B2GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the quarters ended September 30, 2010 and 2009
(All tabular amounts are expressed in United States dollars, unless otherwise stated)

This Management's Discussion and Analysis has been prepared as at November 10, 2010 and contains certain "Forward-Looking Statements" within the meaning of the Canadian Securities laws. All statements, other than statements of historical fact, included herein, including without limitation statements regarding potential mineralization, exploration results and future plans and objectives of B2Gold Corp. (the "Company" or "B2Gold") are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

The following discussion of the operating results and financial position of the Company should be read in conjunction with the unaudited interim consolidated financial statements and the notes thereto of the Company for the nine months ended September 30, 2010 and the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2009. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all amounts are expressed in United States dollars, unless otherwise stated.

OVERVIEW

B2Gold Corp. ("B2Gold" or the "Company") is a Vancouver-based gold producer with mining operations in Nicaragua and a portfolio of development and exploration assets in Colombia, Nicaragua and Uruguay. Currently, the Company is operating the La Libertad Mine (formerly the "Orosi Mine") and the Limon Mine in Nicaragua. The Company owns or has a material interest in the Gramalote and Mocoa properties in Colombia, and the Bellavista property in Costa Rica. On July 22, 2010, the Company announced that it had reached an agreement with Kinross Gold Corporation ("Kinross") to sell its right to acquire an interest in the Kupol East and West Licenses (see "Sale of Interest in Kupol East and West Licenses" section).

On March 26, 2009, B2Gold completed a business combination with Central Sun Mining Inc. ("Central Sun") in which B2Gold acquired all of the outstanding common shares of Central Sun. As a result of this transaction, B2Gold acquired the La Libertad Mine (100%) and the Limon Mine (95%). In addition, the Company acquired Central Sun's interests in additional mineral properties including, in Costa Rica, the 100% owned Bellavista property. Prior to the acquisition of Central Sun, the Company had no source of operating revenue.

RESULTS OF OPERATIONS

Third quarter 2010 and 2009

The Company reported record earnings of $32 million ($0.10 per share) on revenue of $40.2 million for the third quarter of 2010 compared to a loss of $2 million (negative $0.01 per share) on revenue of $9.2 million in the equivalent period of 2009. Third quarter 2010 results included a gain of $24.1 million from the sale of the Company's interest in the Kupol East and West licenses (see "Sale of Interest in Kupol East and West Licenses" section). Operating cash flow for the third quarter of 2010 was $14.5 million or $0.05 per share.

Consolidated gold revenue increased by approximately 435% in the third quarter of 2010 compared to the same period in 2009 and was 173% higher than the second quarter of 2010, reflecting the strong performance of the La Libertad Mine and higher realized gold prices. The average realized gold price in the third quarter of 2010 was $1,244 per ounce, a 28% increase over $972 per ounce received in the comparable period in 2009. The La Libertad Mine achieved commercial production on February 1, 2010 and production continues to ramp up with the completion of the second ball mill installation in the second quarter of 2010. All gold revenue in 2009 was attributable to the Limon Mine. Prior to the acquisition of Central Sun on March 26, 2009, the Company had no source of operating revenue and its principal activity consisted of exploration in Colombia and Russia.

Consolidated gold production for the third quarter of 2010 totalled 30,675 ounces at an operating cash cost of $517 per ounce compared to 10,203 ounces being produced in the corresponding period of 2009 at an operating cash cost of $647 per ounce. Cash costs are expected to progressively decrease as the strip ratio at the La Libertad Mine decreases and production of fresh ore increases combined with higher throughput with the completion of the second ball mill installation.

During the third quarter of 2010, the Company repaid the entire balance owing under its revolving Credit Facility with Macquarie Bank Limited ("Macquarie") with a $20 million principal repayment on August 30, 2010. As a result, the entire $25 million Credit Facility is now available for draw down.

Summary of Unaudited Quarterly Results:

	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Gold sales (ounces)	32,300	19,319	15,447	3,211	9,508	8,513	-	-
Average realized gold price ($/ ounce)	1,244	1,204	1,104	1,104	972	922	-	-
Gold produced (ounces)	30,675	24,924	16,265	3,577	10,203	6,832	-	-
Cash operating costs ($/ ounce gold)	517	648	772	1,115	647	858	-	-
Total cash costs ($/ ounce gold)	581	709	831	1,193	699	923	-	-
Gold revenue ($ in thousands)	40,191	23,266	17,051	3,544	9,243	7,851	-	-
Net income (loss) & comprehensive income (loss) for the period ($ in thousands)	32,004	(4,166)	(4,588)	(17,254)	(1,964)	(2,843)	(5,727)	(14,987)
Earnings (loss) per share – basic and diluted ($)	0.10	(0.01)	(0.02)	(0.06)	(0.01)	(0.01)	(0.04)	(0.10)

First nine months 2010 and 2009

For the first nine months of 2010, consolidated gold revenue was $80.5 million compared to $17.1 million in the same period in 2009, an increase of over 470%. The increase was mainly attributable to production from the La Libertad Mine which commenced commercial production on February 1, 2010 and to the benefit of including a full nine months of production from the Limon Mine which was acquired from Central Sun near the end of the first quarter of 2009. Also contributing to higher gold revenue was the increase in the average gold price received to $1,200 per ounce compared to $949 per ounce in 2009.

Consolidated gold production for the nine months ended September 30, 2010 totalled 71,864 ounces at an operating cash cost of $620 per ounce compared to 17,035 ounces being produced in the corresponding period of 2009 at an operating cash cost of $732 per ounce. Cash costs are expected to progressively decrease quarter over quarter throughout 2010 as the strip ratio at the La Libertad Mine decreases and production of fresh ore increases combined with higher throughput with the completion of the second ball mill.

For the nine months ended September 30, 2010, the Company reported net income of $23.3 million ($0.08 per share) on revenue of $80.5 million compared to a loss of $10.5 million (negative $0.05 per share) on revenue of

$17.1 million in the equivalent period of 2009. The 2010 results included a gain of $24.1 million from the sale of the Company's interest in the Kupol East and West licenses.

LA LIBERTAD MINE (formerly the "Orosi Mine") - NICARAGUA

The La Libertad Mine achieved commercial production on February 1, 2010. The La Libertad Mine was under construction in 2009, being converted from an open pit heap leach gold mine to a conventional milling operation.

	Three months ended September 30		**Nine months ended September 30**	
	2010	**2009**	**2010**	**2009**
Gold revenue ($ in thousands)	25,572	-	45,126	-
Gold sold (ounces)	20,581	-	37,244	-
Average realized gold price ($/ ounce)	1,242	-	1,212	-
Tonnes milled	436,482	-	1,026,549	-
Grade (grams/ tonne)	1.66	-	1.49	-
Recovery (%)	87	-	85	-
Gold production (ounces)	20,234	-	41,790	-
Cash operating costs ($/ ounce gold)	419	-	563	-
Total cash costs ($/ ounce gold)	478	-	620	-

The La Libertad Mine commenced commercial production on February 1, 2010 less than two months after the mill facilities commenced processing ore. The commissioning of the second ball mill and related process infrastructure was completed in the second quarter. In the third quarter of 2010, the La Libertad Mine continued to implement plant improvements such as process automation, and minor equipment installation such as a new belt scale and carbon scale.

In July, La Libertad experienced an interruption in process for four days caused by artisanal miners. This situation has been resolved and management continues to work proactively with this group.

Commissioning of the second ball mill has taken longer than anticipated as certain repairs and fine tuning were performed during the quarter. The plant is now functioning normally and the Company's engineers are confident that the issues have been resolved. In spite of this, total gold production from the second half of 2010 is expected to be close to guidance that was provided in August. Process plant management and operators have worked diligently on improving the mill efficiency. Ore processing reached 4,880 tonnes per day ("t/d") in July, 4,835 t/d in August and 4,809 t/d in September. Gold production for the last half of 2010 is projected to be 45,000 to 47,500 ounces at an operating cash cost of $475 to $500 per ounce. Given the lower operating cash costs for the third quarter, the Company expects costs to be below the projected operating cash cost for the second half of 2010. In 2011, the Company projects La Libertad Mine will produce 80,000 to 90,000 ounces of gold.

Third quarter gold sales for La Libertad totalled 20,581 ounces at an average realized price of $1,242 per ounce generating revenue of approximately $25.6 million. Gold bullion production was 20,234 ounces at an operating cash cost of $419 per ounce compared to second quarter production of 15,548 ounces at an operating cash cost of $564 per ounce. Gold production in the third quarter was within guidance while the operating cash cost per ounce was better than expected. The improvement in operating cash cost over the second quarter was due to several factors, the more significant ones being:

- Improved gold grade from ore mined at the Mojon and Crimea pits as previously encountered small miner activity in the current benches was minimal compared to that encountered in the second quarter. The average grade milled improved to 1.66 g/t compared to 1.53 g/t in the second quarter.
- A lower strip ratio in the third quarter compared to the second quarter contributed to a reduction in operating cash cost as the strip ratio from the Crimea pit (which contributed 84% of the fresh ore milled) was 3.2 to 1 compared to 5.7 to 1 in the second quarter. The planned average strip ratio for this pit is approximately 5.0 to 1.
- The gold recovery improved to 87% in the third quarter compared to 82% the previous quarter.
- Mill reagent, grinding media and electrical power costs were also below budget.

Operating cash costs are budgeted to decrease progressively quarter over quarter throughout 2010 as mill throughput increases to 5,500 t/d. The mill processed 436,482 tonnes (including “spent ore” from previous heap leach operations) versus 490,500 tonnes budgeted, with a grade of 1.66 g/t gold. Approximately 33% of the ore processed through the mill was classified as spent ore contributing to the lower than budgeted grade. Spent ore grades averaged 0.80 g/t gold in the first half of the year which was lower than the budgeted grade of 1.13 g/t. For the second half of 2010, the mill throughput is forecasted to consist of a blend of 70% fresh ore and 30% spent ore, as per the original budget. It is expected that open pit grades will improve over the grades achieved in the first half of the year to an average gold grade of 2.19 g/t, being substantiated by our observations as pit run material in the third quarter averaged 2.04 g/t. Forecast spent ore grade has been reduced for the remainder of 2010 from 1.13 g/t gold to 0.80 g/t gold. Recoveries have improved, matching the budget average of 87% for the third quarter even though the proportion of spent ore processed was slightly higher than budget. Upgrades of equipment in the process plant and ADR plant (related to stripping and carbon management) continue and those changes among others are contributing to improved recoveries relative to the second quarter (which was 82%). Gold recovery for the last half of 2010 is expected to meet budgeted recoveries of 87%.

Total capital expenditures to September 30, 2010 were $15.9 million slightly higher than budget. Most of the capital expenditures were incurred in the first half of 2010 and related to the completion of construction projects for the installation of the new mill and other improvements. Capital expenditures for the third quarter were $1.7 million of which $1.1 million related to capitalized pre-stripping at the Mojon pit and the remainder for laboratory and ADR plant improvements, automation in the plant and purchase of a manipulating arm for the crusher. Capital expenditures for the remainder of 2010 at La Libertad will be approximately $2.6 million of which $1.0 million is budgeted for a push back at the Crimea and Mojon pits, and the remainder for expansion and processing improvements to the ADR plant and construction of a maintenance facility.

LIMON MINE - NICARAGUA

The Company acquired the Limon Mine as part of the Central Sun business combination on March 26, 2009. Prior to the second quarter of 2009, the Company had no source of operating revenue.

	Three months ended September 30		Nine months ended September 30	
	2010	**2009**	**2010**	**2009**
Gold revenue ($ in thousands)	14,619	9,243	35,382	17,094
Gold sold (ounces)	11,719	9,508	29,822	18,021
Average realized gold price ($/ ounce)	1,247	972	1,186	949
Tonnes milled	86,327	83,835	255,402	137,318
Grade (grams/ tonne)	4.31	4.33	4.21	4.46
Recovery (%)	87	88	87	88
Gold production (ounces)	10,441	10,203	30,073	17,035
Cash operating costs ($/ ounce)	707	647	700	732
Total cash costs ($/ ounce)	779	699	768	789

The Limon Mine continued to perform well in the third quarter of 2010, as the Mine processed 86,327 tonnes of ore at an average grade of 4.31 g/t producing 10,441 ounces of gold, an increase of 238 ounces compared to 10,203 ounces produced in the equivalent period in 2009.

Third quarter gold sales from the Limon Mine totalled 11,719 ounces (Q3 2009 – 9,508 ounces) at an average realized price of $1,247 per ounce (Q3 2009 - $972 per ounce) generating revenue of $14.6 million (Q3 2009 - $9.2 million). The operating cash cost for the third quarter was $707 per ounce, $89 per ounce higher than budget of $618 per ounce, and slightly higher than guidance provided in August 2010. Operating cash cost was higher in the quarter compared to the same period in 2009 and budget mainly due to the use of a contract miner to supply ore from pits at the Villa Nueva I concession located 30 kilometres (“km”) from the Limon mill. The 2010 budget did not include any ore being supplied from the Villa Nueva I concession which accounts for most of the increase in costs. Year to date operating cash cost was also impacted by higher import duties (for urgent items) and by an increase in the cost allocation for salaries and benefits relating to employees who had been budgeted to work on underground capitalized development which did not occur. Year to date operating cash cost was $700 per ounce compared to budget of $623 per ounce. For the second half of 2010 the Limon Mine is projected to produce approximately 20,000 ounces of gold at a cash operating cost of approximately $700 per ounce.

Capital expenditures for the Limon Mine were budgeted at $6.6 million for 2010 which includes new underground mining equipment. During the third quarter, $1.5 million was incurred; the most significant expenditures included the completion of the expansion of existing Santa Rosa tailings storage facility and geotechnical campaign for new San Jose tailings storage facility. There has been one temporary capital cost deferral, the Santa Pancha deepening project, which is anticipated to be initiated after completion of exploration drilling. Overall capital costs are forecasted to be as budgeted for the year as the decrease in capital spending relating to the Santa Pancha deepening will be redirected to building a new tailings storage facility (“TSF”) at San Jose. Total capital expenditures in the fourth quarter should be approximately $2.75 million. The San Jose TSF is expected to cost $4.6 million of which $1.8 million will be incurred in 2010. The new TSF should have sufficient storage capacity to store up to 15 years (which would be the ultimate capacity with several additional lifts after the initial construction in 2011) of future tailings from the Limon Mill.

The Limon Mine concession includes numerous epithermal gold-quartz veins and has been in operation as an underground and open pit gold mine since 1941. To date the Limon Mine has produced approximately three million ounces of gold. The current operation is a 1,000 t/d underground and open pit mine. The Limon Mine currently has a mine life of 3.5 years with projected average annual production of approximately 40,000 ounces of gold. The Company's technical team believes there is excellent potential to increase the Limon mine life and discover additional veins.

GRAMALOTE PROPERTY – COLOMBIA (B2Gold 49% / AngloGold 51%)

Drilling and prefeasibility work has commenced on the Gramalote Project in Colombia, with joint venture partner and project manager AngloGold. The Gramalote property is located 80 km northeast of Medellin in central Colombia.

B2Gold and AngloGold have agreed to a budget for the Gramalote Project, for the second half of 2010 totalling $9.18 million. This program includes 10,000 metres of diamond drilling for the exploration of additional targets on the property, infill drilling of the Gramalote deposit and drilling for metallurgical test samples. Each joint venture partner will fund their share of expenditures pro rata.

The two companies plan to continue the exploration and prefeasibility work into 2011 and 2012, with the goal of completing a final feasibility study by the end of 2012. Subject to final approvals, the 2011 budget is approximately $30 million, to be funded pro rata 51% AngloGold/ 49% B2Gold.

SALE OF INTEREST IN KUPOL EAST WEST LICENSES - RUSSIA

On July 22, 2010, the Company reached an agreement with Kinross to sell to a subsidiary of Kinross, its right to acquire an interest in the Kupol East and West Licenses. The Company has had the right to acquire and earn in to half of Kinross' interest in these licenses. In consideration of the acquisition by Kinross of the Company's right to acquire an interest in the licenses, Kinross paid $33 million to the Company and will make contingent payments of $15 million for each incremental million ounces of gold of National Instrument ("NI") 43-101 compliant proven and probable reserves contained by the Kupol East and West License areas, up to a maximum of nine million ounces of gold (100% basis). In addition, the Company will receive payments equal to 1.5% of Net Smelter Returns from the commencement of production from the area covered by the Kupol East and West Licenses, subject to a right for Kinross to repurchase the royalty for $30 million. The sale resulted in a gain of $24.1 million in the third quarter of 2010. For accounting purposes, no value was assigned to the contingent consideration at the date of sale (as a NI 43-101 compliant proven and probable reserve estimate does not exist at this time).

CREDIT FACILITY

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

As at December 31, 2009, the Company had drawn down a total of $13.5 million under the Credit Facility and an additional $7.5 million in the first and second quarters of 2010. In the third quarter of 2010, the balance owing under the Credit Facility was fully repaid ($20 million on August 30, 2010 and $1 million on May 21, 2010). Accordingly, $25 million remains available for draw down as at September 30, 2010.

The Credit Facility provides that in certain events or on December 1, 2010 the lender has the right to review the Credit Facility and may within 28 days of such event or date determine whether to continue to make the Credit Facility available or terminate it and require repayment within 60 days. Management believes that it is unlikely that the Credit Facility will be terminated prior to its maturity date of December 31, 2011.

BELLAVISTA PROPERTY – COSTA RICA (B2Gold 49% / AngloGold 51%)

The Company continues with site monitoring and maintenance. Field programs focused on the new monitoring plan and maintenance of drainage channels during the rainy season. Rainfall measured at the site during the quarter exceeded 2.43 metres ("m"), which is significantly higher than the average of 1.36 m. Due to the unusually heavy rains, the monitoring frequency in the slide area was increased to weekly from the normal monthly readings. Monitoring to date has not detected any significant environmental issue and the main slide area remains stable.

Work programs for the potential reopening of the Bellavista Mine continued during the quarter. These programs are focused on the collection of base line data in the proposed tailings pond area and include reading from a new weather station, an initial geotechnical investigation, a preliminary flora and fauna survey, and water monitoring. In parallel with these field activities, the Company has advanced a Conceptual Study for the reopening of the mine. The purpose of this study is to provide a detailed project scope and initial cost estimates that will be presented to SETENA in the fourth quarter of 2010.

Social programs with local communities include the construction of additional classrooms at the local school, and improvements to infrastructure such as local community centers and potable water systems.

By Statement of Claim dated March 16, 2009, Central Sun 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 consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended the third quarter of 2010 with cash and cash equivalents of $38.4 million and working capital of $51.3 million compared to cash and cash equivalents of $14.1 million and working capital of $11.6 million at June 30, 2010. The increase in cash and cash equivalents was mainly due to cash proceeds of $33 million received from the sale of the Company's interest in the Kupol East and West licenses and to strong operating cash flow of approximately $13.2 million generated by the La Libertad and Limon Mines. On August 30, 2010, the Company repaid the entire balance owing under its revolving Credit Facility with a $20 million principal repayment. As a result, the entire $25 million Credit Facility is now available for draw down.

Operating activities

Cash flow from operating activities (before non-cash working capital changes) for the third quarter of 2010 was approximately $13.2 million compared to $1.7 million in the comparable period last year. The favourable change was primarily attributable to the commencement of commercial production of the La Libertad Mine on February 1, 2010, the continued ramp up in production at the La Libertad Mine with the completion of the second ball mill, and higher realized gold prices.

Cash flow from operating activities (before non-cash working capital changes) for the nine months ended September 30, 2010 was $13.9 million compared to negative $2.8 million in the comparable period last year.

Financing activities

On August 30, 2010, the Company repaid the entire balance owing under its revolving Credit Facility with a $20 million principal repayment.

On February 18, 2010, the Company completed a bought deal equity financing and issued 25,624,111 common shares, including 3,342,276 common shares issued on exercise of the over-allotment option, at Cdn.$1.25 per share, for aggregate gross proceeds of approximately Cdn.$32 million. As part of the offering, AngloGold exercised its pre-emptive right granted by the Company to maintain its percentage of holdings of approximately 10% of the common shares of the Company by acquiring 2,624,111 common shares. The Company paid the underwriters a commission equal to 5% of the gross proceeds of the offering upon closing, excluding the common shares purchased by AngloGold for which no commission was payable, for an aggregate commission of Cdn.$1.44 million. The net proceeds of this offering are expected to be used to accelerate exploration at the Limon and La Libertad Mines, to fund further exploration at the Radius Gold Inc. and Calibre Mining Corp. joint ventures in Nicaragua as well as further exploration at the Gramalote project. Proceeds from the offering are also expected to further the advancement of the Bellavista project in Costa Rica, and for general corporate purposes.

For the nine months ended September 30, 2010, the Company received a total of $5.8 million from the issuance of 6.6 million common shares upon the exercise of stock options and warrants.

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

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

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

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

Investing activities

On September 2, 2010, the Company reached an agreement with a private Uruguayan company, to option the Cebollati gold property located in Uruguay. The Cebollati property consists of ten claims totalling 34,200.07 hectares ("ha") located in the Department of Lavalleja, 180 km ("km") northeast of Montevideo in southern Uruguay. The claims comprise one exploration license totalling 163.06 ha, one prospection license totalling 558.24 ha and eight prospection applications totalling 33,478.77 ha. Under the terms of the option agreement, the Company will earn an 80% interest in the Cebollati property by paying $1 million in stages by January 31, 2012 and funding all exploration work through feasibility. Additional obligations include the completion of a feasibility study, a per ounce gold payment and a Net Smelter Return for additional production.

During the three and nine months ended September 30, 2010, capital expenditures (on a cash basis) at the La Libertad Mine totalled $1.7 million (Q3 2009 - $18.5 million) and $15.9 million (or $12.8 million on an accrual basis after excluding $3.1 million of related accounts payable accrued at December 31, 2009 and settled in the period) (2009 - $28.8 million), respectively (see “La Libertad Mine” section).

During the three and nine months ended September 30, 2010, capital expenditures (on a cash basis) at the Limon Mine totalled $1.5 million (Q3 2009 – $0.7 million) and $3.9 million (2009 - $1.5 million), respectively (see “Limon Mine” section).

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

In February 2009, the Company made a final payment of $2.6 million with respect to amounts owed under its promissory notes to Kinross.

The Company's exploration team has generated numerous exploration targets around the La Libertad Mine and Limon Mine and on other properties in Nicaragua in joint ventures with Radius Gold Inc. ("Radius") and Calibre Mining Corp. ("Calibre").

During the three and nine months ended September 30, 2010, resource property expenditures for exploration (on a cash basis) totalled $4.3 million (Q3 2009 - $1.5 million) and $13.2 million (2009 - $7.5 million), respectively, expended as follows:

	Three months ended September 30		**Nine months ended September 30**	
	2010	**2009**	**2010**	**2009**
	$ (000's)	**$ (000's)**	**$ (000's)**	**$ (000's)**
Development & exploration:				
La Libertad Mine, exploration	**1,315**	123	**3,385**	228
Calibre joint venture	**663**	-	**2,303**	-
Limon Mine, exploration	**796**	-	**2,043**	20
Gramalote	**546**	446	**1,916**	2,666
Radius joint venture	**411**	-	**1,543**	-
Kupol East and West Licenses	**(17)**	123	**1,075**	1,148
Cebollati	**548**	-	**548**	-
Mocoa	**73**	188	**352**	661
Other Colombia properties, under AngloGold JV arrangement	**-**	674	**-**	2,818
	4,335	1,554	**13,165**	7,541

La Libertad exploration

At La Libertad Mine, the total 2010 exploration budget is $4.6 million including 16,000 m of diamond drilling, which commenced on February 19, 2010 and is ongoing with 75 holes totalling 12,040 m completed to the end of the third quarter and two drill rigs currently on site. The drill program is focused on infill drilling of inferred resources (with the objective to convert them to indicated), exploring for extensions to existing reserves and resources and testing some of the numerous other vein structures along the 20 km La Libertad gold belt. Preparations are underway to expand the drill program with a third drill rig at Jabali.

The Jabali vein system is located approximately 15 km east of La Libertad mill with a known strike length of 6.2 km. Only half of the known strike length of the vein system has been explored and it remains open both East and West. The Jabali vein system has been explored in two zones, the Antenna and Central Zones, covering a combined strike length of 3.2 km with 23 trenches and 30 drill holes. Both zones are open along strike and down dip.

Drilling to define the limits of the mineralized zone is currently ongoing at the Antenna Zone and has almost doubled the strike length of the deposit from 600 m to 1,180 m since the previous drilling update. Hole JB10-

021, which lies 200m west of JB10-005 (29.1 m true width grading 8.74 grams per tonne ("g/t") gold and 38.88 g/t silver - previously released) and was drilled 85m west of hole JB10-020 (7.5 m true width grading 4.23 g/t gold and 31.15 g/t silver), intersected 14.49 m (true width 6.2 m) grading 6.07 g/t gold and 21.77 g/t silver. These intersections indicate the potential for underground and/or open pit mining and infill drilling of this portion of the vein will start by the end of the third quarter. Hole JB10-024 was drilled 206 m east of hole JB10-002 (6.4 m true width grading 1.07 g/t gold and 6.01 g/t silver) and intersected 39.68 m (true width 9.2 m) grading 4.83 g/t gold and 11.28 g/t silver. Holes JB10-026 and JB10-027 were drilled 100 m east of hole JB10-024. JB10-026 intersected 23.38 m (true width 7.5 m) grading 2.33 g/t gold with silver values pending. JB10-027 intersected 38.84 m (true width 8.7 m) grading 2.21 g/t gold and 9.79 g/t silver. These grades and widths indicate the presence of a second shoot with higher grade than the current La Libertad Life of Mine plan. This new area has not seen historical mining. The Antenna Zone target is now a minimum of 1,180 m long, ranging from 6.2 - 29.1 m true width with grades from 1.07 - 8.74 g/t gold. The Antenna zone remains open 0.8 km to the east towards Jabali Central and is also open down dip. Further step-out and infill drilling is ongoing.

Diamond drilling and trenching in the Jabali Central Zone, 0.8 km from the Antenna Zone, has defined gold and silver mineralization over a strike length of 1,600 m with a 300 m long higher grade shoot ranging from 8.80 - 13.3 m true width grading between 3.52 and 4.34 g/t gold. Notable new intersections outside the higher grade shoot include hole JB10-018 which intersected 12.98 m (true width 10.9 m) grading 0.94 g/t gold and 20.98 g/t silver and JB10-019 which intersected 6.02 m (true width of 4.5 m) grading 1.33 g/t gold and 32.70 g/t silver. The Central Zone remains open along strike and down dip.

The Company has also received positive drill results from diamond drilling in and adjacent to the Mojon and San Juan deposits. The Mojon deposit is currently being mined and the San Juan deposit is in the inferred resource category. Much of the drilling at Mojon and San Juan is part of an infill program with the objective to convert the inferred to an indicated resource.

The significance of the results to date from La Libertad exploration is that they demonstrate not only the potential to increase the current seven year mine life but the higher grade results from Mojon, San Juan and Jabali indicate the potential to deliver higher grade ore than the current mine plan to La Libertad mill in the near term which could significantly increase annual gold production.

Limon exploration

At the Limon Mine, exploration continues with two drills currently operating with one drill continuing with the Santa Pancha "Deep" infill drilling program and the second drill dedicated to exploration of the 18,000 ha Limon and Bonete-Limon concessions. Forty two holes totalling 7,200 m have been completed to the end of the third quarter of the planned $3.8 million, 14,800 m 2010 program. Six new holes were abandoned due to drilling technical difficulties. Trenching work has started and ground magnetic surveying is scheduled to resume shortly while geological mapping programs are ongoing. The soil geochemical sampling program has been completed with 940 auger soil samples collected in 2010. Highlights of the recent drilling include:

- LIM-10-3508 with 3.89 m grading 23.75 g/t gold (Santa Pancha Deep Target)
- LIM-10-3502 with 7.55 m grading 4.61 g/t gold (Santa Pancha Deep Target)
- LIM-10-3515 with 1.5 m grading 40.06 g/t gold with 226.12 g/t silver and 1.75 m grading 21.85 g/t gold with 18.88 g/t silver (Panteon target)

Nicaraguan Joint Ventures

On the Trebol property (a joint venture with Radius), a 3,000 m diamond drilling program is scheduled for the second half of the year. Work which is ongoing has consisted of hand dug trenches and geochemical soil sampling over the 25 km strike length of the system. The 2010 exploration budget is approximately $1.8 million.

On the Pavon (Natividad) property (a joint venture with Radius), a detailed trenching program is currently underway to define the continuity of high grade, near surface veining and associated stock work mineralization that could potentially be exploited in two shallow open pits. The Company has an option to acquire a 60% interest in the Trebol, Pavon and San Pedro properties owned by Radius.

The Company has the right to earn a majority interest in the Borosi project, located in north east Nicaragua, owned by Calibre Mining. The companies continue to explore the property.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies are described in Notes 2 and 3 of its audited consolidated financial statements as at December 31, 2009. 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:

- Purchase price allocation;
- Use of estimates;
- Impairment of long-lived assets;
- Depreciation and depletion;
- Asset retirement obligations;
- Future income taxes; and
- Stock-based compensation.

Purchase price allocation

Business acquisitions are accounted for by the purchase method of accounting whereby the purchase price is allocated to the assets acquired and the liabilities assumed based on fair value at the time of the acquisition. The excess purchase price over the fair value of identifiable assets and liabilities acquired is goodwill. The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of property, plant and equipment acquired generally require a high degree of judgment, and include estimates of mineral reserves acquired, future gold prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets and liabilities in the purchase price allocation.

Use of estimates

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

Impairment of long-lived assets

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

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

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

Depreciation and depletion

Mine property, plant and equipment are recorded at cost. Repairs and maintenance expenditures are charged to operations; major improvements and replacements which extend the useful life of an asset are capitalized. Mine property, plant and machinery are amortized over the life of the mine using the unit-of-production ("UOP") method, based on recoverable ounces from the estimated proven and probable reserves and the measured and indicated resources. Mobile equipment is depreciated on a straight-line basis, net of residual value, over the shorter of the mine life or estimated useful life of the asset. Prior to commercial production, pre-production expenditures, net of revenue, are capitalized to plant and equipment.

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

The calculation of the depreciation and depletion expense could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of reserves and resources through exploration activities, differences between estimated and actual costs of mining and differences in gold price used in the estimation of mineral reserves and resources. Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and depletion and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Asset retirement obligations

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Significant judgments and estimates are made when estimating the nature and costs associated with asset retirement obligations. Cash outflows relating to the obligations are expected to be incurred over periods estimated to extend to 2019 and beyond. When considering the effect of the extended time period over which costs are expected to be incurred, combined with the estimated discount rate and inflation factors, the fair value of the asset retirement obligations could materially change from period to period due to changes in the underlying assumptions.

Future income taxes

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

Stock-based compensation

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

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

International Financial Reporting Standards ("IFRS")

In January 2006, the Canadian Accounting Standards Board ("AcSB") adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted accounting standards, namely, International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The AcSB confirmed in February 2008 plans to converge Canadian generally accepted accounting principles ("Canadian GAAP") with IFRS over a transition period with an effective implementation date effective for interim and annual periods commencing January 1, 2011.

At this time, the Company has not yet determined the impact of the transition on its consolidated financial condition. However, it is completing a review of its accounting policies and of Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS. Following this initial diagnostic step, in 2010 the Company will proceed to make a determination of the impact of transition to IFRS on its financial statements and systems, if any. The implementation and transition phase to IFRS are currently planned for 2010 in order to meet the expected adoption date of January 1, 2011. Training of Company personnel started and will continue throughout 2010. Areas of potential differences identified to date include:

Asset retirement obligations

The Company's future obligations to retire an asset including site closure, dismantling, remediation and ongoing treatment and monitoring are currently recorded as a liability at fair value at the time incurred. The fair value determination is based on estimated future cash flows, the current credit adjusted risk-free discount rate and an estimated inflation factor. The value of asset retirement obligations is evaluated on an annual basis or as new information becomes available on the expected amounts and timing of cash flows required to discharge the liability and accreted to full value over time through periodic charges to earnings. These changes in value are recorded in the period in which they are identified and when costs can be reasonably quantified, and are capitalized as part of the asset's carrying value and amortized over the asset's estimated useful life. Differences under IFRS include:

- IFRS defines site restoration and environmental provisions as legal or constructive obligations; Canadian GAAP limits the definition to legal obligations.
- IFRS requires provisions to be updated at each balance sheet date using a current pre-tax discount rate (which reflects current market assessment of the time value of money and the risk specific to the liability). Canadian GAAP requires the use of a current credit-adjusted, risk-free rate for upward adjustments, and the original credit-adjusted, risk-free rate for downward revisions.
- Accretion expense is recorded as a finance cost under IFRS rather than as an element of operating cost.

Property, plant and equipment

The Company's property, plant and equipment are recorded at cost.

- IFRS 1 allows companies to elect fair value as the deemed cost of an individual asset at the date of transition.

- IFRS requires a componentization approach, separately identifying and measuring significant individual components of assets which have different useful lives. Significant components will be depreciated based on their individual useful lives.

Impairment (long-lived assets, intangibles and goodwill)

In evaluating the Company's long-lived assets for recoverability, the undiscounted future cash flows of the individual mining operations are used to perform the test. An impairment charge is recorded if the undiscounted future net cash flows are less than the carrying amount. Reductions in the carrying value, with a corresponding charge to operations, are recorded to the extent that the estimated future net cash flows on a discounted basis are less than the property interest carrying value.

- IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss).
- IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.
- Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as a part of a Cash Generating Unit.
- Impairment testing under IFRS is performed using two new valuation methods – value in use and fair value less cost to sell.

Foreign currency translation

- IFRS uses a functional currency concept (currency of the primary economic environment in which the entity operates) to determine the method of measuring foreign currency translation. Canadian GAAP uses the concept of integrated and self-sustaining foreign operations.

Business combinations

During 2009, the Corporation completed the acquisition of Central Sun. Acquisitions are accounted for using the purchase method whereby assets and liabilities acquired are recorded at their fair values as of the date of acquisition and any excess of the purchase price over such fair value is recorded as goodwill. Under IFRS:

- IFRS 1 provides the option to not apply the IFRS business combinations standard on a retrospective basis.
- A new business combinations standard IFRS 3(R) will be applicable prior to transition, and will significantly change accounting for acquisitions including the following:

    - Transaction costs will be expensed as incurred.
    - Assets and liabilities will be recorded at full fair value, rather than at the value of the consideration paid.
    - In step acquisitions, the assets and liabilities owned prior to the acquisition of majority interest are re-valued at the date of acquisition.

Financial Instruments

Financial and derivative instruments, including embedded derivatives, are recorded at fair values, with changes in those fair values recognized in net earnings/ loss.

- IFRS has a different derivative definition as compared to existing Canadian GAAP. This difference may have a significant impact on the number of recognized embedded derivatives.

RISKS AND UNCERTAINTIES

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

Exploration, 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 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 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 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 properties that are located in developing countries, including 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 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, 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 the entities owned or controlled by foreign government will not be unilaterally altered or revoked. There is no assurance that such rights and title interests will not be revoked or significantly altered to the detriment of the Company. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties. The Company's interests in properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects or governmental actions.

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.

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, Nicaraguan córdobas, and Colombian pesos. As the exchange rates between the Nicaraguan córdoba, Colombian peso and Canadian dollar fluctuate against the United States dollar, the Company will experience foreign exchange gains and losses.

Environmental Compliance

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

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

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

INTERNAL CONTROLS

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management, with the participation of the certifying officers, has evaluated the effectiveness of the design and operation, as of September 30, 2010, of the Company’s disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective and designed to ensure that material information relating to the Company and its subsidiaries is made known to them by others within those entities.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and compliance with Canadian generally accepted accounting principles in the financial statements. Management has evaluated the design of internal controls over financial reporting and has concluded that such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in Canada. In addition, there have been no changes in the Company's internal control over financial reporting during the period ended September 30, 2010 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

NON-GAAP MEASURES

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

	Three months ended September 30		**Nine months ended September 30**	
	2010	**2009**	**2010**	**2009**
	\$ (000's)	**\$ (000's)**	**\$ (000's)**	**\$ (000's)**
Operating costs per consolidated financial statements	**17,704**	6,913	**44,625**	14,101
Royalties and production taxes	**1,947**	524	**4,419**	963
Inventory sales adjustment	**(1,834)**	143	**(44)**	(1,180)
Accrual for past severance obligations (per July 3, 2009 collective labour agreement)	**-**	(451)	**-**	(451)
	17,817	7,129	**49,000**	13,433
Gold production (in ounces)	**30,675**	10,203	**71,864**	17,035
Total cash costs per ounce of gold production ($/ounce)	**581**	699	**682**	789

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.

OUTLOOK

After record gold production and earnings in the third quarter of 2010 the Company will continue to optimize operating performance at La Libertad and Limon Mines in Nicaragua. In addition, there have been a number of important developments subsequent to the third quarter. Drilling and prefeasibility work has commenced on the Gramalote project in Colombia, with joint venture partner AngloGold; we announced additional positive drill results at La Libertad and Limon Mines in Nicaragua and announced an option agreement on the Cebollati Gold property in Uruguay and commenced exploration. For the remainder of 2010 and beyond we will remain focused on growth through optimizing gold production at existing mines, the exploration and development of existing projects and pursuing acquisitions. While we are committing significant funds to these projects, we will remain in a strong financial position due to our existing strong cash balance and cash from operations. B2Gold has no debt and no hedging.

Operations

La Libertad Mine, Nicaragua

Gold production for the last half of 2010 is projected to be 45,000 to 47,500 ounces at an operating cash cost of $475 to $500 per ounce. Given the lower operating cash costs for the third quarter, the Company expects costs to be below the projected operating cash cost for the second half of 2010. In 2011 the Company projects La Libertad Mine will produce 80,000 to 90,000 ounces of gold.

At La Libertad Mine upgrades of equipment in the process plant and the ADR plant continue, and this is contributing to improved recoveries relative to the second quarter. For the month of October, recoveries exceeded 90%, compared to the 2010 budget of 87%. Operating cash costs are projected to decrease over the remainder of the year as the mill reaches full capacity, and the ore grade increases as scheduled in the mine plan.

The 2010 exploration budget for La Libertad is $4.6 million including 16,000 metres of diamond drilling. Seventy five holes totalling 12,000 metres have been completed to the end of the third quarter with two drill rigs on site.

The significance of the results to date from La Libertad exploration is that they demonstrate not only the potential to increase the current seven year mine life, but the higher grade results from Mojon, San Juan and Jabali indicate the potential to deliver higher grade ore to the mill in the near term which could significantly increase annual gold production.

The ongoing drill program remains focused on infill drilling with the objective of converting inferred resources to indicated, exploring for extensions to existing reserves and resources and testing some of the numerous other vein structures along the 20 km La Libertad gold belt. A third drill rig is now on site at Jabali to expand the drill program.

Limon Mine, Nicaragua

For the second half of 2010 the Limon Mine is projected to produce approximately 20,000 ounces of gold at a cash operating cost of approximately $700 per ounce. This would put Limon Mine on track to achieve its most successful production year in the past six years.

The 2010 exploration budget for Limon is $3.8 million including 14,800 metres of drilling. Forty two holes totalling 7,200 metres have been have been completed to the end of the third quarter with two drill rigs. In addition the soil geochemical sampling program has been completed with 940 auger soil samples collected in 2010.

For the remainder of the year two drill rigs will continue drilling to increase the mine life and explore potential higher grade targets. In some previous years the Limon Mine processed significantly higher grade ore resulting in a substantial increase in gold production. The Company believes there is excellent potential to increase the 3.5 year current mine life and also discover higher grade open pit and underground deposits.

In addition exploration work is underway to outline more targets. Trenching work has started and ground magnetic surveying is scheduled to resume shortly while geological mapping programs are ongoing.

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

Drilling and prefeasibility work has commenced on the Gramalote Project in Colombia, with joint venture partner and project manager AngloGold. The Gramalote property is located 80 km northeast of Medellin in central Colombia.

B2Gold and AngloGold have agreed to a budget for the Gramalote Project, for the second half of 2010 totaling $9.18 million. This program includes 10,000 metres of diamond drilling for the exploration of additional targets on the property, infill drilling of the Gramalote deposit and drilling for metallurgical test samples. Each joint venture partner will fund their share of expenditures pro rata.

The two companies plan to continue the exploration and prefeasibility work into 2011 and 2012, with the goal of completing a final feasibility study by the end of 2012. Subject to final approvals, the 2011 budget is approximately $30 million, to be funded pro rata 51% AngloGold / 49% B2Gold.

Bellavista Property, Costa Rica

The Company continues to pursue the potential reopening of the Bellavista Mine as an open pit gold mine and mill. B2Gold has contracted a conceptual study to provide a detailed project scope that will be presented to the Costa Rican mining and environmental ministries in the fourth quarter of 2010.

Nicaraguan Joint Ventures

In addition to La Libertad and Limon property exploration programs, the Company is involved in two exploration joint ventures in Nicaragua. The Company has the right to earn a majority interest from Radius Gold in two Nicaraguan properties called Trebol and Pavon. Work which is ongoing at Trebol has consisted of hand dug trenches and geochemical soil sampling over the 25 km strike length of the system. The 2010 exploration budget is approximately $1.8 million. At Pavon, a detailed trenching program is currently underway to define the continuity of high grade, near surface veining and associated stock work mineralization that could potentially be exploited in two shallow open pits.

The Company has the right to earn a majority interest in the Borosi project, located in north east Nicaragua, owned by Calibre Mining. The companies continue to explore the property.

Cebollati Gold Property, Uruguay

The Company recently announced that it has reached an agreement with a private Uruguayan company, to option the Cebollati gold property located in Uruguay, whereby B2Gold can earn an 80% interest in the property by funding exploration and feasibility work through to final feasibility.

Work to date on the Cebollati property consists of mapping, rock and soil geochemistry, airborne magnetics and ongoing trenching. The goal of the trenching program is to outline the continuity and controls on the widespread surface gold-silver mineralization.

An initial 5,000 metre diamond drill program will be carried out in late 2010 or early 2011 with the purpose of determining the existence of possible bulk-tonnage gold deposits.

Conclusion

In conclusion, the management of B2Gold believes the Company is extremely well positioned to continue our growth as an intermediate gold producer. We will maximize this opportunity by continuing to optimize current mining operations and further developing and exploring our impressive number of projects while continuing to pursue acquisitions. We have one of the most experienced and successful teams in every facet of the mining industry, that is fully focused on building this company and thereby shareholder value. With our strong cash position and impressive cash from operations, we can continue to advance all of our planned projects without requiring further funding.

OUTSTANDING SHARE DATA

At November 10, 2010 there were 335,134,070 common shares outstanding. In addition, there were approximately 13.7 million stock options outstanding with exercise prices ranging between Cdn.$0.80 to Cdn.$3.72 per share and approximately 29.4 million share purchase warrants with exercise prices ranging between Cdn.$0.97 to Cdn.$4.25 per share. More information on these instruments is disclosed in Notes 13 and 19 of the Company's December 31, 2009 audited 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.