B2GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the quarters ended June 30, 2012 and 2011

(All tabular amounts are expressed in United States dollars, unless otherwise stated)

This Management's Discussion and Analysis ("MD&A") has been prepared as at August 13, 2012 and contains certain "Forward-Looking Statements" within the meaning of the Canadian Securities laws. All statements, other than statements of historical fact, included herein, including without limitation statements regarding potential mineralization, exploration results and future plans and objectives of B2Gold Corp. (the "Company" or "B2Gold") are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

The following discussion of the operating results and financial position of the Company should be read in conjunction with the unaudited condensed consolidated interim financial statements ("interim financial statements") and the notes thereto of the Company for the three and six-month periods ended June 30, 2012 and the audited consolidated financial statements and the notes thereto of the Company for the year ended December 31, 2011. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("GAAP" or "IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in United States dollars, unless otherwise stated..

OVERVIEW

B2Gold Corp. ("B2Gold" or the "Company") is a Vancouver-based gold producer with mining operations in Nicaragua, exploration and development projects in Namibia and Colombia and a portfolio of exploration assets in Colombia, Namibia, Nicaragua and Uruguay. Currently, the Company is operating the Libertad gold mine and the Limon gold mine in Nicaragua. The Company has a 92% interest in the Ojtikoto gold project in Namibia, a 49% interest in the Gramalote property in Colombia and an 80% interest in the Cebollati property in Uruguay, and owns or has an interest in the Bellavista property in Costa Rica and the Quebradona property in Colombia. The Company also has options to earn an interest in two joint ventures in Nicaragua with Calibre Mining Corp. ("Calibre") and Radius Gold Inc. ("Radius"), respectively.

On April 9, 2012, the Company and Radius announced that the two companies had entered into a binding letter agreement pursuant to which the Company agreed, among other things, to acquire a 100% interest in the Trebol and El Pavon gold properties in Nicaragua. The parties entered into a definitive share purchase agreement dated July 24, 2012 and completed the transaction August 8, 2012 (see "Investing activities, Radius Joint Venture" section).

On May 2, 2012, the Company acquired 20 million units (the "Units") of Calibre at a price of Cdn.$0.25 per Unit for a total investment of Cdn.$5 million pursuant to a subscription agreement between the parties. Each Unit is comprised of one common share of Calibre and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of Calibre at a price of Cdn.$0.50 per share for a period of twelve months from the date of issuance. Upon completion of this acquisition, the Company owned 20 million common shares, representing approximately 10.6% of the issued and outstanding common shares of Calibre.

On December 22, 2011, the Company acquired 100% of the shares of Auryx Gold Corp. ("Auryx") by way of plan of arrangement (the "Auryx Arrangement"). Pursuant to the terms of the Auryx Arrangement, on December 22, 2011, Auryx became a wholly-owned subsidiary of the Company and all of the issued and outstanding common shares of Auryx were transferred to the Company in consideration for the issuance by the Company to former shareholders of Auryx of 0.23 of a common share, plus a cash payment of C$0.001, for each Auryx common share held. The Company issued an aggregate of 37,187,002 common shares to the former Auryx shareholders in connection with the Auryx Arrangement. The acquisition by the Company of Auryx added to the Company's property portfolio a 92% interest in the Otjikoto gold project in Namibia (see "Ojtikoto Property – Namibia" section). In addition, the Company also acquired a 100% interest in two additional mineral properties in Namibia.

REVIEW OF FINANCIAL RESULTS

	Three months ended June 30 (unaudited)		Six months ended June 30 (unaudited)	
	2012	**2011**	**2012**	**2011**
Gold revenue ($ in thousands)	57,330	54,498	121,203	107,999
Gold sold (ounces)	35,860	36,030	73,713	74,784
Average realized gold price ($/ ounce)	1,599	1,513	1,644	1,444
Gold produced (ounces)	36,803	36,760	71,405	71,493
Cash operating costs ($/ ounce gold)	583	507	585	519
Total cash costs ($/ ounce gold)	601	586	640	597
Adjusted net income(1)(2) ($ in thousands)	21,172	21,634	41,884	38,890
Adjusted earnings per share (1)(2) –basic ($)	0.06	0.06	0.11	0.12
Adjusted earnings per share (1)(2) – diluted ($)	0.05	0.06	0.11	0.11
Net income ($ in thousands) (2)	11,937	15,016	26,483	26,427
Earnings per share (2) – basic ($/share)	0.03	0.05	0.07	0.08
Earnings per share (2) – diluted ($/share)	0.03	0.05	0.07	0.08
Cash flows from operating activities ($ in thousands) – before changes in non-cash working capital	27,791	28,833	54,857	53,598

(1) Adjusted net income is a non-GAAP measure which excludes foreign exchange gains and non-cash items consisting of deferred income tax expense and share-based payments expense.
(2) Attributable to the shareholders of the Company.

Second quarter 2012 and 2011

In the second quarter of 2012, the Company continued to deliver solid operating and financial results with consolidated gold production of 36,803 ounces at an operating cash cost of $583 per ounce. Gold production was in line with budgeted guidance and 2,201 ounces higher than the first quarter production of 34,602 ounces. In addition, consolidated operating cash costs were approximately 4% lower than budget. Gold production is anticipated to increase each successive quarter of 2012.

Consequently, the Company maintains its production and cost guidance for 2012. The Company is projecting another record year for gold production in 2012, with consolidated production from the Libertad and Limon Mines in Nicaragua estimated to total approximately 150,000 to 160,000 ounces of gold at a cash operating cost of approximately $590 to $625 per ounce. Cash operating costs are expected to improve and production to increase in 2013 and 2014 over 2012 due to the processing of higher grade ore from the Jabali deposit through the Libertad mill.

Total gold revenue in the second quarter of 2012 increased by approximately 5% compared with the same quarter of 2011, mainly due to higher realized prices for gold. Gold revenue for the second quarter of 2012 was $57.3 million on sales of 35,860 ounces at an average price of $1,599 per ounce compared to $54.5 million on sales of 36,030 ounces at an average price of $1,513 per ounce in the second quarter of 2011.

In the second quarter, the Libertad Mine accounted for $40 million (Q2 2011 - $35.6 million) of gold revenue from the sale of 25,020 ounces (Q2 2011 – 23,490 ounces) while $17.3 million (Q2 2011 - $18.9 million) was contributed by the Limon Mine from the sale of 10,840 ounces (Q2 2011 – 12,540 ounces).

The Company's consolidated gold production during the second quarter of 2012 was 36,803 ounces at an operating cash cost of $583 per ounce compared to 36,760 ounces produced over the same period last year at an operating cash cost of $507 per ounce.

The Libertad Mine produced 25,135 ounces of gold at an operating cash cost of $505 per ounce compared to budget of 25,161 ounces at an operating cash cost of $558 per ounce. The cash operating cost per ounce was $53 favourable to budget mainly due to less waste mined during the period. The mill throughput rate in the second quarter of 2012 averaged 5,563 tonnes of ore per day ("t/d"), a new quarterly record and slightly better than budget of 5,491 t/d. The permitting of the Jabali deposit is scheduled for completion in the third quarter and open pit mining is scheduled to commence in the fourth quarter of 2012.

The Limon Mine produced 11,668 ounces of gold at an operating cash cost of $752 per ounce compared to budget of 12,341 ounces at an operating cash cost of $711 per ounce. The unfavourable variance cost per ounce result was mostly due to lower throughput than planned, which was mainly the result of more mill downtime taken to replace one of the grinding mill motors during the period.

Cash flow from operating activities (before changes in non-cash working capital) was $27.8 million ($0.07 per share) for the quarter compared with $27.1 million ($0.07 per share) in the first quarter of 2012 and $28.8 million ($0.09 per share) in the second quarter of 2011. The Company remains debt-free and in a strong financial position with $77.3 million in cash as at June 30, 2012. The Company believes that it will be able to self-finance its planned capital and exploration expenditures for 2012 by using its mine operating cash flows and strong cash position.

Adjusted net income was $21.2 million ($0.06 per share) compared to $21.6 million ($0.06 per share) in the same period of 2011. Adjusted net income was calculated by excluding a non-cash deferred income tax expense of $2.4 million (Q2 2011 - $6.3 million), non-cash share-based compensation expense of $6.9 million (Q2 2011 - $0.7 million) and foreign exchange gains of $0.1 million (Q2 2011 - $0.3 million).

For the second quarter of 2012, the Company generated (GAAP) net income of $11.9 million ($0.03 per share) compared to $15 million ($0.05 per share) in the equivalent period of 2011.

Royalty and production tax expense decreased to $0.7 million from $2.9 million in the equivalent period of 2011 mainly attributable to the revised tax treatment of ad-valorem taxes (see below).

In Nicaragua, the State is entitled to a proportional extraction royalty ("ad-valorem" tax) over the substances extracted from a mineral concession. The amount of ad-valorem tax is 3% for minerals. Under Nicaraguan law, the ad-valorem tax paid is considered a deductible expense for purposes of computing corporate income tax. However, when this law was enacted it included a grandfathering rule which allowed concessions granted prior to this law to continue operating under its existing regime. Under the mining law applicable to Desarrollo Minero de Nicaragua S.A. ("Desminic"), the Company's indirect subsidiary which owns and operates the Libertad Mine, the amount paid as ad-valorem tax could be applied as a direct credit against corporate income tax.

On May 25 2012, the Nicaraguan tax administration notified Desminic that it accepted Desminic's request to treat ad-valorem taxes paid by Desminic as direct credits against Desminic's corporate income tax due, rather than as a deductible expense in computing its corporate income tax. Prior to the acceptance of Desminic's request, the Company had taken a conservative position treating its ad-valorem payments as a deductible expense rather than as a tax credit. In the second quarter of 2012, the Company began recording these payments as tax credits. Ad-valorem taxes paid in the first quarter of 2012 of $1.3 million were also reclassified from royalty and production tax expense on the consolidated statement of operations to income tax credits (reducing estimated current taxes payable on the consolidated balance sheet).

The Company has also filed amended 2011 and 2010 income tax returns for Desminic to report the ad-valorem taxes as direct credits. This resulted in a $1.7 million reduction in current income taxes and a $2.6 million reduction in deferred income taxes. These reductions were recorded in the quarter.

The Company's subsidiary which owns and operates the Limon Mine, Triton Minera S.A., continues to record its ad-valorem payments as a deductible expense rather than a tax credit as it operates under the new mining law.

Share-based payment expense increased to $6.9 million from $0.6 million in the second quarter of 2012. The increase of $6.3 million was primarily due to the issuance of 2.4 million restricted share units ("RSU") in the current quarter and 10 million additional stock options in the first quarter of 2012 (the fair values of both the RSU and stock options are being recognized over their respective vesting periods). The share-based compensation expense relating to RSU was $3.2 million and $2.1 million to stock options. In addition, included in share-based compensation expense was $1.6 million, the market value of 0.5 million common shares awarded under the Company's Incentive Plan to a senior employee, George Johnson, on May 28, 2012. None of the stock options granted were awarded to senior employees who were founders of the Company.

Consolidated general and administrative costs increased in the second quarter of 2012 compared to the year ago period by approximately $1.1 million. General and administrative costs relate to the Company's head office in Vancouver, the Managua office in Nicaragua and administrative costs incurred in Costa Rica. The change in general and administrative costs consisted of higher Vancouver office costs of approximately $0.8 million (relating mainly to acquisition evaluations) and higher Managua office salary, consulting fees and general expenses of $0.5 million, offset by a $0.2 million reduction in Bellavista holding costs. Second quarter 2012 costs were slightly higher than the first quarter of 2012 due to audit fees, travel expenses and general costs.

Year-to-date results

For the first six months of 2012, consolidated gold revenue was $121 million compared to $108 million in the same period in 2011. The 12% increase was attributable to higher average realized gold prices.

Consolidated gold production for the six months ended June 30, 2012 totalled 71,405 ounces at an operating cash cost of $585 per ounce compared to 71,493 ounces being produced in the corresponding period of 2011 at an operating cash cost of $519 per ounce. Gold production is budgeted to be higher in the second half of 2012 and remains on target.

The Company is projecting another record year for gold production in 2012, with consolidated production from the Libertad and Limon Mines in Nicaragua estimated to total approximately 150,000 to 160,000 ounces of gold at a cash operating cost of approximately $590 to $625 per ounce. Gold production is anticipated to increase each successive quarter of 2012. Cash operating costs are expected to improve and production to increase in 2013 and 2014 over 2012 due to the processing of higher grade ore from the Jabali deposit through the Libertad mill.

Adjusted net income was $41.9 million ($0.11 per share) in the six months ended June 30, 2012 compared to $38.9 million ($0.12 per share) in the comparative period. Adjusted net income for the first half of 2012 was calculated by excluding a non-cash deferred income tax expense of $5.1 million (2011 - $12.4 million), a non-cash share-based payments expense of $10.8 million (2011 - $1.2 million) and foreign exchange gains of $0.5 million (2011 - $1.2 million).

For the six months ended June 30, 2012, the Company generated (GAAP) net income of $26.5 million ($0.07 per share) compared to $26.4 million ($0.08 per share) in the equivalent period of 2011.

General and administrative costs decreased by $0.2 million to $9.1 million in the first half of 2012 from $9.3 million in the same period of 2011. On a comparative basis, expenses were higher by $1.4 million in the 2011 period which included cash bonuses totalling $1.6 million paid to senior management in 2011. Bonuses for 2012 were paid mainly with RSU and the related expense was included in "Share-based payment" expense. Excluding bonuses, cost increases were mainly due to: higher travel costs of $0.4 million, increased Vancouver office corporate expenses of $0.5 million, increased consulting fees of $0.2 million, overall Managua general office cost increases of $0.4 million, offset by a reduction in the Bellavista holding costs of $0.3 million.

LIBERTAD MINE – NICARAGUA

	Three months ended June 30 (unaudited)		Six months ended June 30 (unaudited)	
	2012	**2011**	**2012**	**2011**
Gold revenue ($ in thousands)	40,055	35,582	84,098	73,610
Gold sold (ounces)	25,020	23,490	51,208	51,039
Average realized gold price ($/ ounce)	1,601	1,515	1,642	1,442
Tonnes of ore milled	506,203	498,254	1,011,156	1,006,666
Grade (grams/ tonne)	1.69	1.71	1.66	1.69
Recovery (%)	91.5	90.3	91.7	90.4
Gold production (ounces)	25,135	24,568	49,381	49,182
Cash operating costs ($/ ounce gold)	505	451	502	451
Total cash costs ($/ ounce gold) *(3)*	489	524	536	526
Cash flows from Libertad Mine operations *(4)*	27,955	23,254	56,560	46,926
Capital expenditures ($ in thousands)	10,257	10,118	17,365	17,873
Capital expenditures ($ in thousands) – Jabali development	3,138	-	4,653	-
Exploration ($ in thousands) – including Jabali exploration	2,214	2,803	4,674	4,048

(3) In the second quarter of 2012, the Company began recording its ad-valorem taxes as tax credits. Ad-valorem taxes paid in the first quarter of 2012 of $1.3 million were reclassified from royalty and production tax expense on the consolidated statement of operations to income tax credits (reducing estimated current taxes payable on the consolidated balance sheet). As a result, total cash cost per ounce was reduced by approximately $50 per ounce for the three months ended June 30, 2012 due to this reclassification.
(4) Cash flows from Libertad Mine operations is a non-GAAP measure calculated based on gold revenue less total cash operating costs.

The Libertad Mine continued to perform well in the second quarter of 2012. Gold sales from the Libertad Mine totalled 25,020 ounces (Q2 2011 – 23,490 ounces) at an average realized price of $1,601 per ounce (Q2 2011 - $1,515 per ounce), generating revenue of $40.1 million (Q2 2011 - $35.6 million).

In the second quarter of 2012, the Libertad Mine produced 25,135 ounces of gold at an operating cash cost of $505 per ounce compared to budget of 25,161 ounces at an operating cash cost of $558 per ounce. The slight variance in gold production was mainly due to grade being less than budget (1.69 g/t compared to budget of 1.73 g/t) mostly offset by higher tonnage (506,203 tonnes compared to budget of 499,722 tonnes) and a favourable variance in recovery (91.5% versus 90.4% budgeted). The higher gold recovery and mill throughput was mostly due to gaining experience in blending ores from the various pits. The Crimea pit contributed 43%, the Mojon pit 50%, Jabali 5% and spent ore 2% of the ore milled in the quarter. The operating cash cost per ounce was $53 (approximately 10%) lower than budget mainly due to less waste mined during the period. The mill throughput rate in the second quarter averaged 5,563 t/d, a new quarterly record and slightly better than the budget for the period of 5,491 t/d.

During the first half of 2012, the Libertad Mine generated gold revenue of $84.1 million from the sale of 51,208 ounces at an average price of $1,642 per ounce, compared to $73.6 million from the sale of 51,039 ounces at an average price of $1,442 per ounce in the same period of 2011. Total gold production was 49,381 ounces at an operating cash cost of $502 per ounce compared to budget of 47,384 ounces at $580 per ounce. Higher production for the year-to-date was mainly due to higher mill throughput, gold recovery and mill head grade. Operating costs have been favourable to budget due to increased gold and silver production and a lower strip ratio than budgeted.

Total capital expenditures in the second quarter of 2012 were $13.4 million, with the main expense items consisting of $3.9 million for completion of the phase III lift on the tailings pond, $3.4 million for deferred stripping costs at both the Crimea and Santa Maria open pits, and $3.1 million for the Jabali feasibility and development. Most of the remaining capital expenditures were for continued upgrades in the plant and the purchase of various mine and mill equipment. Total capital expenditures for the first six months of 2012 were $22.0 million of which $6.3 million related to deferred stripping, $5.8 million to the phase III tailings pond lift, $4.7 million to Jabali feasibility and development, and the remaining amount mostly for mine and mill related equipment.

Jabali development included advancing studies for the Environmental Impact Assessment, which was submitted on schedule in the second quarter, and advancing construction of a new haul road from the Jabali central pit area to the Libertad mill. The permitting of the Jabali deposit is scheduled for completion in the third quarter and open pit mining of the Jabali Central Pit is scheduled to commence in the fourth quarter of 2012. The Company continued mining from Jabali in the second quarter, delivering higher grade colluvial material to the Libertad mill along an existing public road that was upgraded.

On April 5, 2012, the Company announced an update of its mineral resources as at December 31, 2011 for Jabali. Based on the successful 2011 exploration and infill drilling programs, the Company reported an increase in mineral resources at Libertad for the Jabali deposit. The most significant increase is in indicated mineral resources as a result of the conversion of mineral resources from the inferred category due to infill drilling.

The new mineral resource for the Jabali Antenna and Central zones, is reported within a $1,350 per ounce gold optimized Whittle pit shell above a cut-off grade of 0.70 g/t gold. As a result, the in pit indicated mineral resource is 4.19 million tonnes at a grade of 3.39 g/t gold containing 456,863 ounces of gold and inferred mineral resources is 1.89 million tonnes at a grade of 3.06 g/t gold containing 186,610 ounces of gold.

This new resource at Jabali not only indicates the potential to significantly increase Libertad's original seven year mine life but also the potential to deliver higher grade ore to the mill which should result in higher annual gold production and lower operating costs per ounce produced. The Company anticipates that the new indicated resource for the Jabali vein system will be upgraded to reserves upon receipt by the Company of the permit to mine.

Based on the delivery of the higher grade ore from the Jabali deposit, the Company expects an increase in annual production at Libertad to approximately 135,000 ounces of gold in 2013 (subject to a final mine plan).

The Libertad Mine is projected to produce approximately 102,000 to 110,000 ounces of gold in 2012 (an increase from 2011 production of 99,567 ounces of gold) at an operating cash cost of approximately $550 to $575 per ounce. Cash from mine operations at the Libertad Mine is projected at approximately $100 million (at $1,550 per ounce gold price) in 2012.

The Company has budgeted sustaining capital costs at Libertad in 2012, totalling approximately $27.7 million (an increase of $2.1 million from the initial amount budgeted). The majority of this capital cost will be expended on pre-stripping at the Santa Maria pit, enlarging existing pits to provide access to additional ore and completing a tailings pond expansion.

The 2012 budget for the development of the Jabali deposit has been reduced by $2.9 million to approximately $21 million. This budget will fund the construction of a private haul road for transporting the Jabali deposit ore to the Libertad mill, and for engineering, metallurgical and socio-economic programs.

At Jabali, the Company plans to expend $4.75 million (an increase of $0.75 million from the initial amount budgeted) to drill 9,280 metres in 2012 to complete infill drilling of the Jabali Antenna Zone and further explore deposits that are open to the east and west.

An additional $3.6 million has been budgeted in 2012 to fund further drilling to explore the 20 kilometre long Libertad gold belt.

LIMON MINE – NICARAGUA

	Three months ended June 30 (unaudited)		Six months ended June 30 (unaudited)	
	2012	**2011**	**2012**	**2011**
Gold revenue ($ in thousands)	17,275	18,916	37,105	34,389
Gold sold (ounces)	10,840	12,540	22,505	23,745
Average realized gold price ($/ ounce)	1,594	1,508	1,649	1,448
Tonnes of ore milled	96,932	94,094	193,019	182,265
Grade (grams/ tonne)	4.11	4.50	3.91	4.25
Recovery (%)	91.2	90.3	90.9	89.6
Gold production (ounces)	11,668	12,192	22,024	22,311
Cash operating costs ($/ ounce)	752	622	773	668
Total cash costs ($/ ounce)	843	710	871	755
Cash flows from Limon Mine operations (5)	7,958	10,175	17,676	16,725
Capital expenditures ($ in thousands)	3,621	7,052	11,442	11,412
Exploration ($ in thousands)	1,313	843	2,438	1,602

(5) Cash flows from Limon Mine operations is a non-GAAP measure calculated based on gold revenue less total cash operating costs.

Second quarter gold sales from the Limon Mine totalled 10,840 ounces (Q2 2011 – 12,540 ounces) at an average realized price of $1,594 per ounce (Q2 2011 - $1,508 per ounce), generating revenue of $17.3 million (Q2 2011 - $18.9 million).

In the second quarter of 2012, the Limon Mine processed 96,932 tonnes of ore at an average grade of 4.11 g/t at a processed gold recovery of 91.2% compared to budget of 101,240 tonnes at a grade of 4.18 g/t and a processed gold recovery of 90.6%. Operating cash cost in the quarter was $752 per ounce compared to budget of $711 per ounce. The unfavourable variance cost per ounce result was mostly due to lower throughput than planned, which was mainly the result of more mill downtime taken to replace one of the grinding mill motors during the period. Gold production was 11,668 ounces compared to budget of 12,341 ounces.

For the six months ended June 30, 2012, the Limon Mine generated gold revenue of $37.1 million from the sale of 22,505 ounces at an average price of $1,649 per ounce. Operating cash cost per ounce was $773 per ounce compared to budget of $755 per ounce and was higher than budget mainly due to the shortfall in ounces produced as a result of the excessive mill downtime in the second quarter mentioned above. Gold production was 22,024 ounces compared to budget of 22,579 ounces. Gold production is projected to improve in the second half of 2012 and is expected to meet full year guidance of 48,000 to 50,000 ounces of gold.

In the second quarter of 2012, capital expenditures totalled $3.6 million, mainly relating to the purchase of mine equipment ($1.1 million), improvements to the mill ($0.8 million), further development of the Santa Pancha underground mine ($0.7 million) and completion of the tailings pond expansion ($0.7 million). Year to date, capital expenditures total $11.4 million, primarily for the tailings pond expansion ($6.1 million), purchase of mine equipment ($2.6 million), improvements to the mill ($1.2 million), and Santa Pancha underground development work ($1.4 million).

In 2012, the Limon Mine is projected to generate approximately $40 million in cash from mine operations (based on a gold price of $1,550 per ounce).

The Company plans to undertake capital expenditures at the Limon Mine in 2012 totalling approximately $21.3 million (an increase of $2.3 million from the initial amount budgeted). The majority of this capital expenditure will fund the Santa Pancha underground mine development program, surface mine pre-stripping and tailings pond construction. The underground development work will access deeper ore at the Santa Pancha vein, which should add approximately three years of production. Capital expenditures for 2013 are expected to be lower as the tailings pond work in 2012 will add approximately 5 years to its storage capacity.

For the six months ended June 30, 2012, the Limon Mine incurred $2.3 million of reclamation costs related to backfilling of three pits where mining activities are complete. These costs were budgeted as part of mine restoration provisions.

The 2012 exploration budget at the Limon property totals $4.6 million, funding 14,000 metres of drilling to explore numerous open pit and underground targets on the property. The Company's exploration team believes there is potential to increase the current mine life of the Limon Mine and also discover higher grade open pit and underground deposits that could potentially increase annual gold production and reduce operating costs per ounce of gold.

GRAMALOTE PROPERTY – COLOMBIA

The Gramalote property is located 80 kilometre northeast of Medellin in central Colombia, with AngloGold Ashanti Limited ("AngloGold") as manager and has excellent access and infrastructure. The project is a 49%-51% B2Gold-AngloGold joint venture, and has a 2012 joint venture prefeasibility and exploration budget of $36.9 million (100%). This budget will fund 21,700 metres of diamond drilling for the exploration of additional targets on the property, and infill drilling. In addition, the budget will fund prefeasibility work including additional environmental studies, metallurgical test work and engineering. Each joint venture partner will fund their share of expenditures pro rata. A prefeasibility study is scheduled to be completed in the third quarter of 2012 and a final feasibility study is planned for the fourth quarter of 2013.

On April 24, 2012, the Company and AngloGold announced a new JORC and National Instrument 43-101 compliant mineral resource estimate for the Gramalote Central Zone and Trinidad (see "Investing activities, Gramalote development" section). Total measured and indicated resources at Gramalote Central at a 0.25 g/t gold cut-off, within a $1,600 per ounce gold optimised Whittle pit consists of 97.1 million tonnes grading 0.81 g/t gold for a total of 2.5 million troy ounces of gold. The Gramalote Central and Trinidad inferred resource is 95.7 million tonnes grading 0.44 g/t gold for a total of 1.36 million troy ounces of gold using similar parameters as the measured and indicated resource.

OTJIKOTO PROPERTY – NAMIBIA

The Otjikoto gold project is located 300 kilometre north of Namibia's capital city of Windhoek between the towns of Otjiwarongo and Otavi. The project benefits significantly from Namibia's well established infrastructure with paved highways, a railway, power grids, and process water all close by. Located in the western part of southern Africa, Namibia is one of the continent's most politically and socially stable jurisdictions.

The Otjikoto gold project has forecast average annual production of over 100,000 ounces of gold over a ten year life of mine based on a Preliminary Economic Assessment released by Auryx in September 2011.

On April 5, 2012, the Company announced an update of the Company's Mineral Resources as at December 31, 2011 for the Otjikoto project. Extensive work has been carried out to provide an updated mineral resource estimate. The Company contracted VBKom Consulting Engineers to constrain the new independent mineral resource block model using Whittle pit optimization software based on reasonable parameters for mining and processing provided by the Company. This mineral resource is constrained within an optimized pit shell based on an independent resource model completed in early 2012 under the guidance and supervision of the Company's personnel. The model is based on a total of 435 diamond drill holes (95,114 metres) and 400 reverse circulation holes (33,146 metres), of which 38,933 metres of drilling in 168 holes were drilled as part of an in-fill drilling program completed in 2010 and 2011.

This pit optimization has resulted in an updated indicated mineral resource of 24.93 million tonnes at a grade of 1.74 g/t gold containing 1,392,690 ounces of gold on a 100% basis using a cut-off grade of 0.4 g/t gold. When a cut-off grade of 0.5 g/t gold is used, the Otjikoto project has an updated indicated mineral resource of 21.37 million tonnes at a grade of 1.95 g/t gold containing 1,340,385 ounces of gold on a 100% basis within the optimized pit shell.

B2Gold, together with Auryx Namibia's experienced staff, is well placed to advance development at the Otjikoto gold project given B2Gold's strong funding capacity and a management team with significant mine development and operating experience.

An aggressive 2012 feasibility and development budget of $34.6 million has been approved to complete a feasibility study in the fourth quarter of 2012 and concurrently commence planning for mine construction at the Otjikoto project. Feasibility work will include additional metallurgical drilling and test work, power studies and geohydrology. Included in the budget are costs for site preparation work and construction of a camp at site. Based on current assumptions the Company expects to commence commercial production at Otjikoto in early 2015.

A further $8.9 million has been budgeted in 2012 for exploration of which $4.3 million relates to 16,150 metres of feasibility study drilling. Another 2,500 metres of drilling will be carried out to explore beyond the current resource at the Otjikoto Project. Regional exploration work will also be conducted on the surrounding area.

BELLAVISTA PROPERTY – COSTA RICA

The Company continues with site monitoring and maintenance to keep the Bellavista property in full regulatory compliance. Field programs during the second quarter of 2012 focused on the site monitoring plan, and the installation of new drainage channels in the pond area. Monitoring during the 2011 rainy season showed detectable movement in the slide area and some small landslide activity on the mine site. Monitoring frequency in the slide area was performed weekly through to the end of 2011 as a precautionary measure. An analysis of these data at year end showed that the movement is minimal and is not of concern. Life of mine monitoring to date has not detected any significant environmental issues and the main slide area remains stable. To improve site drainage, control channels were constructed around the base of the heap leach pad to assure that rain water would not cause saturation problems in the area of the existing ponds. These new structures performed very well during the recent rainy season. Several areas on the site outside of the main landslide area experienced some ground movement and these were repaired prior to the 2012 rainy season.

The Company has submitted a D1 Report to the National Technical Secretariat of the Environment ("SETENA") and this report was based on the Conceptual Study for the reopening of the mine. The D1 Report is a formal step to define the terms of reference for obtaining an Industrial Permit for the proposed tailing pond area and gold recovery plant. SETENA has rejected the D1 application, and the administrative appeal process of this decision has been completed with the rejection being upheld. The Company is now reviewing other alternatives to reopen the mine and other potential options for obtaining value from the property.

By Statement of Claim dated March 16, 2009, the Company has commenced a legal proceeding in Ontario (the "Engineering Action") against several engineering firms and certain individual engineers alleging that the

Defendants were negligent and breached their contractual obligations with respect to the siting, design, construction, assessment and monitoring of the Bellavista gold mine in Costa Rica, and that the mine was destroyed by a landslide as a result. As a result of the Defendants' alleged negligence and/or breach of contract, the Company claims damages. The Engineering Action is still at the pleadings stage. It is anticipated that preliminary motions will be brought by the Defendants to challenge the Ontario court's jurisdiction. The outcome of this claim is not determinable at this time and no accrual for a contingent gain has been made in the financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended the second quarter of 2012 with cash and cash equivalents of $77.3 million compared to cash and cash equivalents of $97.7 million at March 31, 2012 (and $78.9 million at June 30, 2011). Working capital at June 30, 2012 was $110.7 million compared to working capital of $118.2 million at March 31, 2012 (and $95.8 million at June 30, 2011). The decrease in cash and cash equivalents from the first quarter of 2012 was mainly due to resource property expenditures of $35.4 million (see "Investing activities" section), a change in working capital between the quarters of negative $11.3 million (current liabilities decreased by $8.1 million in the quarter), and an investment of approximately $5 million in Calibre, offsetting the cash generated from the Libertad and Limon Mines.

The Company has no debt and no gold hedging. The Company believes that it will be able to self-finance its planned capital and exploration expenditures for 2012 by using its mine operating cash flows and strong cash position. The Company also has $25 million available for draw down under the Credit Facility with Macquarie Bank Limited.

The Company is projecting another record year for gold production in 2012, with consolidated production from the Libertad and Limon Mines in Nicaragua estimated to total approximately 150,000 to 160,000 ounces of gold at a cash operating cost of approximately $590 to $625 per ounce. The mines are projecting a total of approximately $140 million in cash from mining operations based on a gold price of $1,550 per ounce.

Annual capital expenditures at the Libertad Mine and Limon Mine for 2012 are budgeted to be approximately $27.7 million and $21.3 million, respectively. The 2012 budget for the development of the Jabali deposit is approximately $21 million. In addition, the 2012 exploration budget for Libertad and Limon is $8.3 million and $4.6 million, respectively.

At the Otjikoto gold project, the Company has planned an aggressive 2012 feasibility and development budget of $34.6 million to complete a feasibility study in the fourth quarter of 2012 and concurrently commence planning for mine construction. A further $8.9 million has been budgeted in 2012 for exploration of which $4.3 million relates to feasibility study drilling. Expenditures are currently behind budget but are expected to be met by the end of the year.

The Gramalote project has a 2012 joint venture prefeasibility and exploration budget of $36.9 million (100%), of which the Company's 49% share is $18.1 million. AngloGold, the operator, expects to complete a prefeasibility in the third quarter of 2012 and a final feasibility study in the fourth quarter of 2013. Expenditures are currently behind budget but are expected to be met by the end of the year.

On the Cebollati property, the 2012 exploration program has a budget of $3.4 million which includes approximately 4,000 metres of drilling.

At the Radius joint venture, an exploration budget of $4.0 million is planned in 2012 to fund 5,000 metres of drilling on the Trebol, San Jose and Pavon targets located along the 6 km northeast trending belt of continuously mineralized volcanic rock.

Derivative financial instruments

Starting in the second quarter of 2012, the Company entered into foreign currency contracts to manage its foreign currency exposure of forecasted expenditures denominated in Namibian dollars relating to the development of its Otjikoto project. As the Namibian dollar is pegged to the South African rand, the Company enters into foreign currency contracts between the South African rand and the United States dollar due to their greater liquidity.

At June 30, 2012, forward currency contracts totalling $5 million at an average rate of 8.6122 rand were outstanding for the period from September 2012 to December 2012. In addition, zero-cost put/call collar contracts totalling $11 million were outstanding for the period from July 2012 to December 2012 with an average floor price of 8.3157 rand and an average ceiling price of 8.6114 rand.

These derivative instruments were not designated as hedges by the Company and are marked to their market values at the end of each reporting period. Adjustments to the market value are included in the statement of operations. For the three and six month periods ended June 30, 2012, the Company recorded an unrealized gain of $0.3 million. In addition, the Company incurred a realized derivative loss of $0.2 million with respect to its foreign currency contracts.

Operating activities

Cash flow from operating activities (before non-cash working capital changes) for the second quarter of 2012 was $27.8 million compared to $28.8 million in the comparable period last year.

Cash flow from operating activities (before non-cash working capital changes) for the six months ended June 30, 2012 was $54.9 million which was consistent with the comparable period last year of $53.6 million.

Financing activities

The Company received cash proceeds of $7.2 million during the six months ended June 30, 2012 from the exercise of stock options and warrants, of which $3.6 million was received in the second quarter of 2012 (mainly relating to the exercise of approximately 1.3 million warrants assumed from the Auryx acquisition which were exercisable at $2.17 per share and expiring on June 25, 2012).

On May 3, 2012, the Company issued approximately 0.8 million common shares upon the vesting and redemption of RSU for no additional consideration. The RSU were granted to senior management and some operational employees in lieu of a cash performance bonus based on 2011 performance.

The Company received cash proceeds of $5 million during the six months ended June 30, 2011 from the exercise of stock options and warrants, of which $4.1 million was received in the second quarter of 2011.

Investing activities

In the second quarter of 2012, capital expenditures on sustaining capital, pre-stripping and development at the Libertad Mine (see “Libertad Mine” section) and the Limon Mine (see “Limon Mine” section) totalled $10.3 million (Q2 2011 - $10.1 million) and $3.6 million (Q2 2011 - $7.1 million), respectively. Jabali development totalled $3.1 million in the quarter (Q2 2011 - $nil). In addition, resource property expenditures on exploration (including feasibility/development work at Otjikoto and Gramalote) totalled approximately $18.3 million (Q2 2011 - $9.3 million), as disclosed in the table below.

During the six months ended June 30, 2012, capital expenditures on sustaining capital, pre-stripping and development at the Libertad Mine (see “Libertad Mine” section) and the Limon Mine (see “Limon Mine” section) totalled $17.4 million (2011 - $17.9 million) and $11.4 million (2011 - $11.4 million), respectively. In addition, resource property expenditures on exploration (including prefeasibility work at Gramalote) totalled approximately $35.3 million (2011 - $16.6 million), expended as disclosed in the table below.

	Three months ended June 30 (unaudited)		Six months ended June 30 (unaudited)	
	2012	**2011**	**2012**	**2011**
	$ (000's)	**$ (000's)**	**$ (000's)**	**$ (000's)**
Otjikoto development	**5,131**	-	**12,243**	-
Gramalote development	**5,205**	2,824	**8,844**	6,201
Libertad Mine, exploration (includes Jabali)	**2,214**	2,803	**4,674**	4,048
Limon Mine, exploration	**1,313**	843	**2,438**	1,602
Calibre joint venture	**1,571**	329	**2,146**	697
Mocoa	**1,002**	125	**1,635**	173
Radius joint venture	**946**	1,034	**1,528**	1,439
Cebollati	**378**	1,389	**1,196**	2,240
Other	**498**	-	**641**	201
	18,258	9,347	**35,345**	16,601

Gramalote development

On April 24, 2012, the Company and AngloGold announced a new JORC and National Instrument 43-101 compliant mineral resource estimate for the Gramalote Central Zone and Trinidad. Total measured and indicated resources at Gramalote Central at a 0.25 g/t gold cut-off, within a $1,600 per ounce gold optimised Whittle pit consists of 97.1 million tonnes grading 0.81 g/t gold for a total of 2.5 million troy ounces of gold. The Gramalote Central and Trinidad inferred resource is 95.7 million tonnes grading 0.44 g/t gold for a total of 1.36 million troy ounces of gold using similar parameters as the measured and indicated resource.

The new Gramalote Central mineral resource estimate is supported by 41,732 metres of diamond drilling in 126 drill holes completed in 2007 to 2011 and 441 metres of sampling from an underground tunnel. A total of 7,019 metres of diamond drilling in 20 holes drilled by the Company in 2008 was used in the Trinidad resource calculation. Average drill hole spacing used in the resource was 25 metres x 25 metres for measured, 50 metres x 50 metres for indicated and 100 metres x 100 metres for inferred.

Prefeasibility and exploration work recommenced at the Gramalote Project in the second half of 2010 with exploration, infill drilling and metallurgical test sample drilling and preliminary engineering investigations. Highlights from the 2012 and 2011 prefeasibility and exploration work to date on the Gramalote property include positive metallurgical test results showing in excess of 90% recovery and encouraging drill results from Gramalote Central and outside targets indicating the potential for a larger resource. A total of $52 million (100% basis) has been spent and 41,795 metres of diamond drilling has been completed in 145 holes since AngloGold became operator in September 2010.

Exploration drilling has been carried out on six drill targets located within four kilometre of the current Gramalote Central mineral resource including Monjas West, Trinidad South, Monjas East, Limon, Topacio and La Maria with the aim to add new inferred resources. All of these targets have similar geological, alteration and mineralization characteristics to Gramalote Central. Since October 2010 a total of 19,142 metres in 55 drill holes have been completed on the six satellite targets. Results to date clearly indicate the upside potential for more gold mineralization on the large Gramalote property.

Positive gold intersections have been returned in Monjas West located two kilometres west southwest along strike of Gramalote Central resource. A total of 6,281.49 metres in 17 holes have been drilled at Monjas West with results up to 56.0 metres at 0.94 g/t gold (including 14.0 metres at 1.66 g/t gold and 12.0 metres at 1.45 g/t gold) in hole MW-05, 20.0 metres at 1.88 g/t gold in hole MW-03, 22.0 metres at 0.93 g/t gold in hole MW-04 and 12.0 metres at 1.75g/t gold in hole MW-09.

The Company and AngloGold are funding pro rata a 2012 joint venture prefeasibility and exploration budget of $36.9 million for the Gramalote property that includes 21,700 metres of diamond drilling for the exploration of additional targets on the property and infill and condemnation drilling. In addition, the budget will fund prefeasibility work including additional environmental studies, metallurgical test work and engineering. A prefeasibility study is scheduled to be completed in the third quarter of 2012 and a final feasibility study is planned for the fourth quarter of 2013.

Otjikoto development

The Company has a 2012 feasibility and development budget of $34.6 million to complete a feasibility study in the fourth quarter of 2012 and concurrently commence planning for mine construction at the Otjikoto project. Feasibility work will include additional metallurgical drilling and test work, power studies, geohydrology, mine planning, engineering design, cost estimating and environmental and social studies. Included in the budget are costs for site preparation work and construction of a camp at site. The budget also contains $5.0 million for cash deposits associated with orders for long lead time items with a goal of commencing mining operations early in 2015. A further $8.9 million has been budgeted in 2012 for exploration, of which $4.3 million relates to 16,150 metres of feasibility study drilling. Another 2,500 metres of drilling will be carried out to explore beyond the current resource at the Otjikoto project.

During the six months ended June 30, 2012, the Company incurred approximately $12.2 million on the Otjikoto project which included $4.8 million for exploration activities and $3.9 million relating to Auryx’s purchase of the farms Felsenquelle and Otjikoto (the “Farms”). On March 10, 2011, Auryx, through one of its subsidiaries, purchased the Farms, on which certain of its exploration licenses are located, for Namibian $59.2 million. Half of the purchase price had been paid on transfer. The remaining balance of approximately $3.9 million was paid on March 9, 2012.

In the second quarter of 2012, feasibility studies continued and trade-off studies necessary to define the mining process were completed and work ongoing included condemnation drilling, feasibility metallurgical testwork, and geohydrological studies. An Environmental and Social Impact Assessment compliant with Namibian guidelines will be submitted in the third quarter of 2012.

Costs incurred in the second quarter of 2012 were well below the projected budget due to changes in consultants completing the feasibility and design work, and delays in capital expenditures. It is anticipated that all of these costs will be incurred in the second half of 2012 and that the project will remain on track and on budget.

Developmental construction activities expected to be completed in 2012 include the relocation of a district road (a permit application has been submitted and approval is pending), clearing and grubbing of the mill site, construction of site security fencing and initial construction in the camp area. The Company is currently working with NamPower to commence studies for delivering power to the site and is also reviewing the option of self-power generation.

Calibre Joint Venture

On May 2, 2012, the Company acquired 20 million units (the “Units”) of Calibre at a price of Cdn.$0.25 per Unit for a total investment of Cdn.$5 million pursuant to a subscription agreement between the parties. Each Unit is comprised of one common share of Calibre and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of Calibre at a price of Cdn.$0.50 per share for a period of twelve months from the date of issuance. Upon completion of this acquisition, the Company owned 20 million common shares, representing approximately 10.6% of the issued and outstanding common shares of Calibre.

On June 28, 2012, the Company and Calibre announced final phase I drill results at the Primavera Gold and Copper Porphyry joint venture project in Nicaragua. A 10,000 metre phase II drilling program at Primavera began in mid-June. Commensurate with the drilling, an aggressive exploration effort including a Lidar topographic survey, air-mag, and IP as well as regional soil sampling is in progress.

Final results from the remaining three drill holes from the phase I drilling program include 159.53 metres of 0.46 g/t gold and 0.2 % copper (PR-12-011), 97 metres of 0.34 g/t gold and 0.16 % copper (PR-12-012), and 22.5 metres of 0.44 g/t gold and 0.21 % copper (PR-12-013). All three drill holes lie along the eastern side of the Primavera porphyry deposit and northwest of the vein cut in drill hole PR-12-010.

Assay results from the initial diamond drilling program of 667.85m (3 drill holes) in December 2011 have confirmed the presence of wide spread gold-copper values similar to those previously reported from surface trenching. Drill hole PR-11-001 returned 103 metres of 0.85 g/t gold and 0.324% copper starting from the surface. Drill hole PR-11-002 collared from the same platform but oriented 75 degrees from PR-11-001 contained 0.78 g/t gold and 0.297 % copper over 261.7 metres from 1.5 metres down hole depth. PR-11-002 includes 134.5 metres of 1.01 g/t gold and 0.356 % copper starting at 74.5 metres. Drill hole PR-11-003 was collared over 200 metres to the SE and intersected 77.35 metres of 0.74 g/t gold and 0.311 % copper. Mineralization in holes PR-11-002 and PR-11-003 remained open at depth. All three drill holes intersected continuously mineralized intervals of stockwork and vein mineralization characteristic of other well-known gold-copper porphyry systems. Mineralization is associated with quartz, magnetite, chalcopyrite and bornite bearing stockwork and veining within potassically altered intermediate volcanic and intrusive rocks.

The ongoing regional soil sampling and mapping program on the Primavera claims has generated additional targets that will require more detailed work as the exploration effort continues. Numerous occurrences of skarn and hornfels alteration and gold-copper mineralization associated with intermediate intrusive rocks indicate potential for other porphyry targets exists elsewhere on the property. Trenching will follow up in these areas. The largest of these occurrences found to date lies immediately adjacent and to the west of the Primavera zone itself at Copper Hill and is comprised of an andesitic volcanic sequence intercalated with strongly altered (hornfelsed) sediments cut by copper-gold bearing quartz veins. The copper-gold anomaly that includes both Primavera and Copper Hill covers an area over 900 metres long and 600 metres wide. The Copper Hill Zone lies within the Primavera hanging wall along a north-north-east trending fault intersected in the phase I drilling program. None of the drilling to date has tested this hanging wall for the faulted portion of the porphyry mineralization.

Phase II drilling will concentrate on expansion of the main Primavera zone, additional drilling along the northeast trending vein zone to the south of Primavera, and test for the offset porphyry mineralization at Copper Hill and the intervening covered area in-between Primavera and Copper Hill itself. Also several drill holes will be located peripheral to the main porphyry discovery where anomalous soil samples were not investigated in the first phase of drilling.

Several drill holes have been located to test the extent and continuity of the vein style mineralization cut in hole PR-12-010 south of Primavera. The vein itself is approximately 13 metres wide (apparent width) and contained abundant chalcopyrite and other base metal mineralization. The soil and rock chip anomaly associated with the vein zone extends for just over 900 metres.

The excellent infrastructure at Primavera allows for easy access to the main Primavera Zone which will be drilled using a track mounted CS-1000 to allow for deep drilling. Some of the peripheral targets will be drilled using a man-portable machine. The drilling is expected to take two to three months to complete in the area of Primavera itself while the geophysical surveys and sampling program will soon be finished. In all likelihood the drilling program will include some additional targets that have begun to emerge from the regional exploration effort.

Radius Joint Venture

On April 9, 2012, the Company and Radius Gold Inc. (“Radius”), announced that the two companies had entered into a binding letter agreement pursuant to which the Company agreed, among other things, to acquire a 100% interest in the Trebol and El Pavon gold properties in Nicaragua in consideration of Cdn.$20 million, payable in approximately 4.8 million common shares of B2Gold (at a price per share of Cdn.$4.15 based on the volume weighted average price of B2Gold’s common shares on the Toronto Stock Exchange for the ten trading days immediately preceding the date of the letter agreement). In addition, the Company has agreed to make contingent payments to Radius of $10 per ounce of gold on 40% of any proven and probable mineral reserves in excess of 500,000 ounces (on a 100% basis) on the Trebol property. Based on a previous joint venture agreement with Radius, the Company had earned a 60% interest in the Trebol and Pavon properties by expending a total of $4 million on exploration, resulting in a 60% - 40% B2Gold – Radius joint venture. The parties entered into a definitive share purchase agreement dated July 24, 2012 and completed the transaction August 8, 2012.

In connection with the transaction, the Company and Radius terminated all other aspects of the existing option and joint venture arrangements entered into between the parties in December 2009 in respect of the Trebol, El Pavon and San Pedro exploration properties.

The Company and Radius have also entered into a joint venture agreement on 60% - 40% basis with respect to each of the San Jose and La Magnolia properties in Nicaragua and continue jointly exploring the properties with the Company and Radius contributing 60% and 40% respectively, of the exploration expenditures of each joint venture.

The 2012 exploration program budget is to fund 5,000 metres of drilling on the Trebol, San Jose and Pavon targets located along the 6 kilometre northeast trending belt of continuously mineralized volcanic rock.

Cebollati

On September 16, 2011, the Company announced additional drilling results from the first exploration drill program at its newly discovered Cebollati gold project in Uruguay. The Company is earning an 80% interest in the property.

Twenty-eight holes totalling 4,036 metres have been completed to September 16, 2011 with new holes following up on the initial drill holes on the property (see B2Gold press release dated June 7, 2011) which confirmed the presence of significant gold bearing replacement style mineralization within multiple zones. Highlights of the new drilling include:

- UC11-019 with 11.15 metres grading 11.59 g/t gold within a broader 23.85 metres interval of mineralization grading 5.69 g/t
- UC11-022 with 7.55 metres grading 5.67 g/t gold; and
- UC11-021 with 16.25 metres grading 1.74 g/t gold

Drilling in 2011 was concentrated in two areas, Southern and Windmill, with the aim to help in defining the geometry of the previously identified zones and test for multiple zones within the target areas. Tighter spaced drilling confirms the existence of zones of continuous, shallow, mineralization within both the Windmill and Southern zones, which are open along strike and to depth. In conjunction with the trenching each of these zones extends for in excess of 400 metres within a mineralized system which has been defined over greater than 2.2 kilometres in strike length (see B2Gold press release dated November 15, 2010).

Fifteen holes totalling 2,132 metres have been drilled to date in the Southern zone with the majority of the holes testing the eastern limb of a broad antiformal structure close to the main fold hinge zone within the deformed marble sequence. Broad zones of alteration and mineralization have been intersected within the Southern zone with several shallow easterly dipping high grade shoots now identified, as typified by holes UC11-019 and UC11-022, which intersected 11.15 metres grading 11.59 g/t gold (6.17 g/t gold with assays capped at 25 g/t gold) and 7.55 metres grading 5.67 g/t gold (4.66 g/t gold with assays capped at 25 g/t gold) respectively. These higher grade shoots have been traced for approximately 75 metres down dip, remain open to the north and south but appear to pinch out to the east. In addition to these holes a single hole, UC11-029, tested the western limb of the antiform and intersected narrow, potentially stacked, horizons of replacement mineralization, with the central horizon returning 3.30 metres grading 3.76 g/t gold. Additional holes will follow up on this new area of mineralization at a later date.

The 2012 exploration program for the Cebollati project has a budget of $3.4 million which includes approximately 4,000 metres of drilling. The drilling program will continue on the Southern and Windmill zones following the successful 2011 exploration drilling program that confirmed the presence of significant gold bearing replacement style mineralization within multiple zones. In addition, the 2012 exploration will continue on regional evaluation and project generation work.

CRITICAL ACCOUNTING ESTIMATES

Full disclosure of the Company's accounting policies in accordance with IFRS can be found in Notes 2 and 3 of its audited consolidated financial statements as at December 31, 2011. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of the Company's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

- Ore reserve and resource estimates;
- Exploration and evaluation expenditures;
- Mine restoration provisions; and
- Deferred income taxes.

Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and a mineral resource based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact the carrying value of mining interests, mine restoration provisions, recognition of deferred tax assets, and depreciation and amortization charges.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The Company's cost deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available.

Mine restoration provisions

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Significant judgments and estimates are made when estimating the nature and costs associated with mine restoration provisions. Due to the nature of mine closure plans, cash expenditures are expected to occur over a significant period of time with the majority of the expenditures expected to occur in the years from 2018 to 2023. When considering the effect of the extended time period over which costs are expected to be incurred, combined with the estimated discount rate and inflation factors, the fair value of the mine restoration provisions could materially change from period to period due to changes in the underlying assumptions.

Deferred income taxes

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur.

Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, market gold prices, production costs, quantities of proven and probable gold reserves, interest rates and foreign currency exchange rates.

RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of International Financial Reporting Standards ("IFRS")

Effective January 1, 2011, the Company prepares its financial statements in accordance with IFRS. This MD&A should be read in conjunction with Note 19 "Transition to International Financial Standards" of the Company's audited consolidated financial statements for the year ended December 31, 2011.

Financial Instruments: Classification and Measurement – IFRS 9

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and de-recognition of financial instruments. This standard is effective for years beginning on or after January 1, 2015. The extent of the impact of adoption of IFRS 9 has not yet been determined.

Joint Arrangements – IFRS 11

This standard replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations (the Company presently does not have any joint operations) or joint ventures. Joint venture entities are now accounted for using the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 and IAS 36 "Impairment of Assets".

Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 11 to have a material impact on the consolidated financial statements.

Disclosure of Interests in Other Entities – IFRS 12

This IFRS shall be applied by companies with an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. The application of this standard intends to enable users of the financial statements to evaluate the nature of and risks associated with its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. Companies will be required to disclose information about significant judgments and assumptions made in determining the control of another entity, the joint control of an arrangement or significant influence over another entity and the type of joint arrangement when the arrangement has been structured through a separate vehicle. This standard is effective for years beginning on or after January 1, 2013. The Company does not expect IFRS 12 to have a material impact on the consolidated financial statements.

Fair value measurement – IFRS 13

This IFRS aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. This standard is effective for years beginning on or after January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

Stripping Costs in the Production Phase of a Surface Mine – IFRIC 20

This interpretation applies to waste removal costs that are incurred in open pit mining activity during the production phase of the mine. Recognition of a stripping activity asset requires the asset to be related to an identifiable component of the ore body. Stripping costs that relate to inventory produced should be accounted for as a current production cost in accordance with IAS 2, "Inventories". Stripping costs that generate a benefit of improved access and meet the definition of an asset should be accounted for as an addition to an existing asset. Existing stripping costs on the balance sheet at transition that do not relate to a specific ore body should be written off to opening retained earnings. The stripping activity asset shall be depreciated on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. This interpretation is effective for years beginning on or after January 1, 2013. The Company does not expect IFRIC 20 to have a material impact on the consolidated financial statements as the Company currently applies comparable principles to those found in this interpretation.

RISKS AND UNCERTAINTIES

The exploration and development of natural resources are highly speculative in nature and are subject to significant risks. The risk factors noted below do not necessarily comprise all those faced by the Company. The Company is faced with a number of other risk factors, including these described under the "Risk Factors" section in its Annual Information Form for the year ended December 31, 2011, available under the Company's profile on SEDAR at www.sedar.com. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, operations and future prospects of the Company. If any of the following risks actually occur, the business of the Company may be harmed and its financial condition and results of operations may suffer significantly.

Exploration, Development and Operating Risks

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

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines and no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining program. The economics of developing gold and other mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

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

Foreign Countries and Mining Risks

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

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

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

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

Property Interests

The ability of the Company to carry out successful mineral exploration and development activities and mining operations will depend on a number of factors. No guarantee can be given that the Company will be in a position to comply with all conditions and obligations, or to require third parties to comply with their obligations with respect to such properties. Furthermore, while it is common practice that permits and licenses may be renewed, extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal, extension or a transfer will be granted to the Company or, if they are granted, that the Company will be in a position to comply with all conditions that are imposed. A number of the Company's interests are the subject of pending applications to register assignments, extend the term, increase the area or to convert licenses to concession contracts and there is no assurance that such applications will be approved as submitted.

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

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

Commodity Prices

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

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

Credit risk

As at June 30, 2012, $17.7 million of the Company’s value-added and other tax receivables were due from the Nicaraguan tax authority. Nicaraguan tax regulations allow taxpayers to: (a) request that refundable tax credits be used to offset other tax obligations or (b) request a cash refund. The regulations provide a specific process for obtaining approval, including required documentation and other information that needs to be reviewed by the Nicaraguan tax administration. However, the regulations do not provide a specific time frame for the tax administration to complete their approval process. The Company is following the process to request authorization to use excess tax credits to offset other tax obligations. The Company has successfully obtained such type of approvals in the past and the tax administration is currently processing approvals related to outstanding credits of the Company. However, in 2011, the approval process by the tax administration has become less efficient as a result of changes in key personnel (at the tax administration) along with a series of new policies to scrutinize requests for refunds and other mechanisms for compensation of excess credits, delaying the process for the Company to use its tax credits to offset other tax obligations.

Currency Risks

The Company’s operations in foreign countries are subject to currency fluctuations and such fluctuations may materially affect the Company’s financial position and results. The Company reports its financial results in United States dollars and incurs expenses in United States dollars, Canadian dollars, Namibian dollars, Nicaraguan córdobas, and Colombian pesos. As the exchange rates between the Namibian dollar, Nicaraguan córdoba, Colombian peso and Canadian dollar fluctuate against the United States dollar, the Company will experience foreign exchange gains and losses. The exchange rate between the córdoba and the United States dollar varies according to a pattern set by the Nicaraguan Central Bank. The córdoba has been annually devalued versus the United States dollar by means of a crawling peg mechanism which currently stands at approximately 5%.

Environmental Compliance

The Company’s operations are subject to local laws and regulations regarding environmental matters, the abstraction of water, and the discharge of mining wastes and materials. Any changes in these laws could affect the Company’s operations and economics. Environmental laws and regulations change frequently, and the implementation of new, or the modification of existing, laws or regulations could harm the Company. The Company cannot predict how agencies or courts in foreign countries will interpret existing laws and regulations or the effect that these adoptions and interpretations may have on the Company’s business or financial condition.

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

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

INTERNAL CONTROLS

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. As a result, even those systems determined to be effective can only provide reasonable assurance regarding the preparation and presentation of the Company's financial statements. There have been no changes in the Company's internal control over financial reporting in the second quarter of 2012 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

NON-IFRS MEASURES

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

	Three months ended June 30		**Six months ended June 30**	
	2012	**2011**	**2012**	**2011**
	$ (000's)	**$ (000's)**	**$ (000's)**	**$ (000's)**
Production costs per consolidated financial statements	**20,751**	18,188	**43,087**	38,728
Royalties and production taxes	**666**	2,881	**3,881**	5,620
Inventory sales adjustment	**719**	461	**(1,295)**	(1,633)
	22,136	21,530	**45,673**	42,715
Gold production (in ounces)	**36,803**	36,760	**71,405**	71,493
Total cash costs per ounce of gold production ($/ounce)	**601**	586	**640**	597

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

SUMMARY OF UNAUDITED QUARTERLY RESULTS

	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Gold revenue ($ in thousands)	57,330	63,873	66,894	50,459	54,498	53,501	47,013	40,191
Gold sold (ounces)	35,860	37,853	39,557	29,672	36,030	38,754	34,039	32,300
Average realized gold price ($/ ounce)	1,599	1,687	1,691	1,701	1,513	1,381	1,381	1,244
Gold produced (ounces)	36,803	34,602	38,808	34,303	36,760	34,733	36,824	30,675
Cash operating costs ($/ ounce gold)	583	587	542	529	507	531	535	517
Total cash costs ($/ ounce gold)	601	680	632	620	586	610	609	581
Net income for the period (6) ($ in thousands)	11,937	14,546	20,837	9,036	15,016	11,411	4,337	28,056
Earnings (loss) per share (6) – basic ($)	0.03	0.04	0.06	0.03	0.05	0.03	0.01	0.09
Earnings (loss) per share (6) – diluted ($)	0.03	0.04	0.06	0.03	0.05	0.03	0.01	0.09
Cash flows from operating activities ($ in thousands) – before changes in non-cash working capital	27,791	27,066	35,361	19,971	28,833	24,765	22,033	13,545

(6) Attributable to the shareholders of the Company.

OUTLOOK

B2Gold continued to deliver solid operating and financial results in the second quarter of 2012 and is on track to replicate our operational success from 2011. We will continue to optimize gold production at the two mines, advance the development of the Jabali, Otjikoto and Gramalote development projects, further explore around the mines and our other numerous exploration projects, pursue accretive acquisitions and maintain a strong cash position.

Operations

Our highly experienced operations team continues to excel with outstanding performance at the Libertad and Limon mines, excellent work on feasibility and development projects, and playing a critical role in the evaluation of acquisition targets.

Operating performance continued to improve at both mines with gold recoveries at La Libertad and Limon averaging over 91% in the second quarter exceeding budget. La Libertad achieved record throughput in the second quarter, averaging 5,563 tonnes per day exceeding budget of 5,491 tonnes per day.

B2Gold is projecting another record year for gold production in 2012, with consolidated production from La Libertad and Limon Mines estimated to total approximately 150,000 to 160,000 ounces of gold at a cash operating cost of approximately $590 to $625 per ounce. The Company has no debt and no gold hedging. Average operating cash costs have been budgeted to be approximately 10% higher in 2012 compared to 2011 mainly due to a short term higher strip ratio at La Libertad and higher consumables and power costs.

Cash operating costs are expected to improve and production to increase in 2013 over 2012 due to the processing of higher grade ore from the Jabali deposit through La Libertad mill. The Company is projecting gold production to increase to approximately 185,000 ounces in 2013 and 200,000 ounces in 2014.

La Libertad Mine, Nicaragua

The Libertad Mine continued to perform well in the second quarter of 2012 producing 25,135 ounces of gold at an operating cash cost of $505 per ounce. Production was within guidance and cash operating costs were $53 below budget.

Gold production from Libertad to date in the third quarter 2012 continues to improve with record gold production in the month of July and is expected to increase quarter over quarter in 2012 as higher grade ore from the new Santa Maria pit enters the mine plan as well as the resumption of mining higher grade material from the Jabali deposit in the fourth quarter.

In 2012 the Company is projecting production from La Libertad to increase each quarter and total between 102,000 and 110,000 ounces of gold for the year with operating cash costs of between $550 to $575 per ounce.

Based on the successful 2011 exploration and infill drilling programs on the Jabali zones 12 km east of La Libertad mill on La Libertad property, the Company reported, in April 2012, an increase in mineral resources at La Libertad for the Jabali deposit with significantly higher gold grade than is currently being mined and processed at La Libertad.

The discovery of the higher grade Jabali zones is a great example of the value that effective exploration can create. These higher grade zones located a short truck haul from La Libertad mill will allow us to increase the grade of the mill feed thereby providing significantly more gold annually from the same tonnage of ore. With the commencement of hard rock mining at Jabali in late 2012, subject to a final mine plan and permit, we are projecting La Libertad annual gold production to increase to 135,000 ounces in 2013 and increase further in future years.

The Jabali zones remain open to the east and west and further drilling is underway on these and other targets on La Libertad property.

Limon Mine, Nicaragua

The Limon Mine is projected to produce approximately 48,000 to 50,000 ounces of gold in 2012, an increase from 2011 production of 45,037 ounces of gold. Operating cash costs for 2012 are projected at approximately $700 to $725 per ounce of gold. Similarly to La Libertad we are projecting increased gold production on a quarterly basis throughout the year at the Limon Mine.

Exploration continues at El Limon with two drill rigs exploring both near surface and underground targets with the goal of increasing the five year mine life and testing higher grade targets.

Health, Safety, Environmental and Corporate Social Responsibility

In 2012 B2Gold will continue our strong commitment to maintain our high standards of health, safety, environment and corporate social responsibilities. We continue to invest in the communities where we operate with more than $4 million spent on social programs at La Libertad and the Limon communities in 2011. These monies were focused on issues related to public health, education, and development of small business. In 2012, B2Gold has budgeted $8.6 million for support and administration of the Company's Corporate Social Responsibility Program. This program is implemented in the communities where we work, and at the national level.

B2Gold manages social responsibilities in the communities where we work through establishment of transparent foundations that include stakeholder participation as a key to developing sustainable projects. Our foundations focus on public health and welfare, education, development of small to medium enterprises and critical areas identified by key members of the local communities.

Development Projects

Otjikoto Project, Namibia

Late in 2011, the Company completed the acquisition of a 92% interest in the Otjikoto project in Namibia, by completing a business combination with Auryx Gold whereby we acquired all of their shares in exchange for B2Gold shares.

B2Gold is conducting an aggressive 2012 feasibility, development and exploration program of $43.5 million to further drill test the exploration potential of the Otjikoto gold property, complete a feasibility study in the fourth quarter of 2012 and concurrently commence planning for mine construction at the Otjikoto gold project. Based on current projections the Company expects to commence construction in early 2013 and commercial production at Otjikoto in early 2015 with average annual gold production in excess of 100,000 ounces of gold over a ten year mine life based on a Preliminary Economic Assessment released by Auryx Gold Corp. in September 2011.

B2Gold Namibia's experienced staff, is well placed to advance development at the Otjikoto gold project given B2Gold's existing cash position, cash from operations and strong financing capability and a management team with significant mine development and operating experience.

Our exploration team believes there is also the significant potential to increase current gold resources on the property. Exploration drilling has recently commenced on the Otjikoto property. We view this as a highly accretive acquisition based on the resources outlined on the project to date.

Gramalote Property, Colombia (B2Gold 49% / AngloGold Ashanti 51%)

The companies are funding an exploration, feasibility and development budget totaling $36.9 million for 2012 on a pro rata basis. A prefeasibility study is scheduled to be completed in the third quarter of 2012 and a final feasibility study is scheduled to be completed in the fourth quarter of 2013.

The Company believes the Gramalote project has the potential to become a large scale open pit gold mine with production projected to commence in 2016 (subject to completion of a feasibility study and financing).

Other Exploration

In addition to the exploration programs mentioned above, the Company is undertaking further exploration programs on the Trebol and El Pavon properties, the San Jose and La Magnolia joint venture properties with Radius Gold and the Primavera joint venture property with Calibre Mining in Nicaragua and the Cebollati property in Uruguay.

B2Gold benefits from a highly experienced and successful exploration team. They continue to succeed in exploration around our mines and generate and explore numerous high quality exploration projects. The Company will continue to fund and support exploration based on the teams proven track record and our strategic belief that exploration success can lead to dramatic cost effective growth.

In total, B2Gold's combined 2012 exploration budgets is approximately $36.1 million used to fund approximately 69,000 metres of drilling. Further exploration results will be released as they become available.

Financial

Our strong operational performance and solid gold prices enabled B2Gold to finish the second quarter of 2012 with approximately $77 million in cash and cash equivalents. The Company has no debt and no gold hedging.

Cash from mining operations for the six months to June 30, 2012 was $74.2 million, exceeding first half 2012 guidance by $3.2 million and will continue to improve (at current market prices) in subsequent quarters as production increases. Looking forward, it is expected that cash from mining operations for 2012 will exceed original projections of approximately $140 million (using a $1,550 per ounce gold price). Based on current projections, this strong financial position, will allow the Company to continue to advance its development and exploration projects and fund all capital requirements in 2012, while retaining a strong cash balance.

Conclusion

In conclusion, given our proven technical team, strong operational and financial performance, financing capability and high quality development and exploration projects, B2Gold is well positioned to continue our growth as an intermediate gold producer from existing projects. Based on current assumptions the Company is projecting gold production to grow to over 450,000 ounces per year in 2016. In addition, the Company will continue our successful strategy of growth through accretive acquisitions and exploration success.

OUTSTANDING SHARE DATA

At August 13, 2012 there were 387,847,463 common shares outstanding. In addition, there were 22.5 million stock options outstanding with exercise prices ranging between Cdn.$0.80 to Cdn.$4.00 per share, 0.5 million share purchase warrants with an exercise price of Cdn.$4.34 per share, and 1.6 million RSU. More information is disclosed in Note 6 of the Company's June 30, 2012 unaudited interim consolidated financial statements.

CAUTION ON FORWARD-LOOKING INFORMATION

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

Additional information on the Company, including its Annual Information Form is available under the Company's profile on SEDAR at www.sedar.com.