# OREZONE GOLD CORPORATION

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

## FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2016

**November 18, 2016**

### General

This Management's Discussion and Analysis ("MD&A") is provided to enable the reader to better understand the financial position and total comprehensive income (loss) for Orezone Gold Corporation (the "Company") for the three and nine month periods ended September 30, 2016, in comparison to the corresponding prior-year period. This document should be read in conjunction with the condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2016 ("Interim Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim reporting periods. This MD&A should also be read in conjunction with the Annual Information Form ("AIF") on file with the Canadian provincial securities regulatory authorities for the year ended December 31, 2015. All dollar amounts in this MD&A are in United States dollars, unless otherwise specified. References to "$" or "US$" are to United States dollars, references to "C$" are to Canadian dollars and references to "CFA" are to Communauté Financière Africaine francs. The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates (the "functional currency"). The Company's functional currency is the Canadian dollar. This MD&A has taken into account information available up to and including November 18, 2016.

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

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

### Corporate Information

The Company was incorporated on December 1, 2008 under the Canada Business Corporations Act and is the product of a spin-out transaction between Orezone Resources Inc. and IAMGOLD Corporation ("IAMGOLD"). The Company was initially listed on the Toronto Stock Exchange (the "TSX") however to reduce operating expenses, the Company moved the listing of its common shares to a Tier 1 listing on the TSX Venture Exchange on December 21, 2015. The Company's main operating subsidiary, Orezone Inc., is resident in the British Virgin Islands which has a field office through its subsidiary in the city of Ouagadougou, Burkina Faso, West Africa. The Company is primarily engaged in the exploration and development of gold properties in Burkina Faso, West Africa. Management has been operating in West Africa for over 20 years. The Company's primary objective is to maximize shareholder value by identifying and developing commercially viable gold mining operations.

Although the Company began trading publicly on February 25, 2009, Management and the Board represent the continuation of the successful track record of Orezone Resources Inc. in Burkina Faso, extending back to its inception in 1996. This includes the acquisition, exploration, development, financing, construction and divestiture of the Essakane Gold Project to IAMGOLD, the largest operating gold mine in Burkina Faso. Burkina Faso became the fourth largest African gold producer in 2012 with much of this production coming from Essakane. Burkina Faso has similar geology, but is relatively underexplored, compared to the neighbouring countries of Mali and Ghana where more major discoveries have been made and a number of large mines have been built.

Burkina Faso has good infrastructure relative to much of West Africa, and has provided the opportunity to acquire both relatively large unexplored tracts of land, as well as more advanced stage assets, on reasonable terms. The Company will continue to focus the majority of its efforts in Burkina Faso.

**Q3 2016 Highlights:**

- On July 19, 2016, the Company announced that it had completed a C$26,450,000 equity financing. A total of 26,450,000 common shares were issued at a price of $1.00 per share;
- On August 12, 2016, the Company announced that the Council of Ministers of the Burkina Faso Government approved the mining permit application submitted by the Company's local subsidiary Orezone Bomboré SA for its Bomboré Gold Project. Receipt of the formal mining permit and related mining convention from the Burkina Faso tax department are expected in the coming months;
- On August 22, 2016, the Company announced that preliminary results from the ongoing Bomboré Project resource estimation, performed by Roscoe Postle Associates ("RPA") in Toronto, Ontario, indicated that the tonnage and gold ounces contained in the previous 2013 Bomboré oxidized measured and indicated resource may be reduced by approximately 30% with the resulting tonnage remaining at a similar average grade. The 2013 Bomboré fresh rock (sulphide) resource may also be reduced by a similar amount or less. As a result, the 2013 Resource Update and the 2015 Feasibility Study NI 43-101 Technical Report of the Bomboré Gold Project should no longer be relied upon and were withdrawn by the Company. The Company is working to update the feasibility study including an updated reserve and mine plan based on the ongoing resource update; and
- On September 7, 2016, the Company announced an updated resource statement for its Bomboré Project in Burkina Faso, West Africa. The resource estimation was performed by the Company and audited, classified, and accepted by RPA. The Company also announced that Patrick Downey, a director since 2011, would become the non-executive Chairman, replacing Mike Halvorson who remains as an active member of the board and significant Orezone shareholder since 1998.

**Significant developments subsequent to the three month period ended September 30, 2016 included:**

- On November 2, 2016, the Company announced the filing of an NI 43-101 Technical Report for its Bomboré Gold Project that supports the disclosure made by the Company in the news release dated September 7, 2016. As stated in the release, work continues with the Company and its consultants to estimate potential additions to the resources. The Company expects to issue another resource statement when this work is complete and continue with a reserve estimate and mine plan as part of a feasibility study update.

**Exploration and Development Activities**

Since 2009, the Company has been mainly focused on the development of its wholly owned Bomboré gold project. On August 11, 2016, the Government of Burkina Faso approved the mining permit application to build a Phase 1, open pit operation that focuses on the surface oxide resource that can be processed without grinding or cement agglomeration using a combined Heap Leach ("HL") and Carbon in Leach ("CIL") circuit. At any time in the future, subject to a positive feasibility study, Phase 2 could be initiated to expand the CIL circuit to include, amongst other things, more crushing, grinding and leach residence time and power to process the large sulphide resource that occurs below the oxide cap which has been well defined and studied. The benefit of building the project in two phases is to reduce the required upfront capital and generate a much higher rate of return.

From January 2014 to April 2015, the Company completed all test work and designs to complete the 2015 Bomboré Feasibility Study ("2015 FS") that focused only on Phase 1. However, as a result of resource revision released on August 22, 2016, the Company withdrew the 2015 FS and it can no longer be relied upon until the resource, reserves and 2015 FS have been updated.

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

**Table 1 – Total Resources by Project**

| Project | COG (gpt) | Category | Tonnes (Mt) | Grade (Au gpt) | Contained Gold (kOz) | Effective Date |
|---|---|---|---|---|---|---|
| Bomboré | 0.45 | Measured+Indicated | 102.9 | 0.97 | 3,224 | 7-Sep-16 |
| Bomboré | 0.20 to 0.45 | Measured+Indicated | 69.1 | 0.35 | 784 | 7-Sep-16 |
| Oxide+ Transition Only | 0.45 | Measured+Indicated | 47.1 | 0.89 | 1,355 | 7-Sep-16 |
| Oxide+ Transition Only | 0.20 to 0.45 | Measured+Indicated | 54.5 | 0.33 | 580 | 7-Sep-16 |
| Bomboré | 0.45 | Inferred | 16.9 | 0.88 | 481 | 7-Sep-16 |
| Bomboré | 0.20 to 0.45 | Inferred | 7.4 | 0.41 | 98 | 7-Sep-16 |
| Oxide+ Transition Only | 0.45 | Inferred | 1.0 | 0.76 | 24 | 7-Sep-16 |
| Oxide+ Transition Only | 0.20 to 0.45 | Inferred | 1.5 | 0.33 | 16 | 7-Sep-16 |
| Bondi | 0.50 | Measured+Indicated | 4.1 | 2.12 | 282 | 20-Feb-09 |
| Bondi | 0.50 | Inferred | 2.5 | 1.84 | 150 | 20-Feb-09 |
| Total | | Measured+Indicated | 176.1 | 0.76 | 4,290 | |
| | | Inferred | 26.8 | 0.85 | 728 | |

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

Since the release of the updated Resource Statement on September 7, 2016, the Company continued work to review, model and estimate the mineralization that was not included in the September 7, 2016 Resource Statement. The excluded mineralization occurs in part within the pit shells that constrain the resource and was treated as waste (with zero grade) in the September 7, 2016 Resource Statement. It is anticipated that additional resources will be added to the current estimate once this ongoing resource modelling by RPA is completed. Once complete, the Company plans to issue an updated resource statement, and then continue with a reserve estimate, mine plan and feasibility study update. Optimization of the previous feasibility study is already underway.

The Company will commence an exploration and definition drill program on the Bomboré Gold Project, in November 2016, that will focus on expansion drilling on regional oxide targets as well as on higher grade, near-surface, sulphide material. A follow-up drill program in Q1 2017 will be initiated upon a review of these initial results and the completion and review of the ongoing resource modelling. The first phase drill program of up to 2,750 meters should be completed before year-end.

The following table summarizes the Company's exploration and evaluation costs and meters drilled by project for the three and nine month periods ended September 30, 2016 and 2015. All figures are presented in US$, except for meters drilled.

**Table 2 – Exploration and Evaluation Costs**

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

| Three month period ended September 30, 2015 | Meters Drilled | Drilling & Assaying | General, Camp, Infrastructure & Other | Exploration & Development Studies | Exploration Surveys | Total Exploration & Evaluation Costs |
|---|---|---|---|---|---|---|
| | **M** | **$** | **$** | **$** | **$** | **$** |
| **Bomboré** | **-** | 18,883 | 371,767 | 166,074 | 48,810 | **605,534** |
| **Bondi** | **-** | 1,442 | 18,365 | - | 15,391 | **35,198** |
| **Total** | **-** | **20,325** | **390,132** | **166,074** | **64,201** | **640,732** |

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

| Nine month period ended September 30, 2015 | Meters Drilled | Drilling & Assaying | General, Camp, Infrastructure & Other | Exploration & Development Studies | Exploration Surveys | Total Exploration & Evaluation Costs |
|---|---|---|---|---|---|---|
| | **M** | **$** | **$** | **$** | **$** | **$** |
| **Bomboré** | **-** | 48,943 | 1,040,212 | 1,492,749 | 165,187 | **2,747,091** |
| **Bondi** | **-** | 11,589 | 43,809 | - | 68,202 | **123,600** |
| **Total** | **-** | **60,532** | **1,084,021** | **1,492,749** | **233,389** | **2,870,691** |

***Bomboré Project***

Bomboré is situated 85 km east of the capital city, Ouagadougou, and is adjacent to an international highway, with access to sufficient water for mining operations, as well as a local labour force. The project benefits from a large oxide resource (average depth 45 m) that sits above a large sulphide resource. The average depth of over 430,000 m of drilling to date is 120 m and the sulphide resource reaches depths of up to 240 m within the CIL optimized pit shells that constrain the resource. Since 2011, the Company has been examining various scenarios to develop the project in stages to reduce the initial capital requirements. In June 2013, the Company postponed the completion of the oxide material CIL FS and switched its development focus from an 8 Mt/yr Phase I oxide-only CIL operation to a 5.5 Mt/yr Phase I oxide-only HL scenario. The Company completed an updated PEA on the HL scenario that was released and filed during Q1 2014. The updated HL PEA was completed by G Mining Services Inc. ("GMS"), Kappes, Cassiday & Associates ("KCA"), and Golder Associates Inc. ("Golder"). Subsequently, the Company optimized the planned processing method to employ a combined approach of HL and CIL circuits. The combined approach was positively evaluated as part of the 2015 FS, however with the Bomboré project resource revision announced on August 22, 2016 the Company withdrew the filed 2015 FS and is working to revise and release an updated FS in H1 2017. A mining permit application was submitted on May 25, 2015 and approved on August 11, 2016. Subsequent to the submission of all updated and final versions of the ESIA and RAP, the Company received all Environmental and Resettlement approvals from the Ministry of Environment, Green Economy and Climate Change on May 18, 2016. The project will result in the resettlement of the population living on the project site (approximately 600 traditional families and 4,000 artisan gold miners) and the expropriation of a large area of agricultural land (approximately 700 ha). The Company and its consultants, Socrege, BEGE and WSP worked with the local population to agree on all resettlement areas for each of the communities potentially impacted by the project. Receipt of the formal mining permit and related mining convention from the Burkina Faso tax department (fiscal and tax policy for the permit) is pending and expected in the coming months. The status of the mining permit is not expected to be affected by the September 7, 2016 resource revision.

The resource announced on April 29, 2013, (the "2013 Resource") was subsequently replaced by the 2016 Mineral Resource Statement issued on September 7, 2016 (the "2016 Resource"), see below.

***2016 Resource***

The 2016 Mineral Resource Statement (Table 3) was prepared by RPA in Toronto. The mineral resources are constrained within conceptual open pit shells prepared by RPA using parameters based on the studies completed on the project and adjusted for the economic conditions documented during Q2 2016. The total resource (oxide and sulphide) spans an area over 11 km long and up to 1 km wide with a low estimated waste to ore strip ratio. The majority of the total resource occurs within the top 120 m, the average depth of drilling completed to date, however, some pit shells reach a depth of 240 m. The mineralization remains open at depth and in part along strike.

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

**Table 3 - 2016 Mineral Resources Statement for the Bomboré Deposit, Burkina Faso, West Africa**

| | | **Measured Mineral Resource** | | | **Indicated Mineral Resource** | | | **Measured and Indicated Mineral Resource** | | | **Inferred Mineral Resource** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Material Type** | **Cutoff gpt** | **Tonnes Mt** | **Grade gpt** | **Gold koz** | **Tonnes Mt** | **Grade gpt** | **Gold koz** | **Tonnes Mt** | **Grade gpt** | **Gold koz** | **Tonnes Mt** | **Grade gpt** | **Gold koz** |
| Ox+Tr HG | 0.45 | 16.3 | 0.98 | 514 | 30.7 | 0.85 | 840 | 47.08 | 0.89 | 1,355 | 0.99 | 0.76 | 24 |
| Ox+Tran LG | 0.20 to 0.45 | 15.8 | 0.33 | 169 | 38.7 | 0.33 | 411 | 54.49 | 0.33 | 580 | 1.51 | 0.33 | 16 |
| **Total Oxide+Tran** | **0.20** | **32.1** | **0.66** | **683** | **69.4** | **0.56** | **1,252** | **101.57** | **0.59** | **1,935** | **2.50** | **0.50** | **40** |
| Fresh HG | 0.50 | 6.7 | 1.07 | 232 | 49.1 | 1.04 | 1,638 | 55.81 | 1.04 | 1,870 | 15.92 | 0.89 | 457 |
| Fresh LG | 0.38 to 0.5 | 1.7 | 0.44 | 24 | 12.9 | 0.43 | 180 | 14.57 | 0.43 | 204 | 5.84 | 0.44 | 82 |
| **Total Fresh** | **0.38** | **8.4** | **0.95** | **256** | **62.0** | **0.91** | **1,818** | **70.39** | **0.92** | **2,074** | **21.77** | **0.77** | **539** |
| **Total HG** | | **23.0** | **1.01** | **746** | **79.8** | **0.97** | **2,478** | **102.89** | **0.97** | **3,224** | **16.91** | **0.88** | **481** |
| **Total LG** | | **17.5** | **0.34** | **192** | **51.5** | **0.36** | **591** | **69.06** | **0.35** | **784** | **7.35** | **0.41** | **98** |
| **Total HG+LG** | | **40.6** | **0.72** | **939** | **131.4** | **0.73** | **3,069** | **171.95** | **0.73** | **4,008** | **24.26** | **0.74** | **579** |

*Notes: 1. CIM definitions were followed for Mineral Resources. 2. HG indicates material above the higher grade cut-offs, LG indicates low grade material between the high grade and breakeven cut-off grades. 3. Mineral Resources are estimated at variable cut-off grades depending on weathering layer and location. 4. Mineral Resources are estimated using a long-term gold price of US$1,400 per ounce. 5. A minimum mining width of approximately 3 m was used. 6. Bulk density varies by material type. 7. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. 8. Numbers may not add due to rounding. 9. The effective date of this Mineral Resource statement is September 7, 2016.*

Using similar cut-off grades to the 2013 estimate for comparison purposes (Table 4), the 2016 results indicate that the M&I resource has been reduced by 29% and the average gold grade by 4% to 0.97 gram per tonne (gpt). Within this higher grade portion of the resource, the oxidized and transition M&I resource has been reduced by 31% and the average gold grade by 2% to 0.89 gpt. The fresh rock (sulphide) M&I resource has been reduced by 28% and the average gold grade by 6% to 1.04 gpt.

It should be noted that approximately one third of the reduction in resources is the result of the removal of resources that occur in areas of flood plains, environmentally sensitive areas, and areas that have been set aside for the benefit of local artisanal miners. Most of these resources were already excluded from the 2015 reserves estimate as part of the 2015 feasibility study.

The remaining two-thirds of the reduction in resources can be attributed to a more conservative approach to the modelling methodology than used in the 2013 estimate. This included the re-interpretation of the mineralized domains coupled with restrictions on the grade modelling of the lower grade domains. The result was the exclusion of a significant amount of mineralized drill intersections (composites) of both higher and lower grade, that occur outside of the modelled mineralized domains. Essentially, there is now a significant amount of mineralization in the waste domain that is unaccounted for in the 2016 resource statement.

The Company continues to work with RPA to determine how much of this mineralization can be included in a new resource statement and RPA will then update the Mineral Resource Statement and Reserves in order to revise the 2015 Phase 1 feasibility study and furthermore, to determine the next stage of development for the project.

**Table 4 - Comparison Table of 2016 to 2013 Mineral Resource Estimates at Similar Cut-off Grades**

| | | **Measured Mineral Resource** | | | **Indicated Mineral Resource** | | | **Measured and Indicated Mineral Resource** | | | **Inferred Mineral Resource** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Cutoff gpt** | **Tonnes Mt** | **Grade gpt** | **Gold Koz** | **Tonnes Mt** | **Grade gpt** | **Gold Koz** | **Tonnes Mt** | **Grade gpt** | **Gold Koz** | **Tonnes Mt** | **Grade gpt** | **Gold Koz** |
| 2013 Oxide+Trans | 0.45 | 38.9 | 0.94 | 1,174 | 28.3 | 0.87 | 789 | **67.2** | **0.91** | **1,964** | 6.4 | 0.92 | 189 |
| 2016 Oxide+Trans | 0.45 | 16.3 | 0.98 | 514 | 30.7 | 0.85 | 840 | **47.1** | **0.89** | **1,355** | 1.0 | 0.76 | 24 |
| Difference | | (22.6) | 0.04 | (660) | 2.5 | (0.02) | 51 | **(20.1)** | **(0.01)** | **(609)** | (5.4) | (0.16) | (164) |
| % Difference | | -58% | 4% | -56% | 9% | -2% | 6% | **-30%** | **-2%** | **-31%** | -85% | -17% | -87% |
| Total 2013 Fresh | 0.50 | 44.1 | 1.03 | 1,456 | 28.6 | 1.24 | 1,142 | **72.7** | **1.11** | **2,598** | 12.1 | 1.38 | 534 |
| Total 2016 Fresh | 0.50 | 6.7 | 1.07 | 232 | 49.1 | 1.04 | 1,638 | **55.8** | **1.04** | **1,870** | 15.9 | 0.89 | 457 |
| Difference | | (37.4) | 0.05 | (1,224) | 20.5 | (0.21) | 496 | **(16.9)** | **(0.07)** | **(728)** | 3.9 | (0.49) | (78) |
| % Difference | | -85% | 5% | -84% | 72% | -17% | 43% | **-23%** | **-6%** | **-28%** | 32% | -35% | -15% |
| Total 2013 All Layers | | 83.0 | 0.99 | 2,630 | 56.8 | 1.06 | 1,931 | **139.9** | **1.01** | **4,561** | 18.4 | 1.22 | 723 |
| Total 2016 All Layers | | 23.0 | 1.01 | 746 | 79.8 | 0.97 | 2,478 | **102.9** | **0.97** | **3,224** | 16.9 | 0.88 | 481 |
| Difference | | (60.0) | 0.02 | (1,884) | 23.0 | (0.09) | 547 | **(37.0)** | **(0.04)** | **(1,337)** | (1.5) | (0.34) | (242) |
| % Difference | | -72% | 2% | -72% | 40% | -9% | 28% | **-26%** | **-4%** | **-29%** | -8% | -28% | -33% |

A subset of the Mineral Resource is reported to compare to the 2013 model which was reported at a 0.45 gpt Au for oxide and transition material and 0.50 gpt Au for fresh material.

***Bomboré Regional Exploration Potential***

The Bomboré oxide resources could be further expanded and upgraded by drilling the current inferred resources and the untested targets in the southern portion of the property with approximately 12,000 m of additional RC drilling. Furthermore drill testing for ore grade mineralization in the untested gaps between the many smaller pits along the mineralized trend could result in the joining of several pits. This would not only add resources but also marginally improve the overall strip ratio.

Approximately 2km south and along the Bomboré shear zone trend is the P17S sulphide prospect that hosts a new M&I resource of 27 koz (846,000 tonnes at a grade of 2.6 gpt) based on 22 core and 7 RC boreholes. The gold mineralization occurs in a deformed and shallowly plunging granodiorite unit that averages 7 m in thickness. The drilling extends over an area of about 1 hectare with an average depth to the mineralized unit of only 28 m in the holes supporting the 2016 resource (the deepest intersection is 55 m below surface). Projecting the geology to a depth of 100 m could potentially double the current resource and there are several additional untested targets in a similar geological setting in the area. All assays were performed using a 1kg bottle roll technique (identical to the other Bomboré samples) with indicative cyanide soluble recoveries over 95%. These results are particularly interesting with grades more than double the average grade of the Bomboré resource and could have a significant impact on the project economics of the Phase 2 sulphide expansion. Further drilling is planned before year-end on this deposit, along with initial metallurgical testwork.

### *Permit status and expansion*

The original Bomboré I permit (104.5 km$^2$) expired on February 17, 2016. The Company applied for a mining permit during Q2 2015, well within the extension period. The mining permit was approved in August 2016 however; the official document is currently pending. On June 1, 2016, the Company reapplied for most of the previous surrounding exploration area that expired on February 17, 2016 and the three respective applications are pending, with approvals expected in the coming months.

In August 2011, the Company announced it had been granted exploration rights to the Toéyoko permit, an additional 63 km$^2$ of prospective ground adjacent to Bomboré. The initial three-year Toéyoko permit expired in July 2014 and was renewed for a second three-year term that will expire in July 2017; it will then be possible to renew the permit for one more three-year term.

The Government of Burkina Faso requires an annual minimum expenditure of 270,000 CFA (~ US $463) per km$^2$ resulting in a minimum of 17,010,000 CFA (~ US $29,138) for Toéyoko. The Company is able to carry forward expenditures year over year throughout the terms of the permits as well as into subsequent renewals, if it so requires, in order to meet these minimums. To date, the Company has not had any difficulty in meeting these minimum requirements.

### *Ownership*

The Company owns a 100% interest in the exploration permits; less the Burkina Faso Government sliding net smelter returns ("NSR") royalty of between 3% and 5%, depending on the gold price, and 10% carried interest if the project is mined. On June 26, 2015, the *Conseil National de la Transition* (National Council of Transition) approved a new mining code which was subsequently adopted by the parliament on July 16, 2015, and promulgated on October 29, 2015, however, the government has not yet put into effect the enabling acts of the 2015 mining code. See note below, "*New Mining Code"* for further details. Sandstorm holds a 0.45% NSR on Bomboré; however plans are to repurchase 100% of this royalty, as per the terms of the agreement in January 2017.

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

Expenses related to total exploration and evaluation costs has increased by $6K for the three month period ended September 30, 2016 over the comparative prior-year period and decreased $1.4M for the nine month period over the comparative prior-year period due to the FS activities being essentially complete as of the end of Q2 2015, offset slightly by expenses relating to the resource modeling, engineering studies and ESIA and RAP in 2016. General camp, infrastructure and other costs for the three and nine month periods ended September 30, 2016 decreased by $93K and $405K respectively over the comparative prior-year period due to a reduction in camp occupancy related to the increased focus on development studies and a water drilling program in 2015 as well as a reduction in community relations expenses year over year. Exploration and development costs has increased by $118K for the three month period ended September 30, 2016 over the comparative prior-year period and decreased $940K for the nine month period over the comparative prior-year period due to the reduction in engineering and environmental costs as the Company was no longer working on a feasibility study in 2016. Exploration surveys costs for the three and nine month periods ended September 30, 2016 has decreased by $7K and $79K respectively over the comparative prior-year period due to a reduction in staff in 2015 along with a shift in focus of some staff to the Bondi project in 2016. Drilling and assaying expenditures at Bomboré were low and comparable for the three month and nine month periods ended September 30, 2016 and 2015 due to the Company's focus on the Bomboré FS.

## ***Bondi Project***

On May 24, 2016, the Company signed an agreement for the sale and transfer of the Bondi project to Sarama for consideration consisting of 9.6M Sarama shares valued at C$0.15 per share, plus 3M warrants priced at C$0.195 per share with an expiry of two years and 2M warrants priced at C$0.24 per share with an expiry of three years. The transaction also includes a US$20/oz royalty on the first 200,000 ounces sold out of production from the Bondi Permit area. Orezone and Sarama continue to do all things possible to complete the transaction including the receipt of a sale and transfer tax ruling from the Burkina Faso tax authorities. The closure of this agreement and the transfer of the permit to Sarama may be subject to the status and imposition of the 2015 Mining Code and the timing thereof (see section New Mining Code below).

The Bondi gold project is a shallow and structurally controlled, 4 km long shear zone hosted gold deposit that contains 282,000 oz of Measured and Indicated gold resources at a grade of 2.12 gpt and 150,000 oz of Inferred resources at a grade of 1.84 gpt.

In August 2012, formal approval of the renewal of the permit for its final three-year term, with the mandatory 25% reduction in the permit area, was received from the Government of Burkina Faso. In May 2015, the Company applied for an exceptional three-year extension for the permit, and on August 13, 2015 it was approved by the Government with receipt of the formal documentation on November 5, 2015.

***Analysis of expenditures on the Bondi Project***

Expenses related to Drilling and assaying for the nine month period ended September 30, 2016 increased by $71K over the comparative prior-year period due to a 521m core drilling program mainly completed in Q1 2016 and analysis in Q2 2016 as compared to limited analysis expenditures in 2015, there was no significant change for the three month period ended September 30, 2016 over the comparative prior-year period. The general camp and infrastructure and other costs for the nine month period ended September 30, 2016 increased $40K due to the focus on the drilling program in Q1 2016 and certification of historical expenditures in Q2 2016 for the Bondi sale to Sarama, there was no significant change for the three month period ended September 30, 2016 over the comparative prior-year period.

## ***Burkina Faso Political Situation***

On November 29, 2015, Burkina Faso held a successful election and a former prime minister, Roch Marc Christian Kaboré emerged as the winner of the presidential election, the first time the nation has elected a new leader in nearly three decades. He was officially sworn in on December 29, 2015 and the new cabinet was appointed on January 13, 2016.

## ***New Mining Code***

The mining legislation of Burkina Faso provides for certain taxes that are specific to mining activities and offers certain tax incentives for titleholders at different stages of their projects. As in many other African jurisdictions, Burkina Faso has revisited its 2003 Mining Code in view of increasing its benefits from the sector and has circulated proposed amendments to the Mining Code during the last four years. On June 26, 2015, the *Conseil National de la Transition* approved a new Mining Code that was adopted by the parliament on July 16, 2015, and promulgated on October 29, 2015; however, the provisions of the new code have not yet been imposed on any mining project or operation. Items within the new Mining Code include, amongst others, the introduction of a new tax of 1.0% of the gross revenues to support a Mining Fund for Local Development (which was created based on the request of the World Bank ("WB") as a condition for future financial support of the country by the WB), the removal of the 10% reduction in income tax rates for the mining sector, penalties for changes in production levels, the obligation for a mining company to pay a dividend if an after-tax profit is made and adequate reserves have been accumulated, and for feasibility studies to include a plan for the training and the promotion of local mining executives. The Company had been informally advised that the Mining Code in force at the time of submission of the application (2003 Code for Bomboré) shall apply to the mining permit upon its approval. The permit may also be subject to certain changes from the 2015 Mining Code that would ultimately be applicable to all other operating mines under the terms of the 2003 Mining Code. Several dispositions of the new 2015 Mining Code are incompatible with the Mining Conventions signed by the mines in production or with The Organization for the Harmonization of Business Law in Africa ("OHADA") Uniform Act that is applicable in Burkina Faso.

## **Financial Review**

### ***Corporate Cost Savings Measures***

During Q4 2015, the Company undertook several measures to reduce its annual operating costs by approximately $1M. This included a reduction in its head office accounting staff as a result of a voluntary move from the Toronto Stock Exchange (TSX) to a Tier 1 listing on the TSX Venture Exchange (TSX-V). In addition, the Company reduced some of its technical staff that is no longer required until the project proceeds to construction. As the feasibility update proceeds, the Company plans to add select positions as required that will add value to the project and the company.

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

**Table 6 – Financial Information**

| Expenses | Three months ended September 30, 2016 | 2015 | Nine months ended September 30, 2016 | 2015 |
|---|---|---|---|---|
| Exploration and evaluation | **626,055** | 640,732 | **1,542,154** | 2,870,691 |
| General and administrative | **420,473** | 518,022 | **1,341,297** | 1,717,940 |
| Share-based compensation | **46,222** | 66,065 | **212,444** | 230,806 |
| Depreciation and amortization | **109,672** | 143,579 | **360,016** | 576,833 |
| **Total Expenses** | **1,202,422** | 1,368,398 | **3,455,911** | 5,396,270 |
| **Other (loss) income** | **27,083** | (347,889) | **(31,561)** | (517,245) |
| **Net loss before tax** | **(1,175,339)** | (1,716,287) | **(3,487,472)** | (5,913,515) |
| **Income tax** | **-** | - | **(5,980)** | (80,408) |
| **Net Loss** | **(1,175,339)** | (1,716,287) | **(3,493,452)** | (5,993,923) |
| Foreign currency translation loss | **(60,583)** | (94,622) | **(72,505)** | (526,515) |
| **Other comprehensive loss** | **(60,583)** | (94,622) | **(72,505)** | (526,515) |
| **Net loss per common share, basic and diluted** | **(0.01)** | (0.02) | **(0.03)** | (0.06) |

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

**Table 7 – General & Administrative Expenses**

| Expenses | Three months ended September 30, 2016 | 2015 | Nine months ended September 30, 2016 | 2015 |
|---|---|---|---|---|
| Salaries and employee costs | **210,672** | 309,658 | **632,906** | 994,756 |
| Public company costs | **38,305** | 41,593 | **152,258** | 196,419 |
| Professional fees | **46,587** | 43,492 | **227,838** | 187,096 |
| General and office costs | **72,518** | 76,812 | **218,013** | 205,487 |
| Investor relations and travel | **52,391** | 46,467 | **110,282** | 134,182 |
| **Total Expenses** | **420,473** | 518,022 | **1,341,297** | 1,717,940 |

**Table 8 – Consolidated Balance Sheets (Summary)**

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| Cash | **24,130,612** | 3,835,256 |
| Interest in exploration properties | **2,425,923** | 2,671,402 |
| Non-current liabilities | **3,600,000** | 3,300,000 |
| Shareholders' equity | **23,002,168** | 3,465,709 |
| Total assets | **27,083,938** | 6,975,981 |
| Comprehensive loss | **(3,565,957)** | (8,197,114) |

The Company is in the exploration and evaluation phase and does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration activities undertaken on the active projects and the administrative expenses required to operate and carry out its exploration activities as well as other items such as interest income and foreign exchange gains/losses. Below is a discussion of the major items that impact net loss for the three and nine month periods ended September 30, 2016 and 2015.

Exploration and evaluation costs in the three and nine month periods ended September 30, 2016 decreased by $15K and $1.3M respectively over the comparative prior year periods. The decreased expenditures are mainly due to:

- reduced exploration and development studies due to the completion of the 2015 FS and related activities at the end of Q2 2015; and
- a reduced head count and resulting lower camp costs as the focus shifted from onsite to offsite technical studies;

Offset by:

- an increase in Bondi drilling and assaying costs due to the 521m core drilling program in Q1 2016;
- new engineering and environmental studies in 2016; and
- an increase in costs related to the certification of the historical expenditures for the Bondi project.

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

Total G&A costs in the three and nine month periods ended September 30, 2016 decreased by $97K and $377K respectively from the comparative prior-year periods mainly due to:

- a decrease of $362K in salary and employee expenses as compared to the prior-year period as a result of the implementation of the corporate restructuring with the departure of the CFO, Corporate Controller, Bomboré Project Manager and employees in the subsidiaries near the end of 2015; CEO/SVP Exploration voluntary salary decrease in 2016; and reduction in COO work schedule from Nov'15 to mid-Jul'16; offset slightly by a temporary reduction (six months) of certain staff in Burkina Faso to 50% time in 2015;

- a decrease of $44K in public company costs as compared to the prior-year period as a result of lower annual costs to be listed on the TSX-V as compared to the TSX; and a decrease in Directors' Fees as compared to the prior-year period;

- a decrease of $24K in investor relations and travel costs as a result of fewer marketing/financing related consulting fees offset slightly by higher conference fees/travel related costs as compared to the prior-year period;

Offset by

- an increase in professional fees of $41K as compared to the prior-year period as a result of fees incurred in relation to the mining permit application of the Bomboré SA Company; offset slightly by lower audit and legal fees compared to the prior-year period; and

- an increase in general & office costs of $12K as compared to the prior-year period due to printing and equipment rental costs for the meetings with the National Commission of Mines as part of the mining permit application process.

Other (loss) income is related to a foreign exchange gain of $0.44M over the comparable prior year period and $42.7K finance income over the comparable prior year period attributed to interest income on a higher cash balance.

Income tax costs in the nine month period ended September 30, 2016 decreased by $74.4K from the comparative prior year period due to the Burkina tax assessment which was settled in 2015 offset slightly by income tax costs on Brighton Energy Corporation upon winding down the company.

**Summary of Quarterly Results**

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

**Table 9 – Summary of Quarterly Results**

| | Q3 2016 | Q2 2016 | Q1 2016 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 |
|---|---|---|---|---|---|---|---|---|
| | | | | $ | $ | $ | $ | $ |
| **Net loss attributable to common shareholders** | (1.18) | (1.07) | (1.24) | (1.57) | (1.72) | (1.79) | (2.49) | (3.07) |
| **Net loss per share, basic and diluted** | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.02) | (0.03) | (0.04) |

The decrease in net loss during Q3 2016 as compared to the quarters in 2015 and Q4 2014 is partially due to a continued reduction in exploration and development activities in Q3 2016 with the majority of ongoing technical activities being completed by the end of 2015 and additional income tax expense relating to the settlement of the Burkina Faso tax reassessment in Q1 2015. The Company is in the exploration and evaluation phase and does not yet have revenue-generating activities and has not generated revenue in any of the prior quarters.

## Sandstorm Gold Ltd. Royalty

On January 27, 2015, the Company announced the completion of a royalty purchase agreement ("Agreement") with Sandstorm Gold Ltd. ("Sandstorm") that provided up to $8.0M in financing to advance the Bomboré Project. Sandstorm initially purchased the rights to 0.45% net smelter returns ("NSR") royalty payable by the Company on future revenues from Bomboré (the "Upfront Royalty") for $3.0M. The Company has the option to buy back 100% of the Upfront Royalty and intends to complete the buyback in January 2017.

The Agreement also grants Sandstorm a right of first refusal ("ROFR") on all future gold stream financings ("Stream") completed by the Company up to three years subsequent to the commencement of commercial production on the Bomboré project, and this ROFR will continue after the buyback of the Upfront Loan.

## Liquidity and Capital Resources

The Company is at the exploration stage and, as is common with many exploration companies, raises funds in the equity market to conduct its activities, or through the sale of royalties or related interests. The Company has no mining operations and does not generate revenue from any operating activities.

The Company had cash of $24.1M at September 30, 2016, an increase of $18M compared to the $6.1M cash position at June 30, 2016. The Company had a working capital of $24.2M at September 30, 2016.

As at November 18, 2016, the Company had approximately $23M in cash which includes the proceeds of the July 2016 equity financing. The Company currently has no other committed funding or other financing arrangements.

The Company intends to use funds to advance the Bomboré Project during the remainder of 2016 and into 2017. Activities underway include completing an updated resource statement based on the ongoing resource modelling, as well as updating the reserve estimate, mine plan and feasibility study. The Company will commence an exploration and definition drill program on the Bomboré Gold Project in November 2016 with a follow-up drill program in Q1 2017 based on a review of these initial results and the completion and review of the ongoing resource modelling. Other activities being considered include training programs for local peoples in combination with initial relocation work and minor ongoing infrastructure construction. Management believes that the current working capital is sufficient to sustain the Company's exploration and evaluation, development plans and general and administrative expenses on an ongoing basis and based on planned expenditures will be able to sustain costs into 2018.

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

## Use of Proceeds from Financings

On July 21, 2015, the Company announced the closing of a non-brokered private placement of $5M (C$6.5M) whereby it issued 21,666,666 common shares at a price of C$0.30 per share. The proceeds are being used to advance the Bomboré project through the ongoing mine permitting process, optimize the economics and engineering of the recently completed feasibility study and for general corporate purposes. As of September 30, 2016, the Company has used $4.2M of the proceeds for expenditures on its Bomboré project and general corporate purposes.

On March 21, 2016, the Company announced the arrangement of a non-brokered private placement of $3.8M (C$5M) whereby it issued 10,000,000 common shares at a price of C$0.50 per share. The proceeds will be used to advance the Bomboré project through the ongoing mine permitting process, detailed engineering and for general corporate purposes. The private placement closed March 30, 2016. The proceeds of this financing have not been used as of September 30, 2016.

On July 19, 2016, the Company completed a C$26,450,000 (US$20,300,375) equity financing that resulted in net proceeds of C$24,836,010 (US$19,061,876) whereby 26,450,000 common shares were issued at a price of C$1.00 per share. The proceeds of this financing have not been used as of September 30, 2016.

## Share Capital Information

As at September 30, 2016, the Company had 154,050,364 common shares outstanding (fully diluted – 163,543,264).

**Table 10 – Stock Options Outstanding as at September 30, 2016**

| | Outstanding | | | Exercisable | |
|---|---|---|---|---|---|
| **Range of exercise prices** | **Outstanding options** | **Remaining contractual life** | **Weighted-average outstanding exercise price** | **Vested options** | **Weighted-average vested exercise price** |
| C$ | | (in years) | C$ | | C$ |
| $0.00 to $0.49 | 4,542,500 | 5.55 | 0.35 | 3,222,506 | 0.37 |
| $0.50 to $0.99 | 2,230,000 | 2.72 | 0.70 | 2,130,000 | 0.70 |
| $1.00 to $1.99 | 2,520,400 | 1.77 | 1.56 | 2,353,734 | 1.60 |
| $2.00 to $2.99 | 200,000 | 4.06 | 2.35 | 200,000 | 2.35 |
| | 9,492,900 | 3.85 | 0.79 | 7,906,240 | 0.87 |

## Contractual Obligations

As at September 30, 2016, the Company had contractual obligations for head office rent, environmental studies & monitoring plans, metallurgical testing, consultant fees, communication services, security services, IT services and equipment and inventory purchases and rentals in the amount of $220,130 (as at December 31, 2015 – $147,979). The schedule of certain payments is dependent upon the contractors' ability to complete various milestones, however it is expected that the majority of the commitments will be payable throughout the 2016 and 2017 fiscal years.

As at November 18, 2016, the Company had further contractual obligations in the amount of $855,827 for resource update and feasibility study costs, environmental studies, a drilling program with related rental equipment and inventory purchases and rentals, of which the majority are expected to be payable throughout the 2016 and 2017 fiscal years.

## Off Balance Sheet Arrangements

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

## Transactions with Related Parties

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

## Proposed Transactions

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

## Risks and Uncertainties

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

- Orezone's ability to successfully establish mining operations and profitably produce gold;
- Potential for the Company to become subject to additional tax liabilities;
- Risks associated with obtaining the official mining Decree, mining convention and obtaining renewed exploration permits for the Bomboré Gold Project;
- Changes in, and volatility of, the price of gold;
- Operating in West Africa, including changes in government related unrest, protests and vandalism, government sanctions and related operational delays due to acts of protest and or terrorism, government instability and war;
- The speculative nature of resource exploration and development projects;
- Potential changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation;
- Permitting;
- Potential changes to mining and tax laws;
- The accuracy of Orezone's mineral resource and reserve estimates;
- The fact that Orezone has a history of losses and expects to incur losses for the foreseeable future;
- Orezone's reliance on its Management team;
- The availability of local labour, local and outside contractors and equipment when required to carry out our exploration and development activities;
- The Company's ability to finance the development of its mineral projects;
- Uncertainties related to title to the Company's mineral projects;
- The Government of Burkina Faso's interests in subsidiaries of Orezone holding mining permits;
- Health risks associated with the mining workforce in Burkina Faso;
- Environmental risks;
- Operational risks and hazards inherent in the mining industry;
- The potential inability to maintain the infrastructure necessary to carry out mining, processing, development and exploration activities;
- Operations of the Company are carried out in geographical areas which are subject to various other risk factors;
- Impact of evolving anti-corruption laws;
- The potential unavailability of insurance to cover certain risks;
- Increased competition in the mining industry;
- Currency fluctuations;
- The Company does not intend to pay dividends in the foreseeable future;
- Shareholders' interest in the Company may be diluted in the future;
- Factors that have historically made Orezone's share price volatile;
- Investors outside of Canada may have difficulty bringing actions and enforcing judgments against the Company, its directors, its executive officers and some of the experts named in this MD&A; and
- Differences in US and Canadian practices for reporting mineral resources.

Financial Risks

- Foreign currency risk;
- Market price risk;

- Liquidity risk;
- Credit risk; and
- Title risk, including renewals and application delays.

For a more detailed discussion of the above risk factors, refer to the Company's Annual Information Form and the Company's Annual Financial Statements filed for the year ended December 31, 2015.

## Standards, Amendments and Interpretations Recently Adopted

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

## Standards, Amendments and Interpretations not yet Effective

### Revenue recognition

Revenue recognition

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15") which supersedes IAS 11 – *Construction Contracts;* IAS 18 – *Revenue;* IFRIC 13 – *Customer Loyalty Programmes;* IFRIC 15 – *Agreements for the Construction of Real Estate;* IFRIC 18 – *Transfers of Assets from Customers;* and SIC 31 – *Revenue – Barter Transactions involving Advertising Services*. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. On 22 July, 2015 the IASB confirmed a one-year deferral of the effective date of IFRS 15 to January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Annual improvements and narrow scope amendments

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

### Annual improvements and narrow scope amendments

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

## Financial Instruments

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

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

The Company does not currently have derivative instruments.

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

- Cash is classified as FVTPL, which is measured at fair value.

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

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

## Critical Accounting Estimates and Judgments

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

### Critical judgments in applying accounting policies

*Going concern risk assessment*

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

*Determination of functional currency*

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

*Other than temporary impairment of available-for-sale ("AFS") investment*

Management judgment is applied in evaluating whether an unrealized loss on the Company's AFS investment recognized in other comprehensive income (loss) is other than temporary and should be reclassified to the Statement of Loss. Management performs qualitative and quantitative assessments in order to judge if the reduction in fair value, as compared to its value upon initial recognition, is significant or prolonged.

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

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

*Impairment of non-financial assets*

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

*Deferred income taxes*

Judgment is required in order to determine whether to recognize deferred tax assets and/or liabilities on the statement of financial position. Management must assess the extent to which it is probable that the Company and its subsidiaries will have future taxable profits available against which it can recognize unused tax losses or unused tax credits as well as sufficient loss carry-forwards to offset potential tax liabilities. The amount and availability of deferred tax assets and liabilities are directly influenced by future changes to tax laws in the jurisdictions in which the Company and its subsidiaries operate.

*Current income tax liabilities*

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

*Classification of royalty as royalty-based obligation*

Significant judgment is required in determining the appropriate accounting for the Sandstorm royalty arrangement that was entered into. Based on the specific facts and circumstances, judgment is required to assess whether the arrangement is a commodity arrangement, a financial liability or a sale of a mineral interest and a contract to provide services. Management has determined that based on the specific agreements reached with Sandstorm, that the Company has assumed the significant business risks associated with delivering cash and/or gold ounces, and accordingly has classified the royalty as a financial liability at fair value through profit and loss.

*Fair value of the Sandstorm upfront royalty*

Management has assessed the fair value of the upfront royalty as the value of the royalty plus any buyback premiums based on its assumption that the Company will be able to raise the necessary funds in order to repurchase the royalty from Sandstorm prior to the expiry of the irrevocable buyback option on January 27, 2018.

The Company will continue to evaluate on an ongoing basis whether circumstances have changed such that the likelihood of repurchasing the royalty changes resulting in the need to reconsider its current accounting policy with respect to the valuation of the loan.

**Sources of estimation uncertainty**

*Share-based compensation related to stock options and warrants*

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

*Useful lives of property, plant and equipment*

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

## Forward Looking Statements

Management's Discussion and Analysis of Financial Position and Total Comprehensive Loss for the three and nine month periods ended September 30, 2016 may contain or refer to certain forward-looking statements relating, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking statements can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates and the timing of updates thereof, planned expenditures on the Company's projects, obtaining renewed exploration permits, obtaining the official mining Decree and related mining convention, estimates of future production, unit costs and capital costs, the ability to demonstrate the economic feasibility of the mineral deposits to a level up to and including that of a full feasibility study, the ability to obtain adequate financing as needed in the future to fund ongoing exploration or production activities, the timing of commencement of operations, and estimates of the amount of time the Company may carry on operations with existing cash resources and available funding, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of material which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals and sufficient financing, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects the failure of parties to contracts to honor contractual commitments, unexpected increases in budgets costs and expenditures, and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

## Cautionary Note to U.S. Investors Concerning Resource Estimates

The resource estimates in the MD&A were prepared in accordance with the standards of the CIM and disclosed in accordance with National Instrument ("NI") 43-101 adopted by the Canadian Securities Administrators. The disclosure requirements of NI 43-101 differ significantly from the requirements of the United States Securities and Exchange Commission (the "SEC"). The MD&A uses the terms "measured", "indicated" and "inferred" resources. Although these terms are recognized and required in Canada, the SEC does not recognize them. The SEC permits US mining companies, in their filings with the SEC, to disclose only those mineral deposits that constitute "reserves". Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally extracted at the time the determination is made. United States investors should not assume that all or any portion of a measured or indicated resource will ever be converted into "reserves". Further, "inferred resources" have a great amount of uncertainty as to their existence and whether they can be mined economically or legally, and United States investors should not assume that "inferred resources" exist or can be legally or economically mined, or that they will ever be upgraded to a higher category.

## Qualified Persons

Dr. Pascal Marquis, Geo., Senior Vice President of Exploration, the Company's qualified person under NI 43-101, supervises all work associated with exploration and development programs in West Africa. Mr. Tim Miller, the Company's Chief Operating Officer, and Mr. Ron Little, P. Eng., the President and Chief Executive Officer, are also qualified persons under NI 43-101. One or more of the Company's qualified persons have reviewed and verified the technical information in this MD&A.

## Other MD&A Requirements

Additional information related to the Company including the Company's Annual Information Form and technical reports can be found on SEDAR at **www.sedar.com**.