properties in which the Company has an interest have proven or probable reserves or measured, indicated or inferred resources and the proposed programs are an exploratory search for reserves and resources. The mining areas presently being assessed by the Company may not contain economically recoverable volumes of minerals or metals. Should economically recoverable volumes of minerals or metal be found, substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, 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.

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. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Depending on the price of gold or other minerals produced, which have fluctuated widely in the past, the Company may determine that it is impractical to commence or continue commercial production.

***Foreign Countries and Laws and Regulations***

The Company has interests in properties that are located in developing countries, including 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. Any changes in regulations or shifts in political conditions or attitudes are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

***Restriction on Foreign Investment and Capital Raising in Russia***

On May 5, 2008, the Russian Parliament adopted new legislation that requires prior approval for the development by a foreign investor of any subsoil deposit containing gold reserves of 50 tons or more or for the direct or indirect acquisition by a foreign investor of more than 10% of the voting shares (or other means of control) of a Russian company that uses such a subsoil deposit. The legislation could have a significant impact upon the Company's ability to further develop the East and West Kupol Licenses through its participation in the proposed Kupol joint venture. It is possible that this legislation may cause the Company, Kinross Gold Corporation and a company controlled by agencies of the Government of Chukotka ("CUE") to make changes to the structure and terms of the proposed Kupol joint venture in order to comply with the legislation or receive approval under it. Such changes may be material and there can be no assurance that the Kupol joint venture will proceed as proposed. In addition, if the Kupol joint venture proceeds and "Kupol Opco", the Russian operating company that will hold the East and West Kupol licenses and related exploration assets, were to identify and seek to develop a deposit containing gold reserves of 50 tons or more, approval of the Russian regulatory body would be required for development of that deposit. There can be no assurance that such approval would be granted on acceptable terms or at all and the new legislation provides that if the approval is not granted, the compensation payable to Kupol Opco would be limited to the expenses incurred in the course of exploration.

***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 Management Discussion & Analysis entitled "Liquidity and Capital Resources – Investing activities" 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 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 in Colombia are the subject of pending applications with the applicable mining registry 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. In addition, a number of the Company's interests in Colombia are the subject of contractual promises to assign, pursuant to which a third party has agreed to assign to the Company, or to an entity in which the Company holds its interest in the applicable property, certain licenses and/or concession contracts upon the issuance of such licenses or concession contracts by the mining registry to the promising party. The failure of a promising party to comply with its contractual obligation could have a material adverse impact on the Company's interests in the license or concession contract.

There can be no assurances that the interest in the Company's properties is 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.

***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 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.

*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, Colombian pesos and Russian rubles. As the exchange rates between the Colombian peso, Russian ruble and Canadian dollar fluctuate against the U.S. dollar, the Company will experience foreign exchange gains and losses.

*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.

## INTERNAL CONTROLS

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management, with the participation of the certifying officers, has evaluated the effectiveness of the design and operation, as of September 30, 2009, of the Company's disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective and designed to ensure that material information relating to the Company and its subsidiaries is known to them by others within those entities.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and compliance with Canadian generally accepted accounting principles in the financial statements. Management has evaluated the design of internal controls over financial reporting and has concluded that such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in Canada. In addition, there have been no changes in the Company's internal control over financial reporting during the nine months ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

## NON-GAAP MEASURES

Cash cost per ounce data are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

| | Q3 2009 $ (000's) | Q2 2009 $ (000's) |
|---|---|---|
| Operating costs per financial statements | **6,913** | **7,188** |
| Accrual for past severance obligations (per July 3, 2009 collective labour agreement) | **(451)** | **-** |
| Royalties and production taxes | **524** | **439** |
| Inventory sales adjustment | **143** | **(1,323)** |
| Total cash costs | **7,129** | **6,304** |
| Gold production (in ounces) | **10,203** | **6,832** |
| Total cash costs per ounce of gold production ($/ ounce) | **699** | **923** |

Total cash costs per ounce is derived from amounts included in the Consolidated Statement of Operations and include mine site operating costs such as mining, processing, administration, smelting, refining, transportation costs, royalties and production taxes, less silver by-product credits.

## OUTLOOK

There have been a number of important developments at B2Gold in the first half of the fourth quarter. Construction of the Orosi mine in Nicaragua is progressing well; the illegal strike at the Limon Mine in Nicaragua has been resolved; the Company has arranged a credit facility for $20 million; exploration programs are set to begin at several of our projects and we have welcomed back George Johnson, an important member of the former Bema team to B2Gold.

Construction of the Orosi Mine in Nicaragua is 95% complete and remains on schedule for completion and the commencement of production in late November 2009. Open pit mining has commenced with a new mining fleet. Once in commercial production, the Orosi Mine will have an initial seven year mine life and is expected to produce approximately 80,000 to 90,000 ounces of gold annually at an estimated cash cost of approximately $465 per ounce. Initial capacity of the mill is expected to be 3,500 tonnes of ore per day and will ramp up to 5,500 tonnes of ore per day once the second ball mill is installed in the second quarter of 2010.

B2Gold holds a 95% interest in the Limon Mine. The Limon Mine concession has been in operation since 1941. To date the Limon Mine has produced approximately three million ounces of gold. The current operation is a 1,000 tonne per day underground and open pit mine. The Limon Mine currently has a mine life of 3.5 years with projected average annual production of approximately 43,000 ounces of gold annually at an estimated cash cost of approximately $550 per ounce.

One of the three labour unions at the Limon Mine recently triggered an illegal strike and shut down production. The Ministry of Labour of the Government of Nicaragua declared the strike to be illegal, and informed the unions. The Company worked together with the Nicaraguan government officials and the union leaders to resolve the strike. An agreement to officially end the strike was signed by the three union leaders, the Company and Government officials. Operations at Limon have resumed and 100% production levels are being achieved.

With both the Orosi and Limon mines operating, B2Gold's gold production for 2010 is projected to be approximately 120,000 to 130,000 ounces with estimated cash costs of approximately $490 to $500 per ounce at Orosi and approximately $545 to $560 per ounce at Limon. Both mines are debt free and un-hedged.

On November 4, 2009, the Company signed a commitment letter for a $20 million secured revolving credit facility with Macquarie Bank Limited. The term of the Credit Facility will be for two years with a maturity date of December 31, 2011 and an interest rate of LIBOR plus 5.5%. The proceeds will be used for general corporate purposes.

B2Gold's exploration team has generated numerous exploration targets around the Limon and Orosi mines and on other properties in Nicaragua in joint ventures with Radius Gold Inc.("Radius") and Calibre Mining Corp. ("Calibre").

At Orosi, the Company has mapped and sampled numerous mineralized over 20 kilometres of strike length. The Company plans to commence an exploration program including drilling at the Orosi property in early 2010.

At Limon, a definition drilling program is planned for the Santa Pancha area. In excess of one million ounces of gold has been mined from the Santa Pancha vein system to date. Permitting is underway for a trenching and drilling program for 2010.

On the Trebol property (a joint venture with Radius) in Nicaragua, the current exploration effort is being concentrated on further defining the Santo Domingo Zone and developing the newly discovered mineralized occurrences.

Calibre, as operator, has commenced geological mapping and prospecting, soil sampling and trenching on the Eastern Epithermal, Rosita and Bonanza targets of the Borosi Project in Nicaragua. Drilling is scheduled to commence in early 2010.

In addition, exploration drilling has recommenced on the Kupol West property's Moroshka west zone, in Far East Russia (the Kupol East and West properties are a joint venture with B2Gold, Kinross Gold Corporation and the government of Chukotka, Russia) to follow up the initial discovery hole announced in the second quarter and other targets.

At the Gramalote property in Colombia in the first quarter of 2009, the Company completed and published a National Instrument 43-101 compliant inferred mineral resource estimate for the Gramalote Ridge Zone of 74.375 million tonnes grading 1.00 g/t gold for a total of 2.39 million troy ounces of gold at a 0.5 g/t cut-off and within a $1,000 per ounce gold optimized Whittle pit. The Gramalote Ridge zone remains open to the east and west.

Detailed regional surface exploration work carried out by the Company in 2009 at Gramalote has outlined several drill targets on strike from the Gramalote Ridge resource. The Company is currently in discussions with joint venture partner AngloGold Ashanti regarding further exploration of the Gramalote Property and the terms of the joint venture.

During the third quarter, the Company was pleased to welcome back George Johnson to the management team of B2Gold as Senior Vice President of Operations. Mr. Johnson has the responsibility for overseeing all development and producing properties including both the Limon and Orosi mines in Nicaragua. He was the Senior Vice President of Operations at Bema overseeing all of Bema's operational assets as well managing as the construction of the world class Kupol Project in Far East Russia. Following the takeover of Bema by Kinross Gold Corporation in February 2007, Mr. Johnson moved on with Kinross to manage the final construction and completion of the Kupol Project.

Management intends to continue to build B2Gold into an intermediate gold producer through the exploration and development of existing projects and the acquisition of additional development projects and producing mines that are accretive to the value of B2Gold shares.

**OUTSTANDING SHARE DATA**

At November 10, 2009 there were 282,275,023 common shares outstanding. In addition, there were approximately 22.7 million stock options outstanding with exercise prices ranging between Cdn.$0.80 to Cdn.$3.94 per share and 52.1 million share purchase warrants with exercise prices ranging between Cdn.$0.97 to Cdn.$4.25 per share. More information on these instruments is disclosed in Notes 6 and 10 of the Company's September 30, 2009 unaudited interim consolidated financial statements.

**CAUTION ON FORWARD-LOOKING INFORMATION**

This management's discussion and analysis includes forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.