B2GOLD CORP.
Condensed Consolidated Interim Financial Statements
June 30, 2011 and 2010
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

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

	For the three months ended June 30, 2011	*For the three months ended June 30, 2010*	***For the six months ended June 30, 2011***	*For the six months ended June 30, 2010*
Gold revenue	**$ 54,498**	$ 23,266	**$ 107,999**	$ 40,317
Cost of sales				
Production costs	**(18,188)**	(14,119)	**(38,728)**	(26,921)
Depreciation and depletion	**(6,485)**	(2,990)	**(12,529)**	(5,204)
Royalties and production taxes	**(2,881)**	(1,507)	**(5,620)**	(2,472)
Total cost of sales	**(27,554)**	(18,616)	**(56,877)**	(34,597)
Gross profit	**26,944**	4,650	**51,122**	5,720
General and administrative	**(4,315)**	(4,678)	**(10,490)**	(8,427)
Foreign exchange gains (losses)	**344**	(352)	**1,166**	82
Accretion of mine restoration provisions	**(256)**	(343)	**(554)**	(686)
Other	**240**	(1,417)	**671**	(1,910)
Operating income (loss)	**22,957**	(2,140)	**41,915**	(5,221)
Interest and financing costs	**(62)**	(1,273)	**(482)**	(2,233)
Loss on derivative instrument (“Share purchase warrants”)	**-**	(4,179)	**-**	(4,219)
Other	**(615)**	-	**(730)**	-
Income (loss) before withholding and other taxes	**22,280**	(7,592)	**40,703**	(11,673)
Withholding and other taxes	**(964)**	(465)	**(1,879)**	(689)
Deferred income tax expense	**(6,300)**	-	**(12,397)**	-
Net income (loss) and comprehensive income (loss) for the period	**$ 15,016**	$ (8,057)	**$ 26,427**	$ (12,362)
Earnings (loss) per share				
Basic	**$ 0.05**	$ (0.03)	**$ 0.08**	$ (0.04)
Diluted	**$ 0.05**	$ (0.03)	**$ 0.08**	$ (0.04)
Weighted average number of common shares outstanding (in thousands)				
Basic	**$ 334,724**	$ 289,673	**$ 334,930**	$ 289,673
Diluted *	**$ 341,587**	$ 289,673	**$ 341,374**	$ 289,673

** Due to a loss in the 2010 comparative period, zero incremental shares were included in the 2010 comparative period since the effect would be anti-dilutive.*

B2GOLD CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of United States dollars)
(Unaudited)

	For the three months ended June 30, 2011	*For the three months ended June 30, 2010*	***For the six months ended June 30, 2011***	*For the six months ended June 30, 2010*
Operating activities				
Net income (loss) for the period	**$ 15,016**	$ (8,057)	**$ 26,427**	$ (12,362)
Mine restoration provisions settled	**(289)**	(529)	**(531)**	(894)
Non-cash charges (credits)				
Depreciation and depletion	**6,485**	2,990	**12,529**	5,204
Deferred income tax expense	**6,300**	-	**12,397**	-
Share-based payments	**662**	522	**1,232**	1,515
Accretion of mine restoration provisions	**256**	343	**554**	686
Amortization of deferred financing costs	**-**	440	**358**	1,550
Loss on derivative instrument (“Share purchase warrants”)	**-**	4,179	**-**	4,219
Other	**403**	1,181	**632**	1,327
Cash provided by operating activities before changes in non-cash working capital	**28,833**	1,069	**53,598**	1,245
Changes in non-cash working capital	**(4,265)**	(1,716)	**(2,903)**	(1,289)
Cash provided by operating activities after changes in non-cash working capital	**24,568**	(647)	**50,695**	(44)
Financing activities				
Common shares issued for cash *(Note 6)*	**4,114**	2,703	**4,985**	32,170
Interest & commitment fees	**(63)**	(307)	**(174)**	(681)
Credit Facility, net draw downs	**-**	1,000	**-**	6,500
Repayment of related party loans	**-**	-	**-**	(959)
Cash provided by financing activities	**4,051**	3,396	**4,811**	37,030
Investing activities				
Libertad Mine, development & sustaining capital	**(10,118)**	(3,755)	**(17,873)**	(14,253)
Libertad, exploration	**(2,803)**	(1,541)	**(4,048)**	(2,070)
Limon Mine, development & sustaining capital	**(7,052)**	(1,105)	**(11,412)**	(2,345)
Limon, exploration	**(843)**	(779)	**(1,602)**	(1,247)
Gramalote, exploration and development	**(2,824)**	(555)	**(6,201)**	(1,370)
Cebollati, exploration	**(1,389)**	-	**(2,240)**	-
Radius, exploration	**(1,034)**	(700)	**(1,439)**	(1,132)
Calibre, exploration	**(329)**	(893)	**(697)**	(1,640)
Other	**(168)**	(1,023)	**(1,142)**	(1,789)
	(26,560)	(10,351)	**(46,654)**	(25,846)
Increase (decrease) in cash and cash equivalents	**2,059**	(7,602)	**8,852**	11,140
Cash and cash equivalents, beginning of period	**76,805**	21,666	**70,012**	2,924
Cash and cash equivalents, end of period	**$ 78,864**	$ 14,064	**$ 78,864**	$ 14,064

Supplementary cash flow information *(Note 7)*

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of United States dollars)
(Unaudited)

	As at June 30, 2011	*As at December 31, 2010*
Assets		
Current		
Cash and cash equivalents	**$ 78,864**	$ 70,012
Accounts receivable and prepaids	**9,203**	5,605
Value-added and other tax receivables	**9,014**	5,525
Inventories *(Note 3)*	**18,229**	19,438
Marketable securities *(carried at quoted market value)*	**612**	483
	115,922	101,063
Mining interests *(Note 4 and Note 12 - Schedules)*	**267,178**	232,535
Other assets	**1,027**	1,056
	$ 384,127	$ 334,654
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 18,637**	$ 15,003
Current portion of mine restoration provisions	**1,389**	1,389
Related party loans	**102**	102
	20,128	16,494
Mine restoration provisions	**18,736**	18,714
Deferred income taxes	**18,937**	6,539
Other liabilities	**3,398**	2,776
	61,199	44,523
Equity		
Shareholders' equity		
Share capital *(Note 6)*		
Issued:		
- 342,511,540 common shares *(Dec 31, 2010 – 337,570,170)*	**319,897**	312,829
Contributed surplus *(Note 6)*	**19,273**	19,971
Accumulated deficit	**(16,242)**	(42,669)
	322,928	290,131
	$ 384,127	$ 334,654

Approved by the Board *"Clive T. Johnson"* Director *"Robert J. Gayton"* Director

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of United States dollars)
(Unaudited)

	2011			
	Share capital	***Contributed surplus***	***Accumulated deficit***	***Total equity***
Balance at January 1, 2011	**$ 312,829**	**$ 19,971**	**$ (42,669)**	**$ 290,131**
Total comprehensive income for the period	**-**	**-**	**26,427**	**26,427**
Shares issued for cash:				
Exercise of stock options	**2,971**	**-**	**-**	**2,971**
Exercise of warrants	**2,014**	**-**	**-**	**2,014**
Share based payments - expensed	**-**	**1,232**	**-**	**1,232**
Share based payments – capitalized to mining interests	**-**	**153**	**-**	**153**
Transfer to share capital the fair value assigned to stock options & warrants from contributed surplus	**2,083**	**(2,083)**	**-**	**-**
Balance at June 30, 2011	**$ 319,897**	**$ 19,273**	**$ (16,242)**	**$ 322,928**

	2010			
	Share capital	***Contributed surplus***	***Accumulated deficit***	***Total equity***
Balance at January 1, 2010	$ 233,842	$ 23,212	$ (62,700)	$ 194,354
Total comprehensive loss for the period	-	-	(12,362)	(12,362)
Shares issued for cash:				
Equity financing	29,157	-	-	29,157
Exercise of stock options	1,049	-	-	1,049
Exercise of warrants	1,964	-	-	1,964
Share based payments - expensed	**-**	1,515	**-**	1,515
Share based payments – capitalized to mining interests	**-**	247	**-**	247
Transfer to share capital the fair value assigned to share purchase warrants exercised from derivative liability	1,194	-	-	1,194
Transfer to share capital the fair value assigned to stock options & warrants from contributed surplus	493	(493)	-	-
Balance at June 30, 2010	$ 267,699	$ 24,481	$ (75,062)	$ 217,118

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

1 Nature of operations

B2Gold Corp. ("B2Gold" or the "Company") is a Vancouver-based gold producer with mining operations in Nicaragua and a portfolio of development and exploration assets in Colombia, Nicaragua and Uruguay. The Company operates the Libertad 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.

B2Gold is a public company which is listed on the Toronto Stock Exchange and the OTCQX. B2Gold's head office is located at Suite 3100, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

2 Basis of preparation and first-time adoption of International Financial Reporting Standards

B2Gold's unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting on this basis in its 2011 interim financial statements. In these interim financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, and IFRS 1, First-time Adoption of International Financial Reporting Standards. The accounting policies followed in these interim financial statements are the same as those applied in the Company's financial statements for the period ended March 31, 2011. The full disclosure of the Company's transition to IFRS is included in the Company's interim financial statements for the three months ended March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 10 discloses the impact of the transition to IFRS on the Company's reported equity as at June 30, 2010 and comprehensive income for the three and six months ended June 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the company's annual consolidated financial statements for the year ended December 31, 2010.

The accounting policies applied in these interim financial statements are based on IFRS effective for the year ended December 31, 2011, as issued and outstanding as of August 10, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2011 could result in restatement of these interim financial statements, including transition adjustments recognized on change-over to IFRS.

These interim financial statements should be read in conjunction with the Company's Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010, and the Company's interim financial statements for the quarter ended March 31, 2011 prepared in accordance with IFRS applicable to interim financial statements.

NOTES TO FINANCIAL STATEMENTS
June 30, 2011
(All tabular amounts are in thousands of United States dollars unless otherwise stated)
(Unaudited)

3 Inventories

	As at June 30, 2011 $	**As at December 31, 2010 $**
Gold and silver bullion	**3,065**	5,785
In-process inventory	**2,972**	2,696
Ore stock-pile inventory	**87**	124
Materials and supplies	**12,105**	10,833
	18,229	19,438

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

4 Mining interests

	As at June 30, 2011 $	As at December 31, 2010 $
Property, plant & equipment (including mine development & deferred stripping costs)		
Libertad Mine, Nicaragua		
Cost	**141,654**	122,327
Accumulated depreciation and depletion	**(18,104)**	(9,657)
	123,550	112,670
Limon Mine, Nicaragua		
Cost	**54,714**	41,657
Accumulated depreciation and depletion	**(12,883)**	(9,207)
	41,831	32,450
Mineral properties “exploration & evaluation expenditures” (including acquisition costs)		
Mocoa, Colombia	**23,532**	23,359
Libertad (Jabali), Nicaragua	**5,126**	2,485
Cebollati, Uruguay	**3,372**	1,070
Radius, Nicaragua	**3,197**	1,758
Calibre, Nicaragua	**935**	238
	36,162	28,910
Corporate & other		
Bellavista, Costa Rica	**3,188**	2,841
Office, furniture and equipment, net	**397**	16
	3,585	2,857
	205,128	176,887
Investments (incorporated joint ventures) accounted for using the equity method		
Gramalote, Colombia	**60,849**	54,648
Quebradona, Colombia	**1,201**	1,000
	62,050	55,648
	267,178	232,535

Libertad Mine

The Libertad Mine achieved commercial production on February 1, 2010. Ore processing at the Libertad Mine began on December 15, 2009 with the first doré bar produced on January 5, 2010. Prior to commercial production on February 1, 2010, net revenues and expenses derived from Libertad mining activities (including $0.7 million of gold sales revenue in January 2010) were included in mine development costs.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

5 Credit Facility

The Company entered into an agreement relating to a $20 million secured revolving credit facility (the "Credit Facility") with Macquarie Bank Limited ("Macquarie") on November 6, 2009. The term of the Credit Facility is for two years with a maturity date of December 31, 2011 and an interest rate of LIBOR plus 5.5%. Under the Credit Facility, the Company granted a general security agreement over its assets and the shares and assets of certain of the Company's material subsidiaries, and certain of the Company's material subsidiaries guaranteed the obligations of the Company relating to the Credit Facility. 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 June 30, 2011.

6 Capital stock

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares. At June 30, 2011, the Company had 342,511,540 common shares outstanding and no preferred shares outstanding.

	For the six months ended June 30, 2011		***For the year ended December 31, 2010***	
	Shares ('000's)	***Amount $***	***Shares ('000's)***	***Amount $***
Balance, beginning of period	**337,570**	**312,829**	282,531	233,842
Issued during the year:				
For cash, on exercise of options	**2,942**	**2,971**	4,388	3,730
For cash, on exercise of warrants	**2,000**	**2,014**	25,027	24,229
For cash, net of costs	**-**	**-**	25,624	29,157
Transfer to share capital the fair value assigned to share purchase warrants exercised from derivative liability	**-**	**-**	-	16,260
Transfer to share capital the fair value assigned to stock options/share purchase warrants exercised from contributed surplus	**-**	**2,083**	-	5,611
	4,942	**7,068**	55,039	78,987
Balance, end of period	**342,512**	**319,897**	337,570	312,829

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 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.

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

Stock options

During the six months ended June 30, 2011, approximately1.8 million stock options were granted to employees with exercise prices ranging from Cdn.$2.31 per share to Cdn.$3.19 per share. These stock options have a term of five years and expire on January 20, 2016. One-third of these options will vest every year over a three-year period. The estimated fair value of these options totalling approximately $2.6 million is being recognized over the vesting period. The fair value was calculated using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 1.90%, an expected life of 3.5 years, an expected volatility of 72%, and a dividend yield rate of nil.

Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options at date of grant.

A summary of changes to stock options outstanding:

	Number of outstanding options ('000's)	*Weighted-average exercise price (in Cdn.$)*
Outstanding at December 31, 2009	22,220	1.38
Granted	3,795	2.01
Exercised	(4,388)	0.87
Forfeited/expired	(5,998)	2.22
Outstanding at December 31, 2010	15,629	1.35
Granted	1,783	2.73
Exercised	(2,942)	0.98
Forfeited/expired	(69)	2.44
Outstanding at June 30, 2011	14,401	1.59

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June 30, 2011
(All tabular amounts are in thousands of United States dollars unless otherwise stated)
(Unaudited)

Stock options outstanding and exercisable as at June 30, 2011 are as follows:

	Range of exercise price (in Cdn.$)	Number of outstanding options ('000's)	Weighted-average years to expiry	Weighted-average exercise price (in Cdn.$)	Number of exercisable options ('000's)	Weighted-average exercise price (in Cdn.$)
Issued:						
2009 (*Central Sun replacement options)*	0.95 – 3.72	4,068	0.88	1.73	4,068	1.73
2009	0.80	5,246	3.12	0.80	5,246	0.80
2010	1.25 – 2.57	3,342	4.15	2.08	841	1.31
2011	2.31 – 3.19	1,745	4.69	2.74	-	-
		14,401	2.69	1.59	10,155	1.21

Share purchase warrants

A summary of changes to share purchase warrants outstanding:

	Number of outstanding warrants ('000's)	Weighted-average exercise price (in Cdn.$)
Outstanding at December 31, 2009	51,015	2.21
Exercised	(25,027)	0.98
Expired	(2,588)	2.09
Outstanding at December 31, 2010	23,400	3.54
Exercised	(2,000)	0.97
Expired	(21,400)	3.78
Outstanding at June 30, 2011	-	-

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June 30, 2011

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

The following table shows the changes in contributed surplus:

	For the six months ended June 30, 2011 $	For the year ended Dec. 31, 2010 $
Balance, beginning of period	**19,971**	23,212
Share based compensation - expensed	**1,232**	1,943
Share-based compensation - capitalized to mining interests	**153**	427
Transfer to share capital on the exercise of stock options/ share purchase warrants	**(2,083)**	(5,611)
Balance, end of period	**19,273**	19,971

7 Supplementary cash flow information

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

	For the three months ended June 30, 2011 $	For the three months ended June 30, 2010 $	For the six months ended June 30, 2011 $	For the six months ended June 30, 2010 $
Non-cash investing and financing activities:				
Stock-based compensation, capitalized to resource property interests	**81**	90	**153**	247
Accounts payable and accrued liabilities relating to resource property expenditures	**-**	(2,056)	**-**	436

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

8 Segmented information

The Company's reportable segments for the three and six months ended June 30, 2011 and 2010 are summarized in the following tables.

The Libertad Mine achieved commercial production on February 1, 2010 following the completion of the conversion of the Libertad Mine from a heap leach mine to a conventional milling operation.

For the three months ended June 30, 2011

	Limon Mine $	Libertad Mine $	Other Mineral Properties $	Corporate & Other $	Total $
Gold revenue	18,916	35,582	-	-	54,498
Net income (loss)	4,694	13,082	-	(2,760)	15,016
Capital expenditures	7,895	12,921	5,347	397	26,560

For the three months ended June 30, 2010

	Limon Mine $	Libertad Mine $	Other Mineral Properties $	Corporate & Other $	Total $
Gold revenue	10,233	13,033	-	-	23,266
Net income (loss)	899	2,488	-	(11,444)	(8,057)
Capital expenditures	1,884	5,296	3,171	-	10,351

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

	For the six months ended June 30, 2011				
	Limon Mine $	Libertad Mine $	Other Mineral Properties $	Corporate & Other $	Total $
Gold revenue	34,389	73,610	-	-	107,999
Net income (loss)	6,921	27,362	-	(7,856)	26,427
Capital expenditures	13,014	21,921	11,322	397	46,654

	For the six months ended June 30, 2010				
	Limon Mine $	Libertad Mine $	Other Mineral Properties $	Corporate & Other $	Total $
Gold revenue	20,763	19,554	-	-	40,317
Net income (loss)	2,593	1,912	-	(16,867)	(12,362)
Capital expenditures	3,592	16,323	5,931	-	25,846

The Company's mining interests are located in the following geographical locations

	As at June 30, 2011 $	As at December 31, 2010 $
Mining interests		
Nicaragua	**174,639**	149,601
Colombia	**85,582**	79,007
Costa Rica	**3,188**	2,841
Uruguay	**3,372**	1,070
Canada	**397**	16
	267,178	232,535

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

9 Compensation of key management

Key management includes the Company's directors, members of the Executive Committee and members of Senior Management. Compensation to key management included:

	For the three months ended June 30, 2011 $	*For the three months ended June 30, 2010 $*	*For the six months ended June 30, 2011 $*	*For the six months ended June 30, 2010 $*
Salaries and short-term employee benefits	**562**	397	**2,678**	787
Share-based payments	**33**	75	**33**	203

The increase in salaries and short-term employee benefits in the first six months of 2011 compared to the same period in 2010 related mainly to bonuses paid to senior management in January 2011.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

10 Transition to International Financial Reporting Standards

The accounting policies set out in these interim financial statements have been applied to all periods presented. In preparing its opening IFRS statement of financial position, the Company has adjusted amounts previously reported in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's statement of equity as of June 30, 2010 and its statements of operations and comprehensive income for the three and six months ended June 30, 2010 is set out in the following tables and accompanying notes.

The Canadian GAAP and IFRS statements of equity as at June 30, 2010 have been reconciled as follows:

	Notes (see below)	*As at June 30, 2010 $*
Equity as reported under Canadian GAAP		224,841
IFRS adjustments:		
Derivative instrument ("share purchase warrants")	*(i)*	
- to reclassify the fair value at the date of grant from contributed surplus to derivative liability		(4,588)
- cumulative derivative losses incurred on revaluation of warrants		(5,907)
- transfer to share capital the fair value from derivative liability upon exercise of the warrants		1,194
Mine restoration provisions	*(ii)*	(1)
Borrowing costs	*(iii)*	682
Depreciation	*(iv)*	(124)
Deferred income taxes	*(v)*	1,021
		(7,723)
Equity as reported under IFRS		217,118

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

The Canadian GAAP and IFRS statements of total comprehensive income for the three and six months ended June 30, 2010 have been reconciled as follows:

	Notes (see below)	For the three months ended June 30, 2010 $	For the six months ended June 30, 2010 $
Comprehensive income (loss) as reported under Canadian GAAP		(4,166)	(8,754)
IFRS adjustments:			
Derivative instrument loss (“share purchase warrants”)	*(i)*	(4,179)	(4,219)
Mine restoration provisions	*(ii)*	26	53
Borrowing costs	*(iii)*	140	682
Depreciation	*(iv)*	(91)	(124)
Deferred income taxes	*(v)*	213	-
		(3,891)	(3,608)
Comprehensive income (loss) as reported under IFRS		(8,057)	(12,362)

(i) *Derivative instrument liability (“share purchase warrants”)*
The Company’s Canadian dollar denominated common share purchase warrants issued as part of the March 2009 Central Sun acquisition are considered derivative instruments under IFRS as they are denominated in Canadian dollars while the Company’s functional currency is the United States dollar. Under Canadian GAAP, the Company recorded the fair value of these warrants as of the date of grant in equity. Under IFRS, these derivatives are measured at fair value at the time of issue and subsequently re-measured to their fair value at each reporting date. The change in the fair value is recognized in the statement of operations.

As at January 1, 2010, the fair value of these warrants based on the Black Scholes model was $6.3 million and was classified as a derivative instrument liability on the balance sheet. Derivative instrument liability losses were $4.2 million for the six months ended June 30, 2010, largely incurred in the second quarter of 2010.

(ii) *Mine restoration provisions*
Canadian GAAP calculates mine restoration provisions using current credit-adjusted, risk-free rates for upward adjustments, and the original credit adjusted, risk free rate for downward revisions. The original liability is not adjusted for changes in current discount rates. IFRS, however, calculates mine restoration provisions using a current pre-tax discount rate, (which reflects current market assessment of the time value of money and the risk specific to liability) and is revised every reporting period to reflect changes in assumptions or discount rates. To calculate the provision under IFRS, the Company has elected to apply the exemption available from full retrospective application as allowed under IFRS 1. As such, the Company has re-measured the provision as at January 1, 2010 and subsequent change in obligations under IAS 37 Provisions, contingent liabilities and contingent assets, estimating the amount to be included in the related asset by discounting the liability to the date of first disturbance in which the liability arose, using best

estimates of the historical risk-free discount rates, and recalculating the accumulated depreciation and amortization under IFRS.

The adjustment resulting from recalculating the provision under IFRS was an increase in mine restoration provisions of $1.7 million at June 30, 2010, an increase in mining interests of $2.6 million at June 30, 2010 and an adjustment to deficit of $0.05 million at June 30, 2010. The significant changes in the provision are a result of the change from credit adjusted discount rates ranging from 8.5% to 12.0% under Canadian GAAP to risk free rates ranging from 2.3% to 9.0% under IFRS and the requirement to recalculate the provision at each reporting period.

(iii) *Borrowing costs*
Under IFRS, there are no policy choices available for capitalization of borrowing costs. IFRS requires borrowing costs to be capitalized on qualifying assets which take a substantial period of time to prepare for their intended use. A capitalization rate based on the Company's outstanding debt was used to calculate the amount of borrowing costs to capitalize on the qualifying assets. The increase in mining interests was approximately $0.7 million at June 30, 2010 with a corresponding reduction in interest and financing expense.

(iv) *Depreciation*
Under IFRS, as described above, the net carrying values of mining interests were increased due to changes in the capitalized mine restoration provisions and capitalized borrowing costs. These adjustments resulted in an increase to the depreciation expense by approximately $0.09 million for the three months ended June 30, 2010 and $0.1 million for the six months ended June 30, 2010.

(v) *Deferred income taxes*
Under Canadian GAAP the Company recognized a future income tax liability on temporary differences arising on the initial recognition of mineral properties acquired other than in business combinations. IAS 21 Income Taxes does not permit the recognition of deferred taxes on such transactions. The impact of the de-recognition of the deferred income taxes was a reduction of $11.9 million to the deferred tax liability at June 30, 2010 and a reduction to mining interests of $10.8 million at June 30, 2010. In addition, as part of the IFRS conversion, deferred income tax expense of $0.2 million was reversed to accumulated deficit in the three months ended June 30, 2010.

(vi) *Statements of Cash Flows*
The Company presents cash interest paid as a financing activity in the statements of cash flows under IFRS. Under Canadian GAAP, cash interest paid was included as an operating activity. This change in classification under IFRS increased the cash flow from operating activities and decreased the cash flow from financing activities by $0.2 million for the six months ended June 30, 2010 compared to Canadian GAAP.

MINING INTERESTS SCHEDULE (NOTE 12)
For the six months ended June 30, 2011
(all tabular amounts are in thousands of United States dollars)

	Cost					Accumulated depreciation			Net carrying value
	Opening balance at Dec. 31, 2010	Additions	Disposals/ write-offs	Reclass from assets held for sale	Closing balance at June 30, 2011	Opening balance at Dec. 31, 2010	Depreciation	Closing balance at June 30, 2011	As at June 30, 2011
	$	$	$	$	$	$	$	$	$
Property, plant & equipment									
Libertad	122,327	19,327	-	-	141,654	(9,657)	(8,447)	(18,104)	123,550
Limon	41,657	13,057	-	-	54,714	(9,207)	(3,676)	(12,883)	41,831
	163,984	32,384	-	-	196,368	(18,864)	(12,123)	(30,987)	165,381
Mineral properties “exploration & evaluation”									
Mocoa	23,359	173	-	-	23,532	-	-	-	23,532
Libertad (Jabali)	2,485	2,641	-	-	5,126	-	-	-	5,126
Radius	1,758	1,439	-	-	3,197	-	-	-	3,197
Cebollati	1,070	2,302	-	-	3,372	-	-	-	3,372
Calibre	238	697	-	-	935	-	-	-	935
	28,910	7,252	-	-	36,162	-	-	-	36,162
Corporate & other									
Bellavista	2,841	347	-	-	3,188	-	-	-	3,188
Office, furniture & equipment	285	397	-	-	682	(269)	(16)	(285)	397
	3,126	744	-	-	3,870	(269)	(16)	(285)	3,585
Investments (incorporated joint ventures)									
Gramalote	54,648	6,201	-	-	60,849	-	-	-	60,849
Quebradona	1,000	201	-	-	1,201	-	-	-	1,201
	55,648	6,402	-	-	62,050	-	-	-	62,050
	251,668	46,782	-	-	298,450	(19,133)	(12,139)	(31,272)	267,178

MINING INTERESTS SCHEDULE (NOTE 12)
For the year ended December 31, 2010
(all tabular amounts are in thousands of United States dollars)

	Cost					*Accumulated depreciation*			*Net carrying value*
	Opening balance at Jan. 1, 2010	*Additions*	*Disposals/ write-offs*	*Reclass from assets held for sale*	*Closing balance at Dec. 31, 2010*	*Opening balance at Jan. 1, 2010*	*Depreciation*	*Closing balance at Dec. 31, 2010*	*As at Dec. 31, 2010*
	$	$	$	$	$	$	$	$	$
Property, plant & equipment									
Libertad	101,280	21,047	-	-	122,327	-	(9,657)	(9,657)	112,670
Limon	28,792	12,865	-	-	41,657	(2,281)	(6,926)	(9,207)	32,450
	130,072	33,912	-	-	163,984	(2,281)	(16,583)	(18,864)	145,120
Mineral properties “exploration & evaluation”									
Mocoa	22,958	401	-	-	23,359	-	-	-	23,359
Libertad (Jabali)	-	2,485	-	-	2,485	-	-	-	2,485
Radius	345	1,413	-	-	1,758	-	-	-	1,758
Cebollati	-	1,070	-	-	1,070	-	-	-	1,070
Calibre	241	2,838	(2,841)	-	238	-	-	-	238
Kupol E&W Licenses	7,840	929	(8,769)	-	-	-	-	-	-
	31,384	9,136	(11,610)	-	28,910	-	-	-	28,910
Corporate & other									
Bellavista	2,206	635	-	-	2,841	-	-	-	2,841
Office, furniture & equipment	285	-	-	-	285	(245)	(24)	(269)	16
	2,491	635	-	-	3,126	(245)	(24)	(269)	2,857
Investments (incorporated joint ventures)									
Gramalote	51,914	2,734	-	-	54,648	-	-	-	54,648
Quebradona	-	-	-	1,000	1,000	-	-	-	1,000
	51,914	2,734	-	1,000	55,648	-	-	-	55,648
	215,861	46,417	(11,610)	1,000	251,668	(2,526)	(16,607)	(19,133)	232,535