

OREZONE GOLD CORPORATION

(A Development Stage Company)

Annual Consolidated Financial Statements

(in US dollars)

For the years ended December 31, 2009 and 2008

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MANAGEMENT'S REPORT

To the Shareholders of Orezone Gold Corporation

The Annual Consolidated Financial Statements (the "Financial Statements") and the notes thereto are the responsibility of the management of Orezone Gold Corporation (the "Company"). Management is also responsible for ensuring that the information contained in the Financial Statements is consistent with the information contained in Management's Discussion and Analysis for the same period. The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and have been approved by the Company's Board of Directors (the "Board").

In support of its responsibility, management maintains accounting systems and internal controls to provide reasonable assurance that all assets are safeguarded and to ensure that financial information is relevant, reliable and accurate. When alternative accounting methods exist, management has chosen those methods it deems most appropriate in the circumstances. The Financial Statements may contain certain amounts based on estimates and judgments. Management has estimated such amounts on a reasonable basis to ensure that the Financial Statements are presented fairly in all material respects.

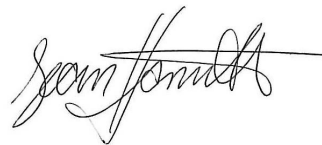
The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee, which is comprised of Directors who are not employees or officers of the Company, meets with management as well as the external auditors to satisfy itself that management is properly discharging its financial reporting responsibilities to the Board who approve the Financial Statements.

The Financial Statements have been audited by Deloitte & Touche LLP, independent auditors, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"), on behalf of the shareholders.

The auditors have full and unrestricted access to the Audit Committee.



Ronald N. Little
Chief Executive Officer



Sean Homuth
Chief Financial Officer

March 29, 2010

Auditors' Report

To the Shareholders of Orezone Gold Corporation

We have audited the consolidated balance sheets of Orezone Gold Corporation (the "Company") as at December 31, 2009 and 2008, and the consolidated statements of operations and changes in deficit, deferred exploration costs, cash flows and comprehensive loss for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations, and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
March 29, 2010

Orezone Gold Corporation

(A Development Stage Company)

Consolidated Balance Sheets

(Expressed in United States dollars)

	Notes	December 31, 2009	December 31, 2008
		\$	See Note 1 \$
ASSETS			
Current assets			
Cash		4,538,551	3,371,366
Sales taxes and other receivables		21,904	139,844
Prepaid expenses and other assets		273,251	468,085
Government deposits		108,827	-
		4,942,533	3,979,295
Investments	3	-	24,744
Interest in exploration properties	4	31,215,118	28,046,452
		36,157,651	32,050,491
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		482,053	472,260
SHAREHOLDERS' EQUITY			
Capital stock	5	62,990,088	57,349,863
Contributed surplus	5	3,783,071	3,573,542
		66,773,159	60,923,405
Accumulated other comprehensive income		483,211	483,211
Deficit		(31,580,772)	(29,828,385)
		(31,097,561)	(29,345,174)
		35,675,598	31,578,231
		36,157,651	32,050,491

Background and Basis of Presentation (Note 1)

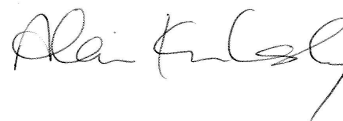
Subsequent Events (Note 12)

The accompanying notes are an integral part of the consolidated financial statements.

Signed on behalf of the Board of Directors of Orezone Gold Corporation



Director



Director

Orezone Gold Corporation

(A Development Stage Company)

Consolidated Statements of Operations and Changes in Deficit

(Expressed in United States dollars)

	Notes	Year ended December 31, 2009	Year ended December 31, 2008
		\$	See Note 1 \$
Administrative expenses			
Salaries, benefits and consulting fees		634,773	1,143,432
Stock-based compensation	5	652,149	540,186
Professional fees		196,166	336,158
Public relations and travel		189,372	374,167
Office, general and administrative		156,839	514,021
Public company costs		144,477	297,618
Amortization of capital assets		29,291	23,410
		2,003,067	3,228,992
Other items			
Write-off of deferred exploration costs	4	387,541	10,095,457
Foreign exchange (gain) loss		(638,431)	582,549
Gain on sale of available-for-sale investments		-	(1,680,650)
Interest income, net		(6,273)	(29,632)
Other than temporary impairment of investments available-for-sale		6,483	404,884
Gain on disposal of capital assets		-	(3,805)
Loss in fair value of investments held for trading		-	211,368
		(1,752,387)	(12,809,163)
Net loss		(1,752,387)	(12,809,163)
Deficit, beginning of year		(29,828,385)	(17,019,222)
Deficit, end of year		(31,580,772)	(29,828,385)
Net loss per common share, basic and diluted		(0.03)	(0.29)
Weighted average number of shares outstanding – basic and diluted		53,876,556	44,621,122

The accompanying notes are an integral part of the consolidated financial statements.

Orezone Gold Corporation

(A Development Stage Company)

Consolidated Statements of Deferred Exploration Costs

(Expressed in United States dollars)

	Notes	Year ended December 31, 2009	Year ended December 31, 2008
		\$	See Note 1 \$
Balance, beginning of year		25,801,870	29,059,599
Additions			
Drilling and assaying		1,244,064	2,706,538
Salary and employee costs		665,125	1,324,610
Engineering and consultants		494,258	684,361
General office and administration	5	473,769	935,343
Camp and facilities costs		330,342	1,032,627
Stock-based compensation	5	87,169	91,221
Amortization of capital assets		150,517	78,579
Gain on disposal of capital assets		(15,687)	-
Foreign exchange gain		(8,990)	(15,551)
Total additions		3,420,567	6,837,728
Deductions			
Write-off of deferred exploration costs	4	(387,541)	(10,095,457)
Balance, end of year		28,834,896	25,801,870

The accompanying notes are an integral part of the consolidated financial statements.

Orezone Gold Corporation
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Expressed in United States dollars)

Notes	Year ended December 31, 2009	Year ended December 31, 2008
	\$	See Note 1 \$
OPERATING ACTIVITIES		
Net loss	(1,752,387)	(12,809,163)
Non-cash items:		
Write-off of deferred exploration costs	4 387,541	10,095,457
Stock-based compensation	652,149	540,186
Impairment of available-for-sale investments	6,483	404,884
Loss in fair value of investments held for trading	-	211,368
Amortization of capital assets	29,291	23,410
Gain on sale of available-for-sale investments	-	(1,680,650)
Foreign exchange (gain) loss	(624,535)	426,305
Changes in non-cash working capital	17,489	(666,815)
Cash used in operating activities	(1,283,969)	(3,455,018)
INVESTING ACTIVITIES		
Proceeds from sale of investments	-	6,890,139
Expenditures on exploration properties	(3,264,291)	(7,770,629)
Cash used in investing activities	(3,264,291)	(880,490)
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	5 703,765	255,009
Share issuance costs	(58,801)	-
Contribution from IMG	5 4,424,184	-
Cash provided by financing activities	5,069,148	255,009
Effect of exchange rate changes on cash	646,297	(776,743)
Increase (decrease) in cash	1,167,185	(4,857,242)
Cash, beginning of year	3,371,366	8,228,608
Cash, end of year	4,538,551	3,371,366

Supplemental information:

There were no cash payments in respect of interest or taxes during 2009 or 2008.

The accompanying notes are an integral part of the consolidated financial statements.

Orezone Gold Corporation

(A Development Stage Company)

Consolidated Statements of Comprehensive Loss

(Expressed in United States dollars)

	Year ended December 31, 2009	Year ended December 31, 2008
	\$	See Note 1 \$
Net loss	(1,752,387)	(12,809,163)
Adjustments, net of tax:		
Gain in fair value of available-for-sale investments	-	60,916
Other than temporary impairment on available-for-sale investments included in net loss	6,483	404,884
Realized loss on disposal of available-for-sale investments	(6,483)	-
Realized cumulative gain on sale of available-for-sale investments	-	(1,680,650)
Comprehensive loss	(1,752,387)	(14,024,013)

The accompanying notes are an integral part of the consolidated financial statements.

Orezone Gold Corporation

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in United States dollars)

1 — BACKGROUND AND BASIS OF PRESENTATION

BACKGROUND

Orezone Gold Corporation (the “Company”) is primarily engaged in the acquisition, exploration and development of gold properties in Burkina Faso, West Africa. The Company is also engaged in the exploration for uranium resources in Niger, West Africa. The Company’s operations consist of the former non-Essakane exploration interests of Orezone Resources Inc. (“Resources”), which were acquired on February 25, 2009 as part of Resources’ business combination with IAMGOLD Corporation (“IMG”).

The Company is in the exploration stage and has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The recovery of costs incurred on the Company’s exploration properties is subject to a number of factors including the discovery of economically recoverable reserves, the ability to secure financing sufficient to develop the reserves, the ability to achieve profitable operations, the ability to secure and maintain title, and/or the ability to dispose of the properties on favourable terms.

BASIS OF PRESENTATION

The Company was incorporated on December 1, 2008 under the Canada Business Corporations Act with one common share outstanding. On December 11, 2008, Resources announced the signing of a definitive agreement to sell 100% of its interest in the Essakane project to IMG pursuant to a plan of arrangement whereby IMG agreed to acquire each outstanding common share of Resources in exchange for 0.08 IMG shares and 0.125 shares of the Company, formed to hold all of Resources’ non-Essakane exploration interests and to provide shareholders with continued participation in, and exposure to, these operations (the “Transaction”). Resources’ shareholders approved the Transaction at a special meeting held on February 18, 2009. On February 25, 2009, all of Resources’ non-Essakane exploration interests were transferred to the Company including CAD \$9,731,535 in accordance with the terms of the definitive agreement whereby IMG and Resources agreed that the Company would initially be funded with CAD \$10 million in cash subject to certain adjustments. In exchange, 53,955,530 additional shares of the Company were issued to Resources, distributed to its shareholders, and were contemporaneously listed on the Toronto Stock Exchange (the “TSX”).

The annual audited consolidated financial statements (“Financial Statements”) have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) and are presented in US dollars. The Financial Statements contain, for the period prior to February 25, 2009, amounts derived from Resources’ historical accounting records. These amounts are presented on a carve-out basis under the assumption that the Company operated as a separate entity comprised of Resources’ non-Essakane assets and liabilities. Certain Resources expenses, assets, and liabilities have been allocated to the Company in the Financial Statements for the period prior to February 25, 2009 based on assumptions that management believes are reasonable under the circumstances. Accordingly, the Financial Statements contain amounts that were estimated based on a carve-out of the historical financial results of the non-Essakane exploration interests of Resources prior to February 25, 2009, as well as the Company’s independent operating results from February 25 to December 31, 2009. The figures included in the Financial Statements for the period prior to February 25, 2009 are intended to represent what the Company’s results would have been, had it historically been the independent operator of the non-Essakane exploration interests. However, these allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted if the Company had been operated as a separate entity.

These allocations include, but are not limited to, administrative expenses and direct costs of carrying out exploration activities on the non-Essakane properties. Included within administrative expenses of the Company are stock-based compensation expenses. Prior to March 25, 2009, the Company did not have its own stock option plan. The stock-based compensation expenses allocated to the Company prior to this date are based on the historical results of Resources’ stock option plan and options issued to the Company’s employees as part of that plan (see Note 5).

Orezone Gold Corporation

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in United States dollars)

1 — BACKGROUND AND BASIS OF PRESENTATION (continued)

Given the Company was incorporated on December 1, 2008, the comparative equity figures were derived from the historical financial position of Resources and are intended to represent what the components of the Company's shareholders' equity would have been if it were the independent operator of the non-Essakane exploration interests for the periods presented. The earnings per share calculation prior to February 25, 2009 is calculated using a weighted average number of shares outstanding that was determined on a carve out basis. The weighted average number of shares outstanding for this period was calculated using the number of Resources' shares outstanding and applying the exchange ratio of the Transaction.

The Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. While the Company has sufficient cash to continue to finance operations, it currently has no revenue generating activities and there can be no assurance that it will be able to secure additional financing in the future. The Financial Statements do not include adjustments to the carrying amount of assets and liabilities, reported expenses, and balance sheet classifications that would be required if the going concern assumption was no longer appropriate.

Administrative Expenses

The consolidated statements of operations include all costs that have been estimated to be attributable to the Company, including allocations of Orezone's administrative expenses. The Company allocates administrative costs to specific projects when there is a direct relationship between the activity giving rise to the expense and the project. Unallocated costs remain as administrative expenses on the statements of operations. Administrative expenses are primarily comprised of head office salaries and stock-based compensation, legal, accounting, tax, insurance, public relations, advertising, human resources, IT services and public company costs.

In preparing the Financial Statements, a portion of Resources' administrative expenses incurred prior to February 25, 2009 were allocated to the Company. Management believes the allocation is a reasonable representation of the costs that would have been incurred if the Company had performed these functions on a stand-alone basis. Following the completion of the transaction, the Company performed these functions using its own resources or through purchased services.

All administrative expenses recorded in the consolidated statements of operations which were performed by Resources for the Company were deemed to have been paid by the Company to Resources in cash, with the exception of stock-based compensation costs which are non-cash, and were reflected as part of shareholders' equity.

Accounting estimates

The preparation of the Financial Statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the Financial Statements and relevant notes. These estimates are based on management's best knowledge of current events, and actions that the Company may undertake in the future. Significant estimates include those related to the going concern assumption, the carve out adjustments, the fair value of financial instruments, the recoverability of the carrying amount of mineral exploration properties and deferred exploration costs, the useful life of fixed assets and the impairment of long-lived assets and inventory. Management has also made estimates of the fair value of stock-based compensation that would have been granted to employees if the Company were operated as a stand-alone public entity prior to the close of the Transaction. Actual results may differ from those estimates.

Orezone Gold Corporation

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in United States dollars)

1 — BACKGROUND AND BASIS OF PRESENTATION (continued)

Principles of consolidation

The Financial Statements include wholly owned subsidiaries and assets and liabilities of the Company's businesses. All material intercompany transactions and balances between and among subsidiaries and the Company's businesses have been eliminated.

Cash

The cash balance at December 31, 2008 represents an estimate of what the Company's cash balance would have been had it been operating independently on this date. Adjustments were made to the Resources cash balance at December 31, 2008 to remove cash that would not have related to the non-Essakane exploration assets and liabilities had they been operating independently at this date. Upon closing of the Transaction, the Company's carve out cash balance was adjusted to US \$7,759,776 to reflect the actual amount of cash the Company received as per the terms of the definitive agreement with IMG.

Foreign currency translation and functional currency

The US dollar has been determined to be the Company's functional currency. Monetary assets and liabilities of the Company's integrated foreign operations are translated into United States dollars at the exchange rate in effect at the balance sheet date.

Non-monetary assets and liabilities are translated at exchange rates in effect at transaction dates. Revenue and expenses are translated at the average rate in effect during the year, with the exception of amortization, which uses the same historical rates as the assets to which it relates. Foreign exchange gains and losses are included in the statements of operations for the year.

Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as held for trading, available-for-sale and derivative financial instruments, whether part of a hedging relationship or not, are measured at fair value on the balance sheet at each reporting date. All other financial instruments are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

- Cash is classified as a financial asset held for trading and is measured at fair value.
- Other receivables are classified as loans and receivables and are recorded at amortized cost using the effective interest method.
- Investments in common shares are classified as financial assets available-for-sale and are measured at fair value with unrealized gains or losses recorded in other comprehensive income.
- Government deposits are classified as held for trading and are measured at fair value with unrealized gains and losses recorded currently in income.
- Deposits are classified as loans and receivables and are recorded at amortized cost using the effective interest method.
- Accounts payable and accrued liabilities are classified as other liabilities and are measured at amortized cost using the effective interest method.

Orezone Gold Corporation

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in United States dollars)

1 — BACKGROUND AND BASIS OF PRESENTATION (continued)

Investments

Equity investments in companies that are not controlled are accounted for at either fair value or using the equity method, depending on whether the Company exercises significant influence over the company. Unrealized gains and losses on portfolio investments accounted for at fair value are recorded in earnings or as other comprehensive income (loss), as described below. The Company does not currently have any equity investments over which it exercises significant influence.

Property, plant and equipment

Assets are amortized over their estimated useful service lives using the straight-line method at the following annual rates:

Buildings	10 - 20 years
Office and field equipment	2 – 4 years
Moveable equipment	2 years

Inventory

Inventory consists of materials and supplies to be consumed in exploration activities. Inventories are measured at the lower of cost and net realizable value and are included in prepaid expenses and other assets.

Exploration properties and deferred exploration costs

All of the Company's properties are in the exploration stage. The Company follows the practice of capitalizing all costs related to the acquisition, exploration and development of mineral properties until such time as a mineral property is put into commercial production, sold or becomes impaired. If commercial production commences, capitalized costs will be amortized prospectively on a unit-of-production basis. Mineral property acquisition costs and exploration costs are capitalized and accounted for on either an individual property, or area of interest basis. Capitalized expenditures include directly attributable administrative and support costs. The recoverability of amounts shown as mineral property acquisition costs and deferred exploration costs is dependent upon a number of factors including the discovery of economically recoverable mineral deposits on the properties, the ability of the Company to obtain the financing necessary to develop the properties, the ability of the Company to obtain the permits and approvals necessary to develop the properties, and future profitable production from the properties, or their disposition for proceeds in excess of their carrying amount.

The Company assesses its mineral properties on a quarterly basis to determine whether indications of impairment exist. The carrying amount of mineral properties are reviewed when events or changes in circumstances indicate that these amounts may not be recoverable. When assessing impairment, the fair value of a mineral property should be estimated using a discounted cash flow analysis. Estimated future cash flows from a property are calculated on an undiscounted basis and compared to the carrying amount of the mineral property. When the carrying amount exceeds the estimated undiscounted cash flows from the property an impairment exists and the carrying amount is written down to its fair value. When estimating cash flows, assumptions are made regarding a number of factors including reserves and resources, future commodity prices, as well as capital, operating and reclamation costs. Depending on the stage of exploration of a mineral property and whether the Company has completed any economic feasibility work, it may be difficult to estimate future cash flows reliably.

Orezone Gold Corporation

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in United States dollars)

1 — BACKGROUND AND BASIS OF PRESENTATION (continued)

Where reliable estimates of future cash flows are not available, management assesses whether the carrying amount can be recovered based on quantifiable geological resources, empirical evidence such as geochemical analysis, drilling results, assays, mapping and field observation in relation to factors such as commodity markets, equity markets, exchange rates, political risk and proximity to other known operations, managements' plans to continue to explore the property, or the Company's assessment of its ability to sell the property for an amount greater than the carrying amount.

An impairment is also recorded when management determines that it will discontinue exploration or development on a property or when exploration rights or permits expire and are not replaced with a new permit covering the same or substantially the same area of interest.

The amounts shown for exploration properties represent costs incurred to date net of write-downs and are not intended to reflect present or future values. Government assistance and mining duty credits are applied against the deferred exploration expenses.

Comprehensive Income

The Company reports the changes in equity which result from transactions and other events and circumstances from non-shareholder sources on its consolidated statement of comprehensive loss. These transactions and events include unrealized gains and losses resulting from changes in the fair value of investments classified as available-for-sale, from foreign currency translation on self-sustaining foreign subsidiaries and from changes in gains and losses on derivative instruments.

Stock-based compensation

The Company has a stock-based compensation plan (the "Plan") as described in Note 5. The Company measures the compensation cost of stock options issued under the Plan using the fair-value method. Compensation costs are measured at the grant date based on the fair value of the award using the Black-Scholes option pricing model, and are recognized over the related service period as an expense or deferred exploration cost, depending on the responsibilities of the employee, with a corresponding increase to contributed surplus.

Prior to the creation of the Company's stock option plan on March 25, 2009, the Company estimated stock compensation costs and cash proceeds from stock option exercises using the share price, volatility and grant dates of options granted to its employees under Resources' stock option plan, under the assumption that the Company's stock would have similar characteristics if it were publicly traded and stock options existed. Compensation costs were measured at the grant date based on the fair value of the award using the Black-Scholes option pricing model, and were recognized over the related service period as an expense or deferred exploration cost, depending on the responsibilities of the employee, with a corresponding increase to contributed surplus.

The Black-Scholes option pricing model used to calculate option values, as well as other currently accepted option valuation models, was developed to estimate the fair value of freely tradeable, fully transferrable warrants and options without vesting restrictions, which differ from the Company's stock option awards. The models also require highly subjective assumptions, including volatility, estimated forfeiture rate and expected time until exercise, which affect the calculated values.

Orezone Gold Corporation

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Notes to Consolidated Financial Statements

(Expressed in United States dollars)

1 — BACKGROUND AND BASIS OF PRESENTATION (continued)

Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on the differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse. The Company establishes a valuation allowance against future income tax assets if, based on available information, it is likely that some or all of the future income tax assets will not be realized.

2 — CHANGES IN ACCOUNTING POLICIES

During the year ended December 31, 2009, the Company adopted the amendments to handbook sections 3855 and 3862 as well as new handbook sections 3064, EIC-173 and EIC-174 issued by the Canadian Institute of Chartered Accountants (CICA). The new standards and accounting policy changes are as follows:

Financial Instruments – Recognition and Measurement

In August 2009, the CICA issued an amendment to Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, to provide guidance concerning the assessment of embedded derivatives upon reclassification of a financial asset out of the held-for-trading category. This amendment is effective for reclassifications made on or after July 1, 2009. The application of this amendment did not have an effect on the Financial Statements.

Financial Instruments – Disclosures

In June 2009, the CICA amended Handbook Section 3862, *Financial Instruments – Disclosures*, to enhance disclosure of liquidity risk related to financial instruments and to include new disclosure of the method used to determine the fair value of financial instruments using the following fair value hierarchy:

- Level 1 – Quoted prices for identical assets or liabilities are available in the active market;
- Level 2 – Inputs, other than quoted prices included in Level 1, are observable for the asset or liability either directly or indirectly; or
- Level 3 – Inputs for the asset or liability are not based on observable market data.

This amendment is effective for annual financial statements relating to fiscal years ending on or after September 30, 2009. Required disclosures relating to the adoption of this amendment are included in Note 7.

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted CICA Handbook Section 3064, *Goodwill and Intangible Assets*, replacing Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of this standard did not have an effect on the Financial Statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which requires the Company to consider its own credit risk as well as the credit risk of its counterparties when determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective January 1, 2009 and is required to be applied retrospectively without restatement of prior periods. The adoption of this standard did not have an effect on the valuation of the Company's financial assets or financial liabilities at December 31, 2009.

Orezone Gold Corporation

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in United States dollars)

2 — CHANGES IN ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued)

Mining Exploration Costs

In March 2009, the CICA issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatment provided in EIC-174 has been applied in the preparation of the Financial Statements and did not have an effect on the valuation of exploration properties.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Business Combinations and Consolidated Financial Statements

In January 2009, the CICA issued three new accounting standards, Handbook Section 1582, *Business Combinations*, Handbook Section 1601, *Consolidated Financial Statements*, and Handbook Section 1602, *Non-Controlling Interests*. These standards are effective for business combinations entered into on or after January 1, 2011, however early adoption is permitted.

Handbook Section 1581, *Business Combinations* was replaced with Handbook Section 1582. This standard adopts relevant parts of International Financial Reporting Standard IFRS 3, *Business Combinations*. The adoption of this standard will impact the accounting for business combinations entered into on or after the January 1, 2011 effective date. The Company does not expect the adoption of Section 1582 to have an effect on its Financial Statements as it has not undertaken any business combinations that fall within this standard however it will continue to evaluate the potential impact of adoption to the extent that transactions arise that would qualify for treatment under this standard.

Handbook Section 1600, *Consolidated Financial Statements*, was replaced with Handbook Sections 1601 and 1602. Section 1601 establishes standards for the preparation of consolidated financial statements while Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company does not expect the adoption of these standards to have an effect on its Financial Statements however it will continue to evaluate the potential impact of adoption to the extent that transactions arise that would qualify for treatment under these standards.

Financial Instruments – Recognition and Measurement

In June 2009, Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, was amended to clarify the application of the effective interest method after a debt instrument has been impaired and to clarify when an embedded prepayment option is separated from its host debt instrument for accounting purposes. This amendment is effective January 1, 2011 and is not expected to have an effect on the Company's Financial Statements.

Comprehensive Revaluation of Assets and Liabilities

In August 2009, Handbook Section 1625, *Comprehensive Revaluation of Assets and Liabilities*, was amended to amend and remove guidance that was no longer applicable due to the issuance of Sections 1582, 1601 and 1602. The application of this standard is consistent with the timing of these new standards and a company must adopt Section 1582 should it decide to adopt this standard. The Company does not expect the adoption of this standard to have an effect on its Financial Statements as it has not undertaken any transactions that fall within this standard. The Company will continue to evaluate the potential impact of adoption to the extent that transactions arise that would qualify for treatment under this standard.

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(Expressed in United States dollars)

2 — CHANGES IN ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued)

Equity

In August 2009, an amendment to Handbook Section 3251, Equity, was issued to reflect guidance in the new Handbook Section 1602. This amendment applies only to entities that have adopted Section 1602 and is not expected to have an effect on the Company's Financial Statements.

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that use of International Financial Reporting Standards ("IFRS") will be required in 2011 for publicly accountable profit-oriented enterprises such as the Company. The Company must report its consolidated financial statements in accordance with IFRS no later than for the first quarter of 2011, with restatement of the 2010 comparative information presented. The Company is evaluating accounting policy differences between Canadian GAAP and IFRS and determining the financial reporting impact of the transition to IFRS.

3 — INVESTMENTS

Investments were comprised of:

	December 31, 2009	December 31, 2008
	\$	\$
Available-for-sale investments	-	24,744

The Company's available-for-sale investments included common shares of publicly traded mining companies. See Notes 7 and 10.

4 — EXPLORATION PROPERTIES

	December 31, 2009	December 31, 2008
	\$	\$
Assets not subject to amortization		
Mineral property acquisition costs	1,024,251	1,024,251
Deferred exploration costs	28,834,896	25,801,870
Deposits	64,739	82,169
Construction-in-progress	-	626,841
Land	306,736	306,736
	30,230,622	27,841,867
Assets subject to amortization		
Property, plant and equipment, net		
Buildings	905,864	73,722
Accumulated amortization	(83,741)	(4,682)
Office and field equipment	280,403	175,983
Accumulated amortization	(118,030)	(43,638)
Moveable equipment	-	48,741
Accumulated amortization	-	(45,541)
	984,496	204,585
	31,215,118	28,046,452

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4 — EXPLORATION PROPERTIES (continued)

The Company held the following mineral property exploration permits:

	December 31, 2009			
	Number of permits	Area (km²)	Expiry dates⁽¹⁾ of current permits	Expiry dates⁽¹⁾ of potential permit renewals
Sega	2	313	03/10 ⁽³⁾ and 06/12	06/15 and 03/16
Bomboré	1	250	02/10 ⁽⁴⁾	02/13
Bondi	1	224	08/12	08/15
Niger ⁽²⁾	2	982	10/10 and 04/27	10/16 and 04/27
	6	1,769		

⁽¹⁾ – in Burkina Faso and Niger, exploration permits are valid for a period of three years from the date of issue and may be renewed for two more consecutive terms of three years each (permit size reductions accompany permit renewals in Niger).

⁽²⁾ – in Niger, mining conventions are valid for a period of twenty years from the date of issue and are renewable until the reserves are exhausted.

⁽³⁾ – on March 23, 2010, the Company received an invitation to pay the renewal fees on its Tiba permit from the Government of Burkina Faso. Although the Company has not yet received formal notification of renewal, ordinarily an invitation to pay the fees is an indication that the permit will be renewed.

⁽⁴⁾ – the Company received confirmation of the renewal of the Bomboré permit for its final three year term on January 28, 2010 and the area is reduced to 104.5 km².

Mineral property acquisition costs and deferred exploration costs were as follows:

	December 31, 2009		December 31, 2008	
	Acquisition Cost	Deferred Exploration Costs	Acquisition Cost	Deferred Exploration Costs
	\$	\$	\$	\$
Sega	11,410	11,914,115	11,410	11,619,019
Bomboré	866,656	8,743,882	866,656	6,272,195
Bondi	146,185	7,829,906	146,185	7,525,883
Niger and other	-	346,993	-	384,773
	1,024,251	28,834,896	1,024,251	25,801,870

Sega, Burkina Faso

The Sega project consists of the Tiba (124 km²) and Namasa (189 km²) permits. The Tiba permit is located in the Yatenga province, expires in March 2010 and may be renewed for two more consecutive three year terms. The Namasa permit is located in the Yatenga and Zandoma provinces, expires in June 2012 and may be renewed for one more consecutive three year term. The Company originally acquired the project from IAMGOLD Corporation (formerly Repadre Corporation) in 2001. Upon transfer, Repadre retained a 3% NSR in the project of which 2% can be bought back for US \$2 million. The Company is also subject to the standard 3% NSR and 10% carried interest held by the government in the event that a mining permit is granted (see Note 12). In the year ended December 31, 2008, deferred exploration costs of \$2,567,782, relating to option agreements with five separate owners holding exploration permits to the west of the Company's Sega permits, were written off as the option agreements were abandoned.

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4 — EXPLORATION PROPERTIES (continued)

Bomboré, Burkina Faso

The Bomboré permit is located in the Ganzourgou province and was renewed in January 2010 for its final three year term. The Company now owns a 100% interest in the permit less the standard 3% NSR and 10% carried interest held by the government in the event that a mining permit is granted (see Note 12). In the year ended December 31, 2008, the Company purchased the remaining 50% interest in Bomboré from the joint owners, as well as their net smelter royalty on Bomboré. Orezone issued 1,000,000 common shares in consideration for the purchase, which resulted in a gross acquisition cost of \$809,335.

Bondi, Burkina Faso

The Bondi project consists of the Djarkadougou permit. The permit is located in the Bougouriba province and expires in August 2012. The Company owns a 100% interest in the permit less the standard 3% NSR and 10% carried interest held by the government in the event that a mining permit is granted (see Note 12). This permit may be renewed for one more consecutive three year term. In the year ended December 31, 2008, deferred exploration costs of \$587,018, relating to the Poyo and Nicéo permits, were written off as these permits were abandoned.

Niger and other

The Company has two exploration permits in Niger. Zeline 1 (482 km²) and Zeline 4 (500 km²) are uranium exploration permits which expire in October 2010 and may be renewed for two more three year terms with permit size reductions. The Company also holds Mining Conventions relating to these permits with terms of 20 years, which are renewable until the reserves are exhausted.

In the year ended December 31, 2009, deferred exploration costs of \$387,541, the majority of which represents the carrying amount of the Kossa permit, were written off as the Company is currently not undertaking any exploration activities on the project and is evaluating its options with respect to continuing exploration on the permit or other strategic alternatives. The Kossa gold permit was subject to a formal agreement between the Company and IMG whereby IMG had the right to explore for and receive the benefit arising from the exploitation of gold deposits on the permit. However, on October 27, 2009, IMG provided the Company with formal notification that it did not intend to pursue exploration activities at the Company's Kossa property according to the terms of the Kossa Gold Rights Agreement and requested the Company's consent to terminate the agreement, which was subsequently granted. As a result, IMG no longer has the right to explore for and receive the benefit arising from the exploitation of gold deposits on the permit and the rights to any current or future gold resource on the property reverted back to the Company. In the year ended December 31, 2008, the Company wrote off deferred exploration costs of \$4,036,330 representing the carrying amount of the Kossa permit, due to the sale of the gold rights and a significant decline in base metal prices, as well as an additional \$2,904,327 of deferred exploration costs, representing the carrying amount of the Tankié Dougou, Nabéré and Komkara permits and the Koyria option (located in Niger), which were abandoned during the year.

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5 — CAPITAL STOCK

(a) Capital stock

Authorized:

An unlimited number of common shares, without par value.

Capital stock and contributed surplus are as follows:

	Common Shares	Capital Stock	Contributed Surplus
		\$	\$
Balance, December 31, 2007	-	56,074,432	3,085,843
Stock-based compensation	-	-	702,138
Stock options exercised ¹	-	481,672	(214,439)
Issue costs	-	(15,576)	-
Common shares issued for mineral property	-	809,335	-
Common share issued upon incorporation of Orezone Gold Corporation on December 1, 2008	1	-	-
Balance, December 31, 2008	1	57,349,863	3,573,542
Stock-based compensation	-	-	780,606
Contribution from IMG	-	4,424,184	-
Stock options exercised ¹	-	1,274,842	(571,077)
Issue costs	-	(58,801)	-
Common shares issued at closing of transaction between IMG and Resources ²	53,955,530	-	-
Balance, December 31, 2009	53,955,531	62,990,088	3,783,071

¹ Represents stock options exercised by the Company's employees on Resources' stock. No shares of the Company were issued upon exercise.

² See Note 1.

(b) Stock option plan

On May 15, 2009, the Company's shareholders approved the Company's stock option plan (the "Plan"). Under the terms of the Plan, options may be granted to directors, officers, employees and persons providing ongoing services to the Company. Stock options are issued at market value based on the volume weighted average price for the five trading days immediately preceding the date of grant and can have a contractual term of up to ten years. The grant date fair value is calculated using the Black-Scholes option valuation model. The maximum number of common shares reserved for issuance under the Plan is equal to 10% of the Company's issued and outstanding shares from time to time less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement for the Company. The Company does not presently have any other security based compensation arrangement. A total of 5,395,553 options are available for issue under the Plan (representing 10% of the shares outstanding at December 31, 2009).

As at December 31, 2009, there was \$744,855 (December 31, 2008 - \$562,160) of total unrecognized compensation costs related to unvested share-based compensation awards granted under the stock option plan which are expected to be recognized over a weighted average period of 1.2 years.

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5 — CAPITAL STOCK (continued)

Stock options were granted, exercised, forfeited and outstanding as follows:

	Year ended December 31, 2009		
	Number of options	Weighted average exercise price	Weighted average grant date fair value
		CAD\$	CAD\$
Outstanding, beginning of year	-	-	-
Granted	5,320,000	0.39	0.44
Exercised	-	-	-
Forfeited	-	-	-
Outstanding, end of year	5,320,000	0.39	0.44
Options exercisable, December 31, 2009	1,860,000	0.37	0.37

The Company's policy is to issue new shares to satisfy share option exercises. Share options are issued with a life of ten years.

As at December 31, 2009, the following options were outstanding:

Range of exercise prices CAD\$	Outstanding			Exercisable	
	Outstanding options	Remaining contractual life (in years)	Weighted average outstanding exercise price CAD\$	Vested options	Weighted average vested exercise price CAD\$
\$0.30 to \$0.39	1,735,000	9.24	0.36	1,735,000	0.36
\$0.40 to \$0.49	3,235,000	9.41	0.40	-	-
\$0.50 to \$0.59	350,000	9.56	0.52	125,000	0.52
	5,320,000	9.36	0.39	1,860,000	0.37

The compensation expense for the year ended December 31, 2008 was estimated on a carve-out basis using data relating to options granted to the Company's employees under Resources' stock option plan as the Company did not have its own plan in 2008.

The fair value of each option award in the year ended December 31, 2009 was estimated on the grant date using the Black-Scholes option valuation model, using the following weighted average assumptions:

Expected option life*	9.96 years
Volatility**	56%
Risk-free interest rate***	2.42%
Dividend yield	0.00%

* The expected option life (estimated period of time outstanding) of options granted was estimated using the historical exercise behaviour of employees of Resources with reference to the current weighted average life and intrinsic value of options outstanding as at December 31, 2009.

**The expected volatility was based on historical volatility of Resources for a period of two years.

***The risk-free rate is based on the yield of a Government of Canada marketable bond in effect at the time of grant and with an expiry commensurate with the expected life of the award.

For the year ended December 31, 2009, stock-based compensation costs of \$41,288 (December 31, 2008 - \$70,731) are classified in general office and administration in the statement of deferred exploration costs.

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5 — CAPITAL STOCK (continued)

(c) Common share purchase warrants

Prior to the execution of the Transaction, Standard Bank (“Standard”) held 2,000,000 warrants to purchase common shares of Resources at a price of CAD \$1.30 per share, expiring on August 29, 2010. Pursuant to the warrant agreement and the terms of the business combination, the warrants do not expire upon a change of control. Standard is entitled to receive 0.08 common shares of IMG and 0.125 common shares of the Company for each warrant exercised subsequent to February 25, 2009. On March 13, 2009, IMG and the Company agreed on the ratio of the exercise price that would be received by each in the event that Standard exercises the warrants. Upon exercise, the Company will issue 250,000 common shares and will receive CAD \$0.94 per common share issued.

All of the warrants remain outstanding at December 31, 2009.

(d) Loss per share

None of the outstanding stock options or warrants have been included in the diluted loss per share calculation as the impact would be antidilutive.

6 — SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition, exploration and potential development of precious metal properties. Operations are carried out through a wholly owned subsidiary, Orezone Inc., incorporated in the British Virgin Islands. Exploration properties (see Note 4) segmented by geographic area were as follows:

	December 31, 2009	December 31, 2008
	\$	\$
Canada	37,651	66,942
Burkina Faso	30,662,508	27,504,793
Niger	514,959	474,717
	31,215,118	28,046,452

Total expenditures for additions to capital assets segmented by geographic area were as follows:

	December 31, 2009	December 31, 2008
	\$	\$
Canada	-	79,133
Burkina Faso	3,198,381	7,103,942
Niger	349,761	1,249,414
	3,548,142	8,432,489

These amounts include additions to property, plant and equipment as well as mineral property acquisition costs and deferred exploration costs on the basis that both of these have the characteristics of property, plant and equipment.

7 — FINANCIAL INSTRUMENTS AND RISKS

The Company’s financial instruments consist of cash, other receivables, deposits, accounts payable and accrued liabilities and investments in common shares of publicly traded companies. The fair value of other receivables, government deposits and accounts payable and accrued liabilities are equivalent to their carrying amounts given their short maturity period. The accounts payable and accrued liabilities balance of \$482,053 at December 31, 2009 includes taxes payable of \$673 which do not meet the definition of financial instruments.

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7 — FINANCIAL INSTRUMENTS AND RISKS (continued)

As described in Note 3, the Company held common shares in publicly traded companies. These investments were recorded on the Balance Sheet at fair value, which was determined directly by reference to the published share prices in the active markets in which they trade.

Financial instrument risks

(a) Currency risk

In the normal course of operations, the Company is exposed to currency risk due to business transactions in foreign countries. The Company mainly transacts in United States dollars (“USD”), Canadian dollars (“CAD”), Euros (“EUR”), and Communauté Financière Africaine francs (“CFA”). Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The US dollar equivalent of the Company’s financial instruments by currency of denomination were as follows:

	December 31, 2009				Total
	USD	CAD	EUR & CFA ⁽¹⁾	Other	
Financial assets					
Cash	251,201	4,122,641	164,709	-	4,538,551
Other receivables	-	17,554	1,093	-	18,647
Deposits	-	-	173,566	-	173,566
	<u>251,201</u>	<u>4,140,195</u>	<u>339,368</u>	-	<u>4,730,764</u>
Financial liabilities					
Accounts payable and accrued liabilities	(5,557)	(402,543)	(66,177)	(7,103)	(481,380)
Net financial assets (liabilities)	<u>245,644</u>	<u>3,737,652</u>	<u>273,191</u>	<u>(7,103)</u>	<u>4,249,384</u>

⁽¹⁾ The financial instruments held in EUR and CFA have been presented together as the CFA is pegged to the EUR.

A 10% weakening against the US dollar of the currencies to which the Company had exposure at December 31, 2009 would have had the following effects in the year ended December 31, 2009 (a 10% strengthening against the US dollar would have had the opposite effect):

	Foreign exchange gains (losses)
CAD	(373,765)
EUR & CFA	(27,319)
Other	710
	<u>(400,374)</u>

The fair value hierarchy of financial instruments measured at fair value on the consolidated balance sheets is as follows:

	December 31, 2009	December 31, 2008
	Level 1	Level 1
Cash	4,538,551	3,371,366
Government deposits	108,827	-
Investments in common shares	-	24,744

The Company does not have Level 2 or Level 3 inputs (Note 2).

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7 — FINANCIAL INSTRUMENTS AND RISKS (continued)

(b) Liquidity risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. The Company has sufficient resources to meet its obligations as they become due as a result of the cash contribution received upon closing of the transaction with IMG on February 25, 2009 (see Note 1). There can be no assurance that the Company will be able to continue to raise sufficient capital to meet future obligations as they become due.

The Company's accounts payable and accrued liabilities are due within one year of the balance sheet date.

(c) Credit risk

The Company's other receivables are exposed to credit risk, which is the risk that the counterparties to the Company's receivables will fail to discharge their obligations to the Company. The amount of credit risk to which the Company is exposed is insignificant due to the limited amount of other receivables.

(d) Title risk

Title to mineral properties and exploration rights involves certain inherent risks due to the potential for problems arising from the ambiguous conveyancing history characteristic of many mining properties and from political risk associated with the countries in which the Company carries out its exploration activities. The Company has taken all reasonable steps to ensure it has proper title to its properties. However, no guarantees can be provided that there are no unregistered agreements, claims or defects which may result in the Company's title to its properties being challenged. Furthermore, the Company requires a number of different permits and licenses in order to carry on its business and there can be no assurance that they will be renewed upon expiry.

8 — INCOME TAXES

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. As of the closing of the Transaction on February 25, 2009 (Note 1), the Company was no longer able to realize the benefits associated with the loss carry-forwards of Resources. On this basis, these amounts have been included as permanent differences for periods prior to February 25, 2009. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rate is as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
Loss before income taxes	(1,752,387)	(12,809,163)
Statutory rate	33.00%	33.50%
Estimated recovery of income taxes	(578,288)	(4,291,070)
Permanent differences	486,643	4,291,070
Change in valuation allowance	(26,141)	-
Other	117,786	-
Recovery for income taxes	-	-

The Canadian statutory income tax rate of 33.00% is comprised of the federal income tax rate at approximately 19.00% and the provincial income tax rate at approximately 14.00%.

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8 — INCOME TAXES (continued)

The primary differences which give rise to the future income tax recoveries at December 31, 2009 are as follows:

	2009	2008
	\$	\$
<i>Future income tax assets</i>		
Mineral exploration properties	1,297,440	1,378,040
Share issuance costs	7,275	-
Operating losses carried forward	65,386	-
Property, plant and equipment	217,673	183,593
	<u>1,587,774</u>	<u>1,561,633</u>
Less: valuation allowance	(1,587,774)	(1,561,633)
Net future taxes	<u>-</u>	<u>-</u>

The tax benefit of share issuance costs when recorded will increase share capital.

At December 31, 2009, the Company's operations had generated income tax loss carry forwards of approximately \$261,545 for Canadian income tax purposes. The unamortized balance, for income tax purposes, of share issuance fees related to shares issued by Orezone to raise equity capital for the benefit of the Company amounts to approximately \$29,099 and will be deductible by Orezone over the next four years. These tax deductions and loss carry forwards reside in Orezone.

The Company's foreign operations have generated cumulative resource-related tax deductions of approximately \$33,159,695 (\$29,739,127 – 2008) available to reduce future income taxes over an indefinite period in Burkina Faso and Niger. The Burkinabe corporate income tax rate is 25% while the rate in Niger is 35%, however it will be reduced to 30% in 2010. Resource-related deductions are tracked by project and can be applied to reduce future income earned on the same project should it be taken to production. These tax deductions and carry forwards reside in the Company's subsidiary operations in Burkina Faso and Niger.

9 — CAPITAL MANAGEMENT

As at December 31, 2009, the Company's capital consisted of cash and common shares.

The Company's primary objectives in managing its capital are to maintain sufficient levels of capital to continue its current exploration, development and other operating activities, and to maintain sufficient financial strength and flexibility to support additional future investments in the development of the Company's mining properties. The Company achieves its objectives by rationally allocating capital in accordance with management's strategies and periodically raising capital from investors.

10 — RELATED PARTY TRANSACTIONS

In the year ended December 31, 2009, the Company charged \$15,103 (December 31, 2008 – \$nil) in administrative fees to Industrial Minerals Canada Inc. ("Industrial") for rent, expenses incurred on its behalf and administrative services that were provided by the Company. During these periods, the Company's Senior Vice President was a director and President of Industrial as well as a director of Industrial's parent company, Industrial Minerals Inc.

One of the Company's available-for-sale investments held at December 31, 2008 was common shares of a publicly traded company of which the Company's CEO was a director. The carrying and fair values of this investment were \$nil and \$21,443 as at December 31, 2009 and December 31, 2008, respectively. On March 23, 2009, the Company's CEO ceased to be a director of this company.

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10 — RELATED PARTY TRANSACTIONS (continued)

In the three months ended March 31, 2008, the Company charged \$11,003, in administrative fees to San Anton Resource Corporation (“San Anton”) for rent and other administrative services that were provided by the Company. During these periods, the Company’s CEO was a director of San Anton and San Anton’s President and Chief Executive Officer (“CEO”) was a director of the Company. On April 1, 2008, San Anton ceased to be a related party to the Company.

11— COMPARATIVE FIGURES

Certain comparative figures in the Financial Statements have been reclassified to be consistent with the current year’s presentation.

12 — SUBSEQUENT EVENTS

On January 26, 2010, the Company completed a CAD\$10,005,000 equity financing whereby it issued 13,340,000 common shares at a price of CAD\$0.75 per share. The net proceeds of CAD\$9.2M from the Offering are to be used principally to fund ongoing exploration and development activities at the Company’s West African projects.

On February 17, 2010, the Company announced that its subsidiary Brighton Energy Ltd. (“Brighton”) had received government approval for the transfer of three uranium permits pursuant to the transaction with North Atlantic Resources Ltd. (“NARL”) whereby it acquired NARL’s Niger uranium permits in exchange for a 20% interest in Brighton and CAD\$250,000 in cash consideration. The transaction was subsequently closed with North Atlantic upon completion of the remaining conditions precedent.

On March 3, 2010, the Government of Burkina Faso signed a new Décret whereby the government’s royalty interest would be increased from 3% to 5% and the annual mining permit taxes would increase. The adoption of the Décret has been delayed pending discussions between industry and government representatives however the Company expects that, should the amendment be adopted, the revised royalty rate will apply to all three of its gold exploration projects in Burkina Faso.