



**B2GOLD CORP.**  
**Unaudited Interim Consolidated Financial Statements**  
**June 30, 2010 and 2009**

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**B2GOLD CORP.****UNAUDITED CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of United States dollars)

	As at June 30, 2010	As at December 31, 2009
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 14,064	\$ 2,924
Accounts receivable and prepaids	10,328	8,098
Note receivable	1,300	1,700
Inventories (Note 3)	18,179	10,263
Marketable securities (carried at quoted market value)	342	369
	<b>44,213</b>	<b>23,354</b>
<b>Property, plant and equipment (Note 4)</b>	<b>185,546</b>	<b>170,306</b>
<b>Gramalote investment</b>	<b>53,422</b>	<b>51,914</b>
<b>Other assets (Note 5)</b>	<b>2,081</b>	<b>1,780</b>
	<b>\$ 285,262</b>	<b>\$ 247,354</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 14,413	\$ 10,051
Credit Facility loan, net of unamortized transaction costs (Note 6)	17,374	-
Current portion of asset retirement obligations	720	658
Related party loans (Note 9)	102	1,061
	<b>32,609</b>	<b>11,770</b>
<b>Credit Facility loan, net of unamortized transaction costs (Note 6)</b>	<b>-</b>	<b>8,642</b>
<b>Asset retirement obligations</b>	<b>12,948</b>	<b>13,166</b>
<b>Future income tax liabilities</b>	<b>11,850</b>	<b>11,616</b>
<b>Other liabilities (Note 7)</b>	<b>3,014</b>	<b>2,497</b>
	<b>60,421</b>	<b>47,691</b>
<b>Shareholders' Equity</b>		
<b>Capital stock (Note 8)</b>		
<b>Authorized</b>		
- unlimited number of common shares, without par value		
- unlimited number of preferred shares, without par value		
<b>Issued</b>		
- 311,453,809 common shares (December 31, 2009 – 282,531,023)	267,072	233,842
<b>Value assigned to stock options and share purchase warrants (Note 8)</b>	<b>28,502</b>	<b>27,800</b>
<b>Deficit</b>	<b>(70,733)</b>	<b>(61,979)</b>
	<b>224,841</b>	<b>199,663</b>
	<b>\$ 285,262</b>	<b>\$ 247,354</b>
<b>Subsequent event (Note 11)</b>		

Approved by the Board

"Clive T. Johnson"

Director

"Robert J. Gayton"

Director

(See accompanying notes to consolidated financial statements)

**B2GOLD CORP.****UNAUDITED CONSOLIDATED STATEMENTS OF LOSS,  
COMPREHENSIVE LOSS AND DEFICIT**

(Expressed in thousands of United States dollars, except shares and per share amounts)

	<i>For the three months ended June 30, 2010</i>	<i>For the three months ended June 30, 2009</i>	<i>For the six months ended June 30, 2010</i>	<i>For the six months ended June 30, 2009</i>
<b>Gold revenue</b>	<b>\$ 23,266</b>	<b>\$ 7,851</b>	<b>\$ 40,317</b>	<b>\$ 7,851</b>
<b>Costs and expenses</b>				
Operating costs	14,119	7,188	26,921	7,188
General and administrative	4,156	2,299	6,912	3,742
Depreciation and depletion	2,899	812	5,080	812
Royalties and production taxes	1,507	439	2,472	439
Stock-based compensation	522	219	1,515	442
Accretion of asset retirement obligations	369	129	739	129
Other	1,417	(8)	1,910	(195)
	<b>24,989</b>	<b>11,078</b>	<b>45,549</b>	<b>12,557</b>
<b>Operating loss</b>	<b>1,723</b>	<b>3,227</b>	<b>5,232</b>	<b>4,706</b>
<b>Other (income) expense</b>				
Interest and financing (Note 6)	1,413	-	2,915	-
Foreign exchange (gain)/loss	352	(595)	(82)	1,045
Write-off of resource property interests	-	331	-	3,119
	<b>1,765</b>	<b>(264)</b>	<b>2,833</b>	<b>4,164</b>
<b>Loss before income taxes</b>	<b>3,488</b>	<b>2,963</b>	<b>8,065</b>	<b>8,870</b>
Withholding and other taxes	465	-	689	-
Future income tax (recovery)	213	(120)	-	(300)
<b>Net loss and comprehensive loss for the period</b>	<b>4,166</b>	<b>2,843</b>	<b>8,754</b>	<b>8,570</b>
<b>Deficit, beginning of period</b>	<b>66,567</b>	<b>39,918</b>	<b>61,979</b>	<b>34,191</b>
<b>Deficit, end of period</b>	<b>\$ 70,733</b>	<b>\$ 42,761</b>	<b>\$ 70,733</b>	<b>\$ 42,761</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.03</b>	<b>0.04</b>
<b>Weighted average number of common shares outstanding (in thousands)</b>	<b>305,125</b>	<b>238,542</b>	<b>297,442</b>	<b>201,081</b>

(See accompanying notes to consolidated financial statements)

**B2GOLD CORP.**
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in thousands of United States dollars)

	<i>For the three months ended June 30, 2010</i>	<i>For the three months ended June 30, 2009</i>	<i>For the six months ended June 30, 2010</i>	<i>For the six months ended June 30, 2009</i>
<b>Operating activities</b>				
Loss for the period	\$ (4,166)	\$ (2,843)	\$ (8,754)	\$ (8,570)
Asset retirement obligations settled	(529)	(224)	(894)	(224)
Non-cash charges (credits)				
Depreciation and depletion	2,899	812	5,080	812
Amortization of deferred financing costs	1,122	-	2,232	-
Stock-based compensation	522	219	1,515	442
Accretion of asset retirement obligations	369	129	739	129
Future income tax (recovery)	213	(120)	-	(300)
Write-off of resource property interests	-	331	-	3,119
Other	332	83	756	139
	<b>762</b>	<b>(1,613)</b>	<b>674</b>	<b>(4,453)</b>
Changes in non-cash working capital	<b>(1,716)</b>	<b>(2,561)</b>	<b>(1,399)</b>	<b>(2,078)</b>
	<b>(954)</b>	<b>(4,174)</b>	<b>(725)</b>	<b>(6,531)</b>
<b>Financing activities</b>				
Common shares issued for cash <i>(Note 8)</i>	2,703	31	32,170	31
Credit Facility loan, draw downs, net <i>(Note 6)</i>	1,000	-	6,500	-
Related party loans, repayments <i>(Note 9)</i>	-	-	(959)	-
	<b>3,703</b>	<b>31</b>	<b>37,711</b>	<b>31</b>
<b>Investing activities</b>				
La Libertad Mine, construction and development	(3,755)	(10,293)	(14,253)	(10,293)
La Libertad, exploration	(1,541)	(105)	(2,070)	(105)
Limon Mine, development	(1,105)	(820)	(2,345)	(820)
Limon, exploration	(779)	(20)	(1,247)	(20)
Calibre, exploration	(893)	-	(1,640)	-
Radius, exploration	(700)	-	(1,132)	-
Gramalote, exploration and development	(555)	(905)	(1,370)	(2,220)
Kupol East West licenses, exploration	(514)	(539)	(1,092)	(1,025)
Central Sun Arrangement, net of cash acquired	-	-	-	(15,260)
Proceeds from short-term money market instruments	-	19,073	-	33,048
Repayment of notes payable to Kinross	-	-	-	(2,602)
Colombia JV arrangement, exploration	-	(884)	-	(2,144)
Other	(509)	(759)	(697)	(744)
	<b>(10,351)</b>	<b>4,748</b>	<b>(25,846)</b>	<b>(2,185)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(7,602)</b>	<b>605</b>	<b>11,140</b>	<b>(8,685)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>21,666</b>	<b>3,943</b>	<b>2,924</b>	<b>13,233</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 14,064</b>	<b>\$ 4,548</b>	<b>\$ 14,064</b>	<b>\$ 4,548</b>
<b>Supplementary cash flow information <i>(Note 9)</i></b>				

(See accompanying notes to consolidated financial statements)

## **B2GOLD CORP.**

### **NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2010**

(all tabular amounts are in thousands of United States dollars unless otherwise stated)

#### **1 Nature of operations**

B2Gold Corp. ("B2Gold" or the "Company") is a Vancouver-based gold producer with mining operations in Nicaragua and a portfolio of development and exploration assets in Colombia, Nicaragua and north-eastern Russia. Currently, the Company is operating the La Libertad Mine and the Limon Mine in Nicaragua. The Company owns or has a material interest in the Gramalote and Mocoa properties in Colombia, the East and West Kupol licenses in Russia (*Note 11*), and the Bellavista property in Costa Rica.

On March 26, 2009, B2Gold completed a business combination with Central Sun Mining Inc. ("Central Sun") in which B2Gold acquired all of the outstanding common shares of Central Sun. As a result of this transaction, B2Gold acquired the La Libertad Mine (100%) and the Limon Mine (95%). In addition, the Company acquired Central Sun's interests in additional mineral properties including, in Costa Rica, the 100% owned Bellavista property.

#### **2 Basis of presentation**

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the preparation of interim financial statements. Accordingly, these interim financial statements do not contain all the information required for annual financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements as at December 31, 2009. These interim consolidated financial statements follow the same accounting policies and methods of application as the most recent audited consolidated financial statements of the Company. Certain comparative figures for 2009 have been reclassified to conform to the 2010 financial statement presentation.

#### **3 Inventories**

	<i>As at June 30, 2010 \$</i>	<i>As at December 31, 2009 \$</i>
Gold and silver bullion	5,271	203
In-process inventory	2,182	1,781
Stock-pile inventory	258	68
Materials and supplies	10,468	8,211
	<b>18,179</b>	10,263

**B2GOLD CORP.****NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2010**

(all tabular amounts are in thousands of United States dollars unless otherwise stated)

**4 Property, plant and equipment**

	<i>As at June 30, 2010</i>	<i>As at December 31, 2009</i>
	\$	\$
La Libertad Mine, Nicaragua		
Cost	<b>113,285</b>	99,986
Accumulated depreciation and depletion	<b>(2,916)</b>	-
	<b>110,369</b>	99,986
Limon Mine, Nicaragua		
Cost	<b>32,070</b>	28,435
Accumulated depreciation and depletion	<b>(5,396)</b>	(2,281)
	<b>26,674</b>	26,154
Exploration properties		
Mocoa, Colombia	<b>31,893</b>	31,593
Kupol East and West Licenses, Russia (Note 11)	<b>10,972</b>	9,800
Calibre, Nicaragua	<b>1,881</b>	241
Radius, Nicaragua	<b>1,257</b>	345
	<b>46,003</b>	41,979
Other		
Bellavista, Costa Rica	<b>2,472</b>	2,147
Office, furniture and equipment, net	<b>28</b>	40
	<b>185,546</b>	170,306

**La Libertad Mine**

The La Libertad Mine achieved commercial production on February 1, 2010. Mining and processing of ore commenced at the La Libertad Mine in the fourth quarter of 2009 following the completion of the conversion of the La Libertad Mine from a heap leach mine to a conventional milling operation. Ore processing at the La Libertad Mine began on December 15, 2009 with the first doré bar produced on January 5, 2010. The La Libertad Mine is scheduled to produce approximately 80,000 to 90,000 ounces of gold annually with an initial seven year mine life. Prior to commercial production on February 1, 2010, net revenues or expenses derived from La Libertad mining activities (including \$0.7 million of gold sales revenue in January 2010) were included in mine development costs.

## **B2GOLD CORP.**

### **NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2010**

(all tabular amounts are in thousands of United States dollars unless otherwise stated)

#### **5 Other assets**

	<i>As at June 30, 2010</i>	<i>As at December 31, 2009</i>
	\$	\$
Restricted cash pledged as security	<b>355</b>	355
Assets held for sale:		
Quebradona property, Colombia	<b>1,000</b>	1,000
Other	<b>350</b>	350
Deferred charges	<b>376</b>	75
	<b>2,081</b>	1,780

#### **6 Credit Facility loan**

The Company entered into an agreement relating to a \$20 million secured revolving credit facility (the "Credit Facility") with Macquarie Bank Limited ("Macquarie") on November 6, 2009. The term of the Credit Facility is for two years with a maturity date of December 31, 2011 and an interest rate of LIBOR plus 5.5%. On February 12, 2010, the Company entered into an amending agreement relating to the Credit Facility pursuant to which the Credit Facility was increased to \$25 million. As at June 30, 2010, the Company had drawn down a total of \$20 million under the Credit Facility.

The Credit Facility provides that in certain events or on December 1, 2010 the lender has the right to review the Credit Facility and may within 28 days of such event or date determine whether to continue to make the Credit Facility available or terminate it and require repayment within 60 days. Management believes that it is unlikely that the Credit Facility will be terminated prior to its maturity date of December 31, 2011. However, since the Credit Facility is subject to review by Macquarie on December 1, 2010, the Credit Facility was classified as a current liability as at June 30, 2010.

	<i>As at June 30, 2010</i>	<i>As at Dec. 31, 2009</i>
	\$	\$
Principal amount owing	<b>20,000</b>	13,500
Less: unamortized transaction costs	<b>(2,626)</b>	(4,858)
Carrying value	<b>17,374</b>	8,642



**B2GOLD CORP.****NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2010**

(all tabular amounts are in thousands of United States dollars unless otherwise stated)

**7 Other liabilities**

	<i>As at June 30, 2010</i>	<i>As at December 31, 2009</i>
	\$	\$
Employee benefits accrual	2,552	2,022
Other	462	475
	<b>3,014</b>	<b>2,497</b>

**8 Capital stock**

	<i>For the six months ended June 30, 2010</i>		<i>For the year ended December 31, 2009</i>	
	<i>Shares (‘000’s)</i>	<i>Amount \$</i>	<i>Shares (‘000’s)</i>	<i>Amount \$</i>
Balance, beginning of period	282,531	233,842	162,783	157,602
Issued during the period:				
For cash, net of costs	25,624	29,157	38,341	24,980
Central Sun acquisition, March 26, 2009	-	-	80,639	50,802
For cash, on exercise of warrants	2,046	1,964	384	38
For cash, on exercise of options	1,253	1,049	384	239
Transfer to share capital the fair value assigned to stock options/share purchase warrants exercised	-	1,060	-	181
	<b>28,923</b>	<b>33,230</b>	119,748	76,240
Balance, end of period	<b>311,454</b>	<b>267,072</b>	282,531	233,842

On February 18, 2010, the Company completed a bought deal equity financing and issued 25,624,111 common shares, including 3,342,276 common shares issued on exercise of the over-allotment option, at Cdn.\$1.25 per share, for aggregate gross proceeds of approximately Cdn.\$32 million. As part of the offering, AngloGold Ashanti Limited (AngloGold) exercised its pre-emptive right granted by the Company to maintain its percentage of holdings of approximately 10% of the common shares of the Company by acquiring 2,624,111 common shares. The Company paid the underwriters a commission equal to 5% of the gross proceeds of the offering upon closing, excluding the common shares purchased by AngloGold for which no commission was payable, for an aggregate commission of Cdn.\$1.44 million.

**B2GOLD CORP.**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2010**

(all tabular amounts are in thousands of United States dollars unless otherwise stated)

**Stock options**

During the six months ended June 30, 2010, approximately 1.2 million stock options were granted to employees with exercise prices ranging from Cdn.\$1.25 to Cdn.\$1.44 per share. These stock options have a term of five years. The estimated fair value of these options totalling approximately \$1 million is being recognized over the vesting period.

A summary of changes to stock options outstanding:

	<b>Number of outstanding options (<i>'000's</i>)</b>	<b>Weighted- average exercise price (in Cdn.\$)</b>
Outstanding at December 31, 2008	5,380	2.40
Granted	10,060	0.80
Options issued on Central Sun acquisition	7,989	1.45
Exercised	(384)	0.67
Forfeited/expired	(825)	2.02
Outstanding at December 31, 2009	22,220	1.38
Granted	1,175	1.31
Exercised	(1,253)	0.86
Forfeited/expired	(2,093)	1.98
Outstanding at June 30, 2010	20,049	1.35

Stock options outstanding and exercisable as at June 30, 2010 are as follows:

	<b>Range of exercise price (in Cdn.\$)</b>	<b>Number of outstanding options (<i>'000's</i>)</b>	<b>Weighted- average years to expiry</b>	<b>Weighted- average exercise price (in Cdn.\$)</b>	<b>Number of exercisable options (<i>'000's</i>)</b>	<b>Weighted- average exercise price (in Cdn.\$)</b>
Issued:						
2007	2.40	3,575	2.44	2.40	3,575	2.40
2008	2.40	180	2.63	2.40	180	2.40
2009 ( <i>Central Sun replacement options</i> )	0.95 – 3.72	6,647	1.87	1.46	6,647	1.46
2009	0.80	8,472	4.12	0.80	5,648	0.80
2010	1.25 – 1.44	1,175	4.63	1.31	392	1.31
		<u>20,049</u>	3.09	1.35	<u>16,442</u>	1.44

**B2GOLD CORP.****NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2010**

(all tabular amounts are in thousands of United States dollars unless otherwise stated)

**Share purchase warrants**

A summary of changes to share purchase warrants outstanding:

	<i>Number of outstanding warrants (‘000’s)</i>	<i>Weighted- average exercise price (in Cdn.\$)</i>
Outstanding at December 31, 2008	23,400	3.67
Issued to Macquarie	11,064	0.97
Warrants issued on Central Sun acquisition	18,062	0.95
Exercised	(384)	0.11
Expired	(1,127)	0.82
Outstanding at December 31, 2009	51,015	2.21
Exercised	(2,046)	0.98
Outstanding at June 30, 2010	48,969	2.26

Share purchase warrants outstanding and exercisable as at June 30, 2010 are as follows:

	<i>Number of outstanding and exercisable warrants (‘000’s)</i>	<i>Exercise price (in Cdn.\$)</i>
Expiring Oct 22, 2010 *	14,377	0.98
Expiring November 9, 2012	11,064	0.97
Expiring May 15, 2011	11,000	3.34
Expiring May 15, 2011	10,400	4.25
Expiring Dec 6, 2010	2,000	2.50
Expiring Aug 12, 2010 *	128	0.88
	48,969	2.26

\* Central Sun replacement warrants

**B2GOLD CORP.****NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2010**

(all tabular amounts are in thousands of United States dollars unless otherwise stated)

The following table shows the changes in the category "Value assigned to stock options and share purchase warrants" as presented under shareholders' equity on the consolidated balance sheets:

	<i>For the six months ended June 30, 2010</i>	<i>For the year ended Dec. 31, 2009</i>
	\$	\$
Balance, beginning of period	27,800	11,308
Stock-based compensation - expensed	1,515	3,220
Stock-based compensation - capitalized to resource property interests	247	1,631
Fair value assigned to Central Sun stock options and share purchase warrants exchanged	-	7,353
Fair value assigned to warrants issued to Macquarie	-	4,469
Transfer to share capital on the exercise of stock options/ share purchase warrants	(1,060)	(181)
Balance, end of period	<b>28,502</b>	27,800

**9 Supplementary cash flow information**

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

	<i>For the six months ended June 30, 2010</i>	<i>For the year ended Dec. 31, 2009</i>
	\$	\$
Non-cash investing and financing activities:		
Common shares issued for Central Sun acquisition	-	50,802
Fair value assigned to Central Sun stock options and share purchase warrants exchanged	-	7,353
Fair value assigned to warrants issued to Macquarie	-	4,469
Accounts payable and accrued liabilities relating to resource property expenditures	436	5,258
Future income tax liabilities relating to resource property expenditures	234	479
Stock-based compensation, capitalized to resource property interests	247	1,631

On November 3, 2009, the Company received a loan in the amount of Cdn.\$1 million from a certain officer and shareholder of the Company which was interest bearing at a rate of 5% per annum. The loan was fully repaid together with interest on February 18, 2010.

**B2GOLD CORP.****NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2010**

(all tabular amounts are in thousands of United States dollars unless otherwise stated)

**10 Segmented information**

On March 26, 2009, the Company completed a business combination with Central Sun acquiring the Limon Mine (95%) and La Libertad Mine (100%). The La Libertad Mine achieved commercial production on February 1, 2010 following the completion of the conversion of the La Libertad Mine from a heap leach mine to a conventional milling operation. All gold revenue in 2009 was attributable to the Limon Mine. Prior to the acquisition of Central Sun, the Company had no source of operating revenue and its principal activity consisted of exploration in Colombia and Russia.

The Company's reportable segments for the three months and six months ended June 30, 2010 are summarized in the following tables.

*Three months ended June 30, 2010*

	<i>Limon Mine</i>	<i>La Libertad Mine</i>	<i>Exploration</i>	<i>Corporate &amp; Other</i>	<i>Total</i>
	\$	\$	\$	\$	\$
<b>Gold revenue</b>	10,233	13,033	-	-	23,266
<b>Net income/(loss)</b>	928	2,393	-	(7,487)	(4,166)
<b>Capital &amp; exploration expenditures</b>	1,884	5,296	2,941	-	10,121

*Six months ended June 30, 2010*

	<i>Limon Mine</i>	<i>La Libertad Mine</i>	<i>Exploration</i>	<i>Corporate &amp; Other</i>	<i>Total</i>
	\$	\$	\$	\$	\$
<b>Gold revenue</b>	20,763	19,554	-	-	40,317
<b>Net income/(loss)</b>	2,635	1,277	-	(12,666)	(8,754)
<b>Capital &amp; exploration expenditures</b>	3,592	16,323	5,513	-	25,428

## **B2GOLD CORP.**

### **NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS** **June 30, 2010**

(all tabular amounts are in thousands of United States dollars unless otherwise stated)

The Company's capital assets are located in the following geographical locations. In addition, the Gramalote property is located in Colombia.

	<i>As at June 30, 2010 \$</i>	<i>As at December 31, 2009 \$</i>
Capital assets		
Canada	28	40
Colombia	31,893	31,593
Costa Rica	2,472	2,147
Nicaragua	140,181	126,726
Russia	10,972	9,800
	<b>185,546</b>	170,306

#### **11 Subsequent event**

On July 22, 2010, the Company announced that it had reached an agreement with Kinross Gold Corporation ("Kinross") to sell to a subsidiary of Kinross, its right to acquire an interest in the Kupol East and West Licenses. The Company has had the right to acquire and earn in to half of Kinross' interest in these licenses. In consideration of the acquisition by Kinross of the Company's right to acquire an interest in the licenses, Kinross will make an upfront payment of \$33 million to the Company, payable upon closing of the transaction and contingent payments of \$15 million for each incremental million ounces of gold of National Instrument 43-101 compliant proven and probable reserves contained by the Kupol East and West License areas, up to a maximum of nine million ounces of gold (100% basis). In addition, the Company will receive payments equal to 1.5% of Net Smelter Returns from the commencement of production from the area covered by the Kupol East and West Licenses, subject to a right for Kinross to repurchase the royalty for \$30 million.