



ASX:PIR | ABN: 96 119 655 891

# SCHEME BOOKLET

for the proposed merger by scheme of arrangement between Papillon Resources Limited and B2Gold Corp.

Your Directors unanimously recommend that you

**VOTE IN FAVOUR**

of the Scheme, in the absence of a Superior Offer

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in any doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

If you have any questions in relation to the Scheme or this Scheme Booklet, please call the Papillon Shareholder Information Line on 1800 095 654 (within Australia) or +61 1800 095 654 (outside Australia) any time between 7.00am and 5.00pm (WST) Monday to Friday



MACQUARIE

Lead Financial Adviser

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## Contents

1.	Summary of the Transaction .....	10
2.	Reasons to vote in favour of or against the Scheme .....	15
3.	Frequently Asked Questions .....	24
4.	Scheme Meeting and voting information .....	34
5.	Key considerations .....	37
6.	Information about Papillon .....	44
7.	Information about B2Gold .....	58
8.	Information about the Merged Entity .....	134
9.	Risk factors .....	146
10.	Australian taxation considerations.....	179
11.	Information about the Scheme .....	183
12.	Additional information .....	195
13.	Glossary .....	206
	<b>Annexure 1 – Independent Expert's Report .....</b>	<b>227</b>
	<b>Annexure 2 – Merger Implementation Agreement .....</b>	<b>474</b>
	<b>Annexure 3 – Comparison of Australian and Canadian legal regimes .....</b>	<b>553</b>
	<b>Annexure 4 – Scheme .....</b>	<b>578</b>
	<b>Annexure 5 – Deed Poll.....</b>	<b>587</b>
	<b>Annexure 6 – Notice of Scheme Meeting .....</b>	<b>592</b>

## Important Notices

### Date of this Scheme Booklet

This Scheme Booklet is dated 8 August 2014.

### Defined terms and interpretation

Capitalised terms used in this Scheme Booklet (other than in the Independent Expert's Report (including the Independent Technical Specialist's Report) contained in Annexure 1) and the Proxy Form accompanying this Scheme Booklet are either defined in brackets when first used or are defined in the Glossary in Section 13. The Glossary also sets out some rules of interpretation which apply to this Scheme Booklet. The Independent Expert's Report and the Independent Technical Specialist's Report contain their own defined terms which are sometimes different from those set out in the Glossary in Section 13.

### References to Scheme Booklet, Sections and Annexures

References to Sections and Annexures are to the named Sections and Annexures in this Scheme Booklet.

### Purpose of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by section 412(1) of the Corporations Act. The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which it will be implemented (if approved). This Scheme Booklet provides all information required to be given to Papillon Shareholders or that is otherwise material to the decision of Papillon Shareholders as to whether or not to vote in favour of the Scheme at the Scheme Meeting.

### General

This Scheme Booklet is important. You should read this Scheme Booklet carefully before making a decision about how to vote on the Scheme Resolution to be considered at the Scheme Meeting.

### No investment advice

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to individual investment objectives, financial situation, taxation position or particular needs of any Papillon Shareholder or any other person. It is important that you read this Scheme Booklet before making any decision, including a decision on whether or not to vote in favour of the Scheme. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to B2Gold Shares, Papillon Shares or any other securities. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

Papillon Shareholders should consult their taxation adviser as to the applicable tax consequences of the Transaction. A summary of the Australian taxation considerations is set out in Section 10.

### Responsibility statement

The Papillon Information has been prepared by Papillon and is the responsibility of Papillon. B2Gold is not responsible for any information contained in this Scheme Booklet other than the B2Gold Information.

The B2Gold Information has been prepared by B2Gold and is the responsibility of B2Gold. Papillon is not responsible for any B2Gold Information contained in the Scheme Booklet.

BDO has prepared, and is responsible for, the Independent Expert's Report contained in Annexure 1 of this Scheme Booklet. None of Papillon, B2Gold, their respective Related Entities or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Expert's Report.

Snowden has prepared, and is responsible for, the Independent Technical Specialist's Report contained in appendix 5 to the Independent Expert's Report. None of Papillon, B2Gold, their respective Related Entities or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Technical Specialist's Report.

### **Role of ASIC**

A copy of this Scheme Booklet has been lodged with, and registered by, ASIC for the purposes of section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2)(b) of the Corporations Act. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing.

### **Role of ASX**

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

### **Court order under subsection 411(1) of the Corporations Act**

#### **Important notice associated with the Court order under section 411(1) of the Corporations Act**

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- (i) has formed any view as to the merits of the proposed Scheme or as to how you should vote (on this matter, you must reach your own decision); or
- (ii) has prepared, or is responsible for the content of, the explanatory statement.

### **Notice to Papillon Shareholders in Ineligible Jurisdictions**

This Scheme Booklet complies with Australian disclosure requirements, and Australian accounting standards. These disclosure requirements and accounting standards may be different to those in other countries. It is important that Papillon Shareholders who are not Australian resident taxpayers or who are liable for tax outside Australia seek specific tax advice in relation to the Australian and overseas tax consequences of the Scheme.

Restrictions in the Ineligible Jurisdictions may make it impractical or unlawful for New B2Gold Shares to be issued under the Scheme to, or received under the Scheme by, Papillon Shareholders in those jurisdictions. Papillon Shareholders recorded on the Register as having an address within an Ineligible Jurisdiction should refer to Section 5.3 for more information.

This Scheme Booklet and the Scheme do not constitute an offer of securities in any place in which, or to any person whom, it would not be lawful to make such an offer.

### Notice to Papillon Shareholders in the United States

The solicitation of proxies made pursuant to this Scheme Booklet is not subject to the requirements of section 14(a) of the US Exchange Act. Accordingly, this Scheme Booklet has been prepared in accordance with disclosure requirements applicable in Australia. Papillon Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the US Securities Act and to proxy statements under the US Exchange Act.

The financial information including pro forma financial information relating to Papillon included or incorporated by reference in this Scheme Booklet has been prepared, or derived from financial statements prepared, in accordance with IFRS and is subject to Australian auditing and auditor independence standards and thus may not be comparable to financial statements of United States companies.

The financial information including pro forma financial information relating to B2Gold or the Merged Entity included or incorporated by reference in this Scheme Booklet has been prepared, or derived from financial statements prepared, in accordance with IFRS and is subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements of United States companies.

Papillon Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisers to determine the particular United States tax consequences to them of the Scheme in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

### Exemption from United States registration requirements

The New B2Gold Shares to be issued under the Scheme have not been and will not be registered under the US Securities Act or applicable state securities laws.

B2Gold and Papillon intend to rely on an exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof in connection with the implementation of the Scheme and the issue of New B2Gold Shares and intend to rely on exemptions from registration under applicable state securities laws. Approval of the Scheme by the Court will be relied upon by B2Gold and Papillon and will constitute the basis for the New B2Gold Shares to be issued without registration under the US Securities Act in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10).

**THIS SCHEME BOOKLET HAS NOT BEEN PREPARED IN ACCORDANCE WITH UNITED STATES SECURITIES LAWS AND REGULATIONS AND NONE OF THE SEC, ANY US STATE SECURITIES COMMISSION OR ANY OTHER US REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE SECURITIES ISSUABLE IN CONNECTION WITH THE SCHEME NOR HAVE ANY OF THEM PASSED UPON OR ENDORSED THE MERITS OF THE SCHEME OR THE ACCURACY, ADEQUACY OR COMPLETENESS OF THIS SCHEME BOOKLET. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that Papillon and B2Gold are incorporated or organised outside the United States, that some or all of their respective officers and directors and the experts named in this Scheme Booklet are residents of a foreign country, and that all or a substantial portion of the assets of Papillon and B2Gold and said persons are located outside the United States. As a result, it may be difficult or impossible for United States Shareholders to effect service of process within the United States upon Papillon or B2Gold, their respective officers or directors or the experts named in this Scheme Booklet, or to realise against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, United States Shareholders should not assume that the courts of Canada or Australia: (i) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (ii) would enforce, in original actions,

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liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

### Notice to Papillon Shareholders in France

This Scheme Booklet is not being distributed in a context of public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 and seq. of the General Regulation of the French Autorité des marchés financiers (AMF). The B2Gold Shares have not been offered or sold and will not be offered or sold, directly and indirectly, to the public in France.

This Scheme Booklet and any other offering material relating to the Scheme have not been, and will not be submitted to the AMF for approval in France and, accordingly, may not be distributed, directly and indirectly, to the public in France.

Such offers, sales and distribution have been and shall only be made in France (i) to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L. 411-2-II-2°, D. 411-1, L. 533-16, L. 533-20, D. 533-11, D. 533-13, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) to a restricted number of investors (cercle restreint d'investisseurs) acting for their own account as defined in and in accordance with Article L. 411-2-II-2°, D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the B2Gold Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance to Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code.

### Forward looking statements

Certain statements in this Scheme Booklet relate to the future, including forward looking statements and information within the meaning of applicable Canadian and United States securities legislation (“forward looking statements”). The forward looking statements in this Scheme Booklet, including statements relating to the Merged Entity and the transactions contemplated by the Merger Implementation Agreement, are not based on historical facts, but rather reflect the current views and expectations of Papillon or, in relation to the B2Gold Information, B2Gold concerning future events and circumstances. These statements may generally be identified by the use of forward looking verbs such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “foresee”, “intend” or “plan”, qualifiers such as “may”, “should”, “likely” or “potential”, or similar words. Similarly, statements that describe the expectations, goals, objectives, plans, targets, estimates of reserves and resources and future costs of B2Gold or Papillon are, or may be, forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performances or achievements of Papillon, B2Gold or the Merged Entity to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Papillon, B2Gold and the Merged Entity will operate in the future, including the price of gold, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking statements include, among others, gold price volatility, discrepancies between actual and estimated production, Ore Reserves, Mineral Reserves and Mineral Resources and metallurgical recoveries, mining operational and development risk, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, the speculative nature of gold exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements and defective title to mineral

claims or property. See Section 9 for a discussion of potential risk factors underlying, and other information relevant to, the forward looking statements and information. Forward looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on them. All forward looking statements should be read in light of such risks and uncertainties.

You should note that the historical performance of Papillon and B2Gold is no assurance of their or the Merged Entity's future financial performance. Neither Papillon, B2Gold and their respective directors, or any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements and information in this Scheme Booklet will actually occur.

The forward looking statements in this Scheme Booklet reflect views and expectations held only at the date of this Scheme Booklet. Papillon believes that all forward looking statements included in the Papillon Information have been made on a reasonable basis and B2Gold believes that all forward looking statements included in the B2Gold Information have been made on a reasonable basis. However, none of Papillon, B2Gold and their respective directors nor any other person gives any representation, assurance or guarantee that any outcome, performance or results expressed or implied by any forward looking statements in this Scheme Booklet will actually occur. Papillon Shareholders should therefore treat all forward looking statements with caution and not place undue reliance on them.

Subject to any continuing obligations under law or the Listing Rules, Papillon, B2Gold and their respective directors disclaim any obligation to revise or update, after the date of this Scheme Booklet, any forward looking statements to reflect any change in views, expectations or assumptions on which those statements are based.

### **Mineral Reserves and Mineral Resources**

B2Gold's disclosure of Mineral Reserve and Mineral Resource information is governed by NI 43-101 and CIM Standards. Papillon's disclosure of Mineral Resource information to ASX is based on the reporting requirements of the JORC Code.

With the exception of slight differences in the terminology used, there are no material differences between statements of Mineral Resources and Mineral Reserves prepared in accordance with the CIM Standards applicable under NI 43-101 and Ore Reserves and Mineral Resources prepared in accordance with the JORC Code. This is noted in section 2.5 of the Independent Technical Specialist's report where it is stated that the terms Ore Reserve (as defined under the JORC Code) and Mineral Reserve (as defined under the CIM Standards) are interchangeable.

There can be no assurance that those portions of such Mineral Resources that are not Ore Reserves or Mineral Reserves will ultimately be converted into Ore Reserves or Mineral Reserves. Mineral Resources which are not Ore Reserves or Mineral Reserves do not have demonstrated economic viability.

### **Cautionary note to United States Shareholders concerning estimates of Mineral Reserves and Mineral Resources**

This Scheme Booklet uses the terms "Probable Mineral Reserve", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource". United States Shareholders are advised that while such terms are recognised and required by Canadian and Australian standards or regulations, the SEC does not recognise them. In particular, and without limiting the generality of this cautionary note, the term "Mineral Resource" does not equate to the term "Mineral Reserve". This Scheme Booklet also uses the terms "Probable Mineral Reserves" and "Proven Mineral Reserves" as such terms are used under NI 43-101, CIM Standards and the JORC Code, which standards differ from the standards that apply under SEC Industry Guide 7. Under United States standards, mineralisation may not be classified as a "Mineral Reserve" unless the determination has been made that the mineralisation could be economically and legally produced or extracted at the time the reserve determination is made. As such, certain information contained in this Scheme Booklet concerning descriptions of mineralisation, resources and reserves under NI 43-101, CIM Standards and the JORC Code are

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not comparable to disclosures made by United States reporting companies. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a Probable Mineral Reserve, Measured Mineral Resource, Indicated Mineral Resource or an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian and Australian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States Shareholders are cautioned not to assume that all or any part of Measured, Indicated or Inferred Mineral Resources will ever be converted into Mineral Reserves or that Mineral Reserves disclosed herein would comprise Mineral Reserves under United States standards. United States Shareholders are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

Disclosure of "contained ounces" is permitted disclosure under Canadian and Australian regulations; however, the SEC normally only permits issuers to report mineralisation that does not constitute reserve as in place tonnage and grade without reference to unit measures.

### **Effect of rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet, including but not limited to those in respect of the Scheme Consideration, are subject to the effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

### **Currency**

All references in this Scheme Booklet to:

- "A\$", "AUD", "Australian dollars" are to Australian currency;
- "C\$", "CAD" and "Canadian dollars" are to Canadian currency; and
- "US\$", "USD" and "US dollars" are to United States currency.

### **Privacy and personal information**

Papillon and B2Gold will need to collect personal information to implement the Transaction. The personal information may include the names, contact details and details of shareholdings of Papillon Shareholders together with contact details of individuals appointed by Papillon Shareholders as proxies, body corporate representatives or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

Papillon Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and may contact the Australian Registrar if they wish to exercise those rights.

The information may be disclosed to print and mail service providers, and to Papillon and B2Gold and their respective advisers and agents to the extent necessary to effect the Scheme. If the information outlined above is not collected, Papillon may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Transaction effectively, or at all.

Papillon Shareholders who appoint an individual as their proxy, body corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

Persons are entitled, under section 173 of the Corporations Act, to inspect and copy the Register. The Register contains personal information about Papillon Shareholders.

## Letter from the CEO of Papillon

Dear Papillon Shareholder,

On 3 June 2014, Papillon announced that it had entered into the Merger Implementation Agreement with B2Gold under which, subject to the satisfaction of certain conditions, B2Gold (or the B2Gold Nominee) will acquire all of your shares in Papillon through a scheme of arrangement (the **Scheme**). The Scheme requires the approval of Papillon Shareholders at the Scheme Meeting to be held on 15 September 2014.

If the Scheme is implemented, Papillon Shareholders will receive 0.661 B2Gold Shares for every Papillon Share held. At the time of announcing the Transaction, this represented a purchase price of approximately A\$1.72<sup>1</sup> per Papillon Share, and as at the date of this Scheme Booklet, now represents a purchase price of approximately A\$1.86<sup>2</sup> per Papillon Share, valuing the Transaction at approximately A\$668 million.

B2Gold is a TSX and NYSE MKT listed gold producer with targeted gold production in 2014 of approximately 395,000-420,000 ounces at a projected all-in sustaining cost of approximately US\$1,025-US\$1,125 per ounce across its portfolio. B2Gold has two producing mines in Nicaragua, one producing mine in the Philippines, one mine under construction in Namibia, and a strong portfolio of development and exploration assets in Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia. B2Gold's management team has an outstanding track record, spanning over 30 years in the gold industry including multiple gold discoveries, several mine developments and proven, consistent, operational performance and expertise.

If the Scheme is implemented, Papillon Shareholders will hold approximately 26% of the Merged Entity providing the opportunity to gain immediate exposure to a significant, growth orientated and profitable gold producer with diversified operations whilst still retaining material exposure to the upside potential of the Fekola Project.

Your Directors believe that combining Papillon with B2Gold will reduce the risks associated with the development of the Fekola Project and provide you with an exciting opportunity to retain your exposure for the next phase of growth as a B2Gold Shareholder.

**Your Directors have considered the advantages and disadvantages of the Scheme and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer. All your Directors intend to vote in favour of the Scheme with respect to any Papillon Shares they hold or control, in the absence of a Superior Offer.**

In addition, BDO, the Independent Expert engaged by Papillon, has concluded that the Scheme is fair and reasonable and in the best interests of Papillon Shareholders, in the absence of a Superior Offer.

This Scheme Booklet contains important information to help you make an informed decision about how to vote at the Scheme Meeting, including certain risks related to the transaction (see Section 9). Your vote is important in determining whether or not the Scheme proceeds.

If you have any questions regarding the Scheme please call the Papillon Shareholder Information Line on 1800 095 654 (within Australia) or +61 1800 095 654 (outside Australia) any time between 7.00am and 5.00pm (WST) Monday to Friday.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mark Connelly".

**Mark Connelly**  
Managing Director and CEO

<sup>1</sup> Calculated using the closing price of B2Gold on 2 June 2014 and assuming a C\$:A\$ exchange rate on 2 June 2014 of 0.922.

<sup>2</sup> Calculated using the closing share price of B2Gold on 5 August 2014, being the last practicable date on which B2Gold traded on the TSX prior to the date of this Scheme Booklet, and assuming a C\$:A\$ exchange rate on 5 August 2014 of 0.980.



## Letter from the President of B2Gold

Dear Papillon Shareholder,

On behalf of the B2Gold board of directors and management, I am pleased to write to you concerning the opportunity presented by the proposed merger transaction between Papillon and B2Gold. The Transaction will result in the further dramatic growth of an established global intermediate gold production, development and exploration company.

The Transaction capitalises on the strengths of both companies: B2Gold's low cost production, robust cash flow generation, its pipeline of excellent growth projects and proven exploration team, and Papillon's gold resources and the exploration potential at the Fekola Project. Complementing this is the B2Gold management and technical team with its proven history in exploration, mine development and operation, financing and the ability to create significant shareholder value through mergers and acquisitions and exploration success, in addition to Papillon's strong management and technical team.

Key benefits of the Transaction for Papillon Shareholders will be the resulting ownership of a Merged Entity with a rapidly expanding production profile, geographically diverse operations, promising development and exploration projects and significant free cash flow. The 2014 production of the Merged Entity is expected to reach approximately 395,000 to 420,000 ounces from three operating mines: the La Libertad and Limon Mines in Nicaragua and the Masbate Mine in the Philippines. The Merged Entity's production is projected to increase to approximately 550,000 ounces by 2015 as the low cost Otjikoto Project in Namibia is scheduled to commence gold production in late 2014. The Merged Entity will also focus on the development of the Fekola Project in Mali, the Kiaka Project in Burkina Faso and the Gramalote Project (51% AngloGold/49% B2Gold joint venture) in Colombia. The Merged Entity's generation of substantial free cash flow will supply significant funding for the development of these projects and will lead to increased financing flexibility and access to capital.

The Merged Entity will have a strong Mineral Reserve and Mineral Resource base, with approximately 5.58 million ounces of attributable Proven and Probable Mineral Reserves, approximately 10.98 million ounces of attributable Measured and Indicated Mineral Resources, and approximately 4.90 million ounces of attributable Inferred Mineral Resources.

In addition, the Merged Entity will have enhanced financial capacity with pro forma cash and cash equivalents of approximately US\$214.1 million (as at March 31, 2014) which, in addition to continued strong cash flow from operations and good access to debt capital markets, will allow the Merged Entity substantial flexibility for future development.

The Transaction is unanimously supported by the B2Gold Directors, and B2Gold founders and executives who will vote their shares in favour of the Transaction at the B2Gold Shareholders' Meeting on 12 September 2014. We encourage you to vote in favour of the Scheme at the Scheme Meeting being held on 15 September 2014.

B2Gold very much looks forward to the implementation of the Transaction and to our future relationship with you as a shareholder in our Merged Entity.

Yours sincerely,

Clive Johnson  
President and Chief Executive Officer  
B2Gold Corp.

## Important dates and times for the Scheme<sup>(1)</sup>

B2Gold Shareholders Meeting to approve matters in connection with the Transaction	2.00pm (PST) on 12 September 2014
Latest time and date for lodgement of completed Proxy Form for the Scheme Meeting	10.00am (WST) on 13 September 2014
Time and date for determining eligibility of Papillon Shareholders to vote at the Scheme Meeting	5.00pm (WST) on 13 September 2014
Time and date of the Scheme Meeting	10.00am (WST) on 15 September 2014
Court hearing for approval of the Scheme	22 September 2014
Effective Date of the Scheme	23 September 2014
Last date of trading of Papillon Shares on ASX	23 September 2014
Record Date for determining entitlements to the Scheme Consideration	26 September 2014
Implementation Date for the Scheme and issue of the Scheme Consideration	3 October 2014
Despatch of holding statements for B2Gold Shares issued under the Scheme	3 October 2014

- (1) All stated dates and times are indicative only. The actual timetable will depend on many factors outside the control of Papillon, including the Court approval process and the satisfaction or waiver of the conditions precedent to the completion of the Scheme by each of Papillon and B2Gold. Any changes to the above timetable will be announced to ASX and will be available under Papillon's profile on ASX at [www.asx.com.au](http://www.asx.com.au).

## 1. Summary of the Transaction

### 1.1 Introduction

This summary identifies key features of the Transaction but must be read in conjunction with the additional detailed information for Papillon Shareholders set out in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

On 3 June 2014, Papillon and B2Gold announced to ASX and TSX that they had entered into the Merger Implementation Agreement under which, subject to the satisfaction or waiver, as applicable, of defined conditions, B2Gold (or the B2Gold Nominee) will acquire all of the Papillon Shares through a scheme of arrangement for consideration of 0.661 New B2Gold Shares per Papillon Share. The Scheme values the equity in Papillon at approximately:

- (i) A\$615 million (being A\$1.72 per Papillon Share) as at the time of announcing the Transaction based on the closing price of B2Gold Shares on TSX of C\$2.62 on 2 June 2014 and a C\$:A\$ exchange rate of 0.992; and
- (ii) A\$668 million (being A\$1.86 per Papillon Share) based on the closing price of B2Gold Shares on TSX of C\$2.87 on 5 August 2014, being the last practicable TSX trading day prior to the date of this Scheme Booklet, and a C\$:A\$ exchange rate of 0.980.

If the Scheme is approved by the Requisite Majority of Papillon Shareholders and by the Court, and if all other conditions to the Transaction are satisfied or waived (where applicable), all Papillon Shares will be transferred to B2Gold (or the B2Gold Nominee) with effect from the Implementation Date and without the need for any further act by the Papillon Shareholders (other than acts required to be performed by Papillon, its Directors or officers, as attorney or agent for the Papillon Shareholders). From the Implementation Date, Papillon will become a wholly-owned Subsidiary of B2Gold. Papillon Shares are expected to be delisted from ASX shortly after the Implementation Date.

Each holder of Papillon Options has agreed to cancel their Papillon Options with effect from the Implementation Date, in consideration for the issue of the Cancellation Consideration on the Implementation Date. Further details regarding the cancellation of the Papillon Options are set out in Section 11.15.

A copy of the Scheme is set out in Annexure 4 of this Scheme Booklet.

### 1.2 What you will receive if the Scheme is approved

If the Scheme is approved, on the Implementation Date Scheme Participants (other than Ineligible Shareholders) will be issued the Scheme Consideration for the transfer of the Papillon Shares held by them on the Record Date.

If the Court makes an order approving the Scheme, Papillon will send to each Papillon Shareholder notice of that fact on the Implementation Date which (except in the case of an Ineligible Shareholder or an Electing Small Scheme Participant) will be accompanied by documents of title in respect of the New B2Gold Shares to which that Papillon Shareholder is entitled.

If you are classified as an Ineligible Shareholder or Electing Small Scheme Participant and the Scheme becomes Effective, your Papillon Shares will be transferred to B2Gold (or the B2Gold Nominee) and

the New B2Gold Shares which would have been issued to you will be issued by B2Gold to the Sale Agent. If you are an Ineligible Shareholder or Electing Small Scheme Participant, B2Gold must procure that the Sale Agent sells, outside the United States, those New B2Gold Shares within 20 Business Days following the Implementation Date and remits the net sale proceeds to you in A\$ (minus conversion costs from C\$ to A\$, applicable taxes, charges and brokerage costs).

Further details about the Scheme Consideration, Ineligible Shareholders and Electing Small Scheme Participants are set out in Sections 5.2, 5.3 and 5.4 respectively.

### 1.3 Directors' recommendations

Your Directors have determined that the Scheme is in the best interests of Papillon Shareholders and unanimously recommend that Papillon Shareholders vote in favour of the Scheme in the absence of a Superior Offer. Each of the Directors will (in the absence of a Superior Offer) vote, or procure the voting of any Papillon Shares held by or on behalf of that Director at the time of the Scheme Meeting, in favour of the Scheme at the Scheme Meeting.

The reasons to vote in favour of or against the Scheme as considered by the Directors are set out in Section 2.

The implications for Papillon Shareholders if the Scheme does not proceed are set out in Section 2.3 under the heading titled, "What happens if the Scheme is not implemented".

### 1.4 Independent Expert

Papillon has commissioned BDO as the Independent Expert to prepare a report to ascertain whether the Scheme is in the best interests of Papillon Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Papillon Shareholders, in the absence of a Superior Offer.

The Independent Expert's Report is set out in Annexure 1 of this Scheme Booklet.

### 1.5 Overview of B2Gold

B2Gold is a mid-tier gold mining company with targeted gold production in 2014 of approximately 395,000-420,000 ounces at a projected all-in sustaining cost of approximately US\$1,025-US\$1,125 per ounce across its portfolio. B2Gold has a strategic focus on acquiring and developing interests in mineral properties with demonstrated potential for hosting economic mineral deposits with gold deposits as the primary focus. B2Gold conducts gold mining operations and exploration and drilling campaigns to define and develop resources and reserves on its properties with an intention of developing, constructing and operating mines on such properties. B2Gold's material projects consist of the following three operating mines, one mine under construction and two development projects:

#### Operating mines

- (i) La Libertad mine, an open pit, and potential underground, gold mine located 110 kilometres due east of Managua, and 32 kilometres northeast of Juigalpa, Nicaragua;

- (ii) Limon mine, an open pit and underground gold mine located in northwestern Nicaragua, approximately 100 kilometres northwest of Managua, Nicaragua;
- (iii) Masbate mine, an open pit gold mine located near the northern tip of the island of Masbate, 360 kilometres south-east of the capital of Manila, Philippines;

#### **Under construction**

- (iv) Otjikoto project, an open pit, and potential underground, gold mine currently under construction, located approximately 300 kilometres north of Windhoek, the capital of Namibia;

#### **Development projects**

- (v) Kiaka project, a potential open pit gold mine, located 140 kilometres southeast of Ouagadougou, the capital city of Burkina Faso; and
- (vi) Gramalote project (49% joint venture interest), a potential open pit gold mine, located 230 kilometres northwest of Bogota, the capital city of Colombia.

B2Gold also holds other exploration assets in Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia as part of its continuing operations.

B2Gold's corporate objective is to build an intermediate gold company through the development of gold properties, organic growth through exploration, and by capitalising on its management experience through strategic acquisitions. B2Gold's management team has an outstanding track record, spanning over 30 years in the gold industry including multiple gold discoveries, numerous mine developments and proven, consistent, operational performance and expertise.

### **1.6 Implementation, timetable and procedures**

If the Scheme is approved by Papillon Shareholders and the Court, and all other conditions to the Transaction are satisfied or (where applicable) waived, it is expected that the Scheme will be implemented on 3 October 2014. The key dates and times in relation to the Scheme are set out at the beginning of this Scheme Booklet. These key dates are indicative only and are subject to change.

### **1.7 Conditions to the Scheme**

Implementation of the Transaction is subject to a number of outstanding conditions precedent that are summarised in Section 11.10(a).

Details about the conditions to the Scheme that have been satisfied or waived at the date of this Scheme Booklet are set out in Section 11.10(b). A description of all of the conditions to the Scheme is included in the Merger Implementation Agreement in Annexure 2 of this Scheme Booklet.

### **1.8 Scheme Meeting**

The Scheme Meeting, to approve the Scheme, is scheduled to be held on the Plaza Level, The BGC Centre, 28 The Esplanade, Perth, Western Australia on 15 September 2014 at 10.00am (WST). Voting eligibility for the Scheme Meeting will be determined as at 5.00pm (WST) on 13 September 2014.

Further details of the Scheme Meeting, including how to vote, are contained in Section 4. The Notice of Scheme Meeting is contained in Annexure 6 of this Scheme Booklet.

### 1.9 Voting thresholds

#### (a) Scheme

The Scheme must be approved by the Requisite Majority, being:

- (i) unless the Court orders otherwise, a majority in number (more than 50%) of Papillon Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and
- (ii) at least 75% of the total number of votes which are cast at the Scheme Meeting.

#### (b) Court Approval

If the Scheme is approved at the Scheme Meeting, and all other conditions of the Scheme have been satisfied or (where applicable) waived, the Court will be asked to approve the Scheme on the Second Court Date in accordance with section 411(4)(b) of the Corporations Act. The Second Court Date is expected to be on or around 22 September 2014.

### 1.10 Tax implications

The transfer of your Papillon Shares in accordance with the Scheme may have tax implications for you. You should seek your own professional advice regarding your individual tax consequences. A summary of relevant Australian tax implications for Scheme Participants is contained in Section 10.

### 1.11 What to do next

#### (a) Read the remainder of this Scheme Booklet

Read the remainder of this Scheme Booklet in full before making any decision on the Scheme.

#### (b) Consider your options

Papillon Shareholders should refer to Section 2 for further guidance on the reasons to vote in favour of or against the Scheme and Section 9 for guidance on the risk factors associated with the Scheme.

If you have any questions in relation to the Transaction, the Scheme or the Scheme Meeting, please contact the Papillon Shareholder Information Line on 1800 095 654 (within Australia) or +61 1800 095 654 (outside Australia) any time between 7.00am and 5.00pm (WST) Monday to Friday or consult your legal, investment, taxation, financial or other professional adviser.

(c) **Vote at the Scheme Meeting**

Your Directors urge you to vote on the Scheme at the Scheme Meeting. The Scheme affects your shareholding and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds.

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer.

## 2. Reasons to vote in favour of or against the Scheme

Set out below are some of the reasons why the Papillon Board considers that you should vote in favour of the Scheme. Also set out below is a summary of some of the reasons why you may decide to vote against the Scheme. You should read the entire Scheme Booklet before deciding whether or not to vote in favour of the Scheme.

While your Directors acknowledge that there are reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages.

### 2.1 Reasons to vote in favour of the Scheme

<p><b>Your Directors recommend the Scheme</b></p>	<p>Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer.</p> <p>Your Directors intend to vote in favour of the Scheme with respect to any Papillon Shares they hold or control, in the absence of a Superior Offer.</p>
<p><b>The Independent Expert, BDO, has concluded that the Scheme is in your best interests</b></p>	<p>The Independent Expert, BDO, has concluded that the Scheme is fair and reasonable and in the best interests of Papillon Shareholders, in the absence of a Superior Offer.</p> <p>The Independent Expert's Report is set out in Annexure 1 of this Scheme Booklet.</p>
<p><b>The value of the Scheme Consideration represents a substantial premium</b></p>	<p>Based on the 2 June 2014 closing price of B2Gold Shares on TSX (the last TSX trading day before the announcement of the Transaction) of C\$2.62 and the C\$:A\$ exchange rate at the time of 0.992, the implied value of the Scheme Consideration was A\$1.72 per Papillon Share, which represented:</p> <ul style="list-style-type: none"> <li>• a 31.1% premium to Papillon's 20-day VWAP as at 2 June 2014, and</li> <li>• a 20.6% premium to Papillon's last closing price on ASX as at 2 June 2014.</li> </ul> <p>Based on the 5 August 2014 closing price of B2Gold Shares on TSX (the last practicable TSX trading day prior to the date of this Scheme Booklet) of C\$2.87 and the C\$:A\$ exchange rate of 0.980, the implied value of the Scheme Consideration was A\$1.86 per Papillon Share, which represents:</p> <ul style="list-style-type: none"> <li>• a 41.9% premium to Papillon's 20-day VWAP as at 2 June 2014, and</li> <li>• a 30.5% premium to Papillon's closing price on ASX on 2 June 2014.</li> </ul> <p>The implied value of the Scheme Consideration may increase or</p>

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	<p>decrease prior to the Implementation Date based on movements in the B2Gold Share price or movements in the C\$:A\$ exchange rate.</p>
<p><b>You will gain immediate exposure to B2Gold's gold production, cash flows and significant resources</b></p>	<p>Papillon Shareholders will emerge with approximately 26% of the Merged Entity post the successful implementation of the Transaction.</p> <p>B2Gold is a geographically diversified gold producer and developer with three operating mines in Nicaragua and the Philippines, one mine under construction in Namibia, development projects in Colombia and Burkina Faso and a portfolio of exploration assets in Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia. This diversification serves to mitigate collective operational and geopolitical risk.</p> <p>Papillon Shareholders will gain immediate exposure to B2Gold's gold production and the associated cash flows this generates. In the year ended 31 December 2013, B2Gold produced 366,313 ounces of gold at a cash cost of US\$681 per ounce and an all-in sustaining cost of US\$1,064 per ounce.</p> <p>Papillon Shareholders will also gain exposure to B2Gold's existing significant Mineral Reserve and Mineral Resource base. The Merged Entity will have proven Mineral Reserves and Probable Mineral Reserves of 5.58 million ounces, Measured Mineral Resources and Indicated Mineral Resources of 10.98 million ounces and Inferred Mineral Resources of 4.90 million ounces (all on an attributable basis).</p>
<p><b>You will have the opportunity to participate in B2Gold's rapidly expanding production profile</b></p>	<p>B2Gold is anticipating significant growth in its production profile following the development of the Otjikoto and Fekola projects. B2Gold is targeting gold production in 2014 of approximately 395,000 to 420,000 ounces which is expected to grow to approximately 550,000 ounces in 2015 (assuming completion of the Otjikoto Project).</p> <p>B2Gold also has an aggressive exploration strategy with significant planned exploration programs at its existing operating mines and development stage projects which will include the Fekola Project, as well as highly prospective earlier stage projects in Nicaragua, the Philippines, Namibia, Colombia and Burkina Faso.</p>
<p><b>You will benefit from B2Gold's enhanced financial position and scale</b></p>	<p>As at 5 August 2014, the pro forma market capitalisation of the Merged Entity would have been approximately C\$2.63 billion<sup>3</sup>.</p> <p>Further, the Merged Entity is expected to have, on a pro forma</p>

<sup>3</sup> Calculated using the closing price of B2Gold on 5 August 2014, being the last practicable date on which B2Gold traded on the TSX prior to the date of this Scheme Booklet.

	<p>basis as at 31 March 2014, cash and cash equivalents of approximately US\$214.1 million and unused debt capacity of US\$150 million (US\$125 million as at 30 June 2014) which, in addition to continued strong cash flow from operations, will allow the Merged Entity substantial flexibility for the future development of the Fekola Project.</p> <p>Your Directors believe that the Merged Entity should have enhanced access to capital driven by increased portfolio scale, operating diversification and strong free cash flow. It should also receive increased investor interest due to further diversification and scale.</p>
<b>Enhanced liquidity and market presence</b>	Papillon Shareholders will benefit from B2Gold's enhanced share market liquidity and capital market presence which is expected to lead to increased interest from institutional investors and a greater following by the analyst community.
<b>B2Gold management expertise</b>	The B2Gold management, mining and technical teams bring an industry-leading track record of exploration, mine development and disciplined operating capabilities which could enhance the value of the Fekola Project and reduce the risks associated with its development.
<b>Diversification across multiple projects and jurisdictions</b>	<p>As part of the Merged Entity, Papillon will become part of a geographically diversified gold producer and developer with three operating mines in Nicaragua and the Philippines and development assets in Namibia, Mali, Colombia and Burkina Faso.</p> <p>This diversification of assets spanning three continents and located in high-growth emerging economies, serves to mitigate collective operational and geopolitical risk.</p>
<b>CGT scrip-for-scrip roll-over relief</b>	<p>Eligible Papillon Shareholders who are Australian residents for tax purposes and who would otherwise realise a capital gain on the disposal of their Papillon Shares in return for New B2Gold Shares under the Scheme should generally be able to obtain CGT scrip-for-scrip roll-over relief.</p> <p>Papillon Shareholders should refer to Section 10 for further details in relation to the Australian tax consequences of the Scheme.</p>
<b>No brokerage costs</b>	Papillon Shareholders will not be required to pay any brokerage or other costs in connection with the disposal of their Papillon Shares under the Scheme. Brokerage and other costs may be deducted from the proceeds of sale of New B2Gold Shares for Ineligible Shareholders and Electing Small Scheme Participants,

	as outlined in Section 5.5.
<b>Small shareholder sale facility</b>	<p>A Small Scheme Participant is a Scheme Participant with an Australian or New Zealand address in the Register whose entitlement to the Scheme Consideration would be 132,200 New B2Gold Shares or less (equating to a holding of 200,000 Papillon Shares or less on the Record Date).</p> <p>Each Small Scheme Participant may become an Electing Small Scheme Participant by electing to have all (and not only some) New B2Gold Shares issuable to them, issued to and sold by the Sale Agent immediately after the Implementation Date, over a period of no more than 20 Business Days, and to receive the proceeds of the sale in A\$.</p> <p>If you wish to make such an election, you should refer to Section 5.4 for further information.</p>
<b>If the Scheme is not implemented the Papillon Share price may fall</b>	If the Scheme is not implemented, Papillon will remain an independent company and will continue to explore and advance the Fekola Project. Should this occur, your Directors expect that the Papillon Share price will trade below its current trading levels in the near term (although it is difficult to predict the Papillon Share price movement with any certainty).
<b>No Superior Offer has emerged</b>	Since the initial announcement of the Transaction on 3 June 2014, and up to the date of this Scheme Booklet, no Superior Offer has emerged and the Board is not aware of any Superior Offer that is likely to emerge.

## 2.2 Reasons to vote against the Scheme

<b>You may disagree with your Directors' unanimous recommendation or the Independent Expert's conclusion</b>	<p>In concluding that the Scheme is in the best interests of Papillon Shareholders, in the absence of a Superior Offer, the Directors and Independent Expert are making judgements based on future events which are not predictable with certainty and which may prove to be incorrect (either positively or negatively).</p> <p>Papillon Shareholders may not agree with the Directors' unanimous recommendation or the Independent Expert's conclusion and are not obliged to follow the recommendation.</p>
<b>The Merged Entity will be subject to a number of risks to which Papillon is not currently exposed</b>	<p>If the Scheme becomes Effective, Scheme Participants (other than Ineligible Shareholders and Electing Small Scheme Participants) will be issued New B2Gold Shares and may therefore be subject to certain risks which Papillon is not currently exposed to, including the following:</p> <ul style="list-style-type: none"> <li>mining operations – B2Gold's mining operations are subject to the risks and hazards normally encountered in</li> </ul>

	<p>such activities, which could result in property damage, personal injury or death, environmental pollution and potential legal liability;</p> <ul style="list-style-type: none"> <li>• foreign countries and mining risks – B2Gold’s exploration, development and production activities are currently conducted in Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia and, as such, B2Gold’s operations are exposed to various levels of political, economic and other risks and uncertainties;</li> <li>• labour and employment matters – production at B2Gold’s mining operations is dependent upon the efforts of B2Gold’s employees and B2Gold’s relations with its unionised and non-unionised employees;</li> <li>• joint ventures – certain assets in which B2Gold has an interest are the subject of joint venture arrangements with other mining companies and will be subject to the risks normally associated with the conduct of joint ventures;</li> <li>• property interests – B2Gold has certain obligations in order to acquire and maintain title to certain of its current properties and B2Gold must meet certain requirements. No guarantee can be given that B2Gold will be in a position to comply with all such conditions and obligations, or to require third parties to comply with their obligations with respect to such properties;</li> <li>• unknown liabilities in connection with acquisitions – as part of B2Gold’s acquisitions, B2Gold has assumed liabilities and risks. While B2Gold has conducted comprehensive due diligence, there may be liabilities or risks that B2Gold failed, or was unable, to discover in the course of performing the due diligence investigations or for which B2Gold was not indemnified;</li> <li>• enforcement of civil liabilities – a significant portion of B2Gold’s assets are located outside of Australia and almost all of its directors and executive officers are resident outside of Australia. As a result, it may be difficult or impossible to enforce judgments granted by a court in Australia against the assets of B2Gold or the directors and officers of B2Gold; and</li> <li>• hedging – B2Gold is required to enter into hedging arrangements pursuant to its lending arrangements and there is no assurance that such arrangements will be successful.</li> </ul> <p>These different risks will mean that the Merged Entity will have a different risk profile to that of Papillon on a standalone basis.</p>
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	<p>You may prefer to retain your exposure to Papillon's risks and investment profile as a standalone entity including its size, capital structure and geographic exposure.</p> <p>Further details of these risks can be found in Section 9.</p>
<p><b>You will be exposed to differences between applicable corporations and securities laws</b></p>	<p>Papillon is incorporated in Australia and listed on ASX while B2Gold is incorporated in British Columbia, Canada with a primary listing on TSX and a secondary listing on NYSE MKT. If the Scheme becomes Effective, Papillon Shareholders (other than Ineligible Shareholders and Electing Small Scheme Participants) whose rights are currently governed by the laws of Australia, ASX Listing Rules and the constitution of Papillon will become holders of New B2Gold Shares. The rights of holders of New B2Gold Shares will be governed by British Columbian law, the TSX Company Manual and B2Gold's notice of articles and articles.</p> <p>Although some of the material differences between Australian company law and ASX Listing Rules and British Columbia company law and the TSX Company Manual rules as they relate to Papillon and B2Gold respectively could be viewed as advantageous to Papillon Shareholders, others could be viewed as disadvantageous to Papillon Shareholders.</p> <p>Further details on rights attaching to B2Gold Shares and the differences between applicable company laws, listing rules, and other relevant laws, can be found in Annexure 3.</p>
<p><b>You may believe there is an opportunity for increased value from Papillon remaining as a standalone entity</b></p>	<p>Since acquiring the Fekola Project in 2010, Papillon has grown from a small gold exploration company to a highly rated emerging gold development company with a market capitalisation of more than A\$480 million as at 2 June 2014.</p> <p>You may believe that Papillon will continue to grow and Papillon Shareholders will have the opportunity for greater returns over the long term by continued investment in Papillon as an independent company.</p> <p>In assessing and recommending the Scheme, your Directors have evaluated the benefits of Papillon continuing as an independent company against the value of the Transaction. In deciding that they should recommend the Transaction, your Directors determined that, on balance, the earlier and more certain value represented by the Transaction was more favourable to Papillon Shareholders than the strategic options that might otherwise be available to Papillon as an independent company.</p>
<p><b>A Superior Offer for Papillon, if it were to continue as an independent company, may</b></p>	<p>It is possible that, if Papillon were to continue as an independent company, a Superior Offer for Papillon which is more attractive for Papillon Shareholders may materialise in the future.</p>

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<p><b>materialise in the future</b></p>	<p>Until the Scheme becomes Effective, there is nothing preventing other parties from making unsolicited Competing Proposals for Papillon.</p> <p>Your Directors may consider an unsolicited Competing Proposal that is or would reasonably be expected to result in a Superior Offer, but Papillon may not solicit Competing Proposals. B2Gold has the right, but not the obligation, to match any Superior Offer.</p> <p>As at the date of this Scheme Booklet, no Superior Offer has emerged.</p> <p>If a Superior Offer for Papillon emerges prior to the Implementation Date or the Sunset Date (whichever occurs earliest) your Directors will carefully consider the proposal and will inform you of any material developments.</p> <p>Further details relating to Competing Proposals and Superior Offers are set out in Sections 5.6 and 11.11 and the Merger Implementation Agreement set out in Annexure 2 of this Scheme Booklet.</p>
<p><b>The exact value of the Scheme Consideration upon implementation of the Scheme is not certain</b></p>	<p>The exact value of the Scheme Consideration that would be realised by Scheme Participants upon implementation of the Scheme is not certain because it is dependent on the price at which B2Gold Shares trade on TSX and the C\$:A\$ exchange rate at the Implementation Date.</p>
<p><b>You will need to trade your New B2Gold Shares on TSX or NYSE MKT as the New B2Gold Shares will not trade on ASX</b></p>	<p>New B2Gold Shares will be listed on TSX and NYSE MKT but will not be listed on ASX. If you receive New B2Gold Shares, you will only be able to trade your New B2Gold Shares on TSX or NYSE MKT.</p> <p>Please see Sections 5.2 and 5.10 for further information on trading New B2Gold Shares.</p>
<p><b>If you are an Ineligible Shareholder or an Electing Small Scheme Participant, your New B2Gold Shares will be issued to the Sale Agent, to be sold, which may result in a tax liability</b></p>	<p>If the Scheme becomes Effective, New B2Gold Shares that would otherwise be issued to an Ineligible Shareholder, or on behalf of an Electing Small Scheme Participant, will be issued to the Sale Agent, who will then sell those New B2Gold Shares and remit the proceeds (net of costs) to the Ineligible Shareholder or Electing Small Scheme Participant, as applicable. The sale of those New B2Gold Shares may result in a tax liability for the Ineligible Shareholder or Electing Small Scheme Participant.</p>

### 2.3 Other relevant considerations

<p><b>The Scheme is conditional</b></p>	<p>The Scheme is conditional on approval by the Requisite Majority of Papillon Shareholders and by the Court.</p>
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	<p>The issue of New B2Gold Shares is also conditional on the approval of the requisite majority of B2Gold Shareholders at the B2Gold Shareholders' Meeting.</p> <p>The Transaction is also conditional on a number of other conditions including regulatory approvals, which are set out in Section 11.10. As at the date of this Scheme Booklet, your Directors are not aware of any matter which they expect will result in a breach of, or lead to non-performance of, any of those conditions. See Section 11.10(a) for the conditions which remain outstanding and Section 11.10(b) for the conditions which have been satisfied as at the date of this Scheme Booklet.</p>
<p><b>All or nothing proposal</b></p>	<p>If the Scheme is approved by the Requisite Majority of Papillon Shareholders and the Court and all of the other conditions to the Transaction are either satisfied or waived (where applicable):</p> <ul style="list-style-type: none"> <li>• the Scheme will bind all Scheme Participants, including those who do not vote on the Scheme Resolution and those who vote against it, meaning that all Scheme Participants will have their Papillon Shares transferred to B2Gold (or the B2Gold Nominee) and will receive the Scheme Consideration (or in the case of Ineligible Shareholders and Electing Small Scheme Participants, the net proceeds of sale of the relevant New B2Gold Shares);</li> <li>• Papillon will become a wholly-owned Subsidiary of B2Gold; and</li> <li>• Papillon will be delisted from ASX.</li> </ul> <p>If any of the conditions to the Transaction are not satisfied or waived (where applicable) on or before the Second Court Date, the Merger Implementation Agreement may be terminated and the Transaction will not be implemented.</p>
<p><b>What happens if the Scheme is not implemented?</b></p>	<p>The consequences of the Scheme not being implemented include:</p> <ul style="list-style-type: none"> <li>• Scheme Participants will retain their Papillon Shares, will not receive the Scheme Consideration, and will continue to be exposed to the risks associated with their investment in Papillon Shares;</li> <li>• the existing Papillon Board and management will continue to operate Papillon's business;</li> <li>• the expected benefits of the Transaction (as set out in Section 2.1) will not be realised;</li> <li>• Papillon will have incurred significant costs and</li> </ul>



	<p>management time and resources for no outcome; and</p> <ul style="list-style-type: none"><li>• Papillon may be liable to pay the Papillon Reimbursement Fee Amount (US\$5,700,000) to B2Gold (for further details in relation to the Papillon Reimbursement Fee Amount, see Section 11.13).</li></ul> <p>If the Transaction is not completed, the market price of Papillon Shares may decline to the extent that the market price reflects an assumption that the Scheme will be completed.</p>
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### 3. Frequently Asked Questions

The following table provides brief answers to questions you may have in relation to the Transaction, but must be read in conjunction with the more detailed information included in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

Questions about the Transaction	
<b>What is the Scheme?</b>	<p>The Scheme is a proposed merger of Papillon and B2Gold to be implemented by way of a scheme of arrangement between Papillon and the Papillon Shareholders under which all of the Papillon Shares will be transferred to B2Gold (or the B2Gold Nominee) in consideration for the issue by B2Gold of the Scheme Consideration.</p> <p>The Scheme requires the approval of both the Requisite Majority of Papillon Shareholders at the Scheme Meeting and the Court.</p> <p>The terms of the Scheme are set out in full in Annexure 4 of this Scheme Booklet.</p>
<b>What is the Scheme Consideration?</b>	<p>If the Transaction proceeds, the Scheme Consideration, being 0.661 of a New B2Gold Share for each Papillon Share you hold on the Record Date will be issued, unless you are an Ineligible Shareholder or Electing Small Scheme Participant.</p>
<b>What will be the effect of the Scheme?</b>	<p>If the Scheme is approved by the Requisite Majority of Papillon Shareholders and the Court:</p> <ul style="list-style-type: none"> <li>• all your Papillon Shares will be transferred to B2Gold (or the B2Gold Nominee);</li> <li>• in exchange, you will receive the Scheme Consideration for each Papillon Share you hold, unless you are an Ineligible Shareholder or Electing Small Scheme Participant; and</li> <li>• Papillon will become a wholly-owned Subsidiary of B2Gold and will be delisted from ASX.</li> </ul>
<b>What value does the Scheme imply for my Papillon Shares?</b>	<p>The Scheme Consideration is 0.661 New B2Gold Shares per Papillon Share. This implies a value of:</p> <ul style="list-style-type: none"> <li>• A\$1.72 per Papillon Share based on the 2 June 2014 closing price of B2Gold Shares on TSX (the last TSX trading day before the announcement of the Transaction) of C\$2.62 and the C\$:A\$ exchange rate at the time of 0.992; and</li> <li>• A\$1.86 per Papillon Share based on the 5 August 2014 closing price of B2Gold Shares on TSX (being the last</li> </ul>

	<p>practicable TSX trading day prior to the date of this Scheme Booklet) of C\$2.87 and the C\$:A\$ exchange rate at the time of 0.980.</p> <p>The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the B2Gold Share price. Please refer to Section 7.13 for the recent price history of B2Gold Shares.</p> <p>The A\$ value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the C\$:A\$ exchange rate.</p>
<p><b>Are there conditions that need to be satisfied before the Transaction can proceed?</b></p>	<p>Implementation of the Transaction is subject to satisfaction (or waiver in some cases) of a number of conditions contained in the Merger Implementation Agreement, set out in Annexure 2 of this Scheme Booklet.</p> <p>A number of those conditions remain outstanding as at the date of this Scheme Booklet as described in Section 11.10(a). A description of the conditions that have already been satisfied or waived (where applicable) is included in Section 11.10(b).</p>
<p><b>What is the Directors' recommendation?</b></p>	<p>Your Directors have carefully considered the advantages and disadvantages of the Transaction and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer.</p> <p>Your Directors intend to vote in favour of the Scheme with respect to any Papillon Shares they hold or control, in the absence of a Superior Offer.</p>
<p><b>What are the reasons to vote in favour of the Scheme?</b></p>	<p>The Directors have described in Section 2.1 the reasons why Papillon Shareholders should vote in favour of the Scheme.</p>
<p><b>What are the reasons to vote against the Scheme?</b></p>	<p>The Directors have described in Section 2.2 the reasons why you may decide to vote against the Scheme.</p>
<p><b>What are the risks for me if the Scheme is implemented</b></p>	<p>If the Scheme is implemented, you will be entitled to receive the Scheme Consideration in the form of New B2Gold Shares (unless you are an Ineligible Shareholder or Electing Small Scheme Participant). Papillon Shareholders who receive and retain New B2Gold Shares under the Scheme may be subject to certain risks as set out in Section 9.</p>
<p><b>What is the Independent Expert's conclusion?</b></p>	<p>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Papillon Shareholders, in the absence of a Superior Offer.</p> <p>The Independent Expert's Report is set out in Annexure 1 of</p>

	this Scheme Booklet.
<b>If I wish to support the Scheme, what should I do?</b>	<p>Your Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Offer. If you are a registered Papillon Shareholder and are unable to attend the Scheme Meeting you may be entitled to vote by proxy, corporate representative or attorney.</p> <p>See Section 4 for directions on how to vote and important voting information generally.</p>
<b>What happens if I vote against the Scheme?</b>	<p>If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Transaction, you may vote against the Scheme at the Scheme Meeting.</p> <p>If the Scheme is approved by the Requisite Majority of Papillon Shareholders and by the Court, and all other conditions to the Transaction are satisfied or waived (where applicable), your Papillon Shares will be transferred to B2Gold (or the B2Gold Nominee) in consideration for B2Gold issuing to you or the Sale Agent on your behalf, as applicable, the Scheme Consideration for your Papillon Shares. This will occur even if you voted against the Scheme at the Scheme Meeting.</p> <p>If the Scheme is not approved by the Requisite Majority of Papillon Shareholders or the Court, Papillon will remain an independent company and you will remain a Papillon Shareholder.</p>
<b>How will the Transaction be implemented?</b>	<p>If the Scheme becomes Effective, no further action is required on the part of the Scheme Participants in order to implement the Scheme. Under the Scheme, Papillon is given authority to effect a valid transfer of all Papillon Shares to B2Gold (or the B2Gold Nominee) and to enter the name of B2Gold (or the B2Gold Nominee) in the Register as holder of all Papillon Shares. If the Scheme becomes Effective, each Papillon Shareholder (other than an Ineligible Shareholder or Electing Small Scheme Participant) will be deemed to have agreed to become a shareholder of B2Gold and to have accepted the New B2Gold Shares issued to that holder, under the Scheme subject to, and to be bound by, B2Gold's constating documents and the BCBCA.</p>
<b>What happens if the Scheme is not approved?</b>	<p>If the Scheme is not approved by the Requisite Majority of Papillon Shareholders or the Court, the Scheme will not be implemented.</p> <p>Further, if any of the conditions to the Transaction are not</p>

	<p>satisfied or waived (where applicable), including if the Scheme is not approved by the Requisite Majority of Papillon Shareholders and by the Court, the Merger Implementation Agreement may be terminated and the Transaction will not be implemented.</p> <p>The consequences of the Scheme not being implemented include:</p> <ul style="list-style-type: none"> <li>• you will retain your Papillon Shares, you will not be issued the Scheme Consideration, and you will continue to be exposed to the risks associated with your investment in Papillon Shares;</li> <li>• the existing Papillon Board and management will continue to operate Papillon's business;</li> <li>• the expected benefits of the Transaction (as set out in Section 2.1) will not be realised;</li> <li>• the Papillon Share price may fall; and</li> <li>• Papillon will have incurred significant costs and management time and resources for no outcome.</li> </ul>
<p><b>Is a Superior Offer likely? What happens if a Superior Offer emerges?</b></p>	<p>As at the date of this Scheme Booklet, no Superior Offer for Papillon has emerged.</p> <p>It is possible that, if Papillon were to continue as an independent company, a Superior Offer for Papillon may materialise in the future.</p> <p>Until the Implementation Date (if the Scheme is approved by the Requisite Majority of Papillon Shareholders and the Court) or the Sunset Date (whichever occurs earlier), there is nothing preventing other parties from making unsolicited Competing Proposals for Papillon.</p> <p>Further details regarding Competing Proposals and Superior Offers are set out in Sections 5.6 and 11.11.</p>
<p><b>What are the tax implications of the Transaction?</b></p>	<p>Eligible Papillon Shareholders who are Australian residents for tax purposes and who would otherwise realise a capital gain on the disposal of their Papillon Shares in return for New B2Gold Shares under the Scheme should generally be able to obtain CGT scrip- for-scrip roll-over relief.</p> <p>If you are an Ineligible Shareholder or Electing Small Scheme Participant the New B2Gold Shares that you would otherwise have been entitled to will be issued to, the Sale Agent who will then sell those New B2Gold Shares and remit the proceeds to you in A\$, net of costs. The sale of those New B2Gold Shares may result in a tax liability for the Ineligible</p>

	<p>Shareholder or the Electing Small Scheme Participant (as the case may be). Section 10 provides a description of the general Australian tax consequences of the Transaction.</p> <p>If you are unsure, you should seek professional tax advice as soon as possible.</p>
<p><b>Who will manage the Merged Entity following the implementation of the Transaction?</b></p>	<p>The Merged Entity's board of directors will consist of the current directors of B2Gold, with the addition of Mark Connelly. The senior executive officers of the Merged Entity will consist of the current senior executive officers of B2Gold.</p>
<p><b>How do the Directors intend to vote in respect of their own Papillon Shares?</b></p>	<p>Each Director intends to vote in favour of the Scheme with respect to any Papillon Shares they hold or control, in the absence of a Superior Offer.</p> <p>Your Directors collectively control the voting rights attaching to approximately 4.27% of the total number of Papillon Shares on issue.</p>
<p><b>Questions about your entitlements</b></p>	
<p><b>Who is entitled to participate in the Transaction?</b></p>	<p>Each person (other than B2Gold) who is a Papillon Shareholder as at 5.00pm (WST) on the Record Date (expected to be 26 September 2014) will be entitled to participate in the Scheme.</p> <p>See Section 12.3 for details on B2Gold's holdings in Papillon.</p>
<p><b>What if I am an Ineligible Shareholder?</b></p>	<p>If you are a Papillon Shareholder whose address shown in the Register is in an Ineligible Jurisdiction, B2Gold will not issue New B2Gold Shares to you.</p> <p>The number of New B2Gold Shares that would otherwise have been issued to you under the Scheme will be issued to the Sale Agent, who will sell those New B2Gold Shares and remit the proceeds of such sale to you in A\$, net of costs.</p> <p>See Section 5.3 for further details.</p>
<p><b>Is there a Sale Facility?</b></p>	<p>Yes, if you are a Scheme Participant with an Australian or New Zealand address in the Register whose entitlement to the Scheme Consideration would be 132,200 New B2Gold Shares or less (equating to a holding of 200,000 Papillon Shares or less on the Record Date). Each Small Scheme Participant may become an Electing Small Scheme Participant by electing to have all (but not only some) of their holding of New B2Gold Shares sold by the Sale Agent, outside the United States, and to receive the proceeds of the sale in A\$, net of costs. If you wish to make such an election, you should refer to Section 5.4 for further information.</p>

<p><b>What happens if the market price of B2Gold Shares increases or decreases?</b></p>	<p>The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the B2Gold Share price.</p>
<p><b>How will fractional entitlements to New B2Gold Shares be treated?</b></p>	<p>If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of a New B2Gold Share your fractional entitlement will be rounded down to the nearest whole number of New B2Gold Shares.</p>
<p><b>When will I be issued the Scheme Consideration?</b></p>	<p>If the Scheme is implemented, B2Gold must issue your New B2Gold Shares to you (or in the case of an Ineligible Shareholder or an Electing Small Scheme Participant, to the Sale Agent) on the Implementation Date, which is expected to be on 3 October 2014. Papillon will procure that documents of title are sent to Papillon Shareholders (except Ineligible Shareholders and Electing Small Scheme Participants) in respect of the Scheme Consideration on the Implementation Date.</p>
<p><b>Will I have to pay brokerage fees on the disposal of my Papillon Shares?</b></p>	<p>No brokerage fees or other costs are payable in connection with the issue of the Scheme Consideration. If you are an Ineligible Shareholder or Electing Small Scheme Participant, the Sale Agent will deduct brokerage or other costs from the sale of New B2Gold Shares that would otherwise have been issued to you and pay you the net amount.</p>
<p><b>How can I trade my New B2Gold Shares?</b></p>	<p>B2Gold is listed on TSX and NYSE MKT, but not on ASX. If you wish to sell the New B2Gold Shares you receive under the Scheme, or purchase additional B2Gold Shares, you will need to instruct a stockbroker who is able to execute trades on TSX or NYSE MKT.</p> <p>If you are located in Australia or New Zealand and wish to sell the New B2Gold Shares you receive under the Scheme but do not have a stockbroker who is able to execute trades on TSX or NYSE MKT, you can call Macquarie Equities on 1800 100 192 or Euroz Securities on +61 8 9346 0316. Macquarie Equities or Euroz Securities may be able to assist in selling your New B2Gold Shares for you.</p>
<p><b>Questions about voting</b></p>	
<p><b>Who can vote?</b></p>	<p>If you are registered as a Papillon Shareholder at 5.00pm (WST) on 13 September 2014 you will be entitled to vote on the Scheme Resolution to be proposed at the Scheme Meeting.</p> <p>For further details, see Section 4.</p>

<p><b>When and where will the Scheme Meeting be held?</b></p>	<p>The Scheme Meeting to approve the Scheme is scheduled to be held at Plaza Level of The BGC Centre, 28 The Esplanade, Perth, Western Australia on 15 September 2014 commencing at 10.00am (WST).</p> <p>Further details of the Scheme Meeting, including how to vote are contained in Section 4. The Notice of Scheme Meeting is contained in Annexure 6 of this Scheme Booklet.</p>
<p><b>What vote is required to approve the Scheme?</b></p>	<p>The Scheme needs to be approved by the Requisite Majority of Papillon Shareholders, which is:</p> <ul style="list-style-type: none"> <li>• unless the Court orders otherwise, a majority in number (more than 50%) of Papillon Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and</li> <li>• at least 75% of the total number of votes cast on the resolution at the Scheme Meeting.</li> </ul>
<p><b>Is voting compulsory?</b></p>	<p>No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting scheduled to be held on 15 September 2014 at 10.00am (WST) you should complete and return the Proxy Form enclosed with this Scheme Booklet.</p> <p>For further details regarding voting and submitting Proxy Forms for the Scheme Meeting, see Section 4.</p>
<p><b>Why should I vote?</b></p>	<p>Your vote will be important in determining whether the Transaction will proceed.</p> <p>Your Directors have determined that the Scheme is in the best interests of Papillon Shareholders and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer.</p>
<p><b>What happens if I do not vote?</b></p>	<p>If you do not vote and the Scheme is approved by a Requisite Majority of Papillon Shareholders and the Court, your Papillon Shares will be transferred to B2Gold (or the B2Gold Nominee) in consideration for B2Gold issuing to you the Scheme Consideration for your Papillon Shares unless you are an Ineligible Shareholder, or an Electing Small Scheme Participant, in which case the Sale Agent will sell your New B2Gold Shares and remit the proceeds to you, net of costs.</p> <p>If the Scheme is not approved, Papillon will remain an independent company and you will remain a Papillon Shareholder.</p>
<p><b>Can I attend the Court and oppose the Court approval of the</b></p>	<p>If you wish to oppose approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date, you</p>

<p><b>Scheme?</b></p>	<p>may do so by filing with the Court, and serving on Papillon, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Papillon at least one Business Day (in Perth, Western Australia) before the Second Court Date.</p>
<p><b>What are my options?</b></p>	<p>You may:</p> <ul style="list-style-type: none"> <li>• vote in favour of the Scheme at the Scheme Meeting;</li> <li>• vote against the Scheme at the Scheme Meeting;</li> <li>• sell your Papillon Shares on market at any time before the close of trading on ASX on the Effective Date; or</li> <li>• do nothing.</li> </ul>
<p><b>What if I cannot, or do not wish to, attend the Scheme Meeting?</b></p>	<p>If you cannot, or do not wish to, attend the Scheme Meeting, you may appoint a proxy, corporate representative or attorney to vote on your behalf. For further details regarding voting and submitting Proxy Forms for the Scheme Meeting, see Section 4.</p>
<p><b>Questions about B2Gold</b></p>	
<p><b>Who is B2Gold?</b></p>	<p>B2Gold is a mid-tier gold mining company with a strategic focus on acquiring and developing interests in mineral properties with demonstrated potential for hosting economic mineral deposits with gold deposits as the primary focus. B2Gold conducts gold mining operations and exploration and drilling campaigns to define and develop resources and reserves on its properties with an intention of developing, constructing and operating mines on such properties. B2Gold is targeting gold production in 2014 of approximately 395,000-420,000 ounces at a projected all-in sustaining cost of approximately US\$1,025-US\$1,125 per ounce across its portfolio.</p> <p>B2Gold's material projects consist of the following three operating mines, one mine under construction and two development projects:</p> <ul style="list-style-type: none"> <li>• La Libertad mine, an open pit, and potential underground, gold mine located 110 kilometres due east of Managua, and 32 kilometres northeast of Juigalpa, Nicaragua;</li> <li>• Limon mine, an open pit and underground gold mine located in northwestern Nicaragua, approximately 100 kilometres northwest of Managua, Nicaragua;</li> </ul>

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	<ul style="list-style-type: none"> <li>• Masbate mine, an open pit gold mine located near the northern tip of the island of Masbate, 360 kilometres south-east of the capital of Manila, Philippines;</li> <li>• Otjikoto project, an open pit, and potential underground, gold mine currently under construction, located approximately 300 kilometres north of Windhoek, the capital of Namibia;</li> <li>• Kiaka project, a potential open pit gold mine, located 140 kilometres southeast of Ouagadougou, the capital city of Burkina Faso; and</li> <li>• Gramalote project (49% joint venture interest), a potential open pit gold mine, located 230 kilometres northwest of Bogota, the capital city of Colombia.</li> </ul> <p>B2Gold holds other exploration assets in Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia as part of its continuing operations.</p> <p>B2Gold’s corporate objective is to build an intermediate gold company through the development of gold properties, organic growth through exploration, and by capitalising on its management experience through strategic acquisitions.</p> <p>See Section 7 for further information on B2Gold and Section 8 for further information on the Merged Entity.</p>
<p><b>Why does B2Gold wish to implement the Transaction?</b></p>	<p>The B2Gold Board believes that the Transaction has significant benefits for B2Gold. A central aspect of B2Gold’s business strategy is to seek new mining and development opportunities in the mining industry through acquisition, in particular in the area of high quality gold assets. Papillon’s key asset, the Fekola Project, is a high quality asset with significant exploration potential.</p>
<p><b>What are B2Gold’s intentions in relation to the Merged Entity if the Transaction proceeds?</b></p>	<p>B2Gold intends to operate the Merged Entity business in substantially the same manner as the businesses of B2Gold and Papillon have been operated up to the date of this Scheme Booklet. The Merged Entity is expected to be a growth oriented intermediate gold mining company.</p> <p>See Section 8 for further information on the Merged Entity.</p>
<p><b>General questions</b></p>	
<p><b>What other information is available?</b></p>	<p>You should read the detailed information in relation to the Transaction provided in this Scheme Booklet.</p> <p>Further information in relation to Papillon can be obtained</p>

	<p>from ASX on its website <a href="http://www.asx.com.au">www.asx.com.au</a>, or on Papillon's website <a href="http://www.papillonresources.com">www.papillonresources.com</a>.</p> <p>Further information in relation to B2Gold can be obtained on B2Gold's website <a href="http://www.b2gold.com">www.b2gold.com</a>.</p>
<p><b>Who can help answer my questions about the Transaction?</b></p>	<p>If you have any questions in relation to the Transaction, the Scheme or the Scheme Meeting, please contact the Papillon Shareholder Information Line on 1800 095 654 (within Australia) or +61 1800 095 654 (outside Australia) any time between 7.00am and 5.00pm (WST) Monday to Friday or consult your legal, investment, taxation, financial or other professional adviser.</p>

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## 4. Scheme Meeting and voting information

This Section contains information relating to voting entitlements and information on how to vote at the Scheme Meeting for Papillon Shareholders.

### 4.1 Scheme Meeting

#### (a) Time and location

The Scheme Meeting to approve the Scheme is scheduled to be held at Plaza Level of The BGC Centre, 28 The Esplanade, Perth, Western Australia on 15 September 2014 at 10.00am (WST).

#### (b) Requisite Majority

At the Scheme Meeting, the Scheme Resolution will be proposed to the Scheme Meeting which must be approved by:

- (i) unless the Court orders otherwise, a majority in number (more than 50%) of Papillon Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and
- (ii) at least 75% of the total number of votes which are cast at the Scheme Meeting, (the **Requisite Majority**), for the Scheme to become Effective.

#### (c) Notice of Scheme Meeting

The Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure 6 of this Scheme Booklet.

### 4.2 Entitlement and ability to vote at the Scheme Meeting

If you are registered as a Papillon Shareholder as at 5.00pm (WST) on 13 September 2014, you will be entitled to vote on the Scheme Resolution at the Scheme Meeting. Voting on the Scheme Resolution will be by poll.

#### (a) Voting in person

If you wish to vote in person, you should attend the Scheme Meeting.

#### (b) Voting by proxy

Your personalised Proxy Form for the Scheme Meeting accompanies this Scheme Booklet.

You can appoint a proxy by completing and returning to Papillon the enclosed Proxy Form for the Scheme Meeting. The Proxy Form must be received by Papillon by no later than 10.00am (WST) on 13 September 2014.

You must return the Proxy Form to Papillon by either posting it in the reply paid envelope provided (only for use in Australia) or by sending, delivering or faxing it as follows:

(i) Australian Registrar:

Mail to:

Computershare Investor Services Pty Ltd  
GPO Box 1282 Melbourne  
Victoria 3001 Australia

Fax to:

1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

(ii) In person to:

Papillon Resources Limited  
Level 11, 28 The Esplanade  
Perth WA 6000

If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Australian Registrar at the same time as the Proxy Form (unless you have already provided a certified copy of the power of attorney to Papillon). If you complete and return a Proxy Form, you may still attend the meeting in person, revoke the proxy and vote at the meeting.

(c) **Undirected proxies**

A Papillon Shareholder who has submitted a proxy has the right to appoint the chairman of the Scheme Meeting, or another person (who need not be a Papillon Shareholder) to represent him, her or it at the Scheme Meeting and vote on the Scheme Resolution, by inserting the name of his, her or its desired representative in the space provided for that purpose on the Proxy Form. A Papillon Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half the votes.

Any instrument of proxy in which the name of the appointee is not filled in will be deemed to have been given in favour of the chairman of the Scheme Meeting.

The chairman of the Scheme Meeting intends to vote all undirected proxies in favour of the Scheme Resolution.

(d) **Voting by corporate representative**

To vote in person at the Scheme Meeting, a Papillon Shareholder or proxy, which is a body corporate, may appoint an individual to act as its representative.

Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate Papillon Shareholder, is entitled to

exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.

A certificate with or without the seal of the body corporate Papillon Shareholder, signed by 2 directors of that body corporate or signed by one director and one secretary, or any other document as the chairman of the Scheme Meeting in his sole discretion considers sufficient, will be evidence of the appointment, or of the revocation of the appointment, as the case may be, of a representative.

(e) **Voting by attorney**

A Papillon Shareholder may appoint a person (whether a Papillon Shareholder or not) as its attorney to attend and vote at the Scheme Meeting.

An instrument appointing an attorney must be in writing executed under the hand of the appointer or the appointer's attorney duly authorised in writing, or if the appointer is a corporation, under its common seal (if any) or the hand of its duly authorised attorney or executed in a manner permitted by the Corporations Act. The instrument may contain directions as to the manner in which the attorney is to vote on a particular resolution(s) and subject to the Corporations Act, may otherwise be in any form as the Directors may prescribe or accept. A fax of a written power of attorney is valid provided it has been provided to Papillon on the fax numbers in Section 4.2(b) by no later than 10.00am (WST) on 13 September 2014. Such fax will be deemed to have been served on Papillon upon the receipt of a transmission report confirming successful transmission of that fax.

## 5. Key considerations

The purpose of this Section 5 is to identify significant issues for you to consider in relation to the Scheme.

Before deciding how to vote at the Scheme Meeting, you should carefully consider the factors discussed below and the risk factors outlined in Section 9, as well as the other information contained in this Scheme Booklet.

### 5.1 Background

Under the Transaction, B2Gold (or the B2Gold Nominee) will acquire all of the Papillon Shares through a scheme of arrangement under Australian law.

The Scheme is subject to, among other things, approval by the Requisite Majority of Papillon Shareholders at the Scheme Meeting, approval of the issue of the New B2Gold Shares by the requisite majority of B2Gold Shareholders at the B2Gold Shareholders' Meeting, approval by the Court pursuant to section 411(4)(b) of the Corporations Act on the Second Court Date and the satisfaction or waiver (where applicable) of certain conditions.

If the Scheme becomes Effective, Papillon will become a wholly-owned Subsidiary of B2Gold and will be delisted from ASX. Papillon is expected to be delisted from ASX shortly after the Implementation Date. Papillon Shareholders (except Ineligible Shareholders and Electing Small Scheme Participants) will be issued New B2Gold Shares as Scheme Consideration for the transfer of their Papillon Shares to B2Gold (or the B2Gold Nominee), resulting in existing B2Gold Shareholders and Papillon Shareholders owning approximately 74% and 26% of the B2Gold Shares, respectively.

### 5.2 What you will receive under the Scheme

B2Gold has entered into the Deed Poll under which it has offered to acquire, or procure that the B2Gold Nominee acquires, the Papillon Shares held by Scheme Participants for the Scheme Consideration, being 0.661 New B2Gold Shares for every Papillon Share on issue in accordance with the terms of the Scheme and the Merger Implementation Agreement.

If the Scheme becomes Effective, the New B2Gold Shares will be issued on the Implementation Date by B2Gold to Scheme Participants or to the Sale Agent on behalf of the Ineligible Shareholders or Electing Small Scheme Participants, and B2Gold will register the holders of those New B2Gold Shares in the B2Gold Register. Papillon will procure that documents of title are sent to Papillon Shareholders (except Ineligible Shareholders and Electing Small Scheme Participants) in respect of the Scheme Consideration on the Implementation Date.

The New B2Gold Shares will be common shares in the share capital of B2Gold (the equivalent of "ordinary shares" in Australian companies) and will rank equally in all respects with all existing B2Gold Shares. Upon issue, the New B2Gold Shares will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

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The New B2Gold Shares will be listed on TSX and NYSE MKT. Accordingly, Scheme Participants who wish to trade their New B2Gold Shares on the open market will need to do so on TSX or NYSE MKT. Such trades must be undertaken through a broker entitled to trade on TSX or NYSE MKT. New B2Gold Shares will be quoted and traded on TSX in C\$ and NYSE MKT in US\$. The A\$ value of New B2Gold Shares will depend on the C\$:A\$ exchange rate or US\$:A\$ exchange rate at the relevant time.

If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of a New B2Gold Share, your entitlement will be rounded down to the nearest whole number of New B2Gold Shares.

The value of the New B2Gold Shares may increase or decrease after the Implementation Date based on movements in the C\$:A\$ exchange rates.

Further details on the Australian tax considerations in relation to the Scheme Consideration can be found in Section 10.

### 5.3 Ineligible Shareholders

Restrictions in certain foreign countries may make it impractical or unlawful for New B2Gold Shares to be offered or issued under the Scheme to Papillon Shareholders in those countries.

Scheme Participants whose address is shown in the Register as being in an Ineligible Jurisdiction which B2Gold has determined, acting reasonably, does not permit the issue of the New B2Gold Shares to that Papillon Shareholder, either unconditionally or after compliance with terms that B2Gold reasonably regards as acceptable and practicable, will be regarded as Ineligible Shareholders for the purposes of the Scheme.

B2Gold is under no obligation to issue and allot, and will not issue, any New B2Gold Shares to any Ineligible Shareholder. Instead, if the Scheme becomes Effective, B2Gold will issue the New B2Gold Shares to which the Ineligible Shareholder would otherwise have been entitled to the Sale Agent, in trust for the Ineligible Shareholder, for sale on market through the Sale Facility. See Section 5.5 for more information about the Sale Facility.

### 5.4 Small Scheme Participants

If the number of New B2Gold Shares to be issued as Scheme Consideration to a Scheme Participant whose address in the Register is in Australia or New Zealand is equal to or less than 132,200 in aggregate (equating to a holding of 200,000 Papillon Shares or less on the Record Date), that Scheme Participant (referred to as a **Small Scheme Participant**) may elect to have all (but not a portion only) of those New B2Gold Shares allotted to and sold by the Sale Agent (referred to as an **Electing Small Scheme Participant**) on market through the Sale Facility. See Section 5.5 for more information about the Sale Facility.

Small Scheme Participants who wish to participate in the Sale Facility should note that neither Papillon, B2Gold nor the Sale Agent can guarantee or confirm, with respect to the New B2Gold Shares that are the subject of the Sale Facility, the price or prices at which any of the relevant New B2Gold Shares will be sold or the C\$:A\$ exchange rate at which the sale proceeds will be converted into A\$. The price or prices received for the New B2Gold Shares will depend on prevailing market conditions (including the prevailing market price of, and demand for, B2Gold Shares). Refer to

Section 7.13 for details of the recent price history of B2Gold Shares and how to obtain up-to-date information on the market price of B2Gold Shares.

If you are likely to be a Small Scheme Participant, a Sale Instruction Form should accompany your copy of this Scheme Booklet. If you wish to participate in this facility, you must sign and return the Sale Instruction Form to the Australian Registrar (in the stamped addressed envelope that will be provided) to be received by no later than 5.00pm (WST) on the Record Date. The Sale Instruction Form will irrevocably instruct the Sale Agent to sell all (but not a portion only) of the New B2Gold Shares described in it.

Completed Sale Instruction Forms received after 5.00pm (WST) on the Record Date will not be accepted and will be ineffective to instruct the Sale Agent to sell the New B2Gold Shares described in it. In these circumstances, the relevant Electing Small Scheme Participant will receive the New B2Gold Shares.

If you return a completed Sale Instruction Form but are not a Small Scheme Participant on the Record Date, the Sale Agent will not sell the New B2Gold Shares on your behalf. In these circumstances, you will receive the New B2Gold Shares to which you are entitled.

A completed Sale Instruction Form once received by the Australian Registrar may not be withdrawn or revoked and any attempt to do so will be ineffective.

If you believe you are a Small Scheme Participant who has not received a Sale Instruction Form and would like to participate in the Sale Facility, please contact the Australian Registrar to arrange for one to be sent to you. Neither Papillon nor B2Gold has any responsibility to a Small Scheme Participant who, for any reason, does not receive a Sale Instruction Form or does not return it to the Australian Registrar by 5.00pm (WST) on the Record Date.

Small Scheme Participants who wish to be issued their New B2Gold Shares on implementation of the Scheme should disregard the Sale Instruction Form.

### **5.5 Sale Facility**

If you are an Ineligible Shareholder or Electing Small Scheme Participant, the Scheme Consideration that would otherwise have been issued to you will be issued to the Sale Agent, as your nominee in trust, for sale through the Sale Facility and you will receive a pro rata share of the net proceeds converted into Australian dollars from the sale of all Scheme Consideration sold through the Sale Facility.

The Sale Agent will sell the New B2Gold Shares in such manner, or such financial markets (other than a financial market in the United States), at such price and such other terms as the Sale Agent determines in good faith.

The Sale Facility will operate as follows:

- (i) as soon as reasonably practicable, but no more than 20 Business Days after the Implementation Date, the Sale Agent will arrange for the sale (outside the United States) of all the New B2Gold Shares allotted to it, held for the benefit of the Ineligible Shareholders and Electing Small Scheme Participants. The sales will be effected in such

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manner, at such price and on such other terms as the Sale Agent determines in good faith and at the sole risk of the Ineligible Shareholders and Electing Small Scheme Participants;

- (ii) the Sale Agent will then convert the aggregate sale proceeds of all those New B2Gold Shares, net of applicable brokerage (to be charged at C\$0.015 per New B2Gold Share), stamp duty, taxes and charges, and as soon as practicable after receipt of the proceeds, from C\$ to A\$ at the prevailing C\$:A\$ exchange rate; and
- (iii) as soon as practicable after that conversion of sale proceeds, the Sale Agent will account to each Ineligible Shareholder and Electing Small Scheme Participant for his or her pro rata share of the aggregate sale proceeds by sending to each Ineligible Shareholder and Electing Small Scheme Participant an A\$ cheque drawn on an Australian bank for the relevant amount.

Each Ineligible Shareholder and Electing Small Scheme Participant will receive their pro rata share of the aggregate sale proceeds on an averaged basis so that all Ineligible Shareholders and Electing Small Scheme Participants will receive the same A\$ equivalent price per New B2Gold Share (subject to rounding down to the nearest whole A\$ cent). The actual price received by an Ineligible Shareholder or Electing Small Scheme Participant for a New B2Gold Share that is sold under the Sale Facility may be more or less than the actual price that is received by the Sale Agent for that New B2Gold Share, less any applicable foreign exchange, brokerage, stamp duty and other selling costs, taxes and charges in respect of those New B2Gold Shares. Ineligible Shareholders and Electing Small Scheme Participants will receive the proceeds of the sale of their New B2Gold Shares by a cheque drawn on a bank considered appropriate by the Sale Agent in A\$ and receive the cheque by pre-paid airmail post sent to their address as it appears on the Register on the Record Date.

## 5.6 Competing Proposals

During the Exclusivity Period, the Merger Implementation Agreement prohibits Papillon and its Subsidiaries from soliciting, inviting, facilitating, encouraging or initiating or making available any information or entering into any agreement, arrangement or understanding in relation to, or which may reasonably be expected to lead to, a Competing Proposal.

If the Directors receive an unsolicited Competing Proposal from a third party that the Papillon Board determines is a Superior Offer, Papillon must give notice of the Superior Offer to B2Gold. B2Gold has the right, but not the obligation, within 5 Business Days of receipt of that notice to offer to amend the terms of the Scheme, make a takeover bid for Papillon or propose any other form of transaction.

Your Directors will carefully consider any unsolicited Competing Proposal received from a third party (provided it does not breach the terms of the Merger Implementation Agreement) and inform you of any material developments. However, presently your Directors are not aware of any such proposals.

Further details on Competing Proposals are described in Section 11.11.

## 5.7 Directors' recommendation

Your Directors believe that the Scheme is in the best interests of Papillon Shareholders, and they unanimously recommend that Papillon Shareholders vote in favour of the Scheme, in the absence of a Superior Offer.

Your Directors have formed their conclusion and made their recommendation on the Scheme based on the reasons outlined in Section 2.1.

Each of the Directors (set out in Section 6.3) will vote or procure the voting of, any Papillon Share (as applicable) held by or on behalf of a Director at the time of the Scheme Meeting, in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Offer.

The reasons Papillon Shareholders might elect to vote against the Scheme and other relevant considerations are set out in Sections 2.2 and 2.3 respectively.

### **5.8 Independent Expert's Report**

The Independent Expert, BDO, has reviewed the terms of the Scheme and concluded that the Scheme is fair and reasonable, and in the best interests of Papillon Shareholders, in the absence of a Superior Offer.

The Independent Expert has assessed the fair value of Papillon Shares to be in the range of US\$1.47 to US\$1.71 per Papillon Share (A\$1.56 to A\$1.81 per Papillon Share, based on the US\$:A\$ exchange rate of 1.061 on 24 June 2014). The Independent Expert has estimated the value of the Scheme Consideration to be in the range of US\$1.50 to US\$1.77 per Papillon Share (A\$1.59 to A\$1.88 per Papillon Share, based on the US\$:A\$ exchange rate of 1.061 on 24 June 2014) which is within the range of values of a Papillon Share prior to Implementation of the Scheme. Accordingly, the Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of Papillon Shareholders, in the absence of a Superior Offer.

Papillon Shareholders should understand that the value of the Scheme Consideration could change, potentially significantly, as a result of changes in the gold price, exchange rates or the operational prospects for the assets of B2Gold and Papillon, or for other reasons. More information in relation to these risks is set out in Section 9 and in the Independent Expert's Report.

The Independent Expert's Report is set out in Annexure 1 of this Scheme Booklet and should be read in its entirety, including the assumptions on which the conclusions are based.

### **5.9 What are your options and what should you do?**

You have the following four options in relation to your Papillon Shares. Papillon encourages you to consider your personal risk profile, portfolio strategy, tax position and financial circumstances and seek professional advice before making any decision in relation to your Papillon Shares.

Vote in favour of the Scheme at the Scheme Meeting

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Offer. The reasons for your Directors' unanimous recommendation are set out in Section 2.1.

To vote in favour of the Transaction, you need to vote in favour of the Scheme Resolution at the Scheme Meeting. For directions on how to vote at the Scheme Meeting, and important voting information generally, please refer to Section 4.

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(a) **Vote against the Scheme at the Scheme Meeting**

If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Transaction, you may vote against the Scheme Resolution at the Scheme Meeting.

However, you should note that if all of the conditions to the Transaction are satisfied or waived (where applicable), the Scheme will bind all Papillon Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

(b) **Sell your Papillon Shares on ASX**

The Transaction does not preclude you from selling your Papillon Shares on market for cash, if you wish, provided you do so before close of trading in Papillon Shares on ASX on the Effective Date (currently expected to be 23 September 2014) when trading in Papillon Shares will end.

Since the Announcement Date, Papillon shares have traded on ASX at prices above the closing share price on 2 June 2014 (being the last ASX trading day for Papillon Shares prior to the announcement of the Transaction).

If you are considering selling your Papillon Shares on ASX you should have regard to the prevailing trading prices of Papillon Shares at that time.

If you sell your Papillon Shares on market for cash, you:

- (i) will not be entitled to receive the Scheme Consideration;
- (ii) may incur a brokerage charge;
- (iii) may incur CGT; and
- (iv) will not be able to participate in a Superior Offer, if one emerges, noting that, as at the date of this Scheme Booklet, your Directors have not received notice from any third party of an intention to make any unsolicited Competing Proposal.

(c) **Do nothing**

If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you decide to do nothing, you should note that if all of the conditions to the Transaction are satisfied or waived (where applicable), the Scheme will bind all Papillon Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

Remember, if you want to receive the Scheme Consideration, your vote is important. If the Scheme is not approved by the Requisite Majority of Papillon Shareholders you will not be entitled to receive any Scheme Consideration.

**5.10 Dealing with your B2Gold Shares**

If the Scheme is implemented, all of the Papillon Shares held by Scheme Participants at 5.00pm (WST) on the Record Date will be transferred to B2Gold (or the B2Gold Nominee) on the



Implementation Date and in exchange, each Scheme Participant (other than Ineligible Shareholders and Electing Small Scheme Participants) will be issued New B2Gold Shares. B2Gold is listed on TSX and NYSE MKT, but not on ASX. If you wish to sell the New B2Gold Shares you receive under the Scheme, or purchase additional B2Gold Shares, you will need to instruct a stockbroker who is able to execute trades on TSX or NYSE MKT.

If you are located in Australia or New Zealand and wish to sell the New B2Gold Shares you receive under the Scheme but do not have a stockbroker who is able to execute trades on TSX or NYSE MKT, you can call Macquarie Equities on 1800 100 192 or Euroz Securities on +61 8 9346 0316. Macquarie Equities or Euroz Securities may be able to assist in selling your New B2Gold Shares for you.

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## 6. Information about Papillon

### 6.1 Overview of Papillon

Papillon is an ASX-listed emerging West African gold company focused on the development of its Fekola Project and the exploration of its portfolio of tenements in south western Mali.

Papillon (formerly named Colonial Resources Limited) is an Australian public company that was incorporated on 11 May 2006 and admitted to the official list of ASX on 27 February 2007 following an initial public offering to raise A\$2,800,000.

Papillon is a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting obligations under the Corporations Act and the Listing Rules. See Section 6.12 for further information.

In addition to the information about Papillon contained in this section, the Independent Expert's Report in Annexure 1 to this Scheme Booklet contains further detailed information on Papillon.

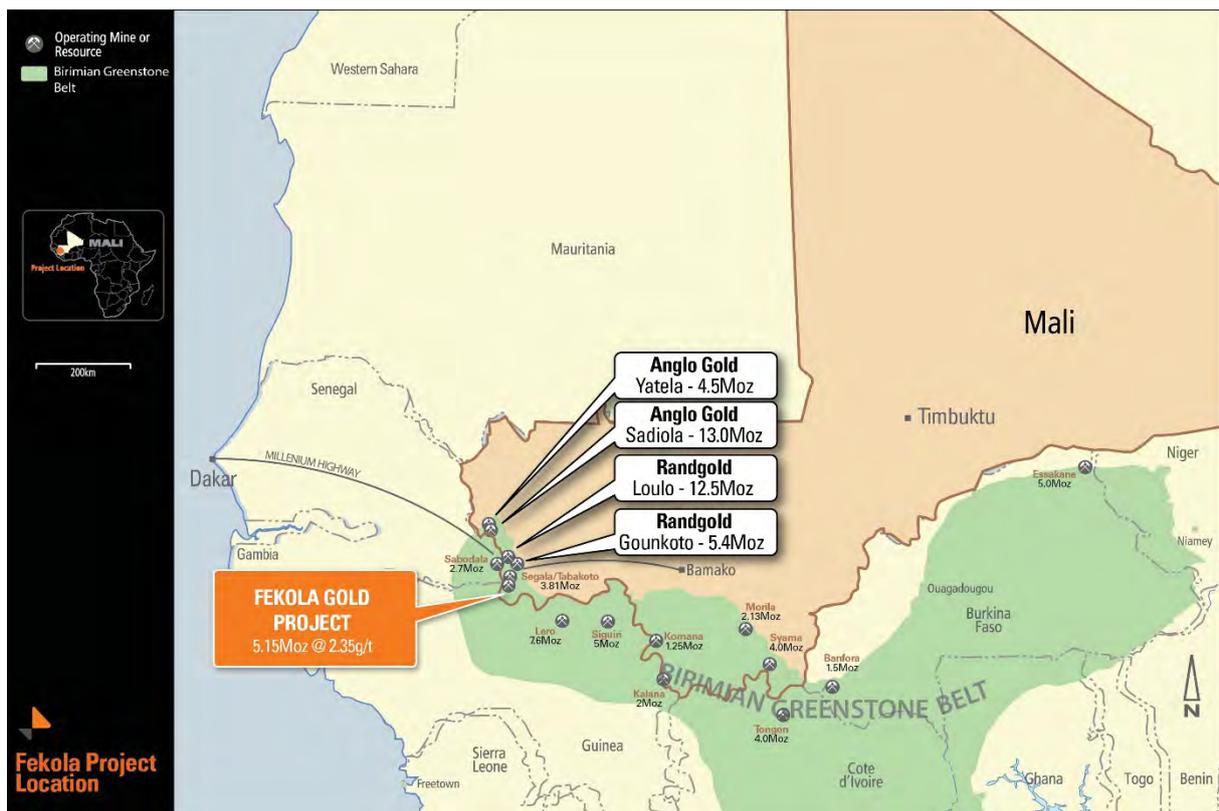
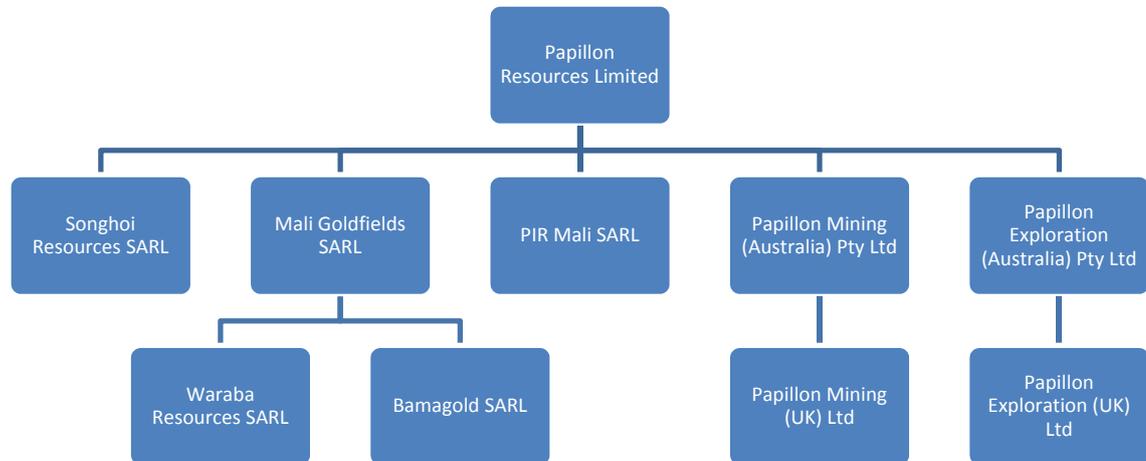


Figure 1: Fekola Project Location Map

## 6.2 Organisational Structure



## 6.3 Directors and Key Management Personnel

The current Directors and other key management personnel (**KMP**) of Papillon are as follows:

### (a) Directors

Mr Ian Middlemas, Non-Executive Chairman  
 Mr Mark Connelly, Managing Director and Chief Executive Officer  
 Mr Robert Behets, Non-Executive Director  
 Mr Alec Pismiris, Non-Executive Director

### (b) Other KMP

Mr Andrew Boyd, Manager Geoscience  
 Mr Guy de Grandpre, Managing Director – Mali  
 Mr Peder Olsen, Project Manager  
 Mr Hayden Locke, Corporate Executive  
 Mr Gregory Swan, Chief Financial Officer and Company Secretary

## 6.4 Fekola Project

### (a) Project Description and Location

The Fekola Project is adjacent to the border with Senegal, approximately 400 kilometres west of the capital of Mali, Bamako. The Fekola Project comprises the “Medinandi” mining permit, which covers an area of 75 square kilometres.

Papillon acquired its initial interest in the Fekola Project from Central African Gold Plc in March 2010. Papillon currently owns a 90% interest in Songhoi Resources SARL (**Songhoi**) which holds the “Medinandi” mining permit (permis d’exploitation) which was granted to Songhoi by decree dated 13 February 2014 for the exploitation of gold (and certain other minerals) for a

period of 30 years. In addition, Songhoi was granted an environmental permit (permis d'environnement) dated 29 April 2013 to develop the Fekola Project.

In accordance with mining legislation in Mali, Songhoi is required to transfer the "Medinandi" mining permit to a new company in which the Mali Government is entitled to a 10% free carried, non-dilutable participation, along with a priority right to receive corresponding dividends. The Mali Government also has the option to acquire an additional participation of up to 10% in the new company. In addition, new mining legislation in Mali also provides domestic private investors with the option to acquire 5% of the shares in the new company on the same terms as other private investors.

(b) **Geology and Exploration**

The Fekola Project is hosted within the Kedougou-Kenieba-Inlier, an erosional window through the sedimentary Taoudeni Basin to the Lower Proterozoic volcano-sedimentary and igneous basement rocks which form the over-arching Birimian Greenstone Belts associated with the West African Craton.

Papillon began exploration at the Fekola Project in 2010 with early exploration work consisting primarily of geochemical sampling and shallow reverse circulation drilling which led to the announcement of the discovery of the 'Fekola Main Zone' in February 2011. The Fekola Main Zone hosts the majority of the known mineralisation within the Fekola Project and has been the focus of the Company's work since its discovery. Prior to this, work had been undertaken at 'Fadougou Main Zone', 'Fadougou South East' and 'Fadougou North East' which are collectively referred to as the 'Fekola Satellites'.

Extensive drilling and sampling undertaken by Papillon to date at the Fekola Main Zone has confirmed a number of features of the mineralised zone, in particular an alteration assemblage consisting of a hematite, carbonate, albite, and sericite assemblage with the presence of fine grained pyrite being a strong indicator of the gold mineralisation. Mineralisation is observed from close to surface to a current maximum vertical depth of 450 metres, which is limited by the current extent of drilling. Significantly, the mineralised zone includes a high grade shoot which is observed to be shallowly plunging at approximately 20 degrees in a north-north-west trend.

The Fekola Satellites mineralisation lie to the west and north of the Fekola Main Zone and show a different style of mineralisation to the Fekola Main Zone with gold being predominantly related to quartz veining.

Papillon has to date drilled over 3,000 air core (**AC**), rotary air blast (**RAB**), reverse circulation (**RC**), diamond core (**DD**), and pre-collared diamond core (**RCD**) holes totalling over 250,000 metres at the Fekola Project, including approximately 150,000 metres of RC drilling, 57,000 metres of DD drilling and 11,000 metres of RCD drilling.

(c) **Mineral Resources**

The current Mineral Resource estimate for the Fekola Project comprises 74.87 million tonnes averaging 2.32 g/t gold for a contained 5.53 million ounces of gold at a lower cut-off grade of 1.0 g/t gold. The Mineral Resource estimate comprises 62.07 million tonnes averaging 2.39 g/t

gold for a contained 4.77 million ounces of gold classified into the Measured and Indicated Resource categories.

The Mineral Resource estimate was prepared by independent consultants, MPR Geological Consultants Pty Ltd, and is reported in accordance with the JORC Code.

The current Mineral Resource estimate was completed in July 2014 and incorporates the results from approximately 173,000 metres of RC, RCD, and DD drilling.

<b>Fekola Project Mineral Resource Estimate (July 2014)</b>			
	Tonnage (million tonnes)	Grade (gold g/t)	Contained Gold (million ounces)
Fekola Main Zone Measured Resource	40.44	2.43	3.16
Fekola Main Zone Indicated Resource	19.57	2.35	1.48
Fekola Satellites Indicated Resource	2.07	2.00	0.13
<b>Sub Total Measured &amp; Indicated</b>	<b>62.07</b>	<b>2.39</b>	<b>4.77</b>
Fekola Main Zone Inferred Resource	8.3	1.9	0.5
Fekola Satellites Inferred Resource	4.5	1.7	0.2
<b>Total Resource</b>	<b>74.87</b>	<b>2.32</b>	<b>5.53</b>

The updated Mineral Resource estimate is reported at a lower cut-off grade of 1.0 g/t gold and on a 100% basis, of which 90% is currently attributable to Papillon. All figures are rounded to reflect appropriate levels of confidence. Apparent differences occur due to rounding.

(d) **Pre-Feasibility Study**

The results of a pre-feasibility study (PFS) completed on the Fekola Project in June 2013, confirmed the project's technical viability, robust economics and capacity to operate with significant positive cash margins.

The PFS was based on a previous Mineral Resource estimate for the Fekola Main Zone completed in January 2013, which comprised 54.97 million tonnes averaging 2.38 g/t gold for a contained 4.21 million ounces of gold at a lower cut-off grade of 1.0 g/t gold. The previous Mineral Resource estimate comprised 44.31 million tonnes averaging 2.46 g/t gold for a contained 3.50 million ounces of gold classified in the Measured and Indicated Resource categories. The PFS incorporated only Measured and Indicated Resources.

The PFS was based on open pit mining and a conventional carbon in leach processing circuit, designed to process 4.0 million tonnes per annum during steady state operation. It was assumed that Papillon would utilise contract miners thus removing the requirement for capital expenditure on fleet.

The estimated capital cost (nominally  $\pm 25\%$  accuracy) for the Fekola Project is US\$292 million, including a 15% contingency, which comprises US\$104 million for the processing plant, US\$129 million for project infrastructure and US\$21 million for indirect costs.

Key operating results of the PFS include:

Total gold production	2.8 million ounces
Average gold production (life of mine)	Approximately 306,000 ounces per annum
Average gold production (years 1 to 8)	Approximately 320,000 ounces per annum
Mine life	9 years
Cash operating cost (life of mine)	Approximately US\$580 per ounce
Stripping ratio (life of mine)	3.0 : 1

(e) **Definitive Feasibility Study**

In March 2014, Papillon commenced a definitive feasibility study (**DFS**) for the Fekola Project. Papillon has appointed Lycopodium Minerals Pty Ltd (**Lycopodium**) as its Lead Engineer to manage the overall project and the many independent consultants whose work will form part of the final DFS. Lycopodium is a leading international project management and engineering firm with significant experience designing, constructing and commissioning gold plants in West Africa. Papillon expects the DFS to be completed during the second half of 2014.

**6.5 Menankoto Sud Project**

(a) **Project Description and Location**

The Menankoto Sud Project is located approximately 13 kilometres to the north northeast of the Fekola Project. The Menankoto Sud Project comprises the “Menankoto Sud” exploration permit, which covers an area of 52 square kilometres.

Papillon has a 95% joint venture interest in the “Menankoto Sud” exploration permit (permis de recherche) which was granted to Papillon’s joint venture partner, Societe d'Ingenierie Informatique et Exploitation Miniere SARL (**S2IEM**), by decree dated 4 February 2014 for the exploration of gold (and certain other minerals) for an initial period of three years, with two further two year renewals available.

(b) **Geology and Exploration**

During the 1980’s the French Geological Survey undertook regional soil sampling programs, which identified localised gold-in-soil anomalies. Between 1999 and 2005 Randgold Limited held the northern half of the exploration permit and undertook lithological sampling, test pits and trenching, which also revealed a number of gold anomalies on the northern border of the tenement.

In 2012, Papillon completed a comprehensive soil geochemistry program over the entire area. These results indicated a continuation of the Fekola corridor and allowed the identification of a number of geochemical anomalies with characteristics similar to those observed at the Fekola

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Project. Furthermore, a geological field mapping program identified a lithological package which was strongly analogous to the host lithology of the Fekola deposit.

In December 2013, Papillon completed a reconnaissance program of shallow RC drilling, and a follow-up drilling program is currently being completed. Papillon has to date drilled 53 RC holes totalling approximately 5,800 metres at the Menankoto Sud Project.

Drilling results indicate the presence of shallow gold mineralisation and lithologies similar to those seen at the Fekola Project. Select intercepts include:

Hole No.	Down Hole Intercept	From Depth (Down Hole)
MSR 004	2m @ 5.25 g/t gold	70m
MSR 005	10m @ 2.42 g/t gold	17m
MSR 006	13m @ 2.36 g/t gold	10m
MSR 010	13m @ 7.13 g/t gold 1m @ 10.2 g/t gold	33m 10m
MSR 013	11m @ 2.16 g/t gold	28m
MSR 016	30m @ 2.01 g/t gold	13m
MSR 021	7m @ 3.22 g/t gold 4m @ 6.29 g/t gold	40m 90m
MSR 025	4m @ 4.26 g/t gold	55m
MSR 026	10m @ 4.61 g/t gold	12m

## 6.6 Other Properties

Papillon also has joint venture interests in a portfolio of other gold exploration licences and licence applications covering approximately 1,000 square kilometres in western and southern Mali.

## 6.7 Tenement Schedule

At the date of this Scheme Booklet, Papillon had an interest in the following tenements:

Project	Tenement Name	Location	Percentage Interest	Status
<b>Fekola Project:</b>	Medinandi	Kenieba, Mali	90	Granted
<b>Menankoto Sud Project:</b>	Ménankoto Sud	Kenieba, Mali	95	Granted
<b>Other Mali West Properties:</b>	Bantako Est	Kenieba, Mali	90	Granted
	Diangounte	Kayes, Mali	90	Granted
	Babara	Kenieba, Mali	90	Application

Project	Tenement Name	Location	Percentage Interest	Status
	Makouké Ouest	Kenieba, Mali	90	Application
	Serinati	Kayes, Mali	90	Application
<b>Mali South Properties:</b>	Gouenso	Yanfolia, Mali	90	Granted
	Mandiela	Yanfolia, Mali	90	Granted
	Sankama	Bougouni, Mali	90	Granted
	Nounfara	Yanfolia, Mali	90	Application
	Diossyan	Yanfolia, Mali	90	Application
	Heremakono	Kangaba, Mali	90	Application
	M'tébougou	Bougouni, Mali	90	Granted
	Ourou-Ourou	Yanfolia, Mali	90	Application

## 6.8 Legal proceedings

On 7 April 2014, Papillon announced that a local Malian company, Etablissements Zoumana Traoré SARL (**ZTS**), had filed a claim against Papillon before the Commercial Court of Bamako seeking to claim an additional shareholding in Songhoi.

Papillon's Medinandi tenement is owned by Songhoi, a joint venture company between Papillon, which owns 90%, and its local joint venture partner, Mani SARL (**Mani**), which owns 10%. Mani originally acquired the tenement from ZTS in 2006.

Papillon considers the ZTS claim to be without merit and is strongly defending its position. In addition, Papillon considers that the proper forum for this matter is arbitration in Paris under International Chamber of Commerce (**ICC**) rules. Accordingly, Papillon has initiated ICC arbitral proceedings in Paris in order to secure its rights against ZTS and other respondents. This arbitration has been registered by the ICC Secretariat.

On 26 June 2014, Papillon announced that a judge of the Commercial Court of Bamako had dismissed Papillon's arguments on jurisdiction and accepted ZTS's claims on the merits. The hearing was supposed to be limited to the question of jurisdiction and Papillon was not given an opportunity to submit arguments on the merits of the case. Notwithstanding this, it seems that the judge decided that ZTS holds 17% of Songhoi's share capital, 10% of which is already indirectly held by ZTS through Mani. Papillon is still waiting for the written judgement to be handed down. Papillon considers the decision to be totally unlawful and intends to appeal the decision to the Court of Appeal in Bamako.

Papillon remains confident that the rule of law will prevail, even if Papillon has to appeal all the way to the Supreme Court in Bamako or the *Cour Commune de Justice et d'Arbitrage* (**CCJA**) in Abidjan.

The proceedings and the arbitration are continuing. Neither the proceedings nor the arbitration are likely to be resolved prior to the Scheme becoming effective. Information regarding the claim was first announced to the market on 7 April 2014 and disclosed to B2Gold prior to signing the Merger Implementation Agreement.

## 6.9 Material Contracts

### (a) Songhoi Joint Venture Agreement

On 25 July 2006, Mani and Central African Gold Plc (**CAG**) entered into a joint venture agreement (**Songhoi JV**), which was subsequently varied pursuant to an amendment to the Songhoi JV, to establish the joint venture exploration entity Songhoi. Songhoi holds the Medinandi mining permit, Bantako-Est exploration permit, and Diangounte exploration permit in Mali as identified in Section 6.7.

Under the Songhoi JV:

- (i) CAG and Mani hold an 80% and 20% shareholding in Songhoi respectively.
- (ii) Each party is entitled to appoint directors to the board of Songhoi, with CAG being entitled to appoint four directors while Mani is entitled to appoint one director.
- (iii) Upon the grant of a mining permit, the Mali government will become entitled to a statutory 10% interest in Songhoi, with each of Mani and CAG renouncing 5% of their participation interest in Songhoi to accommodate the Mali government's interest.
- (iv) Each party to the Songhoi JV has a pre-emptive right over any shares offered for sale by the other party.
- (v) Apart from the Mali Goldfields JV described below, each party to the Songhoi JV agrees to refrain from engaging in any activities likely to compete with the activities of Songhoi or any exploitation company constituted to hold a mining license.
- (vi) CAG agrees to ZTS being granted an option to acquire 2.5% of CAG's shareholding in Songhoi, at an exercise price to be determined by an expert approved by both ZTS and CAG.
- (vii) Mani agrees to pay ZTS 17% of any profit arising from mining on the Medinandi tenement, with this obligation being solely incumbent upon Mani.
- (viii) All disputes between the parties to the Songhoi JV are to be settled by arbitration in Paris before three arbitrators of the International Chamber of Commerce of Paris.

On 18 December 2009, CAG and Papillon entered into a share purchase agreement (**CAG Sale Agreement**) pursuant to which Papillon acquired CAG's 80% interest in Songhoi. Mani agreed to waive its pre-emptive right relating to the sale of CAG's shareholding in Songhoi.

In September 2012, Papillon increased its shareholding in Songhoi to 90% by acquiring 10% of Songhoi's shares from Mani. This resulted in 90% of Songhoi's shares being held by Papillon and the remaining 10% of shares being held by Mani.

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(b) **Mali Goldfields Joint Venture Agreement**

On 9 December 2005, Mali Mining House SA (**MMH**) and CAG entered into a joint venture agreement (**Mali Goldfields JV**), which was subsequently varied pursuant to two amendment agreements, to establish the joint venture entity Mali Goldfields SARL (**Mali Goldfields**). Mali Goldfields holds the Gouenso, Mandiela, and Sankama exploration permits (and certain other permit applications) in Mali as identified in Section 6.7.

Under the Mali Goldfields JV:

- (i) CAG and MMH hold an 80% and 20% shareholding in Mali Goldfields respectively.
- (ii) Each party is entitled to appoint directors to the board of Mali Goldfields, with CAG being entitled to appoint four directors while MMH is entitled to appoint one director.
- (iii) Upon the grant of a mining permit, the Mali government will become entitled to a statutory 10% interest in Mali Goldfields, with each of MMH and CAG renouncing 5% of their participation interest in Mali Goldfields.
- (iv) Each party to the Mali Goldfields JV has a pre-emptive right over any shares offered for sale by the other party.
- (v) MMH agrees to release CAG from its non-competition obligations under the Mali Goldfields JV for consideration which included:
  - (A) CAG agreeing to pay MMH 1% of any net dividend (after tax) attributable to CAG from Songhoi or any other joint exploitation entity formed by CAG which does not include MMH; and
  - (B) CAG agreeing to grant MMH or its shareholders an option to acquire shares (at a price set by an expert approved by the parties) in the share capital of any joint exploitation company formed by CAG in Mali which engages in competing mining activities to Mali Goldfields, up to a maximum shareholding of 3%.

Pursuant to the CAG Sale Agreement, Papillon also acquired CAG's 80% interest in Mali Goldfields, with MMH waiving its pre-emptive right relating to the sale of CAG's shareholding in Mali Goldfields to Papillon.

In October 2011, Papillon increased its shareholding in Mali Goldfields to 90% by acquiring 10% of Mali Goldfields's shares from MMH. This resulted in 90% of Mali Goldfields's shares being held by Papillon and the remaining 10% of shares being held by MMH.

(c) **Menankoto Sud Joint Venture Agreement**

On 20 February 2014, Papillon and S2IEM entered into a formal joint venture agreement (**Menankoto Sud JV**), reflecting the terms of a letter agreement dated 30 June 2011, pursuant to which the parties agreed to establish a new joint venture company (**JV Co**) to conduct exploration activities in the Menankoto Sud exploration permit.

Under the Menankoto Sud JV:

- (i) S2IEM is responsible for transferring the Menankoto Sud exploration permit to JV Co.
- (ii) Papillon, directly or through a designated entity, holds 95% of the shares in JV Co with S2IEM, directly or through a designated entity, holding the remaining 5% of shares.
- (iii) Upon the grant of a mining permit, the Mali government will be granted a 10% interest in JV Co and this will be contributed from Papillon's interests in JV Co which will be reduced by 10%, such that Papillon, S2IEM and the Mali government will hold shareholdings in JV Co of 85%, 5% and 10% respectively. Any further additional interest the Mali government compulsorily acquires will then reduce each party's interest in JV Co on a pro rata basis.
- (iv) Papillon has entire control and discretion over all exploration and mining activities of JV Co and any exploitation company, including exploration and mining permits that should be sought by JV Co as well as any exploitation company and responsibility for the funding of all exploration and mining activities.
- (v) As the majority shareholder of JV Co, and while it holds at least 75% of the shareholding in JV Co, Papillon has a pre-emptive right over the sale of any shares held by S2IEM. There is no restriction on the transfer of JV Co shares between Papillon and S2IEM.

(d) **Directors' Deeds of Indemnity, Access and Insurance**

Papillon has entered into Deeds of Indemnity, Insurance and Access with each of its Directors. Papillon agreed to indemnify each of its Directors against all liabilities incurred while holding office, including indemnifying Directors for any legal expenses incurred in defending proceedings relating to their Directorship of Papillon. Any indemnified amounts must be repaid to Papillon to the extent that a Director is reimbursed from an insurance policy maintained by Papillon for the Directors.

Papillon also agreed to obtain and pay the premiums for insurance policies for each of its Directors, which include run-off cover for each Director for a period of seven years after the Director ceased to hold office.

**6.10 Historical financial information**

The selected historical financial information in this Section has been extracted from Papillon's audited financial statements for the years ended 30 June 2013 and 30 June 2012 and Papillon's reviewed financial statements for the half-year ended 31 December 2013 and nine months ended 31 March 2014.

The information in this Section is a summary only and has been prepared solely for inclusion in this Scheme Booklet. The full financial accounts for the financial years ended 30 June 2013 and 30 June 2012, half year ended 31 December 2013 and nine months ended 31 March 2014 (inclusive of all notes) of Papillon have been published in Papillon's audited financial statements for the years ended 30 June 2013 and 30 June 2012 and reviewed financial statements for the half-year ended 31

December 2013 and nine months ended 31 March 2014, which are available from ASX's website [www.asx.com.au](http://www.asx.com.au) and on Papillon's website at [www.papillonresources.com](http://www.papillonresources.com).

(a) **Consolidated Statements of Financial Position**

	31 March 2014 (Reviewed <sup>1</sup> ) A\$'000	31 December 2013 (Reviewed <sup>1</sup> ) A\$'000	30 June 2013 (Audited <sup>2</sup> ) A\$'000	30 June 2012 (Audited <sup>2</sup> ) A\$'000
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	41,283	43,639	53,382	22,009
Trade and other receivables	430	962	1,039	450
<b>Total Current Assets</b>	<b>41,713</b>	<b>44,601</b>	<b>54,421</b>	<b>22,459</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	1,574	1,832	1,553	942
Exploration and evaluation assets	68,938	67,712	56,556	21,297
Other financial assets	-	-	-	640
<b>Total Non-Current Assets</b>	<b>70,512</b>	<b>69,544</b>	<b>58,109</b>	<b>22,879</b>
<b>Total Assets</b>	<b>112,225</b>	<b>114,145</b>	<b>112,530</b>	<b>45,338</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables	3,517	2,702	6,557	4,184
<b>Total Current Liabilities</b>	<b>3,517</b>	<b>2,702</b>	<b>6,557</b>	<b>4,184</b>
<b>Total Liabilities</b>	<b>3,517</b>	<b>2,702</b>	<b>6,557</b>	<b>4,184</b>
<b>Net Assets</b>	<b>108,708</b>	<b>111,443</b>	<b>105,973</b>	<b>41,154</b>
<b>Equity</b>				
Contributed equity	117,750	116,240	114,368	51,110
Reserves	12,312	14,960	9,774	768
Accumulated losses	(22,430)	(21,084)	(19,051)	(10,990)
Equity attributable to members of Papillon	107,632	110,116	105,091	40,888
Non-controlling interest	1,076	1,327	882	266
<b>Total Equity</b>	<b>108,708</b>	<b>111,443</b>	<b>105,973</b>	<b>41,154</b>

**Notes**

1. Reviewed by Deloitte
2. Audited by BDO Audit

(b) Consolidated Statements of Profit or Loss and Other Comprehensive Income

	9 months ended 31 March 2014 (Reviewed) <sup>1</sup> A\$'000	6 months ended 31 December 2013 (Reviewed) <sup>1</sup> A\$'000	12 months ended 30 June 2013 (Audited) <sup>2</sup> A\$'000	12 months ended 30 June 2012 (Audited) <sup>2</sup> A\$'000
<b>Continuing operations</b>				
Revenue	1,354	973	1,231	959
Other income	-	-	-	522
Employment expenses	(1,349)	(811)	(1,342)	(955)
Corporate and administration expenses	(1,526)	(994)	(1,675)	(960)
Occupancy expenses	(210)	(121)	(196)	(129)
Exploration and evaluation expenses	(24)	(18)	(83)	(2,055)
Share-based payments expenses	(1,586)	(1,037)	(3,737)	(2,798)
Deferred acquisition expenses	-	-	(550)	-
Depreciation and impairment expenses	(38)	(25)	(39)	(5)
<b>Loss before income tax</b>	<b>(3,379)</b>	<b>(2,033)</b>	<b>(6,391)</b>	<b>(5,421)</b>
Income tax expense	-	-	-	-
<b>Loss for the year</b>	<b>(3,379)</b>	<b>(2,033)</b>	<b>(6,391)</b>	<b>(5,421)</b>
<b>Loss attributable to members of Papillon Resources Limited</b>	<b>(3,379)</b>	<b>(2,033)</b>	<b>(6,385)</b>	<b>(5,185)</b>
<b>Loss attributable to non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(236)</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	2,243	5,214	7,475	(1,211)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>2,243</b>	<b>5,214</b>	<b>7,475</b>	<b>(1,211)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(1,136)</b>	<b>3,181</b>	<b>1,084</b>	<b>(6,632)</b>
<b>Total comprehensive income/(loss) attributable to members of Papillon</b>	<b>(1,330)</b>	<b>2,736</b>	<b>450</b>	<b>(6,035)</b>
<b>Total comprehensive income/(loss) attributable to non-controlling interests</b>	<b>194</b>	<b>445</b>	<b>634</b>	<b>(597)</b>
Basic and diluted loss per share from continuing operations (cents per share)	(1.00)	(0.60)	(2.24)	(2.33)

**Notes**

1. Reviewed by Deloitte
2. Audited by BDO Audit

9 months ended 31 March 2014 (Reviewed) <sup>1</sup> A\$'000	6 months ended 31 December 2013 (Reviewed) <sup>1</sup> A\$'000	12 months ended 30 June 2013 (Audited) <sup>2</sup> A\$'000	12 months ended 30 June 2012 (Audited) <sup>2</sup> A\$'000
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(c) Consolidated Statements of Cash Flows

	9 months ended 31 March 2014 (Reviewed) <sup>1</sup> A\$'000	6 months ended 31 December 2013 (Reviewed) <sup>1</sup> A\$'000	12 months ended 30 June 2013 (Audited) <sup>2</sup> A\$'000	12 months ended 30 June 2012 (Audited) <sup>2</sup> A\$'000
<b>Cash Flows From Operating Activities</b>				
Payments to suppliers and employees and others	(2,561)	(1,797)	(3,494)	(2,071)
Interest received	1,735	743	1,070	791
<b>Net Cash Flows Used In Operating Activities</b>	<b>(826)</b>	<b>(1,054)</b>	<b>(2,424)</b>	<b>(1,280)</b>
<b>Cash Flows From Investing Activities</b>				
Payments for exploration and evaluation	(13,195)	(9,675)	(25,623)	(9,471)
Payments for property, plant and equipment	(368)	(300)	(736)	(951)
Payments for deferred acquisition cost	-	-	(550)	-
Payment for acquisitions of non-controlling interests	-	-	(24)	(714)
<b>Net Cash Flows Used In Investing Activities</b>	<b>(13,563)</b>	<b>(9,975)</b>	<b>(26,933)</b>	<b>(11,136)</b>
<b>Cash Flows From Financing Activities</b>				
Proceeds from issue of shares	2,305	1,265	63,471	19,328
Payments for share issue costs	(20)	(13)	(2,809)	(677)
<b>Net Cash Flows From Financing Activities</b>	<b>2,285</b>	<b>1,252</b>	<b>60,662</b>	<b>18,651</b>
Net increase in cash and cash equivalents	(12,104)	(9,777)	31,305	6,235
Net foreign exchange differences	5	34	68	(85)
Cash and cash equivalents at beginning of year	53,382	53,382	22,009	15,859
<b>Cash And Cash Equivalents At End Of Year</b>	<b>41,283</b>	<b>43,639</b>	<b>53,382</b>	<b>22,009</b>

**Notes**

1. Reviewed by Deloitte
2. Audited by BDO Audit

## 6.11 Papillon issued securities

### (a) Capital structure

The capital structure of Papillon as at the date of this Scheme Booklet is as follows:

Capital Structure	Number of Securities
Papillon Shares	352,044,210
Papillon Options	3,550,000
Performance Rights	4,932,000
<b>Total</b>	<b>360,526,210</b>

### (b) Substantial shareholders

The substantial shareholders of Papillon as at the date of this Scheme Booklet are as follows:

Substantial Shareholder	Number of Shares	Percentage
GCIC Limited	29,900,000	8.5%
Van Eck Associates Corporation	25,711,266	7.3%

## 6.12 Further information

For risks associated with the Transaction see Section 9, specifically Section 9.3 for risks associated with Papillon.

Certain additional information in relation to Papillon is set out in Section 12.

Papillon is a 'disclosing entity' that is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. In addition, under the Listing Rules, subject to certain limited exceptions, Papillon is required to notify ASX immediately on becoming aware of any information which a reasonable person might expect to have a material impact on the price or value of Papillon Shares.

Copies of documents given by Papillon to ASIC under the Corporations Act may be obtained from, or inspected at, any office of ASIC. Copies of documents given by Papillon to ASX are available from ASX's website [www.asx.com.au](http://www.asx.com.au) and on Papillon's website at [www.papillonresources.com](http://www.papillonresources.com).

## 7. Information about B2Gold

The B2Gold Information, including the information in this section of the Scheme Booklet, has been prepared and provided by B2Gold and is the responsibility of B2Gold. None of Papillon, its officers, employees or advisers assumes any responsibility for the accuracy or completeness of the B2Gold Information in this section.

The disclosure included in this Scheme Booklet uses Mineral Reserves and Mineral Resources classification terms that comply with reporting standards in Canada and the Mineral Reserve and Mineral Resources estimates are made in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Council – Definitions adopted by CIM Council on 27 November 2010 (the **CIM Standards**), which were adopted by the Canadian Securities Administrators (CSA) National Instrument 43-101 *Standards of Disclosure for Mineral Projects (NI 43-101)*. NI 43-101 is a rule developed by the CSA that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. See Section 12.11(b) titled “*Information relating to Ore Reserves and Mineral Resources*”.

The Mineral Reserves and Mineral Resources relating to B2Gold are not reported in accordance with the JORC Code and are reported under the equivalent reporting standards in Canada, being the CIM Standards and NI 43-101. B2Gold is not listed on ASX and does not intend to report its Mineral Reserves and Mineral Resources in accordance with the JORC Code for the purposes of this Scheme Booklet. There are slight differences in terminology used under the CIM Standards and NI 43-101 when compared to the JORC Code. In particular, the term Mineral Reserve used under the CIM Standards is equivalent to the term Ore Reserve used under the JORC Code (see section 2.5 of the Independent Technical Specialist's Report). B2Gold is subject to the continuous disclosure requirements of TSX, various Canadian Securities Commissions and the SEC. In accordance with B2Gold's continuous disclosure requirements, the information contained in this Scheme Booklet reflects B2Gold's current Mineral Reserves and Mineral Resources as publically disclosed in its continuous disclosure filings available from B2Gold's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). See Section 7.14 for further information on B2Gold's continuous disclosure requirements.

Neither Papillon nor any person engaged by Papillon has undertaken any work to independently verify or classify the Mineral Reserves and Mineral Resources reported by B2Gold under the JORC Code.

### PROFILE OF B2GOLD

#### 7.1 Overview of B2Gold

B2Gold was incorporated under the BCBCA on 30 November 2006. B2Gold's head office is located at Suite 3100, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1 and its registered office is located at Suite 1600, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2. B2Gold is listed on the TSX, the NYSE MKT and the Namibian Stock Exchange and is a reporting issuer for the purposes of applicable provincial securities laws of Canada and the reporting requirements of the US Exchange Act and as such is subject to regular reporting and disclosure obligations.



## 7.2 Business of B2Gold

B2Gold is a mid-tier gold mining company with a strategic focus on acquiring and developing interests in mineral properties with demonstrated potential for hosting economic mineral deposits with gold deposits as the primary focus. B2Gold conducts gold mining operations and exploration and drilling campaigns to define and develop Mineral Resources and Mineral Reserves on its properties with an intention of developing, constructing and operating mines on such properties.

B2Gold's principal assets consist of the following three operating mines, one mine under construction and two development stage projects:

### Operating Mines

- (i) La Libertad mine (100% ownership), an open pit, and potential underground, gold mine located 110 kilometres due east of Managua, and 32 kilometres northeast of Juigalpa, Nicaragua (**La Libertad Mine**);
- (ii) Limon mine (95% ownership), an open pit and underground gold mine located in northwestern Nicaragua, approximately 100 kilometres northwest of Managua, Nicaragua (**Limon Mine**);
- (iii) Masbate mine (ownership as described in Section 7.4(e) titled "Masbate Mine"), an open pit gold mine located near the northern tip of the island of Masbate, 360 kilometres south-east of the capital of Manila, Philippines (**Masbate Mine**);

### Under construction

- (iv) Otjikoto project (90% ownership), an open pit, and potential underground, gold mine currently under construction, located approximately 300 kilometres north of Windhoek, the capital of Namibia (**Otjikoto Project**);

### Development stage

- (v) Kiaka project (ownership as described in Section 7.4(g) titled "Kiaka Project" below), a potential open pit gold mine, located 140 kilometres southeast of Ouagadougou, the capital city of Burkina Faso (**Kiaka Project**); and
- (vi) Gramalote project (49% joint venture ownership), a potential open pit gold mine located 230 kilometres northwest of Bogota, the capital city of Colombia (**Gramalote Project**).

B2Gold holds other exploration assets in Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia as part of its continuing operations. B2Gold's exploration assets include:

- (i) In Nicaragua:
  - (A) a 100% interest in the Trebol and Pavon properties;
  - (B) two joint ventures with Radius in which B2Gold holds a 60% joint venture interest in each of the San Jose and La Magnolia properties, with Radius holding the remaining 40% interest; and

- (C) a joint venture with Calibre in which B2Gold holds a 51% interest in the Borosi gold-silver-copper prospect, with Calibre holding the remaining 49%.
- (ii) In the Philippines, a material interest in the Pajo property, located immediately north of the Masbate Mine.
- (iii) In Namibia, a 100% interest in a number of exclusive prospecting licences that comprise the Accretive Terrain project and the Top Hat project.
- (iv) In Burkina Faso:
  - (A) a 100% interest in three exploration permits that comprise the Gaoua copper gold project, located in the Poni Province in Burkina Faso, approximately 400 kilometres southwest of the Kiaka Project;
  - (B) a 100% interest in three exploration permits that comprise the Titao gold project, located in the Yatenga Province in northern Burkina Faso;
  - (C) a 90% interest in five exploration permits that comprise the Greater Kiaka project, located in south central Burkina Faso; and
  - (D) a 90% interest in three exploration permits that comprise the Po project, located in southern Burkina Faso.
- (v) In Colombia, a 100% interest in the Mocoa copper-molybdenum property.

B2Gold's corporate objective is to build a mid-tier gold company by developing its gold properties, growing organically through exploration, and by executing value-accretive strategic acquisitions.

(a) **La Libertad Mine**

La Libertad Mine is located 110 kilometres east of Managua, the capital city of Nicaragua, approximately a two hour drive from B2Gold's office in Managua and a five hour drive from the Limon Mine. B2Gold holds an indirect 100% interest in Desminic, which owns and operates La Libertad Mine. B2Gold, through Desminic, holds one exploitation and exploration concession covering 10,950 hectares, which has a term of 40 years expiring in August 2034, and two other exploitation and exploration concessions covering 3,546 hectares. The three concessions form one contiguous block. B2Gold also indirectly holds an 80% interest in the Cerro Quiroz concession covering 2,250 hectares, which is located contiguous with the eastern border of the La Libertad claim block.

In the fourth quarter of 2009, B2Gold completed the conversion of La Libertad Mine from a heap leach mine to a conventional milling operation. Ore processing at La Libertad Mine began on 15 December 2009 with the first doré bar produced on 5 January 2010. B2Gold projected in 2009 that La Libertad Mine would produce approximately 80,000 to 90,000 ounces of gold annually over an initial seven year mine life.

The La Libertad mill was originally designed to process 3,500 tonnes of ore per day. In February 2010, La Libertad mill exceeded B2Gold's projections and processed an average of

approximately 3,900 tonnes of ore per day. The installation of a second ball mill, which was not included in the original plant design, was completed in August 2010 and the mine ramped up to 5,500 tonnes per day design throughput capacity in the fourth quarter of 2010. As a result of a mill expansion completed in the second quarter of 2013, mill capacity increased by 10%. Total production in 2013 from La Libertad Mine was 138,726 ounces of gold. For 2014, La Libertad mine is projected to produce approximately 143,000 to 150,000 ounces of gold at cash operating costs of approximately US\$545 to US\$565 per ounce. See Section 7.4(c) titled “La Libertad Mine” for additional information.

(b) **Limon Mine**

The Limon Mine is located approximately 100 kilometres northwest of Managua and 20 kilometres from the Pan-American Highway. B2Gold holds an indirect 95% interest in Triton, which owns and operates the Limon Mine, and holds eight other mineral concessions, all at an exploration stage. The remaining 5% of Triton is held by Inversiones Mineras S.A., a holding company representing unionized mine workers in Nicaragua. The Limon property consists of the 12,000 hectare “Mina El Limon” mineral concession, which has a term of 25 years expiring in April 2027. Triton directly owns or controls the surface rights for all the property on which the mining, milling, tailings or related facilities at Limon Mine are located.

The current operation at the Limon Mine is a 1,375 tonne per day underground and open pit gold mine, which currently has an estimated mine life of four years. Total production for 2013 from the Limon Mine was 58,191 ounces of gold. For 2014, Limon Mine is projected to produce approximately 62,000 to 70,000 ounces of gold at cash operating costs of approximately US\$650 to US\$675 per ounce. See Section 7.4(d) titled “Limon Mine” for additional information.

(c) **Masbate Mine**

The Masbate Mine is located near the northern tip of the island of Masbate, 360 kilometres south-east of Manila, the capital city of the Philippines. The Masbate Mine lies within the municipality of Aroroy, Masbate Province, in the Philippines. B2Gold acquired its interest in the Masbate Mine through its acquisition of CGA in January 2013. B2Gold indirectly owns its interest in the Masbate Mine through its 100% ownership of Philippine Gold Ltd. which owns 40% of Filminera Resources Corporation (**FRC**) and 100% of PGPRC, the owner of the mineral processing facility. The remaining 60% of FRC is owned by a Philippine registered company, Zoom, in which B2Gold holds a 40% interest. B2Gold also holds an option to acquire the remaining 60% of Zoom and, in accordance with Philippine law, to determine a new Philippine holder of the interest.

FRC holds the mineral tenements that include the gold deposit at the Masbate Mine. The mining claims and applications cover an area of approximately 10,807 hectares. PGPRC, which is indirectly wholly-owned by B2Gold, has developed and owns the process plant on the island of Masbate and is responsible for the sale of all gold. PGPRC and FRC have a contractual relationship, which includes PGPRC purchasing all of the Masbate Mine ore from FRC at a price equal to the production cost for the ore plus a predetermined percentage, while maintaining joint financial and legal liability for the social and environmental obligations under Philippine law.

The Masbate Mine is an operating open pit mine projected to produce up to 200,000 ounces of gold annually over the current mine life of 15 years, with the potential to extend beyond current projections given the significant exploration upside. Total production for 2013 from the Masbate Mine was 176,483 ounces of gold, including the non-attributable pre-acquisition production of 7,087 ounces. For 2014, the Masbate Mine is projected to produce approximately 190,000 to 200,000 ounces of gold at cash operating costs of approximately US\$765 to US\$800 per ounce. See Section 7.4(e) titled "Masbate Mine" for additional information.

(d) **Otjikoto Gold Project**

The Otjikoto Project is located approximately 300 kilometres north of Namibia's capital city, Windhoek. B2Gold holds an indirect 90% interest in B2Gold Namibia, which holds the mineral interests relating to the Otjikoto Project, and EVI Gold (Proprietary) Limited, a Namibian black empowerment company, owns the remaining 10%. The mining licence (ML) in respect of the Otjikoto Project was granted in accordance with the Minerals (Prospecting and Mining) Act of 1992 (the **Namibian Minerals Act**) and covers an area of 6,933.99 hectares. The licence is valid for a term of 20 years with expiry of 4 December 2032. The licence can be renewed for a further 20 years upon application to the Namibian Ministry of Mines and Energy.

The mine plan for the Otjikoto Project is based on attributable Proven and Probable Mineral Reserves of 26.4 million tonnes at a grade of 1.42 g/t containing 1,207,000 ounces of gold at a stripping ratio of 5.59:1. The Otjikoto Project also has attributable Measured and Indicated Mineral Resource estimate of 4.04 million tonnes at a gold grade of 0.97 g/t for 126,000 ounces of gold and attributable Inferred Mineral Resource estimate of 12.00 million tonnes at a gold grade of 2.08 g/t for 801,000 ounces of gold.

As set out in the Otjikoto Feasibility Study, the life-of-mine, not including the proposed expansion referred to below, is estimated at approximately 12.5 years assuming a plant throughput of 2.5 million tonnes per annum. Based on the feasibility study, the results of which were released in February 2013, the current average annual production for the first five years is expected to be approximately 141,000 ounces of gold per year at an average operating cash cost of US\$524 per ounce and, for the life of mine, approximately 112,000 ounces of gold per year at an average operating cash cost of US\$689 per ounce. Construction is scheduled for completion in the fourth quarter of 2014 when mill production is expected to begin and the first gold production from the Otjikoto Project is scheduled. B2Gold expects to ramp up to full production in early 2015.

Based on the positive drill results from the Wolfshag zone to date, on 21 January 2014, B2Gold announced plans to expand the Otjikoto mine in 2015, increasing ore throughput from 2.5 million tonnes per year to 3 million tonnes. The increased throughput will be achieved through the installation of a pebble crusher, additional leach tanks and mining equipment at a total cost of approximately US\$15 million. See Section 7.4(f) titled "*Otjikoto Project*" for additional information.

(e) **Kiaka Project**

The Kiaka Project is located in south central Burkina Faso in the regional province of Boulgou and Zoundweogo, approximately 140 kilometres southeast of the capital Ouagadougou. The

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current exploration licence (the **Kiaka Licence**) for the Kiaka Project covers an area of approximately 184 square kilometres and is 100% owned by B2Gold (indirectly through B2Gold's subsidiary Kiaka Gold SARL), subject to 10% participating interest held by GAMS–Mining F&I Ltd. (**GAMS**), a Cypriot company with local Burkinabe affiliates. Pursuant to applicable mining law, when the project advances to development and production stage, an operating company will be formed with each Kiaka Gold SARL and GAMS contributing 9% and 1%, respectively, to the Burkinabe government's 10% carried interest. Accordingly, upon commencement of the development and production stage B2Gold will hold an 81% interest in the Kiaka Project.

The Measured and Indicated Mineral Resource estimate for the Kiaka Project is 153.26 million tonnes at a gold grade of 0.99 g/t for 4.862 million ounces of gold and Inferred Mineral Resources of 33.74 million tonnes of ore at a gold grade of 0.93 g/t for 1.006 million ounces of gold, on a 100% basis. The Kiaka Prefeasibility Study mine plan is based on Proven and Probable Mineral Reserves of 126.08 million tonnes at a grade of 0.96 g/t containing 3.89 million tonnes of gold at a stripping ratio of 2.95:1. The average annual production over a life of mine of 10.3 years is expected to be approximately 340,000 ounces of gold at an average cash operating cost of US\$671 per ounce. See Section 7.4(g) titled "*Kiaka Project*" for additional information.

(f) **Gramalote Property**

The Gramalote Project is located approximately 230 kilometres northwest of the Colombian capital of Bogota and approximately 80 kilometres northeast of Medellin, the regional capital of the Department of Antioquia. B2Gold holds a 49% interest in Gramalote Limited (**Gramalote BVI**), which is the company that holds the mineral interests relating to the Gramalote Project. The Gramalote Project area is covered by 31 contiguous claim blocks totalling 42,790.09 hectares. The claims presently include one exploitation licence totalling 56.75 hectares, one exploration licence totalling 2,292.76 hectares, 19 registered concession contracts totalling 27,444.55 hectares, six non-registered concession contracts totalling 5,527.69 hectares and four mineral applications totalling 7,468.35 hectares.

The Gramalote Project had a 2013 joint venture budget of US\$92 million, which funded 31,749 meters of diamond drilling for the exploration of additional targets on the property, drilling associated with infrastructure and infill drilling, as well as prefeasibility work, environmental studies, metallurgical test work and engineering. The results of this work were used to finalize the Preliminary Economic Assessment released in March 2014. The Gramalote Project will be reviewed in the fourth quarter of 2014 to determine if advancing to a full feasibility study is warranted at this time. The 2014 forecast expenditures for Gramalote are currently under review. Programs for 2014 have been reduced from 2013 and expenditures are currently estimated to be approximately US\$27.8 million (stated at 100%; B2Gold's 49% joint venture participation is estimated to be approximately US\$13.6 million). See Section 7.4(h) titled "*Gramalote Project*" for additional information.

(g) **Other Exploration Properties and Interests**

(i) Trebol and Pavon Properties

B2Gold entered into an option agreement with Radius dated 23 December 2009 under which B2Gold earned a 60% interest in the Trebol, Pavon and San Jose exploration

properties in Nicaragua (six concessions with 25 year terms covering approximately 242,000 hectares). On 10 August 2012, B2Gold acquired the remaining 40% interest in the Trebol and Pavon properties and issued to Radius as consideration 4,815,894 B2Gold Shares. In addition, B2Gold entered into an agreement to make certain contingent payments to Radius that relate to the Mineral Reserves established on the Trebol property. As part of the transaction, the parties terminated all other aspects of the prior arrangements entered into in December 2009 in respect of the Trebol, Pavon and San Pedro properties.

The Trebol property, located in northeastern Nicaragua, is a low sulphidation epithermal hot springs district consisting of numerous strong gold anomalies spanning over 14 kilometres of strike length. In 2011, B2Gold drilled 37 holes totalling 3,208 metres on the Trebol property. The 2011 drilling campaign cut mineralization in the Cerro Domingo, Paola and Trebol North Zones with drill holes containing up to 1.96 g/t gold over 28.55 metres in hole TR-11-014 in the Cerro Domingo Zone, up to 8.86 g/t gold over 7.75 metres in hole TR-11-028 in the Paola Zone and up to 13.08 g/t gold over 7.00 metres in hole TR-11-047 in the Trebol North Zone. B2Gold discovered the Trebol East Zone located three kilometres east of the main Trebol trend in 2011. In 2012, B2Gold drilled 1,480 metres in 23 holes to test the Trebol East Zone. Drilling in the Trebol East Zone contained up to 0.77 g/t gold over 18.25 metres in hole TR-12-050 and 0.75 g/t gold over 12.4 metres in hold TR-12-056. Drilling and trenching has outlined a low-grade north-south mineralized zone at least 1.5 kilometres long. No exploration was conducted on the Trebol property in 2013.

The Pavon property, located in central Nicaragua, is a low sulphidation system discovered by Radius in 2003. Seventy one historical diamond drill holes totalling approximately 10,700 metres tested several veins occurring over a strike length of six kilometres, with results that include 10.3 g/t gold over 16.8 metres in hole PADH-005B in the north zone and up to 6.7 g/t gold over 11 metres in hole PADH-01 in the south zone. During 2009 and 2010, B2Gold further explored the Pavon North and South Zones with 56 trenches totalling 1,608 metres. No exploration was carried out on the Pavon properties in 2013. Work was instead focused on permitting for the drilling and small scale mining of Pavon.

The San Pedro property, now called San Jose, was the focus of an intensive mapping and trenching campaign during 2013 with two main areas being evaluated; the northern PMI and southern Buena Ventura Zones. The PMI zone main structure covers almost 2 kilometres of strike length, though much of it is narrow and relatively low grade. Where the structure splays out and the area that Radius had previously drilled is the best target and trenching has returned values of up to 2.64 g/t gold over 9.0 metres. Drilling of this area is being considered for 2014. The Buena Ventura (**BV**) target has returned very high grade trenching over a relatively short strike length of about 100 metres with some of the highlights being hole TR-SJ-80 with 6.53 g/t gold over 13.8 metres and hole TR-SJ-81 with 26.1 g/t gold over 2.1 metres.

The 2014 exploration budget of US\$250,000 on the Trebol property and US\$750,000 on the Pavon property is to fund soil sampling over the area of possible northern extension

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of the Trebol mineralization and for 2,000 metres of diamond drilling to update a portion of the Pavon property to an Indicated Mineral Resource.

(ii) Calibre Joint Venture – Borosi Property

Pursuant to the Primavera JV Agreement with Calibre, B2Gold has the right to earn up to a 70% interest in potential mining projects in the Borosi gold-silver-copper prospect in northeast Nicaragua. B2Gold currently has a 51% interest in the property and may increase B2Gold's interest in specific project areas to 70% by funding an additional US\$6 million in project expenditures on or prior to 24 April 2016.

The Borosi property is located in the Bonanza-Rosita-Siuna areas of northeast Nicaragua, the "Mining Triangle" of Nicaragua, which is estimated to have had historical production totalling more than 5 million ounces of gold, 4 million ounces of silver, 158,000 tons of copper and 106,000 tons of zinc. The initial exploration had focused on the Eastern Epithermal, Bonanza and Rosita Gold Camps with geological mapping, prospecting, soil surveying and trenching. In 2011, B2Gold and Calibre announced drill results that discovered significant porphyry style gold and copper mineralization at the Primavera project within the Borosi concessions in north east Nicaragua. A phase II drilling program was completed in 2012, totalling 9,475 metres of drilling, for a total overall drilling program of 13,000 metres for 30 drill holes. The bulk of the phase II program was focused on the nearby soil geochemical anomalies at Copper Hill and a prominent structural target to the south of the main Primavera Zone. In addition, several drill holes south and west of the main Primavera Zone showed anomalous gold-copper values associated with porphyry style mineralization at depths exceeding 500 metres. Most importantly, the drilling indicates that the porphyry system continues to the north beneath alluvial cover. A comprehensive geophysical program was completed during 2012, with both air magnetic and radiometric surveys flown over the claim area.

Highlights of the Phase II program include drill hole PR-12-016 which confirmed shallow continuity of porphyry style mineralization on the west side of the main Primavera Zone with 201.35 metres of 0.77 g/t gold and 0.36% copper, including 57.85 metres of 1.08 g/t gold and 0.49% copper. PR-12-024 and several other drill holes crossed two major post mineral faults to the west and north of the main Primavera Zone and intersected anomalous zones also associated with porphyry style mineralization. Mineralization extends to the two faults and further work needs to be carried out to determine the degree of fault offset. Results from drill hole PR-12-024 indicate that the system continues to the north beneath alluvial cover. Hole 24 yielded several deep intervals including 17 metres of 0.39 g/t gold from 595 to 612 metres, 1.1 metres at 18.28 g/t gold, and 1.5 metres 11.95 g/t gold. These intervals were all associated with vein and stockwork mineralization in intrusion breccia and diorite although the high grades for gold are unusual. More drilling will be required in this area under the alluvium where the geophysical data indicate the presence of a large magnetic low. Drilling to the south at Copper Hill has intersected zones of skarn and hornfels similar to the style of mineralization and alteration at the Santa Rita deposit in nearby Rosita which produced over 3 million pounds of copper, 177,737 ounces of gold, and 2,629,720 ounces of silver. Additional drilling may be needed to test for possible skarn deposits which are commonly associated with porphyry systems. The skarn mineralization lies about 1.5 kilometres to the southwest. Additional soil sampling is underway in this area.

The 2013 campaign focused on evaluating the potential across the region with mapping and sampling of the remaining target areas on both the main Primavera concession and an area to the north called Minnesota.

At Primavera, no obvious drill targets were generated during the regional program. However, the main Primavera area was re-evaluated with a comprehensive stratigraphic mapping and pit sampling campaign to determine the best drill target for the faulted portion of the mineralization. A drill program is pending in 2014 as a result of this work.

The Minnesota area lies approximately 18 kilometres NNW of Primavera and was the focus of an early campaign by Calibre Mining. The area appears to be Gramalote style, intrusive hosted target with a strong NE-SW structural control. Abundant small miner activity and a coherent gold – copper – molybdenum soil anomaly encouraged a return to the area and though a lot remains to be done, the deep pitting and weathered bedrock sampling campaign along with some trenching of the local small miner workings has returned grab samples with good gold values and trenching up to 3.7 g/t gold over 10.5 metres. Current 2014 activity is focused on determining the thickness of the mineralized structure, the structural controls on mineralization and the potential for grade continuity across the area using long trenches.

The 2014 exploration program for Primavera/Minnesota has a budget of approximately US\$1.2 million, which will fund detailed mapping and trenching as well as structural study and a detailed geological interpretation.

### 7.3 History and ownership

#### Three Year History

##### (a) Events of 2011

On 31 March 2011, B2Gold announced a 180% increase in Inferred Mineral Resource at La Libertad due to the new resource outlined on the Jabali zone located approximately 10 kilometres east of the mill facility at La Libertad Mine. The new Inferred Mineral Resource was based on a total of 55 diamond drill holes totalling 9,660 metres. The drilling focused on the Antenna and Central Zones at the Jabali zone. The new Inferred Mineral Resource totals 3.55 million tonnes at 4.58 g/t of gold containing 522,000 ounces of gold. B2Gold filed a technical report for the Inferred Mineral Resource estimate on 13 May 2011. B2Gold's view is that the confirmation of the Inferred Mineral Resource with infill drilling could not only add several years to La Libertad's mine life but, more importantly, allow B2Gold to deliver in the near term higher grade ore to the mill at La Libertad Mine.

On 22 December 2011, B2Gold acquired 100% of the shares of Auryx Gold Corp. (**Auryx**) by way of plan of arrangement (the **Auryx Arrangement**). The Auryx Arrangement was carried out pursuant to the terms and conditions contained in an arrangement agreement (the **Auryx Agreement**) dated 10 November 2011 between B2Gold and Auryx. The acquisition of Auryx added the Otjikoto Project in Namibia to B2Gold's property portfolio. See Section 7.4(f) titled "*Otjikoto Project*".

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(b) **Events of 2012**

On 5 April 2012, B2Gold announced an updated Mineral Resource estimate as at 31 December 2011 for the Jabali deposit at La Libertad Mine and the Otjikoto Project.

Based on the successful 2011 exploration and infill drilling programs, B2Gold reported an increase in Mineral Resources at Libertad Mine for the Jabali deposit. The new Mineral Resource for the Jabali Antenna and Central zones, which was reported within a US\$1,350 per ounce gold optimized Whittle pit shell above a cut-off grade of 0.70 g/t gold, included an Indicated Mineral Resource of 4.19 million tonnes at a grade of 3.39 g/t gold containing 456,863 ounces of gold and an Inferred Mineral Resource of 1.89 million tonnes at a grade of 3.06 g/t gold containing 186,610 ounces gold. The most significant increase was in Indicated Mineral Resources as a result of the conversion of Mineral Resources from the inferred category due to infill drilling. This new resource at Jabali not only indicates the potential to significantly increase Libertad's original seven year mine life but also the potential to deliver higher grade ore to the mill which should result in higher annual gold production and lower operating costs per ounce produced. B2Gold received the mining permit for the Jabali Central deposit and commenced the shipping of Jabali ore to the Libertad mill in third quarter of 2013, initially utilizing an upgraded existing road.

In respect of the Otjikoto Project, B2Gold reported an updated Indicated Mineral Resource estimate of 24.93 million tonnes at a grade of 1.74 g/t gold containing 1,392,690 ounces of gold on a 100% basis using a cut-off grade of 0.4 g/t gold. When a cut-off grade of 0.5 g/t gold is used, the Otjikoto Project has an updated Indicated Mineral Resource estimate of 21.37 million tonnes at a grade of 1.95 g/t gold containing 1,340,385 ounces of gold on a 100% basis within the optimized pit shell.

On 24 April 2012, B2Gold and AngloGold Ashanti Limited (**AngloGold**) announced a new JORC Code and NI 43-101 compliant Mineral Resource estimate for the Gramalote Central Zone and Trinidad. Total Measured and Indicated Resources at Gramalote Central at a 0.25 g/t gold cut-off, within a US\$1,600 per ounce gold optimised Whittle pit consist of 97.1 million tonnes grading 0.81 g/t gold for a total of 2.5 million troy ounces of gold. The Gramalote Central and Trinidad Inferred Mineral Resource is 95.7 million tonnes grading 0.44 g/t gold for a total of 1.36 million troy ounces of gold using similar parameters as the Measured and Indicated Mineral Resource.

On 10 August 2012, B2Gold acquired a 100% interest in the Trebol and Pavon gold properties in Nicaragua from Radius in consideration of C\$20 million, payable by issuing 4,815,894 B2Gold Shares to Radius. B2Gold entered into a joint venture agreement with Radius on a 60% - 40% basis with respect to each of the San Jose and La Magnolia properties in Nicaragua and continue jointly exploring the properties with B2Gold and Radius contributing 60% and 40%, respectively, of the exploration expenditures of each joint venture.

On 18 September 2012, B2Gold entered into the CGA Merger Agreement with CGA pursuant to which B2Gold agreed to acquire all of the issued and outstanding securities of CGA and on 31 January 2013, CGA became a wholly-owned subsidiary of B2Gold. The transaction was structured as an acquisition by B2Gold of ordinary shares of CGA by way of a scheme of arrangement under the Corporations Act 2001 (the **CGA Scheme**). CGA shareholders received 0.74 of a B2Gold Share for each existing CGA ordinary share held. B2Gold also issued B2Gold Shares to CGA stock option holders as consideration for the cancellation of their CGA options

based on the “in-the-money” amount of such CGA option, as at the date of the CGA Merger Agreement. B2Gold issued an aggregate of 251,973,832 B2Gold Shares in connection with the CGA Scheme. Upon completion of the CGA Scheme, B2Gold’s existing shareholders and former CGA shareholders owned approximately 61% and 39%, respectively, of the issued and outstanding B2Gold Shares.

The combination with CGA resulted in B2Gold operating the Masbate Mine in the Philippines, in addition to B2Gold’s existing Limon Mine and La Libertad Mine in Nicaragua.

On 5 December 2012, B2Gold Namibia was granted the ML by the Namibian Ministry of Mines for the Otjikoto Project, which ML is valid for 20 years. This was the last major requirement prior to commencing full scale mine construction at the Otjikoto Project.

(c) **Events of 2013**

The results of a feasibility study for the Otjikoto Project were announced on 10 January 2013, demonstrating robust economic indicators for the Otjikoto Project. Construction on the Otjikoto Project commenced in January 2013 and is scheduled for completion in the fourth quarter of 2014, when mill production is expected to begin. As of the date of this Scheme Booklet, construction of the mine continues on schedule and on budget. In the first five years of its twelve year mine life, the mine is expected to produce approximately 141,000 ounces of gold per year. See Section 7.4(f) titled “*Otjikoto Project*” for additional information.

Significant progress on the construction at the Otjikoto Project has been made to date. The construction phase of the Otjikoto Project remains on schedule, with gold production expected to commence in the fourth quarter of 2014. Excavation at the mill area is complete and a concrete batch plant is in continuous use to assist with the pouring of foundations with total of about 16,000 cubic metres of concrete being poured during construction. The mill and mining offices have already been completed and the construction of all the other administration buildings is progressing on schedule. Most of the equipment and supplies to build the mill have been purchased and is on site. Mill construction activities are progressing well, with 7,500 cubic metres of concrete having been poured in this area, and four leach tanks having been erected. To date, the pit area has been de-bushed and stripped. The stripped topsoil (100,000 tonnes) from the mine and waste dump is stockpiled so that these areas can be re-vegetated after mine closure. In addition, the tailings impoundment has been constructed and lined. This facility is complete and is being used to capture water to start the mill in 2014.

On 12 April 2013, B2Gold entered into a fully underwritten US\$150 million secured credit facility, which was subsequently increased to US\$200 million on 19 February 2014 (the **Credit Facility**). Macquarie Bank Limited (**Macquarie Bank**) is the sole underwriter and the facility agent for the Credit Facility. The syndicate includes HSBC Securities (USA) Inc., as a Lead Arranger, and HSBC Bank USA, National Association has committed to fund US\$50 million of the Credit Facility. The Credit Facility replaced the previous US\$25 million revolving credit facility with Macquarie Bank. The term of the Credit Facility is a period of four years with a final repayment date of 31 March 2017, and the Credit Facility has an interest rate of LIBOR plus a margin of 3.5%. The Credit Facility is primarily to fund construction and development costs related to the Otjikoto Project and for general corporate purposes. As of 31 March 2014,

US\$150 million remained available for draw down under the Credit Facility (US\$125 million as of 30 June 2014).

On 13 May 2013, B2Gold completed the sale to Franco-Nevada Corporation of all of its right, title and interest in and to an existing 1.2% net smelter returns royalty, covering Pretium Resources Inc.'s Brucejack gold project in northwestern British Columbia for US\$45 million in cash. The sale was completed pursuant to the terms of a royalty purchase agreement between B2Gold and Franco-Nevada Corporation dated 8 May 2013.

On 7 June 2013, B2Gold Shares commenced trading on NYSE MKT under the symbol "BTG".

On 23 August 2013, B2Gold completed a private placement offering of US\$258.75 million aggregate principal amount of 3.25% convertible senior subordinated notes due 1 October 2018 (the **Notes**), which included the exercise in full by the initial purchasers of their option to purchase an additional US\$33.75 million of the Notes to cover over-allotments. In connection with the offering, B2Gold entered into an indenture with U.S. Bank National Association, as trustee, governing the Notes (the **Note Indenture**). The initial conversion rate for the Notes is 254.2912 B2Gold Shares per US\$1,000 principal amount of Notes, equivalent to an initial conversion price of approximately US\$3.93 per B2Gold Share.

On 9 September 2013, B2Gold entered into a joint venture agreement with Calibre (the **Primavera JV Agreement**) to govern the joint venture at the Primavera Gold-Copper Porphyry Project in northeast Nicaragua. Calibre currently has a 49% interest in the project, while B2Gold have a 51% interest and are the project operator. Under the terms of the Primavera JV Agreement, B2Gold was granted an option to earn an additional 19% interest in and to the project, for a total interest of 70%, by spending C\$6 million in additional project expenditures on or prior to 24 April 2016. Upon entering into the Primavera JV Agreement, the original option agreement between B2Gold and Calibre (entered into in June 2009 and amended in July 2010 and October 2010) was terminated and superseded in its entirety by the Primavera JV Agreement.

On 20 December 2013, B2Gold acquired all of the issued and outstanding shares of Volta Resources Inc. (**Volta**) in accordance with the terms of an arrangement agreement between Volta and B2Gold (the **Volta Arrangement Agreement**) and a plan of arrangement under the *Business Corporations Act* (Ontario) (the **Volta Arrangement**). All of the issued and outstanding common shares of Volta were transferred to B2Gold in consideration for the issuance by B2Gold of 0.15 of a B2Gold Share for each Volta common share held. All of the outstanding options of Volta were exchanged and the holders of the Volta options have received options to purchase B2Gold Shares based on the same exchange ratio. In connection with the closing of the Volta Arrangement, B2Gold issued an aggregate of 23,331,805 B2Gold Shares to the former shareholders of Volta and authorized the issuance of an additional 2,079,000 B2Gold Shares upon the exercise of the stock options held by the former Volta option holders. The acquisition of Volta added the Kiaka Project in Burkina Faso, Africa to B2Gold's project portfolio, as well as four additional exploration projects in Burkina Faso and exploration projects in Ghana.

(d) **Events Subsequent to 2013**

On 22 January 2014, B2Gold announced an initial Inferred Mineral Resource estimate for the Wolfshag Zone at the Otjikoto Project. The Inferred Mineral Resource estimate, reported at a

0.5 g/t cut off, within a US\$1,550 per ounce gold optimized whittle pit, consisted of 6.8 million tonnes at 3.2 g/t gold totalling 0.7 million ounces of gold.

On 12 March 2014, B2Gold announced positive results from the Preliminary Economic Assessment (**PEA**) for the Gramalote property. A copy of this document is available under B2Gold's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Construction at the Otjikoto Project remains on time and on budget, and is scheduled for completion in the fourth quarter of 2014 when mill production is expected to begin and the first gold production is anticipated. Excavation at the mill area has been completed and approximately 90% of the required concrete has been poured. The mill and mining offices have been completed and the construction of all the other administration buildings is progressing well. The mill is currently being constructed and is on schedule, and all leach tanks and CIP tanks have been erected. In addition, the tailings impoundment has been constructed and lined. This facility is substantially complete and is being used to capture water to start the mill in 2014.

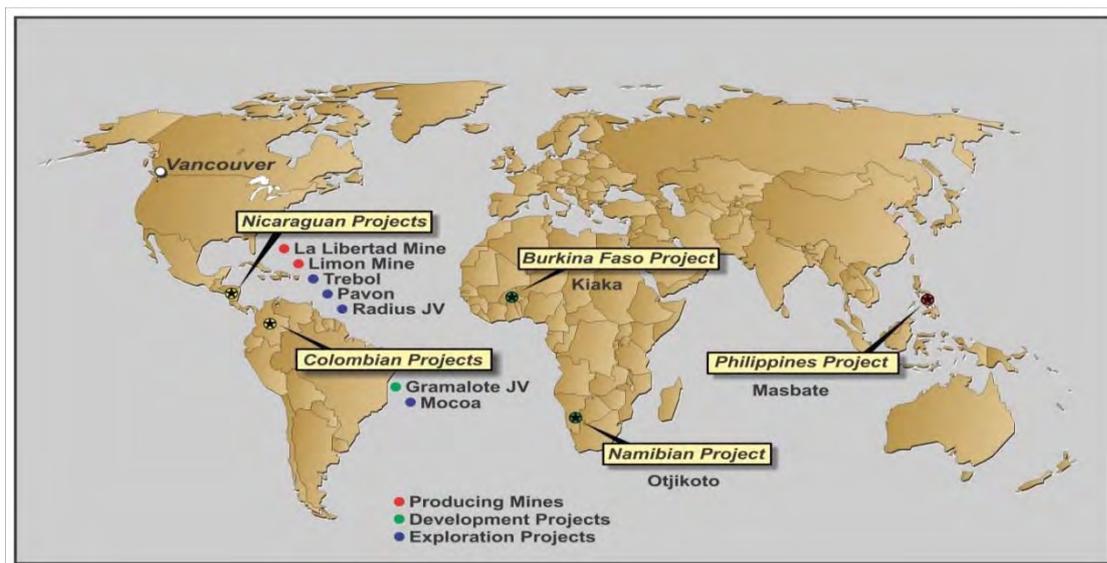
#### **7.4 B2Gold's Material Mineral Properties**

B2Gold's principal assets consist of the following three mines, one mine under construction and two development projects and are grouped geographically as follows:

- (i) La Libertad Mine and Limon Mine, located in Nicaragua;
- (ii) Masbate Mine, located in the Philippines;
- (iii) Otjikoto Project, located in Namibia;
- (iv) Kiaka Project, located in Burkina Faso; and
- (v) Gramalote Project, located in Colombia.

B2Gold holds other exploration assets in Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia as part of B2Gold's continuing operations.

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More detailed information on B2Gold's material properties, including project description and location, climate, local resources, infrastructure, physiography, history, geological setting, exploration, mineralization, drilling sampling, and Mineral Resource and Mineral Reserve estimates, can be found in the following technical reports, copies of which are available under B2Gold's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com):

- (i) Technical Report on the Orosi Mine, Nicaragua: 2008 Exploration Program and Mineral Resource Estimate, San Juan Zone dated 14 March 2009, as amended 14 July 2009 (the **La Libertad Technical Report**);
- (ii) NI 43-101 Technical Report, Jabali Project, La Libertad Region, Nicaragua dated 12 May 2011 (the **Jabali Technical Report**);
- (iii) Technical Report of Mineral Resources and Mineral Reserves, Limon Mine and Mestiza-La India Areas, Nicaragua dated 14 March 2009 (the **2009 Limon Technical Report**);
- (iv) Technical Report of Mineral Resources and Mineral Reserves, Limon Mine and Mestiza Areas, Nicaragua dated 31 March 2008 (the **2008 Limon Technical Report**);
- (v) NI 43-101 Technical Report Masbate Gold Project Republic of the Philippines dated 20 June 2012 (the **Masbate Technical Report**);
- (vi) Independent Technical Report on the Otjikoto Gold Project dated 31 March 2010 (the **Otjikoto Technical Report**);
- (vii) NI 43-101 Technical Report Feasibility Study: Otjikoto Gold Project, Province of Otjozondjupa, Republic of Namibia dated 25 February 2013 (the **Otjikoto Feasibility Study**);
- (viii) An Updated Mineral Resource Estimate on the Kiaka Gold Project, Burkina Faso dated 8 January 2013 (the **Kiaka Technical Report**);

- (ix) Kiaka Gold Project Prefeasibility Study dated 23 May 2012 (the **Kiaka Prefeasibility Study**); and
- (x) NI 43-101 Technical Report on Resources, Gramalote Project, Providencia, Colombia dated 8 June 2012 (the **Gramalote Technical Report**).

(b) **Summary of Attributable Mineral Reserves and Mineral Resources Estimates for Material Projects**

Set out below are the updated consolidated Mineral Reserve and Mineral Resource statements for B2Gold's mines and development projects as of 31 December 2013, except where otherwise indicated. B2Gold's consolidated Mineral Reserves and Mineral Resources statements have been compiled based on estimates prepared by Qualified Persons as defined in NI 43-101.

**B2Gold's consolidated Mineral Reserves and Mineral Resources statements are not reported in accordance with the JORC Code. B2Gold is not listed on ASX and does not intend to report its consolidated Mineral Reserves and Mineral Resources statements in accordance with the JORC Code for the purposes of this Scheme Booklet. The information contained in B2Gold's NI 43-101 technical reports, outlined above, contain similar information to the requirements of Table 1 of the JORC Code. In accordance with B2Gold's continuous disclosure requirements, the information contained in this Scheme Booklet reflects B2Gold's current Mineral Reserves and Mineral Resources as publically disclosed in its continuous disclosure filings available from B2Gold's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).**

**Neither Papillon nor any person engaged by Papillon has undertaken any work to independently verify or classify the Mineral Reserves and Mineral Resources reported by B2Gold under the JORC Code.**

(i) Mineral Reserve Estimates<sup>(1)</sup>

	Tonnes	Grade (g/t)	Gold (Ounces)	Gold (Kilograms)
La Libertad <sup>(2)</sup> .....	9,407,000	1.65	498,000	15,490
Limon <sup>(2)</sup> .....	1,787,000	5.03	289,000	8,990
Masbate <sup>(2)</sup> .....	114,440,000	0.97	3,582,000	111,390
Otjikoto <sup>(3)</sup> .....	26,465,000	1.42	1,207,000	37,540
<b>Total Proven and Probable Mineral Reserves .....</b>			<b>5,575,000</b>	<b>173,420</b>

Notes:

- (1) The Mineral Reserves reported herein are estimated using best practices as defined by the CIM and reporting of Mineral Reserves is compliant and in accordance with the disclosure requirements of NI 43-101. Mineral Reserves have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding. Mineral Reserves are reported exclusive of Mineral Resources. Mineral Reserves reported herein are fully diluted.

- (2) The Mineral Reserve estimates for La Libertad, Limon and Masbate projects were compiled and verified as of 31 December 2013 under the supervision of Kevin Pemberton, P.E. (Florida, USA), Chief Mine Planning Engineer, and a Qualified Person as defined under NI 43-101. The estimates reflect the attributable Mineral Reserves based on B2Gold's 100% interest in La Libertad Mine and 95% interest in the Limon Mine. Pursuant to the ore sales and purchase agreement between PGPRC and FRC, a wholly-owned subsidiary of B2Gold, PGPRC has the right to purchase all ore from the Masbate Mine and as such, the Mineral Reserve estimates above reflect 100% of the estimated Mineral Reserves for the Masbate Mine.
- (3) The Mineral Reserve estimates for the Otjikoto Project were prepared as of 6 June 2013 by Peter Montano, P.E. (Colorado, USA), Senior Project Engineer, and a Qualified Person as defined under NI 43-101. The estimates reflect the attributable Mineral Reserves based on B2Gold's 90% interest in the Otjikoto Project.

(ii) Measured and Indicated Mineral Resource Estimates<sup>(1)</sup>

	Tonnes	Grade (g/t)	Gold (Ounces)	Gold (Kilograms)
La Libertad <sup>(2)</sup> .....	3,770,000	2.93	355,000	11,050
Limon <sup>(2)</sup> .....	1,207,000	4.08	158,000	4,920
Masbate <sup>(3)</sup> .....	31,983,000	0.77	788,000	24,520
Otjikoto <sup>(4)</sup> .....	4,037,000	0.97	126,000	3,910
Kiaka <sup>(5)</sup> .....	124,140,000	0.99	3,938,000	122,490
Gramalote <sup>(6)</sup> .....	65,041,000	0.63	1,319,000	41,020
<b>Total Measured and Indicated Mineral Resources.....</b>			<b>6,685,000</b>	<b>207,910</b>

(iii) Inferred Mineral Resource Estimates<sup>(1)</sup>

	Tonnes	Grade (g/t)	Gold (Ounces)	Gold (Kilograms)
La Libertad <sup>(2)</sup> .....	5,900,000	2.59	491,000	15,260
Limon <sup>(2)</sup> .....	1,292,000	5.13	213,000	6,630
Masbate <sup>(3)</sup> .....	8,927,000	0.88	253,000	7,870
Otjikoto <sup>(4)</sup> .....	11,999,000	2.08	801,000	24,910
Kiaka <sup>(5)</sup> .....	27,327,000	0.93	815,000	25,350
Gramalote <sup>(6)</sup> .....	117,450,000	0.44	1,648,000	51,270
<b>Total Inferred Mineral Resources.....</b>			<b>4,221,000</b>	<b>131,290</b>

Notes:

- (1) The Mineral Resources reported herein are estimated using best practices as defined by the CIM and reporting of Mineral Resources is compliant and in accordance with the disclosure requirements of NI 43-101. Mineral Resources

that are not Mineral Reserves do not have demonstrated economic viability. Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Mineral Resources are reported exclusive of Mineral Reserves. Mineral Resource numbers have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.

- (2) The Mineral Resource estimates for La Libertad Mine and Limon Mine were compiled and verified as of 31 December 2013 under the supervision of Brian Scott, P.Geol., Chief Geologist, and a Qualified Person as defined under NI 43-101. The estimates reflect the attributable Mineral Resources based on B2Gold's 100% interest in La Libertad Mine and 95% interest in the Limon Mine.
- (3) The Mineral Resource estimates for the Masbate Mine have an effective date of 31 December 2013 and were prepared under the supervision of Tom Garagan, P.Geol., B2Gold's Senior Vice President of Exploration, and a Qualified Person as defined under NI 43-101. Mineral Resources are reported within Whittle pit shells. Pursuant to the ore sales and purchase agreement between PGPRC and FRC, B2Gold's wholly-owned subsidiary, PGPRC, has the right to purchase all ore from the Masbate Mine and as such, the Mineral Resources are reported at 100% interest.
- (4) The Mineral Resource estimates for the Otjikoto Project were prepared as of 10 January 2013 under the supervision of Mr. Tom Garagan, P.Geol., Senior Vice President of Exploration, and a Qualified Person as defined under NI 43-101. The estimates reflect the attributable Mineral Resources based on B2Gold's 90% interest in the Otjikoto Project.
- (5) The Mineral Resource estimate for the Kiaka Project was prepared as of 8 January 2013 by Ben Parsons, MSc, MAusIMM (CP), Principal Consultant for SRK Consulting (UK) Limited, a Qualified Person as defined under NI 43-101. Attributable Mineral Resources are reported at 81% of the total Mineral Resource. Notwithstanding B2Gold's current ownership percentage of the Kiaka Project is 90%, the attributable portion of the Mineral Resource has been reduced to 81% to reflect the expected reduction in B2Gold's ownership percentage in the Kiaka Project upon commencement of construction and development and the 10% overall ownership percentage that will be attributable to the Burkina Faso government in accordance with applicable laws.
- (6) The Mineral Resource estimate for the Gramalote Project (Gramalote, Trinidad and Monjas West) was prepared by Gramalote Colombia Limited personnel as of 31 December 2013 under the supervision of Mr. Vaughan Chamberlain, FAusIMM, Senior Vice President: Geology and Metallurgy for AngloGold and a Qualified Person as defined under NI 43-101. The estimate reflects the attributable Mineral Resources based on B2Gold's 49% interest in the Gramalote Project.

(c) **La Libertad Mine**

La Libertad Mine is located approximately 110 kilometres due east of Managua, the capital city of Nicaragua and 32 kilometres northeast of Juigalpa. The property is situated near the town of La Libertad in the La Libertad-Santo Domingo Region of the Department of Chontales in Central Nicaragua. B2Gold acquired its interest in the La Libertad Mine on 26 March 2009 from its acquisition of Central Sun Mining Inc. (**Central Sun**).

(i) **Project Description and Location**

B2Gold, indirectly through its subsidiary, Desminic, holds one exploitation concession covering 10,950 hectares, granted on 6 September 1994 for the term of 40 years pursuant to Ministerial Decree No. 032-RN-MC/94. This concession was granted and is regulated under the pre-2001 mining law. The principal obligations under the Ministerial Decree include the payment annually of surface taxes, and a net 3.0% royalty on gross production revenues payable to the government of Nicaragua, which may be used to offset income taxes payable. In 2007, Central Sun obtained an additional exploration concession, Extension Quernos de Oro, which covers 1,196 hectares of the potential extension of a mineralized structure northwest of the exploitation concession. The exploitation and exploration concessions form one contiguous block.

On 28 March 2008, the Nicaraguan Department of Environment issued Central Sun a full environmental permit for the construction, operation and maintenance of La Libertad Mine projects which includes process plant upgrade and tailing management facility.

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La Libertad Mine is also subject to a royalty interest granted to IMISA, a Nicaraguan corporation formed to represent various groups of mine workers, equal to 2.0% of the value of total production of gold and silver from the La Libertad exploitation concession. The total royalty payable on La Libertad Mine production is 5.0%. In addition, under Nicaraguan law, small or artisanal miners have the right to exploit secondary veins up to a total surface area that may not exceed 1% of the total area granted under a concession. Artisanal mining activities continue on the concession.

(ii) Access, Climate, Local Resources, Infrastructure and Physiography

Access to the La Libertad property is 201 kilometres by paved road from Managua to Juigalpa, the capital city of the Department of Chontales. From Juigalpa, a newly paved road (paver stones) leads northeast for 30 kilometres to the town of La Libertad. Access to the mine site is along a five kilometre, secondary unsurfaced road that originates at the entrance to the town of La Libertad.

The most salient climatic characteristic of the region is pronounced wet and dry seasons. The wet season occurs in May through to November, with the highest precipitation occurring usually in June, July and August. Temperature variation in Nicaragua is mainly a function of altitude. Nationally, temperature varies between 21°C in the upper parts of the central mountain ranges to 29°C in the Pacific coastal regions. Statistical records indicate an annual average rate of evaporation of approximately 2,050 millimetres, higher than the average annual precipitation of approximately 1,876 millimetres. The highest monthly evaporation rates of approximately 235 millimetres coincide with the driest and hottest months (March and April).

The area is characterized by hilly terrain ranging in elevation from 400 metres to 835 metres above sea level. Cerro El Chamarro, located five kilometres northeast of the town of La Libertad, is the highest point on the concession at 835.2 metres above sea level. La Libertad Mine is situated in the western end of the exploitation concession, approximately four kilometres northwest of the town of La Libertad. The vein outcrops along the Cerro Mojón ridge. It is the highest point in the immediate area at approximately 630 metres above sea level. The surrounding topography is characterized by gently sloping terrain, reaching a low of approximately 500 metres above sea level. Vegetative cover is primarily second growth shrubs, small trees, and grasses.

Most of the non-professional staff at La Libertad Mine comes from the surrounding towns in the area. The town of La Libertad, some five kilometres by an unsurfaced secondary road, has a local population just over 9,000. Several other small towns are located within close proximity of La Libertad Mine. The area has a long history of mining and ranching, and a local labour force skilled in small-scale mining is available. Many of the higher-skilled jobs, such as supervisory and professional designations, are filled by people from Managua as well as elsewhere in Central and South America. Most machinery and equipment required at La Libertad Mine is imported. The transportation network is well established.

(iii) History

Operations from 2001 to 2007 were mostly continuous, with some temporary shutdowns reported as being for maintenance purposes. Mine production has been

largely from a series of pits along the main Mojón-Crimea structure. Significant production was also achieved from the Esmeralda structure located parallel to and immediately south of the Mojón pits. Mine production for 2001 to March 2007 totalled 6.7 million tonnes, at a grade of 1.66 g/t of gold, producing 207,000 ounces.

Ownership of Desminic passed through several companies as a result of mergers and acquisitions, until 6 July 2006, when Central Sun purchased a 100% interest in La Libertad Mine. In May 2007, a scoping study was completed following test work and a study of the potential for conversion of the heap leach process to conventional milling. Results of the study were positive, and open pit mining was halted in March 2007 in order to proceed with the process upgrade. In August 2007, Central Sun commissioned a feasibility study and investigated sources of mill equipment. B2Gold acquired Central Sun on 26 March 2009 and completed the construction of the mill in the fourth quarter of 2009 and commenced ore processing on 15 December 2009.

(iv) Exploration Results

During 2011, B2Gold completed a total of 47,436 metres of drilling in 332 holes on La Libertad vein structures. The objective of the program included further exploration drilling of the Jabali vein system, the completion of the Jabali Antenna and Central Indicated Mineral Resources, and drilling to expand the western margins of the Mojon and Crimea pits. This drilling included 281 holes (38,705 metres), which tested the two main zones of the Jabali vein system, the Antenna and Central zones (combined strike length of 3.2 kilometres), as well as along strike of these areas. The 2011 La Libertad drill program also included 36 holes totalling 5,282 metres, which tested the area immediately west of the Mojon open pit that is currently being mined.

In 2012, B2Gold continued exploration with the focus on the Jabali infill program and drilling mine related targets. Latest results include JB12-376 with 3.2 g/t gold over 10.75 metres true width and JB12-391 with 4.91 g/t gold over 8.0 metres true width. Additional drilling within the Inferred Mineral Resource outline of the Jabali Antenna vein, but outside of the 2012 pit boundary, has returned good widths and assays at relatively shallow depths. These results demonstrate that the Jabali vein is continuous throughout the length of the defined Indicated and Inferred Mineral Resource.

During 2013, B2Gold completed a total of 7,405 metres of drilling in 32 holes. The majority of the drilling was completed over the Mojon, Jabali Antenna and Santa Maria vein structures looking for high grade underground extensions to the known reserve and resource mineralisation. A five hole, 413 metre, drill program was completed on an exploration target called Calvario, along strike for the known San Juan resource.

(v) Sampling and Analysis

Core is moved from the drill site to a covered core handling facility located at La Libertad Mine. Geologists check depth intervals and box numbering, log and photograph the core, and mark sample intervals. Hardcopy logs record: core recovery, Rock Quality Designation (**RQD**), sample intervals, colour, grain size, alteration, and lithology.

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The type and amount of quartz veining or brecciation are the main criteria for sample interval selection. Intervals are commonly kept to greater than 30 centimetres and range up to 1.5 metres in less-altered material. Once marked, intervals are assigned a unique sample number and are cut longitudinally by a diamond core saw. One half of the cut core samples are placed directly into a plastic sample bag, which is marked and sealed for transport to the laboratory. The remaining half core is returned to the core box for storage at La Libertad mine site.

(vi) Mineral Reserves and Mineral Resources

The 31 December 2013 Mineral Reserve and Mineral Resource statement for La Libertad Mine was completed in March 2014 by B2Gold’s personnel under the supervision of Kevin Pemberton, P.E. (Florida, USA), Chief Mine Planning Engineer for Mineral Reserves, and Brian Scott, P.Geo., Chief Geologist for Mineral Resources. Each is a Qualified Person as defined under NI 43-101. The updated Mineral Reserve and Mineral Resource statement as at 31 December 2013 incorporates results from the in-fill diamond drilling completed on the Mojon vein in 2013. In 2013, 32 diamond drill holes for a total of 7,405 metres were drilled on four targets. Most of the drilling was comprised of infill drilling on the Mojon vein structure and deep drilling on the Antenna vein structure at Jabali.

Mineral Reserves as of 31 December 2013 are reported within design pits above a cut-off grade defined by using a US\$1,350 gold price. Mineral Reserves are reported on four vein targets plus remaining previously processed heap leach material referred to as “spent ore”. Mineral Reserves are fully diluted and 100% attributable to B2Gold.

(A) Attributable Proven and Probable Reserves<sup>(1)(2)(3)(4)(5)</sup>

Vein Structure	Tonnes	Grade g/t Au	Ounces Au	Kg Au
Mojon	2,012,000	1.71	111,000	3,440
Crimea	252,000	1.57	13,000	400
Santa Maria	306,000	4.74	47,000	1,450
Jabali Central	2,371,000	2.67	203,000	6,320
Spent Ore	4,465,000	0.87	125,000	3,880
<b>Total</b>	<b>9,407,000</b>	<b>1.65</b>	<b>498,000</b>	<b>15,490</b>

Notes:

- (1) Mineral Reserves reported at a US\$1,350 per ounce gold price within design pits.
- (2) Cut-off grades and design pits based on 2013 budget costs.
- (3) Mineral Reserves reported are fully diluted. The amount of dilution applied varies by deposit.
- (4) Mineral Reserves are reported above a cut-off grade of 0.70 g/t gold for Mojon, Crimea and Santa Maria, and a cut-off of 0.8 g/t gold for spent ore and Jabali Central.
- (5) Mineral Reserves numbers have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.

La Libertad Mine Mineral Resources as of 31 December 2013 are shown in the tables below. Mineral Resources are reported exclusive of Mineral Reserves. All Mineral Resources that may be potentially mined by open pit method are constrained within pit shells using a gold price of US\$1,550 per ounce and reported above variable cut-off grades of 0.60 to 0.70 g/t gold. Mineral Resources that may be potentially mined by underground methods are reported above a cut-off grade of 2.0 g/t gold.

(B) Attributable Measured and Indicated Resources<sup>(1)(2)(3)(4)</sup>

Vein structure	Tonnes	Grade g/t Au	Ounces Au	Kg Au
Open Pit				
Mojon	1,734,000	1.78	99,000	3,090
Crimea	348,000	1.53	17,000	530
Santa Maria	137,000	3.00	13,000	410
Jabali Central	174,000	2.45	14,000	430
Jabali Antenna	1,376,000	4.79	212,000	6,590
<b>Total</b>	<b>3,770,000</b>	<b>2.93</b>	<b>355,000</b>	<b>11,050</b>

(C) Attributable Inferred Resources<sup>(1)(2)(3)(4)</sup>

Vein Structure	Tonnes	Grade g/t Au	Ounces Au	Kg Au
Open Pit				
Spent Ore	2,436,000	0.70	55,000	1,710
Jabali Central	541,000	2.99	52,000	1,620
Jabali Antenna	448,000	3.19	46,000	1,430
Mojon	124,000	1.48	6,000	180
Crimea	83,000	1.72	5,000	140
<b>Open Pit Total</b>	<b>3,633,000</b>	<b>1.40</b>	<b>163,000</b>	<b>5,080</b>
Underground				
Jabali Central	527,000	3.21	54,000	1,690
Jabali Antenna	1,053,000	4.28	145,000	4,510
Mojon	494,000	5.42	86,000	2,670
San Juan	194,000	6.75	42,000	1,310
<b>Underground Sub-Total</b>	<b>2,267,000</b>	<b>4.49</b>	<b>327,000</b>	<b>10,180</b>
<b>Grand Total</b>	<b>5,900,000</b>	<b>2.59</b>	<b>491,000</b>	<b>15,260</b>

Notes:

- (1) Mineral Resources are exclusive of Mineral Reserves.
- (2) Jabali, Antenna and Central zones' open pit Mineral Resources are reported within US\$1,550 per ounce gold pit shells above a cut-off grade of 0.70 g/t gold. Jabali resources include resources reported outside pit shells but above a cut-off grade of 3.0 g/t gold. Mojon, Crimea, Santa Maria, and San Juan Mineral Resources are reported within pit shells above a set of variable cut-off grades based on a gold price of US\$1,550.
- (3) Mineral Resources that are not Mineral Reserves do not have a demonstrated economic viability. Due to the uncertainty which may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.
- (4) Mineral Resource numbers have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.

B2Gold has identified an underground Inferred Mineral Resource (above a gold cut-off grade of 2.0 g/t) of 494,000 tonnes at a gold grade of 5.42 g/t for 86,000 ounces of gold. This resource is below the current reserve and resource pit on the Mojon vein structure and is included on the table above. Infill drilling in 2014 will focus on upgrading most of this Inferred Mineral Resource to an Indicated Mineral Resource classification in support of a scoping study that will address the economic and technical viability of mining this material from underground.

(vii) Mining Operations

La Libertad Mine was historically a conventional surface mining operation utilizing small to mid-size equipment to drill, blast, excavate, and remove ore and waste from several active open pits. Following B2Gold's acquisition of Central Sun in March 2009, B2Gold commenced construction at La Libertad Mine in order to convert the processing facilities from heap leaching to conventional milling. B2Gold completed the conversion of La Libertad Mine and began processing ore on 15 December 2009, with the first doré bar being produced on 5 January 2010. In February 2010, La Libertad mill processed an average of approximately 3,900 tonnes of ore per day. The installation of a second ball mill, which was not included in the original plant design, was completed in August 2010 and the mine ramped up to 5,500 tonnes per day design throughput capacity in the fourth quarter of 2010. As a result of a mill expansion completed in the second quarter of 2013, mill capacity increased by 10%. In the fourth quarter of 2013, mill throughput averaged 5,692 tonnes per day.

(viii) Production

Total production for 2013 from La Libertad Mine was 138,726 ounces of gold. In the first quarter of 2014, 38,596 ounces of gold were produced. La Libertad Mine is projected to produce approximately 143,000 to 150,000 ounces of gold in 2014 at cash operating costs of approximately US\$545 to US\$565 per ounce.

(ix) Exploration and Development

La Libertad gold district has been explored by prospectors, small scale miners, and mining companies for the last 150 years. Numerous pits, adits, trenches and small shafts throughout the district delineate a 20 kilometres long and five kilometres wide mineralized system. La Libertad Mine area is the only segment of the district to have

been explored at significant depth. B2Gold's land holdings offer an excellent opportunity to discover additional mineralization at similar grades as has been mined at La Libertad Mine.

B2Gold have received the mining permit for the Jabali central deposit and have recently commenced the shipping of Jabali ore to La Libertad mill.

B2Gold plans to undertake capital expenditures at La Libertad Mine in 2014 totalling approximately US\$36.3 million. Major items include pre-stripping at Jabali and Mojon Pits, capital projects related to Jabali, mine/mill equipment and upgrades, and a tailings pond expansion. Operating cash costs per ounce for 2014 are budgeted to be in the same range as the 2013 cash costs per ounce. A decrease resulting from increased gold production (higher recovery and throughput) will be offset by increases in energy, fuel and contractor costs.

B2Gold plans to spend approximately US\$4.3 million in 2014 on an exploration program that will primarily focus on infill resource drilling on the higher grade underground resource potential of the Mojon vein system. A portion of the drilling in 2014 will also be directed to a series of regional targets that could provide future open pit feed for La Libertad mill.

(d) **Limon Mine**

The Limon Mine is located approximately 100 kilometres northwest of Managua and 20 kilometres from the Pan-American Highway. B2Gold holds an indirect 95% interest in Triton, which owns and operates the Limon Mine, and holds eight other mineral concessions, all at an exploration stage. The remaining 5% of Triton is held by Inversiones Mineras S.A., a holding company representing unionized mine workers in Nicaragua. B2Gold acquired its interest in the Limon Mine on 26 March 2009 from its acquisition of Central Sun.

(i) **Project Description and Location**

The Limon property consists of the 12,000 hectare "Mina El Limon" mineral concession that has a term of 25 years expiring in April 2027. Each mineral concession under the Nicaraguan Mining Code is subject to an agreement issued by the government of Nicaragua that includes the rights to explore, develop, mine, extract, export and sell the mineral commodities found and produced from the concession. B2Gold is required to submit annual reports of its activities and production statistics to the government. Escalating annual surface taxes are payable to the Nicaraguan government for the Limon mineral concession. The surface tax rate was US\$4.00 per hectare in 2009 and a maximum rate of US\$12.00 per hectare will be reached in 2012 and maintained through subsequent years.

The Limon Mine property is located in northwestern Nicaragua approximately 100 kilometres northwest of Managua, the capital of Nicaragua. The property straddles the boundary of the municipalities of Larreynaga and Telica of the Department of Leon and the municipalities of Chinandega and Villa Nueva of the Department of Chinandega.

Triton directly owns or controls the surface rights for all of the property upon which are located the current mining, milling, tailings and related facilities at the Limon Mine. Triton also owns a portion of the surface rights for the properties. As required, Triton has negotiated and entered into access agreements with individual surface right holders in respect of those properties for which it does not hold the surface rights within the concession. All of the permits required for exploration, mining and milling activities are in place for the Limon Mine.

RG Exchangeco Inc., a subsidiary of Royal Gold, Inc., holds a 3% net smelter return royalty on the gold production from the Limon Mine and certain other concessions. The revenue from the Limon Mine is also subject to a 3% ad valorem tax on gold production payable to the Government of Nicaragua, which is considered a deductible expense for purposes of computing corporate income tax.

Internacional de Comercial S.A. holds a royalty equal to 5% of the net profit of Triton Mining (USA) LLC (**Triton USA**), an indirect subsidiary of B2Gold that holds a 47.5% interest in the Limon Mine. Net profit is defined as the excess of gross revenue (being all revenue received from the operation by Triton USA of its business) over expenses (being specified as costs incurred and charged as expenses by Triton USA arising from its business, including working capital and operating expenses, royalties paid, borrowing costs, taxes and general sales and administrative expenses).

(ii) Access, Climate, Local Resources, Infrastructure and Physiography

The property is readily accessed by paved highway and a 15-kilometre gravel mine road with a total road distance from Managua of 140 kilometres. There are three local villages, Limon, Santa Pancha and Minvah, with an aggregate population of approximately 10,000 people which includes many of the employees of the Limon Mine. Leon, the second largest city in Nicaragua, is approximately 45 kilometres to the southwest of the Limon Mine.

The Limon Mine operates year round and is not normally affected by the typical seasonal climatic variations. The climate is tropical with a hot, wet season from May through November and a hotter, dry season from December through April. The mean annual temperature is 27 degrees Celsius with an average annual precipitation of two metres. The mining operations are in an area of low to moderate relief with elevations from 40 to 300 metres above mean sea level and plenty of flat areas for mine infrastructure. The area is covered with sparse vegetation, consisting predominantly of grasslands and scrub brush with widely spaced trees.

In general, Nicaragua has a moderately developed infrastructure of telecommunications, roads, airports and seaports and there is a fairly high literacy rate among the population with an ample supply of skilled and unskilled labour. Electrical power for the Limon Mine is obtained from the national grid system with backup generators at the mine site. Water, both industrial and potable, is drawn from local sources.

(iii) History

Gold mining in the Limon district began in the 1850s and modern mining and exploration began in 1918. Production from the Limon Mine has been continuous since 1941. From

1941 to 1979, Noranda Inc. controlled the Limon Mine and produced just over 2.0 million ounces of gold from 4.1 million tonnes of ore. Production rates in this period started at 200 tonnes per day and increased to 345 tonnes per day. In 1979, the Sandinistas confiscated and nationalized the mine. Production under government control is reported to have been 280,000 ounces of gold from an estimated 1.9 million tonnes of ore.

(iv) Exploration Results

The Limon Mine property drilling program that B2Gold carried out in 2012 consisted of 100 diamond drill holes totalling 16,538 metres. The program objectives were to look for near surface open pit resources (Babilonia, Mercedes, Aparejo) and test the northern portion of the Santa Pancha vein structure for un-mined segments of vein material on the Pozo #4 and #5 vein target. In addition, several verification holes were completed on regional vein targets to twin historic drill holes.

During 2013, B2Gold completed a total of 15,102 metres of drilling in 85 holes. The majority of the drilling was completed over the Santa Pancha vein structures on the northern portions of the Pozo #4 and #5 areas. This was largely resource infill drilling and utilized the greater portion of the drill budget in 2013. The Mercedes – Aparejo structures were tested for open pit targets and two holes were drilled in the Loma Sola area, the potential western extension of the Talavera structures under cover.

(v) Sampling and Analysis

Materials sampled for Mineral Resource and Mineral Reserve estimation include drill core and underground workings. Drill core recovery at the Limon Mine is generally very good. Mineralized drill core intervals to be sampled are identified and marked by a geologist. Visual indicators of the intervals to be sampled includes quartz veins, silicified breccias, silicified rock and other altered zones identified by the geologist. Sample intervals are selected based on changes in mineralization style and are normally extended for two metres into unmineralised rock. Marked sample intervals are split or sawn in half. A technician collects a continuous sample of the split or sawn core; sample lengths vary from 0.5 metres to 1.5 metres.

Underground development workings that expose mineralized veins are routinely sampled using continuous chip samples taken at waist height perpendicular to vein contacts. Samples are taken for each round of advance, giving a sample spacing of approximately three metres along the vein strike. The complete width of the development drift is sampled. A sample is normally taken for each one metre of vein width; sample lengths may vary depending on the width of the vein and changes of geology. Sampling is by a trained technician under the supervision of the mine geologist. Materials sampled as part of ongoing exploration activities include soils, boulders, rock outcrops, trenches and drill core. A geologist either takes or supervises the taking of all samples. Exploration samples of rock outcrops and boulders are normally taken as discontinuous chip samples, while trench samples are taken as continuous chip samples. These exploration sample materials are used to detect the presence of precious metals for target identification and are not normally used for resource estimation.

(vi) Mineral Resources and Reserves

The 31 December 2013 Mineral Resource and Mineral Resource estimates for the Limon Mine were completed by B2Gold's personnel under the supervision of Kevin Pemberton, P.E. (Florida, USA), Chief Mine Planning Engineer for Mineral Reserves, and Brian Scott, P.Geo., Chief Geologist for Mineral Resources. Each is a Qualified Person as defined under NI 43-101.

Mineral Reserves and Resources are reported at a 95% ownership basis. Mineral Reserves as of 31 December 2013 are reported for the Santa Pancha, Veta Nueva, Santa Emilia Sur and Babilonia vein structures. The Santa Pancha structure contains approximately 80% of the reported reserve ounces. Mineral Reserves increased by approximately 30% from 31 December 2012 due to addition of new drilling at Santa Pancha 2 (Pozo #5), which allowed conversion of Mineral Resources to the Mineral Reserves category.

(A) Attributable Proven & Probable Reserves<sup>(1)(2)(3)(4)(5)(6)</sup>

Vein Structure	Tonnes	Grade g/t Au	Ounces Au	Kg Au
Open Pit				
Babilonia	72,000	2.89	7,000	210
Santa Emilia Sur	53,000	4.91	8,000	260
Veta Nueva	61,000	4.42	9,000	270
<b>Open Pit Total</b>	<b>186,000</b>	<b>3.97</b>	<b>24,000</b>	<b>740</b>
Underground				
Santa Pancha 1	953,000	4.89	150,000	4,660
Santa Pancha 2	461,000	5.63	83,000	2,600
Veta Nueva	187,000	5.28	32,000	990
<b>Underground Total</b>	<b>1,601,000</b>	<b>5.15</b>	<b>265,000</b>	<b>8,250</b>
<b>Grand Total</b>	<b>1,787,000</b>	<b>5.03</b>	<b>289,000</b>	<b>8,990</b>

Notes:

- (1) Mineral Reserves reported at a US\$1,350 per ounce gold price within design pits.
- (2) Cut-off grades and optimized design pits based on 2014 budget costs.
- (3) Mineral Reserves reported are fully diluted.
- (4) Mineral Reserves are reported above a series of variable cut-off grades based on haulage distance to mill facility and type of mining. Cut-off grades vary from 2.97 g/t gold to 3.4 g/t gold for underground reserves to 1.62 g/t gold for open pit reserves.

- (5) Mineral Reserves reported based on 95% ownership.  
 (6) Mineral Reserve numbers have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.

Mineral Resources at the Babilonia vein were upgraded to the Mineral Reserve category in 2013 because additional pit optimization and mine planning demonstrated that it was economically mineable. The Mineral Reserves at the Veta Nueva open pit were depleted to 31 December 2013 topography with the remaining reserves diluted by 20% based on operational experience.

Santa Pancha 1 Mineral Reserves are reported from the new resource model built by mine site personnel. Variable mining dilution was applied depending on the size of the designed stope. Santa Pancha 2 Mineral Reserves are reported based on a new block model, this area had a significant number of new drill holes supporting conversion of Mineral Resources to Mineral Reserves.

(B) Attributable Measured and Indicated Resources<sup>(1)(2)(3)(4)(5)</sup>

Vein Structure	Tonnes	Grade g/t Au	Ounces Au	Kg Au
Open Pit				
Babilonia	22,000	3.32	2,000	70
Santa Emilia Sur	43,000	4.48	6,000	190
<b>Open Pit Total</b>	<b>65,000</b>	<b>4.09</b>	<b>9,000</b>	<b>260</b>
Underground				
Santa Pancha 1	401,000	4.41	57,000	1,770
Santa Pancha 2	511,000	3.92	64,000	2,000
Veta Nueva	132,000	3.80	16,000	500
Veta Nueva West	97,000	3.97	12,000	390
<b>Underground Total</b>	<b>1,142,000</b>	<b>4.08</b>	<b>150,000</b>	<b>4,660</b>
<b>Grand Total</b>	<b>1,207,000</b>	<b>4.08</b>	<b>158,000</b>	<b>4,920</b>

(C) Attributable Inferred Resources<sup>(1)(2)(3)(4)(5)</sup>

Vein Structure	Tonnes	Grade g/t Au	Ounces Au	Kg Au
Open Pit				
Babilonia	28,000	3.87	3,000	110

Vein Structure	Tonnes	Grade g/t Au	Ounces Au	Kg Au
Santa Emilia Sur	14,000	3.48	2,000	50
<b>Open Pit Total</b>	<b>43,000</b>	<b>3.74</b>	<b>5,000</b>	<b>160</b>
Underground				
Santa Pancha 1	271,000	5.41	47,000	1,470
Santa Pancha 2	898,000	5.18	150,000	4,660
Veta Nueva	25,000	3.22	3,000	80
Veta Nueva West	13,000	3.24	1,000	40
Atravazada	42,000	5.39	7,000	220
<b>Underground Total</b>	<b>1,249,000</b>	<b>5.18</b>	<b>208,000</b>	<b>6,470</b>
<b>Grand Total</b>	<b>1,292,000</b>	<b>5.13</b>	<b>213,000</b>	<b>6,630</b>

## Notes:

- (1) Mineral Resources are exclusive of Mineral Reserves.
- (2) Underground Mineral Resources are reported above a cut-off grade of 2.6 g/t gold. Open pit Mineral Resources are reported above a cut-off grade of 1.4 g/t gold within Lerches Grossman pit shells run at a per ounce gold price of US\$1,550 per ounce
- (3) Mineral Resources that are not Mineral Reserves do not have a demonstrated economic viability. Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.
- (4) Mineral Reserves and Mineral Resources reported based on 95% ownership.
- (5) Mineral Resource numbers have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.

Several of the Mineral Resource models were rebuilt in 2013-2014 including Santa Emilia Sur, Santa Pancha 1 and Santa Pancha 2. Santa Emilia Sur had four new holes, a revised vein interpretation and a new grade estimation plan. Resources at Santa Emilia Sur were moved from underground potential to open pit, based on the results of the new drilling.

Sixty drill holes were added to Santa Pancha 2 (Pozo #4 and #5) area during 2013. This drilling was used to support a new interpretation and resource model based on zones defined as vein, mixed and stockwork. The three zones allow for better definition of gold grades for estimation and is a better tool for mine planning.

Santa Pancha 1 resource model was updated in 2013 by B2Gold's mine personnel. Approximately 10 new drill holes plus underground sampling and mapping were used in the vein interpretations used as the basis for the resource. Previous models were built on the vein/stockwork/breccia package and did not have the benefit of the more recent underground sampling. Gold grades reported from the new model are higher than from the previous model; however these new grades are fully undiluted.

(vii) Mining Operations

The Santa Pancha vein system has become the primary source for underground exploitation of ore. Access for underground mining at Santa Pancha is provided for by a ramp system that branches at the 90 metre level into both north and central ramps. The deepest level of the mine is at approximately 170 metres below surface. The mining methods used are longitudinal open stoping for the primary stopes and sub-level retreat for the pillar recovery. Normally, stopes are backfilled with development waste. The Santa Pancha mining operation is fully mechanized and the existing mine equipment is replaced when maintenance costs dictate. Two raises support the mine ventilation system and also one of them serves as an emergency escapeway. Future mining at Santa Pancha will require deepening the mine and expanding the mine along strike. Dewatering is a critical component of mining at Santa Pancha and pumps are currently working in two of the existing shafts to ensure that water levels are maintained at safe levels below the deepest workings. Continued deep development in Santa Pancha and improvements in this dewatering system represent a significant portion of the capital estimate for the next few years.

The Limon Mine mill is a nominal 1,000 tonnes per day CIP gold recovery plant. The mill throughput capacity has increased to 1,200 tonnes per day due to automation improvements made to the mill in 2013. Run of mine ore is hauled by truck from five small open pits (all of them located within a radius between 1 and 5 kilometres from the process plant) and the Santa Pancha Mine (6 kilometres from the process plant). Ore is stockpiled in front of the primary crusher or dumped directly into the 36-tonne capacity dump hopper feeding the jaw crusher. This stockpile is used to blend the various ore sources to maintain a consistent grade in the mill feed.

(viii) Production

B2Gold reported gold production of 58,191 ounces in 2013. Production from the Limon Mine for 2013 and for each of the five previous years is as follows (including 1 January 2008 to 25 March 2009, which was prior to B2Gold's acquisition of Limon Mine):

	Units	2013	2012	2011	2010	2009	2008
<b>Mill Feed</b>	('000 t)	445	397	381	343.0	260.5	289.0
<b>Head Grade</b>	(g/t gold)	4.46	4.2	4.1	4.2	4.4	4.9
<b>Recovery</b>	(%)	91.42	91.19	90.0	88.7	86.0	84.9
<b>Gold Recovered</b>	(oz)	58,191	48,950	45,037	40,126	31,464	33,880

For 2014, the Limon Mine is projected to produce approximately 62,000 to 70,000 ounces of gold at cash operating costs of approximately US\$650 to US\$675 per ounce. Production for the first quarter of 2014 was 15,131 ounces of gold. The increase in budgeted gold production in 2014 over 2013 is the result of delivering higher grade ore primarily from the Santa Pancha underground and Veta Nueva open pit to the mill and

improved through-put and recovery at the process plant by expanding the leach tank capacity.

(ix) Exploration and Development

B2Gold's exploration budget for the Limon Mine property for 2014 is approximately US\$4.3 million to fund approximately 10,700 metres of drilling. The program includes completing the infill drilling along the Santa Pancha 2 (Poza 4-5) structure plus drill testing regional targets. B2Gold plans to undertake capital expenditures at the Limon Mine in 2014 totalling approximately US\$19.7 million. The majority of this capital expenditure will fund underground mine development, particularly for Santa Pancha 2, underground equipment purchases and continued plant and infrastructure improvements.

(e) **Masbate Mine**

The Masbate Mine is located near the northern tip of the island of Masbate, 360 kilometres south-east of Manila, the capital city of the Philippines. B2Gold holds its ownership interest in the Masbate Mine through its 100% ownership of Philippine Gold Ltd., which owns 40% of FRC and 100% of PGPRC, the owner of the mineral processing facility. The remaining 60% of FRC is owned by a Philippine registered company, Zoom, in which B2Gold holds a 40% interest. B2Gold also holds an option to acquire the remaining 60% of Zoom and to determine a new Philippine holder of the interest, in accordance with Philippine law. B2Gold acquired its interest in the Masbate Mine on 31 January 2013 pursuant to the CGA Scheme.

(i) Project Description and Location

The Masbate Mine lies within the municipality of Aroroy, Masbate Province, in the Philippines. FRC holds the mineral tenements that include the Masbate Mine. The mining claims and applications cover an area of approximately 10,807 hectares. B2Gold also holds an interest, through Vicar Mining Corporation, in the highly prospective Pajo property, immediately to the north of the Colorado Pit, which covers an area of 786 hectares. PGPRC, which is indirectly wholly-owned by B2Gold, has developed and owns the process plant on the island of Masbate and is responsible for the sale of all gold. PGPRC and FRC have a contractual relationship, which includes PGPRC purchasing all of the Masbate Mine ore from FRC at a price equal to the cost for the ore plus a predetermined sliding scale percentage, while maintaining joint financial and legal liability for the social and environmental obligations under Philippine law.

CGA has obtained an Environmental Compliance Certificate (**ECC**) 9804-003-120C for the Masbate Mine, pursuant to which it carries out an Environmental Protection and Enhancement Program for the life of the mine. This program is approved by the Philippines Department of Environment and Natural Resources (the **DENR**), and is required to be updated annually. During 2013, CGA continued to monitor activities in association with the DENR biannual site reviews by the multipartite monitoring team and internal environmental monitoring to measure compliance with the statutory requirements.

FRC has obtained and maintained the key agreements, permits, licences and certificates for its mining operations. These include the Mineral Production Sharing Agreement

(MPSA) 095-97-V and the ECC referenced above. Other appropriate permits have been obtained and maintained relating to operations. Some of the key permits are as follows:

- (A) Mining covenants pertaining directly to the day to day mining operation. They include the MPSA's of the claims, mineral processing permit, explosive storage and handling permits, and safety permits.
- (B) Ore Transport and Export Permits and Commodity Clearance to allow for the transport of the gold ore out of the Philippines.
- (C) Electrical and mechanical permits.
- (D) Additional environmental permits including, a waste water discharge permit to discharge waste water into the tailings impounding facility and various facility pollution permits, including the power plant emissions permit.
- (E) Administrative permits cover areas such as the hospital, aerodrome, port, mayor's/business permit and radio transmissions. An important item is the right to water from the Guinobatan, Lanang and Bangon rivers.
- (F) Real estate permits cover right-of-way agreements with local parties.

There is no royalty payable on the Masbate Mine, but a 2% excise tax on gross gold and silver sales is payable annually to the Philippine government under the MPSA regulatory framework. There is also a 1.5% social tax payable on mine costs.

The Philippines is a highly regulated environment and there are a significant number of permits required. These permits are issued for varying periods and need to be regularly renewed. Although B2Gold has a dedicated permitting team that constantly monitors progress, B2Gold is also reliant on the various regulatory bodies issuing the required permits.

(ii) Access, Climate, Local Resources, Infrastructure and Physiography

The Masbate Mine can be accessed by a commercial airline service which flies daily to Masbate City (population of approximately 85,000) and a 70 kilometre drive on a partially sealed road to the project site. Alternate access to the site from Masbate City is via a one hour boat ride. The site is equipped with a barge loading jetty where heavy equipment and consumables are delivered and offloaded.

The climate is tropical with a wet season and a hot, dry season. The wet season commences during June and lasts until February. Typhoons are frequent and commonly associated with heavy rainfall. Even during the dry season, the area experiences occasional typhoons. Average temperatures range from 28°C to 33°C during the wet season and 30°C to 35°C during the dry season.

Limited resources and facilities are available in the nearby town of Aroroy and in Masbate City. Technical services and items of significance are available in either Cebu or Manila. B2Gold recruits skilled and semi-skilled labourers from the areas local to the

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Masbate Mine for B2Gold's work force. A digital satellite communications package provides phone, email and facsimile coverage to the mine site. Mobile telephone coverage is available throughout the majority of the mining and exploration areas. A multi-channel radio network is utilised for operations communication within the mine and process plant. The project area is well serviced by existing infrastructure. A 300 person camp is provided together with a staff housing compound for staff employees, with additional temporary/construction housing available locally for non-staff personnel. Water for processing and fresh drinking water is provided from the existing dam on the Guinobatan River and bores proximal to the dam. There is a port and an airstrip at the site and unsealed roads link the deposit to the provincial capital of Masbate City.

(iii) History

In 1936, the Masbate Consolidated Mining Company was formed, incorporating several of the smaller mines at the project and operated until 1941, with mining ceasing during the war. There was no significant renewal of mining activity until 1979 when Atlas Consolidated Mining and Development Corporation (**Atlas**) formed Masbate Gold Operations (**MGO**), constructed a mill and associated infrastructure and commenced open pit and, later, underground mining. Atlas mined the Masbate gold deposit between April 1980 and 1994.

In 1995, London Fiduciary Trust PLC, later renamed Philippine Gold PLC (**PGO**) agreed with Atlas to purchase 100% of MGO. The MGO claims and assets were then transferred to FRC. During 1997 and 1998, FRC conducted an extensive programme of diamond and reverse-circulation drilling with the intention of upgrading the project's gold resources to comply with the Joint Ore Resources Committee Code standard for the reporting of ore resources and reserves and to complete a bankable feasibility study. FRC completed its first in-house feasibility study in December 1997. During 1999 and 2000 a series of corporate transactions saw the eventual acquisition of PGO by Thistle Mining, Inc. (**Thistle**). Late in 2000, PGO commenced a phase of development activities to increase the then current resource and reserve base of the project and to finalise a bankable feasibility study. On 19 March 2007, CGA acquired 100% of Thistle's interest in the Masbate Mine. On 31 January 2013, B2Gold acquired 100% of CGA's interest in the Masbate Mine.

(iv) Exploration Results

FRC was granted a 52.3 square kilometre exploration permit in 2010. The permit is contiguous to the tenements currently being exploited by the Masbate Mine. During 2012, a total of 397 holes totalling 79,722 metres of diamond core and reverse circulation drilling were completed. A total of 15 different targets were drilled in the 2012 program and the results from 2,754 holes including 42 trenches were used for the Mineral Resource update including results from 605 new holes since the last model update in 2011.

During 2013, 256 drill holes totalling 36,171 metres were drilled over 14 vein zones. As part of mining operations an additional 8,596 RC grade control and 794 probe holes were completed totalling more than 170,000 metres.

The exploration assay data cut-off date for the Mineral Resource update was 14 January 2013, which allowed inclusion of several infill holes in the Colorado zone and more complete results for the extension Montana vein. The results from 2,984 exploration holes totalling 288,063 metres of drilling and 346,862 assays were available for the update. This is an addition of 331 drill holes since the last Mineral Resource update.

The 2013 drill program has defined a new extension to the previously mined Montana Vein extending more than 850 metres northwest from the Montana open pit and has extended the strike length of the Montana vein to 1,300 metres. Located 600 metres west of the currently mined Colorado pit, along the main haulage road to the mill, the new Montana extension will provide a closer, higher grade source of ore for the Masbate mill. The Montana Vein remains open at depth and additional resource drilling is planned for the second quarter of 2014.

(v) Sampling and Analysis

Grade control programmes throughout 2013 were conducted by dedicated RC drill rigs and within the mining cycle, standardised to a consistent 6 metre x 12 metre drill pattern spacing and 24 metre hole length. Grade control drill samples are collected at 1 metre down hole intervals using a rig mounted, Metzke cone splitter. Grade control samples are analysed onsite at a purpose built laboratory operated by SGS Philippines Incorporated (**SGS**) since April 2009. Samples are dried, crushed to 75% passing 2 millimetres, split to one kilogram and pulverized to 85% passing 75 micrometre. Determination of gold content is then done using fire assay of a 50 gram charge with an atomic absorption spectroscopy (AAS) finish. The stated detection limit is 0.01 g/t gold.

Assay performance was monitored by the use of Certified Reference Material (**CRM**) and blank material inserted as part of regular grade control sample submissions. In addition, the onsite laboratory regularly reports the results of independent SGS QA/QC protocols. A small number of grade control samples were dispatched to McPhar Laboratories in Manila during a period where sample volumes exceeded the processing capacity of the onsite laboratory.

Exploration drilling programmes through 2013 were conducted by multi-purpose RC/core and dedicated coring drill rigs and primarily in-filled and extended results from previous campaigns of historically mined deposits. Holes varied in length up to a maximum of 212 metres RC and 647 metres HQ core. Rock chip samples were taken during the course of follow up mapping and soil sampling leading on from the regional stream sediment sampling program conducted in 2012. Samples were taken following documented protocols developed by FRC. Exploration RC drill samples were collected at one metre intervals. Two of the rigs were equipped with automatic cone splitters that produce a three kilogram sample, for the remainder of the rigs whole samples were collected from the rig cyclone in plastic bags and a subsequent three kilogram split was taken using a Jones riffle splitter. Wet sample intervals were dried before splitting. Representative drill cuttings were washed, geologically logged and retained for future reference.

Prior to May 2013, all exploration drill samples were assayed by SGS at their Tianjin, China Laboratory. After May 2013, all exploration drill samples were assayed at the SGS lab onsite at Masbate. Rigorous procedures were put in place to prevent contamination with the exploration samples run as a separate batch 1 day a week. Sample preparation, as previously, was carried out in the dedicated SGS exploration sample preparation facility onsite at Masbate.

Drill samples are assayed for gold by 50 gram fire assay (lead collection, flame AAS), sample preparation is crush to 75% passing 2 millimetres, split to <1.5 kilogram, pulverize to 85% passing <75 micrometres. Soil samples are assayed for a selected suite of elements (aqua regia digestion, 10 gram sample, ICP-OES & MS), sample preparation is dry sample at <450, then sieve to 125 micrometres, submitted sample weights are approximately 2 kilograms.

Soil and rock samples were assayed by Intertek McPhar at their Manila laboratory. Assay performance was monitored by the use of CRM, blank material and duplicate samples inserted as part of regular exploration sample submissions. In addition, both the Intertek McPhar and SGS laboratories' regularly report the results of independent QA/QC protocols.

(vi) Mineral Reserves and Mineral Resources

The Proven and Probable Mineral Reserves for the Masbate Mine as of 31 December 2013 are 114,440,000 tonnes at a grade of 0.97 g/t gold for 3.58 million ounces of contained gold. Proven and Probable Mineral Reserves are based on B2Gold's Mineral Resource model, reported within March 2014 design pits, and include stockpile balances as of 31 December 2013.

The Proven and Probable Mineral Reserve estimate is based on a gold price of US\$1,350 per ounce. Mining dilution of 5% to 10% with a mining recovery allowance of 97.5% to 100%, depending on the prospect area and associated widths and complexity of mineralization, was applied to the Mineral Resource model. Dilution and mining recovery were based on mine reconciliation between January 2012 and October 2013. Mineral Reserves will be sourced from six major independent pits and a number of smaller surrounding pits. Mineral Reserves are reported above a series of cut-off grades based on variable processing costs and recoveries. Masbate North and South designation in the tables refers to the vein location relative to the river.

(A) Proven and Probable Reserves as of 31 December 2013<sup>(1)(2)(3)(4)(5)(6)(7)</sup>

Region	Vein Structure	Tonnes	g/t Au	Ounces Au	Kg Au
Masbate South	Main Vein Group	61,339,000	1.08	2,122,000	66,000
	Blue Quartz	1,533,000	1.14	56,000	1,750
	Old Lady	3,691,000	0.95	113,000	3,510
<b>Sub-Total</b>		<b>66,563,000</b>	<b>1.07</b>	<b>2,291,000</b>	<b>71,260</b>
Masbate	Colorado	20,211,000	0.95	618,000	19,220

Region	Vein Structure	Tonnes	g/t Au	Ounces Au	Kg Au
North	Montana/Oregon	3,200,000	1.98	204,000	6,350
	Pajo	5,230,000	0.75	127,000	3,940
<b>Sub-Total</b>		<b>28,641,000</b>	<b>1.03</b>	<b>949,000</b>	<b>29,510</b>
	Stockpile	19,236,000	0.55	342,000	10,620
<b>Total</b>		<b>114,440,000</b>	<b>0.97</b>	<b>3,582,000</b>	<b>111,390</b>

Notes:

- (1) Gold Price = US\$1,350 per ounce.
- (2) Mining dilution of 5%-10% applied at a grade of 0.1-0.2 g/t gold.
- (3) Mining recovery = 97.5%-100%.
- (4) Variable cut off grades based on processing costs and recoveries.
- (5) Metallurgical Recovery Data used: oxide = 87%, transitional = 95% and fresh rock = 65%.
- (6) Mineral Reserves are exclusive of Mineral Resources.
- (7) Mineral Reserve numbers have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.

The Mineral Reserve and Mineral Resource estimate for the Masbate Mine has a drill hole assay cut-off date of 14 January 2014 and mined surfaces as at 31 December 2013, giving it an effective date of 31 December 2013. Mineral Resources are reported within a Whittle open pit shell using a gold price of US\$1,550 and cut-off grades of 0.35 to 0.5 g/t depending on oxidation state. Mineral Resources are exclusive of Mineral Reserves.

This Mineral Reserve estimate is based on the latest Mineral Resource model. Pit optimization work was completed with Whittle software using engineering estimated mining costs, a gold price of US\$1,350 per ounce, present processing costs, and metallurgical recoveries based on oxidation state (oxide, transitional and fresh). New pits were designed on the optimization shells and reserves are reported above these shells and below the 31 December 2013 topography.

Stockpile resources were tabulated by onsite personnel at the Masbate Mine. Ore stockpile balances are derived from mining truck movements to individual stockpiles, with grade estimated from routine grade control methods.

In the North region, Mineral Reserves are comprised of 50% oxide, 33% transitional, and 17% fresh material. In the South region, Mineral Reserves are 4% oxide, 22% transitional and 74% fresh material.

Mineral Reserves have increased due to the completion of new exploration drilling, which has expanded the Measured and Indicated Mineral Resource limits. The largest changes included the expansion of Montana mineralization along strike to the north. As well, several domains within the Main Vein pit had infill drilling completed.

(B) Measured and Indicated Resources as of 31 December 2013<sup>(1)(2)(3)(5)</sup>

Region	Vein Structure	Tonnes	g/t Au	Ounces Au	Kg Au
Masbate South	Main Vein Group	22,712,000	0.80	584,000	18,160
	Blue Quartz	515,000	0.99	16,000	510
	Old Lady	462,000	0.78	12,000	360
<b>Sub-Total</b>		<b>23,690,000</b>	<b>0.80</b>	<b>612,000</b>	<b>19,030</b>
Masbate North	Colorado	7,194,000	0.60	138,000	4,290
	Montana/Oregon	676,000	1.39	30,000	940
	Pajo	423,000	0.61	8,000	260
<b>Sub-Total</b>		<b>8,293,000</b>	<b>0.66</b>	<b>176,000</b>	<b>5,490</b>
<b>Total</b>		<b>31,983,000</b>	<b>0.77</b>	<b>788,000</b>	<b>24,520</b>

(C) Inferred Mineral Resources as of 31 December 2013<sup>(1)(2)(3)(4)(5)</sup>

Region	Vein Structure	Tonnes	g/t Au	Ounces Au	Kg Au
Masbate South	Main Vein Group	4,466,000	0.88	126,000	3,920
	Blue Quartz	65,000	0.48	1,000	30
	Old Lady	40,000	0.67	1,000	30
<b>Sub-Total</b>		<b>4,571,000</b>	<b>0.87</b>	<b>128,000</b>	<b>3,980</b>
Masbate North	Colorado	3,473,000	0.86	97,000	3,000
	Montana/Oregon	594,000	1.10	21,000	650
	Pajo	290,000	0.84	8,000	240
<b>Sub-Total</b>		<b>4,356,000</b>	<b>0.90</b>	<b>125,000</b>	<b>3,890</b>

Region	Vein Structure	Tonnes	g/t Au	Ounces Au	Kg Au
<b>Total</b>		<b>8,927,000</b>	<b>0.88</b>	<b>253,000</b>	<b>7,870</b>

Notes:

- (1) Mineral Resources are reported exclusive of Mineral Reserves.
- (2) Mineral Resources are reported above a cut-off grade of 0.35 g/t gold for oxide, 0.4 g/t gold for transition and 0.5 g/t gold for fresh and are constrained by a pit shell using a gold price of US\$1,550 per ounce.
- (3) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- (4) Due to the uncertainty that may be attached to Inferred Mineral Resources it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource category as a result of ongoing exploration.
- (5) Mineral Resource numbers have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.

The updated Mineral Resource estimate is based on three dimensional vein interpretation incorporated into a block model. A total of 2,984 exploration drill holes were used in the 2013 resource model update. All exploration drill holes including 288,036 gold assays and more than 150,000 in-pit grade control reverse circulation drilling samples were used for grade estimation. A total of 331 additional drill holes were included in this resource update as compared to the 2012 update. Individual assays were variably capped by domain and data type, veins were generally capped at 5 to 15 g/t gold and lower grade peripheral “halo” mineralization was capped at 2 to 4 g/t gold.

Grade estimation into blocks was completed using Ordinary Kriging in three successive search ellipse passes with varying minimums, maximums and maximum samples per hole allowed for estimation. Estimation search ellipses were aligned along the veins and were based on continuity analysis. Grade control composites were used in the estimates but were restricted in their influence. Mineral Resources as reported are within a pit shell generated using a gold price of US\$1,550 per ounce and all other current costs and recoveries.

Specific gravity of in situ material has been measured from drill core samples collected from resource drilling, with periodic sampling of rock samples collected during mining. Specific gravity of ore material varies from 2.37 to 2.55 with measurements completed using the water displacement method with a wax-coated rock sample. A 20% swell factor is assumed to convert in situ specific gravity values to stockpile values.

(vii) Mining Operations and Production

The Masbate Mine is an operating open pit mine that is projected to produce up to 200,000 ounces of gold annually over the current mine life of 15 years, with the potential to extend beyond current projections given the exploration upside.

The ore is processed through a standard CIP cyanide leach circuit. The plant consists of a single toggle jaw crusher, a 6 megawatt SAG Mill and two 3.6 megawatt ball mills.

Tailings are disposed of in an engineered dam two kilometres from the processing plant. Gold is produced in dore bars and shipped to a refinery for sales.

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Production for the year ended 31 December 2013 was 9,220,328 cubic metres total material (11,298,373 tonnes total low grade and high grade), with 6,155,576 tonnes milled producing 176,483 ounces of gold including the non-attributable pre-acquisition production of 7,087 ounces. Following the successful commissioning of the secondary crushing circuit a further optimisation study was commenced to further determine alternatives to the expansion plan that would utilise existing crushing and grinding equipment. B2Gold is in the process of evaluating the various alternatives for expansion, including additional metallurgical testing and Mineral Reserve and Mineral Resource updates. The mill expansion project remains under evaluation and conclusions are expected in the third quarter of 2014.

The Masbate Mine is projected to produce approximately 190,000 to 200,000 ounces of gold in 2014 at cash operating costs of approximately US\$765 to US\$800 per ounce. Production for the first quarter of 2014 was 42,576 ounces of gold.

(viii) Exploration and Development

B2Gold plans to replace the existing SAG mill at the Masbate Mine in the second quarter of 2014. On restart, the operation will gain approximately 300,000 tonnes of ore per year of operating capacity. B2Gold has budgeted capital costs at the Masbate Mine in 2014 totalling approximately US\$37 million. Major capital work includes continued expansion of the tailings facility, addition of a tailings water treatment plant (which will assist in water management in the tailings facility), equipment purchases, continued infrastructure improvement, and land purchases for development.

A 2014 exploration program totalling approximately US\$6.2 million is underway with two drill rigs currently working. The 2014 exploration program will comprise metallurgic and brownfields reserve and resource drilling on several mine veins including Main Vein, Libra East, Colorado, Panique and Montana. In addition, exploration drilling designed to outline new resources will be conducted on veins outside of the current Mineral Reserve and Mineral Resources such as the extension of the Pajo structure, the high grade Montana North vein and Grandview East vein. In addition to drilling, geochemical sampling and follow-up trenching will be carried out on a number of priority target areas outside of the current Mineral Resource footprint.

(f) **Otjikoto Project**

The Otjikoto Project is located approximately 300 kilometres north of Namibia's capital city, Windhoek. B2Gold holds an indirect 90% interest in B2Gold Namibia, which holds the mineral interests relating to the Otjikoto Project. The Otjikoto Project is located in the 54,125 hectare exclusive prospecting licence (EPL) 2410. On 5 December 2012 the Namibian Ministry of Mines and Energy (MME) granted Auryx Gold Namibia (Proprietary) Limited, later renamed to B2Gold Namibia, the Otjikoto ML. B2Gold acquired its interest in B2Gold Namibia on 22 December 2011 pursuant to the Auryx Arrangement.

(i) Project Description and Location

The Otjikoto Project is located approximately 70 kilometres northwest of the town of Otjiwarongo and 50 kilometres southwest of the town of Otavi within the Province of Otjozondjupa in the north-central part of the Republic of Namibia, approximately 300

kilometres due north of Windhoek, which can be reached by direct commercial air travel from several countries.

The Otjikoto ML was granted in accordance with the Namibian Minerals Act and covers an area of 6,933.99 hectares. The licence is valid for a term of 20 years with expiry on 4 December 2032. The licence can be renewed for a further 20 years upon application to the MME. The ML requires payment of an annual fee, development of a works program, environmental compliance, commitment to seek local suppliers for fuel and lubricants, approval of the product take-off agreement, and payment of taxes by permanent employees in Namibia. Mine production is subject to royalties at 3% of net market value payable to the Namibian state.

The Otjikoto ML is situated within EPL 2410. EPL 2410 covers an area of 54,125 hectares (inclusive of the Otjikoto ML) and is in good standing, with renewal for an additional two years granted by the MME on 14 September 2012. An annual fee of N\$6,000 and filing of quarterly exploration reports with the MME and bi-annual environmental reports with the Ministry of Environment and Tourism (**MET**) are required to keep the licence in good standing. Exploration is conducted under the terms of an ECC issued by the MET on 20 June 2002. The ECC was renewed by the MET on 11 February 2013. B2Gold Namibia holds two additional EPL's in the Otjikoto area and seven EPL's in other areas of Namibia.

In 2011, the farms Wolfshaag, Otjikoto, Gerhardshausen and Okaputa Nord I were purchased and consolidated by Auryx Properties Holdings (Proprietary) Limited, later renamed as B2Gold Namibia Property (Proprietary) Limited (**B2Gold Namibia Property**). The Otjikoto ML and all proposed infrastructure are situated on the B2Gold Namibia Property farms. All of the permits required for the present stage of development have been received; the following additional permits will be required to commence production.

Permit type	Regulator	Date required
Consumer installation certificate (Fuel farm)	MME	Prior to commissioning
Water abstraction	Ministry of Agriculture, Water and Forestry (MAWF)	<u>Construction phase:</u> 100,000 m <sup>3</sup> /annum was issued by MAWF in February 2013.  <u>Operations:</u> ±1.4 Mm <sup>3</sup> /annum issued for operations on 24 September 2013.
Water Discharge		Prior to commissioning the relevant facilities

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Permit type	Regulator	Date required
Disposal of domestic and industrial effluent	Ministry of Environment and Tourism (MET)/MAWF	Landfill environmental clearance was issued October 2013.
Licence for explosives magazine	MME	Currently using contractor to blast. B2Gold has applied for an explosives permit and anticipates receiving this permit in Q3, 2014.
Storing and handling/use of explosives and explosives burning permit	MET	
Environmental Clearance for HFO Power Plant	MME	HFO power plant environmental clearance was granted in October 2013. Anticipate Operating Licence from ECB in Q1, 2014.
	MET	
	Electricity Control Board (ECB)	
Removal of protected plants/trees	MET	Prior to removed/cutting down any protected plant/tree species.

The Namibian Minerals Act levies a royalty of 3% on the net sales of gold and silver. A value-added tax (VAT) of 15% VAT applies to domestic goods and services and 16.5% to imported goods and services. A refund on the 15% VAT on domestic goods and services is expected to be approved and the expected refund period is estimated to be two months.

(ii) Access, Climate, Local Resources, Infrastructure and Physiography

The Otjikoto Project can be accessed off the main B1 road, a primary paved road from both the Otavi and Otjiwarongo directions. Otjiwarongo lies approximately 70 kilometres southwest from the Otjikoto Project and Otavi is approximately 50 kilometres to the northeast and both are situated on the B1 highway.

The Otjikoto Project area is characterized by low rainfall with extreme temperature ranges and unique climatic factors influencing the natural environment and biodiversity. In general, the climatic conditions at the Otjikoto Project site allow for year-round construction and mine operations.

The project benefits significantly from Namibia's well established infrastructure with paved highways, a railway, power grids, and process water all close by. B2Gold owns the surface rights of the farms on which the mining will take place through B2Gold's subsidiary, B2Gold Namibia Property. There is more than sufficient surface area for the mine, waste dumps, plant, tailings pond, associated infrastructure and any other requirements for construction and operations.

The local topography is flat with a gentle slope towards the north-west with freely draining soils. The site is located at an elevation of 1,500 to 1,510 metres above mean sea level, just north of a local surface water divide. There are no well-defined surface water drainage features on the site and no major surface water flow or defined channel flow is expected other than local events after heavy rainfall. The greater part of the Otjikoto Project area falls within the Tree and Shrub savannah zone, which is listed as the dominant vegetation type in central Namibia. There are no plant species of sufficient conservation concern in any of the above habitats and due to the relatively low sensitivity of the vegetation present no special mitigation measures are necessary.

Construction commenced at the Otjikoto Project in the first quarter of 2013 and significant progress has been made to date with the project being 63% complete as of June 2014. The construction phase of the Otjikoto Project remains on schedule, with gold production expected to commence in 2014. Excavation at the mill area is complete and a concrete batch plant is in continuous use to assist with the pouring of foundations, with approximately 90% of the required concrete already poured. The mill and mining offices have already been completed by an Otavi contractor, and the construction of all the other administration buildings are progressing well. Most of the equipment and supplies to build the mill has been purchased and is on site. The mill is currently being constructed and is on schedule, and all leach tanks and CIP tanks have been erected. To date, the pit area has been de-bushed and stripped. The stripped topsoil (100,000 tonnes) from the mine and waste dump is stockpiled so that these areas can be re-vegetated after mine closure. The total volume of material moved from the pit area to date is approximately 7.4 million tonnes. In addition, the tailings impoundment has been constructed and lined. This facility is substantially complete and is being used to capture water to start the mill in 2014.

(iii) History

A number of mineral companies have explored the area for base metals in the mid-1960s to the mid-1980s, including mapping and drilling, all with limited success. There is no recorded history of gold-focused exploration activity within or adjacent to the Otjikoto Project until the deposit was discovered by Avdale Namibia (Proprietary) Ltd. (now B2Gold Namibia) in 1999 as the result of a base metal exploration program initiated by Anglovaal Mining Ltd. in 1995. Between 1999 and 2011, a series of operators completed numerous airborne and ground geophysical and geochemical surveys and drilled 305 rotary air blast, 458 reverse circulation and 624 diamond drill holes totalling 173,156 metres on the Otjikoto Project.

(iv) Exploration Results

In 2012, a total of 199 holes, totalling 26,000 metres, were drilled on the Otjikoto Project. Feasibility drilling included 60 holes for condemnation of proposed infrastructure sites, 38 holes for collection of metallurgical test samples, 17 holes for geotechnical studies and the remainder as infill drilling and for geostatistical studies.

In 2013, total of 134 drill holes, totalling 23,602.24 metres, were drilled on the Otjikoto Project. Drilling was focused on the recently discovered Wolfshag zone, where 80 holes

were drilled totalling 20,920 metres. An additional 21 holes were drilled as infill in the main Otjikoto pit area and adjacent to the Wolfshag zone, to aid in mine planning. Four holes were drilled for condemnation of the revised waste dump area and 29 shallow holes were completed for civil engineering studies. Select significant recent results (uncapped) from the Wolfshag drilling include, WH13-103 with 16.20 metres at 9.39 g/t gold, including 12.80 metres at 11.27 g/t gold and WH13-098 with 30.10 metres at 6.02 g/t gold, including 15.85 metres at 10.55 g/t gold. The infill drilling provided the basis for the estimation of an initial Inferred Mineral Resource for the Wolfshag zone as announced on 22 January 2014. The initial high grade resource estimation for the Wolfshag zone indicates the potential for future expansion of gold production or possible increase in the mine life of the Otjikoto project. There are currently two diamond core rigs active on the project, working on infilling the northern portion of the Wolfshag zone. This infill drilling is anticipated to allow B2Gold to upgrade the classification of a portion of the Mineral Resource to the indicated category by the end of 2014. The 2014 program will also include metallurgical and geotechnical test work for the Wolfshag zone.

(v) Sampling and Analysis

RC drilling was employed for the Otjikoto Project deposit evaluation sampling as part of the dataset used for Mineral Resource estimation of the main Otjikoto deposit. RC sample material was routed from the bit to the drill rods' inner-tube and went via a hose to a cyclone. The one metre samples were split in half in a two-step process through a large riffler to achieve homogenization and Left (**L**) and Right (**R**) samples obtained. Each of these samples was again split in half through two smaller rifflers, producing four sub-samples (i.e. L1, L2 and R1, R2). The L1 and R1 samples are bagged in separate A3 size thick polyurethane bags and are transported to the core yard facility. The L2 sample is dry screened using a 2 millimetre sieve and the +2 millimetre sample placed in a clearly labelled 500 millilitre plastic bottle, which is transported to the core yard for additional detailed geological logging or retained as a reference sample. In the field, the R2 sample is wet screened using a 2 millimetre sieve and the +2 millimetre fraction logged for drilling control and geological information.

The diamond drill core is oriented and a low point-line placed on the maximum dip of the prevalent dip of the fabric. Minimum sample length is 30 centimetres for HQ and 40 centimetres for NQ sized core. The majority of the sampling on the project was done at one metre sample intervals with samples labelled according to hole number and depth of end of sample. In 2012, the protocols were revised with the sampling done based on geology and a numeric sample tag system was started with information on each sample marked in the detailed logs and the tag books, in addition to on the core and boxes, as a further check on sampling. Three to five metres of material is sampled above and below the mineralized zones and sampled continuously. In narrow mineralized zones, which are separated by more than three metres, a gap in the sampling is allowed. Sample start and end points are marked on the core and on the core boxes adjacent to the samples. A quarter split of core is done for field duplicates.

Over the course of the project, a total of 14,832 specific gravity (**SG**) measurements have been collected of the various rock types of the deposit. The SG data was collected utilizing two different methodologies: (i) Pycnometer laboratory determinations on RC

and drill core pulp samples, and (ii) Immersion (**Archimedes**) methodology either on whole or half core with 6,601 measurements taken with wax coated and 3,242 on un-waxed. Archimedes SG samples were collected for the complete hole for numerous holes. In 2012 and 2013, a program of systematic sampling was undertaken whereby representative samples were taken of all lithologies, and at regular intervals (every 25 metres), from a series of holes scattered throughout the deposit. "Composite" samples were also collected, consisting of the measurement of all cores within the one to two metre mineralized zones.

QA/QC procedures have been in place since the start of the Otjikoto Project. During the life of the project, the following external (geological) controls samples have been routinely inserted: (i) blanks for monitoring of contamination and sample mix ups, (ii) certified reference materials to monitor the accuracy of the laboratory, and (iii) duplicates to monitor laboratory precision. In addition to the geological QA/QC samples inserted and evaluated during the course of the project, the individual laboratories provide their internal QA/QC information with each Certificate of Analysis (**COA**) and, in the case of Genalysis, also as a laboratory quarterly summary QA/QC report. Monthly QA/QC reports are prepared documenting the laboratory performance.

Data was verified by the qualified person responsible for data verification during several site visits throughout 2013. The qualified person reviewed geological data for the project, sampling density, drill collar and downhole survey information, current sampling and analytical procedures and related QA/QC program, SG determination procedures and data and the Mineral Resource model. Laboratory performance was reviewed by Tom Garagan through examination of monthly QA/QC reports. These reports provide documentation of the vetting of every COA and actions taken, tracking of the laboratory performance and verification of primary laboratory quality (biases) through comparison of external referee data.

(vi) Mineral Reserves and Mineral Resources

The Mineral Resource and Mineral Reserve estimates for the Otjikoto Project were prepared by B2Gold's personnel under the supervision of Tom Garagan, P.Geo., Senior Vice President of Exploration in respect of Mineral Resources, and Peter Montano, P.E. (Colorado, USA), Senior Project Engineer in respect of Mineral Reserves, each a Qualified Person under NI 43-101.

Mineral Resources and Reserves are reported at a 90% ownership basis. Mineral Reserves are reported above a cut-off grade of 0.4 g/t gold within a design pit which has a stripping ratio of 5.59:1 (on a 100% basis). The life-of-mine, not including the proposed expansion referred to below, is estimated at approximately 12.5 years assuming a plant throughput of 2.5 million tonnes per annum. Plant commissioning is planned to have a ramp-up of 1.96 million tonnes per annum for the first year of production, 2.34 million tonnes per annum for the second year of production, and full capacity thereafter.

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(A) Attributable Proven and Probable Mineral Reserves<sup>(1)(2)(3)(4)</sup>

Zone	Tonnes	g/t Au	Ounces Au	Kg Au
Otjikoto	26,465,000	1.42	1,207,000	37,540

Notes:

- (1) Mineral Reserves are reported at a gold price of US\$1,350 per ounce within a design pit and are fully diluted.
- (2) Mineral Reserves are exclusive of Mineral Resources.
- (3) Mineral Reserves are reported on 90% ownership.
- (4) Mineral Reserve numbers have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.

(B) Attributable Measured and Indicated Mineral Resources<sup>(1)(2)(3)(4)(5)</sup>

Zone	Tonnes	g/t Au	Ounces Au	Kg Au
Otjikoto	4,037,000	0.97	126,000	3,910

(C) Attributable Inferred Mineral Resources<sup>(1)(2)(3)(4)(5)</sup>

Zone	Tonnes	g/t Au	Ounces Au	Kg Au
Otjikoto	5,888,000	0.89	169,000	5,250
Wolfshag	6,111,000	3.22	632,000	19,660
<b>Total</b>	<b>11,999,000</b>	<b>2.08</b>	<b>801,000</b>	<b>24,910</b>

Notes:

- (1) Mineral Resources are reported at 90% ownership.
- (2) Mineral Resources are exclusive of Mineral Reserves.
- (3) Mineral Resources are reported above cutoffs of 0.4 g/t gold for Otjikoto and 0.5 g/t gold for Wolfshag.
- (4) Mineral Resources are reported within pit shells run at a gold price of US\$1,550 per ounce.
- (5) Mineral Resources are not Mineral Reserves and do not have a demonstrated economic viability.
- (6) Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.

During 2013, B2Gold drilled 80 drill holes in the Wolfshag area which supported the estimation of a new Inferred Mineral Resource estimate. Pit shells for the Wolfshag deposit include part of the main Otjikoto deposit, which accounts for the small change in previously reported Otjikoto Mineral Resources. The newly discovered Wolfshag zone is a 1.6 kilometre long zone that is as close as 250 metres east of the Otjikoto deposit.

(vii) Production Forecast

Based on the Otjikoto Feasibility Study, the mine plan is based on Probable Mineral Reserves of 29.4 million tonnes at a grade of 1.42 g/t containing 1,341,000 ounces of gold (on a 100% basis) at a stripping ratio of 5.59:1 to be mined over an initial 12.5 year period. Construction has commenced and is scheduled for completion in the fourth quarter of 2014 when mill production will begin.

Based on the Otjikoto Feasibility Study, the current average annual production for the first five years is expected to be approximately 141,000 ounces of gold per year at an

average operating cash cost of US\$524 per ounce and, for the life of mine, approximately 112,000 ounces of gold per year at an average operating cash cost of US\$689 per ounce.

(viii) Financial Metrics

The financial modelling for the Otjikoto Project indicates robust economics and does not include the proposed expansion or inclusion of the Wolfshag deposit. At a gold price of US\$1,550 per ounce, based on the Otjikoto Feasibility Study, the Otjikoto Project is projected to yield a positive after-tax net present value (**NPV**) of US\$243.4 million at a discount rate of 5%. The internal rate of return (**IRR**) after-tax is projected to be 23.6%. The project has a 32 month pay-back period after first gold production.

(ix) Exploration and Development

On 10 January 2013, B2Gold announced the commencement of construction at the Otjikoto Project. Based on the Otjikoto Feasibility Study, the results of which were released in February 2013, pre-development cost estimates of US\$244 million and deferred stripping estimates of US\$33 million remain in line with original pre-feasibility study estimates. In addition to these costs, B2Gold had planned to lease finance a total of US\$60 million for mobile mining equipment and power plant construction costs. However, as a result of Namibian regulations governing the securitization of certain assets, B2Gold now plans on leasing only the mobile mining fleet for a total of US\$36 million. The balance of the power plant costs has been funded from B2Gold's existing cash flows and credit facilities. Leasing arrangements for the mining fleet were concluded in the fourth quarter of 2013 and are expected to be fully drawn and utilized by mid-2015. Construction is scheduled for completion in the fourth quarter of 2014 when mill production is expected to begin and the first gold production from the Otjikoto Project is scheduled. B2Gold expects to ramp up to full production in early 2015.

Based on the positive drill results from the Wolfshag zone to date, on 21 January 2014, B2Gold announced plans to expand the Otjikoto mine in 2015, increasing ore throughput from 2.5 million tonnes per year to 3 million tonnes. The increased throughput will be achieved through the installation of a pebble crusher, additional leach tanks and mining equipment at a total cost of approximately US\$15 million. Once the expansion is completed at the end of 2015, B2Gold expects that the annual gold production from the main Otjikoto pit would increase to approximately 170,000 ounces.

The 2014 Otjikoto exploration program is budgeted for approximately US\$8.0 million. The exploration drilling program will focus primarily on infill drilling on the northern portion of the Wolfshag zone to increase the drilling density to 50 by 25 metres, and will further test the extension of the Wolfshag zone to the south. B2Gold anticipates being in a position to upgrade the Mineral Resource classification to the indicated category by the end of 2014. The 2014 program will also include metallurgical and geotechnical test work for the Wolfshag zone.

(g) **Kiaka Project**

The Kiaka Project is located in south central Burkina Faso in the regional province of Boulgou and Zoundweogo, approximately 140 kilometres southeast of the capital Ouagadougou. B2Gold holds an indirect 100% interest in the Kiaka Licence, subject to 10% participating interest held by GAMS, a Cypriot company with local Burkinabe affiliates. This participating interest entitles GAMS, following the completion of a definitive feasibility study, to participate pro-rata in the development and construction of a mine. Pursuant to applicable mining law, when the project advances to development and production stage, an operating company will be formed with each Kiaka Gold SARL and GAMS contributing 9% and 1%, respectively, to the Burkinabe government's 10% carried interest. Accordingly, upon commencement of the development and production stage, B2Gold will hold an 81% interest in the Kiaka Project. B2Gold acquired its interest in the Kiaka Project on 20 December 2013 pursuant to the Volta Arrangement.

(i) **Property Description and Location**

The Kiaka Licence covers an area of approximately 184 square kilometres and was initially granted to Randgold Resources Limited (**Randgold**) in June 2004 for a three year term. At that time, the Kiaka Licence covered a total of 244 square kilometres. The Kiaka Licence was extended by Randgold for a further three years to 17 June 2010. Following Volta's acquisition of the Kiaka property from Randgold, the Kiaka Licence was extended, subject to Volta releasing 25% of the area covered by the Kiaka Licence until 17 June 2013. On 27 December 2012, on confirmation from the Ministry of Mines and Energy for Burkina Faso, the Kiaka Licence was further extended for one year to 17 June 2014.

Currently a small artisanal mining claim of approximately 1 square kilometre is held over the Gomboussougou area in the southern portion of the Kiaka Licence. This artisanal claim is outside of anomalous gold values seen during Volta's soil geochemistry programme. B2Gold assumes that the small scale mining is currently valid, but due to its size and location well away from the main Kiaka deposit (the **Kiaka Main Zone** or **KMZ**) and potential site of infrastructure, B2Gold does not consider it a potential for conflict or risk.

Permits to explore in Burkina Faso are granted to companies for a period of three years and can be renewed for two subsequent three year periods subject to minimum work commitments and expenditures and, in the case of the second renewal, a 25% reduction in the area under permit. After these nine years, a company is obligated to submit a feasibility study and can then apply for a mining lease/permit. On 13 March 2014, B2Gold submitted a permitting study to the Ministry of Mines in Burkina Faso in connection with B2Gold's application for a mining lease for the Kiaka Project. The permitting study has been formally accepted by the regulatory agencies and the permitting process is advancing with public meetings and review sessions with various government agencies.

(ii) **Access, Climate, Local Resources, Infrastructure and Physiography**

The Kiaka Project can be accessed by road from Ouagadougou in approximately two hours, with good road for the majority of the distance. Ouagadougou is a city with

modern services that has direct air service to Europe. The initial 100 kilometres from Ouagadougou to the Kiaka Project is on the N5, which forms the main access between Ouagadougou and the Ghana border at the town of Paga. The final 40 kilometres to the Kiaka Project consists of 20 kilometres of laterite gravel road and 20 kilometres of direct road of variable quality.

The last 20 kilometres of the journey can cause some accessibility issues during the rainy season (July to September), but in general the terrain is relatively flat and can therefore be accessed by four wheel drive vehicles. The Kiaka Project camp is situated at the southern portion of the property and is accessible for the majority of the year. Access to the northern portions of the property is limited during the rainy season and exploration as a tributary of the Nakambe River, also known as the White Volta, bisects the property and currently no bridges exist. However, all of the Mineral Resources defined to date occur south of this tributary and can be accessed year round.

A high voltage power line is located 20 kilometres north of the KMZ, which runs from a hydroelectric facility at the Barge Dam, located 35 kilometres from the property and servicing the national grid and Ouagadougou. Due to a general shortage of electrical power in Burkina Faso, B2Gold continues to review alternative options to better meet B2Gold's electricity demands. Currently there is no communication system within the local area, but cellular telephones work intermittently within the Kiaka Project.

Local towns are relatively small and only provide basic provisions and most provisions and equipment, as well as skilled workers and general services, need to be sourced from Ouagadougou. Fuel can be obtained from local filling stations and B2Gold has an onsite bulk storage facility.

The climate of the region is sub-Saharan tropical, with warm, dry winters and hot, wet summers. Annual rainfall is in the order of 895 millimetres per annum with the majority coming during the wet season.

The local topography is generally flat with low hills ranging between 220 to 300 metres in elevation above mean sea level. The Nakambe River, which runs through the property and lies approximately 1.5 kilometres to the east of the KMZ, allows for processing and domestic water requirements to be met easily. The proximity of the river to the main orezone will require further studies as to the potential environmental impact of mining activities.

(iii) History

Volta purchased the exploration rights to the property from Randgold in 2009. No history of the Kiaka Project is known prior to the purchase of exploration rights by Randgold in 2004.

(iv) Exploration Results

As at the end of 2012, Volta had drilled a total of 1,240 reverse circulation and diamond drill holes for a total of 181,293 metres on the Kiaka Project since it commenced exploration in 2009. Establishing suitable drilling platforms at the Kiaka Project is

relatively easy due to the flat terrain and hard lateritic zones which cover the majority of the Kiaka Central Area and Kiaka South Area. Drilling has been done with both diamond drill and reverse circulation techniques, and, in certain cases, using reverse circulation in the upper portion with diamond tails below the water table.

In 2013, Volta drilled 17 RC holes for a total of 1,258 metres aimed at testing the nearby prospect of Niagrigre.

Since 2009, Volta has drilled 7,106 auger drill holes with total drilled depth of 18,436 metres with its two rigs. Of that total, 5,098 holes for a total of 12,759 metres were drilled in 2013. The auger drilling programs were aimed at testing a number of prospects nearby the Kiaka Project deposit.

(v) Sampling and Analysis

Mineral Resource estimation at the Kiaka Project is based on a combination of diamond core and reverse circulation drilling. Drill core recovery at the Kiaka Project is generally good. Mineralized diamond drill core intervals to be sampled are marked by geologists and split along the orientation marks. Once cut, geological logging is completed by a limited number of onsite geologists to ensure consistency in the use of logging codes. The Kiaka Project's data base contains the relevant rock codes and lithology descriptions.

One half of the core is selected for analysis based on 1 metre sampling intervals. A default interval has been used at the Kiaka Project and sampling has not been completed according to lithological boundaries as the mineralization is believed to be more structurally controlled than lithological and therefore sampling across lithological boundaries should not significantly impact the analysis. Each sample is bagged and assigned a unique sample number with half of the core being sent to laboratories for assaying with the remaining half being archived at the Sample Logging, Preparation and Storage facility at the Kiaka Project camp.

Reverse circulation drilling has also been completed on 1 metre sample intervals with the entire sample being collected at the drilling rig prior to passing through a riffle splitter (1:2), one to be sent to the laboratory for processing and assaying, one to be stored as a field duplicate in the Kiaka Project camp.

(vi) Mineral Resource Estimate

The Mineral Resource estimate set forth below was prepared by SRK Consulting (UK) Ltd. under the supervision of Ben Parsons, MSc, MAusIMM (CP), Principal Consultant, and a Qualified Person as defined under NI 43-101. Interpretations of zones defined by grade, alteration and veining were completed on cross section and in three-dimensions. Solids models were built of the zones, coded to blocks and used to control the Ordinary Kriged grade estimate.

The Measured and Indicated Mineral Resource estimate for the Kiaka Project is 153.26 million tonnes of ore at a gold grade of 0.99 g/t for 4.862 million ounces of gold and Inferred Mineral Resources of 33.74 million tonnes of ore at a gold grade of 0.93 g/t for 1.006 million ounces of gold, on a 100% basis.

(A) Attributable Measured and Indicated Resources as of 8 January 2013<sup>(1)(2)(3)(4)</sup>

Vein Structure	Tonnes	g/t Au	Ounces Au	Kg Au
KMZ Main	33,760,000	1.52	1,652,000	51,370
KMZ Halo	67,833,000	0.77	1,678,000	52,200
HW-FW – KUB Zones	21,056,000	0.76	513,000	15,950
Kiaka South	1,490,000	2.00	96,000	2,970
<b>Total</b>	<b>124,140,000</b>	<b>0.99</b>	<b>3,938,000</b>	<b>122,490</b>

(B) Attributable Inferred Mineral Resources as of 8 January 2013<sup>(1)(2)(3)(4)</sup>

Vein Structure	Tonnes	g/t Au	Ounces Au	Kg Au
KMZ Main	4,463,000	1.70	244,000	7,580
KMZ Halo	7,996,000	0.73	187,000	5,820
HW-FW – KUB Zones	14,807,000	0.80	380,000	11,820
Kiaka South	61,000	1.90	4,000	130
<b>Total</b>	<b>27,327,000</b>	<b>0.93</b>	<b>815,000</b>	<b>25,350</b>

Notes:

- (1) Mineral Resources are reported above a cut-off grade of 0.40 g/t gold and within a pit shell run at a gold price of US\$1,400 per ounce, marginal operating costs of US\$11.89/tonne for processing and general and administrative expenses and gold recovery of 89.8%.
- (2) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- (3) Attributable Mineral Resources are reported at 81% of the total Mineral Resource. Notwithstanding B2Gold's current ownership percentage of the Kiaka Project is 90%, the attributable portion of the Mineral Resource has been reduced to 81% to reflect the expected reduction in B2Gold's ownership percentage in the Kiaka Project upon commencement of construction and development and the 10% overall ownership percentage that will be attributable to the Burkina Faso government in accordance with applicable laws.
- (4) Due to the uncertainty that may be attached to Inferred Mineral Resources it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource category as a result of ongoing exploration.

(vii) Production Forecast

The Kiaka Prefeasibility Study mine plan is based on Proven and Probable Mineral Reserves of 126.08 million tonnes at a grade of 0.96 g/t containing 3.89 million tonnes of gold at a stripping ratio of 2.95:1. The average annual production over a life of mine of 10.3 years is expected to be approximately 340,000 ounces of gold at an average operating cost of US\$671 per ounce.

(viii) Financial Metrics

The financial modelling under the Kiaka Prefeasibility Study dated 23 May 2012 indicates robust economics for the Kiaka Project. B2Gold acquired its interest in the Kiaka Project on 20 December 2013 pursuant to the Volta Arrangement. A copy of the Kiaka Prefeasibility Study is available from Volta's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The Independent Technical Specialist's Report has derived a pre-tax NPV preferred value for the Kiaka Project of US\$174.65M.

(ix) Exploration and Development

A definitive feasibility study is currently underway, based on a phased development approach whereby in: Phase 1 – the higher grade KMZ lenses (circa 1.35 g/t) are selectively processed in a 6 million tonnes per annum plant while the lower grade ore is stockpiled; and Phase 2 – process plant capacity doubled to 12 million tonnes per annum. This would significantly reduce the initial capital expenditure requirement.

Recognizing the near-term shift in gold prices, B2Gold believes it is prudent to review a lower risk development approach on a smaller scale utilizing a mining plan, which will result in a higher grade of ore processed. Accordingly, B2Gold will be reviewing existing data collected to date from the current feasibility study in order to review B2Gold's options with the Kiaka Project in a lower gold price environment, while maintaining the option to scale up production capacity.

Most of the component technical studies being undertaken in the current feasibility study have been largely completed. These include geological and resource modelling, in-pit geotechnical, civil geotechnical, hydrological, metallurgical, waste rock characterization, environment and social studies. Infrastructure layout, tailings design, waste rock dump design, process engineering, mine design and scheduling are also well advanced. Quotes are being obtained for items related to both capital and operating costs. This information will assist B2Gold in determining the best development and production scenario to pursue for a robust project at lower gold prices.

B2Gold plans to spend approximately US\$3.6 million in 2014 on exploration programs that will primarily focus on drill-testing of nearby targets. A portion of the drilling will also be directed on infill resource drilling, particularly on the Hanging Wall. In addition, the 2014 exploration program includes the drilling of approximately 2,750 metres for metallurgical testwork, a program that will exceed US\$1 million.

(h) **Gramalote Project**

(i) Project Description and Location

The Gramalote Project is located approximately 230 kilometres northwest of the Colombian capital of Bogota and approximately 80 kilometres northeast of Medellin, the regional capital of the Department of Antioquia. AngloGold and B2Gold have a 51% and 49% interest, respectively in the Gramalote Project. AngloGold is the manager of the joint venture project. The Gramalote Project area is covered by 17 contiguous claim

blocks totalling 35,322.174 hectares. The claims presently include 16 registered concession contracts totalling 25,909.266 hectares and one integrated and registered mining concession contract totalling 9,412.90 hectares. The claims are registered, or are in the process of being registered, in the name of Gramalote (Colombia) Limited, the Colombian branch of Gramalote Limited that has been formed to hold all of the Gramalote mineral claims.

(ii) Access, Climate, Local Resources, Infrastructure and Physiography

The Gramalote Project is situated along the valley of the Nus River, 1.5 kilometres southwest of the village of Providencia, Antioquia. Topography along the Nus valley is relatively subdued although locally steep and incised. Elevations in the Gramalote area range from 800 to 1,500 metres above sea level, while general elevations over the Antioquian plateau are generally between 2,300 and 2,500 metres above sea level. Climate at Gramalote is accordingly mildly tropical with daytime temperatures throughout the year averaging about 24 degrees Celsius. Yearly rainfall averages about 200 centimetres and falls mostly during punctuated rainy seasons extending from March to May and from September to December.

Infrastructure surrounding the Gramalote Project is excellent with direct, paved highway access from Bogota, as well as from the city of Medellin. A historic freight/passenger railway line (presently inactive) and high tension electricity pass within one kilometre of the project area. The paved highway and railway continue to Puerto Berrio located on the Magdalena River some 55 kilometres to the east. Puerto Berrio provides direct fluvial access to a major open ocean port on the Caribbean coast at Barranquilla. Additionally, the Gramalote area is surrounded by gravel roads which connect a dense small town rural and farm population to the Nus Valley infrastructure, the Magdalena River to the east and Medellin to the west.

Based upon a Colombian entry point at the nation's capital in Bogota, access to the Gramalote property is achieved by travel to Medellin via commercial jet aircraft service from Bogota to Medellin (approximately 1 hour flight). The project is located approximately 110 kilometres along paved road west-northwest of Medellin via the town of Cisneros to the town of Providencia (approximately 3 hours).

(iii) History

Gold mining within the Gramalote Project likely pre-dates the early Spanish colonial period (16<sup>th</sup> century), however, the early discovery of gold at Gramalote is not well documented. Continuous exploitation in the Gramalote Ridge area dates from the late 19<sup>th</sup> century with production from the region generally dominated by alluvial and hydraulic techniques. Modern day mineral titles covering part of the known mineralization at Gramalote were owned by the Aristizabal family until 2005 when the existing title was ceded to the Grupo Nus and subsequently became part of the joint ventures with AngloGold and B2Gold.

(iv) Exploration Results

Exploration drilling since 2010 has been carried out on six drill targets located within four kilometre of the current Gramalote Central Mineral Resource including Monjas West, Trinidad South, Monjas East, Limon, Topacio and La Maria with the aim to add new Inferred Mineral Resources. All of these targets have similar geological, alteration and mineralization characteristics to Gramalote Central. Since October 2010 a total of 33,139 metres in 92 drill holes have been completed on the six satellite targets including 8,422 metres in 22 holes in 2013 at Monjas West and Limon. Results to date clearly indicate the upside potential for more gold mineralization on the large Gramalote property.

Positive gold intersections have been returned in Monjas West located two kilometres west southwest along strike of Gramalote Central resource. A total of 19,976 metres in 53 holes have been drilled at Monjas West (8,120 metres in 21 holes in 2013) with 2013 results of up to 22.0 metres at 1.06 g/t gold in hole MW 036, 18.0 metres at 2.02 g/t Au in hole MW-041, 36.0 metres at 1.14 g/t Au in hole MW-042A, 34.0 metres at 0.74 g/t gold in hole MW-045, 14.0 metres at 0.83 g/t gold in hole MW-046 and 40.0 metres at 0.62 g/t gold in hole MW-047. Gold mineralization occurs over 700 metre by 500 metre area and down to 400 metre depth. B2Gold is confident that Monjas West will add to the existing resource at Gramalote and core drilling continues with one drill rig.

In 2013, four new geotechnical holes totalling 1,614 metres were drilled in Gramalote Central resource area and 10 condemnation and infrastructure holes totalling 1,608 metres were completed in the plant site, Palestina tailings dump area and San Antonio waste rock dump areas.

(v) Sampling and Analysis

The Gramalote Project drill samples have been analysed for gold by ALS Chemex analytical laboratory in Lima, Peru. The analytical methods employed were fire assay fusion and atomic absorption spectroscopy on 50 grams of nominal sample weight (ALS Chemex internal code AU-AA24), and fire assay fusion and gravimetric analysis on 50 grams of nominal sample weight (ALS Chemex Internal code AU-GRA22).

Multi-element analysis included HF-HNO<sub>3</sub>-HClO<sub>4</sub> acid digestion with HCl leach. The analytical methods employed were inductively coupled plasma - atomic emission spectroscopy (ICP - AES) and inductively coupled plasma - mass spectrometry (ICP-MS) (ALS Chemex internal codes ME-MS61 and ME-ICP61).

(vi) Mineral Resources

Mineral Resources for the Gramalote Project, which includes Gramalote Central, Monjas West and Trinidad zones, were estimated by Gramalote Colombia Limited, the operating company of B2Gold's joint venture with AngloGold. Drill results through July 2013 were available for this Mineral Resource update. Zones defining low, medium and high alternation and veining intensity and grade were interpreted on cross sections and linked into three-dimensional models. The final gold grades were estimated using Uniform Conditioning bench-marked to a 20 x 20 x 10 metre SMU size, this estimation technique is a change to the grade estimation methods used on previous models. An

external audit by Quantitative Group of the 2012 resource model resulted in a major revision to the methods used for grade estimation and resource categorization. In 2013, an external review was completed on the estimation methods planned for use for the low grade zone at Gramalote Central.

The Mineral Resource estimate was prepared under the supervision of Mr. Vaughan Chamberlain, FAusIMM, Senior Vice President, Geology and Metallurgy, AngloGold, and a Qualified Person as defined under NI 43-101.

(A) Attributable Measured and Indicated Resources<sup>(1)(2)(3)</sup>

Zone	Tonnes	Grade g/t Au	Ounces Au	Kg Au
Gramalote Central	62,755,000	0.63	1,278,000	39,750
Monjas West	2,286,000	0.55	41,000	1,270
<b>Total</b>	<b>65,041,000</b>	<b>0.63</b>	<b>1,319,000</b>	<b>41,020</b>

(B) Attributable Inferred Resources<sup>(1)(2)(3)(4)</sup>

Target	Tonnes	Grade g/t Au	Ounces Au	Kg Au
Gramalote Central	62,204,000	0.43	852,000	26,500
Monjas West	11,528,000	0.59	218,000	6,790
Trinidad	43,718,000	0.41	578,000	17,980
<b>Total</b>	<b>117,450,000</b>	<b>0.44</b>	<b>1,648,000</b>	<b>51,270</b>

Notes:

- (1) Mineral Resources are reported above a cut-off grade of 0.15 g/t gold and within a pit shell based on a gold price of US\$1,600 per ounce.
- (2) Attributable Mineral Resources are stated at B2Gold's 49% ownership of the Gramalote Project.
- (3) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- (4) Due to the uncertainty that may be attached to Inferred Mineral Resources it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource category as a result of ongoing exploration.

(vii) Preliminary Economic Assessment

On 12 March 2014, B2Gold announced positive results from the PEA for the Gramalote Project. A copy of this document is available under B2Gold's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

(viii) Exploration and Development

B2Gold has been active in advancing the Gramalote Project during 2013. The Gramalote Project had a 2013 joint venture budget of US\$92 million, which funded 31,749 meters of diamond drilling for the exploration of additional targets on the property, drilling associated with infrastructure and infill drilling, as well as prefeasibility work, environmental studies, metallurgical test work and engineering. Each joint venture

partner has funded its share of expenditures pro rata. The results of this work were used to finalize the PEA released in March 2014.

The Gramalote Project will be reviewed in the fourth quarter of 2014 to determine if advancing to a full feasibility study is warranted at this time.

The environmental impact assessment (**EIA**) is being modified to accommodate a revised tailing dam design that will reduce both initial capital and operating costs. It is planned that the EIA will be completed and ready for submittal to the government regulatory agencies by the second quarter of 2014. A detailed work plan for the construction and operation of Gramalote (**PTO**) will be completed and submitted with the EIA. The PTO provides the schedule, workforce requirements and other details for the implementation of the project.

The 2014 forecast expenditures for Gramalote are currently under review. Programs for 2014 have been reduced from 2013 and expenditures are currently estimated to be approximately US\$27.8 million (stated at 100%; B2Gold's 49% joint venture participation is estimated to be approximately US\$13.6 million).

## 7.5 Directors, executive officers and corporate governance

### (a) Directors and executive officers

The following table sets forth the name, municipality, province or state of residence, position held with B2Gold, the date of appointment of each director and executive officer, principal occupation within the immediately preceding five years and the shareholdings of each director and executive officer of B2Gold. The statement as to securities beneficially owned, or controlled or directed, directly or indirectly, by the directors and executive officers named below is in each instance based upon information furnished by the person concerned and is as at the date hereof. Directors of B2Gold hold office until the next annual general meeting of the shareholders or until their successors are duly elected or appointed.

Name and Municipality of Residence	Position with B2Gold	Principal Occupation During Past Five Years	Director/Officer Since	Number of Voting Securities <sup>(1)</sup>
Clive Johnson <sup>(7)</sup> British Columbia, Canada	President, Chief Executive Officer and Director	President, Chief Executive Officer of B2Gold; formerly the Chairman, President and Chief Executive Officer of Bema Gold Corporation (" <b>Bema</b> ")	17 December 2006	7,455,529 <sup>(2)</sup>
Robert Cross <sup>(5)</sup> <sup>(6)</sup> British Columbia, Canada	Chairman and Director	Serves as independent director and, in some cases, non-executive Chairman of public companies, principally in the resource sector	22 October 2007	1,871,660

<b>Name and Municipality of Residence</b>	<b>Position with B2Gold</b>	<b>Principal Occupation During Past Five Years</b>	<b>Director/Officer Since</b>	<b>Number of Voting Securities <sup>(1)</sup></b>
Robert Gayton <sup>(4)(5)</sup> British Columbia, Canada	Director	Consultant to various public companies since 1987; formerly Vice President of Finance with Western Silver Corporation from 1995 to 2004	17 December 2006	453,000
John Ivany <sup>(4)(6)</sup> British Columbia, Canada	Director	Retired; formerly Executive Vice President of Kinross from 1995 to 2006	20 November 2007	800,000
Jerry Korpan <sup>(7)</sup> London, England	Director	Director of several public mining companies; formerly Managing Director of Yorkton Securities in London, England	20 November 2007	1,600,000
Barry Rayment <sup>(4)(5)(7)</sup> California, USA	Director	Mining industry consultant; formerly the President of Mining Assets Corporation from 1993 to 2010	22 October 2007	900,000 <sup>(3)</sup>
Bongani Mtshisi Johannesburg, South Africa	Director	CEO of BSC Resources Ltd. from October 2005 to present	22 December 2011	22,800
Michael Carrick Perth, Australia	Director	Chairman of RTG Mining Inc.; former President and CEO of CGA	31 January 2013	Nil
Kevin Bullock Ontario, Canada	Director	Mining Industry Consultant; formerly President and Chief Executive Officer of Volta	22 December 2013	156,839

Name and Municipality of Residence	Position with B2Gold	Principal Occupation During Past Five Years	Director/Officer Since	Number of Voting Securities <sup>(1)</sup>
Roger Richer British Columbia, Canada	Executive Vice President, General Counsel and Secretary	Executive Vice President, General Counsel and Secretary of B2Gold; formerly the Vice President of Administration, General Counsel and Secretary of Bema	17 December 2006	4,074,074 <sup>(2)</sup>
Michael Cinnamond, British Columbia, Canada	Senior Vice President of Finance and Chief Financial Officer	Senior Vice President of Finance and Chief Financial Officer of B2Gold; formerly a partner at PricewaterhouseCoopers LLP	1 July 2013	182,328
Tom Garagan British Columbia, Canada	Senior Vice President of Exploration	Senior Vice President of Exploration of B2Gold; formerly the Vice President of Exploration of Bema	8 March 2007	4,506,577 <sup>(2)</sup>
Dennis Stansbury Nevada, USA	Senior Vice President of Engineering and Project Evaluations	Senior Vice President of Engineering and Project Evaluations; formerly the Vice President of Development and Production of Bema	8 March 2007	3,973,609
George Johnson Washington, USA	Senior Vice President of Operations	Senior Vice President of Operations of B2Gold; formerly the Senior Vice President of Operations of Bema	11 August 2009	500,000

Notes:

- (1) The information as to the nature of B2Gold Shares beneficially owned, or controlled or directed, directly or indirectly, by the directors and executive officers, not being within B2Gold's knowledge, has been furnished by such directors and officers.
- (2) Messrs. Johnson, Richer and Garagan are trustees of the Incentive Trust (the "Trustees") that holds 2,705,000 B2Gold Shares. The number of B2Gold Shares beneficially owned, or controlled or directed, directly or indirectly by each of Messrs. Johnson, Richer and Garagan as set forth in the table above excludes 676,250 B2Gold Shares (an aggregate of 2,028,750 B2Gold Shares) that are held pursuant to a declaration of trust dated 29 June 2007 between B2Gold and the Trustees, which was established to hold options and shares to be allocated to B2Gold's directors, officers, employees and service providers as determined by the Trustees.
- (3) 600,000 B2Gold Shares are held through the Barry D. Rayment and Celia M. Rayment Trust, of which Mr. Rayment is a trustee.
- (4) Member of the Audit Committee.

- (5) Member of the Compensation Committee.
- (6) Member of the Corporate Governance and Nominating Committee.
- (7) Member of Health, Safety, Environment & Social Committee.

As at the date of this Scheme Booklet, the directors and executive officers of B2Gold, as a group, beneficially owned, or controlled or directed, directly or indirectly, 26,496,416 B2Gold Shares, representing approximately 3.9% of the issued and outstanding B2Gold Shares.

(b) **Qualifications and Experience of Directors**

(i) Robert Cross

Robert Cross was appointed to the board of directors of B2Gold as Chairman in October 2007. Mr. Cross is a co-founder, director and Non-Executive Chairman of Bankers Petroleum Ltd., and a co-founder, director and Chairman of Petrodorado Energy Ltd., and until October 2007, was the Non-Executive Chairman of Northern Orion Resources Inc. Mr. Cross also serves as director of Zodiac Exploration Inc. and BNK Petroleum Inc. Mr. Cross served as Chairman and Chief Executive Officer of Yorkton Securities Inc. between 1996 and 1998, a director of LNG Energy Ltd. from 2007 to 2011, and a director of Athabasca Potash Inc. from 2009 to 2010. He also served as an Investment Banking Partner with Gordon Capital Corporation in Toronto from 1987 to 1994. Mr. Cross holds a degree in Engineering from the University of Waterloo and received his MBA from Harvard Business School in 1987.

(ii) Robert Gayton

Dr. Robert Gayton was appointed to the board of directors of B2Gold in October 2007. Dr. Gayton is a Chartered Accountant and has acted as a consultant to various public companies since 1990. He was the Chief Financial Officer of Western Silver Corporation from 1995 to 2004 and served as a director of Western Silver Corporation from 2004 to 2006. From 2003 to 2007, Dr. Gayton served as a director of Bema Gold. Dr. Gayton was Vice President of Finance of Doublestar Resources Ltd. from 2003 to 2006 and a director from 1999 to 2007. He was a director of Northern Orion Resources Inc. from 2004 to 2007, LNG Energy Ltd. from 2011 to 2012, Palo Duro Energy Inc. from 2007 to 2012, Northisle Copper and Gold Inc. from 2011 to 2012, Copper North Mining Corp. from 2011 to 2012, Quaterra Resources Inc. from 1997 to 2012, Intrinsic Software International, Inc. from 1992 to 2010, and IMN Resources Inc. from 2008 to 2009. Each of these companies was subsequently acquired by way of takeover. Dr. Gayton is currently a director and the chair or a member of the audit and/or other committees of Nevsun Resources Ltd., Amerigo Resources Ltd., Silvercorp Metals Inc., Eastern Platinum Ltd. and Western Copper and Gold Corporation.

(iii) John Ivany

John Ivany was appointed to the board of directors of B2Gold in November 2007. Mr. Ivany retired from Kinross in 2006 after having served as Executive Vice President since 1995. Previously, Mr. Ivany held executive positions with several resource companies including Noranda Inc., Hemlo Gold Mines Ltd., Prime Resources Corp. and International Corona Corporation. He currently serves as a director of Allied Nevada Gold Corp. and

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Eurogas International Inc., and an adviser to Canaccord Genuity Corp. Mr. Ivany served as a director of Breakwater Resources Ltd. from 2007 to 2011 and of Aura Minerals Inc. from 2009 to 2011.

(iv) Jerry Korpan

Jerry Korpan was appointed to the board of directors of B2Gold in November 2007. Mr. Korpan served as Managing Director of Yorkton Securities UK until 1999 and a director of Bema Gold from 2002 to 2007. Until 2011, he was the Executive Director of Emergis Capital S.A., a company based in Antwerp, Belgium. Currently, Mr. Korpan serves as a director of Mitra Energy Limited, an independent oil company operating in South East Asia, and Midas Gold Corporation.

(v) Barry Rayment

Dr. Barry Rayment was appointed to the board of directors of B2Gold in October 2007. Dr. Rayment is a mining geologist with 40 years of experience in base and precious metal exploration and development. Between 1990 and 1993, he served as the President of Bema and also served as a director of Bema from 1988 to 2007. Dr. Rayment served as President of Mining Assets Corporation, a private company that provides consulting services to the mining industry between 1993 and 2010. He is currently a director of Americas Bullion Royalty Corp. Dr. Rayment was a director of EMC Metals Corp. between 2008 and 2009. Dr. Rayment obtained his Ph.D. in Mining Geology at the Royal School of Mines, London.

(vi) Bongani Mtshisi

Bongani Mtshisi was appointed to the board of directors of B2Gold in December 2011, following B2Gold's acquisition of Auryx in 2011. Mr. Mtshisi is a Mining Engineer by training with more than 12 years of experience working in key commodity sectors such as platinum, gold, diamond, nickel and copper (Anglo American Platinum Limited, Debeers/HUF joint venture and Sub Nigel Gold Mining Company). Mr. Mtshisi is currently the CEO of BSC Resources Ltd., a company that is involved in the exploration and development of copper and nickel commodities in South Africa. Mr. Mtshisi was also a founder and Chairman of Auryx. Mr. Mtshisi has a National diploma in Metalliferous Mining from Damelin College and a National Certificate in Project Management from The Technikon Witwatersrand, both in South Africa.

(vii) Michael Carrick

Michael Carrick was appointed to the board of directors of B2Gold in January 2013, following B2Gold's acquisition of CGA. Mr. Carrick is a Chartered Accountant with over 20 years of experience in the resources sector. He is currently Chairman and a Director of RTG Mining Inc. and previously held positions as President and CEO of CGA, Chairman and a director of Ratel Group Limited, Director of St. Augustine Gold & Copper Ltd., Executive Chairman of AGR Limited and CEO of Resolute Limited, an Australian listed company. Prior to joining Resolute Limited, Mr. Carrick was a senior international partner of Arthur Andersen. He has been responsible for the development of seven major gold mines in five countries, including the development of the first major gold

mines in Tanzania and Mongolia, and most recently the Masbate Mine, the largest gold mine in the Philippines.

(viii) Kevin Bullock

Kevin Bullock was appointed to the board of directors of B2Gold in December 2013, following B2Gold's acquisition of Volta. Mr. Bullock is a mining engineer with over 25 years of experience at senior levels in mining exploration, mine development and mine operations. Prior to joining B2Gold's board, Mr. Bullock was the President and CEO of Volta Resources Inc. and its predecessor company, Goldcrest Resources Ltd. since its inception in 2002. Prior to Volta and Goldcrest Resources Ltd., Mr. Bullock was VP Operations for Kirkland Lake Gold Ltd. and was instrumental in the reopening of its Macassa Gold Mine in Kirkland Lake, Ontario.

(c) **Senior Management, Vancouver, British Columbia, Canada**

(i) Clive Johnson, President, Chief Executive Officer and Director

Clive Johnson has served as a Director and the President of B2Gold since December 2006 and Chief Executive Officer since March 2007. Mr. Johnson oversees B2Gold's long-term strategy and development as well as the day-to-day activities of B2Gold. Previously, Mr. Johnson was involved with Bema Gold and its predecessor companies since 1977. Mr. Johnson was appointed the President and Chief Executive Officer of Bema after it was created by the amalgamation of three Bema group companies in 1988. He was the driving force in Bema's transition from a junior exploration company to an international intermediate gold producer. Mr. Johnson is currently a director of Uracon Resources Ltd.

(ii) Roger Richer, Executive Vice President, General Counsel and Secretary

Roger Richer has served as B2Gold's Executive Vice President, General Counsel since March 2007 and its Secretary since December 2006. Mr. Richer manages the legal affairs, corporate records and corporate governance of B2Gold. Mr. Richer has over 25 years of experience in mining law, corporate finance and international business transactions and practices. Mr. Richer was with Bema Gold from its inception in 1988 until 2007. Until June 2008, Mr. Richer had also served as the President of Consolidated Puma Minerals Corp., a TSX Venture Exchange listed company. He has a Bachelor of Arts and a Bachelor of Law degree from the University of Victoria.

(iii) Michael Cinnamond, Senior Vice President of Finance and Chief Financial Officer

Michael Cinnamond has served as B2Gold's Senior Vice President of Finance and Chief Financial Officer since April 2014 and served as B2Gold's Senior Vice President of Administration since July 2013. Prior to joining B2Gold, Mr. Cinnamond was an audit partner at PricewaterhouseCoopers LLP where he was the Resources Leader for the Mining, Forestry and Energy and Utilities practices. Mr. Cinnamond has 16 years of experience in the mining industry sector. Up to May 2014, Mr. Cinnamond served as the Finance Chair of the Canadian Institute of Mining and was previously the Treasurer of the Mining Suppliers Association of BC. He is a member of the Institute of Chartered Accountants of BC and holds an LL.B designation from the University of Exeter.

(iv) Tom Garagan, Senior Vice President of Exploration

Tom Garagan has served as B2Gold's Senior Vice President of Exploration since March 2007. Mr. Garagan is responsible for all aspects of B2Gold's exploration, including technical review of new acquisitions. Mr. Garagan is a geologist with over 30 years of experience. Mr. Garagan was with Bema Gold from 1991 to 2007 and was appointed Vice President of Exploration in 1996. He has worked in North and South America, East and West Africa and Russia. He was instrumental in several discoveries, including the Cerro Casale and Kupol deposits. Mr. Garagan currently serves as a director of Uracon Resources Ltd. Mr. Garagan has a Bachelor of Science (Honours) degree in geology from the University of Ottawa.

(v) Dennis Stansbury, Senior Vice President of Engineering and Project Evaluations

Dennis Stansbury has served as B2Gold's Senior Vice President of Engineering and Project Evaluations (and prior to that its Senior Vice President of Development and Production) since March 2007. Mr. Stansbury is a mining engineer with over 35 years of engineering, construction, production and management experience at surface and underground mines in ten different countries. After working for a number of gold mining companies in South America and the United States, he joined Bema Gold as Vice President South America in 1994 and was appointed Vice President of Development and Production in 1996. Mr. Stansbury has a Bachelor of Science degree in mining engineering from Montana College of Mineral Science and Technology.

(vi) George Johnson, Senior Vice President of Operations

George Johnson has served as B2Gold's Senior Vice President of Operations since August 2009. Mr. Johnson is responsible for overseeing all of the operational activities of B2Gold. Mr. Johnson is a mining engineer with over 35 years of experience in underground and open pit mine construction and operations management. Mr. Johnson joined Bema Gold in 1999 after 16 years with Hecla Mining Company. Following the takeover of Bema Gold by Kinross, he managed the construction and completion of the Kupol mine in Northeastern Russia. Mr. Johnson has a Bachelor of Science degree in mining engineering from the University of Washington.

## 7.6 Historical financial information

The selected historical financial information in this Section has been extracted from B2Gold's audited financial statements for the years ended 31 December 2013 and 31 December 2012 and the unaudited interim financial statements for the three month period ended 31 March 2014.

The information in this Section is a summary only and has been prepared solely for inclusion in this Scheme Booklet. The full financial accounts for the financial years 31 December 2013 and 31 December 2012 (inclusive of all notes) of B2Gold have been published in B2Gold's audited financial statements for the years ended 31 December 2013 and 31 December 2012, respectively, and the unaudited interim financial statements for the three month period ended 31 March 2014 of B2Gold and are available under B2Gold's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

(a) **Consolidated Statements of Operations and Comprehensive Income**

Set out below are B2Gold's audited Consolidated Statements of Operations and Comprehensive Income for the years ended 31 December 2013 and 31 December 2012 and the unaudited Consolidated Statement of Operations and Comprehensive Income for the three month period ended 31 March 2014.

Consolidated Statements of Operations

	Three months ended 31 March 2014 US\$000	Year ended 31 December 2013 US\$000	Year ended 31 December 2012 US\$000
Gold revenue	\$ 129,020	\$ 544,272	\$ 259,051
<b>Cost of sales</b>			
Production costs	(62,305)	(261,896)	(89,504)
Depreciation and depletion	(25,310)	(85,855)	(33,060)
Royalties and production taxes	(4,310)	(16,706)	(8,503)
Inventory fair value adjustments on CGA acquisition (non-cash)	-	(32,869)	-
Other	-	-	(962)
<b>Total cost of sales</b>	<b>(91,925)</b>	<b>(397,326)</b>	<b>(132,029)</b>
<b>Gross profit</b>	<b>37,095</b>	<b>146,946</b>	<b>127,022</b>
Gain on sale of Brucejack royalty	-	44,496	-
General and administrative	(7,322)	(31,869)	(17,610)
Share-based payments	(3,391)	(18,328)	(16,635)
Write-off of mineral property interests	-	(9,564)	(1,512)
CGA acquisition costs	-	(5,859)	(1,556)
Foreign exchange losses	(332)	(4,748)	(479)
Accretion of mine restoration provisions	-	(2,606)	(1,776)
Other	(910)	(4,876)	(3,317)
<b>Operating income</b>	<b>25,140</b>	<b>113,592</b>	<b>84,137</b>
Gain / loss on fair value of convertible notes	(38,287)	22,815	-
Write-down of long-term investments	(262)	(20,552)	-
Convertible notes transaction costs	-	(9,683)	-
Community relations	(1,509)	(8,079)	(6,839)
Realized losses on derivative instruments	(566)	(4,815)	(213)
Unrealized losses on derivative instruments	(88)	(2,660)	(149)
Accretion of mine restoration provisions	(298)	-	-
Interest and financing costs	(995)	(2,991)	(193)
Other	1,468	(522)	527
<b>Loss (income) before taxes</b>	<b>(15,397)</b>	<b>87,105</b>	<b>77,270</b>
Current income tax, withholding and other taxes	(9,459)	(22,899)	(17,853)
Deferred income tax recovery (expense)	878	3,097	(7,510)
<b>Net loss (income) for the period</b>	<b>\$ (23,978)</b>	<b>67,303</b>	<b>\$ 51,907</b>

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	Three months ended 31 March 2014 US\$000	Year ended 31 December 2013 US\$000	Year ended 31 December 2012 US\$000
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**Attributable to:**

Shareholders of the Company  
Non-controlling interests

\$	(24,005)	67,303	\$ 51,907
	27	-	-

Net loss (income) for the period

\$	(23,978)	67,303	\$ 51,907
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**(Loss) earnings per share** (attributable to shareholders of the Company)

Basic  
Diluted

\$	(0.04)	\$ 0.11	\$ 0.13
\$	(0.04)	\$ 0.07	\$ 0.13

**Weighted average number of common shares  
outstanding (in thousands)**

Basic  
Diluted

671,755	636,130	384,733
671,755	663,785	391,940

**Consolidated Statements of Comprehensive Income**

	Three months ended 31 March 2014 US\$000	Year ended 31 December 2013 US\$000	Year ended 31 December 2012 US\$000
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Net loss (income) for the period

\$	(23,978)	\$ 67,303	\$ 51,907
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**Other comprehensive loss**

Items that may be reclassified subsequently to net earnings:

- Exchange differences on translating foreign operations
- Unrealized gain on investments, net of deferred tax expense

2,673	(36,259)	(5,386)
823	1,106	(1,407)

-Reclassification adjustment for impairment loss on investment to net income

-	1,407	-
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Other comprehensive income (loss) for the period

3,496	(33,746)	(6,793)
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Total comprehensive (loss) income for the period

\$	(20,482)	\$ 33,557	\$ 45,114
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**(b) Consolidated balance sheets**

Set out below are B2Gold's audited Consolidated Balance Sheets as at 31 December 2013 and 31 December 2012 and the unaudited Consolidated Balance Sheet as at 31 March 2014.

	As at 31 March 2014 US\$000	As at 31 December 2013 US\$000	As at 31 December 2012 US\$000
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Assets  
Current

Cash and cash equivalents  
Accounts receivable and prepaids  
Value-added and other tax receivables  
Inventories

\$	183,537	\$ 252,736	\$ 67,949
	18,378	26,273	7,695
	29,766	19,823	18,737
	82,021	75,665	41,608

	<i>As at 31 March 2014 US\$000</i>	<i>As at 31 December 2013 US\$000</i>	<i>As at 31 December 2012 US\$000</i>
	313,702	374,497	135,989
<b>Long-term investments</b> (carried at quoted market values )	21,772	20,769	3,661
<b>Value-added tax receivables</b>	30,874	28,875	-
<b>Mining interests</b>			
- Owned by subsidiaries	1,571,715	1,517,277	432,725
- Investments in joint ventures	153,454	150,168	101,999
<b>Goodwill</b>	202,070	202,070	-
<b>Other assets</b>	18,788	16,070	2,091
	<b>\$ 2,312,375</b>	<b>\$ 2,309,726</b>	<b>\$ 676,465</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 36,494	\$ 65,812	\$ 24,223
Current taxes payable	13,497	15,658	13,797
Current portion of long-term debt	22,804	12,965	-
Current portion of unrealized fair value of derivative instruments	1,633	2,563	143
Current portion of mine restoration provisions	1,345	1,351	4,217
Other	473	472	1,501
	76,246	98,821	43,881
<b>Unrealized fair value of derivative instruments</b>	1,198	205	-
<b>Long-term debt</b>	339,344	300,447	-
<b>Mine restoration provisions</b>	45,497	45,449	27,659
<b>Deferred income taxes</b>	186,496	186,811	34,148
<b>Employee benefits obligation</b>	6,938	6,626	4,458
	655,719	638,359	110,146
<b>Equity</b>			
<b>Shareholders' equity</b>			
Share capital			
<i>Issued:</i> 31 March 2014 – 676,024,871 common shares	1,522,126	1,519,217	468,550
31 December 2013 – 674,719,721 common shares			
31 December 2012 - 393,307,942 common shares			
Contributed surplus	55,208	52,333	35,383
Accumulated other comprehensive loss	(37,310)	(40,539)	(6,793)
Retained earnings	108,635	132,640	62,807
	1,648,659	1,663,651	559,947
<b>Non-controlling interests</b>	7,997	7,716	6,372
	1,656,656	1,671,367	566,319
	<b>\$ 2,312,375</b>	<b>\$ 2,309,726</b>	<b>\$ 676,465</b>

(c) **Consolidated statements of cash flows**

Set out below are B2Gold's audited Consolidated Statements of Cash Flows for the years ended 31 December 2013 and 31 December 2012 and the unaudited Consolidated Statement of Cash Flows for the three month period ended 31 March 2014.

Three months ended 31 March 2014 US\$000	Year ended 31 December 2013 US\$000	Year ended 31 December 2012 US\$000
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<b>Operating activities</b>			
Net (loss)income for the period	\$ (23,978)	\$ 67,303	\$ 51,907
Mine restoration provisions settled	(256)	(1,073)	(3,486)
Non-cash charges (credits)			
Depreciation and depletion	25,310	85,855	33,060
Gain on sale of Brucejack royalty	-	(44,496)	-
Amortization of deferred revenue	-	(37,404)	-
Inventory fair value adjustments on CGA acquisition	-	32,869	-
Gain/loss on fair value of convertible notes	38,287	(22,815)	-
Write-down of long-term investments	262	20,552	-
Share-based payments	3,391	18,328	16,635
Convertible notes transaction costs	-	9,683	-
Write-off of mineral property interests	-	9,564	1,512
Deferred income tax (recovery) expense	(878)	(3,097)	7,510
Unrealized losses on derivative instruments	88	2,660	149
Accretion of mine restoration provisions	298	2,606	1,776
Loss on disposal of equipment	-	-	2,900
Other	777	3,808	2,436
Cash provided by operating activities before changes in non-cash working capital	43,301	144,343	114,399
Changes in non-cash working capital	(22,579)	3,484	(9,322)
Change in long-term value added tax receivables	(2,985)	-	-
Cash provided by operating activities	17,737	147,827	105,077
<b>Financing activities</b>			
Convertible notes, net of transaction costs	-	249,067	-
Revolving credit facilities, proceeds	-	100,000	-
Revolving credit facilities, repayments	-	(50,000)	-
Masbate project loan repayments	-	(18,524)	-
Repayment of Otjikoto equipment loan facility	(508)	-	-
Repayment of Libertad equipment loan	(155)	-	-
Otjikoto equipment loan facility, drawdowns net of transaction costs	11,326	9,168	-
Common shares issued for cash	-	2,369	8,617
Payment of finance lease obligations	(1,608)	(7,955)	-
Restricted cash, net	(1,969)	7,851	-
Common shares issued for cash	1,414	5,095	-
Revolving credit facility transaction costs	-	(4,048)	-
Interest and commitment fees paid	(6,024)	(2,925)	(192)
Other	-	(562)	(10)
Cash provided by financing activities	2,476	289,536	8,415
<b>Investing activities</b>			
Expenditures on mining interests:			
Otjikoto, mine construction	(49,909)	(83,469)	-
Otjikoto, mobile mine equipment	(6,761)	(46,539)	-
Otjikoto, power plant	(3,431)	(30,635)	-
Otjikoto, prestripping	(1,382)	(6,697)	-
Gramalote, prefeasibility and exploration	(3,255)	(47,979)	(30,872)
Masbate Mine, development and sustaining capital	(9,531)	(31,344)	-
Libertad Mine, development and sustaining capital	(6,391)	(17,506)	(29,586)
Libertad Mine, Jabali development	(1,384)	(14,514)	(12,693)
Limon Mine, development and sustaining capital	(4,840)	(16,992)	(21,461)
Other exploration and development	(8,178)	(28,222)	(47,215)
Cash acquired on CGA acquisition	-	56,088	-
CGA acquisition costs paid	-	(16,012)	-
Cash proceeds from sale of Brucejack royalty	-	44,496	-
Loan to EVI	-	(5,000)	-
Cash received for EVI preference shares	5,487	-	-
Purchase of EVI preference shares	-	(6,458)	-
Purchase of long-term investment	-	(3,997)	(5,068)
Cash acquired on Volta acquisition, net of transaction costs	-	3,217	-
Other	163	(1,013)	(940)
Cash used by investing activities	(89,412)	(252,576)	(147,835)

	Three months ended 31 March 2014 US\$000	Year ended 31 December 2013 US\$000	Year ended 31 December 2012 US\$000
(Decrease) increase in cash and cash equivalents	(69,199)	184,787	(34,343)
Cash and cash equivalents, beginning of period	252,736	67,949	102,292
Cash and cash equivalents, end of period	\$ 183,537	\$ 252,736	\$ 67,949

## INFORMATION ABOUT B2GOLD'S SHARES

### 7.7 Description of Capital Structure

B2Gold's authorized share capital consists of an unlimited number of B2Gold Shares and an unlimited number of preferred shares. As at the date of this Scheme Booklet, 680,044,751 B2Gold Shares and no preferred shares are issued and outstanding. A summary of certain rights attaching to B2Gold Shares can be found in Annexure 3.

#### (a) Common Shares

Registered holders of B2Gold Shares are entitled to receive notice of and attend all meetings of shareholders of B2Gold, and are entitled to one vote for each B2Gold Share held. In addition, holders of B2Gold Shares are entitled to receive on a *pro rata* basis dividends if, as and when declared by the board of directors and, upon liquidation, dissolution or winding-up of B2Gold, are entitled to receive on a *pro rata* basis the net assets of B2Gold after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares, including preferred shares, ranking in priority to, or equal with, the holders of the B2Gold Shares.

#### (b) Preferred Shares

The preferred shares without par value may at any time and from time to time be issued in one or more series. The board of directors may from time to time by resolution determine the maximum number of preferred shares of any such series or determine there is no maximum, determine the designation of the preferred shares of that series and amend the articles of B2Gold to create, define and attach, and if permitted by the BCBCA, alter, vary or abrogate, any special rights and restrictions to be attached to the preferred shares of that series. Except as provided in the special rights and restrictions attaching to the preferred shares, the holders of preferred shares will not be entitled to receive notice of, attend or vote any meeting of the shareholders of B2Gold. Holders of preferred shares will be entitled to preference with respect to payment of dividends on such shares over the B2Gold Shares, and over any other shares of B2Gold ranking junior to the preferred shares with respect to payment of dividends. In the event of liquidation, dissolution or winding-up of B2Gold, holders of preferred shares will be entitled to preference with respect to distribution of the property or assets of B2Gold over the B2Gold Shares and over any other shares of B2Gold ranking junior to the preferred shares with respect to the repayment of capital paid up on, and the payment of any or all

accrued and unpaid cumulative dividends whether or not earned or declared, or any or all declared and unpaid non-cumulative dividends, on the preferred shares.

## 7.8 Issued and Outstanding Securities

As at the date of this Scheme Booklet, B2Gold has the following securities on issue:

Common shares issued and outstanding	680,044,751
Common shares issuable upon exercise of options	41,345,543
Common shares issuable upon redemption of restricted share units	2,564,561
Common shares issuable on conversion of convertible notes	65,797,848 <sup>(1)</sup>
<b>Total</b>	<b>789,752,703</b>

- (1) In August 2013, B2Gold issued US\$258.75 million aggregate principal amount of Notes. The Notes are convertible by holders into B2Gold Shares, based on an initial conversion rate of 254.2912 B2Gold Shares per US\$1,000 principal amount, which conversion rate is subject to amendment in certain circumstances. Upon conversion of the Notes, holders will receive B2Gold Shares or, subject to certain conditions, cash or a combination of cash and B2Gold Shares, at B2Gold's election.

## 7.9 Details of Current Substantial Holders of B2Gold Shares

As at the date of this Scheme Booklet, B2Gold has the following substantial holders:

Name of Shareholder	Number of Shares	Percentage
Fidelity <sup>(1)</sup>	80,637,990	11.8%
Van Eck Associates	42,786,064	6.30%
Fiera Capital Corporation	35,350,100	5.21%
Blackrock	43,846,014	6.46%
<b>Total</b>	<b>202,620,169</b>	<b>29.85%</b>

Note:

- (1) The common shares of B2Gold reflected in the table above are held by Fidelity through Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, Strategic Advisors Incorporated and FIL Limited.

As of the date of this Scheme booklet, to the knowledge of the directors and senior officers of B2Gold, no individual or corporation beneficially owns, directly or indirectly, or exercises control or direction over greater than five percent (5%) of the issued and outstanding securities of B2Gold other than the persons set forth above.

### 7.10 B2Gold's Stock Option Plan

The B2Gold Board has adopted the B2Gold stock option plan, as amended and restated, dated 14 May 2014 (the **B2Gold Option Plan**) for the benefit of officers, directors, employees and consultants of B2Gold and any associated, affiliated, controlled or subsidiary company. The purpose of the B2Gold Option Plan is to provide eligible persons with an opportunity to purchase B2Gold Shares and to benefit from the appreciation in the value of such B2Gold Shares. The B2Gold Option Plan will increase B2Gold's ability to attract individuals of exceptional skill by providing them with the opportunity, through the exercise of share options, to benefit from the growth of B2Gold.

The B2Gold Board has the authority to determine the directors, officers, employees and consultants to whom options will be granted, the number of options to be granted to each person and the price at which B2Gold Shares may be purchased, subject to the terms and conditions set forth in the B2Gold Option Plan.

The B2Gold Option Plan is a rolling stock option plan. The maximum number of common shares issuable pursuant to the B2Gold Option Plan is a number equal to 7.5% of the number of issued and outstanding common shares on a non-diluted basis at any time. As at the date of this Scheme Booklet, there were 36,927,730 stock options issued and outstanding under the B2Gold Option Plan, representing approximately 5.43% of B2Gold's issued and outstanding share capital. Accordingly, after taking into account the 2,029,369 B2Gold Shares remaining issuable under B2Gold's RSU Plan and the 4,417,813 options to purchase B2Gold Shares that were issued in connection with the acquisition of Auryx and Volta, 5,063,883 B2Gold Shares remain available for future stock option awards under the B2Gold Option Plan, representing approximately 0.74% of B2Gold's issued and outstanding share capital.

Key provisions of the B2Gold Option Plan include:

- (i) the eligible participants are any director, officer, employee, or consultant of B2Gold or any of its associated affiliated, controlled or subsidiary companies;
- (ii) the maximum number of common shares issuable pursuant to the B2Gold Option Plan, together with the common shares issuable pursuant to all of B2Gold's other previously established and outstanding or proposed security based compensation arrangements, in aggregate, will be a number equal to 7.5% of the total number issued and outstanding common shares on a non-diluted basis at any time;
- (iii) the maximum number of common shares issuable to insiders pursuant to the B2Gold Option Plan, together with the common shares issuable pursuant to all of B2Gold's other previously established and outstanding or proposed security based compensation arrangements, in aggregate, shall not exceed 7.5% of the total number of issued and outstanding common shares on a non-diluted basis at the time of the grant;
- (iv) the maximum number of common shares issuable to insiders within any one-year period pursuant to the B2Gold Option Plan, together with the common shares issuable pursuant to all of B2Gold's other previously established and outstanding or proposed security based compensation arrangements, in aggregate, shall not exceed 7.5% of the total number of issued and outstanding common shares on a non-diluted basis;

- (v) the maximum number of common shares issuable to any one individual within any one-year period pursuant to the B2Gold Option Plan, together with the common shares issuable pursuant to all of B2Gold's other previously established and outstanding or proposed security based compensation arrangements, in aggregate, shall not exceed 5% of the total number of issued and outstanding common shares on a non-diluted basis;
- (vi) the maximum number of common shares issuable to non-employee directors, as a group, pursuant to the B2Gold Option Plan, together with the common shares issuable pursuant to all of B2Gold's other previously established and outstanding or proposed security based compensation arrangements, in aggregate, shall not exceed 1% of the total number of issued and outstanding common shares on a non-diluted basis at the time of the grant;
- (vii) the maximum number of common shares issuable to a non-employee director, pursuant to the B2Gold Option Plan, together with the common shares issuable pursuant to all of B2Gold's other previously established and outstanding or proposed security based compensation arrangements, in aggregate, will not exceed 1% of the total number of issued and outstanding common shares on a non-diluted basis at the time of grant and will not exceed a value of C\$100,000 (based on the fair value of the options at the time of grant) per non-employee director per calendar year;
- (viii) the vesting period of all options shall be determined by the Board of Directors;
- (ix) options may be exercisable for a period of up to a maximum term of ten years from the grant date, such period to be determined by the Board of Directors and the options are non-transferable and non-assignable;
- (x) the Board of Directors shall fix the exercise price of each option at the time the option is granted, provided that such exercise price is not less than the closing market price on the grant date of such options or such other minimum price as may be required by TSX;
- (xi) options held by optionees who are terminated without cause are subject to an accelerated expiry term for those options which requires that options held by those individuals expire on the earlier of: (i) the original expiry term of such options; (ii) 90 days after the optionee ceases active employment with B2Gold; (iii) 90 days after the date of delivery of written notice of retirement, resignation or termination; or (iv) the expiration date fixed by the Board of Directors;
- (xii) options held by an individual who ceases to be employed by B2Gold for cause or is removed from office or becomes disqualified from being a director will terminate immediately;
- (xiii) in the event that the expiry date of an option falls within a "black-out period" (a period during which certain persons cannot trade common shares pursuant to a policy of B2Gold respecting restrictions on trading), or immediately following a black-out period, the expiration date is automatically extended to the date which is the tenth business day after the end of the black-out period;

- (xiv) in the event of death of an optionee, any option held as at the date of death is immediately exercisable for a period of 12 months after the date of death or prior to the expiry of the option term, whichever is sooner;
- (xv) upon the announcement of a transaction which, if completed, would constitute a change of control of B2Gold and under which common shares of B2Gold are to be exchanged, acquired or otherwise disposed of, including a takeover bid, all options that have not vested will be deemed to be fully vested and exercisable, solely for the purposes of permitting the optionees to exercise such options in order to participate in the change of control transaction;
- (xvi) options that expire unexercised or are otherwise cancelled will be returned to the B2Gold Option Plan and may be made available for future option grant pursuant to the provisions of the B2Gold Option Plan;
- (xvii) the Board of Directors of B2Gold may, from time to time, subject to applicable law and prior approval, if required, of TSX or any other applicable regulatory body, suspend, terminate, discontinue or make certain amendments to the B2Gold Option Plan or stock option outstanding under the B2Gold Option Plan without shareholder approval that (i) are amendments of a “housekeeping” nature; (ii) change the vesting provisions of the B2Gold Option Plan or any option; (iii) change the termination provisions of any option that does not entail an extension beyond the original expiration date (as such date may be extended as a result of a blackout B2Gold Option Plan); and
- (xviii) the Board of Directors of B2Gold, absent prior approval of the shareholders of B2Gold and TSX or any regulatory body having authority of B2Gold, will not be entitled to: (i) increase the maximum percentage of common shares issuable by B2Gold pursuant to the B2Gold Option Plan; (ii) amend an option grant to effectively reduce the exercise price or extend the expiry date of such options; (iii) make a change to the class of eligible participants which would have the potential of broadening or increasing participation by insiders; (iv) add any form of financial assistance; or (v) amend the B2Gold Option Plan to permit options to be transferable or assignable other than as provided by the B2Gold Option Plan.

As at the date of this Scheme Booklet, the following options were outstanding under the B2Gold Option Plan, each exercisable to purchase one B2Gold Share<sup>(1)</sup>:

Number	Exercise Price (C\$)	Expiry Date
80,400	1.27	21 January 2015
210,000	1.25	8 February 2015
155,000	1.33	7 March 2015
120,000	1.44	2 June 2015
20,000	1.85	4 October 2015
200,000	1.97	19 October 2015
1,484,000	2.45	7 November 2015
122,400	2.57	30 November 2015
578,125	2.31	20 January 2016
687,000	3.11	30 May 2016

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175,000	3.19	28 June 2016
815,000	3.08	4 August 2016
351,800	3.24	23 October 2016
8,714,755	3.10	18 January 2017
400,000	3.93	4 March 2017
180,000	3.06	8 May 2017
390,000	3.18	12 July 2017
285,000	3.92	9 October 2017
1,200,000	3.80	29 January 2018
300,000	3.06	24 February 2018
12,318,250	3.00	10 April 2018
360,000	3.00	21 April 2018
195,000	2.60	30 May 2108
60,000	2.50	6 June 2018
500,000	2.50	1 July 2018
430,000	2.70	8 July 2018
60,000	3.00	22 August 2018
220,000	2.60	16 September 2018
210,000	2.50	15 October 2018
550,000	2.32	27 November 2018
500,000	2.32	5 January 2019
1,120,000	2.50	15 January 2019
100,000	2.70	3 February 2019
260,000	3.03	26 March 2019
3,236,000	3.15	29 April 2019
200,000	3.00	18 June 2019
140,000	2.90	23 July 2019

**Note:** Options outstanding under the B2Gold Option Plan, and shown in the above table, do not include 4,417,813 options that remaining outstanding pursuant to options that were issued in connection with the acquisition of Aurix and Volta

### 7.11 Restricted Share Unit Plan

On 14 May 2014, B2Gold's Board of Directors approved a Restricted Share Unit Plan, as amended (the **B2Gold RSU Plan**), subject to the receipt of shareholder and regulatory approvals, which approvals were obtained by 13 June 2014. Adoption of the B2Gold RSU Plan was part of B2Gold's continuing effort to build upon and enhance long term shareholder value. The B2Gold RSU Plan reflects B2Gold's commitment to a long term incentive compensation structure that aligns the interests of its employees with the interests of its shareholders.

Restricted share units (the **RSUs**) may be granted by B2Gold's Compensation Committee, which has been appointed to administer the B2Gold RSU Plan to directors, executive officers and employees of B2Gold (the **Designated Participants**). The Committee is entitled to exercise its discretion to restrict participation under the B2Gold RSU Plan. As at the date of this Scheme Booklet, B2Gold has granted 7,970,631 RSU's under the B2Gold RSU Plan. Accordingly, 2,029,369 RSU's remain available for grant under the B2Gold RSU Plan.

The following is a summary of the key features of the B2Gold RSU Plan:

- (i) Awarding RSUs
  - (A) The number of RSUs granted will be credited to the Designated Participant's account effective on the grant date.
  - (B) The Compensation Committee will credit a Designated Participant with additional RSUs equal to the aggregate amount of any dividends that would have been paid to the Designated Participant if the RSUs had been common shares, divided by the market value of the common shares on the date immediately preceding the date on which the common shares began to trade on an ex-dividend basis; provided that no fractional RSUs will be created thereby.
  - (C) 10,000,000 B2Gold Shares will be reserved for issuance under the B2Gold RSU Plan.
  - (D) The maximum number of common shares issuable to insiders, at any time, pursuant to the B2Gold RSU Plan, together with all of B2Gold's other security based compensation arrangements, is 7.5% of B2Gold's issued and outstanding common shares at any time.
  - (E) The maximum number of common shares issuable to insiders within any one year period pursuant to the B2Gold RSU Plan, together with all of B2Gold's other security based compensation arrangements, is 7.5% of B2Gold's issued and outstanding common shares at any time.
  - (F) The maximum number of common shares issuable to non-employee directors pursuant to the B2Gold RSU Plan, together with all of B2Gold's other security based compensation arrangements, is 1% of B2Gold's issued and outstanding common shares at any time.

- (G) The maximum number of common shares issuable to a non-employee director, pursuant to the Amended RSU Plan, together with the common shares issuable pursuant to all of B2Gold's other previously established and outstanding or proposed security based compensation arrangements, in aggregate, will not exceed 1% of the total number of issued and outstanding common shares on a non-diluted basis at any time and will not exceed a value of C\$100,000 (based on the fair value of the options at the time of grant) per non-employee director per calendar year.
  - (H) Any rights with respect to RSUs will not be transferable or assignable other than for normal estate settlement purposes.
- (ii) Vesting
- (A) Unless otherwise determined by the Compensation Committee, one-third (1/3) of the RSUs will vest on each of the first, second and third anniversaries of the date that the RSUs are granted.
  - (B) In the event that a Designated Participant dies, retires, becomes disabled or is terminated without cause prior to the vesting of the RSUs, the Compensation Committee, in its sole discretion, will determine whether or not any or all of the RSUs or any dividend equivalent RSUs shall be considered to have vested.
  - (C) If a Designated Participant is terminated for cause or resigns without good reason, his or her RSUs will immediately expire as of the date of termination.
- (iii) Redemption
- (A) Once fully vested, each RSU entitles the holder, subject to the terms of the RSU Plan, to receive a payment of one fully-paid common share.
- (iv) Change of Control
- (A) If there is a corporate transaction that results in any person or group of persons acquiring more than 20% of B2Gold's outstanding common shares or substantially all of B2Gold's assets, or the incumbent members of the Board of Directors no longer constitute a majority of the board, a change of control will have occurred for the purposes of the B2Gold RSU Plan.
  - (B) In the event of a change of control, for Designated Participants whose employment thereafter ceases for any reason other than resignation without good reason or termination for cause, the RSUs will immediately be deemed to vest and B2Gold shall, at its option, issue common shares or pay a cash amount equal to the market value of such vested RSUs to the Designated Participant.
  - (C) In the event of a change of control, should the person or group acquiring the common shares of B2Gold not agree to assume all of the obligations of B2Gold under the B2Gold RSU Plan, all unvested RSUs held by Designated Participants will immediately be deemed to vest and B2Gold shall, at its option, issue common

shares or pay a cash amount equal to the market value of such vested RSUs to the Designated Participant.

- (v) Amendment
- (A) The Board may amend, suspend or terminate the B2Gold RSU Plan at any time without shareholder approval, unless shareholder approval is required by law or by the rules, regulations and policies of TSX, provided that, without the consent of a Designated Participant, such amendment, suspension or termination may not in any manner adversely affect the Designated Participant's rights.
- (B) Subject to the terms of the B2Gold RSU Plan, the Board may approve amendments relating to the B2Gold RSU Plan, without obtaining shareholder approval, to the extent that such amendment is (i) of a typographical, grammatical, clerical or administrative nature or is required to comply with applicable regulatory requirements; (ii) an amendment relating to administration of the B2Gold RSU Plan and eligibility for participation under the B2Gold RSU Plan; (iii) changes the terms and conditions on which RSUs may be or have been granted pursuant to the B2Gold RSU Plan, including change to the vesting provisions of the RSUs; (iv) changes the termination provisions of an RSU or the B2Gold RSU Plan; or (v) is an amendment of a "housekeeping nature".
- (C) Shareholder approval will be required for: (i) increasing the number of securities issuable under the B2Gold RSU Plan; (ii) making a change to the class of Designated Participants that would have the potential of broadening or increasing participation by insiders; (iii) amending the restriction on transferability of RSUs; (iv) permitting awards other than RSUs to be made under the B2Gold RSU Plan; and (v) deleting or reducing the amendments that require shareholders' approval under the B2Gold RSU Plan.

### 7.12 Dividends

B2Gold has not declared any dividends or distributions on its securities since its incorporation. B2Gold intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends or distributions in the foreseeable future. The B2Gold Board may declare from time to time such cash dividends or distributions out of the monies legally available for dividends or distributions as the B2Gold Board considers advisable. Any future determination to pay dividends or make distributions will be at the discretion of the board of directors and will depend on the capital requirements of B2Gold, results of operations and such other factors as the B2Gold Board considers relevant.

### 7.13 Market for Securities

The B2Gold Shares are listed for trading on TSX under the symbol "BTO". The following table sets out the market price range and trading volumes of the B2Gold Shares on TSX for the periods indicated.

Year		High (C\$)	Low (C\$)	Volume (no. of shares)
	July	3.17	2.67	167,516,873
	June	3.25	2.38	283,524,151
	May	3.20	2.575	117,112,669
	April	3.26	2.91	119,592,449
	March	3.69	2.83	177,502,759
	February	3.27	2.63	163,422,792
2014	January	2.78	2.195	154,485,321
	December	2.33	1.96	116,564,101
	November	2.59	2.04	101,759,170
	October	2.89	2.21	135,173,496
	September	3.01	2.50	111,361,631
	August	3.69	2.66	215,399,806
	July	3.16	2.17	124,715,967
2013	June	2.80	1.87	196,608,234

The closing price of the B2Gold Shares on TSX on 2 June 2014, the last trading day before the public announcement of the Scheme, was C\$2.62. The closing price of the B2Gold Shares on TSX on 5 August 2014, the last practicable trading day before the date of this Scheme Booklet, was C\$2.87.

The B2Gold Shares are also listed for trading on NYSE MKT under the symbol "BTG". The following table sets out the market price range and trading volumes of the B2Gold Shares on NYSE MKT for the periods indicated.

Year		High (US\$)	Low (US\$)	Volume (no. of shares)
	July	2.97	2.57	26,348,068
	June	3.03	2.1845	38,948,188
	May	2.92	2.37	32,342,152
	April	2.99	2.645	31,413,067
	March	3.33	2.56	48,333,913
	February	2.93	2.38	34,870,345
2014	January	2.52	2.02	28,689,435
	December	2.27	1.85	38,326,296

Year		High (US\$)	Low (US\$)	Volume (no. of shares)
	November	2.55	1.94	30,890,576
	October	2.76	2.06	32,365,113
	September	2.96	2.41	75,216,581
	August	3.57	2.45	73,477,383
	July	3.07	2.06	34,233,380
2013	June	2.72	1.78	95,765,848

#### 7.14 B2Gold reporting

B2Gold is subject to the continuous disclosure requirements of TSX and the various Canadian Securities Commissions and the SEC. B2Gold's continuous disclosure filings are reflected on the following websites:

Website	Information Filed
<a href="http://www.sedar.com">www.sedar.com</a>	Annual information form, Annual and quarterly financial statements, news releases, material change reports, technical reports, notice of meetings, management information circulars, certifications of filings, management discussions and analysis reports and code of conduct
<a href="http://www.sec.gov/edgar.shtml">www.sec.gov/edgar.shtml</a>	Annual reports and current reports
<a href="http://www.sedi.ca">www.sedi.ca</a>	Insider reports

## 8. Information about the Merged Entity

### 8.1 Overview of the Merged Entity

The Merged Entity is expected to be a growth orientated intermediate gold producer and will have:

- (i) a pro forma market capitalisation of C\$2.63 billion as at 5 August 2014<sup>4</sup>;
- (ii) the ability to implement strategic growth opportunities from a diversified portfolio of assets with three operating mines, one mine under construction and three development assets spanning three continents and located in high-growth emerging economies, serving to mitigate collective operational and geopolitical risk;
- (iii) attributable Mineral Reserves of 5.58 million ounces of gold, attributable Measured and Indicated Mineral Resources of 10.98 million ounces of gold and attributable Inferred Mineral Resources of 4.90 million ounces of gold;
- (iv) forecast production of approximately 395,000 - 420,000 ounces of gold in 2014 at a projected all-in sustaining cost of approximately US\$1,025-US\$1,125 per ounce across its portfolio, increasing to approximately 550,000 ounces by 2015 as the low cost Otjikoto mine in Namibia is scheduled to commence gold production in late 2014;
- (v) a strong development pipeline of projects with the Fekola Project in Mali, the Kiaka Project in Burkina Faso and the Gramalote Project (51% AngloGold /49% B2Gold joint venture) in Colombia;
- (vi) an extensive exploration portfolio in highly prospective regions of Nicaragua, the Philippines, Namibia, Burkina Faso, Colombia and Mali;
- (vii) a strong financial position and internal cash flows to fund development and exploration of its producing mines, development assets and exploration portfolio, with continued strong cash flow from operations and, on a pro forma basis as at 31 March 2014, cash and cash equivalent assets of approximately US\$214.1 million and unused debt capacity of US\$150 million (US\$125 million as at 30 June 2014); and
- (viii) a proven management team, which has demonstrated its ability to discover, finance, build and operate profitable gold mines around the world.

It is anticipated these benefits will result in improved shareholder value.

### 8.2 Post-Merger intentions of B2Gold

This Section 8.2 sets out B2Gold's current intentions in relation to:

- (i) the continuation of business of Papillon;

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<sup>4</sup> Calculated using the closing price of B2Gold on 5 August 2014, being the last practicable date on which B2Gold traded on the TSX prior to the date of this Scheme Booklet.

- (ii) the Board of Papillon;
- (iii) any major changes to the business of Papillon and any redeployment of the fixed assets of Papillon, if B2Gold acquires all of the Papillon Shares on issue through the approval and implementation of the Scheme;
- (iv) the future employment of the current employees of Papillon; and
- (v) its ownership of Papillon.

**These intentions are based on the information concerning Papillon, its business and the general business environment that is known to B2Gold at the time of the preparation of this Scheme Booklet, which is limited to publicly available information and a due diligence review of certain non-public information provided by Papillon.**

Final decisions in relation to the ongoing prospects for Papillon will only be reached after B2Gold has had an opportunity to undertake a detailed review of Papillon's operations. Accordingly, the statements set out in this Section 8.2 are statements of current intention only which may change as new information becomes available or circumstances change.

(a) **Delisting**

If the Merger becomes effective, Papillon will be obliged to request the ASX to remove Papillon from its official list. B2Gold is not listed on the official list of ASX.

(b) **The Board of Papillon**

B2Gold has a right under the Merger Implementation Agreement to reconstitute the boards of each of Papillon and its subsidiaries with representatives appointed by B2Gold. B2Gold intends that the existing Papillon Directors will resign as directors of Papillon and be replaced by B2Gold nominees.

(c) **Business continuity / major changes**

If the Merger is implemented, B2Gold will own all business operations currently conducted by Papillon.

B2Gold intends to continue Papillon's business in substantially the same manner it has been conducted as at the date of this Scheme Booklet. B2Gold does not intend on making any major changes to Papillon's business and will continue to develop the Fekola Project.

(d) **Employees**

Subject to a full review post-acquisition, it is B2Gold's current intention to maintain the current workforce at Papillon's Malian operations. It is currently intended that Papillon's head office in Australia will be closed.

(e) **Ownership of Papillon**

If the Scheme is implemented, B2Gold will own 100% of Papillon and Papillon will become a Subsidiary of B2Gold.

### 8.3 Board composition after Merger

If the Scheme proceeds, the current members of the B2Gold Board will continue to form the board of B2Gold with the addition of Mark Connelly.

### 8.4 Capital Structure of Merged Entity

Upon implementation of the Scheme and the acquisition by B2Gold of all outstanding Papillon Options, B2Gold will have the following securities on issue:

Common shares issued and outstanding	917,435,887
Common shares issuable upon exercise of options	41,345,543
Common shares issuable upon redemption of restricted share units	2,564,561
Common shares issuable on conversion of convertible notes	65,797,848 <sup>(1)</sup>
<b>Total</b>	<b>1,027,143,839</b>

- (1) In August 2013, B2Gold issued US\$258.75 million aggregate principal amount of Notes. The Notes are convertible by holders into B2Gold Shares, based on an initial conversion rate of 254.2912 B2Gold Shares per US\$1,000 principal amount, which conversion rate is subject to amendment in certain circumstances. Upon conversion of the Notes, holders will receive B2Gold Shares or, subject to certain conditions, cash or a combination of cash and B2Gold Shares, at B2Gold's election.

### 8.5 Pro forma financial information

Set out below are the unaudited pro forma consolidated financial statements of the Merged Entity which have been prepared based on the unaudited financial statements of B2Gold as at 31 March 2014 and the audited financial statements of B2Gold as at 31 December 2013 (see Section 7.6) and unaudited financial statements of Papillon as at 31 March 2014 and 31 December 2013 (see Section 6.10), including pro forma adjustments and reclassifications to account for the acquisition of Papillon by B2Gold as though it had occurred on 31 March 2014 and 1 January 2013.

The Merged Entity pro forma financial information is presented in an abbreviated form and does not include all the disclosures required by IFRS applicable to financial reports.

**B2GOLD CORP.**  
**PRO FORMA CONSOLIDATED BALANCE SHEET**  
**(Unaudited)**  
As at 31 March 2014  
(Expressed in thousands of United States dollars)

	<b>As Reported B2Gold</b>	<b>Papillon Adjusted (Note 6 (a))</b>	<b>Pro Forma Adjustments</b>	<b>Notes</b>	<b>Pro Forma Consolidated</b>
<b>Assets</b>					
<b>Current</b>					
Cash & cash equivalents	\$ 183,537	\$ 38,285	\$ (9,550) (5,702) 7,512	4(a) 4(a) 4(d)	\$ 214,082
Accounts receivable and prepaids	18,378	399	-		18,777
Current value-added and	29,766	-	-		29,766

	<b>As Reported B2Gold</b>	<b>Papillon Adjusted (Note 6 (a))</b>	<b>Pro Forma Adjustments</b>	<b>Notes</b>	<b>Pro Forma Consolidated</b>
other tax receivables					
Inventories	82,021	-	-		82,021
	313,702	38,684	7,740		344,646
Long-term investments	21,772	-	-		21,772
Value-added tax receivables	30,874	-	-		30,874
Mining interests					
-Owned by subsidiaries	1,571,715	65,392	663,803	4(b)	2,300,910
-Investments in joint ventures	153,454	-	-		153,454
Goodwill	202,070	-	-		202,070
Other assets	18,788	-	-		18,788
	<u>\$ 2,312,375</u>	<u>\$ 104,076</u>	<u>\$ 656,063</u>		<u>\$ 3,072,514</u>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 36,494	\$ 3,261	\$ -		\$ 39,755
Current taxes payable	13,497	-	-		13,497
Current portion of long-term debt	22,804	-	-		22,804
Current portion of unrealized fair value of derivative instruments	1,633	-	-		1,633
Current portion of mine restoration provisions	1,345	-	-		1,345
Other	473	-	-		473
	76,246	3,261	-		79,507
Unrealized fair value of derivative instruments	1,198	-	-		1,198
Long-term debt	339,344	-	-		339,344
Mine restoration provisions	45,497	-	-		45,497
Deferred income taxes	186,496	-	-		186,496
Employee benefits obligations	6,938	-	-		6,938
	655,719	3,261	-		658,980
<b>Shareholders' Equity</b>					
Share capital	1,522,126	109,200	684,245	4(b)	2,206,371
			7,512	4(b)	
			(116,712)	4(b)	
Contributed surplus	55,208	5,294	(5,294)	4(b)	55,208
Accumulated other comprehensive loss	(37,310)	6,124	(6,124)	4(b)	(37,310)
Retained earnings (deficit)	108,635	(20,801)	26,503	4(b)	108,635
			(5,702)	4(a)	
Non-controlling interests	7,997	998	72,633	4(c)	80,630
			(998)	4(b)	
	1,656,656	100,815	656,063		2,413,534
	<u>\$ 2,312,375</u>	<u>\$ 104,076</u>	<u>\$ 656,063</u>		<u>\$ 3,072,514</u>

The accompanying notes form an integral part of these unaudited pro forma consolidated financial statements.

**B2GOLD CORP.**  
**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
**(Unaudited)**

For the three month period ended 31 March 2014

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

	<u>As Reported B2Gold</u>	<u>Papillon Adjusted (Note 6(b))</u>	<u>Pro Forma Adjustments</u>	<u>Notes</u>	<u>Pro Forma Consolidated</u>
<b>Gold revenue</b>	\$ 129,020	\$ -	\$ -		\$ 129,020
<b>Cost of sales</b>					
Production costs	(62,305)	-	-		(62,305)
Depreciation and depletion	(25,310)	-	-		(25,310)
Royalties and production taxes	(4,310)	-	-		(4,310)
	<u>(91,925)</u>	<u>-</u>	<u>-</u>		<u>(91,925)</u>
<b>Gross profit</b>	37,095				37,095
General and administrative	(7,322)	(1,056)	-		(8,378)
Share-based payments	(3,391)	(492)	-		(3,883)
Foreign exchange losses	(332)	-	-		(332)
Other	(910)	-	-		(910)
<b>Operating income (loss)</b>	25,140	(1,548)	-		23,592
Loss on fair value of convertible notes	(38,287)	-	-		(38,287)
Community relations	(1,509)	-	-		(1,509)
Interest and financing costs	(995)	-	-		(995)
Realized losses on derivative instruments	(566)	-	-		(566)
Unrealized losses on derivative instruments	(88)	-	-		(88)
Accretion of mine restoration provisions	(298)	-	-		(298)
Write-down of long-term investments	(262)	-	-		(262)
Other	1,468	342	-		1,810
<b>Loss before taxes</b>	(15,397)	(1,206)	-		(16,603)
Current income tax, withholding and other taxes	(9,459)	-	-		(9,459)
Deferred income tax recovery	878	-	-		878
<b>Net loss for the period</b>	<u>\$ (23,978)</u>	<u>\$ (1,206)</u>	<u>\$ -</u>		<u>\$ (25,184)</u>
<b>Loss per share</b>					
Basic	\$ (0.04)				\$ (0.03)
Diluted	\$ (0.04)				\$ (0.03)
<b>Weighted average number of shares outstanding</b>					
Basic	671,755			5	909,146
Diluted	671,755			5	909,146

The accompanying notes form an integral part of these unaudited pro forma consolidated financial statements.

**B2GOLD CORP.**  
**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**  
**(Unaudited)**

For the twelve month period ended 31 December 2013  
(Expressed in thousands of United States dollars except share and per share amounts)

	As Reported B2Gold	Papillon Adjusted (Note 6(c))	Pro Forma Adjustments	Notes	Pro Forma Consolidated
<b>Gold revenue</b>	\$ 544,272	\$ -	\$ -		\$ 544,272
<b>Cost of sales</b>					
Production costs	(261,896)	-	-		(261,896)
Depreciation and depletion	(85,855)	-	-		(85,855)
Royalties and production taxes	(16,706)	-	-		(16,706)
Inventory fair value adjustments on CGA acquisition	(32,869)	-	-		(32,869)
	<u>(397,326)</u>	<u>-</u>	<u>-</u>		<u>(397,326)</u>
<b>Gross profit</b>	146,946	-	-		146,946
Gain on sale of Brucejack royalty	44,496	-	-		44,496
General and administrative	(31,869)	(3,647)	-		(35,516)
Share-based payments	(18,328)	(3,130)	-		(21,458)
Write-off of mineral property interests	(9,564)	-	-		(9,564)
CGA acquisition costs	(5,859)	-	-		(5,859)
Foreign exchange losses	(4,748)	-	-		(4,748)
Other	(4,876)	-	-		(4,876)
<b>Operating income (loss)</b>	116,198	(6,777)	-		109,421
Gain on fair value of convertible notes	22,815	-	-		22,815
Write-down of long-term investments	(20,552)	-	-		(20,552)
Convertible notes transaction costs	(9,683)	-	-		(9,683)
Community relations	(8,079)	-	-		(8,079)
Realized losses on derivative instruments	(4,815)	-	-		(4,815)
Unrealized losses on derivative instruments	(2,660)	-	-		(2,660)
Interest and financing costs	(2,991)	-	-		(2,991)
Accretion of mine restoration provisions	(2,606)	-	-		(2,606)
Other	(522)	1,762	-		1,240
<b>Income (loss) before taxes</b>	87,105	(5,015)	-		82,090
Current income tax, withholding and other taxes	(22,899)	-	-		(22,899)
Deferred income tax recovery	3,097	-	-		3,097
<b>Net income (loss) for the period</b>	\$ <u>67,303</u>	\$ <u>(5,015)</u>	\$ <u>-</u>		\$ <u>62,288</u>

	As Reported B2Gold	Papillon Adjusted (Note 6(c))	Pro Forma Adjustments	Notes	Pro Forma Consolidated
<b>Earnings per share</b>					
Basic	\$ 0.11				\$ 0.07
Diluted	\$ 0.07				\$ 0.04
<b>Weighted average number of shares outstanding</b>					
Basic	636,130			5	873,521
Diluted	663,785			5	901,176

The accompanying notes form an integral part of these unaudited pro forma consolidated financial statements.

**B2GOLD CORP.**  
**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS**  
**(Unaudited)**

For the three months ended 31 March 2014 and for the twelve months ended 31 December 2013  
(All tabular amounts expressed in thousands of United States dollars, except shares and per share amounts)

**1. BASIS OF PRESENTATION**

The unaudited pro forma consolidated balance sheet of B2Gold as at 31 March 2014 and unaudited pro forma consolidated statements of operations for the three month period ended 31 March 2014 and the twelve month period ended 31 December 2013 have been prepared by the management of B2Gold in accordance with B2Gold's accounting policies as described in notes 3 and 4 of B2Gold's audited annual consolidated financial statements for illustrative purposes only, to show the effect of the Merger Implementation Agreement entered into with Papillon, more fully described in Note 3, pursuant to which B2Gold agreed to acquire (or procure that the B2Gold Nominee acquire) all of the issued and outstanding securities of Papillon, resulting in the acquisition of Papillon by B2Gold.

Amounts in these unaudited pro forma consolidated financial statements and notes are represented in US\$ unless otherwise indicated. The Papillon consolidated balance sheet and consolidated statements of operations have been translated from A\$ to US\$ as described in Note 6.

The unaudited pro forma consolidated balance sheet has been prepared as if the asset acquisition described in Note 3 had occurred on 31 March 2014 using the unaudited consolidated balance sheet of B2Gold as at 31 March 2014 and the unaudited consolidated balance sheet of Papillon as at 31 March 2014 (Note 6(a)).

The unaudited pro forma consolidated statement of operations for the three month period ended 31 March 2014 has been prepared as if the asset acquisition described in Note 3 occurred on 1 January 2013 using the unaudited consolidated statement of operations of B2Gold for the three months ended 31 March 2014 and the unaudited consolidated statement of operations of Papillon for the three month period ended 31 March 2014 (Note 6(b)).

The unaudited pro forma consolidated statement of operations for the twelve month period ended 31 December 2013 has been prepared as if the asset acquisition described in Note 3 occurred on 1 January 2013 using the audited consolidated statement of operations of B2Gold for the year ended 31 December 2013 and the unaudited constructed consolidated statement of operations of Papillon for the twelve month period ended 31 December 2013 (Note 6(c)).

The unaudited pro forma consolidated statements of operations of B2Gold and Papillon used in the pro forma statements were constructed for the sole purpose of the pro forma statements.

It is management's opinion that these unaudited pro forma consolidated financial statements present in all material respects, the Transaction, assumptions and adjustments described in Notes 3 and 4, in accordance with B2Gold's accounting policies. Actual amounts recorded upon consummation of the Transaction will likely differ from those recorded in these unaudited pro forma consolidated financial statements. Any integration costs that may be incurred upon consummation of the Transaction have been excluded from these unaudited pro forma consolidated financial statements. Further, the unaudited pro forma consolidated statements of operations are not necessarily indicative of the results of operations that may be obtained in the future.

These unaudited pro forma consolidated financial statements should be read in conjunction with the historical financial statements and notes thereto of B2Gold and Papillon.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these unaudited pro forma consolidated financial statements are those as set out in B2Gold's audited consolidated financial statements for the year ended 31 December 2013. In preparing the unaudited pro forma consolidated financial information, a review was undertaken to identify Papillon accounting policy differences where the impact was potentially material and could be reasonably estimated. Further accounting policy differences may be identified after completion of the proposed acquisition. The significant accounting policies of Papillon are believed to conform in all material respects to those of B2Gold.

Certain elements of Papillon's consolidated financial statements have been reclassified to provide a consistent format.

## **3. ASSET ACQUISITION**

On 3 June 2014, B2Gold and Papillon entered into the Merger Implementation Agreement, the terms of which provide that Papillon shareholders will receive 0.661 New B2Gold Shares for each existing Papillon Share held. The Scheme Consideration represents a purchase price of approximately A\$1.72 per Papillon Share.

B2Gold will also acquire (or procure that the B2Gold Nominee acquire) all of the outstanding Papillon Options and issue B2Gold Shares as Cancellation Consideration based on the in-the-money amount of such Papillon Options determined by using the value implied by the Scheme Consideration as at 2 June 2014.

The parties expect that the Transaction will be structured as an acquisition of Papillon Shares by way of a scheme of arrangement under the Australian Corporations Act. Upon completion of the Scheme, existing B2Gold Shareholders and former Papillon Shareholders will own approximately 74% and 26%, respectively, of the issued and outstanding B2Gold Shares. B2Gold will indirectly hold Papillon's current 90% indirect interest in the Fekola Project.

There are currently 352 million Papillon Shares issued and outstanding and B2Gold expects to issue an aggregate of up to 236 million B2Gold Shares in connection with the Scheme. It is expected that the cancellation of the Papillon Options will result in the issuance of approximately 1.4 million B2Gold Shares.

The Scheme is subject to regulatory, Court, Papillon Shareholder, and third party approvals, together with other customary conditions. Regulatory approvals include approval by the Australian Foreign Investment Review Board, ASX and TSX approvals in respect of the issue of New B2Gold Shares under the Scheme and as the Cancellation Consideration. Assuming that all of the conditions are satisfied or waived, as applicable, B2Gold expects that the Transaction will be implemented on 3 October 2014.

The arrangement is expected to be accounted for by B2Gold as a purchase of net assets.

The unaudited pro forma consolidated financial information assumes that the cost of acquisition will include the fair value of B2Gold Shares issued, including the Papillon Options, based on the issuance of 237.4 million B2Gold Shares at C\$3.09 per share (the closing share price on TSX on 11 July 2014) and a foreign exchange rate of C\$1.0720 to US\$1 and estimated B2Gold Transaction costs of US\$9.6 million equalling a total estimated purchase price of US\$693.8 million. Under IFRS the actual measurement date of the purchase price will occur on the date the consideration is paid. Consequently, the value of the purchase price for accounting purposes will differ from the amount assumed in these unaudited pro forma consolidated financial statements due to any future changes in the market price of B2Gold Shares or in the number of Papillon Shares issued and outstanding.

The preliminary purchase price allocation is subject to change and is summarized as follows:

**Preliminary purchase price:**

237,391,136 B2Gold Shares issued on acquisition	\$	684,245
Transaction costs (estimated)		9,550
Total preliminary purchase price		<u>693,795</u>

**Net assets acquired:**

Current assets	\$	40,494
Mining interests		729,195
Current liabilities		(3,261)
Non-controlling interest		<u>72,633</u>
Total net assets acquired	\$	<u>693,795</u>

The fair value of the net assets of Papillon to be acquired will ultimately be determined after the closing of the Transaction. Therefore, it is likely that the allocation of the relative fair value of the net assets acquired will vary from those shown above and the differences may be material.

**4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS**

**Pro forma adjustments to the consolidated balance sheet:**

- a) To decrease cash and cash equivalents for the recording of B2Gold's estimated Transaction expenses totalling US\$9.55 million, which are included in the preliminary purchase price and Papillon's estimated Transaction expenses totalling US\$5.7 million, which are expensed by Papillon.
- b) To record the acquisition of Papillon at a purchase price of US\$693.8 million as detailed in Note 3 and to eliminate the book value of Papillon Shareholders' equity accounts.
- c) Non-controlling interest of US\$72.6 million recorded pertains to the 10% minority interest in the Fekola Project, calculated based on B2Gold's purchase price of US\$693.8 million less cash and cash equivalents acquired of US\$40.5 million. No value has been prescribed to the 10% free carried interest held by the Government of Mali since the exploitation company and related carried interest have not yet been incorporated.

The excess of the purchase price over the book value of Papillon's current assets and current liabilities acquired was allocated to mining interests.

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- d) To increase cash and cash equivalents for cash collected from the exercise of Papillon Options subsequent to 31 March 2014 to reflect the total outstanding ordinary shares at the acquisition date.

## 5. PRO FORMA EARNINGS (LOSS) PER SHARE

Pro forma basic and diluted earnings per share for the three month period ended 31 March 2014 and for the twelve month period ended 31 December 2013 have been calculated based on the actual weighted average number of B2Gold Shares outstanding for the respective periods and the assumed number of B2Gold Shares issued to Papillon Shareholders and option holders effective on 1 January 2013.

	<b>Three month period ended 31 March 2014</b>	<b>Twelve month period ended 31 December 2013</b>
<b>Basic (loss) earnings per share:</b>		
Basic weighted average number of B2Gold Shares outstanding for the period (in thousands)	671,755	636,130
Assumed number of B2Gold Shares to be issued to Papillon Shareholders and option holders (in thousands)	237,391	237,391
Pro forma weighted average number of B2Gold Shares outstanding for the period (in thousands)	<u>909,146</u>	<u>873,521</u>
Pro forma consolidated net (loss) earnings	\$ <u>(25,184)</u>	\$ <u>62,288</u>
Pro forma (loss) earnings per share - basic	\$ <u>(0.03)</u>	\$ <u>0.07</u>
	<b>Three month period ended 31 March 2014</b>	<b>Twelve month period ended 31 December 2013</b>
<b>Diluted earnings per share:</b>		
Diluted weighted average number of B2Gold Shares outstanding for the period (in thousands)	671,755	663,785
Assumed number of B2Gold Shares to be issued to Papillon Shareholders and option holders (in thousands)	237,391	237,391
Pro forma weighted average number of B2Gold Shares outstanding for the period – diluted (in thousands)	<u>909,146</u>	<u>901,176</u>
Pro forma consolidated net (loss) earnings	\$ (25,184)	\$ 62,288
Gain on fair value of convertible notes	-	(22,815)
Diluted pro forma consolidated net (loss) earnings	<u>(25,184)</u>	<u>39,473</u>
Pro forma (loss) earnings per share - diluted	\$ <u>(0.03)</u>	\$ <u>0.04</u>

## 6. ADJUSTED STATEMENTS OF PAPILLON

### a) Balance sheet as at 31 March 2014

The balance sheet was translated using a rate of A\$1.0783 to US\$1 in effect as of 31 March 2014.

	<u>Per Scheme Booklet, A\$</u>	<u>Papillon Adjusted, US\$</u>
<b>Assets</b>		
Current		
Cash & cash equivalents	\$ 41,283	\$ 38,285
Accounts receivable and prepaids	430	399
	<u>41,713</u>	<u>38,684</u>
Mining interests		
-Owned by subsidiaries	70,512	65,392
	<u>\$ 112,225</u>	<u>\$ 104,076</u>
<b>Liabilities</b>		
Current		
Accounts payable & accrued liabilities	\$ 3,517	\$ 3,261
	<u>3,517</u>	<u>3,261</u>
<b>Shareholders' Equity</b>		
Share capital	117,750	109,200
Contributed surplus	5,708	5,294
Accumulated other comprehensive loss	6,604	6,124
Retained deficit	(22,430)	(20,801)
Non-controlling interest	1,076	998
	<u>108,708</u>	<u>100,815</u>
	<u>\$ 112,225</u>	<u>\$ 104,076</u>

### b) Statement of operations for the three month period ended 31 March 2014

Papillon's unaudited pro forma consolidated statement of operations for the three month period ended 31 March 2014 was translated using an average rate of A\$1.1151 to US\$1 in effect for the three months ended 31 March 2014.

Elements of Papillon's consolidated financial statements have been reclassified to provide a consistent format.

	<u>Per Scheme Booklet, A\$</u>	<u>Papillon Adjusted, US\$</u>
<b>Revenue</b>	\$ -	\$ -
<b>Cost of sales</b>		
Production costs	-	-
Depreciation and depletion	-	-
	<u>-</u>	<u>-</u>
<b>Gross profit</b>	-	-
General and administrative	(1,178)	(1,056)
Share-based payments	(549)	(492)
	<u>(1,727)</u>	<u>(1,548)</u>
<b>Operating loss</b>	-	-
Other	381	342
<b>Net loss for the period</b>	<u>\$ (1,346)</u>	<u>\$ (1,206)</u>

c) Statement of operations for the twelve month period ended 31 December 2013

Papillon's unaudited pro forma consolidated statement of operations for the twelve month period ended 31 December 2013 was constructed by: (i) adding Papillon's audited consolidated statement of operations for the year ended 30 June 2013, (ii) adding Papillon's unaudited consolidated statement of operations for the six months ended 31 December 2013 and (iii) subtracting Papillon's unaudited consolidated statement of operations for the six months ended 31 December 2012. The statement of operations was translated using an average rate of A\$1.0324 to US\$1 in effect for the twelve months ended 31 December 2013.

Elements of Papillon's consolidated financial statements have been reclassified to provide a consistent format.

	As Reported, Year ended 30 June 2013, A\$	As Reported, Six months ended, 31 Dec. 2013, A\$	As Reported, Six months ended, 31 Dec. 2012, A\$	Papillon Adjusted, Twelve months ended 31 Dec. 2013, A\$	Papillon Adjusted, Twelve months ended 31 Dec. 2013, US\$
<b>Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Cost of sales</b>					
Production costs	-	-	-	-	-
Depreciation & depletion	-	-	-	-	-
<b>Gross profit</b>	-	-	-	-	-
General & administrative	\$ (3,885)	\$ (1,969)	\$ (2,089)	\$ (3,765)	\$ (3,647)
Share-based payments	(3,737)	(1,037)	(1,543)	(3,231)	(3,130)
<b>Operating loss</b>	(7,622)	(3,006)	(3,632)	(6,996)	(6,777)
Other	1,231	973	385	1,819	1,762
<b>Net loss for the period</b>	\$ (6,391)	\$ (2,033)	\$ (3,247)	\$ (5,177)	\$ (5,015)

## 8.6 Risks relating to Merged Entity

Risks relating to the Merged Entity and an investment in B2Gold Shares are discussed in Section 9.

## 9. Risk factors

### 9.1 Introduction

Given that New B2Gold Shares will be issued as the consideration pursuant to the Scheme, Papillon Shareholders should be aware of the risk factors that B2Gold currently faces with respect to its business and operations.

Furthermore, given that B2Gold will acquire the Fekola Project if the Scheme becomes Effective, Papillon Shareholders should also be aware of the risks known to Papillon, that B2Gold will face with respect to those operations.

The mining, 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 B2Gold, Papillon and the Merged Entity. The risk factors that should be taken into account in assessing B2Gold's and Papillon's (and if the Scheme is approved, the Merged Entity's) activities include, but are not limited to, those set out elsewhere in this Scheme Booklet.

Additional risks and uncertainties not presently known to B2Gold or that B2Gold currently considers immaterial may also impair the business, operations and future prospects of B2Gold. If any such risks were to occur, the business of B2Gold may be harmed and its financial condition and results of operations may suffer significantly.

Additional risks and uncertainties not presently known to Papillon or that Papillon currently considers immaterial may also impair the business, operations and future prospects of Papillon and the Fekola Project. If any such risks were to occur, the business of Papillon may be harmed and its financial condition and results of operations may suffer significantly.

If the Scheme is approved by the Requisite Majority of Papillon Shareholders and by the Court and becomes Effective, then the Merged Entity will be subject to the B2Gold risk factors outlined in Section 9.2 and the Papillon risk factors outlined in Section 9.3.

Scheme Participants in doubt about how to act, should seek independent professional advice before deciding on how to vote on the Scheme.

### 9.2 B2Gold risk factors

#### Risks relating to B2Gold activities

#### (a) Commodity price fluctuation

The profitability of B2Gold's operations is significantly affected by changes in the market price of gold and other mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond B2Gold's control, including but not limited to:

- (i) the level of interest rates;
- (ii) the rate and anticipated rate of inflation;
- (iii) world supply of mineral commodities;

- (iv) consumption patterns;
- (v) purchases and sales of gold by central banks;
- (vi) forward sales by producers;
- (vii) production costs;
- (viii) demand from the jewellery industry;
- (ix) speculative activities;
- (x) stability of exchange rates;
- (xi) the relative strength of the U.S. dollar and other currencies;
- (xii) changes in international investment patterns;
- (xiii) monetary systems; and
- (xiv) political and economic events.

The price of gold decreased by approximately 29% at 31 December 2013 compared to 31 December 2012, with a decline in the price from US\$1,693 per ounce on 2 January 2013 to US\$1,201 per ounce on 31 December 2013. This compares to a gold price of US\$1,315 per ounce as at 30 June 2014. Current and future price declines could cause commercial production to be impracticable. If gold prices decline significantly, or decline for an extended period of time, B2Gold might not be able to continue its operations, develop its properties, or fulfil its obligations under its permits and licences, or under its agreements with its partners. This could result in B2Gold losing its interest in some or all of its properties, or being forced to sell them, which could have a negative effect on B2Gold's profitability and cash flow.

B2Gold's future revenues and earnings could also be affected by the prices of other commodities such as fuel and other consumable items. The prices of these commodities are affected by numerous factors beyond B2Gold's control.

(b) **Mine development uncertainties**

As a result of the substantial expenditures involved in development projects, developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the mine. The project development schedules are also dependent on obtaining the governmental approvals necessary for the operation of a mine. Substantial expenditures are required to build mining and processing facilities for new properties. The timeline to obtain these government approvals is often beyond B2Gold's control. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated.

(c) **Production and cost estimates**

B2Gold has prepared estimates of future production, operating costs and capital costs for La Libertad Mine, Limon Mine, Masbate Mine and Otjikoto Project. The estimates can change or B2Gold may be unable to achieve them. Actual production and costs may vary from the estimates depending on a variety of factors, many of which are not within B2Gold's control. These factors include, but are not limited to:

- (i) actual ore mined varying from estimates of grade, tonnage, dilution, and metallurgical and other characteristics;
- (ii) short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned;
- (iii) mine failures, slope failures or equipment failures;
- (iv) industrial accidents;
- (v) natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes;
- (vi) encountering unusual or unexpected geological conditions;
- (vii) changes in power costs and potential power shortages;
- (viii) exchange rate and commodity price fluctuations;
- (ix) shortages of principal supplies needed for operations, including explosives, fuels, water and equipment parts;
- (x) labour shortages or strikes;
- (xi) litigation;
- (xii) civil disobedience and protests;
- (xiii) restrictions or regulations imposed by governmental or regulatory authorities;
- (xiv) permitting or licensing issues; or
- (xv) shipping interruptions or delays.

Properties not yet in production, or slated for expansion, are subject to higher risks as new mining operations often experience unexpected problems during the start-up phase, and production delays and cost adjustments can often happen. Failure to achieve production or cost estimates or material increases in costs could have a material adverse effect on B2Gold's future cash flows, profitability, results of operations and financial condition.

(d) **Mineral Reserve and Mineral Resource estimates**

The figures for Mineral Reserves and Mineral Resources are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Reserves could be mined or processed profitably. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond B2Gold's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the Mineral Reserves, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in gold prices, results of drilling, metallurgical testing and production, increases in capital and operating costs, including the cost of labour, equipment, fuel and other required inputs and the evaluation of mine plans after the date of any estimate may require revision of such estimate. The volume and grade of Mineral Reserves mined and processed and the recovery rates may not be the same as currently anticipated. Any material reductions in estimates of Mineral Reserves and Mineral Resources, or of B2Gold's ability to extract these Mineral Reserves, could have a material adverse effect on B2Gold's results of operations and financial condition.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Due to uncertainty that may attach to Inferred Mineral Resources, Inferred Mineral Resources may not be upgraded to Measured and Indicated Mineral Resources or Proven and Probable Mineral Reserves as a result of continued exploration.

(e) **Foreign country mining risk**

B2Gold's exploration, development and production activities are currently conducted in Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia and, as such, B2Gold'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, the existence or possibility of:

- (i) terrorism;
- (ii) hostage taking;
- (iii) military repression;
- (iv) extreme fluctuations in currency exchange rates;
- (v) high rates of inflation;
- (vi) labour unrest;

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- (vii) the risks of war or civil unrest;
- (viii) expropriation and nationalization;
- (ix) uncertainty as to the outcome of any litigation in foreign jurisdictions;
- (x) uncertainty as to enforcement of local laws;
- (xi) environmental controls and permitting;
- (xii) restrictions on the use of land and natural resources;
- (xiii) renegotiation or nullification of existing concessions;
- (xiv) licences;
- (xv) permits and contracts;
- (xvi) illegal mining;
- (xvii) changes in taxation policies;
- (xviii) restrictions on foreign exchange and repatriation;
- (xix) corruption;
- (xx) unstable legal systems;
- (xxi) changing political conditions;
- (xxii) changes in mining policies;
- (xxiii) 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 or require equity participation by local citizens; and
- (xxiv) other risks arising out of foreign sovereignty issues.

B2Gold has interests in exploration and development properties that are located in developing countries, including Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia and B2Gold's mineral exploration and mining activities may be affected in varying degrees by political instability and governmental legislation and regulations relating to foreign investment and the mining industry. Changes, if any, in mining or investment policies or shifts in political attitude in Nicaragua, the Philippines, Namibia, Burkina Faso or Colombia may adversely affect B2Gold's operations or profitability. Operations may be affected in varying degrees by:

- (i) government regulations with respect to, but not limited to, restrictions on production, price controls, exchange controls, export controls, currency remittance, income or other taxes, expropriation of property, foreign investment, maintenance of claims,

environmental legislation, land use, land claims of local people, water use and mine safety; and

- (ii) the lack of certainty with respect to foreign legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in 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 B2Gold 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 B2Gold's business, financial condition and results of operations.

Furthermore, in the event of a dispute arising from B2Gold's activities, B2Gold may be subject to the exclusive jurisdiction of courts or arbitral proceedings outside of North America or may not be successful in subjecting persons to the jurisdiction of courts in North America, either of which could unexpectedly and adversely affect the outcome of a dispute.

(f) **Infrastructure, energy and commodity risks**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. B2Gold's inability to secure adequate water and power resources, as well as other events outside of B2Gold's control, such as unusual or infrequent weather phenomena, sabotage, community, or government or other interference in the maintenance or provision of such infrastructure, could adversely affect B2Gold's operations, financial condition and results of operations.

Namibia may, in the short term, experience electricity shortages, *inter alia*, on account of the fact that (i) the demand for electricity is increasing, both on account of growth in GDP as well as on account of increased mining operations; (ii) the contracts for the supply of electricity with neighbouring countries (particularly South Africa) may expire between 2013 and 2015, and may not be renewed due to electricity shortages in these neighbouring countries; and (iii) projects for addressing electricity demand are in the preliminary stages, may take several years to complete, may not be financed easily or at all, and may experience delays or cancellations. In addition, Namibia is an arid country, and water resources are scarce. Although the Government of Namibia currently pursues a seawater desalination project, Namibia may in the short term experience water shortages, *inter alia*, on account of the following: (i) demand for water is increasing, both on account of growth in GDP as well as on account of increased

mining operations; and (ii) the seawater desalination project pursued by the government may take several years to complete, may not be financed easily or at all, and may experience delays or cancellations.

Profitability is affected by the market prices and availability of commodities that B2Gold uses or consumes for its operations and development projects. Prices for commodities like diesel fuel, electricity, steel, concrete, and chemicals (including cyanide) can be volatile, and changes can be material, occur over short periods of time and be affected by factors beyond B2Gold's control. B2Gold's operations use a significant amount of energy and depend on suppliers to meet those needs; however, sometimes no alternative source is available. Higher costs for construction materials like steel and concrete, or tighter supplies, can affect the timing and cost of B2Gold's development projects.

If there is a significant and sustained increase in the cost of certain commodities, B2Gold may decide that it is not economically feasible to continue some or all of its commercial production and development activities, and this could have an adverse effect on B2Gold's profitability.

Higher worldwide demand for critical resources like input commodities, drilling equipment, tires and skilled labour could affect B2Gold's ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on B2Gold's operating costs, capital expenditures and production schedules.

Further, B2Gold relies on certain key third-party suppliers and contractors for equipment, raw materials and services used in, and the provision of services necessary for, the development, construction and continuing operation of B2Gold's assets. As a result, operations at B2Gold's sites are subject to a number of risks, some of which are outside of its control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen events and failure of a supplier or contractor to perform under its agreement with B2Gold. The occurrence of one or more of these risks could have a material adverse effect on B2Gold's business, results of operations and financial condition.

(g) **Risks inherent in mining**

Mining operations generally involve a high degree of risk. B2Gold's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including:

- (i) unusual and unexpected geologic formations;
- (ii) seismic activity;
- (iii) rock bursts;
- (iv) cave-ins or slides;
- (v) flooding;

- (vi) pit wall failure;
- (vii) periodic interruption due to inclement or hazardous weather conditions; and
- (viii) other conditions involved in the drilling and removal of material,

any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or deaths, damage to property, environmental damage and possible legal liability. 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.

(h) **Exploration and development**

Although B2Gold's activities are primarily directed towards mining operations, activities also include the exploration for and development of mineral deposits. The exploration for and development of mineral deposits involves significant risks that 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 B2Gold or any of its joint venture partners plan will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, including, but not limited to:

- (i) the particular attributes of the deposit, such as size, grade, metallurgy and proximity to infrastructure;
- (ii) metal prices which are highly cyclical;
- (iii) the cost of operations and processing equipment; and
- (iv) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, 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 B2Gold's inability to receive an adequate return on invested capital, which could have a material adverse effect on its business, results of operations and financial condition.

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(i) **Risks associated with hedging**

In the second and third quarters of 2013, as a result of the requirements under the Credit Facility, B2Gold entered into a series of “zero-cost put/call” collar contracts for gold with settlements scheduled between 30 January 2015 and 31 December 2018 with an average floor price of US\$1,000 per ounce and an average ceiling price of US\$1,721 per ounce.

In addition, under the terms of the Credit Facility, B2Gold is required to maintain gold contracts, within certain parameters, over the term of the facility in order to manage the risk of volatility in its future operating income and reduce risk in respect of debt service obligations. As a result, B2Gold entered into a series of rand denominated gold forward contracts in the second quarter of 2013 for 117,984 ounces of gold with settlements scheduled between 30 January 2015 and 31 December 2018 at an average price of 14,912 rand per ounce.

Subsequent to 31 December 2013, B2Gold entered into rand denominated gold forward contracts for a further 74,430 ounces at an average price of 16,359 rand per ounce with settlement dates scheduled between 31 July 2015 and 31 December 2018.

From time to time B2Gold may engage in commodity hedging transactions intended to reduce the risk associated with fluctuations in metal prices, but there is no assurance that any such transaction will be successful. Furthermore, hedging transactions may prevent B2Gold from realizing the full benefit of the price increases.

In addition, pursuant to the ore purchase agreement between PGPRC and FRC, PGPRC has agreed to purchase all ore from the Masbate Mine at a price equal to the production cost for the ore plus a predetermined percentage. Decreases in the market price of gold, increases in production costs at the Masbate Mine or a combination of both may make performance by PGPRC under the agreement not economically desirable or feasible. In such a circumstance, B2Gold would seek to curtail production at the Masbate Mine or negotiate another mutually agreeable resolution with the Philippine shareholder of FRC; however, B2Gold may not be successful in such efforts.

(j) **Required government approvals**

B2Gold’s mining operations in Nicaragua and the Philippines, and its exploration and development projects in Namibia, Burkina Faso and Colombia, are subject to receiving and maintaining licences, permits and approvals from appropriate governmental authorities. Although B2Gold’s mining operations currently have all required licences, permits and approvals that B2Gold believes are necessary for operations as currently conducted, additional permits will be required for the Otjikoto Project to enter into production. In addition, there have in the past been challenges to permits that were temporarily successful and delays in the renewal of certain permits. There is no assurance that delays will not occur in connection with obtaining necessary renewals of authorizations for the existing operations, additional licences, permits and approvals for the Otjikoto Project and future operations, or additional licences, permits and approvals associated with new legislation. Before any development on any of B2Gold’s properties, B2Gold must receive licences, permits and approvals from appropriate governmental authorities. B2Gold may not be able to receive or continue to hold all authorizations necessary to develop or continue operating at any particular property. An

inability to obtain or conduct our mining operations pursuant to applicable authorizations would materially reduce B2Gold's production and cash flow and could undermine profitability.

(k) **Environmental compliance**

B2Gold's operations are subject to local laws and regulations regarding environmental matters, including, without limitation, the use or abstraction of water, land use and reclamation, air quality and the discharge of mining wastes and materials. Any changes in these laws could affect B2Gold'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 B2Gold. B2Gold 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 B2Gold's business or financial condition.

B2Gold 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. B2Gold may also acquire properties with known or undiscovered environmental risks. Any indemnification from the entity from whom B2Gold has acquired such properties may not be adequate to pay all the fines, penalties and costs (such as clean-up and restoration costs) incurred related to such properties.

Production at B2Gold's mines involves the use of various chemicals, including certain chemicals that are designated as hazardous substances, including sodium cyanide, as discussed below. Some of B2Gold's properties also have been used for mining and related operations for many years before B2Gold acquired them and were acquired as is or with assumed environmental liabilities from previous owners or operators. B2Gold has been required to address contamination at its properties in the past and may need to continue to do so in the future, either for existing environmental conditions or for leaks or discharges that may arise from B2Gold's ongoing operations or other contingencies. Contamination from hazardous substances, either at B2Gold's properties or other locations for which B2Gold may be responsible, may subject B2Gold to liability for the investigation or remediation of contamination, as well as for claims seeking to recover for related property damage, personal injury or damage to natural resources. The occurrence of any of these adverse events could have a material adverse effect on B2Gold's future growth, results of operations and financial position.

Production at certain of B2Gold's mines involves the use of sodium cyanide, which is a toxic material. Should sodium cyanide leak or otherwise be discharged from the containment system, B2Gold may become subject to liability for clean-up work that may not be insured. While appropriate steps will be taken to prevent discharge of pollutants into the ground water and the environment, B2Gold may become subject to liability for hazards that it may not be insured against and such liability could be material.

While B2Gold believes that it does not currently have any material unsatisfied environmental obligations, exploration activities may give rise in the future to significant liabilities on B2Gold's part to the government and third parties and may require B2Gold to incur substantial

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costs of remediation. Additionally, B2Gold does not maintain insurance against environmental risks. As a result, any claims against B2Gold may result in liabilities that B2Gold will not be able to afford, resulting in the failure of B2Gold's business.

In some jurisdictions, forms of financial assurance are required as security for reclamation activities. The cost of B2Gold's reclamation activities may materially exceed B2Gold's provisions for them, or regulatory developments or changes in the assessment of conditions at closed operations may cause these costs to vary substantially, positively or negatively, from prior estimates of reclamation liabilities.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on B2Gold and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

B2Gold's operations are associated with the emission of 'greenhouse gases'. Ongoing international negotiations which aim to limit greenhouse gas emissions may result in the introduction of new regulations, and may have an adverse impact on B2Gold's operations.

(l) **Regulatory risks**

In addition to environmental laws and permitting requirements, B2Gold's activities are subject to stringent laws and regulations governing, among other things:

- (i) prospecting, development and production;
- (ii) imports and exports;
- (iii) taxes;
- (iv) labour standards; occupational health and mine safety;
- (v) mineral tenure, land title and land use;
- (vi) water and air quality regulations;
- (vii) protection of endangered and protected species;
- (viii) social legislation; and
- (ix) other matters.

Compliance with these laws may require significant expenditures. If B2Gold is unable to comply fully, it may be subject to enforcement actions or other liabilities, or B2Gold's image

may be harmed, all of which could materially affect B2Gold's operating costs, delay or curtail operations or cause B2Gold to be unable to obtain or maintain required permits. There can be no assurance that B2Gold has been or will be at all times in compliance with all applicable laws, regulations, that compliance will not be challenged or that the costs of complying with current and future laws and regulations will not materially or adversely affect B2Gold's business, operations or results.

New laws and regulations, amendments to existing laws and regulations or administrative interpretation, or more stringent enforcement of existing laws and regulations, whether in response to changes in the political or social environment we operate in or otherwise, could have a material and adverse effect on our future cash flow, results of operations and financial condition.

(m) **Joint ventures**

A number of the properties in which B2Gold has an interest are the subject of joint venture arrangements with other mining companies and will be subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse effect on the viability of B2Gold's interests held through joint ventures, which could have a material adverse effect on B2Gold's future growth, results of operations and financial conditions:

- (i) inability to exert influence over certain strategic decisions made in respect of joint venture properties;
- (ii) a joint venture participant having economic or business interests or goals that are, or become, inconsistent with B2Gold's business interests or goals;
- (iii) bankruptcy of the joint venture participant;
- (iv) disagreement with joint venture participants on how to develop and operate mines efficiently;
- (v) inability of participants to meet their obligations to the joint venture or third parties; and
- (vi) litigation between participants regarding joint venture matters.

Under the Gramalote Project joint venture with AngloGold, in order to proceed with a development proposal, the management committee must consider a proposal for mining and production of minerals from the Gramalote property area based on a feasibility study. Proceeding with such a proposal requires unanimous approval of the management committee. In the event that unanimous approval is not obtained, a party to the joint venture may elect to proceed on its own with a development proposal if that party voted in favour of proceeding. The other party would have a further opportunity to elect to participate and proceed, but if it elects not to participate, the joint venture party wishing to proceed may do so on its own. In such case, the portion of the property that is the subject of the proposal is to be "excised" and the developing party will be required to purchase it at either an agreed value or a value

determined by an independent third party and the selling party would have no further interest in such portion of the property that is the subject of the development proposal.

(n) **Need for additional Mineral Reserves**

As mine life is limited based on Proven and Probable Mineral Reserves, B2Gold must continually replace and expand Mineral Reserves and any necessary associated surface rights as its mines produce gold. The life-of-mine estimates for each of B2Gold's operating mines are based on B2Gold's best estimate given the information. These estimates may not be correct.

B2Gold's ability to maintain or increase annual production of gold and other metals will depend significantly on:

- (i) mining operations at La Libertad Mine, Limon Mine and Masbate Mine;
- (ii) the development of the Otjikoto Project, the Gramalote Project and the Kiaka Project;
- (iii) B2Gold's ability to expand Mineral Reserves and Mineral Resources at existing mines; and
- (iv) B2Gold's ability to find and/or acquire new Mineral Reserves and Mineral Resources and bring new mines into production.

(o) **Risks associated with acquisitions**

As part of B2Gold's business strategy, B2Gold has sought and will continue to seek new operating and development opportunities in the mining industry. In pursuit of such opportunities, B2Gold may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into B2Gold. There can be no assurance that B2Gold can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, if at all, or that any acquisitions or business arrangements completed will ultimately benefit B2Gold's business. Further, acquisitions require a significant amount of time and attention of B2Gold's management, as well as resources that otherwise could be spent on the operation and development of B2Gold's existing business.

Acquisitions are accompanied by risks, such as a significant decline in the relevant metal price after B2Gold commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of B2Gold's ongoing business; the inability of management to realize anticipated synergies and maximize B2Gold's financial and strategic position; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential for unknown or unanticipated liabilities associated with acquired assets and businesses, including tax, environmental or other liabilities. There can be no assurance that acquired businesses or assets will be profitable, that B2Gold will be able to integrate the acquired businesses or assets successfully or that B2Gold will identify all potential liabilities during the course of due diligence. Any of these factors could have a material adverse effect on B2Gold's business, expansion, results of operations and financial condition.

(p) **Risks associated with use of historical information**

Unless otherwise indicated herein, all historical information regarding CGA and Volta and the property interests that B2Gold acquired pursuant to its acquisition of CGA and Volta, respectively, including financial information and Mineral Reserves and Resources, has been derived from publicly disclosed information. Although B2Gold has no reason to doubt the accuracy or completeness of such publicly disclosed information, any inaccuracy or material omission in CGA's or Volta's publicly disclosed information could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect B2Gold's operational and development plan and results of operations and financial condition.

(q) **Foreign currency risk**

B2Gold's assets and operations are located in Canada, Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia. As a result, B2Gold has foreign currency exposure with respect to items not denominated in U.S. dollars. The three main types of foreign exchange risk B2Gold faces can be categorized as follows:

- (i) Transaction exposure: B2Gold's operations sell commodities and incur costs in different currencies. This creates exposure at the operational level, which may affect B2Gold's profitability as exchange rates fluctuate;
- (ii) Exposure to currency risk: B2Gold is exposed to currency risk through a portion of the following assets and liabilities denominated in currencies other than the U.S. dollar: cash and cash equivalents, trade and other receivables, trade and other payables, reclamation and closure costs obligations, warrants and gross balance exposure; and
- (iii) Translation exposure: B2Gold's functional and reporting currency is U.S. dollars. B2Gold's other operations may have assets and liabilities denominated in currencies other than the U.S. dollar, with translation foreign exchange gains and losses included from these balances in the determination of profit or loss. Therefore, as the exchange rates between the Canadian dollar, Nicaraguan córdoba, Philippine peso, Colombian peso, Namibian dollar and West African CFA franc fluctuate against the United States dollar, B2Gold will experience foreign exchange gains and losses, which can have a significant impact on its consolidated operating results. The exchange rate between the córdoba and the United States dollar varies according to a pattern set by the Nicaraguan Central Bank. The córdoba has been annually devalued versus the United States dollar by means of a crawling peg mechanism, which currently stands at approximately 5%.

Starting in the second quarter of 2012, B2Gold entered into foreign currency contracts to manage its foreign currency exposure of forecasted expenditures denominated in Namibian dollars relating to the development of the Otjikoto Project. As the Namibian dollar is pegged to the South African Rand, B2Gold entered into foreign currency contracts between the South African Rand and the United States dollar due to the Rand's greater liquidity. While these contracts are designed to reduce B2Gold's foreign currency exposure, they may result in B2Gold losing the benefit of favourable changes in foreign currency exchange rates or, if B2Gold incorrectly gauges the timing of forecasted expenditures in Namibian dollars, it may have foreign currency exposure under the contracts.

As a result, fluctuations in currency exchange rates could significantly affect B2Gold's business, financial condition, results of operations and liquidity.

(r) **Need for additional financing**

Future exploration, development, mining, and processing of minerals from B2Gold's properties could require substantial additional financing. No assurances can be given that B2Gold will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. To meet such funding requirements, B2Gold may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may involve certain restrictions on operating activities or other financings. There is no assurance that such equity or debt financing will be available to B2Gold or that they would be obtained on terms favourable to B2Gold, if at all, which may adversely affect its business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development, or production on any or all of B2Gold's properties, or even a loss of property interests.

(s) **Colombia's political and economic environment**

The status of Colombia as a developing country may make it difficult for B2Gold to obtain any required financing for its projects. Notwithstanding the progress achieved in restructuring Colombian political institutions and revitalizing its economy, the present administration, or any successor government, may not be able to sustain the progress achieved. While the Colombian economy has experienced growth in recent years, such growth may not continue in the future at similar rates or at all. If the economy of Colombia fails to continue its growth or suffers a recession, B2Gold's exploration efforts may be affected.

Further, Colombia has in the past experienced a difficult security environment as well as political instability. In particular, various illegal groups that may be active in and around regions in which B2Gold is present may pose a credible threat of terrorism, extortion and kidnapping, which could have an adverse effect on B2Gold's operations in such regions. In the event that continued operations in these regions compromise B2Gold's security or business principles, B2Gold may withdraw from these regions on a temporary or permanent basis, which in turn, could have an adverse impact on B2Gold's results of operations and financial condition. No assurances can be given that B2Gold's plans and operations will not be adversely affected by future developments in Colombia. Any changes in regulations or shifts in political attitudes are beyond B2Gold's control and may adversely affect its business.

(t) **Namibia's political and economic environment**

The Namibian economy is highly dependent on the mining sector, which, in 2013, was estimated at approximately 8% of gross domestic product (**GDP**). Namibia is also highly dependent on foreign imports, including fuel. These factors make the Namibian economy vulnerable to adverse commodity price fluctuations, which could have a material adverse effect on B2Gold's business.

In addition, Namibia is a member of the Southern African Customs Union (**SACU**), which provides for a common external tariff and guarantees free movement of goods between its member states. A high proportion of Namibia's trade is conducted with SACU members and, in its 2014 budget, the Namibian Ministry of Finance estimated that the SACU revenue would

account for approximately 34.7% of Namibia's total government revenue. Accordingly, the Namibian Government is highly dependent on SACU revenue, but Namibia's share of the SACU revenue is expected to gradually decline in the foreseeable future, as a result of which the Namibian government may be compelled to introduce additional taxes or increase current tax rates, which could have a material adverse effect on B2Gold's business.

(u) **Philippines regulations**

The Constitution of the Philippines provides that all natural resources are owned by the State which may enter into a coproduction, joint venture or production sharing agreement with citizens of the Philippines or corporations or associations whose capital is at least 60% owned by Philippine citizens. Commonwealth Act No. 108, as amended (the **Anti-Dummy Act**), provides penalties for, among others: (i) Filipinos who permit aliens to use them as nominees or dummies so that the aliens could enjoy privileges otherwise reserved for Filipinos or Filipino corporations, and (ii) aliens or foreigners who profit from the adoption of these dummy relationships. It also penalizes the act of falsely simulating the existence of minimum stock or capital as owned by citizens of the Philippines or any other country in cases in which a constitutional or legal provision requires that before a corporation or association may exercise or enjoy a right, franchise or privilege, not less than a certain percentage of its capital must be owned by such citizens.

The Anti-Dummy Act likewise prohibits aliens from intervening in the management, operation, administration or control of nationalized business or enterprises, whether as officers, employees or labourers, with or without remuneration, except that aliens may take part in technical aspects only, provided (i) no Filipino can do such technical work, and (ii) it is with express authority from the Secretary of Justice. The Anti-Dummy Act also allows the election of aliens as members of the boards of directors or the governing bodies of corporations or associations engaged in partially nationalised activities in proportion to their allowable participation or share in the capital of such entities. Although B2Gold believes its structure complies with all Philippine regulations, there is a risk that, given the limited precedents to date in the country, it could be changed or challenged. B2Gold's failure to comply with Philippines regulations could have a material adverse effect on B2Gold's business, operations and financial condition.

(v) **Labour and employment**

Production at B2Gold's mining operations is dependent upon the efforts of its employees and relations with its unionized and non-unionized employees. Some of B2Gold's employees are represented by labour unions under various collective labour agreements. B2Gold is currently negotiating new collective bargaining agreements covering the workers at the Limon Mine. The collective bargaining agreement covering the workers at La Libertad Mine is effective until July 2016 at which time the parties will commence negotiation of a new agreement. Any of the parties involved may present a draft of a new collective bargaining agreement with 60 days prior to expiration date, although the existing collective bargaining agreement will continue in effect until a new one has been approved. B2Gold may not be able to satisfactorily renegotiate its collective labour agreements when they expire and may face tougher negotiations or higher wage demands than would be the case for non-unionized labour. In addition, existing labour agreements may not prevent a strike or work stoppage at B2Gold's facilities in the future. In

addition, relations between B2Gold and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in those jurisdictions in which B2Gold carries on business. Changes in such legislation or in the relationship between B2Gold and its employees may have a material adverse effect on B2Gold's business, financial condition and results of operations.

The Limon Mine has experienced labour issues in the past, including work stoppages or suspension of operations due to legal or illegal strikes or illegal road blockades. Time may be lost to strikes (legal and illegal). In addition, B2Gold's operations at La Libertad Mine have been disrupted by work stoppages due to illegal road blockades. B2Gold is continuing to seek a permanent solution to these disruptions; however, there can be no assurance that a permanent solution will be found and that B2Gold will not have to suspend operations again. Suspension of B2Gold's operations at the Limon Mine, La Libertad Mine or any of its other mines or properties could have a material adverse effect on B2Gold's business, financial condition and results of operations.

In Namibia, due to high levels of unemployment, and restrictive immigration policies applied by the Namibian Ministry of Home Affairs, it may be difficult for B2Gold to obtain employment permits for skilled personnel that may be required in exploration or mining operations. In addition, Namibia suffers from high levels of poverty. Although the Namibian government spends a significant proportion (the highest single budget amount) on education, education initiatives and programmes may take time to take effect. Currently, a significant proportion of the Namibian work-force can be classified as unskilled or semi-skilled labourers, as a result of which it may be difficult for employers to find skilled personnel for specialized tasks. Shortages of suitably qualified personnel in Namibia could have a material adverse effect on B2Gold's business, financial condition and results of operations.

(w) **Community relations and community action**

As a mining business, B2Gold may come under pressure in the jurisdictions in which it operates, or will operate in the future, to demonstrate that other stakeholders (including employees, communities surrounding operations and the countries in which they operate) benefit and will continue to benefit from B2Gold's commercial activities, and/or that B2Gold operates in a manner that will minimize any potential damage or disruption to the interests of those stakeholders. B2Gold may face opposition with respect to its current and future development and exploration projects which could materially adversely affect B2Gold's business, results of operations and financial condition.

Further, certain non-governmental organisations (**NGO**), some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or B2Gold's operations specifically, could have an adverse effect on B2Gold's reputation and financial condition and may impact B2Gold's relationship with the communities in which it operates. They may install road blockades, apply for injunctions for work stoppage and file lawsuits for damages. These actions can relate not only to current activities but also historic mining activities by prior owners and could have a material, adverse effect on B2Gold's operations. They may also file complaints with regulators in respect of B2Gold's, and its directors' and insiders', regulatory filings, either in respect of B2Gold or other companies. Such complaints, regardless of

whether they have any substance or basis in fact or law, may have the effect of undermining the confidence of the public or a regulator in B2Gold or such directors or insiders and may adversely affect the price of B2Gold's securities or prospects of obtaining the regulatory approvals necessary for advancement of some or all of B2Gold's exploration and development plans or operations.

B2Gold seeks to operate in a socially responsible manner. However, there can be no guarantee that B2Gold's efforts in this respect will address these risks.

(x) **Reliance on outside contractors**

Certain of B2Gold's mining and exploration activities, particularly those in the Philippines, are conducted by outside contractors. As a result, B2Gold's operations at these sites will be subject to a number of risks, some of which will be outside of B2Gold's control, including:

- (i) negotiating agreements with contractors on acceptable terms;
- (ii) the inability to replace a contractor and its operating equipment in the event that either party terminates the agreement;
- (iii) reduced control over such aspects of operations that are the responsibility of the contractor;
- (iv) failure of a contractor to perform under its agreement with B2Gold;
- (v) interruption of operations in the event that a contractor ceases its business due to insolvency or other unforeseen events;
- (vi) failure of a contractor to comply with applicable legal and regulatory requirements, to the extent that it is responsible for such compliance; and
- (vii) problems of a contractor with managing its workforce, labour unrest or other employment issues.

In addition, B2Gold may incur liability to third parties as a result of the actions of a contractor. The occurrence of one or more of these risks could have a material adverse effect on B2Gold's business, results of operations and financial condition.

(y) **Properties in adverse climates**

Certain of B2Gold's operations are located in remote areas and are affected by adverse climate issues, resulting in technical challenges for conducting both geological exploration and mining operations. Although B2Gold benefits from modern mining technology, it may sometimes be unable to overcome problems related to weather and climate either expeditiously or at a commercially reasonable cost, which could have a material adverse effect on B2Gold's business, results of operations and financial condition.

(z) **Small scale miners**

Small scale miners have been operating in Aroroy, Masbate Province since 1979 without obtaining a valid mining or processing permits issued by the government. Some of these mining and processing operations are within the property of FRC, and there has been evidence of contamination from tailing and effluent discharges within the Masbate property boundary. Although FRC is not legally liable for their contamination, B2Gold has attempted to limit the activities of these miners and inform the public about the risk of contamination. In line with attempts to limit and control their activities, B2Gold, in coordination with the local and national governments, began a process to enter into agreements with small scale miners. The agreements will require the formation of local cooperatives to legally apply for mining and processing permits and work on some areas of B2Gold's mineral tenements that are not suitable for large scale mining and limited to a definite period of time. There is also a natural conflict in objectives between small scale miners and B2Gold and FRC, as the small scale miners have no legal rights to mine and are keen to access as much ore as possible. In contrast, B2Gold and FRC have a stated position of allowing some level of activity; however, B2Gold and FRC require it to be contained to nominated areas only and subject to the law governing small scale mining in the country. Accordingly, there are risks that conflict can arise that could materially adversely affect the operations of B2Gold and/or FRC.

In Nicaragua, there is a long history of small scale miner activity throughout the country. Nicaraguan law provides that 1% of a concession be available for artisanal (non-mechanized) activity. At La Libertad, B2Gold has executed several agreements with local cooperatives, and process a portion of their output from areas that are mutually agreed upon. There is also independent artisanal mining being carried out. Small scale miner issues are managed by a specific specialized group at La Libertad Mine, and the focus has been to ensure that B2Gold and artisanal miners coexist within the concession. At Limon Mine, there has been no artisanal activity in the active mining area; however, in outlying non-producing concessions, there are some areas of extensive small scale miner workings. The number of artisanal miners has increased as the price of gold has increased. There is a risk of conflict with the small scale miners which could materially adversely affect B2Gold's operations. Further development of B2Gold's mining activities may require the relocation and physical resettlement of artisanal miners and development plans may be impacted as a result. Any delays as a result of potential relocation or resettlement could negatively impact B2Gold and may result in additional expenses or prevent further development.

Small scale artisanal miners may use sodium cyanide or mercury which is a toxic material. Should an artisanal miner's sodium cyanide or mercury leak or otherwise be discharged into B2Gold's mineral properties, B2Gold may become subject to liability for clean-up work that may not be insured. Related clean-up work may have a material adverse effect on B2Gold's operations.

(aa) **Property interests**

B2Gold's ability to carry out successful mineral exploration and development activities and mining operations will depend on a number of factors including compliance with obligations with respect to acquiring and maintaining title to B2Gold's interest in certain properties. The acquisition of title to mineral properties is a very detailed and time-consuming process. No guarantee can be given that B2Gold will be in a position to comply with all such 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 licences may be renewed, extended or transferred into other forms of licences appropriate for ongoing operations, no guarantee can be given that a renewal, extension or a transfer will be granted to B2Gold or, if they are granted, that B2Gold will be in a position to comply with all conditions that are imposed. A number of B2Gold's interests are the subject of pending applications to register assignments, extend the term, and increase the area or to convert licences to concession contracts and there is no assurance that such applications will be approved as submitted.

The interests in B2Gold's properties may not be free from defects or the material contracts between B2Gold and the entities owned or controlled by a foreign government may be unilaterally altered or revoked. There can be no assurances that B2Gold's rights and title interests will not be revoked or significantly altered to B2Gold's detriment. There can be no assurances that B2Gold's rights and title interests will not be challenged or impugned by third parties. B2Gold's interests in properties may be subject to prior unregistered liens, agreements, claims or transfers and title may be affected by, among other things, undetected defects or governmental actions.

Certain of B2Gold's property interests are also the subject of joint ventures that give B2Gold the right to earn an interest in the properties. To maintain a right to earn an interest in the properties, B2Gold may be required to make certain expenditures in respect of the property maintenance by paying government claim and other fees. If B2Gold fails to make the expenditures or fails to maintain the properties in good standing, B2Gold may lose its right to such properties and forfeit any funds expended to such time.

(bb) **Key personnel**

B2Gold's success will be largely dependent upon the performance of its key officers, employees and consultants. Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. B2Gold's success is largely dependent on the performance of its key personnel. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon B2Gold's success. B2Gold has not purchased any "key-man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

(cc) **Conflicts of interest**

Certain of B2Gold's directors and officers are or may become associated with other mining and mineral exploration industry companies which may give rise to conflicts of interest. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with B2Gold are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, directors and officers are required to act honestly and in good faith with a view to B2Gold's best interests. However, circumstances (including with respect to future corporate opportunities) may arise which are resolved in a manner that is unfavourable to B2Gold.

(dd) **Use of insurance**

B2Gold's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, hurricanes and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to B2Gold's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although B2Gold maintains insurance to protect against certain risks in such amounts as it considers reasonable, B2Gold's insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all risks and B2Gold may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution or other hazards as a result of exploration and production is not generally available to B2Gold or to other companies in the mining industry on acceptable terms. Losses from these events may cause B2Gold to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

(ee) **Competition in the mining industry**

The mining industry is intensely competitive in all of its phases, and B2Gold competes with many companies possessing greater financial resources and technical facilities than B2Gold with respect to the discovery and acquisition of interests in mineral properties, and the recruitment and retention of qualified employees and other persons to carry out B2Gold's mineral production and exploration activities. Competition in the mining industry could adversely affect B2Gold's prospects for mineral exploration and development in the future, which could have a material adverse effect on B2Gold's revenues, operations and financial condition.

(ff) **Litigation**

All industries, including the mining industry, are subject to legal claims, with and without merit. B2Gold is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. In addition, companies like B2Gold that have experienced volatility in their share price have been subjected to class action securities litigation by shareholders. Defence and settlement costs can be substantial, even for claims that are without merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which B2Gold may become subject could have a material adverse effect on its business, results of operations and financial position.

(gg) **Global financial conditions**

Current global financial conditions have been subject to continued volatility. Government debt and the risk of sovereign defaults in many countries have been causing significant uncertainties in the markets. High levels of volatility and market turmoil could adversely impact commodity prices, exchange rates and interest rates and have a detrimental effect on B2Gold's business.

(hh) **Taxation and repatriation of earnings**

B2Gold has operations and conducts business in a number of different jurisdictions and B2Gold is subject to the taxation laws of each such jurisdiction. These taxation laws are complicated and subject to changes and are subject to review and assessment in the ordinary course. Any such changes in taxation law or reviews and assessments could result in higher taxes being payable by B2Gold, which could adversely affect B2Gold's profitability. Taxes may also adversely affect B2Gold's ability to repatriate earnings and otherwise deploy assets.

(ii) **Compliance with the Sarbanes-Oxley Act.**

In June 2013, B2Gold's Common Shares became registered under the U.S. Securities Exchange Act of 1934, as amended, and listed on NYSE MKT and, accordingly, B2Gold became subject to the reporting and other requirements of the U.S. federal securities laws that apply to foreign private issuers, including the requirement to maintain effective internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act (**SOX**). SOX requires management to do an annual assessment of our internal controls over financial reporting, and for B2Gold's external auditors to conduct an independent assessment of their effectiveness. As a new reporting company, B2Gold was not required to conduct such annual assessment until the completion of fiscal 2013, and B2Gold will be exempted from the management assessment reporting and auditor attestation requirements in respect of its first annual assessment

B2Gold's internal controls over financial reporting may not be adequate, or it may not be able to maintain them as required by SOX. B2Gold also may not be able to maintain effective internal controls over financial reporting on an ongoing basis, if standards are modified, supplemented or amended from time to time.

If B2Gold does not satisfy the SOX requirements on an ongoing and timely basis, investors could lose confidence in the reliability of B2Gold's financial statements, and this could harm B2Gold's business and have a negative effect on the trading price of B2Gold's common shares or the market value of B2Gold's other securities.

If B2Gold does not implement new or improved controls, or experiences difficulties in implementing them, it could harm B2Gold's operating results or B2Gold may not be able to meet its reporting obligations. B2Gold may not be able to remediate material weaknesses, if any are identified in future periods, or maintain all of the necessary controls to ensure continued compliance. B2Gold also may not be able to retain personnel who have the necessary finance and accounting skills because of the increased demand for qualified personnel among publicly traded companies.

B2Gold's recent acquisitions and any other acquisition B2Gold makes in the future can pose challenges in implementing the required processes, procedures and controls in the new operations. Any companies B2Gold acquires may not have disclosure controls and procedures or internal controls over financial reporting that are as thorough or effective as those required by the securities laws that currently apply to B2Gold.

If any of B2Gold's staff fail to disclose material information that is otherwise required to be reported, no evaluation can provide complete assurance that B2Gold's internal controls over financial reporting will detect this. The effectiveness of B2Gold's controls and procedures

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could also be limited by simple errors or faulty judgments. Continually enhancing B2Gold's internal controls is important, especially as B2Gold expands and the challenges involved in implementing appropriate internal controls over financial reporting will increase. Although B2Gold intends to devote substantial time to ensuring ongoing compliance, and incurring the necessary costs associated with this, B2Gold is not certain that it will be successful in complying with section 404 of SOX.

(jj) **Corporate governance**

B2Gold complies with corporate governance guidelines and disclosure standards that apply to Canadian companies listed on TSX, and with corporate governance standards that apply to B2Gold as a foreign issuer listed on NYSE MKT and registered with the SEC in the United States.

Although B2Gold substantially complies with NYSE MKT's corporate governance guidelines, B2Gold is exempt from certain NYSE MKT requirements because it complies with Canadian corporate governance requirements. B2Gold may from time to time seek other relief from corporate governance and exchange requirements and securities laws from NYSE MKT and other regulators.

(kk) **Aboriginal and local community title claims and rights**

Governments in many jurisdictions must consult with Aboriginal peoples and local communities with respect to grants of mineral rights and the issuance or amendment of project authorizations. Consultation and other rights of Aboriginal people and local communities may require accommodations, including undertakings regarding employment, royalty payments and other matters. This may affect B2Gold's ability to acquire within a reasonable time frame effective mineral titles, permits or licences in these jurisdictions and may affect the timetable and costs of development of mineral properties in these jurisdictions. The risk of Aboriginal title claims also could affect existing operations as well as development projects. These legal requirements may also affect B2Gold's ability to expand or transfer existing operations or to develop new projects.

(ll) **Anti-corruption laws and regulations**

B2Gold is subject to various U.S., Canadian and foreign anti-corruption laws and regulations such as the Canadian Corruption of Foreign Public Officials Act. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. According to Transparency International, Nicaragua, the Philippines, Namibia, Burkina Faso and Colombia are perceived as having fairly high levels of corruption relative to Canada. B2Gold cannot predict the nature, scope or effect of future regulatory requirements to which its operations might be subject or the manner in which existing laws might be administered or interpreted. Failure to comply with the applicable legislation and other similar foreign laws could expose B2Gold and its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect B2Gold's business, financial condition and results of operations. Likewise, any investigation of any alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on B2Gold's business, financial condition and results of operations.

## Risks relating to B2Gold Shares

### (mm) B2Gold Shares may experience price and volume fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of B2Gold's Securities.

### (nn) Price volatility in publicly traded securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. The price of B2Gold Shares is subject to market trends and conditions generally, notwithstanding any potential success of B2Gold in creating revenues, cash flows or earnings.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could materially and adversely harm B2Gold and its financial position.

### (oo) B2Gold will not be admitted to the official list of ASX

The Scheme will be implemented without the listing of B2Gold on the official list of ASX occurring, in which case B2Gold Shares listed on TSX and NYSE MKT only will be issued.

### (pp) B2Gold does not expect to pay dividends on B2Gold Shares in the foreseeable future

B2Gold has not paid a dividend on B2Gold Shares since incorporation. B2Gold intends to continue to retain earnings and other cash resources for its business. Any future determination to pay dividends will be at the discretion of the B2Gold Board and will depend upon the capital requirements of B2Gold, results of operations and such other factors as the B2Gold Board considers relevant.

## 9.3 Papillon risk factors

### (a) Exploration and development risks

The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The

marketability of minerals acquired or discovered by Papillon may be affected by numerous factors that are beyond the control of Papillon and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and 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 combination of which factors may result in Papillon not receiving an adequate return on investment capital.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in Papillon expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by Papillon towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

Papillon has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Papillon believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognized industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, Papillon may experience delays or increased costs in developing its properties.

There can be no assurance that Papillon's mineral exploration and development activities will be successful. If such commercial viability is never attained, Papillon may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

(b) **Future capital needs and additional funding**

The exploration and any development of Papillon's properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development of Papillon's properties, a loss of Papillon's personnel or even a loss of its interest in some of its mining properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Papillon. If Papillon obtains debt financing, it will be exposed to the risk of leverage and its activities could become subject to restrictive loan and lease covenants and undertakings. If Papillon obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that Papillon would be successful in overcoming these risks or any other problems encountered in connection with such financings.

(c) **Mali political and sovereign risks**

Papillon is subject to political and sovereign risk of the Republic of Mali. Papillon's operations in the Republic of Mali are exposed to various levels of political, economic, regulatory and other risks and uncertainties. The Republic of Mali is a developing country. There can be no

assurances that the ongoing political uncertainty and violence in the Republic of Mali will not directly impact Papillon's operations or its ability to attract new funding for its operations.

(d) **Gold price risks**

The price of gold fluctuates widely and is affected by numerous factors beyond the control of Papillon, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales by producers and speculators as well as other global or regional political, social or economic events. The supply of gold consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers. Future production, if any, from Papillon's mineral properties will be dependent upon the price of gold being adequate to make these properties economic. Future serious price declines in the market value of gold could cause development of, and any commercial production from, the Fekola Project to be rendered uneconomic. Depending on the price of gold, Papillon could be forced to discontinue any production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even if commercial quantities of gold are produced, a profitable market will exist for them.

In addition to adversely affecting future reserve estimates, if any, of Papillon and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Papillon currently does not engage in any hedging or derivative transactions to manage commodity price risk. As Papillon's operations change, this policy will be reviewed. There can be no assurance that fluctuations in commodity prices will not have a material adverse effect upon Papillon's financial performance and results of operations.

(e) **Mineral Resource and Ore Reserve estimates**

Papillon's Mineral Resources (and any future Ore Reserves) are estimates, and no assurance can be given that the estimated resources and/or reserves are accurate or that the indicated level of mineral will be produced. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral Resource and Ore Reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, Ore Reserves are valued based on future costs and future prices and consequently, the actual Ore Reserves and Mineral Resources may differ from those estimated, which may result in either a positive or negative effect on operations.

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(f) **Results of studies**

Papillon has completed a PFS on the Fekola Project and is currently completing a DFS on the Fekola Project. Papillon may also undertake further studies on the Fekola Project and its other properties. These studies have been or will be completed within certain parameters designed to determine the technical and economic feasibility of the Fekola Project and its other properties within certain limits. There can be no guarantee that the studies will confirm the technical and economic viability of the Fekola Project or its other properties or confirm the results of previous studies undertaken by Papillon (e.g. the results of a DFS may materially differ to the results of a PFS).

Further, even if a study determines the economics of the Fekola Project, there can be no guarantee that the Fekola Project will be successfully brought into production. In addition, the ability of Papillon to complete a study may be dependent on Papillon's ability to raise further funds to complete the study if required.

The proposed development of the Fekola Project may exceed the currently envisaged timeframe or cost for a variety of reasons out of the control of Papillon. These reasons may include delays in obtaining land use and mining activity approvals or in construction of mine infrastructure or the gold handling and preparation plant. In addition, the contractual terms for the procurement and delivery of the various components of construction are yet to be established. These could also have an impact on the cost of construction. There are many milestones which need to be met in a timely fashion for production to commence in accordance with any proposed mine plan and there is a risk that circumstances (including unforeseen circumstances) may cause a delay, resulting in the receipt of revenue at a later date than expected or not at all.

(g) **Production and capital costs**

Papillon's business, results of operations and financial condition may vary with fluctuations in production and capital costs. Papillon's main production expenses are expected to be contractor costs, materials (including fuel, explosives and mining consumables), personnel costs and energy, and its main capital costs will be the development capital expenditure for the Fekola Project. Papillon expects that certain capital expenditures will be made in Euros and US dollars. Changes in the costs of Papillon's mining and processing operations as well as its capital costs could occur as a result of unforeseen events, including international and local economic and political events (including movement in exchange rates), and could result in changes in gold reserve estimates. Many of these factors may be beyond Papillon's control. In addition, current capital cost estimates are based on conceptual engineering designs and there may be a material change to the estimates once construction has been completed.

In past resource cycles, operating and capital costs have tended to increase as commodity prices have increased. Thus, Papillon may be faced with higher than currently expected operating and capital costs in the future.

(h) **Litigation risk**

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of litigation, the litigation process

could take away from management time and effort and the resolution of any particular legal proceeding to which Papillon is or may become subject could have a material effect on Papillon's financial position, results of operations or Papillon's property development.

Specifically, as summarised in Section 6.8, a judge of the Commercial Court of Bamako has accepted a claim by ZTS on its merits, despite the hearing being supposedly limited to questions of jurisdiction. Papillon awaits the handing down of the written judgement and intends to appeal the decision to the Court of Appeal in Bamako. Papillon has also filed a request for arbitration against ZTS in Paris under ICC rules. These proceedings are continuing and Papillon remains exposed to the outcome of the court proceedings and arbitration. There is no certainty regarding the time frame in which these proceedings will be resolved. The continuation of these proceedings may delay or prevent Papillon from securing financing to develop the Fekola Project and/or commence future commercial production at the site.

(i) **Title to properties**

There can be no assurances that Papillon's interest in its properties are free from defects. Papillon has investigated its rights as set forth in this Scheme Booklet and believes that these rights are in good standing. There is no assurance, however, that such rights and title interests will not be revoked or significantly altered to the detriment of Papillon. There can be no assurances that Papillon's rights and title interests will not be challenged or impugned by third parties.

All of the tenements in which Papillon has or may earn an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each tenement is usually at the discretion of the relevant government authority. If a tenement is not renewed or granted, Papillon may suffer significant damage through loss of the opportunity to develop and discover any Mineral Resources on that area.

(j) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia and Mali or any other country where Papillon may acquire economic interests may affect the viability and profitability of Papillon.

Changes in relevant tax, legal and administrative regimes and government policies both in Mali and Australia may adversely affect the financial performance of Papillon.

Papillon's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use and other matters. Many of these laws require governmental approvals, licences and permits.

Future earnings and asset values may be affected by changes in law and government policy in the Mali jurisdiction and in particular changes to taxation law (including, as relevant, stamp duty and goods and services tax, or their local equivalent).

(k) **Joint Ventures**

A number of the properties in which Papillon has an interest are the subject of joint venture arrangements with other companies and will be subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the viability of Papillon's interests held through joint ventures, which could have a material adverse impact on Papillon's results of operations and financial conditions:

- (i) inability to exert influence over certain strategic decisions made in respect of joint venture properties;
- (ii) disagreement with joint venture participants on how to develop and operate mines efficiently;
- (iii) inability of participants to meet their obligations to the joint venture or third parties; and
- (iv) litigation between participants regarding joint venture matters.

(l) **No history of earnings and no production revenues**

Papillon has no history of earnings and has not commenced commercial production on any of its properties. Papillon has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that Papillon will be profitable in the future. Papillon's operating expenses and capital expenditures are likely to increase in future years as consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, Papillon's acquisition of additional properties, government regulatory processes and other factors, many of which are beyond Papillon's control. Papillon expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of Papillon's properties will require the commitment of substantial resources. There can be no assurance that Papillon will generate any revenues or achieve profitability.

(m) **Reliance on key personnel**

Papillon is dependent on a number of key management personnel, including the services of certain key employees. Papillon's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on Papillon's ability to manage and expand the business.

It may be particularly difficult for Papillon to attract and retain suitably qualified and experienced people, given the current high demand in the industry and modest size of Papillon, compared with other industry participants.

(n) **Foreign exchange risk**

Papillon's capital and ongoing expenditure is mostly denominated in either Euros, US dollars, or CFA Francs, whilst income and expenditure of Papillon are and will be taken into account in Australian dollars. This exposes Papillon to the fluctuations and volatility of the rate of exchange between these currencies as determined by international currency markets.

(o) **Insurance**

While Papillon may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from coverage. There are also risks against which Papillon cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting Papillon's earnings and competitive position in the future and, potentially, its financial position. In addition, the potential costs that could be associated with compliance with applicable laws and regulations may also cause substantial delays and require significant capital outlays, adversely affecting Papillon's earnings and competitive position in the future and, potentially, its financial position.

(p) **Competition**

The mining industry is intensely competitive in all of its phases and Papillon will compete with many companies possessing greater financial and technical resources than Papillon. Competition in the minerals and mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for minerals, but conduct refining and marketing operations on a global basis. Such competition may result in Papillon being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Papillon's prospects for mineral exploration and success in the future.

(q) **Environmental risk**

The exploration for minerals, development of mines and production of metals can be hazardous to the environment and environmental damage may occur that is costly to remedy. If Papillon is responsible for any environmental damage, Papillon may incur substantial remediation costs or liabilities to third parties.

Papillon may be involved in operations that may be subject to environmental and safety regulation (including regular environmental impact assessments and permitting). This may include a wide variety of matters, such as prevention of waste, pollution and protection of the

environment, labour regulations and worker safety. The regulations may change in a manner that may require stricter or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from exploration and development activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances for which Papillon may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices. There is no assurance that future changes in environmental regulation will not adversely affect the activities of Papillon.

More specifically, the operations of Papillon are subject to extensive environmental, health, and safety regulation relating to the safety and health of employees, the protection of air and water quality, hazardous waste management, and mine reclamation in the jurisdictions in which they operate. These regulations establish limits and conditions on the ability of a mining company to conduct its operations. The cost of compliance with these regulations can be significant. The regulatory environment could change in ways that would substantially increase its liability or the costs of compliance and that could have a material effect on the operations or financial position of Papillon.

(r) **Investment in publicly quoted securities**

Prospective investors should be aware that the value of Papillon Shares may go down as well as up and that the market price of Papillon Shares may not reflect the underlying value of Papillon. Investors may therefore realise less than, or lose all of, their investment.

(s) **Potentially volatile share price and liquidity**

The share price of emerging companies quoted on ASX can be highly volatile and shareholdings illiquid. The price at which Papillon Shares are quoted and the price at which investors may realise their Papillon Shares may be influenced by a significant number of factors, some specific to Papillon and its operations and some which affect quoted companies generally. These factors could include the performance of Papillon, large purchases or sales of Papillon Shares, legislative changes and general, economic, political or regulatory conditions.

(t) **Economic Risk**

Changes in the general economic climate in which Papillon operates may adversely affect the financial performance of Papillon. Factors that may contribute to that general economic climate include the level of direct and indirect competition against Papillon, industrial disruption, the rate of growth of gross domestic product in Australia and Mali or any other country in which Papillon will operate, interest rates and the rate of inflation.

#### **9.4 Risks related to Merged Entity**

There are risks that any integration between the businesses of B2Gold and Papillon may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups and the potential loss of key personnel.

Given the Merged Entity will be a combination of B2Gold and Papillon, each of the risks set out in Sections 9.2 and 9.3 will apply to the Merged Entity after completion of the Transaction.

## 9.5 Scheme risk factors

- (a) **The New B2Gold Shares issued in connection with the Scheme may have a market value different than expected.**

Pursuant to the Scheme, each Papillon Shareholder will be entitled to receive 0.661 New B2Gold Shares for each Papillon Share held. The market value of the B2Gold Shares at the Implementation Date may vary significantly from the market value of the B2Gold Shares immediately prior to the announcement of the Scheme and at the date of this Scheme Booklet. If the market value of B2Gold Shares declines, the value of the Scheme Consideration received by Papillon Shareholders will decline as well. Variations may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of B2Gold, Papillon and the Merged Entity, regulatory considerations, general market and economic conditions, changes in metal prices and other factors over which neither Papillon nor B2Gold has control.

- (b) **Completion of the Scheme is subject to several conditions that must be satisfied or waived.**

Completion of the Scheme is subject to a number of conditions. There can be no certainty, nor can Papillon provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. In addition, there are a number of other conditions precedent to the Scheme which are outside the control of Papillon or B2Gold, including, but not limited to, approval of the Scheme by the Requisite Majority of Papillon Shareholders, approval by the B2Gold Shareholders of the Transaction and required regulatory and third party approvals and consents (see Annexure 2 of this Scheme Booklet).

If for any reason the conditions to the Scheme are not satisfied or waived (where applicable) and the Scheme is not completed, the market price of Papillon Shares may be adversely affected.

- (c) **The Merger Implementation Agreement may be terminated by Papillon or B2Gold in certain circumstances, in which case Papillon may not be able to solicit an alternative transaction.**

Each of Papillon and B2Gold has the right to terminate the Merger Implementation Agreement in certain circumstances. Accordingly, there is no certainty that the Merger Implementation Agreement will not be terminated by either Papillon or B2Gold before the implementation of the Scheme.

If the Merger Implementation Agreement is terminated, there is no assurance that the Papillon Board will be able to find a party willing to pay an equivalent or greater price for Papillon Shares than the price to be paid pursuant to the terms of the Merger Implementation Agreement.

- (d) **The issuance of a significant number of B2Gold Shares could adversely affect the market price of B2Gold Shares.**

If the Scheme is implemented, a significant number of additional B2Gold Shares will be available for trading in the public market. The increase in the number of B2Gold Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, B2Gold Shares.

## 10. Australian taxation considerations

This section provides general comments on the Australian tax consequences for Papillon Shareholders arising from the disposal of their Papillon Shares under the Scheme. Papillon Shareholders should obtain, and only rely upon, their own professional taxation advice about the consequences of:

- (i) disposing of Papillon Shares for B2Gold Shares; or
- (ii) participating in the Sale Facility (as applicable),

having regard to their own specific circumstances.

The comments below on income tax are based on the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth) (collectively referred to as the **Tax Act**) and relevant ATO pronouncements at the date of this Scheme Booklet, except as otherwise indicated.

### 10.1 Scheme taxation consequences

#### (a) Scope

This section does not attempt to address the Australian taxation consequences relevant to all Papillon Shareholders pursuant to the Scheme. This section addresses the tax consequences only for Papillon Shareholders who hold their shares as capital assets and does not address the tax consequences for Papillon Shareholders who hold their shares as revenue assets or trading stock or as assets used in carrying on a business or who are subject to the taxation of financial arrangements rules in Division 230 of the Tax Act in relation to gains and losses on their Papillon Shares.

#### (b) Australian resident Papillon Shareholders

##### (i) Capital Gains Tax

The disposal of Papillon Shares to B2Gold will be a Capital Gains Tax (**CGT**) event for Papillon Shareholders. This CGT event will occur on the Implementation Date.

Papillon Shareholders will derive a capital gain on the disposal of their Papillon Shares to the extent that:

- (A) the market value of any B2Gold Shares they receive (described below); or
- (B) in the case of Electing Small Scheme Participants who have participated in the Sale Facility, their pro rata share of the net proceeds converted into Australian dollars from the sale of all B2Gold Shares by the Sale Agent through the Sale Facility,

exceeds the tax cost base of their Papillon Shares. Conversely, Papillon Shareholders will incur a capital loss on the disposal of their Papillon Shares to the extent that the amount

in (A) or (B) above (as applicable) is less than the reduced tax cost base of their Papillon Shares. Reduced cost base is broadly the tax cost base less specific legislative reductions.

The market value of a B2Gold Share should be calculated as the volume weighted average price of that share on the Implementation Date. As soon as practicable after the Implementation Date, B2Gold will make available to holders of B2Gold Shares a determination of market value as at the Implementation Date.

Generally the tax cost base of any Papillon Shares will be equal to the consideration paid to acquire the Papillon Shares. In addition, other incidental costs of acquiring the Papillon Shares (such as brokerage fees and stamp duty) may be included in the tax cost base (or reduced cost base).

The sum of all Papillon Shareholder's taxable capital gains for an income year reduced by any capital losses incurred during the year, or carried forward from previous years, (known as the net capital gain) should be included in their Australian assessable income.

Australian resident individual Papillon Shareholders who have held directly or indirectly (through trusts) their Papillon Shares for greater than 12 months should be able to discount their capital gain by 50%. Similarly, an eligible superannuation entity that has held its Papillon Shares for greater than 12 months should be able to discount its capital gain by 33.3%. The discount will generally be applied to a Papillon Shareholder's capital gain for the period after the offset of any capital losses. Corporate Papillon Shareholders are not entitled to discount their capital gain.

If a Papillon Shareholder is unable to obtain the CGT relief described under Section 10.1(b)(ii) below entitled 'Availability of CGT roll-over relief', the total tax cost base of any B2Gold Shares received will be the Australian dollar market value of the Papillon Shares exchanged on the Implementation Date (which we expect to be the amount in (A) above).

The date of acquisition for CGT purposes will be the Implementation Date. This date will be relevant for any future qualification for the CGT discount with respect to CGT events happening to the B2Gold Shares.

(ii) Availability of CGT roll-over relief

Papillon Shareholders who would make a capital gain on the disposal of their Papillon Shares for B2Gold Shares should be eligible to make a choice whether or not to apply CGT roll-over relief on the B2Gold Shares component of the Scheme Consideration received (only). Participation by Electing Small Scheme Participants in the Sale Facility will preclude qualification for CGT roll-over relief.

If a Papillon Shareholder elects to apply CGT roll-over relief, a capital gain that they would otherwise make on the disposal of their Papillon Shares, for which the Scheme Consideration comprises B2Gold Shares, will be disregarded.

Where roll-over relief is elected, a reasonably attributable part of the tax cost base of the Papillon Shares disposed of would become the tax cost base of the B2Gold Shares.

The portion that is reasonably attributable is determined based on an allocation of the tax cost base of the Papillon Shares to the B2Gold Shares received.

For any subsequent determination of the application of the CGT discount, the date on which the Papillon Shareholders, for which roll-over relief has been elected, will be deemed to acquire the B2Gold Shares, will be the day they acquired their Papillon Shares.

The benefit of choosing scrip-for-scrip roll-over relief will depend upon the individual circumstances of each Papillon Shareholder.

(iii) Consequences of holding B2Gold Shares

(A) Subsequent disposal of B2Gold Shares

If an Australian resident Papillon Shareholder sells their B2Gold Shares after the Implementation Date, any gain or loss will prima facie be subject to CGT as the B2Gold Shares will be assets for CGT purposes.

(B) Dividend Income

Dividends received by Australian resident Papillon Shareholders with respect to B2Gold Shares must be included in their assessable income, including any amount of Canadian withholding tax withheld with respect to those dividends. A foreign income tax offset may be available for any such dividend withholding tax.

Dividends received by Australian resident non-portfolio corporate Papillon Shareholders with respect to B2Gold Shares may be exempt. These Papillon Shareholders should seek their own advice.

(iv) Other matters

(A) Goods and Services Tax

No GST should be payable in Australia by Papillon Shareholders on the disposal of Papillon Shares or on the issue of B2Gold Shares or participation in the Sale Facility.

(B) Stamp Duty

No stamp duty should be payable in Australia by Papillon Shareholders on the issue of B2Gold Shares or participation in the Sale Facility. This is on the basis that B2Gold does not hold the requisite dutiable direct or indirect interest in Australian land (including mining tenements) or interests in Australian land, such as leases over land and fixtures.

(c) **Non-Australian resident Papillon Shareholders**

Non-Australian resident Papillon Shareholders should seek their own independent tax advice on the tax consequences in their country of residence of the Scheme and holding B2Gold Shares. The statements below are limited to the Australian tax consequences to those non-Australian resident Papillon Shareholders and to those whose shares are held as capital assets.

(i) Disposal of Papillon Shares

If under the criteria set out below the Papillon Shares are not considered to be 'taxable Australian property' (**TAP**) at the Implementation Date, any capital gain or capital loss arising to non-resident Papillon Shareholders on disposal of their Papillon Shares under the Scheme should be disregarded and not subject to Australian tax.

Broadly, Papillon Shares would be TAP of a non-resident Papillon Shareholder if the shareholder, together with associates, holds 10% or more of the Papillon Shares at the time of disposal or throughout a 12-month period during the two years before the disposal, and the majority of Papillon's assets consist of real property situated in Australia.

The Papillon Board are of the view that its assets comprise Mali assets and do not include any interests in Australian real property. Accordingly the Papillon Board are of the view that the shares in Papillon should not be considered to be TAP. However, non-resident Papillon Shareholders should seek their own independent advice regarding this.

In the event the Papillon Shares were TAP, then non-resident Papillon Shareholders that realise a capital gain on the disposal of Papillon Shares under the Scheme would be prima facie subject to Australian CGT. Where the B2Gold Shares received by the non-resident Papillon Shareholders are also TAP, the Papillon Shareholders may choose the rollover relief outlined at Section 10.1(b)(ii).

(ii) Consequences of holding B2Gold Shares

(A) Subsequent disposal of B2Gold Shares

Non-resident Papillon Shareholders should not be subject to Australian tax on the future disposal of their B2Gold Shares, except if the B2Gold Shares are effectively connected with a business carried on through a permanent establishment or fixed base which the non-resident has or had in Australia or if the B2Gold Shares are considered to be TAP (refer to definition in Section 10.1(c)(i) above).

(B) Dividends

Non-resident Papillon Shareholders who have exchanged their Papillon Shares for B2Gold Shares should not be subject to Australian tax on dividends received on those B2Gold Shares.

## 11. Information about the Scheme

### 11.1 Merger Implementation Agreement

Papillon and B2Gold have entered into the Merger Implementation Agreement in connection with the proposed Scheme. The Merger Implementation Agreement sets out the obligations of Papillon and B2Gold in relation to the Scheme.

The Merger Implementation Agreement is contained in Annexure 2 of this Scheme Booklet.

### 11.2 Scheme Meeting

The Court has ordered that a meeting of Papillon Shareholders be held at 10.00am (WST) on 15 September 2014 to consider the Scheme.

The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court:

- (i) has formed any view as to the merits of the proposed Scheme or as to how Papillon Shareholders should vote (on this matter Papillon Shareholders must reach their own decision); or
- (ii) has prepared, or is responsible for, the content of the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

The Scheme is conditional, among other things, on approval of the Scheme Resolution by the Requisite Majority of Papillon Shareholders. If the Scheme Resolution is not approved by the Requisite Majority of Papillon Shareholders, it will not be implemented and Papillon will not apply to the Court for any further orders in connection with the Scheme.

Further details of the consequences of the Scheme not being implemented are set out in Section 2.3 under the heading titled "What happens if the Scheme is not implemented".

### 11.3 Court approval of the Scheme

Papillon will apply to the Court for orders approving the Scheme if:

- (i) the Scheme Resolution is approved by the Requisite Majority of Papillon Shareholders at the Scheme Meeting; and
- (ii) all other conditions to the Transaction are satisfied or waived (where applicable).

The date on which the Court hears Papillon's application is the Second Court Date.

The Court may refuse to grant the orders referred to above even if the Scheme Resolution is approved by the Requisite Majority of Papillon Shareholders.

For the purposes of US securities laws, the Court has been advised of B2Gold's intention to rely on the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof based on the Court's approval of the Scheme.

ASIC will be asked to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

Papillon Shareholders have the right to seek leave to appear at the Court on the Second Court Date to oppose the approval by the Court of the Scheme or make representations to the Court in relation to the Scheme. If you wish to oppose approval by the Court of the Scheme at the Court hearing you may do so by filing with the Court, and serving on Papillon, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Papillon at least one Business Day (in Perth, Western Australia) before the Second Court Date. That date is currently scheduled to occur on or around 22 September 2014. Any change to this date will be announced through ASX and will be available on ASX's website, [www.asx.com.au](http://www.asx.com.au). Alternatively, if you wish to make representations to the Court in relation to the Scheme, the Court may grant you leave to be heard at the hearing without becoming a party to the proceeding.

#### **11.4 Actions by Papillon and B2Gold**

If Court orders approving the Scheme are obtained, the Directors and the B2Gold Board will take or procure the taking of the steps required for the Transaction to be implemented. These will include the following:

- (i) Papillon will lodge with ASIC and ASX an office copy of the Court order approving the Scheme, under section 411(10) of the Corporations Act, and the Scheme will become Effective;
- (ii) on the close of trade on the Effective Date, Papillon Shares will be suspended from trading on ASX;
- (iii) on the Implementation Date, all of the Papillon Shares held by Scheme Participants at 5.00pm (WST) on the Record Date will be transferred to B2Gold (or the B2Gold Nominee) and, in exchange, each Scheme Participant (other than Ineligible Shareholders and Electing Small Scheme Participants) will be issued the Scheme Consideration;
- (iv) on the Implementation Date, B2Gold will issue the Scheme Consideration in respect of the Papillon Shares held by all Ineligible Shareholders or Electing Small Scheme Participants as at 5.00pm (WST) on the Record Date to the Sale Agent. B2Gold will procure that the Sale Agent sells, outside the United States, those New B2Gold Shares and remits the net proceeds of the sale of those New B2Gold Shares (after deducting any applicable foreign exchange, brokerage, stamp duty and other selling costs, taxes and charges) to Ineligible Shareholders and Electing Small Scheme Participants in A\$;
- (v) on the Implementation Date, B2Gold will register the holders of the New B2Gold Shares in the B2Gold Register;

- (vi) on the Implementation Date, Papillon will enter the name of B2Gold (or the B2Gold Nominee) in the Register as the holder of the Papillon Shares;
- (vii) on the Implementation Date, B2Gold will ensure that each holder of the Papillon Options at 5.00pm (WST) on the Record Date will be issued the Cancellation Consideration in respect of the Papillon Options held by him or her and Papillon will ensure that those Papillon Options will be cancelled;
- (viii) on the Implementation Date, Papillon will procure that documents of title are sent to Papillon Shareholders (except Ineligible Foreign Shareholders and Electing Small Scheme Participants) in respect of the Scheme Consideration to which the holder of Papillon Shares is entitled;
- (ix) on the Implementation Date, Papillon will apply to be removed from the official list of ASX which is expected to occur shortly following that date; and
- (x) on the Implementation Date, each of the Directors of Papillon and each of Papillon's nominee directors on the boards of each Papillon Group member (other than nominees of B2Gold, who will be appointed, and hold a majority of the seats on the Papillon Board, as soon as practicable after the Second Court Date) will resign and be replaced by directors nominated by B2Gold.

### **11.5 Effective Date**

The Scheme will become Effective on the date upon which the office copy of the order of the Court under section 411(10) of the Corporations Act approving the Scheme is lodged with ASIC or such earlier date as the Court determines or specifies in the order.

If the Scheme becomes Effective, Papillon will immediately give notice of the event to ASX. Papillon Shares will be suspended from trading on ASX on the Effective Date.

Once the Scheme becomes Effective, Papillon and B2Gold will become bound to implement the Scheme in accordance with its terms.

### **11.6 Scheme**

If the Scheme becomes Effective (i.e. after it is approved by Papillon Shareholders and the Court), all Papillon Shares outstanding at 5.00pm (WST) on the Record Date will be transferred to B2Gold (or the B2Gold Nominee), in return for the issue by B2Gold of the Scheme Consideration to Papillon Shareholders. See Annexure 4 for a copy of the Scheme.

### **11.7 Deed Poll**

B2Gold has executed a Deed Poll in favour of the Scheme Participants, by which it offers to acquire, or procure the B2Gold Nominee to acquire, all of the Papillon Shares held by Scheme Participants. In consideration of the acceptance of that offer and (subject to the Scheme becoming Effective) the transfer of each Papillon Share to B2Gold (or the B2Gold Nominee), B2Gold undertakes in favour of each Scheme Participant (other than Ineligible Shareholders and Electing Small Scheme Participants) to issue the Scheme Consideration for each Papillon Share, being 0.661 New B2Gold Shares for every

one Papillon Share held by the Scheme Participant (other than Ineligible Shareholders and Electing Small Scheme Participants), in accordance with the terms of the Scheme and the Merger Implementation Agreement. B2Gold will issue the New B2Gold Shares that Ineligible Shareholders and Electing Small Scheme Participants are entitled to, to the Sale Agent who will sell those New B2Gold Shares and remit the funds (net of costs) to Ineligible Shareholders and Electing Small Scheme Participants in A\$. See Annexure 5 for a copy of the Deed Poll.

### **11.8 Record Date**

The Record Date for the Scheme is 5.00pm (WST) on the date which is three Business Days after the Effective Date. Only Papillon Shareholders who appear on the Register at 5.00pm (WST) on the Record Date will be entitled to receive the Scheme Consideration.

### **11.9 Delisting of Papillon**

Following implementation of the Scheme, it is intended that Papillon will request that ASX remove Papillon from the official list of ASX on the Implementation Date. B2Gold is not listed on the official list of ASX.

### **11.10 Conditions precedent to the Transaction**

#### **(a) Outstanding conditions precedent to Transaction**

The Scheme and the obligations of Papillon and B2Gold to implement the Transaction are subject to the following outstanding conditions precedent being satisfied or, where applicable, waived, in accordance with the terms of the Merger Implementation Agreement on or prior to the Second Court Date:

- (i) there are no objections under Australia's foreign investment policy to the acquisition by B2Gold of the Papillon Shares under the Scheme;
- (ii) any consents and approvals from ASIC, ASX, TSX or NYSE MKT, or any other regulatory approvals, necessary to implement the Transaction being obtained;
- (iii) approval of the Scheme by the Requisite Majority of Papillon Shareholders;
- (iv) approval by B2Gold Shareholders of the issuance of New B2Gold Shares under the Scheme and comprising the Cancellation Consideration in accordance with applicable TSX requirements at the B2Gold Shareholders' Meeting by the requisite majority of B2Gold Shareholders;
- (v) the Papillon Board unanimously recommending that Papillon Shareholders vote in favour of the Scheme, in the absence of a Superior Offer or the Independent Expert finding that the Scheme is not in the best interests of the Papillon Shareholders, and including that recommendation in the Scheme Booklet and not withdrawing or varying that recommendation;
- (vi) the B2Gold Board unanimously recommending that B2Gold Shareholders vote in favour of the B2Gold Resolutions;

- (vii) no order or legal restraint preventing the implementation of the Scheme being issued or made by any court or Regulatory Authority;
- (viii) Court approval of the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (ix) no Papillon Material Adverse Event occurring;
- (x) no Papillon Prescribed Occurrence occurring;
- (xi) the representations and warranties made by Papillon being true and correct in all material respects as at the Second Court Date;
- (xii) no B2Gold Material Adverse Event occurring;
- (xiii) no B2Gold Prescribed Occurrence occurring; and
- (xiv) the representations and warranties made by B2Gold being true and correct in all material respects as at the Second Court Date.

(b) **Conditions precedent to Transaction that have been satisfied or waived**

As at the date of this Scheme Booklet, the following conditions to the Transaction have been satisfied:

- (i) the receipt of an Independent Expert Report concluding that the Transaction is in the best interest of the Scheme Participants.

As at the date of this Scheme Booklet, none of the conditions to the Transaction have been waived by Papillon or B2Gold.

**11.11 Exclusivity arrangements**

The Merger Implementation Agreement contains exclusivity arrangements that, during the Exclusivity Period, prevent Papillon and its Subsidiaries, or any of its or their Representatives, directly or indirectly:

(a) **No shop**

- (i) soliciting, inviting, facilitating, encouraging or initiating any enquiries, negotiations, discussions or proposals;
- (ii) providing or making available any information (including by way of providing information and access to perform due diligence on the Papillon Group);
- (iii) entering into any agreement, arrangement or understanding (whether or not in writing and whether or not legally binding); or
- (iv) communicating any intention to do any of the above,

in relation to, or which may reasonably be expected to lead to, a Competing Proposal.

(b) **No talk**

- (i) initiating, negotiating or entering into or participating in negotiations or discussions with any person; or
- (ii) communicating any intention to do any of these things,

in relation to, or which may reasonably be expected to lead to:

- (iii) a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, encouraged or initiated by Papillon or any of its Representatives or the person has publicly announced the Competing Proposal; or
- (iv) the Transaction not completing.

(c) **Due diligence information**

- (i) soliciting, inviting, initiating, encouraging or facilitating any party other than B2Gold to undertake due diligence investigations on the Papillon Group or their respective businesses and operations; or
- (ii) making available to any other person or permitting any other person to receive (in the course of due diligence investigations or otherwise) any non-public information relating to Papillon, any member of the Papillon Group or their respective businesses and operations.

Some of these restrictions are subject to Papillon's right to engage with third parties in connection with a bona fide, written Competing Proposal where the Directors have determined that, among other things, such a Competing Proposal is a Superior Offer. However, B2Gold has the right, but not the obligation within 5 Business Days of receipt of a notice from Papillon of a Superior Offer, to offer to amend the terms of the Scheme, make a takeover bid or propose any other form of transaction.

For more information refer to the Merger Implementation Agreement in Annexure 2 of this Scheme Booklet.

### **11.12 Termination of the Merger Implementation Agreement**

The Merger Implementation Agreement may be terminated (in this Section 11.12 "terminate") in certain circumstances, including:

(a) **If Scheme fails to become Effective before the Sunset Date.**

Papillon or B2Gold may terminate if the Sunset Date has passed before the Transaction has been implemented (other than as a result of a breach by the terminating party of its obligations under the Merger Implementation Agreement).

(b) **If there is a material breach of the Merger Implementation Agreement.**

Either B2Gold or Papillon, with notice, may terminate if the other is in material breach of the Merger Implementation Agreement at any time prior to the Second Court Date and the material breach is not remedied within 5 Business Days.

(c) **If the Scheme is not approved by Papillon Shareholders.**

Either B2Gold or Papillon may terminate, if the Scheme is not approved by the Requisite Majority of Papillon Shareholders.

(d) **If the B2Gold Resolutions are not approved by B2Gold Shareholders.**

Either B2Gold or Papillon may terminate, if the B2Gold Resolutions are not approved by the required majority of B2Gold Shareholders.

(e) **If the Court or Regulatory Authority restrains the Transaction.**

Either B2Gold or Papillon may terminate, if the Court or other Regulatory Authority has issued an order, decree or ruling or taken other action which permanently restrains or prohibits the Transaction and that order, decree, ruling or other action has become final and cannot be appealed.

(f) **Conditions Precedent.**

Either B2Gold or Papillon may terminate, if there is a breach or non-fulfilment of a condition precedent which is not waived and there is failure to agree on an alternative means of completing the Transaction.

(g) **Papillon breaches any representation or warranty.**

B2Gold may terminate, if Papillon breaches any representation or warranty contained in the Merger Implementation Agreement at any time prior to the Second Court Date and either:

- (i) the breach cannot be remedied prior to the Second Court Date and, had it been disclosed to B2Gold prior to its entry into the Merger Implementation Agreement, could reasonably be expected to have resulted in B2Gold either not entering into that agreement or entering into it on materially different terms; or
- (ii) the breach amounts to a Papillon Material Adverse Event.

(h) **A Director fails to recommend the Scheme or Transaction.**

B2Gold may terminate, if at any time prior to the Second Court Date, a Director fails to recommend the Scheme or the Transaction or makes or withdraws his or her recommendation that Papillon Shareholders vote in favour of the Scheme or makes a public statement indicating that he or she no longer supports the Scheme.

(i) **A Papillon Prescribed Occurrence occurs.**

B2Gold may terminate, if a Papillon Prescribed Occurrence occurs prior to the Second Court Date.

(j) **The B2Gold Reimbursement Fee Amount becomes payable.**

B2Gold may terminate, if the B2Gold Reimbursement Fee Amount (US\$5,700,000) is payable by B2Gold and has been paid in full to Papillon. See Section 11.14 for a summary of the circumstances in which the B2Gold Reimbursement Fee Amount is payable.

(k) **The Papillon Board recommends a Superior Offer.**

B2Gold may terminate, if the Papillon Board recommends a Superior Offer for Papillon at any time before the Second Court Date.

(l) **A Competing Proposal emerges.**

B2Gold may terminate, if a Competing Proposal for Papillon is announced, made, or becomes open for acceptance, and pursuant to that Competing Proposal for Papillon, the bidder for Papillon acquires the voting power of 50% or more of Papillon and that Competing Proposal is free from any defeating conditions.

(m) **B2Gold breaches any representation or warranty.**

Papillon may terminate, if B2Gold breaches any representation or warranty contained in the Merger Implementation Agreement at any time prior to the Second Court Date and either:

- (i) the breach cannot be remedied prior to the Second Court Date and, had it been disclosed to Papillon prior to its entry into the Merger Implementation Agreement, could reasonably be expected to have resulted in Papillon either not entering into that agreement or entering into it on materially different terms; or
- (ii) the breach amounts to a B2Gold Material Adverse Event.

(n) **A majority of Papillon Directors change withdraw or modify their recommendation.**

Papillon may terminate, if at any time prior to the date of the Scheme Meeting, a majority of the Papillon Directors have changed, withdrawn or modified their recommendation because a Superior Offer has been received.

(o) **A B2Gold director fails to recommend the Scheme or Transaction.**

Papillon may terminate, if a B2Gold Director fails to recommend the B2Gold Resolutions or the Transaction or makes or withdraws his or her recommendation that B2Gold Shareholders vote in favour of the B2Gold Resolutions or makes a public statement indicating that he or she no longer supports the B2Gold Resolutions or the Transaction.

(p) **A Superior Offer is recommended.**

Papillon may terminate, in order to permit the Papillon Board to recommend a Superior Offer.

(q) **B2Gold Prescribed Occurrence occurs**

Papillon may terminate, if a B2Gold Prescribed Occurrence occurs prior to the Second Court Date.

For more information refer to the Merger Implementation Agreement in Annexure 2 of this Scheme Booklet.

**11.13 Papillon Reimbursement Fee Amount**

Papillon has agreed to pay to B2Gold the Papillon Reimbursement Fee Amount (US\$5,700,000) if:

- (i) the Papillon Board fails to unanimously recommend the Transaction to the Papillon Shareholders, other than as a result of the Independent Expert opining that the Scheme is not in the best interests of the Papillon Shareholders or the fact that a B2Gold Material Adverse Event has occurred or is continuing;
- (ii) any Director recommends or promotes a Competing Proposal;
- (iii) the Court fails to approve the Scheme as a result of any non-compliance by Papillon of any of its obligations under the Merger Implementation Agreement;
- (iv) the Scheme does not become Effective prior to the Sunset Date as a result of any non-compliance by Papillon of any of its obligations under the Merger Implementation Agreement or the Scheme Meeting not being held in an expeditious manner due to Papillon delaying the Scheme Meeting as a result of a Competing Proposal;
- (v) a Competing Proposal is announced before the date of the Scheme Meeting, the Papillon Shareholders do not approve the Scheme at the Scheme Meeting and, as contemplated by the Competing Proposal, a third party acquires the voting power of 50% or more of Papillon within 12 months of the Competing Proposal being announced; or
- (vi) B2Gold terminates the Merger Implementation Agreement due to:
  - (A) a material breach of the Merger Implementation Agreement by Papillon which continues for more than 5 Business Days following notice of such breach; or
  - (B) Papillon's breach of its representations and warranties which cannot be remedied prior to the Second Court Date.

However, the Papillon Reimbursement Fee Amount (US\$5,700,000) is not payable by Papillon once the Scheme becomes Effective, or if the Papillon Shareholders do not approve the Scheme at the Scheme Meeting.

**11.14 B2Gold Reimbursement Fee Amount**

B2Gold has agreed to pay to Papillon the B2Gold Reimbursement Fee Amount (US\$5,700,000) if:

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- (i) the B2Gold Board fails to unanimously recommend, or recommends against, qualifies their support of, or withdraws its recommendation or approval of, the B2Gold Resolutions, in each case other than as a result of the fact that a Papillon Material Adverse Event has occurred and is continuing;
- (ii) the Court fails to approve the Scheme as a result of a material non-compliance by B2Gold with any of its obligations under the Merger Implementation Agreement;
- (iii) the Effective Date of the Scheme has not occurred prior to the Sunset Date, as a consequence of non-compliance by B2Gold with any of its obligations under the Merger Implementation Agreement;
- (iv) a proposal or offer in respect of B2Gold is announced before the date of the B2Gold Shareholders' Meeting and as contemplated by the proposal, a third party acquires the voting power of 50% or more of B2Gold within 12 months of the proposal being announced; or
- (v) Papillon terminates the Merger Implementation Agreement due to:
- (A) a material breach of the Merger Implementation Agreement by B2Gold which continues for more than 5 Business Days following notice of such breach; or
- (B) B2Gold's breach of its representations and warranties which cannot be remedied prior to the Second Court Date.

However, the B2Gold Reimbursement Fee Amount (US\$5,700,000) is not payable by B2Gold once the Scheme becomes Effective or if the B2Gold Shareholders do not approve the B2Gold Resolutions at the B2Gold Shareholders' Meeting.

### 11.15 Arrangements for holders of Papillon Options

As at the date of this Scheme Booklet, B2Gold has entered into binding agreements with each holder of Papillon Options to have all their Papillon Options cancelled on the Implementation Date, conditional upon the Scheme becoming Effective. These holders of Papillon Options together hold 100% of the Papillon Options on issue as detailed below.

Holders of Papillon Options will have their Papillon Options cancelled in consideration for the Cancellation Consideration.

As at the date of this Scheme Booklet, Papillon has the following Papillon Options on issue:

Price	Issue Date	Expiry Date	Number of Papillon Options	Cancellation Consideration (Number of B2Gold Shares)
A\$0.80	18 October 2011	20 September 2014	750,000	309,594
A\$0.50	18 October 2011	18 October 2014	300,000	158,429
A\$0.65	18 October 2011	18 October 2014	1,100,000	517,490
A\$0.61	26 October 2011	26 October 2014	250,000	121,455
A\$1.10	29 May 2012	30 June 2015	500,000	148,744

Price	Issue Date	Expiry Date	Number of Papillon Options	Cancellation Consideration (Number of B2Gold Shares)
A\$1.10	3 September 2012	30 June 2015	150,000	44,623
A\$1.20	29 May 2012	30 June 2015	500,000	129,526
<b>Total</b>			<b>3,550,000</b>	<b>1,429,861</b>

### 11.16 United States securities laws

The New B2Gold Shares to be issued to Papillon Shareholders pursuant to the Scheme will not be registered under the US Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from registration provided by section 3(a)(10) of the US Securities Act. Section 3(a)(10) of the US Securities Act exempts from registration a security that is issued in exchange for outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue or distribute securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. The Court's approval will, if granted, constitute a basis for the exemption from the registration requirements under the US Securities Act contained in section 3(a)(10) thereof with respect to the New B2Gold Shares to be issued to Papillon Shareholders in connection with the Scheme.

The New B2Gold Shares issued pursuant to the Scheme will not be "restricted securities" as such term is defined in Rule 144 under the US Securities Act, and generally will not be subject to restrictions on resale unless the holder of such New B2Gold Shares is an "affiliate" of B2Gold after the Effective Date of the Scheme or has been such an "affiliate" within 90 days prior to the Effective Date.

New B2Gold Shares received by a holder who will be an "affiliate" of B2Gold after the Effective Date or has been such an "affiliate" within 90 days prior to the Effective Date will be subject to certain restrictions on resale imposed by the US Securities Act. As defined in Rule 144 under the US Securities Act, an "affiliate" of an issuer is a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the issuer. The determination of whether a person is an "affiliate" is dependent upon all relevant facts and circumstances. Persons who are executive officers, directors or significant shareholders of an issuer or who are otherwise able to exert influence over an issuer should consult with their own legal counsel regarding whether they would be considered to be "affiliates" and whether resales of the New B2Gold Shares they received pursuant to the Scheme will be subject to restrictions imposed by the US Securities Act.

Persons who are not affiliates of B2Gold after the Effective Date, have not been affiliates of B2Gold within 90 days prior to the Effective Date and are not otherwise "underwriters" or "dealers" within the meaning of the US Securities Act may resell the New B2Gold Shares that they receive in connection with the Scheme in the United States without restriction under the US Securities Act. Persons who are affiliates of B2Gold after the Effective Date or who have been affiliates within 90 days of the Effective Date may not sell the New B2Gold Shares that they receive in connection with the Scheme, in the absence of registration under the US Securities Act, unless an exemption from

such registration requirements is available, such as the exemptions provided by Rule 144 under the US Securities Act or Rule 904 of Regulation S under the US Securities Act.

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## 12. Additional information

### 12.1 Interests of Directors

The Directors have no interest in the outcome of the Scheme, except as provided for in this Scheme Booklet.

#### (a) Papillon marketable securities

The number, description and amount of Papillon marketable securities held by or on behalf of each Director as at the date of this Scheme Booklet are:

Director	Papillon Shares	Papillon Options	Papillon Rights
Ian Middlemas	10,000,000	-	-
Mark Connelly	236,000	-	1,840,000 <sup>(1)</sup>
Robert Behets	747,700	1,000,000 <sup>(2)</sup>	528,000 <sup>(3)</sup>
Alec Pismiris	4,000,000	-	-

**Notes:**

- (1) Mr Connelly holds 394,000 Papillon Rights expiring on 30 June 2015, 673,000 Papillon Rights expiring on 30 June 2016 and 773,000 Papillon Rights expiring on 30 June 2017. In accordance with the terms of the Papillon Rights, these will automatically vest upon the Court approving the Scheme.
- (2) Mr Behets holds 1,000,000 Papillon Options expiring on 30 June 2015. Papillon, B2Gold, and Mr Behets have agreed to cancel these Papillon Options in consideration for the issue of 278,270 B2Gold Shares, upon the Court approving the Scheme.
- (3) Mr Behets holds 264,000 Papillon Rights expiring on 30 June 2016 and 264,000 Papillon Rights expiring on 30 June 2017. In accordance with the terms of the Papillon Rights, these will automatically vest upon the Court approving the Scheme.

#### (b) B2Gold marketable securities

There are no marketable securities of B2Gold held by or on behalf of any Directors as at the date of this Scheme Booklet.

#### (c) Participation in the Scheme

Except as set out in this Section 12.1, all Directors will be treated in the same way under the Scheme as all other Papillon Shareholders.

#### (d) Arrangements in respect of Papillon Options

Please refer to Sections 11.15 and 12.1(a) for details of the proposed treatment of the Papillon Options held by Mr Behets.

#### (e) Arrangements in respect of Papillon Rights

Please refer to Section 12.1(a) for details of the proposed treatment of the Papillon Rights held by Messrs Connelly and Behets.

#### (f) Termination Benefits

Mr Connelly, Managing Director and Chief Executive Officer of Papillon, has a contract of employment with Papillon pursuant to which he is entitled to receive a fixed remuneration component of A\$350,000 per annum, a discretionary annual bonus of up to A\$150,000 per annum, and three months' written notice upon termination of his contract. B2Gold intends to terminate Mr Connelly's contract upon implementation of the Scheme.

Except as set out in this Section 12.1, no other termination benefits are proposed to be paid to any Director or officer of Papillon or any Related Entity.

Further, there are no agreements or arrangements between any Director and another person which is in connection with or condition on the outcome of the Scheme.

**(g) Appointment of Papillon Director as B2Gold Director**

In accordance with the terms of the Merger Implementation Agreement, B2Gold agreed to appoint a nominee of Papillon to the B2Gold Board. It is proposed that Mr Connelly will be nominated by Papillon to be appointed to the B2Gold Board upon implementation of the Scheme. If Mr Connelly is appointed as a B2Gold Director, he may be entitled to receive director fees, meeting attendance fees, stock options, travel allowances, and reimbursement of incidental expenses from B2Gold in connection with the performance of his duties for B2Gold. At the date of this Scheme Booklet, no specific arrangements had been agreed between B2Gold and Mr Connelly.

**(h) Interests of Directors in contracts entered into by B2Gold**

Except as set out in this Section 12.1, none of the Directors have any interests in contracts entered into by B2Gold.

**(i) Other agreements or arrangements with Directors in connection with the Scheme**

Papillon proposes to obtain a new directors' and officers' insurance policy, to provide coverage for all current Directors for seven years from the Implementation Date.

Except as set out in this Section 12.1, there are no other agreements or arrangements between any Director of Papillon and any other person in connection with or conditional upon the outcome of the Scheme.

## **12.2 Intentions of B2Gold after the Implementation Date**

If the Scheme is implemented, it will be a matter for B2Gold to formulate its intentions in relation to:

- (i) the continuation of the business of Papillon;
- (ii) any major changes to be made to the business of Papillon; and
- (iii) the future employment of the present employees of Papillon.

The current intentions of B2Gold in relation to the Merged Entity are set out in Section 8.2.

### **12.3 Relevant interests of B2Gold in Papillon securities**

As at the date of this Scheme Booklet, no Papillon Shares or Papillon Options are held by or on behalf of any B2Gold Directors and B2Gold has no relevant interest in any Papillon Shares and does not hold any Papillon Options. B2Gold has no intention acquire any Papillon Shares or Papillon Options prior to the Scheme becoming Effective.

### **12.4 Dealings in Papillon securities**

Neither B2Gold nor any Associate has provided, or agreed to provide, consideration for any Papillon Shares under a purchase or agreement during the four months ended on the day immediately before the date of this Scheme Booklet.

During the period of four months ended on the day immediately before the date of this Scheme Booklet, neither B2Gold nor any Associate has given, offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- (i) vote in favour of the Scheme; or
- (ii) dispose of Papillon Shares,

and the benefit has not been offered to all Papillon Shareholders.

### **12.5 Material change in financial position of Papillon**

To the knowledge of the Directors, there has been no material change to the financial position of Papillon since 31 December 2013, being the date of the last published half year financial statement of Papillon.

### **12.6 Lodgement of Scheme Booklet**

This Scheme Booklet was given to ASIC on 15 July 2014 in accordance with section 411(2)(b) of the Corporations Act.

### **12.7 No unacceptable circumstances**

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any Papillon Shareholder that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

### **12.8 Creditors of Papillon**

The Scheme, if implemented, is not expected to materially prejudice Papillon’s ability to pay its creditors as the Scheme involves the acquisition of Papillon Shares for consideration provided by a third party, rather than the acquisition of Papillon’s underlying assets. No material new liability (other than Transaction costs) is expected to be incurred by Papillon as a consequence of the Transaction. Papillon has paid and is paying all of its creditors within normal terms of trade and is solvent and trading in an ordinary commercial manner.

## 12.9 Interests of B2Gold Directors, advisers, experts and others

### (a) Interests of B2Gold Directors, advisers and others

Other than as set out in this Section 12.9 or elsewhere in this Scheme Booklet, no:

- (i) B2Gold Director or proposed director of B2Gold;
- (ii) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet;
- (iii) promoter of B2Gold;
- (iv) financial services licensee named in this Scheme Booklet as a financial services licensee involved in the Scheme,

holds, or held at any time during the last two years before the date of this Scheme Booklet, any interest in:

- (v) the formation or promotion of B2Gold;
- (vi) any property acquired or proposed to be acquired by B2Gold in connection with its formation or promotion or the offer for allotment of the New B2Gold Shares; or
- (vii) the offer for allotment of New B2Gold Shares.

Other than as set out in this Section 12.9 or elsewhere in this Scheme Booklet, no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given:

- (i) to a director or proposed director of B2Gold to induce him to become, or to qualify him as, a director of B2Gold; or
- (ii) for services provided in connection with the formation or promotion of B2Gold or the offer of B2Gold Shares under the Scheme by any director or proposed director of B2Gold, any person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet, any promoter of B2Gold, or any financial services licensee named in this Scheme Booklet as a financial services licensee involved in the issue of B2Gold Shares under the Scheme.

### (b) Experts and fees

The persons performing a function in a professional or advisory capacity in connection with the Scheme and with the preparation of this Scheme Booklet are:

- (i) Hardy Bowen as legal adviser in relation to Australian law to Papillon;
- (ii) Stikeman Elliott LLP as legal adviser in relation to Canadian law to Papillon;

- (iii) Macquarie Capital (Australia) Limited as Lead Financial Adviser to Papillon;
- (iv) BMO Nesbitt Burns Inc. as Financial Adviser to Papillon;
- (v) Deutsche Bank AG. as Financial Adviser to Papillon;
- (vi) Euroz Securities Limited as Financial Adviser to Papillon;
- (vii) BDO as the author of the Independent Expert's Report;
- (viii) Snowden as the author of the Independent Technical Specialist's Report;
- (ix) Deloitte as auditor to Papillon for financial periods commencing on or after 1 July 2013; and
- (x) Ernst & Young has reviewed the Australian taxation considerations in Section 10.

Each of them will be entitled to receive professional fees charged in accordance with their normal basis of charging.

The estimated fees payable to each of the above persons performing a function in a professional or advisory capacity in connection with the Scheme and with the preparation of this Scheme Booklet are as follows:

Advisor	Estimated Fee (Plus GST)
Macquarie Capital (Australia) Limited	\$2,500,000
BMO Nesbitt Burns Inc.	\$1,000,000
Deutsche Bank AG.	\$1,000,000
Euroz Securities Limited	\$500,000
Hardy Bowen	\$355,000
Stikeman Elliott LLP	\$49,000
BDO	\$95,000
Snowden	\$243,000
Deloitte	\$23,000
Ernst & Young	\$8,000
Other (including filing fees, regulatory fees and mailing costs)	\$376,000
<b>TOTAL</b>	<b>\$6,149,000</b>

Notwithstanding the foregoing, each of the Financial Advisers and their Related Entities as full-service financial advisory firms, in the ordinary course (i) each acts as a trader of, and dealer in,

securities both as principal and on behalf of clients and, as such, may have had, and may in the future have, long or short positions in the securities of B2Gold and/or Papillon, their predecessor or successor companies, (ii) conducts research on securities and provides investment advice to clients on investment matters and may, in the ordinary course of business, provide research reports and advice with respect to B2Gold and/or Papillon, their predecessor or successor companies and (iii) may have provided, or in the future provide, other financial services which may include financial advisory services to B2Gold and/or Papillon, their predecessor or successor companies.

## 12.10 Consents

### (a) Consents

Each of the following persons has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet in the form and context in which it is named:

- (i) Hardy Bowen has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as legal adviser to Papillon as to matters of Australian law.
- (ii) Stikeman Elliot has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as legal advisors to Papillon as to matters of the Canadian law and to the inclusion in this Scheme Booklet of the summary of certain matters under Canadian law set out in Annexure 3 and the references to the contents or conclusions of that summary elsewhere in this Scheme Booklet to the extent they constitute statements of Canadian law, in each case in the form and context in which they are included.
- (iii) Macquarie Capital (Australia) Limited has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as the Lead Financial Adviser to Papillon.
- (iv) BMO Nesbitt Burns Inc. has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as a Financial Adviser to Papillon.
- (v) Deutsche Bank AG. has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as a Financial Adviser to Papillon.
- (vi) Euroz Securities Limited has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as a Financial Adviser to Papillon.
- (vii) Computershare Investor Services Pty Ltd has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as the Australian Registrar.

- (viii) BDO has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named as the Independent Expert in this Scheme Booklet and to the inclusion in this Scheme Booklet of the Independent Expert's Report in Annexure 1 and the references to the Independent Expert's Report elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.
- (ix) Snowden has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet and to the inclusion of its Independent Technical Assessment and Valuation of the La Libertad, Limon and Masbate Mines, the Fekola, Otjikoto, Kiaka, Gramalote, Mocoa and Cebollati Projects and the Radius and Calibre joint venture agreements, which forms appendix 5 to the Independent Expert's Report, and to references to this elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.
- (x) Deloitte has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as the auditor to Papillon and to the inclusion in this Scheme Booklet of extracts from, references to and information from Papillon's reviewed financial statements as at and for the periods ended 31 March 2014 and 31 December 2013 as included in Section 6.10 and references to this information elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.
- (xi) BDO Audit has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as the previous auditor to Papillon and to the inclusion in this Scheme Booklet of extracts from, references to and information from Papillon's audited financial statements for the periods ended 30 June 2012 and 30 June 2013 as included in Section 6.10 and references to this information elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.
- (xii) Ernst & Young has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named having reviewed the Australian taxation implications of the Scheme for certain Australian Papillon Shareholders, which is set out in Section 10 and the summaries of that Section elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.
- (xiii) B2Gold has given and has not before the date of this Scheme Booklet withdrawn its written consent to the inclusion in this Scheme Booklet of the B2Gold Information in the form and context in which it is included.
- (xiv) PricewaterhouseCoopers LLP has given and has not before the date of this Scheme Booklet withdrawn its written consent to be named in this Scheme Booklet as the auditor to B2Gold and to the inclusion in this Scheme Booklet of extracts from, references to and information from B2Gold's audited financial statements in Sections 7.6 and 8.5 and references to this information elsewhere in this Scheme Booklet, in each case in the form and context in which they are included.

(b) **Disclaimer**

Each person referred to in Section 12.10(a):

- (i) has not authorised or caused the issue of this Scheme Booklet;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified Section 12.10(a); and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Scheme Booklet other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person referred to in Section 12.10(a).

**12.11 Information relating to Ore Reserves and Mineral Resources**

(a) **Papillon**

The information in this Scheme Booklet that relates to exploration results for the Fekola Project and Menankoto Sud Project is based on, and fairly represents, information compiled by Mr Andrew Boyd of Cairn Geoscience Limited. Mr Boyd is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Boyd consents to the inclusion in this Scheme Booklet of the statements based on his information in the form and context in which it appears and has not, before the time of registration of this Scheme Booklet with ASIC, withdrawn that consent.

The information in this Scheme Booklet that relates to Mineral Resources for the Fekola Project is based on, and fairly represents, information compiled by Mr Nic Johnson of MPR Geological Consultants. Mr Johnson is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Johnson consents to the inclusion in this Scheme Booklet of the statements based on his information in the form and context in which it appears and has not, before the time of registration of this Scheme Booklet with ASIC, withdrawn that consent.

(b) **B2Gold**

Information in this Scheme Booklet relating to Mineral Reserves (as defined under NI 43-101) in respect of the Mineral Reserve statement for La Libertad, Limon and Masbate projects was compiled and verified under the supervision of Kevin Pemberton, P.E. (Florida, USA), Chief Mine Planning Engineer of B2Gold, and a Qualified Person as defined under NI 43-101. Information in this Scheme Booklet relating to Mineral Resources (as defined under NI 43-101) in respect of the Mineral Resource statement for La Libertad and Limon projects was compiled and verified under the supervision of Brian Scott, P.Geo., Chief Geologist of B2Gold, and a Qualified Person as defined under NI 43-101. Information in this Scheme Booklet relating to

Mineral Resources (as defined under NI 43-101) in respect of the Mineral Resource statement for the Masbate project was compiled and verified under the supervision of Tom Garagan, P.Geo., Senior Vice-President of Exploration of B2Gold, and a Qualified Person as defined under NI 43-101. Mr Pemberton, Mr Scott and Mr Garagan have consented to inclusion of this information in the form and context in which it appears in this Scheme Booklet, and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn that consent.

Information in this Scheme Booklet relating to Mineral Reserves and Mineral Resources (as defined under NI 43-101) in respect of the Mineral Reserve and Mineral Resource statement for the Otjikoto Project was reviewed by Mr Tom Garagan, Senior Vice President of Exploration of B2Gold, and a Qualified Person as defined under NI 43-101. Mr Garagan has consented to inclusion of this information in the form and context in which it appears in this Scheme Booklet, and has not, before the time of registration of this Scheme Booklet with ASIC, withdrawn that consent.

Information in this Scheme Booklet relating to Mineral Resources (as defined under NI 43-101) in respect of the Mineral Resource statement for the Kiaka project was reviewed by Ben Parsons, MSc, MAusIMM (CP) Principal Consultant of SRK Consulting (UK) Limited, and a Qualified Person as defined under NI 43-101. Mr Parsons has consented to inclusion of this information in the form and context in which it appears in this Scheme Booklet, and has not, before the time of registration of this Scheme Booklet with ASIC, withdrawn that consent.

Information in this Scheme Booklet relating to Mineral Resources (as defined under NI 43-101) in respect of the Mineral Resource statement for the Gramalote project was prepared under the supervision Vaughan Chamberlain, FAusIMM, Senior Vice President, Geology and Metallurgy, for AngloGold, and a Qualified Person as defined under NI 43-101. Mr Chamberlain has consented to inclusion of this information in the form and context in which it appears in this Scheme Booklet, and has not, before the time of registration of this Scheme Booklet with ASIC, withdrawn that consent.

(c) **Disclaimer**

Each person referred to in this Section 12.11:

- (i) has not authorised or caused the issue of this Scheme Booklet;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in this Section 12.11; and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Scheme Booklet other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person referred to in this Section 12.11.

## 12.12 Regulatory conditions and relief

Listing Rule 6.23.2 provides that a change which has the effect of cancelling an option for consideration can only be made if shareholders approve the change. ASX has granted Papillon a waiver from Listing Rule 6.23.2 to allow for the cancellation of any Papillon Options without the need to obtain Papillon Shareholder approval. The waiver is conditional on the Scheme being approved by the Requisite Majority of Papillon Shareholders and by the Court, and that full details of the cancellation of the Papillon Options are clearly set out in the Scheme Booklet.

## 12.13 Supplementary information

If between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, B2Gold becomes aware of any of the following:

- (i) a material statement in the B2Gold Information is false or misleading;
- (ii) a material omission from the B2Gold Information;
- (iii) a significant change affecting a matter included in the B2Gold Information; or
- (iv) a significant new matter affecting B2Gold that has arisen and that would have been required to be included in the B2Gold Information if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

B2Gold will make available supplementary information to Papillon. Papillon will make any such supplementary material provided by B2Gold available to Papillon Shareholders by releasing that material to ASX ([www.asx.com.au](http://www.asx.com.au)) and posting the supplementary document to Papillon's website ([www.papillonresources.com](http://www.papillonresources.com)). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Papillon may also send such supplementary materials to Papillon Shareholders.

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Papillon becomes aware of any of the following:

- (i) a material statement in this Scheme Booklet is false or misleading;
- (ii) a material omission from this Scheme Booklet;
- (iii) a significant change affecting a matter included in this Scheme Booklet; or
- (iv) a significant new matter that has arisen and that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

Papillon will make available supplementary material to Papillon Shareholders. Papillon intends to make available any supplementary material by releasing that material to ASX ([www.asx.com.au](http://www.asx.com.au)) and posting the supplementary document to Papillon's website ([www.papillonresources.com](http://www.papillonresources.com)). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Papillon may also send such supplementary materials to Papillon Shareholders.

#### 12.14 Other material information

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Director or Related Entity of Papillon which has not previously been disclosed to Papillon Shareholders.

**THE ISSUE OF THIS SCHEME BOOKLET IS AUTHORISED BY THE DIRECTORS OF PAPILLON RESOURCES LIMITED AND THIS SCHEME BOOKLET HAS BEEN SIGNED BY OR ON BEHALF OF THE DIRECTORS OF PAPILLON RESOURCES LIMITED ON 8 AUGUST 2014**

A handwritten signature in black ink, appearing to read "R. Behets", enclosed within a large, stylized, circular flourish.

Robert Behets  
Director

For personal use only

## 13. Glossary

In this Scheme Booklet (and Annexures 3 to 5 of this Scheme Booklet), unless the context requires otherwise:

**AC** means air core drilling.

**Accounting Standards** has the meaning given to it in section 10 of the Corporations Act.

**AngloGold** means AngloGold Ashanti Limited.

**Annexure** means an annexure to this Scheme Booklet.

**Announcement Date** means the date on which B2Gold and Papillon announced to ASX that they had entered into the Merger Implementation Agreement, being 3 June 2014.

**ASIC** means the Australian Securities & Investments Commission.

**Associate** has the meaning given to it in the Corporations Act.

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

**Auryx** means Auryx Gold Corp.

**Auryx Agreement** means the arrangement agreement dated 10 November 2011 between B2Gold and Auryx.

**Auryx Arrangement** means the Canadian plan of arrangement pursuant to which B2Gold acquired 100% of the shares in Auryx.

**Australian Registrar** means Computershare Investor Services Pty Ltd.

**B2Gold** means B2Gold Corp.

**B2Gold Board** means the board of directors of B2Gold.

**B2Gold Diligence Materials** means the information provided by B2Gold to Papillon and its Representatives in the B2Gold data room hosted by Lawson Lundell LLP and any additional information that has been provided by B2Gold in writing in response to a request by Papillon.

**B2Gold Director** means a member of the B2Gold Board.

**B2Gold Disclosure Letter** means the letter dated the date of the Merger Implementation Agreement delivered by B2Gold to Papillon in a form accepted by Papillon with respect to certain matters in the Merger Implementation Agreement.

**B2Gold Group** means B2Gold and its Related Entities as at the date of this Scheme Booklet.

**B2Gold Information** means all the information contained in this Scheme Booklet prepared by or on behalf of B2Gold, including all information in relation to B2Gold, the Merged Entity (including the prospects and risks of the Merged Entity), the Scheme Consideration, the New B2Gold Shares, the

letter from the B2Gold President and the information in the Sections or parts of those Sections described below:

- (i) Section 1.5;
- (ii) Section 2.1
  - (A) under the heading, "You will gain immediate exposure to B2Gold's gold production, cash flows and significant resources" as it relates to the description of B2Gold;
  - (B) under the heading, "You will have the opportunity to participate in B2Gold's rapidly expanding production profile"; and
  - (C) under the heading, "You will benefit from B2Gold's enhanced financial position and scale";
- (iii) Section 2.2: the bullet points under the heading, "The Merged Entity will be subject to a number of risks to which Papillon is not currently exposed";
- (iv) Section 3
  - (A) under the heading, "Who will manage the Merged Entity following the implementation of the Transaction?"; and
  - (B) under the part named, "Questions about B2Gold";
- (v) Section 5.1: the third paragraph;
- (vi) Section 7;
- (vii) Section 8;
- (viii) Section 9.1: the fourth paragraph;
- (ix) Section 9.2;
- (x) Section 9.4;
- (xi) Section 9.5;
- (xii) Section 11.16;
- (xiii) Section 12.2;
- (xiv) Section 12.3;
- (xv) Section 12.4;
- (xvi) Section 12.9(a);

(xvii) Section 12.11(b); and

(xviii) Section 13: the following definitions contained in the Glossary :

- (A) B2Gold;
- (B) B2Gold Group;
- (C) B2Gold Share; and
- (D) B2Gold Shareholder,

except in each case to the extent that information is based on information provided or prepared by or on behalf of Papillon.

**B2Gold Material Adverse Event** means one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:

- (i) the effect of a diminution in the consolidated gross assets of the B2Gold Group, taken as a whole from that shown on B2Gold's balance sheet as at 31 December 2013 (calculated on the basis of Canadian GAAP), of at least US\$120 million; or
- (ii) the result that the business, trading or financial position, assets and material licences of the B2Gold Group are materially adversely affected; provided that, there will only be a material adverse effect under this paragraph (ii) if the relevant change, event, occurrence, fact or matter is reasonably likely to have an effect over a material period of time (and for the avoidance of doubt, a mere diminution in the value of consolidated gross assets below US\$120 million (as calculated under paragraph (i) above) will not, of itself, be a material adverse event),

other than those changes, events, occurrences or matters:

- (iii) required or permitted by the Merger Implementation Agreement, the Scheme or transactions contemplated by them;
- (iv) that took place with the written consent of Papillon;
- (v) that B2Gold fully and fairly disclosed in the B2Gold Diligence Materials or in the B2Gold Disclosure Letter;
- (vi) that are or that arise from: (i) changes in world gold prices or exchange rates; (ii) general changes in economic, political or business conditions; or (iii) changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which B2Gold Group operates, in each case, which impact producers of, or explorers for, gold in a similar matter, but excluding for the avoidance of doubt changes in government, civil disorder, political coup, a declaration of a state of emergency, and changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which B2Gold Group operates which are

directed at the B2Gold Group's existing operations or which changes affect the B2Gold Group disproportionately more than other similar entities; or

- (vii) arising from changes to Canadian GAAP or the interpretation of those principles by any professional body or Regulatory Authority.

For the avoidance of doubt, a fall in B2Gold's share price will not of itself alone constitute a B2Gold Material Adverse Event.

**B2Gold Namibia** means B2Gold Namibia (Pty) Ltd.

**B2Gold Nominee** means the wholly owned subsidiary of B2Gold that B2Gold may nominate to acquire all of the Papillon Shares from Scheme Participants in lieu of B2Gold.

**B2Gold Prescribed Occurrence** means other than:

- (i) as required by the Merger Implementation Agreement, Scheme or the Deed Poll;
- (ii) matters which have been fully and fairly disclosed in (i) the B2Gold Diligence Materials; or (ii) the B2Gold Disclosure Letter; or
- (iii) as agreed to in writing by Papillon,

the occurrence of any of the following between the date of the Merger Implementation Agreement and 8.00am on the Second Court Date:

- (iv) B2Gold converting all or any of its shares into a larger or smaller number of shares;
- (v) any member of the B2Gold Group (other than a direct or indirect wholly-owned subsidiary of B2Gold) resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (vi) any member of the B2Gold Group (other than a direct or indirect wholly-owned subsidiary of B2Gold):
  - (A) entering into a buy-back agreement; or
  - (B) resolving to approve the terms of a buy-back agreement;
- (vii) any member of the B2Gold Group declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its shareholders (other than a direct or indirect wholly-owned subsidiary of B2Gold declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to B2Gold or to another direct or indirect wholly-owned subsidiary of B2Gold);
- (viii) except as disclosed in the B2Gold budget that has been provided to Papillon, a member of the B2Gold Group:

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- (A) entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by the B2Gold Group in excess of US\$10 million (individually or in aggregate) other than any payment required by law; or
  - (B) (without limiting the foregoing) incurring or agreeing to incur capital expenditure from the date of the Merger Implementation Agreement of more than US\$10 million (individually or in aggregate);
  - (ix) a member of the B2Gold Group entering into a contract or commitment that materially restrains that member of the B2Gold Group from competing with any person or conducting activities in any material market;
  - (x) a member of the B2Gold Group issuing B2Gold securities (including with rights of conversion to B2Gold Shares), other than an issue of B2Gold Shares that is:
    - (A) (along with all other issues under this exclusion) up to C\$200 million;
    - (B) at a price per B2Gold share or security that is not less than the volume weighted average price of B2Gold Shares on TSX over the 30 trading day period prior to the date of the Merger Implementation Agreement; and
    - (C) that is announced on or before the Second Court Date,

and in all cases excluding an issue of any shares or other securities: (i) by a direct or indirect wholly-owned subsidiary of B2Gold to B2Gold or to another direct or indirect wholly-owned subsidiary of the B2Gold; (ii) upon or pursuant to the exercise of an option or restricted share unit or conversion of a convertible note referred to in the B2Gold Disclosure Letter; (iii) to directors, officers and employees under an existing securities compensation plan in the ordinary course of business; or (iv) as Papillon consents to in writing;
  - (xi) B2Gold making any change to its notice of articles or articles without the consent of Papillon (such consent not to be unreasonably withheld or delayed);
  - (xii) a material member of the B2Gold Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
  - (xiii) the Canadian Securities Authorities, or any of them, issue a temporary or permanent cease trading order prohibiting the trading in any class of securities of B2Gold that has not been lifted or remedied by 8:00am on the Second Court Date; or
  - (xiv) if a B2Gold Insolvency Event occurs.

**B2Gold Reimbursement Fee Amount** means US\$5,700,000.

**B2Gold Resolutions** means the resolutions of the B2Gold Shareholders required to approve the issuance of New B2Gold Shares under the Scheme and comprising the Cancellation Consideration in accordance with applicable TSX requirements at the B2Gold Shareholders' Meeting.

**B2Gold Share** means one fully paid common share in the capital of B2Gold.

**B2Gold Shareholder** means a person registered in the register of members of B2Gold maintained in accordance with the BCBCA as the holder of B2Gold Shares.

**B2Gold Shareholders' Meeting** means the special meeting of B2Gold Shareholders held to consider and approve the B2Gold Resolutions.

**BCBCA** means the Business Corporations Act (British Columbia).

**BDO** means BDO Corporate Finance (WA) Pty Ltd.

**BDO Audit** means BDO Audit (WA) Pty Ltd.

**Business Day** means:

- (i) for receiving a notice under the Merger Implementation Agreement, Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other date that ASX or TSX declares is not a business day; and
- (ii) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in Vancouver, British Columbia or Western Australia.

**CAG** means Central African Gold Plc.

**CAG Sale Agreement** means the share purchase agreement dated 18 December 2009 between CAG and Papillon.

**Calibre** means Calibre Mining Corp.

**Canadian GAAP** means generally accepted accounting principles in Canada, including the International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Canadian Securities Authorities** means the securities regulatory authorities in the provinces of Canada.

**Cancellation Consideration** means the consideration to be provided to holders of Papillon Options, being that number of B2Gold Shares set out opposite each tranche of Papillon Options as described in the following table, calculated in respect of each tranche as follows:

$$(A-B)/C \times D$$

where:

**A** is C\$1.8871, being the value of the Scheme Consideration for one Papillon Share calculated by reference to the 20 Business Day VWAP of B2Gold Shares ending on the last trading day immediately preceding the announcement of the Transaction to ASX and TSX (**Calculation Time**) and the exchange ratio set out in the Merger Implementation Agreement

**B** is C\$ being the value of the exercise price of the Papillon Option in the relevant tranche, at the exchange rate for conversion of A\$ to C\$ at the same day value rate quoted by B2Gold's principal Canadian banker at the Calculation Time

**C** is C\$2.62, being the closing price of B2Gold Shares at the Calculation Time

**D** is the number of Papillon Options in the relevant tranche

Where the number of B2Gold Shares to be issued in respect to each tranche of Papillon Options or individual holdings within each tranche is not a whole number, the number of B2Gold Shares to be offered will be rounded down to the nearest whole number.

Papillon Options in the relevant tranche

Price	Issue Date	Expiry Date	Number of Papillon Options	Cancellation Consideration (Number of B2Gold Shares)
A\$0.80	18 October 2011	20 September 2014	750,000	309,594
A\$0.50	18 October 2011	18 October 2014	300,000	158,429
A\$0.65	18 October 2011	18 October 2014	1,100,000	517,490
A\$0.61	26 October 2011	26 October 2014	250,000	121,455
A\$1.10	29 May 2012	30 June 2015	500,000	148,744
A\$1.10	3 September 2012	30 June 2015	150,000	44,623
A\$1.20	29 May 2012	30 June 2015	500,000	129,526
<b>Total</b>			<b>3,550,000</b>	<b>1,429,861</b>

**CCJA** means the *Cour Commune de Justice et d'Arbitrage* in Abidjan, Cote d'Ivoire.

**Central Sun** means Central Sun Mining Inc.

**CGA** means CGA Mining Limited.

**CGA Merger Agreement** means the merger implementation agreement dated 18 September 2012 between B2Gold and CGA.

**CGA Scheme** means the scheme of arrangement pursuant to which B2Gold acquired all of the securities of CGA.

**CGT** means capital gains tax.

**CIM** or **CIM Standards** means Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council on 20 August 2000.

**Competing Proposal** means any proposal or offer received by Papillon, any member of the Papillon Group or a Papillon Shareholder from a third party (other than B2Gold or its Related Entities) to evaluate or enter into any transaction that is similar to the Transaction or under which (other than as required or contemplated by the Scheme):

- (i) other than with respect to on-market purchases of Papillon Shares with no involvement by Papillon (or a Related Entity of Papillon), a person would acquire a relevant interest or voting power in 10% or more of Papillon Shares or of the securities of any member of the Papillon Group;
- (ii) a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 10% or more of Papillon Shares or of the securities of any member of the Papillon Group;
- (iii) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or property of, Papillon or any member of the Papillon Group;
- (iv) a person would acquire Control of Papillon or any member of the Papillon Group;
- (v) a person may otherwise acquire, or merge with, Papillon or any member of the Papillon Group (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure or joint venture); or
- (vi) Papillon will issue, on a fully diluted basis, 10% or more of its capital as consideration for the assets or share capital of another person,

or any proposal by Papillon to implement any material reorganisation of capital or dissolution. The variation of a proposal or offer constitutes a proposal or offer for the purposes of this definition.

**Control** has the meaning given to that term in section 50AA of the Corporations Act.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Court** means the Federal Court of Australia.

**Credit Facility** means B2Gold's fully underwritten US\$200 million secured credit facility.

**CSA** means the Canadian Securities Administrators.

**DD** means diamond core drilling.

**Deloitte** means Deloitte Touche Tohmatsu of Level 14, Woodside Plaza 240 St Georges Terrace, Perth, Western Australia 6000.

**Deed Poll** means the Deed Poll dated 3 June 2014 executed by B2Gold, as amended pursuant to the Variation Deed Poll dated 14 July 2014, and set out in Annexure 5 of this Scheme Booklet.

**Desminic** means Desarrollo Minero de Nicaragua S.A.

**DFS** means definitive feasibility study.

**Directors** mean the directors of Papillon.

**ECC** means Environmental Compliance Certificate.

**Effective** means when used in relation to a Scheme, the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme comes into effect pursuant to section 411(10) of the Corporations Act.

**Effective Date** means the date on which the Scheme becomes Effective.

**Electing Small Scheme Participant** has the meaning given to it in Section 5.4.

**Ernst & Young** means Ernst & Young of 11 Mounts Bay Road, Perth, Western Australia, Australia.

**Euroz Securities** means Euroz Securities Limited.

**Exclusivity Period** means the period commencing on 3 June 2014 and ending on the earlier of the date that the Merger Implementation Agreement is terminated, the Implementation Date or the Sunset Date.

**Fekola Project** means Papillon's Fekola gold project located in south western Mali.

**Financial Advisers** means the advisers retained by Papillon in relation to the Scheme or a Competing Proposal, and at the date of this Scheme Booklet means Macquarie Capital (Australia) Limited, BMO Nesbitt Burns Inc., Deutsche Bank AG. and Euroz Securities Limited.

**Financial Indebtedness** means any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any:

- (i) bill, bond, debenture, note or similar instrument;
- (ii) acceptance, endorsement or discounting arrangement;
- (iii) guarantee;
- (iv) financial or capital lease;
- (v) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or
- (vi) obligation to deliver goods or provide services paid in advance by any financier, other than in the ordinary course of business.

**FRC** means Filminera Resources Corporation.

**g/t** means grams per tonne.

**Gramalote Project** means B2Gold's Gramalote joint venture project (51% AngloGold /49% B2Gold) located northwest of Bogota, Colombia.

**GST** means a goods and services tax or similar value added tax levied or imposed under the GST Law.

**GST Law** has the meaning given to it in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

**ICC** means the International Chamber of Commerce.

**IFRS** means International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Implementation Date** means 3 October 2014 or such other date agreed to in writing by Papillon and B2Gold.

**Independent Expert** means BDO.

**Independent Expert's Report** means the report of BDO set out in Annexure 1 of this Scheme Booklet.

**Independent Technical Specialist** means Snowden.

**Independent Technical Specialist's Report** means the report of Snowden set out in appendix 5 to the Independent Expert's Report.

**Indicated Mineral Resource** means:

- (i) for the purposes of the CIM Standards, that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and texturing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed; and
- (ii) for the purposes of the JORC Code, the meaning given to that term in the JORC Code.

**Ineligible Jurisdiction** means any place outside Australia and its external territories, New Zealand, the United Kingdom, France, Canada and the United States.

**Ineligible Shareholder** means a Papillon Shareholder whose address shown in the Register is in an Ineligible Jurisdiction.

**Inferred Mineral Resource** means:

- (i) for the purposes of the CIM Standards, that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pit, workings and drill holes; and

- (ii) for the purposes of the JORC Code, the meaning given to that term in the JORC Code.

**Insolvency Event** means in relation to a person:

- (i) the person is or becomes unable to pay its debts as and when they fall due within the meaning of the Corporations Act or such other corresponding law in the jurisdiction which that person is subject to or is otherwise presumed to be insolvent under the Corporations Act or such other corresponding law in the jurisdiction which that person is subject to, or would be presumed to be insolvent if that act applied;
- (ii) the person suspends or threatens to suspend payment of its debts generally;
- (iii) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or the making of any order, or the passing of any resolution, for the winding up, liquidation or bankruptcy of the party other than where the application or order (as the case may be) is set aside within 14 days;
- (iv) the appointment of a provisional liquidator, liquidator, receiver or a receiver and manager or other insolvency official (whether under Australian law or foreign law) to the person or to the whole or a substantial part of the property or assets of the person;
- (v) the appointment of an administrator to the person;
- (vi) the entry by a person into any compromise or arrangement with creditors; or
- (vii) the person ceases or threatens to cease to carry on business.

**IRR** means internal rate of return.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.

**JV Co** means the new joint venture company to be established to conduct exploration activities on the Menankoto Sud exploration permit, in Kenieba, Mali.

**Kiaka Licence** means the current exploration licence for the Kiaka Project.

**Kiaka Project** means B2Gold's Kiaka project located to the southeast of Ouagadougou, Burkina Faso.

**KMP** means key management personnel.

**KMZ** or **Kiaka Main Zone** means the main mineral deposit for the Kiaka Project.

**La Libertad Mine** means B2Gold's La Libertad mine located northeast of Juigalpa, Nicaragua.

**Lead Financial Adviser** means Macquarie Capital (Australia) Limited.

**Limon Mine** means B2Gold's Limon mine located in northwestern Nicaragua.

**Listing Rules** means the official listing rules of ASX.

**Macquarie Bank** means Macquarie Bank Limited.

**Macquarie Equities** means Macquarie Equities Limited.

**Mali Goldfields** means Mali Goldfields SARL.

**Mali Goldfields JV** means the joint venture agreement between MMH and CAG relating to Mali Goldfields.

**Mani** means Mani SARL.

**Masbate Mine** means B2Gold's Masbate mine located near the northern tip of the island of Masbate, Philippines.

**Measured Mineral Resource** means:

- (i) for the purposes of the CIM Standards, that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity; and
- (ii) for the purposes of the JORC Code, the meaning given to that term in the JORC Code.

**Menankoto Sud JV** means the joint venture agreement between S2IEM and Papillon relating to Menankoto Sud.

**Menankoto Sud Project** means Papillon's Menankoto Sud project, located approximately 13 kilometres to the north northeast of the Fekola Project.

**Merged Entity** means B2Gold and its Subsidiaries following implementation of the Transaction (when Papillon will be a Subsidiary of B2Gold).

**Merger Implementation Agreement** means the Merger Implementation Agreement dated 3 June 2014 between Papillon and B2Gold, as amended pursuant to the Deed of Amendment dated 14 July 2014, being Annexure 2 of this Scheme Booklet.

**Mineral Reserve** means, for the purposes of the CIM Standards, the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, and economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

**Mineral Resource** means:

- (i) for the purposes of the CIM Standards, a concentration or occurrence of natural, solid, inorganic or fossilised organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories; and
- (ii) for the purposes of the JORC Code, the meaning given to that term in the JORC Code.

**ML** means mining licence.

**MMH** means Mali Mining House SA.

**Namibian Minerals Act** means the Namibian Minerals (Prospecting and Mining) Act of 1992.

**New B2Gold Share** means a common share in the capital of B2Gold to be issued under the Scheme.

**NI 43-101** means the National Instrument 43-101 *Standards of Disclosure for Mineral Projects* adopted by CSA.

**Notice of Scheme Meeting** means the notice convening the Scheme Meeting together with the Proxy Forms for that meeting as set out in Annexure 6 of this Scheme Booklet.

**NPV** means net present value.

**NYSE MKT** means the NYSE MKT LLC.

**Ore Reserve** has the meaning given to that term in the JORC Code.

**Otjikoto Project** means B2Gold's Otjikoto project located north of Windhoek, Namibia.

**ozs** or **ounces** means troy ounces.

**Papillon** means Papillon Resources Limited, ACN 119 655 891.

**Papillon Board** means the board of directors of Papillon.

**Papillon Diligence Materials** means the information provided by Papillon to B2Gold and its Representatives in the Papillon data room hosted by Papillon and any additional information that has been provided in writing by Papillon in response to a request by B2Gold.

**Papillon Disclosure Letter** means the letter dated the date of the Merger Implementation Agreement delivered by Papillon to B2Gold in a form accepted by B2Gold with respect to certain matters in the Merger Implementation Agreement.

**Papillon Group** means Papillon and its Related Entities.

**Papillon Information** means the information contained in this Scheme Booklet other than the B2Gold Information and the Independent Expert's Report in Annexure 1 of this Scheme Booklet.

**Papillon Material Adverse Event** means one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:

- (i) the effect of a diminution in the consolidated gross assets of the Papillon Group, taken as a whole from that shown on Papillon's balance sheet as at 30 June 2013 (calculated on the basis of applicable accounting principles), of at least A\$25 million; or
- (ii) the result that the business, trading or financial position, assets and material licences of a member of the Papillon Group are materially adversely affected provided that, there will only be a material adverse effect under this paragraph (ii) if the relevant change, event, occurrence, fact or matter is reasonably likely to have an affect over a material period of time (and for the avoidance of doubt, a mere diminution in the value of consolidated gross assets below A\$25 million (as calculated under paragraph (i) above) will not, of itself, be a material adverse event),

other than those changes, events, occurrences or matters:

- (iii) required or permitted by the Merger Implementation Agreement, the Scheme or transactions contemplated by them;
- (iv) that took place with the written consent of B2Gold;
- (v) that Papillon fully and fairly disclosed in the Papillon Diligence Materials or the Papillon Disclosure Letter;
- (vi) that are or that arise from: (i) changes in world gold prices or exchange rates; (ii) general changes in economic, political or business conditions; or (iii) from changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which the Papillon Group operates, in each case, which impact producers of, or explorers for, gold in a similar matter, but excluding for the avoidance of doubt changes in government, civil disorder, political coup, a declaration of a state of emergency, and changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which a member of either the Papillon Group operates which are directed at the Papillon Group's existing operations or which affect the Papillon Group disproportionately more than other entities; or
- (vii) arising from changes to any generally accepted accounting principles in Australia or the interpretation of those principles by any professional body or Regulatory Agency.

For the avoidance of doubt, a fall in Papillon's share price will not itself constitute a Papillon Material Adverse Event.

**Papillon Option** means an unlisted option to acquire a Papillon Share.

**Papillon Prescribed Occurrence** means other than:

- (i) as required by the Merger Implementation Agreement or the Scheme;
- (ii) matters which have been fully and fairly disclosed in (i) Papillon Diligence Materials; or (ii) the Papillon Disclosure Letter; or
- (iii) as agreed to in writing by B2Gold,

the occurrence of any of the following between the date of the Merger Implementation Agreement and 8.00am on the Second Court Date:

- (iv) Papillon converting all or any of its shares into a larger or smaller number of shares;
- (v) any member of the Papillon Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (vi) any member of the Papillon Group:
  - (A) entering into a buy-back agreement; or
  - (B) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (vii) any member of the Papillon Group declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (viii) a member of the Papillon Group issuing securities, including without limitation shares, or granting an option (over its shares, or agreeing to make such an issue or grant such an option other than to Papillon or to a direct or indirect wholly-owned subsidiary of Papillon or pursuant to the exercise on an option disclosed to ASX prior to the date of the Merger Implementation Agreement), including pursuant to a dividend reinvestment or other share plan;
- (ix) a member of the Papillon Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, Papillon Shares, including pursuant to the Papillon Performance Rights Plan, a dividend reinvestment or other share plan;
- (x) Papillon or the Papillon Board amending, adding to, revoking or substituting all or any of the provisions of the Rules of the Papillon Performance Rights Plan or the terms of any Performance Rights granted under the Papillon Performance Rights Plan, in any respect;
- (xi) a member of the Papillon Group making any change to its constitution;
- (xii) a member of the Papillon Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

- (xiii) a member of the Papillon Group:
- (A) acquiring, leasing or disposing of;
  - (B) agreeing to acquire, lease or dispose of; or
  - (C) irrevocably offering, proposing, announcing a bid or tendering for, any business, assets, entity or undertaking, the value of which exceeds A\$2,000,000 (individually or in aggregate);
- (xiv) a member of the Papillon Group entering into a contract or commitment that materially restrains that member from competing with any person or conducting activities in any material market;
- (xv) a member of the Papillon Group creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due;
- (xvi) except as disclosed in the Papillon budget that has been provided to B2Gold, a member of the Papillon Group:
- (A) entering into any contract or commitment (including in respect of financial indebtedness) requiring payments by the Papillon Group in excess of A\$2,000,000 (individually or in aggregate) other than any payment required by law; or
  - (B) (without limiting the foregoing) incurring or agreeing to incur capital expenditure from the date of the Merger Implementation Agreement of more than A\$2,000,000 (individually or in aggregate);
  - (C) waiving any material third party default where the financial impact on the Papillon Group will be in excess of A\$1,000,000 (individually or in aggregate);
  - (D) accepting as a compromise of a matter less than the full compensation due to a member of the Papillon Group, where the result of the compromise is that the member will receive an amount which is more than A\$1,000,000 (individually or in aggregate) less than the amount of full compensation; or
  - (E) otherwise waiving, releasing, granting or transferring any rights with a value of more than A\$1,000,000 (individually or in aggregate);
- (xvii) other than pursuant to commitments that existed prior to the date of the Merger Implementation Agreement, a member of the Papillon Group providing financial accommodation other than to members of the Papillon Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of A\$1,000,000 (individually or in aggregate);
- (xviii) a member of the Papillon Group entering into any agreement, arrangement or transaction with respect to derivative instruments which relate to the price of gold or to

interest rates (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;

- (xix) an Insolvency Event occurs in relation to any member of the Papillon Group;
- (xx) a member of the Papillon Group entering into or resolving to enter into a transaction with any related party of Papillon (other than a related party which is a member of the Papillon Group) as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the Listing Rules;
- (xxi) a member of the Papillon Group being deregistered as a company or otherwise dissolved except in the case of a member of the Papillon Group with less than A\$500,000 (individually or in aggregate) in net assets as at the date of the Merger Implementation Agreement;
- (xxii) a member of the Papillon Group amending in any material respect any arrangement with its Financial Advisers, or entering into arrangements with a new Financial Adviser which arrangements with any such new Financial Adviser may involve the payment of fees of in excess of A\$500,000 (individually or in aggregate), in respect of the Transaction;
- (xxiii) a member of the Papillon Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in Accounting Standards; or
- (xxiv) the Updated Legal Report is not provided to Papillon and B2Gold by the Second Court Date, or the Updated Legal Report as received by Papillon and B2Gold does not provide that:
  - (A) Songhoi Resources SARL (or another Papillon Group company) is the registered holder of the exploitation permit ('Permis d'exploitation');
  - (B) the exploitation permit referred to in paragraph (x)(i) above is in good standing; and
  - (C) no privileges or pledges, arising from any matter which B2Gold was not aware of at the date of the Merger Implementation Agreement, are registered with the Commercial Court against Songhoi Resources SARL's property or the property of the relevant Papillon Group company which holds the exploitation permit referred to in paragraph (x)(i) above, as the case may be.

**Papillon Reimbursement Fee Amount** means US\$5,700,000.

**Papillon Right** means a right to subscribe for a Papillon Share.

**Papillon Share** means a fully paid ordinary share issued in the capital of Papillon.

**Papillon Shareholder** means a person registered in the Register as the holder of Papillon Shares.

**PEA** means preliminary economic assessment.

**PFS** means pre-feasibility study.

**PGPRC** means Philippine Gold Processing & Refining Corporation.

**Probable Mineral Reserve** means, for the purposes of the CIM Standards, the economically mineable part of an Indicated Mineral Resource and, in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information in mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

**Probable Ore Reserve** has the meaning given to that term in the JORC Code.

**Proved/Proven Mineral Reserve** means, for the purposes of the CIM Standards, the economically mineable part of a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

**Proxy Form** means the proxy form that accompanies this Scheme Booklet or is available from the Australian Registrar.

**PST** means Pacific Standard Time in Canada and the United States.

**RAB** means rotary air blast drilling.

**Radius** means Radius Gold Inc.

**Randgold** means Randgold Resources Limited.

**RC** means reverse circulation.

**RCD** means pre-collared diamond core drilling.

**Record Date** means 5.00pm (WST) on the third Business Day following the Effective Date or such other date (after the Effective Date) as Papillon and B2Gold may agree in writing.

**Register** means the share register of Papillon Shareholders kept pursuant to the Corporations Act.

**Regulatory Authorities** includes:

- (i) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;
- (ii) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (iii) any regulatory organisation established under statute; and
- (iv) in particular, ASX, ASIC, TSX, NYSE MKT and the Canadian Securities Authorities.

**Related Entity** means, in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

**Requisite Majority** means in relation to the Scheme Resolution, a resolution passed by:

- (i) unless the Court orders otherwise, a majority in number (more than 50%) of Papillon Shareholders (as the case may be), who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and
- (ii) passed by at least 75% of the votes cast on the resolution.

**Representatives** means in relation to an entity:

- (i) each of the entity's Related Entities; and
- (ii) each of its and its Related Entities' directors, officers, employees, contractors, advisers (including legal, financial and other expert advisers) and agents, but excluding the Independent Expert and the Independent Technical Specialist.

**SZIEM** means Societe d'Ingenierie Informatique et Exploitation Miniere SARL.

**Sale Agent** means the person or persons appointed by B2Gold to sell the New B2Gold Shares attributable to Ineligible Shareholders and Electing Small Scheme Participants in accordance with the Sale Facility.

**Sale Facility** means the sale facility described in Section 5.5 under which New B2Gold Shares attributable to Ineligible Shareholders and Electing Small Scheme Participants may be sold.

**Sale Instruction Form** means the sale instruction form available from the Australian Registrar.

**Scheme** means the proposed scheme of arrangement between Papillon and Papillon Shareholders, set out in Annexure 4 of this Scheme Booklet, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Papillon and B2Gold.

**Scheme Booklet** means this scheme booklet.

**Scheme Consideration** means the consideration to be issued by B2Gold to Scheme Participants (or to the Sale Agent, in respect of Papillon Shares held by Ineligible Shareholders or Electing Small Scheme Participants) for the transfer of each Papillon Share under the terms of the Scheme, being 0.661 New B2Gold Shares for every Papillon Share held at the Record Date.

**Scheme Meeting** means the meeting of Papillon Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act, to be held at 10.00am on 15 September 2014 and includes any adjournment of that meeting.

**Scheme Participant** means each person who is a Papillon Shareholder as at 5.00pm (WST) on the Record Date (other than B2Gold).

**Scheme Resolution** means the resolution to be proposed to the Papillon Shareholders at the Scheme Meeting to approve the Scheme, set out in the Notice of Scheme Meeting.

**Scheme Share** means a Papillon Share held by a Scheme Participant.

**SEC** means the US Securities and Exchange Commission.

**Second Court Date** means the day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

**SEDAR** means System for Electronic Document Analysis and Retrieval, the mandatory document filing and retrieval system for Canadian public companies.

**Small Scheme Participant** has the meaning given to it in Section 5.4.

**Snowden** means Snowden Mining Industry Consultants Pty Ltd.

**Songhoi** means Songhoi Resources SARL.

**Songhoi JV** means the joint venture agreement between Mani and Papillon relating to Songhoi.

**Subsidiary** has the meaning given to that term in section 9 of the Corporations Act.

**Sunset Date** means 30 November 2014 or such later date as agreed to in writing between Papillon and B2Gold.

**Superior Offer** means a bona fide Competing Proposal that the Papillon Board, acting reasonably and in good faith, and after taking advice from its legal and Financial Advisers, determines:

- (i) is reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Competing Proposal and the person making it, including without limitation having regard to legal, regulatory and financial matters and any conditions precedent; and
- (ii) would or would be reasonably likely, if completed in accordance with its terms, to be more favourable to Papillon Shareholders than the Scheme, after taking into account all of the terms and conditions of, and the identity, reputation and standing of the person making, the Competing Proposal.

**Tax Act** means the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth).

**Transaction** means the acquisition by B2Gold (or the B2Gold Nominee) of all of the Papillon Shares by means of the Scheme in accordance with the terms of the Merger Implementation Agreement and the cancellation of the Papillon Options for the Cancellation Consideration.

**Triton** means Triton Minera S.A.

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**TSX** means the Toronto Stock Exchange.

**TSX Company Manual** means the official Toronto Stock Exchange Company Manual published by TSX.

**Updated Legal Report** means the updated version of the Legal Report Related to Songhoi Resources SARL, dated 27 June 2013, which is contained in the Papillon Diligence Materials.

**United States** or **US** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

**United States Shareholder** means a holder of Papillon Shares in the United States.

**US Exchange Act** means the United States Securities Exchange Act of 1934, as amended.

**US Securities Act** means the United States Securities Act of 1933, as amended.

**Volta** means Volta Resources Inc.

**Volta Arrangement** means the plan of arrangement under the *Business Corporations Act* (Ontario) pursuant to which B2Gold acquired all of the shares of Volta.

**Volta Arrangement Agreement** means the arrangement agreement between Volta and B2Gold relating to the Volta Arrangement.

**VWAP** means the volume weighted average price.

**WST** means Western Standard Time in Australia.

**Zoom** means Zoom Mineral Holdings Inc.

**ZTS** means Etablissements Zoumana Traoré SARL.

In this Scheme Booklet (and in Annexures 3 to 5 of this Scheme Booklet):

- all dates and times are Perth, Western Australia times unless otherwise indicated;
- words and phrases not otherwise defined in this Scheme Booklet (excluding the Annexures of this Scheme Booklet) have the same meaning (if any) as is given to them by the Corporations Act;
- the singular includes the plural and vice versa. A reference to a person includes a reference to a corporation;
- headings are for ease of reference only and do not affect the interpretation of this Scheme Booklet; and
- a reference to a Section is to a Section in this Scheme Booklet unless stated otherwise.

## Annexure 1 – Independent Expert's Report





## Financial Services Guide

12 July 2014

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Papillon Resources Limited ('Papillon') to provide an independent expert's report on the proposed acquisition of all the issued shares of Papillon by B2Gold Corp. ('B2Gold'). The acquisition will be implemented by way of a scheme of arrangement ('the Scheme'). You will be provided with a copy of our report as a retail client because you are a shareholder of Papillon.

### Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

**Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$95,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

**Other Assignments**

BDO Corporate Finance (WA) Pty Ltd prepared an independent expert report for CGA Mining Limited in connection with a Scheme of Arrangement with B2Gold in 2012. Our fee for the preparation of that report was \$120,000.

Until 20 November 2013 BDO Audit (WA) Pty Ltd was the appointed independent auditor of Papillon.

**Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Papillon for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

**Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

**Complaints resolution***Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

**Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

**Contact details**

You may contact us using the details set out on page 1 of our report.

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## TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	1
3.	Scope of the Report	4
4.	Outline of the Scheme	7
5.	Profile of Papillon	10
6.	Profile of B2Gold	16
7.	Proposed Merged Entity	33
8.	Economic analysis	35
9.	Industry analysis	38
10.	Valuation approach adopted	39
11.	Valuation of Papillon	45
12.	Valuation of the Proposed Merged Entity	54
13.	Is the Scheme fair?	91
14.	Is the Scheme reasonable?	91
15.	Conclusion	100
16.	Sources of information	100
17.	Independence	101
18.	Qualifications	101
19.	Disclaimers and consents	102

Appendix 1 - Glossary of Terms

Appendix 2 - Valuation Methodologies

Appendix 3 - Discount Rate

Appendix 4 - Resource Multiples

Appendix 5 - Independent Specialist Technical Assessment and Valuation Report



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38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

12 July 2014

The Directors  
Papillon Resources Limited  
Level 11, BGC Centre  
28 The Esplanade  
PERTH WA 6000

Dear Sirs

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 3 June 2014, Papillon Resources Limited ('Papillon' or 'the Company') announced the proposed merger between Papillon and B2Gold Corp. ('B2Gold'). If approved by Papillon shareholders, the proposed merger will be implemented by way of a scheme of arrangement ('the Scheme') and each Papillon shareholder will receive 0.661 B2Gold shares for each Papillon share held. Papillon will become a wholly owned subsidiary of B2Gold and Papillon shareholders will become shareholders in B2Gold, which is a Canadian company listed on the Toronto Stock Exchange and NYSE MKT.

### 2. Summary and Opinion

#### 2.1 Purpose of the report

The directors of Papillon have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Scheme is in the best interests of the shareholders of Papillon ('Shareholders').

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 Cth and is to be included in a scheme booklet for Papillon to be sent to all Shareholders ('Scheme Booklet') in order to assist them in their decision whether to approve the Scheme.

#### 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 60 ('RG 60') 'Schemes of Arrangements', Regulatory Guide 111 ('RG 111'), 'Content of Expert's Reports' and Regulatory Guide 112 ('RG 112') 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

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- a post merger analysis;
- how the value of a Papillon share on a control basis prior to the Scheme compares to the value of 0.661 shares in the combined entity of Papillon and B2Gold on a minority basis following the implementation of the Scheme;
- the likelihood of a superior alternative offer being available to Papillon;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- the position of Shareholders should the Scheme not proceed.

### 2.3 Opinion

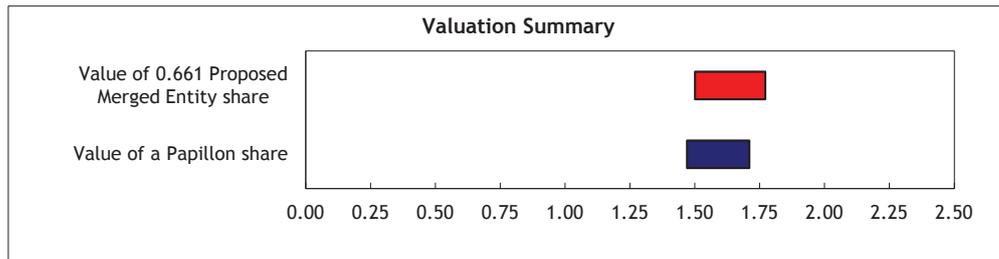
We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Scheme is fair and reasonable to Shareholders. Therefore, in the absence of a superior proposal, we conclude that the Scheme is in the best interest of Shareholders.

### 2.4 Fairness

In section 13 we determined that the value of 0.661 shares of the combined entity of Papillon and B2Gold following the implementation of the Scheme ('Proposed Merged Entity') on a minority basis, received as consideration under the Scheme to Shareholders compares to the value of one Papillon share on a control basis prior to the implementation of the Scheme as detailed below.

	Section	Low US\$	Preferred US\$	High US\$
Value of a Papillon share (on a control basis)	11.7	1.47	1.59	1.71
Value of a Proposed Merged Entity share (minority basis)	12.4	2.27	2.47	2.68
Value of 0.661 Proposed Merged Entity shares (minority basis)		1.50	1.63	1.77

The above valuation range is graphically depicted as follows:



The above pricing indicates that, in the absence of any other relevant information, and a superior proposal, the Scheme is fair for Shareholders.

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## 2.5 Reasonableness

We have considered the analysis in Section 14 of this report, in terms of both

- advantages and disadvantages of the Scheme; and
- alternatives, including the position of Shareholders if the Scheme does not proceed.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.1.1	The Scheme is fair	14.2.1	Shareholders' interests will be diluted
14.1.2	Provides opportunity of funding for the Fekola project	14.2.2	Shareholders will no longer be able to trade their shares on the ASX
14.1.3	Provides Shareholders with the opportunity to gain immediate exposure to a portfolio of diversified gold assets	14.2.3	Some ineligible Shareholders may not be able to receive B2Gold shares
14.1.4	Creation of a combined group with: <ul style="list-style-type: none"> <li>• stronger financial position</li> <li>• increased size by market capitalisation</li> <li>• improved gold reserve and resource positions</li> <li>• increased annual production from mining operations</li> <li>• increased free cash flows</li> </ul>		
14.1.5	Creation of a company with a stronger growth profile		
14.1.6	Creation of a company with a larger and more diversified portfolio of assets through: <ol style="list-style-type: none"> <li>a. geographical diversification</li> <li>b. asset diversification</li> </ol>		
14.1.7	Broader expertise and increased strength of management team		



#### ADVANTAGES AND DISADVANTAGES

Section	Advantages	Section	Disadvantages
14.1.8	Potential for increased liquidity		

Other key matters we have considered include:

Section	Description
14.3.1	The likelihood of an alternative proposal
14.3.2	Post announcement pricing
14.3.3	Consequences of not approving the Scheme
14.3.4	Change in jurisdiction
14.3.5	Comparable shareholder protection and regulations
14.3.6	Shareholders' investment profile will change
14.3.7	Tax implications

### 3. Scope of the Report

#### 3.1 Purpose of the Report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act 2001 Cth ('the Act'). Part 3 of Schedule 8 to the Corporations Act Regulations ('Regulations') prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act ('Section 411').

Schedule 8 of the Act requires an independent expert's report if:

- The corporation that is the other party to the scheme has a common director or directors with the company which is the subject of the scheme; or
- The corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.



B2Gold does not hold any shares in Papillon and there are no common directors, hence an independent expert's report is not specifically required in relation to the Scheme. However, the directors of Papillon have requested that BDO prepare this report as if it were an independent expert's report pursuant to section 411, and to provide an opinion as to whether the directors of Papillon are justified in recommending the Scheme in the absence of a superior proposal.

The requirement for an independent expert's report is also a precondition in the merger implementation agreement between Papillon and B2Gold dated 3 June 2014 ('Merger Implementation Agreement'), which states that for the Scheme to proceed, the independent expert's report must conclude that the Scheme is in the best interests of Shareholders.

### 3.2 Regulatory guidance

Neither the Act nor the Regulations define the term 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to section 411 can encompass a wide range of transactions. Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available.

The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.



### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- a comparison between the value of a Papillon share including a premium for control prior to the Scheme and the value of 0.661 shares in the combined entities of Papillon and B2Gold following the implementation of the Scheme on a minority interest basis (fairness - see Section 13 'Is the Scheme Fair?');
- an investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness - see Section 14 'Is the Scheme Reasonable?'); and
- a consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.



#### 4. Outline of the Scheme

On 3 June 2014, each of B2Gold and Papillon announced that they had entered into a Merger Implementation Agreement whereby B2Gold will acquire all the issued ordinary shares of Papillon by way of a scheme of arrangement under the Act. Under the proposed Scheme, Shareholders will receive 0.661 B2Gold common shares for each existing Papillon ordinary share they hold. B2Gold shareholders will continue to hold their existing B2Gold common shares. It is expected that, upon the completion of the Scheme, B2Gold shareholders and Papillon shareholders will own approximately 75% and 25% respectively, on a fully diluted basis, of the issued common shares of the Proposed Merged Entity.

B2Gold also proposes to issue B2Gold shares as consideration for the cancellation of the outstanding Papillon options. The consideration will be based on the in-the-money amount of such Papillon options with reference to the 20 day volume weighted average price ('VWAP') of B2Gold shares on 2 June 2014 ('Cancellation Consideration').

As at the date of our Report Papillon had a total of 4,932,000 performance rights outstanding. We note that the performance rights will automatically vest upon the implementation of the Scheme and convert to Papillon ordinary shares.

The Scheme and the various obligations of the parties, B2Gold and Papillon, are conditional upon, but not limited to the following:

- regulatory approvals of the Foreign Investment Review Board ('FIRB'), ASIC, the Australian Securities Exchange ('ASX'), the Toronto Stock Exchange ('TSX') and the NYSE MKT ('NYSE');
  - approval of the Scheme by the requisite majority (under the Act) of Shareholders at the Shareholders' scheme meeting;
  - approval by B2Gold shareholders of the issue of B2Gold shares under the Scheme and the Cancellation Consideration, in accordance with applicable TSX requirements, at the B2Gold shareholders' meeting by the requisite majority of the B2Gold shareholders;
  - Papillon's Board unanimously recommending that Shareholders vote in favour of the Scheme, in the absence of a superior proposal;
  - The B2Gold Board unanimously recommending that B2Gold shareholders vote in favour of the issuance of B2Gold shares under the Scheme;
  - court approval of the Scheme in accordance with section 411(4)(b) of the Act; and
  - the independent expert's report concluding that the Scheme is in the best interest of Shareholders;
- Further disclosure of the conditions precedent to the Scheme is included in the Scheme Booklet.

A summary of the Scheme is set out in the tables below:



Scenario <i>_No Further Papillon Options Exercised</i>	Number
Number of shares Papillon has on issue (as 3 June 2014)	341,794,210
Number of Papillon performance rights vesting	4,932,000
Number of Papillon options exercised	10,250,000
<i>Adjusted number of Papillon shares on issue</i>	<i>356,976,210</i>
Exchange ratio, number of B2Gold shares issued for each Papillon share	0.661
Total number of B2Gold shares to be issued	235,961,274
Number of B2Gold shares issued as Cancellation Consideration for Papillon option holders	1,429,861
Maximum number of B2Gold shares to be issued	237,391,135
<b>Proposed Merged Entity after the Scheme</b>	
Number of shares B2Gold has on issue	678,568,335
Maximum number of shares to be issued to Shareholders and option holders under the Scheme	237,391,135
Maximum number of shares on issue in B2Gold on completion of the Scheme	915,959,470
Interest held by Shareholders	25.92%
Interest held by existing B2Gold shareholders	74.08%
	100.00%
<b>On a diluted basis:</b>	
<b>Proposed Merged Entity after the Scheme</b>	
Number of shares B2Gold has on issue	678,568,335
Number of B2Gold options in-the-money	34,348,493
Total number of B2Gold shares on a fully diluted basis	712,916,828
Maximum number of shares to be issued to Shareholders and option holders under the Scheme	237,391,135
Maximum number of shares on issue in B2Gold completion of the Scheme	950,307,963
Interest held by Shareholders	24.98%
Interest held by existing B2Gold shareholders	75.02%
	100.00%

Source: Papillon's share and option registers, B2Gold's share and option registers, Merger Implementation Agreement and BDO analysis

The table presented above reflects the position of Shareholders in the Proposed Merged Entity under the assumption that all outstanding Papillon options as at the Record Date will be cancelled in lieu of the Cancellation Consideration.

We have also set out the potential position of the Proposed Merged Entity after the Scheme on a diluted basis taking into consideration the number of B2Gold options that are in-the-money as at 30 June 2014. In section 6.5 of our Report we set out further details on the options outstanding in B2Gold.

As at 31 March 2014, B2Gold had a total of 2,788,000 restricted share units ('RSU's) outstanding. RSUs may be granted to directors, executive officer and employees of B2Gold. Upon vesting, each RSU is redeemable for one common share (with no consideration required). One third of RSUs granted vest immediately, with an equal proportion vesting in each of the following years. We do not consider that RSUs currently outstanding should be reflected in our determination of the capital structure and value of the Proposed Merged Entity. This is because the RSUs vest upon length of employment requirements which will only be satisfied at a future date at which point the value of the Proposed Merged Entity will not be reflective/cannot be substantiated by our current valuation.

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The Cancellation Consideration (in the form of the number of new B2Gold shares) to be provided to holders of Papillon options is determined based on each tranche of Papillon options as follows:

$$[(A - B) / C] \times D$$

where: A = C\$1.8871 (0.661 of the 20 Business Day VWAP of B2Gold shares traded on the TSX at the end of 2 June 2013)

B = C\$ value of the exercise price of Papillon option in the relevant tranche, at the exchange rate on 2 June 2014 of 1.007

C = C\$2.62 (the closing price of B2Gold shares traded on the TSX on 2 June 2014)

D = the number of Papillon options in the relevant tranche.

The table below outlines the position of Shareholders in the Proposed Merged Entity under the assumption that all outstanding Papillon options will be exercised prior to the Record Date. We note that as at the date of our Report all of the outstanding options to acquire shares in Papillon are in-the-money. We refer to section 5.5 of our Report for further details on the options outstanding in Papillon.

Scenario _All Papillon Options Exercised	Number
Number of shares Papillon has on issue (as 3 June 2014)	341,794,210
Number of Papillon performance rights vesting	4,932,000
Number of Papillon options exercised	13,800,000
<i>Adjusted number of Papillon shares on issue</i>	<i>360,526,210</i>
Exchange ratio, number of B2Gold shares issued for each Papillon share	0.661
Total number of B2Gold shares to be issued	238,307,824
Number of B2Gold shares issued as Cancellation Consideration for Papillon option holders	-
Maximum number of B2Gold shares to be issued	238,307,824
<b>Proposed Merged Entity after the Scheme</b>	
Number of shares B2Gold has on issue	678,568,335
Maximum number of shares to be issued to Shareholders and option holders under the Scheme	238,307,824
Maximum number of shares on issue in B2Gold on completion of the Scheme	916,876,159
Interest held by Shareholders	25.99%
Interest held by existing B2Gold shareholders	74.01%
	100.00%
<b>On a diluted basis:</b>	
<b>Proposed Merged Entity after the Scheme</b>	
Number of shares B2Gold has on issue	678,568,335
Number of B2Gold options in-the-money	34,348,493
Total number of B2Gold shares on a fully diluted basis	712,916,828
Maximum number of shares to be issued to Shareholders and option holders under the Scheme	238,307,824
Maximum number of shares on issue on in B2Gold completion of the Scheme	951,224,652
Interest held by Shareholders	25.05%
Interest held by existing B2Gold shareholders	74.95%
	100.00%

Source: Papillon's share and option registers, B2Gold's share and option registers, Merger Implementation Agreement and BDO analysis



## 5. Profile of Papillon

### 5.1 History

Papillon Resources Limited was formerly known as Colonial Resources Limited and was admitted to the official list of the ASX on 27 February 2007. The Company changed its name on 18 March 2010 following the acquisition of an initial 80% equity interest in Mali Goldfields SARL and Songhoi Resources SARL ('Songhoi'). Songhoi wholly owns the core tenement which hosts Papillon's Fekola Project. In September 2012 the Company further increased its interest in Songhoi and the Fekola Project to 90%. The corporate objective of Papillon is to aggressively develop the Fekola Project and become a significant West African gold producer in the near term.

On 25 March 2013 Papillon completed a A\$52.9 million placement to accelerate the development of the Fekola Project. The placement involved the issue of 39.5 million ordinary shares at an issue price of A\$1.34 per share to institutional and sophisticated investors in Australia, Asia, Europe and America.

### 5.2 Projects

#### Fekola Project

The Fekola Project is located in southern western Mali adjacent to the border of Senegal. The Fekola Project has a mineral resource of 5.15 million ounces of gold at an average grade of 2.35g/t (reported on a 100% basis). This comprises 3.16 million ounces of measured resource, 1.48 million ounces indicated resource and 0.50 million ounces of inferred resource.

Major events describing the progression of the Fekola Project to date are summarised in the following table.

Year	Highlights
2010	Completed the acquisition of an initial 80% interest in Songhoi Resources SARL. The 80% interest was acquired from Central African Gold plc for a total upfront cash consideration of \$4.0 million. Songhoi wholly owns the core tenement which hosts Papillon's Fekola Project.
2011	In February 2011 the Company first announced a high grade gold discovery at Fekola.
2012	<p>In July 2012 Papillon announced a maiden resource estimate for the Fekola Project. The maiden resource estimate included indicated and inferred resources for a total of 3.14 million ounces at an average grade of 2.4 g/t (reported on a 100% ownership basis). The maiden resource estimate comprised 0.93 million ounces of indicated resource and 2.21 million ounces of inferred resources.</p> <p>Increased percentage ownership of Fekola Project occurred on 12 September 2012 (from 80% to 90%). Songhoi wholly owns the core tenement which hosts the area concerning the Mineral Resource Estimate ('MRE') for the Fekola Project.</p>

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Year	Highlights
2013	<p>A mineral resource update was provided in January 2013. The updated mineral resource update included a total of 4.21 million ounces at an average grade of 2.46g/t (reported on a 100% ownership basis). The updated mineral resource comprised 2.77 million ounces of measured resource and 0.73 million ounces of indicated resource.</p> <p>Granted the Fekola Environmental Permit from the Malian Ministry of Environment and Sanitation. This was a major milestone for the Fekola Project reflecting strong levels of community and Government support.</p> <p>The latest mineral resource update for the Fekola Project was provided in September 2013. Measured and Indicated resources account for 90% of a total of 5.15 million ounces at an average grade of 2.35g/t (reported on a 100% ownership basis). The latest mineral resource update comprises 3.16 million ounces of measured resource and 1.48 million ounces of indicated resource.</p>
2014	<p>Commencement of the Definitive Feasibility Study for the Fekola Project. The Company appointed Lycopodium Minerals Pty Ltd as the lead engineer for the Definitive Feasibility Study.</p> <p>In February 2014 a Mining Permit was obtained for the Fekola Project, valid for 30 years.</p> <p>In May 2014 early construction site works commence at the Fekola Project.</p>

Source: Papillon's website, press releases and presentations

### Other Exploration Assets

Project	Tenement	Location	Percentage Interest	Status
Mali West:	Bantako Est	Keneiba, Mali	90	Granted
	Diangounte	Kayes, Mali	90	Granted
	Ménankoto Sud	Keneiba, Mali	95	Granted
	Babara	Keneiba, Mali	90	Application
	Makouké Ouest	Keneiba, Mali	90	Application
	Serinati	Kayes, Mali	90	Application
Mali South:	Gouenso	Yanfolia, Mali	90	Granted
	Mandiela	Yanfolia, Mali	90	Granted
	Sankama	Bougouni, Mali	90	Granted
	Nounfara	Yanfolia, Mali	90	Application
	Diossyan	Yanfolia, Mali	90	Application
	Heremakono	Kangaba, Mali	90	Application
	N'tébougou	Bougouni, Mali	90	Application
	Orou-Orou	Yanfolia, Mali	90	Application

Source: Papillon's March 2014 Quarterly Report



The exploration tenements outlined in the table above are collectively referred to as ('Papillon's Other Exploration Assets').

On 24 February 2014 the Company announced an initial gold discovery at the Ménankoto Sud tenement ('Ménankoto'). On 12 June 2014 the Company announced further positive drilling results. Ménankoto is located 13 kilometres north of the Fekola Project and is described as having characteristics similar to the Company's flagship project. The exploration permit for Ménankoto is valid for three years with two further two year renewals. Papillon holds a 95% interest Ménankoto with the remaining 5% interest being held by a local Malian partner. Papillon will fund all exploration activities in relation to Ménankoto.

### 5.3 Historical Statement of Financial Position

Statement of Financial Position	Reviewed as at 31-Mar-14 A\$000	Reviewed as at 31-Dec-13 A\$000	Audited as at 30-Jun-13 A\$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	41,283	43,639	53,382
Trade and other receivables	430	962	1,039
<b>TOTAL CURRENT ASSETS</b>	<b>41,713</b>	<b>44,601</b>	<b>54,421</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1,574	1,832	1,553
Exploration and evaluation assets	68,938	67,712	56,556
<b>TOTAL NON-CURRENT ASSETS</b>	<b>70,512</b>	<b>69,544</b>	<b>58,109</b>
<b>TOTAL ASSETS</b>	<b>112,225</b>	<b>114,145</b>	<b>112,530</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,517	2,702	6,557
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,517</b>	<b>2,702</b>	<b>6,557</b>
<b>TOTAL LIABILITIES</b>	<b>3,517</b>	<b>2,702</b>	<b>6,557</b>
<b>NET ASSETS</b>	<b>108,708</b>	<b>111,443</b>	<b>105,973</b>
<b>EQUITY</b>			
Contributed equity	117,750	116,240	114,368
Reserves	12,312	14,960	9,774
Accumulated losses	(22,430)	(21,084)	(19,051)
Equity attributable to members of Papillon Resources	107,632	110,116	105,091
Non-controlling interest	1,076	1,327	882
<b>TOTAL EQUITY</b>	<b>108,708</b>	<b>111,443</b>	<b>105,973</b>

Source: Papillon's 31 March 2014 Special Purpose Financial Statements, Half-Year 31 Dec 2013 Financial Report and 30 June 2013 Annual Report

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We note the following in relation to Papillon's Statement of Financial Position:

- The cash and cash equivalents decreased from A\$53.4 million as at 30 June 2013 to approximately A\$41.3 million as at 31 March 2014. This has been driven primarily by significant exploration and evaluation costs at the Fekola project.
- We note that the Company's cash balance was strengthened as a result of the following recent transactions:
  - an institutional placement to raise gross proceeds of A\$52,930,000; and
  - the exercise of listed options and unlisted incentive options.
- The carrying value of property, plant and equipment as at 31 March 2014 is A\$1,553,374. Papillon has estimated that 81% of the total value is attributable to the Fekola Project.

Property, Plant & Equipment	As at 31 March 2014 A\$000
Fekola Project	1,269
Mali (Excluding Fekola)	185
Australia	120
<b>Total Property, plant and equipment</b>	<b>1,553</b>

- The carrying value of exploration and evaluation assets as at 31 March 2014 is A\$68.9 million. Papillon has estimated that 90% of the total value is attributable to the Fekola Project.

Exploration and evaluation costs	As at 31 March 2014 A\$000
Fekola Project	61,758
Mali West (Excluding Fekola)	3,242
Mali South	3,938
<b>Carrying amount at end of period</b>	<b>68,938</b>

- The capitalised amount of A\$56.6 million exploration and evaluation assets as at 30 June 2013 included a significant amount relating to exploration and evaluation expenditure incurred by the Company attributable to Fekola. Over the nine months to 31 March 2014, the Company capitalised a further A\$9.9 million of exploration and evaluation expenditures.
- Non-controlling interests are presented within equity, separately from the equity of the owners of the parent. The non-controlling interests relate to 10% interests held by a third party in the following subsidiaries of Papillon.

Non-controlling interest	Equity Interest held by third party
Mali Goldfields SARL	10%
Songhoi Resources SARL	10%
Bamagold SARL	10%
Waraba Resources SARL	10%



#### 5.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed for the three months ended 31-Mar-14	Reviewed for the half-year ended 31-Dec-13	Audited for the year ended 30-Jun-13
	A\$000	A\$000	A\$000
Revenue	381	973	1,231
Employment expenses	(538)	(811)	(1,342)
Corporate and administration expenses	(532)	(994)	(1,675)
Occupancy expenses	(89)	(121)	(196)
Exploration and evaluation expenses	(6)	(18)	(83)
Share-based payments	(549)	(1,037)	(3,737)
Deferred acquisition expenses	-	-	(550)
Depreciation and impairment expense	(13)	(25)	(39)
<b>Loss before income tax</b>	<b>(1,346)</b>	<b>(2,033)</b>	<b>(6,391)</b>
Income tax expense	-	-	-
<b>Loss for the period</b>	<b>(1,346)</b>	<b>(2,033)</b>	<b>(6,391)</b>
<b>Other comprehensive Income</b>			
Exchange differences arising on translation of foreign operations	(2,971)	5,214	7,475
<b>Total comprehensive income/ (loss)</b>	<b>(4,317)</b>	<b>3,181</b>	<b>1,084</b>
Total comprehensive income/(loss) to Papillon	(4,066)	2,736	450
Total comprehensive income/(loss) to non- controlling interests	(251)	445	634

Source: Papillon's 31 March 2014 Special Purpose Financial Reports, Half-Year 31 Dec 2013 Financial Report and 30 June 2013 Annual Report

We note the following in relation to Papillon's Statement of Comprehensive Income:

- As none of the Company's projects are in production, revenue relates to interest income.
- The net loss incurred by the Company over the period is driven by the following:
  - additional corporate costs and staffing requirements to support the growth and development of Fekola Gold Project; and
  - share based payment expenses of A\$3.7 million for the 2013 financial year and A\$1.0 million for the half year ended 31 December 2013.

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## 5.5 Capital Structure

As at 30 June 2014, Papillon had 352,044,210 ordinary shares and 3,550,000 options on issue. The ordinary shares held by the most significant shareholders are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Van Eck Associates Corporation	38,897,917	11.05%
GCIC Limited	29,900,000	8.49%
Commonwealth Bank of Australia	17,867,497	5.08%
Macquarie Group Limited	17,093,691	4.86%
Subtotal	103,759,105	29.47%
Others	248,285,105	70.53%
<b>Total ordinary shares on Issue</b>	<b>352,044,210</b>	<b>100.00%</b>

Source: Papillon share registry and substantial shareholder notices

The range of shares held in Papillon as at 30 June 2014 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	359	172,809	0.05%
1,001 - 5,000	565	1,610,808	0.46%
5,001 - 10,000	291	2,350,335	0.67%
10,001 - 100,000	513	17,902,679	5.09%
100,001 - and over	153	330,007,579	93.74%
<b>TOTAL</b>	<b>1881</b>	<b>352,044,210</b>	<b>100.00%</b>

Source: Computershare

The range of options held in Papillon as at 30 June 2014 is as follows:

Number	Exercise Price (A\$)	Expiry Date
300,000	0.50	18-Oct-14
250,000	0.61	26-Oct-14
1,100,000	0.65	18-Oct-14
750,000	0.80	20-Sep-14
650,000	1.10	30-Jun-15
500,000	1.20	30-Jun-15
<b>3,550,000</b>		

Source: Papillon option registry



## 6. Profile of B2Gold

### 6.1 History

B2Gold is a company listed on the TSX, NYSE and Namibian Stock Exchange. B2Gold is based in Vancouver, Canada and is a gold producer with two operating mines in Nicaragua, one operating mine in the Philippines, one mine under construction in Namibia and a strong portfolio of development and exploration assets in Nicaragua, the Philippines, Colombia, Namibia and Burkina Faso. B2Gold was incorporated on 30 November 2006 by the former executive and management team of Bema Gold Corporation which was built from inception in 1988 and grew from a junior explorer to an international gold producer with a market capitalisation of C\$3.5 billion by 2007. The existing management team of B2Gold has a proven track record in the acquisition, exploration, financing and development of mining projects worldwide.

The corporate objective of B2Gold is to build an intermediate gold company through the development of gold properties, organic growth through exploration and by capitalising on its management experience through strategic acquisitions.

Major events of B2Gold's history in the last eight years to date are summarised in the following table.

Year	Highlights
2007	Completed an initial public offering of 40,000,000 common shares at C\$2.50 per share and commences trading on the TSX Venture Exchange on 6 December 2007. Initial assets of B2Gold were interests in three projects in Colombia, namely, Gramalote, Quebradona and Miraflores and an interest in one project in far east Russia, Kupol East and West. Except for B2Gold's outright interest ownership of 25% in the Gramalote property, the remaining projects were only rights to earn an interest in those properties.
2008	Drilling programmes were carried out at the Quebradona gold property, Gramalote gold property, Mocoa Copper-Molybdenum Project and Kupol East and West gold and silver mine.  Shares commence trading on TSX on 23 October 2008, following the delisting of its shares from the TSX Venture Exchange.
2009	Acquired 100% of the shares of Central Sun Mining Inc on 26 March 2009 by way of plan of arrangement. The acquisition of Central Sun Mining Inc added to B2Gold's property portfolio via two Nicaraguan mines, namely, the 100% owned La Libertad mine and the 95% owned Limon mine.  B2Gold also acquired interests in additional mineral properties including the La India property in Nicaragua, and the Bellavista property in Costa Rica.  Completed a bought deal public offering of 33,340,000 common shares at a price of C\$0.75 per share for gross proceeds of C\$25 million in July 2009. Subsequently, another 5,001,000 common shares at C\$0.75 per share were issued raising further gross proceeds of C\$3.75 million.  Secured a revolving credit facility with Macquarie Bank Limited of US\$20 million, including an issue of 11,063,565 share purchase warrants to Macquarie Bank Limited exercisable at C\$0.97 per share, connection with the facility. The revolving credit facility was subsequently increased to US\$25 million.



Year	Highlights
	<p>Ore processing at the La Libertad mine recommenced on 15 December 2009 with the first doré bar produced on 5 January 2010.</p>
2010	<p>Completion of a bought deal public offering of 25,624,111 common shares and 3,342,276 options exercisable at C\$1.25 per share, for total gross proceeds of approximately C\$32 million.</p> <p>Entered into an assignment, settlement and release agreement with Kinross Gold Corporation and its subsidiary, to assign its rights and interests in the East Kupol and West Kupol licences, receiving cash, contingent payments and royalty payments.</p> <p>Entered into an agreement to earn an 80% interest in the Cebollati property, which B2Gold subsequently settled in January 2012.</p>
2011	<p>Announced a 180% increase in inferred resources at La Libertad mine due to the new resource outlined on the Jabali zone located approximately 10 kilometres east of the mill facility at the La Libertad mine. Confirmation of this inferred resource added several years to the La Libertad's mine life and allowed the potential to deliver, in the near term, higher grade ore to the mill at the La Libertad mine.</p> <p>Acquired 100% of the shares of Auryx Gold Corp by way of plan of arrangement on 22 December 2011. Auryx Gold Corp owns 90% interest in Auryx Gold Namibia (Pty) Ltd, which holds the mineral interests relating to the Otjikoto project and 100% interest in two additional exploration projects in Namibia.</p>
2012	<p>Acquired an additional 40% interest from Radius Gold Inc. for a total 100% interest in the Trebol and El Pavon gold properties in Nicaragua for a share consideration of C\$20 million. B2Gold had previously earned a 60% interest in the Trebol and El Pavon properties by expending a total of US\$4 million on exploration, resulting in a 60%-40% B2Gold-Radius joint venture. The share consideration consisted of the issue of approximately 4.8 million common shares of B2Gold at C\$4.15 per share. B2Gold also agreed to make contingent payments to Radius Gold Inc. of US\$10 per ounce of gold on 40% of any proven and probable mineral reserves in excess of 500,000 ounces (on a 100% basis) on the Trebol property. The transaction was completed on 8 August 2012.</p> <p>B2Gold and Radius Gold Inc. terminated all other aspects of the existing option and joint venture arrangements entered into between the parties in December 2009 in respect of the Trebol, El Pavon and San Pedro exploration properties.</p> <p>B2Gold and Radius Gold Inc. entered into a 60%-40% joint venture with respect to each of the San Jose and La Magnolia properties in Nicaragua and continue exploring the properties with B2Gold and Radius Gold Inc. contributing 60% and 40% respectively of the exploration expenditures of each joint venture.</p> <p>Acquired 10.6% of the issued and outstanding common shares of Calibre Mining Corp ('Calibre'), including warrants, which if assumed full exercise, would take B2Gold's interest in Calibre to 15.2%.</p> <p>Entered into a merger implementation agreement with CGA Mining Limited on 18 September 2012 to combine the two companies at an agreed exchange ratio of 0.74 B2Gold common shares for each CGA share held by a CGA shareholder. The merger was successfully completed on 31 January 2013 resulting in CGA becoming a wholly-owned subsidiary of B2Gold. The major asset acquired by B2Gold via the business combination was the Masbate gold project located in the Philippines.</p>



Year	Highlights
2013	<p>B2Gold participated in a private placement of RTG Mining Inc ('RTG'). B2Gold purchased 30.8 million common shares in RTG for approximately C\$4.0 million. As at the date of our report B2Gold has a 18.4% interest in RTG.</p> <p>Received approval for its common shares to list on the NYSE. B2Gold shares continue to be listed on the TSX and on the Namibian Stock Exchange.</p> <p>B2Gold successfully closed a fully underwritten \$150 million revolving corporate loan facility ('Credit Facility'). The Credit Facility comprised three tranches of \$50 million each and replaced the existing \$25 million revolving credit facility with Macquarie Bank Limited ('Macquarie'). The Credit Facility was obtained to provide funding of development for the Otjikoto project and for general corporate purposes. In February 2014 the Credit Facility was increased to an aggregate amount of \$200 million. As at 31 March 2014 \$150 million of the Credit Facility remained unused.</p> <p>Completed the issue of convertible senior subordinate debt ('Convertible Notes'). The Convertible Notes have an aggregate principal value of US\$258.75 million at an interest rate of 3.25%. The Convertible Notes mature on 1 October 2018.</p> <p>Completed the sale of its right, title and interest in and to an existing 1.2% net smelter returns royalty covering Pretium Resources Inc's ('Pretium') Bruce Jack Gold Project. The net smelter returns royalty was sold to Franco-Nevada Corporation for US\$45 million in cash.</p> <p>Entered the Primavera JV Agreement whereby B2Gold obtained a 51% interest (Calibre 49%) in the Primavera Gold-Copper Porphyry Project in northeast Nicaragua ('Primavera JV'). B2Gold is the project operator and will have the option to earn an additional 19% interest contingent upon exploration expenditure targets being met.</p> <p>B2Gold completed the acquisition of all of the outstanding common shares of Volta Resources Inc. ('Volta'). The agreed exchange ratio for the transaction was 0.15 B2Gold common shares for each Volta Share. The transaction, which was carried out by way of a plan of arrangement, enabled B2Gold to obtain a 90% interest in the Kiaka gold project in Burkina Faso and a 100% interest in two additional exploration projects in Burkina Faso.</p>
2014	<p>Entered into a merger implementation agreement with Papillon on 3 June 2014 to combine the two companies at an agreed exchange ratio of 0.661 B2Gold common shares for each Papillon share held by a Papillon shareholder.</p>

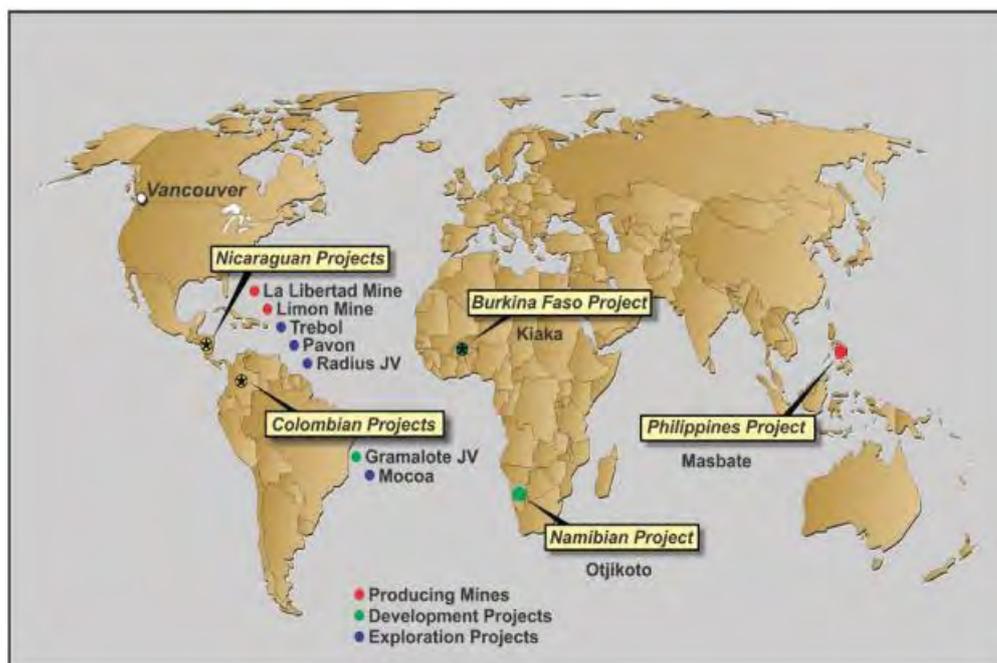
Source: B2Gold's website, press releases and presentations

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## 6.2 Projects

The project map of B2Gold's key mining assets is depicted below.



Source: B2Gold's website, press releases and presentations

Projects	Interest	Stage of development	Country
La Libertad	100%	Producing mine	Nicaragua
Limon	95%	Producing mine	Nicaragua
Masbate <sup>(1)</sup>	100%	Producing mine	Philippines
Otjikoto	90%	Under construction	Namibia
Kiaka	90%	Development project	Burkina Faso
Gramalote	49%	Development project	Colombia
Mocoa	100%	Exploration project	Colombia
Trebol	100%	Exploration project	Nicaragua
Pavon	100%	Exploration project	Nicaragua
La Magnolia/San Jose (Radius Gold JV)	60%	Exploration project	Nicaragua
Borosi (Calibre Mining JV)	51%	Exploration project	Nicaragua

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Projects	Interest	Stage of development	Country
Bellavista	100%	Currently under option to a third party	Costa Rica
Quebradona	13.22%	Exploration project	Colombia
Gaoua	100%	Exploration project	Burkina Faso
Titao	100%	Exploration Project	Burkina Faso
Greater Kiaka	90%	Exploration Project	Burkina Faso
Po	90%	Exploration Project	Burkina Faso
Accretive Terrain Project	100%	Exclusive prospecting licenses	Namibia
Top Hat Project	100%	Exclusive prospecting licenses	Namibia
Pajo Property	-	Material Interest	Philippines

Source: B2Gold website and press releases

Note: (1) B2Gold indirectly holds a 100% interest in the ore processing facility. See 'Masbate Project' for a description of the ownership of mineral tenements.

### La Libertad Mine

The La Libertad mine is an open pit, and potential underground, gold mine located 110 kilometres east of the Nicaraguan capital of Managua. B2Gold holds an indirect 100% interest in Desarrollo Minero de Nicaragua S.A. ('Desminic'), which owns and operates the La Libertad mine. Through Desminic, B2Gold holds one exploitation concession covering 10,950 hectares. In addition B2Gold holds an exploration concession, Extension Quernos de Oro, covering 1,196 hectares and located northwest of the exploitation concession.

Following B2Gold's acquisition of the La Libertad mine, it converted it from a heap leach mine to a conventional milling operation. Ore processing at the La Libertad mine commenced in December 2009 with the first doré bar produced in January 2010. A mill expansion was completed in the second quarter of 2013. This enabled a mill throughput of 5,692 tonnes per day to be achieved in the final quarter of 2013. Total production from the La Libertad mine was 138,726 ounces of gold in 2013. A further US\$12.5 million in capital expenditure is expected to be incurred in 2014.

### Limon Mine

The Limon mine is an open and underground pit located approximately 100 kilometres northwest of Managua, the capital city of Nicaragua. B2Gold holds an indirect 95% interest in Triton Minera S.A. ('Triton'), which owns and operates the Limon mine. The remaining 5% of Triton is held by Inversiones Mineras S.A., a holding company representing unionised mine workers in Nicaragua. B2Gold also holds three other mineral concessions, all at exploration stage.

The Limon property consists of the 12,000 hectare 'Mina El Limon' mineral concession. Triton directly owns or controls the surface rights for all the property on which the mining, milling, tailings or related facilities at the Limon mine are located.



The Limon mine produced 58,191 ounces of gold in 2013 and is currently operating at a through-put capacity of 1,375 tonnes per day. Production is expected to increase further in 2014 primarily attributable to the delivery of higher grade gold. B2Gold plans to undertake capital expenditure of approximately US\$7.3 million in 2014. The funds will mostly be dedicated to underground mine developments. The mine has an estimated remaining life of seven years.

### Masbate Project

The Masbate Gold Project is located near the northern tip of the island of Masbate, 360 kilometres south-east of Philippines' capital city, Manila. The Masbate Gold Project covers a contiguous set of mining or exploration claims and applications that together cover an area of approximately 116 square kilometres.

The Masbate Gold Project was originally operated for 14 years (from 1980 to 1994) by Atlas Group. The mining and production operations were subsequently closed due to the forced closure of the Atlas Group operations as a result of falling commodity prices and the inability of the Masbate Gold Project to cover group overheads from other operations of the company at that time. Historical production during this period was over one million ounces.

Filminera Resources Corporation ('FRC') holds the mineral tenements that include the deposits of the Masbate Gold Project. Philippine Gold Processing and Refining Corp. ('PGPRC') developed, owns and operates the process plant and is responsible for the sale of all gold. PGPRC and FRC have a contractual relationship which includes PGPRC purchasing ore from FRC whilst maintaining joint financial and legal liability for the social and environmental obligations under Philippine law.

B2Gold indirectly holds its ownership interest in the Masbate Gold Project through its 100% ownership of Philippine Gold Limited, which owns 40% of FRC, and through its 100% ownership of PGPRC. The remaining 60% of FRC is owned by a Philippine registered company, Zoom Mineral Holdings Inc ('Zoom Minerals'), in which B2Gold has a 40% interest. B2Gold also has an option to acquire the remaining 60% of Zoom Minerals.

### Otjikoto project

The Otjikoto gold project is located approximately 300 kilometres north of Namibia's capital city, Windhoek. B2Gold holds an indirect 90% interest in B2Gold Namibia (Pty) Ltd which holds the mineral interests relating to the Otjikoto project, and a 100% interest in two additional exploration projects in Namibia.

In December 2012 B2Gold Namibia (Pty) Ltd was granted a mining license by the Namibian Ministry of Mines for the Otjikoto Project, valid for 20 years. Construction of the Otjikoto project commenced in January 2013 and is expected to be completed in the fourth quarter of 2014. Gold production is also expected to commence in late 2014 or early 2015.

The Otjikoto project is estimated to have a 13 year mine life. Based on B2Gold's 90% ownership interest, the Otjikoto Project has National Instrument ('NI') 43-101 compliant probable mineral reserves of 1.3 Mozs at a cut of grade of 1.42g/t. In addition the Otjikoto project has a NI 43-101 compliant indicated and inferred resource of 0.13Moz and 0.80Moz respectively based on 90% ownership.

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### Kiaka project

The Kiaka project is located 140 kilometres south east of Ouagadougou, the capital of Burkina Faso. B2Gold currently has a 90% interest in the Kiaka Project via its subsidiary Kiaka Gold SARL which was acquired as part of the business combination with Volta. The Kiaka project is subject to a 10% participating interest that is held by GAMS-Mining F&I Ltd ('GAMS'). Following the completion of the definitive feasibility study, GAMS will be able to participate on a pro-rata basis in the development and construction of the Kiaka mine. Upon entering the development and production phase, a separate operating company will be formed. Kiaka Gold SARL and GAMS will contribute on a pro-rata basis to the Burkinabe government's 10% interest in the newly formed operating company. As such, following the commencement of the development and production phase B2Gold will assume an 81% interest in the Kiaka Project.

On 13 March 2014 a permitting study was submitted to the Ministry of Mines in Burkina Faso in connection with an application for a mining lease for the Kiaka Project.

### Gramalote project

The Gramalote property is located approximately 230 kilometres northwest of Bogota, the capital of Colombia. B2Gold holds a 49% joint venture interest in Gramalote Limited, which is the company that holds the mineral interests relating to the Gramalote property. The other 51% joint venture interest is held by AngloGold Ashanti joint venture. AngloGold Ashanti is the operator of the joint venture.

The Gramalote property area is covered by 17 contiguous claim blocks totalling 35,322 hectares. These claims include 16 registered concession contracts and one integrated and registered mining concession contract.

A Preliminary economic assessment of the Gramalote project was released in March 2014. Expenditure has been forecast to reduce in 2014 relative to 2013 and management expect to review the Gramalote project in the final quarter of 2014 to assess whether to make further progression into the Definitive Feasibility Study phase.

### Mocoa property

The Mocoa property is located approximately 465 kilometres southwest of the Colombian capital of Bogota and ten kilometres north of the town of Mocoa, an agricultural centre and the capital of the Department of Putumayo. B2Gold acquired a 100% interest in the Mocoa copper-molybdenum porphyry deposit at this property from AngloGold Ashanti.

The Mocoa property consists of four contract claims totalling 7,830 hectares and two claim applications totalling 3,960 hectares. Drilling has shown encouraging copper-molybdenum values at depth and shows the deposit to be open to the north and northeast.

### Trebol and Pavon properties

The Trebol property is located in northeastern Nicaragua consisting of numerous strong gold anomalies spanning over 14 kilometres of strike length.

The Pavon property is located in central Nicaragua and was discovered by Radius Gold Inc. in 2003. A strike length of six kilometres has been explored with 74 trenches and 71 diamond drill holes totalling



approximately 10,700 metres. The drilling programme incorporates an evaluation of the viability of open pit mining portions of the veins and shipping the ore to the mill at the Limon mine.

B2Gold had previously earned a 60% interest in the Trebol and Pavon properties by expending a total of US\$4 million on exploration, resulting in a 60%-40% B2Gold-Radius joint venture. In August 2012 B2Gold acquired an additional 40% interest from Radius Gold Inc. to own 100% interest in the Trebol and Pavon gold properties in Nicaragua.

#### San José and La Magnolia properties

B2Gold and Radius Gold Inc. have entered into a joint venture agreement on a 60%-40% basis with respect to each of the San Jose and La Magnolia properties in Nicaragua and continue jointly exploring the properties with B2Gold and Radius Gold contributing 60% and 40% respectively of the exploration expenditures of each joint venture.

#### Borosi property

The Borosi property is located in the Bonanza-Rosita-Siuna areas of northeast Nicaragua, the 'Mining Triangle' of Nicaragua, which is estimated to have had historical production totalling more than five million ounces of gold, four million ounces of silver, 158,000 tonnes of copper and 106,000 tonnes of zinc.

B2Gold obtained a 51% interest via the Primavera Joint Venture agreement entered into with Calibre Mining. B2Gold has a potential to increase their interest to 70% in specific project areas by funding an additional US\$6 million in project expenditures by 24 April 2016. The exploration expenditure budget for the Primavera joint venture is estimated to be US\$1.2 million for 2014.

#### Other exploration assets

In addition B2Gold has interests in the following early stage exploration interests hereafter collectively referred to as ('B2Gold's Other Exploration Assets'):

- 100% interest in the Bellavista property located within the Costa Rican 'Gold Belt' approximately 70 kilometres northeast of San José, which consists of one exploitation concession covering a seven square kilometre area;
- 100% interest in the Gaoua project comprising three exploration permits located 400km southwest of the Kiaka Project;
- 100% interest in the Titao project comprising three exploration permits located in northern Burkina Faso;
- 90% interest in the Greater Kiaka project comprising five exploration permits located in south central Burkina Faso;
- 90% interest in the Po project comprising three exploration permits located in southern Burkina Faso;
- 100% interest in the Accretive Terrain project and Top Hat project located in Namibia which includes a number of exclusive prospecting licenses;
- A material interest in the Pajo Property located immediately north of the Masbate project in the Philippines; and

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- The Quebradona property is a joint venture between B2Gold and AngloGold Ashanti, with B2Gold owning a 13.22% interest. B2Gold is required to participate in future exploration programmes on a pro rata basis in order to maintain its 13.22% interest in the Quebradona property. The Quebradona property is located approximately 220 kilometres northwest of Bogota and approximately 60 kilometres south-southwest of Medellin in Colombia.

Further information on B2Gold's projects including a breakdown of attributable resources and reserves may be found in Appendix 5.

### 6.3 Historical Statement of Financial Position

Statement of Financial Position	Unaudited as at 31-Mar-14 US\$000	Audited as at 31-Dec-13 US\$000	Audited as at 31-Dec-12 US\$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	183,537	252,736	67,949
Accounts receivable and prepaids	18,378	26,273	7,695
Value-added and other tax receivables	29,766	19,823	18,737
Inventories	82,021	75,665	41,608
<b>TOTAL CURRENT ASSETS</b>	<b>313,702</b>	<b>374,497</b>	<b>135,989</b>
<b>NON-CURRENT ASSETS</b>			
Long-term investments	21,772	20,769	3,661
Value-added tax receivables	30,874	28,875	-
Mining interest			
<i>Owned by subsidiaries</i>	1,571,715	1,517,277	432,725
<i>Investments in joint ventures</i>	153,454	150,168	101,999
Goodwill	202,070	202,070	-
Other assets	18,788	16,070	2,091
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,998,673</b>	<b>1,935,229</b>	<b>540,476</b>
<b>TOTAL ASSETS</b>	<b>2,312,375</b>	<b>2,309,726</b>	<b>676,465</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	36,494	65,812	24,223
Current taxes payable	13,497	15,658	13,797
Current portion of long-term debt	22,804	12,965	-
Current portion of unrealised fair value of derivative instruments	1,633	2,563	143
Current portion of mine restoration provisions	1,345	1,351	4,217
Other	473	472	1,501
<b>TOTAL CURRENT LIABILITIES</b>	<b>76,246</b>	<b>98,821</b>	<b>43,881</b>
<b>NON-CURRENT LIABILITIES</b>			
Unrealised fair value of derivative instruments	1,198	205	-
Long-term debt	339,344	300,447	-
Mine restoration provisions	45,497	45,449	27,659
Deferred income taxes	186,496	186,811	34,148



Statement of Financial Position	Unaudited as at 31-Mar-14 US\$000	Audited as at 31-Dec-13 US\$000	Audited as at 31-Dec-12 US\$000
Employee benefits obligation	6,938	6,626	4,458
TOTAL NON-CURRENT LIABILITIES	579,473	539,538	66,265
TOTAL LIABILITIES	655,719	638,359	110,146
<b>NET ASSETS</b>	<b>1,656,656</b>	<b>1,671,367</b>	<b>566,319</b>
<b>EQUITY</b>			
Share capital	1,522,126	1,519,217	468,550
Contributed surplus	55,208	52,333	35,383
Accumulated other comprehensive income	(37,310)	(40,539)	(6,793)
Retained earnings	108,635	132,640	62,807
<i>Non-controlling Interest</i>	7,997	7,716	6,372
<b>TOTAL EQUITY</b>	<b>1,656,656</b>	<b>1,671,367</b>	<b>566,319</b>

Source: B2Gold's unaudited financial statements as at 31 March 2014 and audited financial statements as at 31 December 2013 and 31 December 2012

We have not undertaken a review of B2Gold's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We comment on the statement of financial position as follows.

- The cash and cash equivalent balance increased significantly from US\$67.9 million as at 31 December 2012 to US\$252.7 million as at 31 December 2013. The increase was driven by financing initiatives undertaken by B2Gold. In particular, on 23 August 2013 B2Gold issued Convertible Notes with an aggregate principal amount of US\$258.8 million.
- The decrease in B2Gold's cash balance over the three months ended 31 March 2014 was primarily driven by expenditure relating to mine construction at Otjikoto. Significant investment in development and sustaining capital was also recorded in respect of each of the Gramalote, Masbate, Libertad and Limon projects.
- B2Gold's inventory as at 31 March 2014 of US\$82.0 million comprised the following

Inventory	Book Value as at 31-Mar-14 US\$000
Gold and silver bullion	23,169
In-process inventory	8,488
Ore-stockpile inventory	8,852
Materials and supply	41,512
	<b>82,021</b>

- The long-term investments balance of US\$21.8 million as at 31 March 2014 is reflective of a fair market value as referenced by quoted market prices. B2Gold has available for sale investments in the following public companies:



Listed Company	Fair Value as at 31-Mar-14 US\$000	Fair Value as at 31-Dec-13 US\$000
RTG Mining Inc	4,882	4,792
St Augustine Gold & Copper Limited	11,601	11,741
Sierra Mining Limited	4,563	3,370
Calibre Mining Limited	723	846
Goldstone Resources Limited	23	20
	<b>21,772</b>	<b>20,769</b>

- A breakdown of the book value of B2Gold's mining interests owned by subsidiaries is outlined below:

B2Gold Project owned by subsidiary	Book Value as @ 31-Mar-14 US\$000	Book Value as @ 31-Dec-13 US\$000
Masbate Mine	685,692	682,411
Masbate undeveloped mineral interests	176,460	176,460
La Libertad Mine	176,262	175,591
Limon Mine	76,747	75,169
Otjikoto	335,514	289,945
Kiaka	52,605	50,550
Mocoa	28,336	28,200
Trebol & Pavon	25,413	24,870
San Jose	1,192	1,123
Calibre Mining Limited	8,844	8,496
Bellavista	2,611	2,611
Other	1,107	861
Office Furniture and Equipment	932	990
	<b>1,571,715</b>	<b>1,517,277</b>

- We note that Alray Investments Inc ('Alray') has an option to acquire 100% interest in the Bellavista project expiring 22 October 2014. B2Gold will be entitled to a 2% net smelter royalty on the sale of minerals produced from the Bellavista Property. Alray, who has the right to continue to project assessment work over the term of the option, has completed two stages of drilling and pending further assessment is planning to undertake further work in the second and third quarters of 2014.
- We note that with respect to the mining interest owned by subsidiaries balance, an amount of US\$9.1 million was written down during the year ended 31 December 2013. The amount written down relates to the Cebollati Project located in Uruguay. B2Gold has made the decision to forgo any further exploration efforts and has effectively removed the Cebollati Project from its portfolio of assets. B2Gold is seeking to sell its interest in the property.
- The investments in joint venture balance of US\$153.5 million as at 31 March 2014 reflects B2Gold's interest in the Gramalote (US\$152.3 million) and Quebradona projects (US\$1.2 million) located in Colombia. These investments have been accounted for using the equity method.

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- The goodwill balance of US\$202.1 million as at 31 March 2014 was recorded upon B2Gold's acquisition of CGA completed on 31 January 2013. Goodwill was tested for impairment in the fourth quarter of 2013. No impairment expense was recorded.
- In April 2013 BKWE Ventures Limited, a wholly owned subsidiary entered into a loan agreement with EVI Gold Pty Ltd ('EVI'). The loan was in an amount of US\$11.6 million with interest accruing at 5% per annum. The loan enabled EVI to purchase an additional 2% interest in the Otjikoto project. The amount repayable, including accrued interest is US\$12.0 million as at 31 March 2014 and is reflected in the other assets balance.
- The current and long term debt balance at 31 March 2014 reflects amounts drawn down on the Credit Facility (US\$46.8 million; net of unamortised transaction costs), the fair value of convertible senior subordinated notes (US\$272.9 million) as well as equipment loans/finance obligations relating to the Masbate, Otjikoto and Libertad projects (US\$42.4 million).
- B2Gold is currently managing its foreign currency exposure risk and gold prices at the Otjikoto project via forward contracts and the initiation of zero-cost collar option contracts. The Namibian dollar is pegged against the South African rand and as such B2Gold has entered into derivative foreign currency contracts between the South African rand and the United States dollar.
- B2Gold has a net deferred tax liability of US\$186.5 million as at 31 March 2013. The balance primarily relates to an income tax liability recorded upon the acquisition of CGA.
- Contributed equity increased considerably from 31 December 2012 to 31 December 2013 reflecting the 100% scrip acquisitions of CGA and Volta, both of which were completed in 2013.

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## 6.4 Historical Statement of Operations

Statement of Comprehensive Income	Unaudited for the three	Audited for the year	Audited for the year
	months ended 31-Mar-14	ended 31-Dec-13	ended 31-Dec-12
	US\$000	US\$000	US\$000
<b>Gold Revenue</b>	129,020	544,272	259,051
<b>Cost of Sales</b>			
Production costs	(62,305)	(261,896)	(89,504)
Depreciation and depletion	(25,310)	(85,855)	(33,060)
Royalties and production taxes	(4,310)	(16,706)	(8,503)
Inventory fair value adjustments on CGA acquisition	-	(32,869)	-
Other	-	-	(962)
<b>Gross Profit</b>	<b>37,095</b>	<b>146,946</b>	<b>127,022</b>
Gain on sale of Brucejack royalty	-	44,496	-
General and administrative	(7,322)	(31,869)	(17,610)
Share-based payments	(3,391)	(18,328)	(16,635)
Write-off of mineral property interests	-	(9,564)	(1,512)
CGA acquisition costs	-	(5,859)	(1,556)
Foreign exchange losses	(332)	(4,748)	(479)
Accretion of mine restoration provisions	(298)	(2,606)	(1,776)
Other	(910)	(4,876)	(3,317)
<b>Operating Income</b>	<b>24,842</b>	<b>113,592</b>	<b>84,137</b>
Gain/(loss) on fair value of convertible notes	(38,287)	22,815	-
Write-down of long-term investments	(262)	(20,552)	-
Convertible notes transaction costs	-	(9,683)	-
Community relations	(1,509)	(8,079)	(6,839)
Realised losses on derivative instruments	(566)	(4,815)	(213)
Unrealised losses on derivative instruments	(88)	(2,660)	(149)
Interest and financing costs	(995)	(2,991)	(193)
Other	1,468	(522)	527
<b>Income/(loss) before taxes</b>	<b>(15,397)</b>	<b>87,105</b>	<b>77,270</b>
Current income tax, withholding and other taxes	(9,459)	(22,899)	(17,853)
Deferred income tax recovery (expense)	878	3,097	(7,510)
<b>Net income/(loss) for the period</b>	<b>(23,978)</b>	<b>67,303</b>	<b>51,907</b>

Source: B2Gold's unaudited financial statements as at 31 March 2014 and audited financial statements as at 31 December 2013 and 31 December 2012.



We comment on the statement of comprehensive operations as follows.

- Gross profit margins for the years ended 31 December 2012 and 31 December 2013 were 49.0% and 27.0% respectively. The gross margin achieved for the year ended 31 December 2011 was significantly higher than for the year ended 2013 but does not reflect the acquisition of the Masbate mine.
- On 13 May 2013 B2Gold announced the sale of its right, title and interest in and to an existing 1.2% net smelter returns royalty covering Pretium's Bruce Jack Gold Project. The net smelter returns royalty was sold to Franco-Nevada Corporation for US\$45 million in cash. The net smelter royalty was acquired in connection with B2Gold's acquisition of Central Sun Mining Inc in March 2009. For accounting purposes, no part of the acquisition purchase price was allocated to the net smelter royalty (due to lack of assurance over future cash flows). As such, a gain of US\$44.6 million net of transaction costs has been recorded for the year ended 31 December 2013.
- Share based payments reflect the issuance of the following to directors, executive officers and employers (For further details refer section 6.5 of our Report):
  - stock options;
  - restricted share units; and
  - shares issued pursuant to B2Gold's Incentive Plan.
- The write-off of mineral property interests of US\$9.6 million in the year ended 31 December 2013 primarily relates to the aforementioned Cebollati project which B2Gold is currently seeking to sell.
- The fair market value of B2Gold's long term investments held as available for sale declined considerably for the year ended 31 December 2013. This is reflected by the expense recorded for the period of US\$20.6 million.
- We note that from fiscal year 2014 onwards the accretion of mine restoration provisions has been reallocated outside of operation as per IFRS requirements.
- The fair value of the Convertible Notes is determined from the quoted price of the Convertible Notes that are traded in an over-the-counter broker market. We note that movements in the fair value of the Convertible Notes are recognised through profit and loss and represent non-cash movements.

## 6.5 Capital Structure

As at the date of our report B2Gold had 678,568,335 ordinary shares and 42,771,543 options on issue. The common shares held by the most significant shareholders are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
FMR LLC	80,637,991	11.88%
Blackrock	43,486,014	6.41%
Van Eck Associates Corporation	42,786,064	6.31%
Fiera Capital Corporation	35,350,100	5.21%
Royal Bank of Canada	26,902,607	3.96%
Sentry Investments Inc	19,762,780	2.91%
Subtotal	248,925,556	36.68%
<i>Others</i>	429,642,779	63.32%
<b>Total ordinary shares on Issue</b>	<b>678,568,335</b>	<b>100.00%</b>

Source: Bloomberg



We understand that the directors and executive officers of B2Gold, as a group, beneficially own, control or direct approximately 5.4% of the issued and outstanding B2Gold Shares as at the date of this report.

The range of shares held in B2Gold as at 17 June 2014 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	514	168,557	0.02%
1,001 - 5,000	205	515,005	0.08%
5,001 - 10,000	59	432,450	0.06%
10,001 - 1,000,000	84	6,662,791	0.98%
1,000,000 - 5,000,000	5	15,100,000	2.23%
5,000,001 - 10,000,000	-	-	0.00%
10,000,001 - and over	2	655,689,532	96.63%
<b>TOTAL</b>	<b>869</b>	<b>678,568,335</b>	<b>100.00%</b>

Source: Computershare

The range of options held in B2Gold as at the date of our Report is as follows:

Range of Options Held	Number	Exercise Price (C\$)	Expiry Date
<b>Auryx</b>	2,474,563	2.40 - 4.00	July 13, 2015 - July 2, 2016
<b>Volta</b>	1,943,250	0.84 - 13.67	April 4, 2015 - August 13, 2018
<b>Subtotal</b>	<b>4,417,813</b>		
<b>B2Gold</b>	1,360,250	0.80	3-Aug-2014
	80,400	1.27	21-Jan-2015
	210,000	1.25	8-Feb-2015
	155,000	1.33	7-Mar-2015
	120,000	1.44	2-Jun-2015
	20,000	1.85	4-Oct-2015
	200,000	1.97	19-Oct-2015
	1,484,000	2.45	7-Nov-2015
	122,400	2.57	30-Nov-2015
	578,125	2.31	20-Jan-2016
	687,000	3.11	30-May-2016
	175,000	3.19	28-Jun-2016
	815,000	3.08	4-Aug-2016
	351,800	3.24	23-Oct-2016
	8,808,755	3.10	18-Jan-2017
	400,000	3.93	4-Mar-2017
	180,000	3.06	8-May-2017
	390,000	3.18	12-Jul-2017
	285,000	3.92	9-Oct-2017
	1,200,000	3.80	29-Jan-2018

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Range of Options Held	Number	Exercise Price (C\$)	Expiry Date
	300,000	3.06	24-Feb-2018
	12,390,000	3.00	10-Apr-2018
	360,000	3.00	21-Apr-2018
	195,000	2.60	30-May-2108
	60,000	2.50	6-Jun-2018
	500,000	2.50	1-Jul-2018
	430,000	2.70	8-Jul-2018
	60,000	3.00	22-Aug-2018
	220,000	2.60	16-Sep-2018
	210,000	2.50	15-Oct-2018
	550,000	2.32	27-Nov-2018
	500,000	2.32	5-Jan-2019
	1,120,000	2.50	15-Jan-2019
	100,000	2.70	3-Feb-2019
	260,000	3.03	26-Mar-2019
	3,276,000	3.15	29-Apr-2019
	200,000	3.00	18-Jun-2020
<b>Subtotal</b>	<b>38,353,730</b>		
<b>Total</b>	<b>42,771,543</b>		

Source: B2Gold option registry

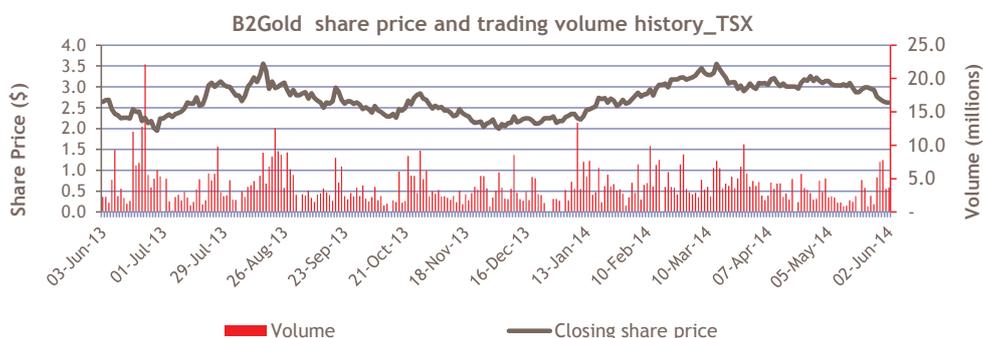
**Note:**

Holder of Volta options received options to purchase common shares in B2Gold as part of the 100% acquisition of Volta by B2Gold. Holder of Auryx options received options to purchase common shares in B2Gold as part of the 100% acquisition of Auryx by B2Gold.

We have determined that as at 23 June 2014, based on the closing share price of B2Gold of C\$3.11, a total of 34,348,493 B2Gold options are in the money.

### 6.6 Share price and volume trading analysis

The following charts provide a summary of the share price movement over 12 months to 2 June 2014, for B2Gold shares traded on the TSX and NYSE, which was the last trading day prior to the announcement of the Scheme.



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Source: Bloomberg and BDO analysis

The volume of B2Gold shares that have been traded over the 12 months to 2 June 2014 has been consistently high and this is supported by the data in the table below.

	Share price low		Share price high		Cumulative Volume traded (million)		As a % of Issued capital	
	TSX (C\$)	NYSE (US\$)	TSX (C\$)	NYSE(US\$)	TSX	NYSE	TSX	NYSE
1 day	\$2.590	\$2.380	\$2.630	\$2.420	3.7	0.7	0.55%	0.10%
10 days	\$2.580	\$2.370	\$3.050	\$2.810	40.5	20.6	5.99%	3.05%
30 days	\$2.580	\$2.370	\$3.260	\$2.970	89.3	41.4	13.20%	6.12%
60 days	\$2.580	\$2.370	\$3.690	\$3.330	213.9	94.6	31.64%	13.99%
90 days	\$2.490	\$2.220	\$3.690	\$3.330	337.8	141.8	49.97%	20.98%
180 days	\$1.980	\$1.850	\$3.690	\$3.330	632.4	266.1	93.55%	39.36%
1 year	\$1.870	\$1.780	\$3.690	\$3.577	986.5	525.4	145.94%	77.72%

Source: Bloomberg and BDO analysis

This table indicates that B2Gold’s shares listed on the TSX display a high level of liquidity and deep market in the shares, with 145.94% and 77.72% of the B2Gold’s capital currently issued on the TSX and NYSE respectively being traded in a twelve month period.

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## 7. Proposed Merged Entity

Upon completion of the Scheme, B2Gold will own 100% of Papillon. The Proposed Merged Entity will represent the combined assets of Papillon and B2Gold.

Papillon has its flagship Fekola project with total resources attributable to Papillon of 4.63 Mozs (based on its 90% ownership interest), as well as Papillon's Other Exploration Assets which comprises mining tenements located elsewhere in Mali. B2Gold has a broader portfolio of assets including three operating mines, namely La Libertad, Limon and Masbate, the Otjikoto mine which is under construction and scheduled to commence production in late 2014 or early 2015 as well as significant development and exploration assets in Burkina Faso, in Nicaragua, the Philippines, Namibia and Colombia.

Overall, the Proposed Merged Entity is expected to have a reserve base of 5.6 Mozs, and total measured, indicated and inferred resources (inclusive of reserves) of 21.1 Mozs. The Proposed Merged Entity is expected to have a significant growth profile beyond its three operating mines which collectively produced 366,000 ounces of gold in 2013.

### 7.1 Key Assets

The key combined assets of the Proposed Merged Entity will include:

- 90% interest in the Fekola project with attributable resources of 4.64 Mozs with an expected start up in 2018 and to subsequently produce over 300,000 ounces of gold per year;
- An interest (ranging between 90% and 95%) in early stage exploration tenements located in Mali South and Mali West.
- 100% interest in La Libertad operating mine with total probable reserves of 398,000 ounces of gold and guidance for production in 2014 between 143,000 to 150,000 ounces of gold;
- 95% interest in Limon operating mine producing 57,000 ounces of gold per year on average over the its life of mine with probable reserves attributable to the Proposed Merged Entity of 254,000 ounces of gold;
- 100% indirect ownership interest in Masbate operating mine (refer section 6.2 of our Report) producing 176,483 ounces of gold with total reserves of 3.582 Mozs;
- 90% interest in the Otjikoto Project with total reserves attributable to the Proposed Merged Entity of 1.21 Mozs with an expected start up in late 2014/ early 2015 and to subsequently produce 112,000 ounces of gold per year for the life of mine;
- 90% interest in the Kiaka Project with attributable resources of 4.54 Mozs and expected to produce 340,000 ounces of gold per year;
- 49% interest in the Gramalote Project which represents total resources attributable to the Proposed Merged Entity of 2.97 Mozs and expected produce 317,500 ounces of gold per year over the estimate life of mine of 14 years;
- 100% interest in the Mocoa copper-molybdenum porphyry deposit/property;
- 100% interest in the Trebol and Pavon properties in Nicaragua;
- 35% of the Quebradona property (exploration stage) in Colombia;

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- 60% interest in a joint venture with Radius Gold Inc. with respect to the San José and La Magnolia properties;
- 51% interest in the Calibre JV at the Borosi property;
- One exploitation concession covering a seven square kilometre area of the Bellavista property; and
- In addition the Proposed Merged entity will have interests in B2Gold's Other Exploration Assets (as defined in section 6.2 of our Report).

### **7.2 Strength of the Proposed Merged Entity**

The Proposed Merged Entity will combine B2Gold being/with:

- A growing low cost producer with strong cash flows
- Proven exploration and operational capabilities
- Portfolio of mining assets ranging from projects with options to earn an interest, early stage and advanced exploration assets, pre-development projects, to producing assets
- Management with a track record for creating significant shareholder value through mergers and acquisitions
- Strong cash position of approximately US\$214.1 million and available debt capacity of US\$150.0 million at 31 March 2014.

and Papillon with:

- Attributable 4.63 Mozs of total measured, indicated and inferred resources
- Low-cost development asset

### **7.3 Capital structure**

Under the Scheme, Shareholders will receive 0.661 B2Gold shares for every Papillon share held.

All the Papillon options will be cancelled and as consideration B2Gold will issue B2Gold shares as consideration for the cancellation of the options based on the in-the-money amount of such Papillon options with reference to the 20 day VWAP of B2Gold shares on 2 June 2014.

B2Gold shareholders will continue to hold their existing B2Gold common shares and B2Gold option holders will continue to hold their existing B2Gold options.

We have set out the potential position of the Proposed Merged Entity after the Scheme on a diluted basis taking into consideration the number of B2Gold options in-the-money as at the date of our Report. We refer to section 6.5 of our Report for further details on the options outstanding in B2Gold.

The resulting number of securities upon completion of the Scheme is as follows:



Capital Structure	Shares	Options
<b>Undiluted:</b>		
B2Gold shareholders	678,568,335	42,771,543
Papillon shareholders	237,391,135	-
<b>Number of B2Gold Securities Post-Transaction</b>	<b>915,959,470</b>	<b>42,771,543</b>
<b>Diluted:</b>		
B2Gold shareholders	712,916,828	8,423,050*
Papillon shareholders	237,391,135	-
<b>Number of B2Gold Securities Post-Transaction</b>	<b>950,307,963</b>	<b>8,423,050</b>

Source: BDO analysis

\*Balance represents out-of-the money options

Upon completion of the Scheme, Papillon Shareholders will own approximately 26% of B2Gold on an undiluted basis and approximately 25% on a diluted basis.

#### 7.4 Board of the Proposed Merged Entity

The Board of Directors the Proposed Merged Entity will comprise the existing B2Gold Board plus Mark Connelly, who is currently the Managing Director and Chief Executive Officer of Papillon.

#### 7.5 Australian head office operations

Subject to a full review post acquisition, it is intended that the current workforce at Papillon's Mali operations will be maintained. However, Papillon's head office operations in Australia will be terminated. All head office operations of the Proposed Merged Entity will be run from B2Gold's Canadian office.

#### 7.6 Stock exchange listing

Following the implementation of the Scheme, Papillon will be delisted from the ASX. New B2Gold shares received by Shareholders will be listed on TSX and the NYSE.

### 8. Economic analysis

#### 8.1 Global economy

Growth in the global economy is continuing at a moderate pace, helped by firmer conditions in the advanced countries. China's growth appears to have slowed a little in early 2014 but remains generally in line with policymakers' objectives. Commodity prices in historical terms remain high, but some of those important to Australia have continued to decline of late. The economic recovery in the United States appears to be on track, despite soft readings in the last few months largely due to unusual weather. Indeed, private demand could turn out to be stronger than anticipated. Europe's economy is growing modestly, but inflation remains too low and the nascent recovery could be undermined by risks emanating from the Russia-Ukraine situation. Overall, global growth is expected to pick up to 3.3 per cent in 2014 and increase further to 3.7 per cent in 2015 and 2016—largely unchanged from January.



Financial conditions overall remain very accommodative. Long-term interest rates have fallen further and risk spreads remain low. Emerging market economies are once again receiving capital inflows. Volatility in many financial prices is currently unusually low. Markets appear to be attaching a very low probability to any rise in global interest rates over the period ahead.

Source: [www.rba.gov.au](http://www.rba.gov.au) Statement by Glenn Stevens, Governor: Monetary Policy Decision 3 June 2014

## 8.2 Australian economy

In Australia, the economy grew at a below-trend pace in 2013 overall, but growth looks to have been somewhat firmer around the turn of the year. This has resulted partly from very strong increases in resource exports as new capacity has come on stream, but smaller increases in such exports are likely in coming quarters. Moderate growth has been occurring in consumer demand and a strong expansion in housing construction is now under way. At the same time, resources sector investment spending is set to decline significantly. Signs of improvement in investment intentions in some other sectors are emerging, but these plans remain tentative, as firms wait for more evidence of improved conditions before committing to significant expansion. Public spending is scheduled to be subdued.

There has been improvement in indicators for the labour market in recent months, but it will probably be some time before unemployment declines consistently. Recent data confirm that growth in wages has declined noticeably. If these and other domestic costs remain contained, inflation should remain consistent with the target over the next one to two years, even with lower levels of the exchange rate.

Monetary policy remains accommodative. Interest rates are very low and for some borrowers have edged lower over recent months. Savers continue to look for higher returns in response to low rates on safe instruments. Credit growth has picked up a little. Dwelling prices have increased significantly over the past year, though there have been some signs of a moderation in the pace of increase recently. The earlier decline in the exchange rate is assisting in achieving balanced growth in the economy, but less so than previously as a result of the higher levels over the past few months. The exchange rate remains high by historical standards, particularly given the further decline in commodity prices.

Looking ahead, inflation is expected to be consistent with the 2-3 per cent target over the next two years.

Source: [www.rba.gov.au](http://www.rba.gov.au) Statement by Glenn Stevens, Governor: Monetary Policy Decision 3 June 2014

## 8.3 Canadian economy

Inflation in Canada remains low. Core inflation is expected to stay well below 2 per cent this year due to the effects of economic slack and heightened retail competition, and these effects will persist until early 2016. However, higher consumer energy prices and the lower Canadian dollar will exert temporary upward pressure on total CPI inflation, pushing it closer to the 2 per cent target in the coming quarters. The Bank of Canada expects total CPI inflation will remain close to target throughout the projection, even as upward pressure from energy prices dissipates, because the impact of retail competition will gradually fade and excess capacity will be absorbed.

The Bank continues to expect Canada's real GDP growth to average about 2.50 % in 2014 and 2015 before easing to around the 2 per cent growth rate of the economy's potential in 2016. Competitiveness challenges continue to weigh on Canadian exporters' ability to benefit from stronger growth abroad. However, a range of export subsectors have been growing in line with fundamentals, which suggests that as the U.S. recovery gathers momentum and becomes more broadly-based, many of our exports will



benefit. The lower Canadian dollar should provide additional support. The Bank continues to believe that rising global demand for Canadian goods and services, combined with the assumed high level of oil prices, will stimulate business investment in Canada and shift the economy to a more sustainable growth track.

Recent developments are in line with the Bank's expectation of a soft landing in the housing market and stabilizing debt-to-income ratios for households. Still, household imbalances remain elevated and would pose a significant risk should economic conditions deteriorate.

In sum, the Bank continues to see a gradual strengthening in the fundamental drivers of growth and inflation in Canada. This view hinges critically on the projected upturn in exports and investment. With underlying inflation expected to remain below target for some time, the downside risks to inflation remain important. At the same time, the risks associated with household imbalances remain elevated. The Bank judges that the balance of these risks remains within the zone for which the current stance of monetary policy is appropriate and therefore has decided to maintain the target for the overnight rate at 1 per cent. The timing and direction of the next change to the policy rate will depend on how new information influences the balance of risks.

Source: <http://www.bankofcanada.ca> Monetary Policy Report Summary April 2014

#### 8.4 Malian economy

The macroeconomic condition in Mali improved over 2013 following the military coup in 2012 which precipitated a nine month rebel occupation of the northern regions of Kidal, Gao and Timbuktu. The political and security situation in Mali has stabilised following the signing of a peace deal June 2013 and the election of a new president in July 2013. The overall recovery of the Malian economy is expected to continue to improve through to 2015 boosted by recovery in the agriculture, gold mining and tertiary sectors. However, there is continued risk in the economy due to the volatility in the prices of gold and cotton, the country's two main exports, and the fragile security situation.

The government's 2013 budget included higher revenue and spending, however the 2014 budget is expected to be cautious, with the aim to absorb the effects of the political instability, renew public investment and implement an economic recovery plan. The country continues to be significantly vulnerable to international gold and cotton price fluctuations, with gold representing approximately 75% of total export value.

Mali has thirteen commercial banks and two financial institutions, with the seven largest banks comprising 82% of all assets. The political and security crisis of 2012 hit the financial sector hard in 2012 as it resulted in the closure of the banks in the northern regions. However, despite these events, the banking system remained relatively stable and strong with significant shareholders. In early 2013, upon restoration of the security in Mali, the government reopened the banks.

Despite the political and security events occurring in 2012, Mali was able to produce 50 tonnes of gold. According to Reuters, Mali is Africa's third largest gold producer, with expectations to double its 2012 gold output of 50 tonnes to 100 tonnes over the years through to 2017. In order to attract investors, Mali has a mining code providing for tax breaks and other perks. It is also aiming to diversify away from gold, with the hope to encourage investment in bauxite, aluminium, and iron ore.

Source: <http://www.africaneconomicoutlook.org/en/countries/west-africa/mali/>

Source: <http://www.reuters.com/article/2013/06/06/mali-gold-idUSL5N0E130J20130606>

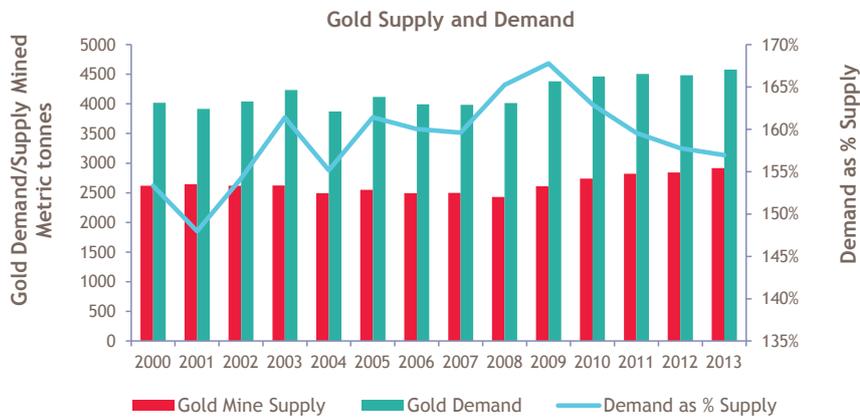
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## 9. Industry analysis

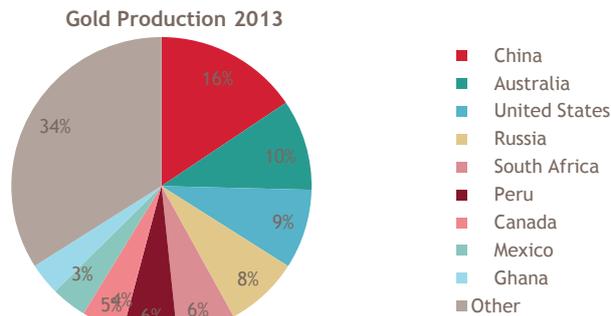
Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

As illustrated in the chart below, gold mine production was approximately 2,917 metric tonnes in 2013 and gold consumption was 4,578 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during recent years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by approximately 14% between 2008 and 2013, with demand as a percentage of supply remaining at over 150% for the same period.



Source: Bloomberg and BDO Analysis

Until the late 1980's, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China, Australia and the United States.



Source: Bloomberg and BDO Analysis

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## Gold prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The softening of gold prices over the last two years is reflective of the recovery of global economic conditions. The value of gold peaked at US\$1,900 per ounce on 5 September 2011. This peak was largely caused by the debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of US\$1,545 per ounce followed by a recovery in 2012, reaching US\$1,790 per ounce on 4 October 2012 before declining to US\$1,675 per ounce at 31 December 2012. Gold prices have declined in 2013 and most recently was US\$1,310 per ounce on 26 June 2014.

According to Bloomberg forecasts and Consensus Economics, gold prices are forecast to stabilise in the coming years, with the long term forecast around US\$1,300.



Source: Bloomberg, Consensus Economics and BDO Analysis

## 10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment.

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

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## 10.1 Valuation of Papillon

In our assessment of the value of Papillon shares, we have chosen to employ the following methodologies:

- Sum-of-parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The component parts of Papillon are valued using the NAV method; and
- QMP approach as our secondary method as this represents the value that a Shareholder can receive for a share if sold on market.

### Sum-of-parts

We have employed the sum-of-the-parts method in estimating the fair market value of Papillon by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- value of Papillon's interest in the Fekola Project (having reliance on an independent specialist valuation opinion);
- value of Papillon's Other Exploration Assets (applying the cost approach under the NAV method); and
- value of other assets and liabilities of Papillon (applying the cost approach under the NAV method).

### Methodologies adopted

We have chosen these methodologies for the following reasons:

- we have adopted the sum-of-parts combined with the NAV approach as our primary valuation method because the Company's mineral assets, including the flagship Fekola Project, are not producing assets and no revenue or cash flows are currently generated by these assets;
- as Papillon's projects are not currently generating any income nor are there any historical profits that could be used to represent future earnings, the FME approach is not appropriate;
- although a Pre-feasibility Study has been completed and a Definitive Feasibility Study has commenced on the Fekola Project, there are no proven reserves to provide a sufficiently reasonable basis to apply the DCF methodology nor are there reasonable grounds to be believe that Papillon is currently able to raise sufficient funds to meet the capital costs. Therefore, we have not used the DCF valuation approach. Under the requirements of RG 111, a minimum of a reserve must be present to use this method;
- other component parts of Papillon are valued using the NAV method; and
- the QMP basis is a relevant methodology to consider because Papillon shares are listed on the ASX and this reflects the value that a Shareholder will receive for a share sold on market. This means there is a regulated and observable market where Papillon shares can be traded. However, in order for QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities.



### Technical expert

In valuing Papillon's assets, we have relied on the independent specialist valuation performed by Snowden Mining Industry Consultants Pty Ltd ('Snowden') in accordance with the Code of Technical Assessment of Mineral and Petroleum Assets and Securities for Independent Expert Reports ('the Valmin Code') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC Code').

We are satisfied with the valuation methodologies adopted by Snowden which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of Snowden's valuation report is attached in Appendix 5.

## 10.2 Valuation of the Proposed Merged Entity

In our assessment of the value of a share in the Proposed Merged Entity, we have chosen to employ the following methodologies:

- QMP as our primary method;
- Resource multiple valuation; and
- Sum-of-parts method which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The component parts of Papillon are valued using the NAV method.

### QMP

Papillon Shareholders will receive shares in B2Gold as consideration if the Scheme is implemented. As such the market price of B2Gold is the most relevant value to Shareholders.

The QMP basis is a relevant methodology to consider as B2Gold shares are listed on the TSX and NYSE. This means there is a regulated and observable market where B2Gold shares can be traded. However, in order for QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities. We also must consider the volatility of the market price and whether the market price is likely to represent the value of the Proposed Merged Entity.

A high proportion of the value of the Proposed Merged Entity relates to B2Gold's existing assets and approximately 75% of the Proposed Merged Entity shares will continue to be held by existing B2Gold shareholders. As such we consider that, given that the market for the securities of B2Gold is deep on both the TSX and NYSE, the quoted market price of B2Gold prior to the announcement of the Scheme can be relied upon as the primary measure of the value of the Proposed Merged Entity.

Using the pre-announcement share price of B2Gold to represent the value of consideration received by Papillon Shareholders is similar to the analysis an independent expert would have undertaken to value the bidder's shares under a takeover bid, where there is limited access to information on the bidder.

The pre-announcement, instead of the post announcement, QMP of B2Gold shares is used for the following reasons:

- post-announcement share prices may not reflect a fully informed market due to differing disclosure requirements between Australia and Canada which means that shareholders in B2Gold may not be as fully informed on the assets and activities of Papillon as they are on those of B2Gold;



- the Canadian and US markets may be fully informed of B2Gold's activities given the full disclosure of information in the market on B2Gold and its projects but the same level of coverage and disclosure of information in North America is absent on Papillon;
- until B2Gold shareholders are provided with the scheme documents they will not be fully aware of the intentions of B2Gold with regards to Papillon or how this may impact on value;
- post-announcement share prices may reflect the risk that the announced transaction may not succeed and therefore would not properly reflect the value of the Proposed Merged Entity; and
- post-announcement share prices of B2Gold may reflect factors other than the announced transaction.

Given the deep trading market for B2Gold shares on both the TSX and the NYSE, together with full disclosure of information in the market on B2Gold and its projects, we consider that the TSX and NYSE trading prices of B2Gold shares best reflect the value of B2Gold, and also reflects materially the value of a share in the Proposed Merged Entity.

In contrast, the sum-of-parts method reflects a conservative valuation relative to the QMP method due to the limitations imposed by RG 111 and JORC Code 2012 on how this valuation can be carried out, which may not be well understood and appreciated by North American investors. The more conservative valuation also reflects the differences in assumptions made by the experts (BDO and Snowden) and the market and in this instance may not be the best method of deriving the fair value of a minority interest in the Proposed Merged Entity on TSX or NYSE. This is pertinent in the current market where gold prices are lower than historical highs and the impact is more pronounced for longer life mines.

#### **Resource Multiple**

We have analysed the enterprise value to resource multiple of ASX and TSX listed companies with gold producing projects which we have selectively identified as being comparable to the assets of the Proposed Merged Entity. The resource multiple is a market based approach which seeks to arrive at a value of a company by reference to its total reported resources and reserves. The resource multiple represents the value placed on the resources of comparable companies by a liquid market. We have adjusted the valuation derived from the enterprise value to resource multiple for net debt of the Proposed Merged Entity and for a minority interest discount.

#### **Sum-of-parts**

We have also employed the sum-of-the-parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- Value of Papillon's 90% interest in the Fekola Project (having reliance on an independent specialist valuation opinion);
- Value of Papillon's Other Exploration Assets which includes several exploration tenements in Mali West and Mali South as defined in section 5.3 of our Report held by (applying the cost approach under the NAV method);
- Value of other assets and liabilities of Papillon (applying the cost approach under the NAV method);



- Value of 100% interest in the La Libertad operating mine (applying the DCF method);
- Value of 100% interest in the exploration potential of the La Libertad operating mine (having reliance on an independent specialist valuation opinion);
- Value of 95% interest in the Limon operating mine (applying the DCF method);
- Value of a 95% interest in the exploration potential of the Limon operating mine (having reliance on an independent specialist valuation opinion);
- Value of an indirect 100% ownership (refer section 6.2 of our Report) in the Masbate operating mine (applying the DCF method);
- Value of an indirect 100% ownership in the exploration potential of the Masbate mine (having reliance on an independent specialist valuation opinion);
- Value of a 90% interest in the Otjikoto project which is currently still under construction and proven and probable mineral reserves have been announced (applying DCF method);
- Value of a 90% interest in the exploration potential of the Otjikoto project (having reliance on an independent specialist valuation opinion);
- Value of 90% interest in the Kiaka project which is currently still an exploration asset as no proven and probable mineral reserves have been announced (having reliance on an independent specialist valuation opinion);
- Value of 49% interest in the Gramalote project which is currently still an exploration asset as no proven and probable mineral reserves have been announced (having reliance on an independent specialist valuation opinion);
- Value of 100% interest in the Mocoa copper-molybdenum porphyry deposit/property (having reliance on an independent specialist valuation opinion);
- Value of 100% interest in the Trebol and Pavon properties in Nicaragua (having reliance on an independent specialist valuation opinion);
- Value of a 60% interest in a joint venture with Radius Gold Inc. with respect to the San José and La Magnolia properties (having reliance on an independent specialist valuation opinion);
- Value of a 51% interest in the Calibre JV at the Borosi property (having reliance on an independent specialist valuation opinion);
- Value of an 80% interest in the Cebollati project (as outlined in section 6.3 of our Report, B2Gold has written down the book value of the Cebollati project in its balance sheet. However B2Gold is intending to sell off its 80% interest in the project to which extend we consider the proceeds of the sale represents value to shareholders in the Proposed Merged Entity (having reliance on an independent specialist valuation opinion);
- Value of B2Gold's Other Exploration Assets which includes less developed exploration assets as defined in section 6.2 of our Report (having reliance on an independent specialist valuation opinion);
- Value of royalties and rights held by B2Gold (having in part reliance on an independent specialist valuation opinion);



- Value of other assets and liabilities of B2Gold (applying the cost approach under the NAV method); and
- The resulting number of shares (on a diluted and undiluted basis) upon completion of the Scheme.

#### Technical expert

In performing our valuation of B2Gold's La Libertad, Limon, Masbate and Otjikoto projects using the DCF method, we have relied on the Independent Technical Assessment Report prepared by Snowden based on Snowden's review of the technical project assumptions contained in the cash flow models of the four projects. A copy of Snowden's Independent Technical Assessment Report is attached in Appendix 5.

#### Independent specialist valuation

In valuing B2Gold's development and exploration assets (including Kiaka and Gramalote development assets), we have relied on the independent specialist valuation performed by Snowden in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ('the Valmin Code') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC Code'). Snowden has used:

- For exploration potential of mineral properties on which there is no defined resources Snowden considers the Kilburn Method to be most appropriate; and
- In situations where mineral resources have been quoted but no corresponding ore reserve has been declared, Snowden considers that value is best evaluated based on dollar per quantity of the commodity on the ground. This valuation approach analyses resource bases in conjunction with comparable transactions, to derive a dollar value per ounce of contained gold to apply to the mineral resources.

We are satisfied with the valuation methodologies adopted by Snowden which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of Snowden's Independent Technical Specialist Valuation Report is attached in Appendix 5.

### 10.3 Assessing non-cash consideration in control transactions

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- (a) the acquirer is obtaining or increasing control of the target
- (b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on:

- (a) the depth of the market for those securities
- (b) the volatility of the market price
- (c) whether or not the market value is likely to represent the value if the takeover bid is successful.



Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore we have assessed the value of the Proposed Merged Entity share on a minority interest basis.

## 11. Valuation of Papillon

We have employed the sum-of-the-parts method in estimating the fair market value of Papillon by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- Value of Papillon's 90% interest in the Fekola Project;
- Value of Papillon's Other Exploration Assets; and
- Value of other assets and liabilities of Papillon.

We used the QMP approach as our secondary valuation method. Papillon is listed on the ASX which provides an indication of the market value where an observable market for the securities exists and this reflects the minimum value that a Shareholder will receive for the sale of their shares on market.

### 11.1 Valuation of the Fekola Project

We have instructed Snowden to provide an independent market valuation of Papillon's Fekola project. A copy of Snowden's report is attached in Appendix 5.

Snowden has used the following methods in its valuation:

- for the total mineral resource that has been defined a metal in the ground approach has been used based on comparative transaction data;
- for the elements included in the Pre-feasibility Study a DCF;
- for residual mineral resources not included in the Pre-feasibility study a value of ounces in the ground has been considered;
- for other exploration potential associated with the project the modified Kilburn method; and
- comparable market transactions to assess the overall value attributable to the Fekola Project.

The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne or per pound of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

We are satisfied with the valuation methodologies adopted by Snowden which are in accordance with industry practices and in accordance with the requirements of the Valmin Code.



Snowden has valued the Fekola project on a 90 per cent basis to reflect Papillon's ownership interest as detailed in the table below.

Summary of Snowden's valuation assessment	Low	Preferred	High
Fekola	A\$m	A\$m	A\$m
Value of Papillon's interest in the Fekola Project (90%)	318.48	519.66	601.52

Source: Snowden's Independent Technical Specialist Report

### 11.2 Valuation of Papillon's Other Exploration Assets

The value of Papillon's Other Exploration Assets (as defined in section 5.1 of our Report) have been included in our sum-of-parts valuation at their book value. As discussed in section 5.2 of our Report, Papillon have estimated that Fekola Project accounts for the following proportions of the Company's book value:

- 81% of property, plant and equipment; and
- 90% of exploration and evaluation costs

The book value of Papillon's Other Exploration Assets included in our sum-of-parts value is summarised in the table below.

Papillons Other Exploration Assets	Category	As at 31 March 2014 (\$000)
Mali South	E&E	3,938
Mali West (Excluding Fekola)	E&E	3,242
Mali (Excluding Fekola)	PPE	185
<b>Total</b>		<b>7,365</b>

Source: Papillon Management Advice

### 11.3 Valuation of Other Assets and Liabilities

Other assets and liabilities represent the assets and liabilities which have not been specifically adjusted. From review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below. The table below represents a summary of the assets and liabilities identified:

Statement of Financial Position	Note	Reviewed as at 31-Mar-14 A(\$000)	Value of other assets & liabilities as at 31-Mar-14 A(\$000)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	a)	41,283	37,283
Trade and other receivables		430	430
<b>TOTAL CURRENT ASSETS</b>		<b>41,713</b>	<b>37,713</b>

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Statement of Financial Position	Note	Reviewed as at	Value of other assets & liabilities
		31-Mar-14	as at 31-Mar-14
		A(\$'000)	A(\$'000)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	b)	1,574	-
Exploration and evaluation assets	c)	68,938	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>70,512</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>112,225</b>	<b>37,713</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,517	3,517
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,517</b>	<b>3,517</b>
<b>TOTAL LIABILITIES</b>		<b>3,517</b>	<b>3,517</b>
<b>NET ASSETS</b>		<b>108,708</b>	<b>34,196</b>

Source: BDO Analysis

We have been advised that there has not been a significant change in the net assets of Papillon since 31 March 2014 and that the above value of assets and liabilities represent their fair market values apart from the adjustments discussed below:

**Note:**

a) Papillon has advised of the following material movements in the cash and cash equivalents balance since 31 March 2014:

	<b>A\$'000</b>
Cash Balance as at 31-Mar-14	41,283
<i>add:</i> cash raised upon exercise of 11.1 million options	8,100
<i>less:</i> net cash outflows from operations	(6,000)
<i>less:</i> costs of merger	(6,100)
<b>Adjusted value of cash and cash equivalents</b>	<b>37,283</b>

b) The entire property, plant and equipment balance has been removed and has been reflected in our sum of parts valuation as follows:

-Property, plant and equipment relating to the Fekola project is reflected in the valuation prepared by Snowden as outlined in section 11.1 of our Report

-Property, plant and equipment relating to Papillon's Other Exploration Assets is recorded in our sum-of-parts value at book value and has been isolated as outlined in section 11.2 of our Report

c) The entire exploration and evaluation assets balance has been removed and has been reflected in our sum of parts valuation as follows:



-Property, plant and equipment relating to the Fekola project is reflected in the valuation prepared by Snowden as outlined in section 11.1 of our Report

-Property, plant and equipment relating to Papillon's Other Exploration Assets is recorded in our sum-of-parts value at book value and has been isolated as outlined in section 11.2 of our Report

#### 11.4 Shares on issue

In determining a valuation per share for Papillon prior to the Scheme being implemented, we applied the number of Papillon shares on issue of 355,594,210. This number has been determined based on all outstanding Papillon Options being exercised as they are currently all in-the-money.

#### 11.5 Sum-of-parts valuation assessment

The fair market value of Papillon is summarised as follows:

Papillon	Ref	Low \$m	Preferred \$m	High \$m
Value of Papillon's interest in the Fekola project (90%) (A\$)	11.1	318.48	519.66	601.52
Add: Papillon's Other Exploration Assets (A\$)	11.2	7.40	7.40	7.40
Add: Other assets (non-mineral) (A\$)	11.3	34.20	34.20	34.20
<b>Equity value (A\$)</b>		<b>360.08</b>	<b>561.26</b>	<b>643.12</b>
Shares on issue (million)	11.4	355.59	355.59	355.59
<b>Value per share (A\$)</b>		<b>1.01</b>	<b>1.58</b>	<b>1.81</b>
Exchange Rate (USD:AUD) as at 24 June 2014		0.9422	0.9422	0.9422
<b>Value per share (US\$)</b>		<b>0.95</b>	<b>1.49</b>	<b>1.71</b>

Source: BDO analysis

Based on the sum-of-parts valuation above, we estimate the fair market value of a Papillon share to be in the range of US\$0.95 to US\$1.71, with a preferred value of US\$1.49 per share on a control basis.

#### 11.6 Quoted Market Prices for Papillon Securities

To provide a comparison to the valuation of a Papillon share in section 11.5, we have also assessed the quoted market price for a Papillon share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should consider the value of the company's shares assuming 100% ownership of the target including a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction
- access to underlying cash flows



- control over dividend policies
- access to potential tax losses.

RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in section 14.

Therefore, our calculation of the quoted market price of a Papillon share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

### Minority interest value

Our analysis of the quoted market price of a Papillon share is based on the pricing prior to the announcement of the Scheme. This is because the value of a Papillon share after the announcement may include the effects of any change in value as a result of the Scheme. However, we have considered the value of a Papillon share following the announcement when we have considered reasonableness in section 14.

Information on the Scheme was announced to the market on 3 June 2014. Therefore, the following chart provides a summary of the share price movement over the 12 months to 23 May 2014, which was the last trading day prior to the announcement. We note that the Company's securities were placed on a trading halt from 26 May 2014 and 3 June 2014 pending release of the announcement of the Scheme.



Source: Bloomberg

For Papillon shares traded on the ASX, the daily price from 23 May 2013 to 23 May 2014 has ranged from a low of A\$0.555 on 25 June 2013 to a high of A\$1.510 on 17 March 2014.

Papillon shares traded on the ASX displayed an overall upwards trend over the period. The low in Papillon's share price on 25 June 2013 was accompanied by a period of high volumes of trading. After peaking in March 2014, Papillon securities have largely traded in the range of A\$1.20 to A\$1.40.

During this period a number of announcements were made to the market. The key announcements are set out below:

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Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		A\$	(movement)		A\$	(movement)	
14/05/2014	Papillon Commences Early Construction Site Works at Fekola	1.290	▲	2.0%	1.355	▲	5.0%
7/04/2014	March 2014 Quarterly Report	1.280	▲	2.8%	1.375	▲	7.4%
25/03/2014	Commencement of Definitive Feasibility Study for Fekola	1.270	▼	5.2%	1.250	▼	1.6%
17/03/2014	Shallow High Grade Intercepts Continue Near Fekola	1.495	▲	3.8%	1.380	▼	7.7%
24/02/2014	New Gold Discovery 13km North of Papillon's Fekola Project	1.330	▲	2.7%	1.420	▲	6.8%
17/02/2014	Papillon Granted Mining Permit for Fekola (revised)	1.440	▲	3.2%	1.250	▼	13.2%
17/02/2014	Papillon Granted Mining Permit for Fekola	1.440	▲	3.2%	1.250	▼	13.2%
4/02/2014	Drilling Continues to Highlight Growth Potential Near Fekola	1.210	▼	2.4%	1.340	▲	10.7%
30/01/2014	December 2013 Quarterly Report	1.190	▶	0.0%	1.210	▲	1.7%
26/11/2013	Papillon Resumes Drilling Along Fekola Corridor	0.980	▼	1.0%	0.945	▼	3.6%
30/10/2013	September 2013 Quarterly Report	1.175	▼	1.7%	1.075	▼	8.5%
3/09/2013	Papillon Grows Fekola Gold Resource by 22% to 5.15 Moz	1.175	▲	2.2%	1.210	▲	3.0%
20/08/2013	Extensional Drilling Continues To Deliver At Fekola	1.105	▼	7.1%	1.160	▲	5.0%
31/07/2013	June 2013 Quarterly Report	1.080	▲	8.0%	1.015	▼	6.0%
23/07/2013	Further High Grade Zones Intersected at Fekola	1.120	▲	2.3%	1.145	▲	2.2%
26/06/2013	Papillon Delivers Outstanding PFS for Fekola Gold Project	0.650	▲	11.1%	0.710	▲	9.2%

Source: Bloomberg

On 26 June 2013 Papillon announced that the Pre-feasibility study for the Fekola Project was completed indicating economically robust results. The share price of Papillon responded positively to this information increasing 11.1% on the day of the announcement and a further 9.2% over the subsequent three trading days.

On 20 August 2013 Papillon announced positive results from the final four diamond drill holes from its 2013 drilling program. The data from the drilling program was anticipated to form the basis of an updated mineral resource to be announced in the immediate future. Papillon shares declined by 7.1% on the date of the information release, representing the Company's second largest decline to price sensitive information over the period. However, the share price of Papillon recovered over the subsequent three trading days increasing by 5.0%.

On 3 September 2013 a mineral resource update was provided for the Fekola Project. The total resources base increased from 4.21 million ounces to 5.15 million ounces with 90% being defined as either measured or indicated. The share price of Papillon increased (2.2%) on the day of the announcement as well over the subsequent three trading days (3.0%).

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On 17 February 2014 the Company announced that a Mining Permit was obtained for the Fekola Project valid for 30 years. Although Papillon's share price increased by 3.2% on the day of the announcement, there was a significant decline of 13.2% over the ensuing three days. This represents the largest decline in the price of Papillon's share price and we consider this to be a significant unexplained movement.

On 25 March 2014 the Company announced the commencement of the Definitive Feasibility Study for the Fekola Project. The market, contrary to expectations, responded negatively to this information as reflected by Papillon's share price declining by 5.2% on the date of the announcement. The share price of Papillon further declined over the subsequent three trading days (1.6%).

To provide further analysis of the market prices for a Papillon share, we have also considered the volume weighted average price ('VWAP') for 10, 30, 60 and 90 day periods to 23 May 2014.

	23 -May - 2014	10 Days	30 Days	60 Days	90 Days
<b>ASX (A\$)</b>					
Closing Price	1.425				
VWAP		1.335	1.305	1.364	1.344

The above weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of Papillon shares that has occurred since the Scheme was announced.

An analysis of the volume of trading in Papillon shares for the twelve months to 23 May 2014 is set out below:

Trading days	Share price Low (A\$)	Share price High (\$A)	Cumulative volume traded	As a % of Issued capital
1 Day	\$1.358	\$1.425	1,338,333	0.39%
10 Days	\$1.225	\$1.425	6,670,053	1.93%
30 Days	\$1.190	\$1.425	16,346,842	4.74%
60 Days	\$1.190	\$1.510	56,319,753	16.33%
90 Days	\$1.135	\$1.510	96,827,537	28.08%
180 Days	\$0.860	\$1.510	158,288,647	45.91%
1 Year	\$0.555	\$1.510	312,051,290	90.50%

Source: Bloomberg, BDO analysis

This table indicates that Papillon's shares listed on the ASX display a high level of liquidity, with 90.50% of the Papillon's capital currently issued on the ASX being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.



A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Papillon, we do consider there to be a deep market for the Papillon's shares listed on the ASX. This is supported by 90.50% of the Papillon's capital currently issued on the ASX being traded in a twelve month period. However, we note that there were significant unexplained movements in the Papillon's share price albeit not over the measurement period that we have used.

Our assessment is that a range of values for Papillon's shares based on market pricing, after disregarding post announcement pricing is between A\$1.20 and A\$1.40.

### Control Premium

The concept of a premium for control reflects the additional value that attaches to a controlling interest. In determining whether including a control premium is appropriate in this instance, we believe there are two key considerations. Firstly, we believe it is appropriate to consider the level of control currently held by B2Gold and what additional level of control/ability to influence the Company that B2Gold would gain if the Scheme is approved and whether a premium for control is appropriate given the current position of the Company.

We have reviewed the control premiums paid by acquirers of gold mining companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2014	1	66.35	32.29
2013	6	43.10	63.99
2012	7	258.74	34.89
2011	3	150.28	45.43
2010	10	1364.83	56.11
2009	9	169.34	24.94
2008	3	446.27	28.54
	<b>Median</b>	169.34	34.89
	<b>Mean</b>	356.99	40.88

Source: BDO Analysis and Bloomberg

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.



The long-term average announced control premium paid by acquirers of gold mining targets in Australia is in excess of 40%. The sample of transactions analysed includes extreme outliers. Three of the transactions included in the sample had announced control premiums in excess of 100% and four transactions involved situations whether the acquirer obtained a controlling interest at a discount. In a sample where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the review period was 34.89%.

The emergence of a new generation of mid-tier miners and resurgent gold prices contributed to the increase in the number of announced gold acquisitions in 2012. The average announced control premium was significantly higher in the year 2013 compared to the year 2012. It should be noted however that there were fewer transactions with announced control premiums in 2013 and that the average deal value of these transactions was significantly lower.

On 17 December 2013 Asanko Gold Inc ('Asanko'), a dual listed gold exploration company based in Vancouver, completed the 100% acquisition of PMI Gold Corporation ('PMI'). Following the transaction PMI became a wholly owned subsidiary of Asanko. The acquisition of PMI enabled Asanko to further strengthen its portfolio of assets in Ghana. Asanko offered PMI an announced control premium of 72% as part of the transaction.

On 7 August 2013 Norton Gold Fields Limited ('Norton') announced that it had closed its takeover offer to acquire all of Kalgoorlie Mining Company Limited ('Kalgoorlie Mining') shares. Based on market pricing, Norton's offer constituted a 55% premium for the control acquisition of Kalgoorlie Mining. Both Norton and Kalgoorlie Mining are neighbouring companies, both gold assets in the Kalgoorlie Goldfields region. As such the transaction is considered to be highly synergistic, as the transaction involves the combination of complementary assets and would lead to an increase in total resources.

On 24 February 2014, Sierra Mining Limited ('Sierra') announced it had entered into a conditional Scheme Implementation Agreement under which all existing shares and options in Sierra will be exchanged for shares and options in RTG Mining Inc ('RTG') by way of two schemes of arrangement, a Share Scheme and an Option Scheme. Based on market prices at the date of the transaction, the consideration provided reflected that RTG was offering a control premium of 32%.

In the case of Papillon, we believe that an appropriate control premium would be consistent with the long term median and average. Based on our research and the considerations set out above we believe that an appropriate control premium to apply in our valuation of Papillon's shares is between 30% and 40%.

#### Quoted market price including control premium

Applying a control premium to Papillon's quoted market share price results in the following quoted market price value including a premium for control:

	Low \$	Midpoint \$	High \$
Quoted market price value	1.20	1.30	1.40
Control premium	30%	35%	40%
<b>Quoted market price valuation including a premium for control (A\$)</b>	<b>1.56</b>	<b>1.76</b>	<b>1.96</b>
USD:AUD exchange rate	0.9422	0.9422	0.9422
<b>Quoted market price valuation including a premium for control (US\$)</b>	<b>1.47</b>	<b>1.66</b>	<b>1.85</b>



Therefore, our valuation of a Papillon share based on the quoted market price method and including a premium for control is between US\$1.47 and US\$1.85, with a midpoint value of US\$1.66.

### 11.7 Assessment of Papillon Value

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	US\$	US\$	US\$
Sum-of-parts (section 11.5)	0.95	1.49	1.71
Quoted market price (section 11.6)	1.47	1.66	1.85

Source: BDO Analysis

Our secondary valuation range (QMP) supports our primary valuation range (Sum of parts).

The valuation ranges for a Papillon share on a controlling basis derived from both methodologies are overlapping, with the quoted market price valuation range being at the higher end.

In our opinion the sum of parts methodology is the most reliable as the QMP value incorporates a level of expectation of further upside in relation to the Fekola project. The sum-of-parts valuation, which reflects Snowden's independent valuation opinion, does not include 'blue sky' but assesses value on the basis of what is currently known of the Fekola Project.

However, we note that the low end of the sum of parts value represents a value that is lower than Papillon shares have traded (on a control basis) for over six months. We consider this to be too conservative a value for Company shares. Rather we consider that the low end of our QMP range represents the minimum value of a Papillon share to a Shareholder on a control basis given the depth of the market trading on the ASX.

Therefore, we have selected the value of Papillon derived from our sum-of-parts analysis to be between US\$1.47 and US\$1.71 per share. We consider the midpoint value of US\$1.59 per share to be our preferred value.

## 12. Valuation of the Proposed Merged Entity

### 12.1 Quoted Market Price valuation

As our primary method for valuing the Proposed Merged Entity we have assessed the quoted market price for a B2Gold share. As noted in section 10.2 of our Report we consider that a high proportion of the value of the Proposed Merged Entity relates to B2Gold's existing assets. Given that the market for the securities of B2Gold is deep on both the TSX and NYSE with a low level of volatility, the quoted market price of B2Gold prior to the announcement of the Scheme can be relied upon as a measure of the value of the Proposed Merged Entity.

The majority of the Proposed Merged Entity assets will be contributed by B2Gold and approximately 75% of the Proposed Merged Entity shares will continue to be held by continuing B2Gold shareholders. In our

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opinion the Quoted Market Price of B2Gold shares will be representative of the market price of the Proposed Merged Entity shares following the implementation of the Scheme. We have considered post announcement pricing of B2Gold shares in section 14.3.2 of our report.

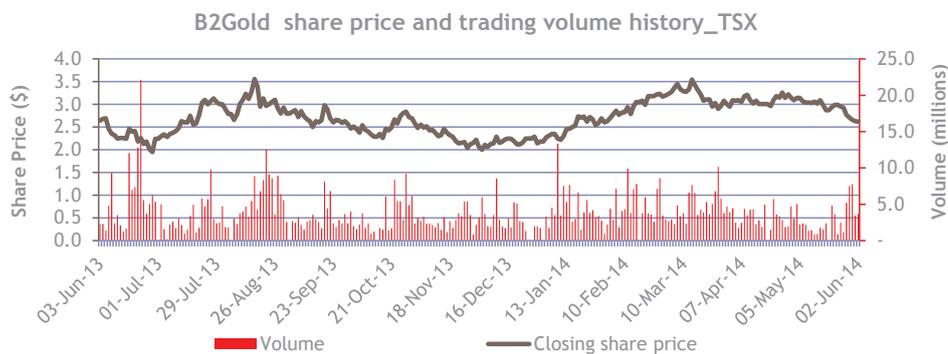
The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

### Minority interest value

Our analysis of the quoted market price of a B2Gold share is based on the pricing prior to the announcement of the Scheme. This is because the value of a B2Gold share after the announcement may include the affects of any change in value as a result of the Scheme. However, we have considered the value of a B2Gold share following the announcement when we have considered reasonableness in Section 14.

Information on the Scheme was announced to the market on 3 June 2014. Therefore, the following chart provides a summary of the share price movement over the 12 months to 2 June 2014 which was the last trading day prior to the announcement. B2Gold is listed on the TSX and NYSE. We have analysed the share price movement on both the TSX and NYSE below.

### TSX quoted market price



Source: Bloomberg

For the B2Gold shares traded on the TSX, the daily price for the 12 months prior to 2 June 2014 has ranged from a low of C\$1.870 on 28 June 2013 to a high of C\$3.690 on 14 March 2014. The highest single day of trading was on 21 June 2013, where 22,139,134 shares were traded.

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## NYSE quoted market price



For the B2Gold shares traded on the NYSE, the daily price for the 13 months to 2 June 2014 has ranged from a low of US\$1.780 on 28 June 2013 to a high of US\$3.577 on 16 August 2013. The highest single day of trading was on 21 June 2013, where 77,712,455 shares were traded.

B2Gold shares traded on the TSX and NYSE have exhibited similar trends in prices, with both peaking towards the beginning of the period analysed and dropping off on 21 June 2013. The highest single day of trading was experienced on 21 June 2013 for both markets, however as seen in the chart above, trading volumes for B2Gold shares differ significantly on the TSX compared to NYSE.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)		Closing Share Price Three Days After Announcement \$ (movement)	
		TSX(C\$)	NYSE (US\$)	TSX(C\$)	NYSE (US\$)
16/05/2014	Notice of 2014 Annual General and Special Meeting	2.870 (▼ 3.7)	2.630 (▼ 4.7%)	2.990 (▲ 4.2%)	2.760 (▲ 4.9%)
14/05/2014	B2Gold Announces First Quarter 2014 Results	3.090 (▲ 2.3%)	2.850 (▲ 3.3%)	2.870 (▼ 7.1%)	2.650 (▼ 7.0%)
30/04/2014	First Quarter 2014 Gold Production and Revenue.	3.150 (▼ 2.2%)	2.890 (▼ 1.4%)	3.140 (▼ 0.3%)	2.860 (▼ 1.0%)
14/03/2014	Fourth Quarter and Year-End Results	3.430 (▼ 3.4%)	3.100 (▼ 3.4%)	3.080 (▼ 10.2%)	2.720 (▼ 12.3%)
13/03/2014	Preliminary Economic Assessment for the Gramalote Project in Colombia	3.550 (▲ 6.6%)	3.210 (▲ 7.0%)	3.220 (▼ 9.3%)	2.870 (▼ 10.6%)
7/03/2014	Fourth Quarter and Year End 2013 Results	3.340 (▼ 3.2%)	3.040 (▼ 2.9%)	3.330 (▼ 0.3%)	3.000 (▼ 1.3%)
21/02/2014	2013 Masbate Mine Exploration Results	3.180 (► 0.0%)	2.890 (▲ 0.3%)	3.230 (▲ 1.6%)	2.910 (▲ 0.7%)
22/01/2014	Initial Resource for Wolfshag Zone at Otjikoto Project in Namibia	2.620 (▼ 4.0%)	2.380 (▼ 4.0%)	2.540 (▼ 3.1%)	2.270 (▼ 4.6%)
21/01/2014	Fourth Quarter and Full-Year Gold	2.730	2.480	2.670	2.440

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Date	Announcement	Closing Share Price Following Announcement \$ (movement)		Closing Share Price Three Days After Announcement \$ (movement)	
		TSX(C\$)	NYSE (US\$)	TSX(C\$)	NYSE (US\$)
	Production in 2013.	(▲ 0.7%)	(▼ 0.8%)	(▼ 2.2%)	(▼ 1.6%)
20/12/2013	B2Gold Corp. and Volta Resources Inc. Complete Business Combination	2.120	2.080	2.250	2.150
		(▶ 0.0%)	(▲ 3.0%)	(▲ 6.1%)	(▲ 3.4%)
17/12/2013	Volta Obtains Shareholder Approval for Plan of Arrangement	2.240	2.110	2.120	2.080
		(▼ 0%)	(▼ 1%)	(▼ 5%)	(▼ 1%)
14/11/2013	B2Gold Corp. and Volta Resources Inc. Sign Arrangement Agreement	2.460	2.330	2.290	2.210
		(▲ 6%)	(▲ 5%)	(▼ 7%)	(▼ 5%)
14/11/2013	Strong Operating Performance, Record Gold Production and Third Quarter Gold Revenues of \$128.7 Million	2.460	2.330	2.290	2.210
		(▲ 6%)	(▲ 5%)	(▼ 7%)	(▼ 5%)
5/11/2013	Further Positive Drilling Results from the Exploration Program at the Otjikoto Gold Project in Namibia	2.490	2.390	2.440	2.310
		(▼ 2%)	(▼ 1%)	(▼ 2%)	(▼ 3%)
30/10/2013	Third Quarter and First Nine Months of 2013 Gold Production, Revenue and Cash Operating Costs	2.690	2.560	2.550	2.410
		(▼ 1%)	(▼ 2%)	(▼ 5%)	(▼ 6%)
28/10/2013	B2Gold Corp. Agrees to Acquire Volta Resources Inc.	2.840	2.730	2.580	2.470
		(▲ 1%)	(▲ 2%)	(▼ 9%)	(▼ 10%)
23/08/2013	Completion of Private Offering of US\$258.75 Million of Convertible Senior Subordinated Notes	3.060	2.940	2.800	2.670
		(▲ 2%)	(▲ 3%)	(▼ 8%)	(▼ 9%)
20/08/2013	Prices Private Offering of US\$225 Million of Convertible Senior Subordinated Notes	3.130	2.980	3.060	2.940
		(▲ 6%)	(▲ 4%)	(▼ 2%)	(▼ 1%)
19/08/2013	Private Offering of US\$225 Million of Convertible Senior Subordinated Notes	2.950	2.860	3.000	2.850
		(▼ 13%)	(▼ 13%)	(▲ 2%)	(▼ 0%)
14/08/2013	Continued Strong Mine Operating Performance and Second Quarter 2013 Net Earnings of \$33.1 million	3.280	3.190	2.950	2.860
		(▲ 5%)	(▲ 6%)	(▼ 10%)	(▼ 10%)
6/08/2013	Second Quarter 2013 Gold Production, Updated Guidance for 2013 and 2014 Gold Production and a New Higher Grade Reserve Estimate for the Masbate Mine	2.660	2.560	3.100	2.980
		(▼ 5%)	(▼ 1%)	(▲ 17%)	(▲ 16%)
17/07/2013	Further Positive Drilling Results and an Update on Construction from the Otjikoto Gold Project in Namibia	2.550	2.460	3.040	2.910
		(▼ 7%)	(▼ 7%)	(▲ 19%)	(▲ 18%)
24/06/2013	Update on Masbate Gold Mine Production	2.130	2.060	1.950	1.880
		(▼ 6%)	(▼ 12%)	(▼ 8%)	(▼ 9%)
4/06/2013	B2Gold Corp. to List on the NYSE MKT Exchange	2.680	2.589	2.350	2.350
		(▲ 2%)	(▲ 2%)	(▼ 12%)	(▼ 9%)

On 4 June 2013, B2Gold announced that its common shares had been approved to list on the NYSE MKT LLC and would commence trading on 6 June 2013. The share price of B2Gold shares traded on the TSX closed 2% higher to C\$2.680 and in the three days subsequent fell by 12% to C\$2.350. Similarly to the shares listed on the TSX, the share price of B2Gold shares listed on the NYSE increased by 2% to US\$2.589 on the day of the announcement and in the three days subsequent fell by 9% to US\$2.350.



On 24 June 2013, B2Gold announced that 2013 Masbate operations in the Philippines suspended processing after observing minor leaks in the process plant tailings line. B2Gold also announced that Masbate Mine gold production was 1,800 ounces ahead of B2Gold forecasts for the quarter. The announcement outlined B2Gold's estimated production for the second quarter to be approximately 7,000 ounces of gold less than forecast due to the suspension of operations. On the day of the announcement, B2Gold's shares listed on the TSX fell by 6% to C\$2.130 and continued to fall by 8% to C\$1.950 in the three days subsequent. The share price of B2Gold on the NYSE fell by 12% to US\$2.060 on the day of the announcement and in the three days subsequent, fell by 9% to US\$1.880.

On 17 July 2013, B2Gold announced the drilling results from the exploration program at the Otjikoto gold project in Namibia. The drilling program comprised of 60 diamond drill holes, with the majority of the holes drilled on the Wolfshag zone discovery. B2Gold also announced that an initial inferred resources estimate for the zone is expected by the year end. The closing share price of B2Gold shares on the TSX closed 7% lower to C\$2.550 on the day of the announcement; however in the three days subsequent, the share price increased by 19% to C\$3.040. B2Gold shares listed on the NYSE also closed 7% lower to US\$2.460; however the share price increased by 18% to US\$2.910 in the three days following the announcement.

On 6 August 2013, B2Gold released the gold production numbers for the second quarter of 2013 for the La Libertad and Limon Mines in Nicaragua and the Masbate Mine in the Philippines. Gold production for the second quarter totalled 82,083 ounces. The announcement also outlined that reserve estimates at the Masbate Mine has increased from 3 million to 3.23 million gold ounces. The share price of B2Gold shares traded on the TSX closed 7% lower to C\$2.660; however in the following three days, the share price increased by 17% to C\$3.100. B2Gold shares traded on the NYSE fell by 1% to US\$2.560 on the day of the announcement; however in the three days subsequent, the share price increased by 18% to US\$2.910.

On 14 August 2013, B2Gold released the results from its operations for the second quarter and six months ended 30 June 2013. The release outlined net earnings of US\$33.1 million, gold sales of 86,239 ounces and the completion of the Brucejack Royalty sale for US\$45 million. On the day of the announcement, B2Gold's share price on the TSX increased by 5% to C\$3.280; however in the following three days fell by 10% to C\$2.950. The share price of B2Gold listed on NYSE increased by 6% to US\$3.190; however in the three days subsequent fell by 10% to US\$2.860.

On 19 August 2013, B2Gold announced its private offering of US\$225 million of convertible senior subordinated notes to qualified institutional buyers with the net proceeds from the sale of the convertible notes to be used for general corporate purposes. The share price of B2Gold shares traded on the TSX closed 13% lower to C\$2.950; however in the three days subsequent, increased by 2% to C\$3.00. For the B2Gold shares listed on the NYSE, the share price also fell by 13% to US\$2.860 and remained unchanged in the three days following the announcement.

On 14 November 2013, B2Gold released the results from its operations for the third quarter and nine months ended 30 September 2013. Results outlined the increase of gold revenue of US\$61.7 million compared to the previous quarter and gold production for the third quarter increased by 135% to 98,992 ounces compared to the previous quarter. B2Gold also announced that it has signed a definitive arrangement agreement in relation to its acquisition of Volta Resources Inc. On the day of the announcement, B2Gold shares traded on the TSX closed 6% higher to C\$2.460; however in the three days subsequent fell by 7% to C\$2.290. B2Gold shares traded on the NYSE closed 5% higher to US\$2.330; however in the three days subsequent fell by 5% to US\$2.210.



On 20 December 2013, B2Gold announced the completion of the B2Gold and Volta Resources Inc. business combination in which all of the issued and outstanding common shares of Volta Resources Inc. were transferred to B2Gold for 0.15 of a common share of B2Gold. The share price of B2Gold shares traded on the TSX remained unchanged on the day of the announcement; however in the three days subsequent, the share price increased by 6.1% to C\$2.250. For the B2Gold shares traded on the NYSE, the share price increased by 3.1% to US\$2.080 on the day of the announcement and continued to increase by 3.4% to US\$2.150 in the following three days.

On 13 March 2014, B2Gold announced the results from its Preliminary Economic Assessment for the Gramalote gold project in Columbia. Results outlined an open pit gold mine with an initial life of mine of 14 years based on Measured, Indicated and Inferred Mineral Resources. The closing share price of B2Gold shares traded on the TSX closed 6.6% higher to C\$3.550 and in the following three days fell by 9.3% to C\$3.220. B2Gold shares traded on the NYSE increased by 7% to US\$3.210 on the day of the announcement and in the three days subsequent fell by 10.6% to US\$2.870.

On 14 March 2014, B2Gold released the results from its operations for the fourth quarter and year ended 31 December 2013. Results outline gold revenue of US\$138.1 million, an increase of US\$67.3 million from the corresponding quarter of 2012 however cash operating costs of \$638 per ounce of gold was 8% below budget. The share price of B2Gold shares traded on the TSX closed 3.4% lower to C\$3.430 and continued to fall by 10.2% to C\$3.080 in the three days subsequent. B2Gold shares listed on the NYSE also closed 3.4% lower to US\$ 3.100 on the day of the announcement and continued to fall by 12.3% to US\$2.720 in the following three days.

To provide further analysis of the market prices for a B2Gold share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 2 June 2014.

	2-Jun-14	10 Days	30 Days	60 Days	90 Days
<b>TSX (C\$)</b>					
Closing price	\$2.620				
VWAP		\$2.772	\$2.958	\$3.058	\$3.042
<b>NYSE (US\$)</b>					
Closing price	\$2.400				
VWAP		\$2.568	\$2.702	\$2.777	\$2.760

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of B2Gold shares that has occurred since the Scheme was announced.



An analysis of the volume of trading in B2Gold shares for the twelve months to 2 June 2014 is set out below:

	Share price low		Share price high		Cumulative volume traded		As a % of Issued capital	
	TSX	NYSE	TSX	NYSE	TSX	NYSE	TSX	NYSE
	(C\$)	(US\$)	(C\$)	(US\$)				
1 Day	\$2.590	\$2.380	\$2.630	\$2.420	3,693,284	670,754	0.54%	0.10%
10 Days	\$2.580	\$2.370	\$3.050	\$2.810	40,489,742	20,585,864	5.97%	3.03%
30 Days	\$2.580	\$2.370	\$3.260	\$2.970	89,262,684	41,380,457	13.15%	6.10%
60 Days	\$2.580	\$2.370	\$3.690	\$3.330	213,880,400	94,586,924	31.52%	13.94%
90 Days	\$2.490	\$2.220	\$3.690	\$3.330	337,762,592	141,840,654	49.77%	20.90%
180 Days	\$1.980	\$1.850	\$3.690	\$3.330	632,388,773	266,060,942	93.18%	39.20%
1 Year	\$1.870	\$1.780	\$3.690	\$3.577	986,514,549	525,381,922	145.36%	77.42%

Source: Bloomberg, BDO analysis

This table indicates that B2Gold's shares display a high level of liquidity, with 145.36% of the B2Gold's current issued capital on the TSX being traded in a twelve month period. B2Gold's shares listed on the NYSE also display a high level of liquidity, with 77.42% of B2Gold's capital currently issued on the NYSE being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares and the level of volatility needs to be such that the quoted market price does not vary by a significant amount. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of B2Gold, we consider there to be a deep market for B2Gold's shares as a result of 145.36% of B2Gold's current issued capital on the TSX and 77.42% of B2Gold's current issued capital on NYSE being traded over the 12 months prior to the announcement of the Scheme.

We consider that the level of volatility of B2Gold's share is low allowing the quoted market price to be a reliable measure of value.

Our assessment is that a range of values for B2Gold shares based on market pricing, after disregarding post announcement pricing, is between US\$2.45 and US\$2.75 per share with a preferred value of US\$2.60.

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## 12.2 Resource multiple valuation

We have analysed the reserve and resource trading and transaction multiples observed for comparable companies listed on the TSX and ASX with gold projects outside of Australia and primarily in developing countries. Our analysis can be found in Appendix 4.

We consider that reserve multiples and transaction multiples based on Canadian companies and Canadian transactions are most relevant to the Scheme and for providing a crosscheck to our valuation of the Proposed Merged Entity.

The median and average trading multiples, or enterprise value per unit of resource, of TSX listed comparable companies are US\$79.18 per ounce and US\$110.43 per ounce (on a controlling interest basis) respectively. The average and weighted average transaction multiples of the four largest Canadian transactions (of most comparable size to the Proposed Merged Entity) analysed were US\$133.7 per ounce and US\$144.8 per ounce. We have applied a resource multiple in the range of US\$120.00 per ounce and US\$140.00 per ounce.

Applying a resource multiple of between US\$120.00 per ounce and US\$140.00 per ounce of the combined resource ounces of the Proposed Merged Entity, the implied enterprise value of the Proposed Merged Entity on a controlling interest basis is between US\$2,387.74 million and US\$2,809.88 million.

The value of a share of the Proposed Merged Entity derived under the resource multiple valuation is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. However, if the Scheme is successful, the accepting holders, being the Shareholders, will hold minority interests in the Proposed Merged Entity, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company. In order to reflect this and the requirement under RG 111.34, we need to adjust our sum-of-parts value to reflect a minority interest. We applied a minority discount in the range of 15% to 20%. Minority discount is usually determined as an inverse of the control premium.

To arrive at a value per share for the Proposed Merged Entity we have made the adjustments reflected in the table below.

Value of the Proposed Merged Entity	Low US\$	Preferred US\$	High US\$
Enterprise Value	2,532.84	2,743.91	2,954.98
less net debt	(145.10)	(145.10)	(145.10)
Equity value (controlling basis)	2,387.74	2,598.81	2,809.88
Minority Discount	20.0%	17.5%	15.0%
Equity value (minority interest basis)	1,910.19	2,144.02	2,388.40
Number of shares (million)	915.60	915.60	915.60
Value per share (US\$) (minority interest basis)	2.09	2.34	2.61

Source: BDO analysis

We consider the value of a Proposed Merged Entity share using the resource multiple valuation method and on a minority interest basis to be between US\$2.09 per share and US\$2.61 per share, with a preferred value of US\$2.34 per share.

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We note that whilst some options in the Proposed Merged Entity will be in the money we do not consider that the amount is marginal and will not have a material impact on value.

### 12.3 Sum-of-Parts Valuation

We have also employed the sum-of-the-parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

Assets (interest in)	Owner	Type of asset	Valuation approach	Section
Fekola Project	Papillon	Early Construction	Independent specialist	11.1
Papillon's Other Exploration Assets	Papillon	Exploration	NAV - Cost approach	11.2
Other assets and liabilities of Papillon	Papillon	Other	NAV - Cost approach	11.3
La Libertad operating mine (100%)	B2Gold	Operating	DCF	12.2.1
Exploration potential of La Libertad	B2Gold	Exploration	Independent specialist	12.2.1
Limon operating mine (95%)	B2Gold	Operating	DCF	12.2.2
Exploration potential of Limon	B2Gold	Exploration	Independent specialist	12.2.2
Masbate operating mine (100%) <sup>(1)</sup>	B2Gold	Operating	DCF	12.2.3
Exploration potential of Masbate	B2Gold	Exploration	Independent specialist	12.2.3
Otjikoto project (92%)	B2Gold	Construction	DCF	12.2.4
Exploration potential of Otjikoto	B2Gold	Exploration	Independent specialist	12.2.4
Kiaka Project (90%)	B2Gold	Development	Independent specialist	12.2.5
Gramalote project (49%)	B2Gold	Development	Independent specialist	12.2.5
Trebol, Pavon, Cebollati, Mocoa, Radius Gold JV, Calibre Mining JV	B2Gold	Exploration	Independent specialist	12.2.5
B2Gold's Other Exploration Assets	B2Gold	Other Mining	NAV - Cost approach	12.2.6
Kupol East & West	B2Gold	Royalties/Rights	DCF and contractual	
Other assets and liabilities of B2Gold	B2Gold	Other	NAV - Cost approach	12.2.7

Note: (1) See section 6.2 'Masbate Project' for a description of B2Gold's ownership interest

As outlined in section 6.3 of our Report, B2Gold has written down the book value of the Cebollati project in its balance sheet. However B2Gold is intending to sell off its 80% interest in the project to which extent we consider the proceeds of the sale represents value to shareholders in the Proposed Merged Entity.

#### 12.3.1 Valuation of the underlying assets of Papillon

The value of Papillon's interest in the Fekola project and the value of other assets and liabilities of Papillon are set out in section 11 of our Report.

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### 12.3.2 Valuation of the La Libertad, Limon, Masbate and Otjikoto operating mines

We elected the DCF approach in valuing the La Libertad operating mine ('La Libertad Mine'), the Limon operating mine ('Limon Mine') the Masbate operating mine ('Masbate Mine') and the Otjikoto mine currently under construction ('Otjikoto Mine'). The four aforementioned projects are hereafter referred to as ('B2Gold's Operating Assets'). The DCF approach estimates the fair market value by discounting the future cash flows arising from B2Gold's Operating Assets to their net present values. In performing a DCF valuation, a determination of the following is required:

- The expected future cash flows that B2Gold's Operating Assets are expected to generate; and
- An appropriate discount rate to apply to the cash flows of B2Gold's Operating Assets to convert them to present value equivalent.

The key assumptions adopted in our valuation are summarised as follows.

La Libertad (All in nominal terms)	Financial Year					
	2015	2016	2017	2018	2019	2020
Gold price US\$/oz	1,326	1,334	1,350	1,357	1,375	1,375**
Silver price US\$/oz	21.2	21.4	21.6	22	22.4	22.4**
Inflation	1.50%	1.75%	2.00%	2.00%	2.00%	2.00%
Ore processed (Kt)	2,208	2,208	2,203	2,147	2,210	640
Grade processed (g/t)	2.35	2.39	2.33	1.85	1.23	0.59
Gold sales (koz)	157	160	155	120	70	9
Life of mine	6 years					
Discount rate (nominal post-tax)	8.5%					

\*\*Note: We have applied a price escalation factor of 2% after FY2020

Source: The La Libertad Mine Model

Limon (All in nominal terms)	Financial Year					
	2015	2016	2017	2018	2019	2020
Gold price US\$/oz	1,326	1,334	1,350	1,357	1,375	1,375**
Silver price US\$/oz	21.2	21.4	21.6	22	22.4	22.4**
Inflation	0%	0%	0%	0%	0%	0%
Ore processed (Kt)	487	489	489	489	489	69
Grade processed (g/t)	4.18	4.24	4.02	4.63	5.61	7.61
Gold sales (koz)	60.3	61.3	58.1	67.0	81.1	15.6
Life of mine	6 years					
Discount rate (nominal post-tax)	8.5%					

\*\*Note: We have applied a price escalation factor of 2% after FY2020

Source: The Limon Mine Model



Masbate (All in nominal terms)	Financial Year					
	2015	2016	2017	2018	2019	2019 on
Gold price US\$/oz	1,326	1,334	1,350	1,357	1,375	1,375**
Silver price US\$/oz	21.2	21.4	21.6	22.0	22.4	22.4**
Inflation	1.50%	1.75%	2.00%	2.00%	2.00%	2.00%*
Ore processed (Kt)	6,800	6,800	8,000	8,000	8,000	8,004*
Grade processed (g/t)	1.09	1.17	0.89	0.87	0.89	0.76*
Gold sales (koz)	193	218	217	195	199	191*
Life of mine	18 years					
Discount rate (nominal post-tax)	8.5%					

\*Note: represents average for the rest of the term  
\*\*Note: We have applied a price escalation factor of 2% from the financial year 2020 onwards

Source: The Masbate Mine Model

Otjikoto (All in nominal terms)	Financial Year					
	2015	2016	2017	2018	2019	2019 on
Gold price US\$/oz	1,326	1,334	1,350	1,357	1,375	1,375**
Silver price US\$/oz	21.2	21.4	21.6	22.0	22.4	22.4
Inflation	1.50%	1.75%	2.00%	2.00%	2.00%	2.00%*
Ore processed (Kt)	94	2,427	2,510	2,503	2,503	2,506*
Grade processed (g/t)	1.86	1.76	1.99	2.06	1.60	1.36*
Gold sales (koz)	5	133	154	159	123	104*
Life of mine	14 years					
Discount rate (nominal post-tax)	10.0%					

\*Note: represents average for the rest of the term  
\*\*Note: We have applied a price escalation factor of 2% from the financial year 2020 onwards. In addition hedging instruments used by B2Gold have been reflected in our valuation.

Source: The Otjikoto Mine Model

### Life of mine

Separate cash flow models were prepared to reflect future cash flows expected from the life of mine of each of the La Libertad Mine ('La Libertad Mine Model'), the Limon Mine ('the Limon Mine Model'), the Masbate Mine ('the Masbate Mine Model') and the Otjikoto Mine ('the Otjikoto Mine Model') which is currently under construction. The La Libertad Mine Model, the Limon Mine Model, the Masbate Mine Model and the Otjikoto Mine Model are collectively referred to as 'B2Gold Models'.

**La Libertad Mine Model:** The La Libertad Mine Model estimates the future cash flows expected from operating and producing at the La Libertad Mine based on determined NI 43-101 compliant reserves for the remaining life of mine of six years ('La Libertad Mine Forecasts'). The La Libertad Mine Model depicts La Libertad Mine Forecasts of real, after-tax cash flows over the life of mine on an annual basis.

**Limon Mine Model:** The Limon Mine Model estimates the future cash flows expected from operating and producing at the Limon Mine based on determined NI 43-101 compliant reserves for the remaining life of mine six years ('Limon Mine Forecasts'). The Limon Mine Model depicts Limon Mine Forecasts of real, after-tax cash flows over the life of mine on an annual basis.



**Masbate Mine Model:** The Masbate Mine Model estimates the future cash flows expected from operating and producing at the Masbate Mine based on determined NI 43-101 compliant reserves for the remaining life of mine fifteen years ('**Masbate Mine Forecasts**'). The Masbate Mine Model depicts Masbate Mine Forecasts of real, after-tax cash flows over the life of mine on an annual basis.

**Otjikoto Mine Model:** The Otjikoto Mine Model estimates the future cash flows expected from operating and producing at the Otjikoto Mine based on determined NI 43-101 compliant reserves for the fourteen year life of mine ('**Otjikoto Mine Forecasts**'). The Otjikoto Mine Model depicts Otjikoto Mine Forecasts of real, after-tax cash flows over the life of mine on an annual basis.

The La Libertad Mine Forecasts, Limon Mine Forecasts, Masbate Mine Forecasts and Otjikoto Mine Forecasts are collectively referred to as '**B2Gold Forecasts**'.

The main assumptions underlying the B2Gold Models include:

- Mining and production volumes
- Commodity prices
- Operating costs
- Capital expenditure
- Royalties
- Tax
- Discount rate.

We undertook the following analysis on the B2Gold Models:

- Appointed Snowden as technical expert to review and where required, provide technical assumptions underlying the B2Gold Models
- Conducted independent research on certain economic and other inputs such as commodity prices, foreign exchange rates, inflation, taxation assumptions and discount rate applicable to the future cash flows of B2gold's Operating Assets
- Held discussions with B2Gold's management regarding the B2Gold Models and its views
- Ensured that the B2Gold Models reflect the technical assumptions as a result of Snowden's review and any changes to the economic and other input assumptions from our research.

#### **Appointment of a technical expert**

Snowden, an independent mining expert, was engaged to prepare a report providing a technical assessment of technical project assumptions underlying the B2Gold Models. Snowden's assessment involved the review and provision of input on the reasonableness of the following assumptions adopted in the B2Gold Models, including but not limited to the following:

- Reserves and resources incorporated into the B2Gold Forecasts;
- Mining physicals (including tonnes of ore mined, ore processed, recovery and grade);
- Processing assumptions (including products and recovery, scheduling, mill production, refining recovery and plant utilisation);

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- Mining costs (including but not limited to surface mining, underground mining, general site costs, haulage, processing, corporate office and royalties);
- Capital expenditure (including but not limited to sustaining capital expenditure); and
- Other relevant assumptions

A copy of Snowden's Independent Technical Assessment Report is included in Appendix 5.

#### Limitations

Since the B2Gold Forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the B2Gold Forecasts are based. Accordingly, actual results may vary materially from the B2Gold Forecasts, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

#### Economic assumptions

##### Foreign exchange rate

All commodity prices are stated in US\$ and the B2Gold Forecasts in the B2Gold Models are also in US\$. Therefore, no currency conversions were undertaken.

##### Inflation

We adopted inflation rate assumptions to ensure the cash flows are stated in nominal terms. We have considered that the local inflation rate movements (in Nicaragua, Namibia and the Philippines) are expected to be accounted for in the exchange rate movements (between the respective local currency and the US\$). Therefore, we have adopted the expected inflation rate of 2% in the United States in converting the US\$ denominated cash flows into nominal terms.

#### Revenue assumptions

The B2Gold Operating Assets generate gold as their primary saleable product. Revenue has been estimated as the product of annual saleable ounces of gold and gold prices.

#### Commodity prices

We obtained projected commodity prices for gold having considered:

- Historical spot and forward prices
- Most recent Consensus Economics price forecasts
- Bloomberg data source



### 12.3.2.1 Valuation of the La Libertad Mine

#### DCF Valuation - Future cash flows

##### Mining physicals

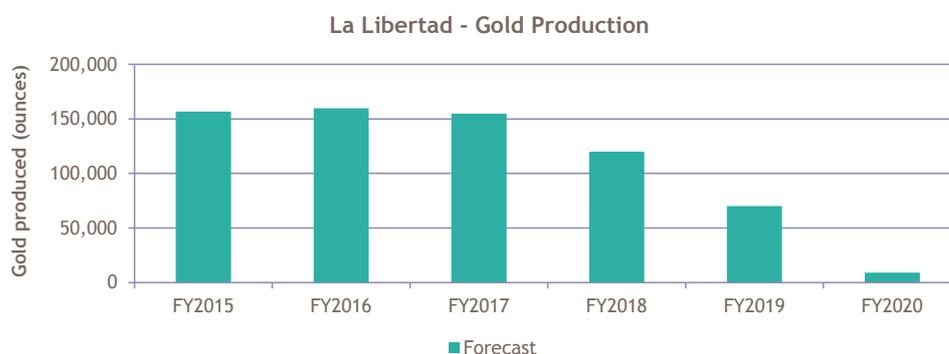
The La Libertad Mine has a total indicated resource base of 355,000 ounces of gold and an inferred resource base of 490,000 ounces of gold.

The La Libertad Mine also has a total of 398,000 ounces of gold classified as probable reserves.

Resources	Total Koz	Reserves	Total Koz
Measured	-	Proven	-
Indicated	355	Probable	398
Inferred	490	<b>Total gold reserves</b>	<b>398</b>
<b>Total gold resources</b>	<b>845</b>		

The La Libertad Mine Model has a life of mine of six years. The La Libertad Mine has been in production since 2010.

The graph below shows the forecast tonnes of gold to be milled annually over the life of mine.

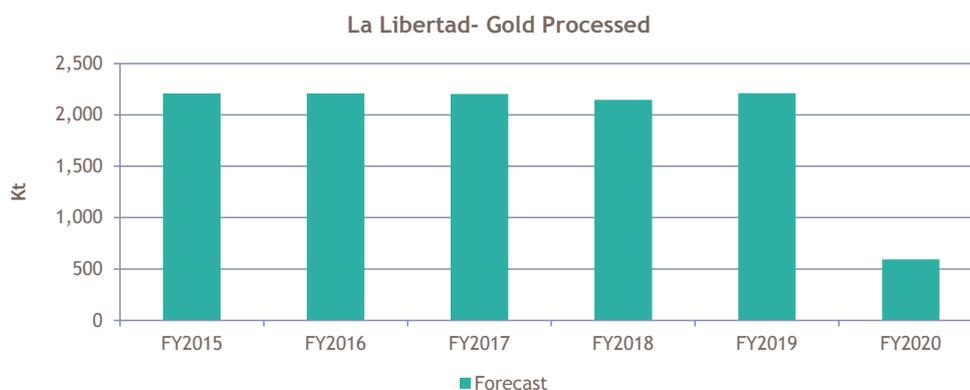


Source: La Libertad Mine Model

##### Processing assumptions

Based on the quantity of contained metal within the total ore mined, the number of gold ounces mined is depicted in the graph below.

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Source: La Libertad Mine Model

The La Libertad Mine Model assumes a level product recovery rate of 94% has been used through financial years 2015 to 2018 and a lower recovery rate of 80% has been applied to the financial years 2019 and 2020.

#### Operating costs

The La Libertad Mine Model includes the following operating costs:

- Surface mining costs
- Underground mining costs
- Processing and treatment charge

Other operating costs include Managua office costs, royalties and various taxes which are detailed further below.

#### Capital expenditure

As the La Libertad Mine is already an operating and producing mine, there is no significant upfront capital expenditure. Capital expenditure included in the La Libertad Mine Model is broadly defined as either deferred development costs, discretionary capital costs and pre-stripping costs. Total capital expenditure forecast over the in the La Libertad Mine Model over the life of mine is approximately US\$132.0 million.

#### Taxes

The La Libertad Mine Model assumes that B2Gold pays an annual surface tax royalty of US\$0.11 million. The La Libertad Mine Model also assumes that B2Gold is required to pay another royalty interest, to a corporation formed by La Libertad workers ('IMISA'), equal to 2% of the total production of gold and silver.

The La Libertad Mine Model makes the following assumptions relating to taxes:

- Advanced (Minimum Tax) ('AMT') = 1% of gold and silver revenue only.
- Income tax, equal to the greater amount of either 30% of EBIT - AMT or zero.

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- Advalorem tax = [gold and silver revenue - (doré transportation, security and insurance)] \* 3%

The La Libertad Mine Model considers that there are certain deductions allowed before determining the Company's taxable income. In particular we note that the Advalorem tax is applied as a tax credit against income tax.

#### Funding

We have assumed that the La Libertad Mine will be funded according to an optimal debt to equity structure for the industry as reflected by gold producing companies that are listed on the TSX. Our analysis indicated an optimal debt to equity funding structure of 80%, which we consider is achievable by B2Gold. The La Libertad Mine is able to meet all its sustaining capital expenditure and working capital requirements for the life of mine of the project.

#### DCF Valuation - Discount rate

We have selected a nominal after tax discount rate of 8.5% per annum to discount the La Libertad Mine Forecasts to their present value. In selecting the range of discount rate, we considered the following:

- The rates of return for comparable listed Canadian gold companies
- The debt to equity ratios of comparable listed Canadian gold companies
- An appropriate cost of debt
- An appropriate target debt to equity ratio.

Given that we have assumed that the La Libertad Mine will be funded by a combination of debt and equity, our discount rate reflects a Weighted Average Cost of Capital ('WACC').

Details on our discount rate determination are provided in Appendix 3.

#### DCF Valuation - Discounted cash flows

The estimated value of the La Libertad Mine is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast commodity prices and the discount applied to benchmark commodity prices. We have therefore included an analysis to consider the value of the La Libertad Mine under various pricing scenarios and in applying:

- A change of +/- 20% to commodity prices
- A change of +/- 20% to gold grade
- A change of +/- 20% to operating costs
- A change of +/- 20% to capital expenditure
- A discount rate in the range of 6.5% to 10.5%.

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The following table sets out the valuation outcomes from our DCF analysis.

Flex	NPV (\$m)	NPV (\$m)	NPV (\$m)	NPV (\$m)
	Gold Grade	Gold Prices	OPEX	CAPEX
-20%	37.89	37.41	246.04	180.59
-15%	71.88	71.52	228.59	178.84
-10%	105.87	105.63	211.14	177.08
-5%	139.85	139.73	193.38	175.36
0%	173.64	173.64	173.64	173.64
5%	201.26	201.35	150.03	171.84
10%	226.29	226.47	126.22	169.84
15%	251.32	251.58	102.40	167.83
20%	276.35	276.70	78.59	165.83

Source: BDO Analysis

Discount rate sensitivity					
Discount Rate (%)	6.50	7.50	8.50	9.50	10.50
NPV (\$m)	183.11	178.28	173.64	169.18	164.88

Source: BDO Analysis

We note that the value of the La Libertad Mine is most sensitive to changes in gold price and gold grade.

Considering the valuation outcomes above, we estimate the fair market value of B2Gold's interest in the La Libertad Mine to be in the range of US\$135.00 million to US\$200.00 million, with a preferred value of US\$175.00 million.

Summary of valuation assessment	Low	Preferred	High
La Libertad Mine	US\$m	US\$m	US\$m
DCF value of the La Libertad Mine	145.00	175.00	205.00
Value of B2Gold's interest in the La Libertad Mine (100%)	145.00	175.00	205.00

### Valuation of exploration potential

We instructed Snowden to value all of the resources of the La Libertad under the Valmin Code that are not included in the La Libertad Mine Model, which represents the exploration potential of the La Libertad Mine. In valuing this exploration potential, Snowden used an extension of mine life methodology (as defined in the Snowden report), which reasonably represents the value of additional resource and exploration potential by applying additional years to the life of mine plan, reflecting how exploration will convert some amount of the current mineral resources that are not included in the plan and that exploration activities will discover additional resource.

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The exploration potential of the La Libertad Mine not included in the DCF valuation is shown below.

	Low US\$m	Preferred US\$m	High US\$m
Valuation of exploration potential of the La Libertad Mine	43.74	53.75	62.10

Snowden concluded that the value of the exploration potential of the La Libertad Mine is between US\$43.74 million and US\$62.10 million with a preferred value of US\$53.75 million.

Therefore, the values of B2Gold's interest in the La Libertad Mine are as follows:

Summary of valuation assessment	Low US\$m	Preferred US\$m	High US\$m
La Libertad Mine			
DCF value of the B2Gold's interest in La Libertad Mine	145.00	175.00	205.00
Value of the B2Gold's interest in the exploration potential of the La Libertad Mine (100%)	43.74	53.75	62.10
	<b>188.74</b>	<b>228.75</b>	<b>267.10</b>

### 12.3.2.2 Valuation of the Limon Mine

#### DCF Valuation - Future cash flows

#### Mining physicals

The Limon Mine has an attributable probable reserve of 254,310 ounces of gold. In addition the Limon Mine has a total indicated resource base of 167,000 ounces of gold and an inferred resource base of 224,000 ounces of gold.

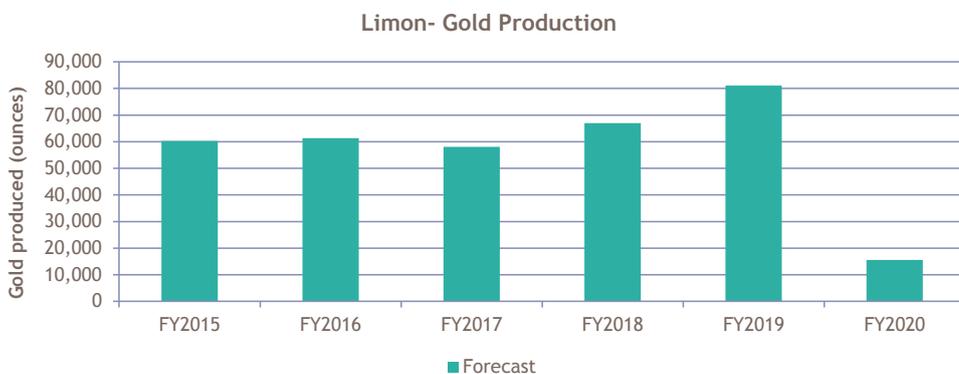
Resources	Total Koz	Reserves	Total Koz
Measured	-	Proven	-
Indicated	167	Probable (95% attributable)	254
Inferred	224	<b>Total gold reserves</b>	<b>254</b>
<b>Total gold resources</b>	<b>391</b>		

The Limon Mine Model has a life of mine of six years. The Limon Mine has been in continuous production since 1941.

The graph below shows the forecast tonnes of gold to be milled annually over the life of mine.



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Source: Limon Mine Model

#### Processing assumptions

Based on the quantity of contained metal within the total ore mined, the number of gold ounces mined is depicted in the graph below.



Source: Limon Mine Model

A level product recovery rate of 92% has been used in the Limon Mine Model.

#### Operating costs

The Limon Mine Model includes the following operating costs:

- Surface mining costs
- Underground mining costs
- Processing and treatment charge

Other operating costs include Managua office costs, royalties and various taxes which are detailed further below.



### Capital expenditure

As the Limon Mine is already an operating and producing mine, there is no significant upfront capital expenditure. Capital expenditure included in the Limon Mine Model is broadly defined as either underground development costs or discretionary capital costs. Total capital expenditure forecast over the life of the Limon Mine Model over the life of mine is approximately US\$50.0 million.

### Royalties and taxes

The Limon Mine Model assumes that royalties paid are calculated as 3.00% of gold and silver revenue plus a fixed cost of US\$0.3million.

The Limon Mine Model makes the following assumptions relating to taxes:

- AMT = 1% of gold and silver revenue only.
- Income tax, equal to the greater amount of either 30% of EBIT - AMT or zero.
- Advalorem tax = [gold and silver revenue - (doré transportation, security and insurance)] \* 3%

The Limon Mine Model considers that there are certain deductions allowed before determining the Company's taxable income. In particular we note that the Advalorem tax is applied as a tax credit against income tax.

### Funding

We have assumed that the Limon Mine will be funded according to an optimal debt to equity structure for the industry as reflected by gold producing companies that are listed on the TSX. Our analysis indicated an optimal debt to equity funding structure of 80%, which we consider is achievable by B2Gold. The Limon Mine is able to meet all its sustaining capital expenditure and working capital requirements for the life of mine of the project.

### DCF Valuation - Discount rate

We have selected a nominal after tax discount of 8.5% per annum to discount the Limon Mine Forecasts to their present value. In selecting the range of discount rate, we considered the following:

- The rates of return for comparable listed Canadian gold companies
- The debt to equity ratios of comparable listed Canadian gold companies
- An appropriate cost of debt
- An appropriate target debt to equity ratio.

Given that we have assumed that the Limon Mine will be funded by a combination of debt and equity, our discount rate reflects a WACC.

Details on our discount rate determination are provided in Appendix 3.

### DCF Valuation - Discounted cash flows

The estimated value of the Limon Mine is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast commodity prices and the discount applied to benchmark commodity

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prices. We have therefore included an analysis to consider the value of the Limon Mine under various pricing scenarios and in applying:

- A change of +/- 20% to commodity prices
- A change of +/- 20% to gold grade
- A change of +/- 20% to operating costs
- A change of +/- 20% to capital expenditure
- A discount rate in the range of 6.5% to 10.5%.

The following table sets out the valuation outcomes from our DCF analysis.

Flex	NPV (\$m)	NPV (\$m)	NPV (\$m)	NPV (\$m)
	Gold Grade	Gold Prices	OPEX	CAPEX
-20%	19.42	19.29	103.30	83.01
-15%	36.02	35.93	96.58	81.24
-10%	49.75	49.71	89.86	79.46
-5%	63.23	63.20	82.69	77.69
0%	75.91	75.91	75.91	75.91
5%	87.93	87.96	68.87	74.14
10%	100.28	100.33	61.34	72.36
15%	112.21	112.28	53.33	70.59
20%	124.15	124.23	46.33	68.81

Source: BDO Analysis

Discount rate sensitivity					
Discount Rate (%)	6.5	7.5	8.5	9.5	10.5
NPV (\$m)	81.64	78.70	75.91	73.25	70.71

Source: BDO Analysis

We note that the value of the Limon Mine is most sensitive to changes in gold price and gold grade.

Considering the valuation outcomes above, we estimate the fair market value of the Limon Mine to be in the range of US\$70.00 million to US\$90.00 million, with a preferred value of US\$80.00 million.

Summary of valuation assessment	Low	Preferred	High
Limon Mine	US\$	US\$m	US\$m
DCF value of the Limon Mine	70.00	80.00	90.00
Value of B2Gold's interest in the Limon Mine (95%)	66.50	76.00	85.50

The value of B2Gold's 95% interest in the Limon Mine is in the range of US\$66.50 million to US\$85.50 million, with a preferred value of US\$76.00 million.

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### Valuation of exploration potential

We instructed Snowden to value all of the resources of the Limon Mine under the Valmin Code that are not included in the Limon Mine Model, which represents the exploration potential of the Limon Mine. In valuing this exploration potential, Snowden used an extension of mine life methodology (as defined in the Snowden report), which reasonably represents the value of additional resource and exploration potential by applying additional years to the life of mine plan, reflecting how exploration will convert some amount of the current mineral resources that are not included in the plan and that exploration activities will discover additional resource.

The exploration potential of the Limon Mine not included in the DCF valuation is shown below.

	Low US\$m	Preferred US\$m	High US\$m
Valuation of exploration potential of the Limon Mine (95%)	33.14	40.72	47.04

Snowden concluded that the value of B2Gold's interest in the exploration potential of the Limon Mine is between US\$33.14 million and US\$47.04 million with a preferred value of US\$33.14 million.

Therefore, the values of B2Gold's interest in the Limon Mine are as follows:

Summary of valuation assessment Limon Mine	Low US\$m	Preferred US\$m	High US\$m
DCF value of B2Gold's interest in the Limon Mine (95%)	66.50	76.00	85.50
Value of B2Gold's interest in the exploration potential of the Limon Mine (95%)	33.14	40.72	47.04
	<b>99.64</b>	<b>116.72</b>	<b>132.54</b>

### 12.3.2.3 Masbate Mine

#### Mining physicals

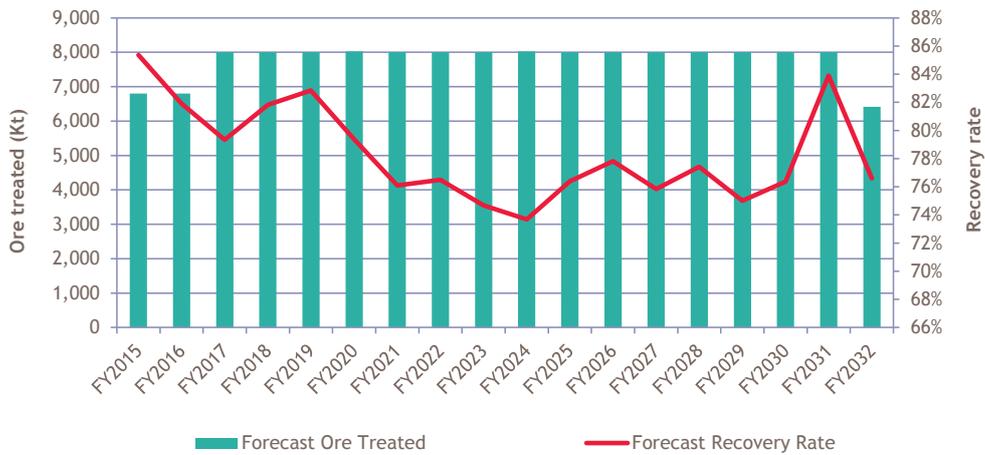
The Masbate Mine has a total proven and probable resource of 3.582Moz (inclusive of stockpiles). In addition the Masbate Mine has a measured and indicated resource base of 788,000 ounces of gold and an inferred resource base of 253,000 ounces of gold.

Resources	Total Koz	Reserves	Total Koz
Measured		Proven	
Indicated	788	Probable	
Inferred	253	<b>Total gold reserves</b>	<b>3,582</b>
<b>Total gold resources</b>	<b>1,041</b>		



The Masbate Mine Model estimates the future cash flows expected from operating and producing at the Masbate Mine based on determined NI 43-101 compliant reserves for the remaining life of mine of 18 years.

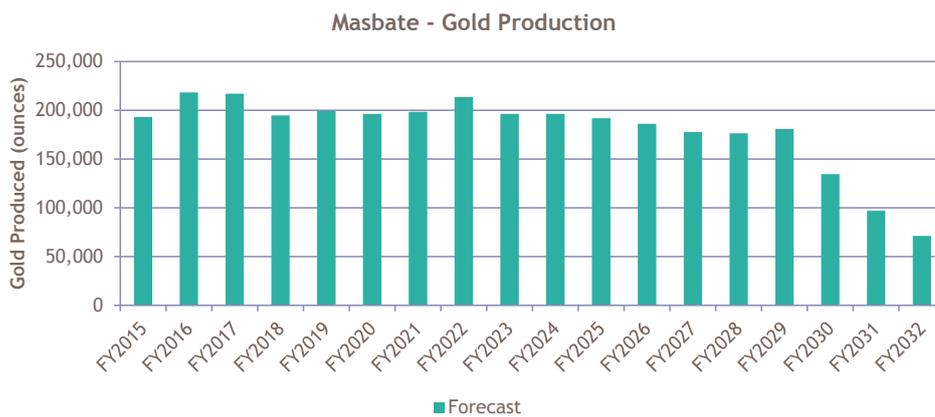
The graph below shows the forecast tonnes of ore to be treated and gold recovery percentages over the remaining life of mine.



Source: Masbate Mine Model

### Processing assumptions

The graph below shows the forecast annual ounces of gold from mill production over the remaining life of mine.



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Source: Masbate Mine Model

### Operating costs

The Masbate Mine Model includes the following operating costs:

- Mining costs
- Processing and treatment charge
- Administration costs

Other operating costs in the Masbate Mine Model include:

- Excise tax
- Value Added tax payments ('VAT')
- Real property tax
- Custom duties
- Business tax
- Makati Office costs

### Capital expenditure

As the Masbate Mine is already an operating and producing mine. Included in the Masbate Mine Model is sustaining equipment and mining capital expenditure. In addition the Masbate Mine Model reflects capital expenditure requirements relating to the expansion of the Masbate Mine Model. The Masbate Mine Model reflects total capital expenditure over the life of mine US\$326.8 million. Approximately US\$105.0 million of plant costs are forecast in FY2016.

### Taxes

The Masbate Mine model includes the following taxes:

- Excise Tax
- Business Tax
- Real Property Tax
- Value Added Tax
- Income Tax

The Company is required to pay income tax at a rate of 30%. There Masbate Mine Model considers that there are several deductions allowed before determining the Company's taxable income.

### Funding

The Masbate Mine is funded primarily by equity and has minimal debt outstanding. The Masbate Mine is able to meet all its sustaining capital expenditure and working capital requirements for the life of mine of the project.



### DCF Valuation - Discount rate

We have selected a nominal after tax discount 8.5% per annum to discount the Masbate Mine Forecasts to their present value.

In selecting this range of discount rates we considered the following:

- The rates of return for comparable listed Australian gold companies
- The debt to equity ratios of comparable listed Australian gold companies
- An appropriate cost of debt
- An appropriate target debt to equity ratio.

Given that we have assumed that the Masbate Mine will be funded by a combination of debt and equity, our discount rate reflects a WACC.

Details on our discount rate determination are provided in Appendix 3.

### DCF Valuation - Discounted cash flows

The estimated value of the Masbate Mine is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast commodity prices and the discount applied to benchmark commodity prices. We have therefore included an analysis to consider the value of the Masbate Mine under various pricing scenarios and in applying:

- A change of +/- 20% to commodity prices
- A change of +/- 20% to gold grade
- A change of +/- 20% to operating costs
- A change of +/- 20% to capital expenditure
- A discount rate in the range of 6.5% to 10.5%.

The following table sets out the valuation outcomes from our DCF analysis.

Flex	NPV (US\$m)	NPV (US\$m)	NPV (US\$m)	NPV (US\$m)
	Gold Grade	Gold Price	OPEX	CAPEX
-20%	-191.96	-192.89	625.77	332.59
-15%	-69.91	-70.60	549.47	321.93
-10%	52.15	51.69	472.77	311.56
-5%	174.21	173.98	388.58	301.60
0%	291.56	291.56	291.56	291.56
5%	415.03	415.24	202.09	281.37
10%	520.78	521.16	107.91	271.44
15%	621.05	621.62	13.74	261.38
20%	720.81	721.56	-80.44	250.84

Source: BDO Analysis

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Discount rate sensitivity					
Discount Rate post-tax (%)	6.5	7.5	8.5	9.5	10.5
NPV (\$m)	329.74	309.68	291.56	275.15	260.27

Source: BDO Analysis

We note that the value of the Masbate Mine is most sensitive to changes in gold price and gold grade.

Considering the valuation outcomes above, we estimate the fair market value of B2Gold's interest in the Masbate Mine to be in the range of US\$250.00 million to US\$350.00 million, with a preferred value of US\$300.00 million.

Summary of valuation assessment Masbate Mine	Low US\$m	Preferred US\$m	High US\$m
DCF value of B2Gold's interest in the Masbate Mine	250.00	300.00	350.00

Source: BDO analysis

### Valuation of exploration assets

We instructed Snowden to value all of the resources of the Masbate Mine under the Valmin Code that are not included in the Masbate Mine Model, which represents the exploration potential of the Masbate Mine. In valuing this exploration potential, Snowden used an extension of mine life methodology (as defined in the Snowden report), which reasonably represents the value of additional resource and exploration potential by applying additional years to the life of mine plan, reflecting how exploration will convert some amount of the current mineral resources that are not included in the plan and that exploration activities will discover additional resource.

The value of the exploration assets not included in the DCF valuation is shown below.

	Low US\$m	Preferred US\$m	High US\$m
Valuation of exploration assets of the Masbate Mine in US\$	11.85	12.77	13.68

Source: BDO analysis

Snowden concluded that the value of the exploration assets of the Masbate Mine is between US\$11.85 million and US\$13.68 million with a preferred value of US\$12.77 million.

Therefore, the values of B2Gold's interest in the Masbate Mine are as follows:

Summary of valuation assessment Limon Mine	Low US\$m	Preferred US\$m	High US\$m
DCF value of B2Gold's interest in the Masbate Mine	250.00	300.00	350.00
Value of B2Gold's interest in the exploration potential of the Masbate Mine	11.85	12.77	13.68
	<b>261.85</b>	<b>312.77</b>	<b>363.68</b>



### 12.3.2.4 Otjikoto Mine

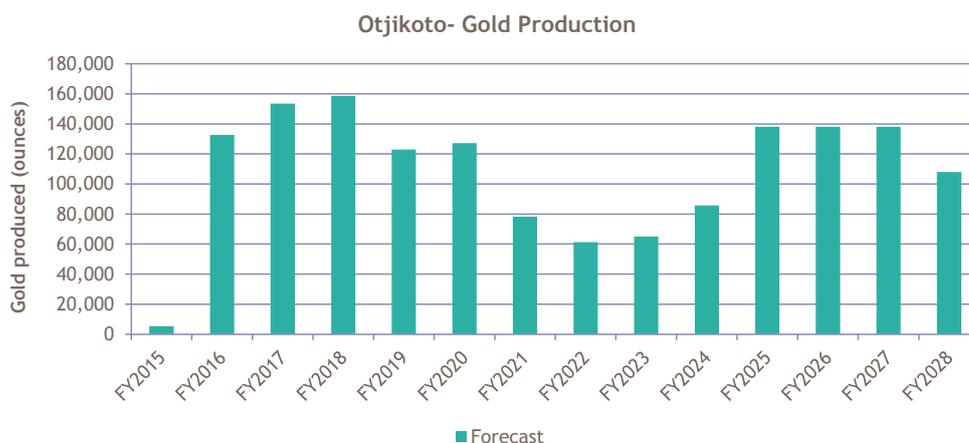
#### Mining physicals

The Otjikoto Mine has an attributable probable reserve of 1.21Moz of gold. In addition the Otjikoto Mine has an indicated resource base of 126,000 ounces of gold and an inferred resource base of 801,000 ounces of gold. This gives a total resource base of the Otjikoto Mine of 2.3Moz.

Resources (attributable)	Total Koz	Reserves (attributable)	Total Koz
Measured	-	Proven	-
Indicated	126	Probable	1,210
Inferred	801	<b>Total gold reserves</b>	<b>1,210</b>
<b>Total gold resources</b>	<b>927</b>		

The Otjikoto Mine Model has a life of mine of fourteen years.

The graph below shows the forecast tonnes of gold to be milled annually over the remaining life of mine. The Otjikoto Mine is still under construction and as such does not have an operating history.

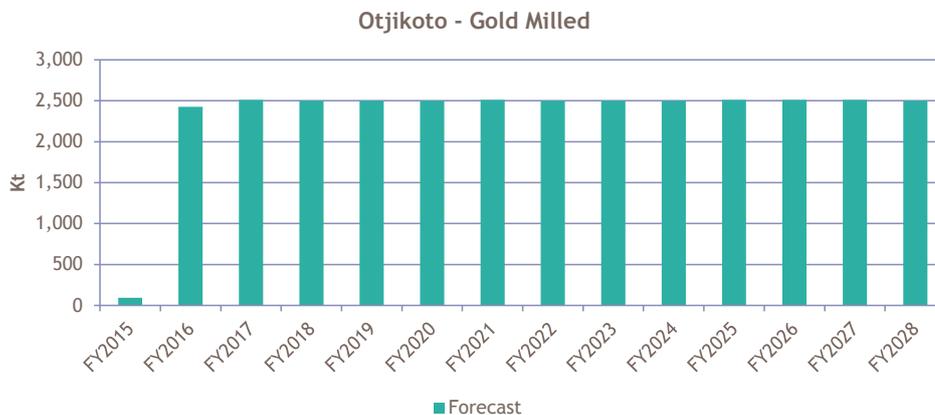


Source: Otjikoto Mine Model

#### Processing assumptions

Based on the quantity of contained metal within the total ore mined, the number of gold ounces mined is depicted in the graph below.

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Source: Otjikoto Mine Model

The Otjikoto Mine Model assumes an average product recovery rate of 95% over the life of mine.

#### Operating costs

The Otjikoto Mine Model includes the following operating costs:

- Surface mining costs
- Underground mining costs
- Processing and treatment charge

Other operating costs include office costs, royalties and various taxes which are detailed further below.

#### Capital expenditure

The Otjikoto Mine is currently under construction and as such there is upfront capital expenditure reflected in the Otjikoto Mine Model. In FY2015 the Otjikoto Mine Model forecasts capital expenditure of US\$64.4 million with an additional US\$26.3 million required in FY2016. The total project capital requirement for the Otjikoto Mine, as referenced from Snowden's Independent Technical Specialist Valuation Report (Appendix 5) is US\$308 million.

#### Royalties and taxes

The Otjikoto Mine Model assumes that royalties paid are calculated as 3.00% of net market value of gold and silver revenue plus a fixed cost of US\$0.11 million.

The Otjikoto Mine Model makes the following assumptions relating to taxes:

- Value Added Tax ('VAT') of 15% applies to domestic goods and services. A refund on the VAT of 15% applied domestic is expected to be approved and the expected refund period is estimated to be two months.
- VAT of 16.5% applies to imported goods and services



The Otjikoto Mine Model considers that there are certain deductions allowed before determining the Company's taxable income. Specifically, the Otjikoto Mine Model includes a tax deduction for all capital costs incurred.

#### **Funding**

We have assumed that the Otjikoto Mine will be funded according to an optimal debt to equity structure for the industry as reflected by gold producing companies that are listed on the TSX. Our analysis indicated an optimal debt to equity funding structure of 80%, which we consider is achievable by B2Gold. We note that based on B2Gold's cash and equivalents balance as at 31 March 2014 (US\$183.5 million) and debt capacity we consider that B2Gold will have the sufficient access to capital in order to fund the Otjikoto Mine such that that the Otjikoto Mine is able to meet all its upfront capital, sustaining capital and working capital requirements for the life of mine of the project. We note that B2Gold has unused debt capacity of C\$150.0 million.

#### **DCF Valuation - Discount rate**

We have selected a nominal after tax discount of 10.0% per annum to discount the Otjikoto Mine Forecasts to their present value. In selecting the range of discount rate, we considered the following:

- The rates of return for comparable listed Canadian gold companies
- The debt to equity ratios of comparable listed Canadian gold companies
- An appropriate cost of debt
- An appropriate target debt to equity ratio.

Given that we have assumed that the Otjikoto Mine will be funded by a combination of debt and equity, our discount rate reflects a WACC.

Details on our discount rate determination are provided in Appendix 3.

#### **DCF Valuation - Discounted cash flows**

The estimated value of the Otjikoto Mine is derived under the DCF approach. Our valuation is highly sensitive to changes in the forecast commodity prices and the discount applied to benchmark commodity prices. We have therefore included an analysis to consider the value of the Otjikoto Mine under various pricing scenarios and in applying:

- A change of +/- 20% to commodity prices
- A change of +/- 20% to gold grade
- A change of +/- 20% to operating costs
- A change of +/- 20% to capital expenditure
- A discount rate in the range of 8.0% to 12.0%.



The following table sets out the valuation outcomes from our DCF analysis.

Flex	NPV (\$m)	NPV (\$m)	NPV (\$m)	NPV (\$m)
	Gold Grade	Gold Prices	OPEX	CAPEX
-20%	81.59	111.80	399.10	312.90
-15%	135.14	157.80	373.93	307.12
-10%	188.70	203.80	345.87	301.33
-5%	242.25	249.80	317.82	295.55
0%	289.76	289.76	289.76	289.76
5%	334.32	328.85	261.55	283.98
10%	378.87	367.94	230.01	278.19
15%	418.59	402.40	197.11	272.41
20%	457.53	436.11	164.22	266.62

Source: BDO Analysis

Discount rate sensitivity					
Discount Rate (%)	8.0	9.0	10.0	11.0	12.0
NPV (\$m)	337.78	312.62	289.76	268.95	249.95

Source: BDO Analysis

We note that the value of the Otjikoto Mine is most sensitive to changes in gold price and gold grade.

Considering the valuation outcomes above, we estimate the fair market value of the Otjikoto Mine to be in the range of US\$260.00 million to US\$340.00 million, with a preferred value of US\$300.00 million.

Summary of valuation assessment Otjikoto Mine	Low US\$	Preferred US\$m	High US\$m
DCF value of the Otjikoto Mine	260.00	300.00	340.00
Value of B2Gold's interest in the Otjikoto Mine (90%)	234.00	270.00	306.00

The value of B2Gold's 90% interest in the Otjikoto Mine is in the range of US\$234.00 million to US\$306.00 million, with a preferred value of US\$270.00 million.

#### Valuation of exploration potential

We instructed Snowden to value all of the resources of the Otjikoto under the Valmin Code that are not included in the Otjikoto Mine Model, which represents the exploration potential of the Otjikoto Mine. In valuing this exploration potential, Snowden used an extension of mine life methodology (as defined in the Snowden report), which reasonably represents the value of additional resource and exploration potential by applying additional years to the life of mine plan, reflecting how exploration will convert some amount of the current mineral resources that are not included in the plan and that exploration activities will discover additional resource.



The exploration potential of the Otjikoto Mine not included in the DCF valuation is shown below.

	Low US\$m	Preferred US\$m	High US\$m
Valuation of exploration potential of the Otjikoto Mine in US\$	19.33	23.75	27.44

Snowden concluded that the value of B2Gold's interest in the exploration potential of the Otjikoto Mine is between US\$19.33 million and US\$27.44 million with a preferred value of US\$23.75 million.

Therefore, the values of B2Gold's interest in the Otjikoto Mine are as follows:

Summary of valuation assessment Otjikoto Mine	Low US\$m	Preferred US\$m	High US\$m
DCF value of B2Gold's interest in the Otjikoto Mine (90%)	234.00	270.00	306.00
Value of B2Gold's interest in the exploration potential of the Otjikoto Mine (90%)	19.33	23.75	27.44
	<b>253.33</b>	<b>293.75</b>	<b>333.44</b>

### 12.3.3 Development and exploration assets

We instructed Snowden to prepare a specialist valuation of B2Gold's development and exploration assets, including the Kiaka and Gramalote development assets which are likely to start up in the near future. The DCF approach was not used in valuing these two projects as no proven and probable mineral reserves have been announced to-date.

Snowden has assessed the values for B2Gold's development and exploration assets in the range of US\$247.4 million to US\$360.2 million, with a preferred value of US\$303.8 million as detailed in the table below:

Summary of valuation assessment Development & Exploration assets	Low US\$m	Preferred US\$m	High US\$m
Value of B2Gold's interest in the Kiaka Project (90%)	126.9	150.9	174.8
Value of B2Gold's interest in the Gramalote project (49%)	82.3	99.0	115.7
Value of B2Gold's interest in the Mocoa asset (100%)	24.4	30.2	36.0
Value of B2Gold's interest in the Cebollati asset (80%)	6.7	11.4	16.0
Value of B2Gold's interest in the Trebol, Pavon and Radius JV assets*	5.1	8.0	10.9
Value of B2Gold's interest in the Calibre JV (51%)	1.9	4.3	6.8
	<b>247.4</b>	<b>303.8</b>	<b>360.2</b>

Source: Snowden's Independent Technical Specialist Valuation Report dated 11 July 2014

\*Respective interest of the Proposed Merged Entity in Trebol, Pavon and Radius JV is 100%, 100% and 60% respectively



#### 12.3.4 B2Gold's Other Exploration Assets

The value of B2Gold's Other Exploration Assets (as defined in section 6.2 of our Report) have been included in our sum-of-parts valuation at their book value. As at 31 March 2014 the book value of B2Gold's other exploration assets was \$4.9 million.

#### 12.3.5 NAV multiple

The value of a multi-project mining company with a proven track record of acquiring, developing and operating gold mines is higher than the sum of the value of the mines themselves. This intangible value reflects the value inherent in the company's management experience and expertise that is recognised by investors. It is common practice to apply a NAV multiple to the DCF and/or NAV values to arrive at the value of a company in like this.

Further, the value per share of gold mining companies is often lower than the value of the trading price per share when valued using the DCF and/or NAV valuation methodologies.

In addition to the value of management possible reasons for a difference between the DCF and/or NAV value per share and the traded price are:

- The potential upside at existing operating or development sites that would allow for an extension of the life of mine and higher volumes, outside of the announced reserve and resource;
- The potential for actual gold prices exceeding the long-term forecast prices used in the DCF valuations; and
- Gold being perceived as a safe asset investment.

We have analysed a number of broker reports reporting on listed gold companies and for B2Gold specifically. The broker reports indicated that NAV multiples range between 0.5 times and 1.8 times, with the B2Gold NAV multiples being between 1.0 and 1.5.

In determining an appropriate NAV multiple for the Proposed Merged Entity, we have had regard to:

- B2Gold's low volatility and stable history as a producing gold company;
- The diversity of countries where The Proposed Merged Entity's main operations are carried out;
- The number of advanced exploration areas that B2 Gold contributes to the Proposed Merged Entity which has the potential to make the Proposed Merged Entity a long lived mining house;
- The Proposed Merged Entity's low risk profiles, carrying minimal debt;
- The track record that B2Gold's management has displayed in acquiring, developing and operating gold mines; and
- The strong and stable management team that B2 Gold contributes to the Proposed Merged Entity with a history of bringing mines into production and extending their lives.

Based on the results of our analysis, we consider a NAV multiple range of 1.1 to 1.2 times to be appropriate for the Proposed Merged Entity's mineral assets.

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### 12.3.6 Royalties and rights

On 22 July 2010, B2Gold reached an agreement with Kinross to sell to a subsidiary of Kinross, its right to acquire an interest in the Kupol East and West licences. Included in the consideration for this sale are contingent payments of C\$15 million for each incremental million ounces of gold of NI43-101 compliant proven and probable reserves contained in the Kupol East and West licence areas, up to a maximum of nine million ounces of gold (100% basis). In addition, B2Gold will receive payments equal to 1.5% of NSR from the commencement of production subject to a right for Kinross to repurchase the royalty for C\$30 million. On this basis, we have valued this right at C\$30 million or US\$28.11 million.

### 12.3.7 Other assets and liabilities

Other assets and liabilities represent the assets and liabilities which have not been specifically adjusted. From review of these other assets and liabilities, outlined in the table below, we do not believe that there is a material difference between their book value and their fair value unless an adjustment has been noted below. The table below represents a summary of the assets and liabilities identified:

B2Gold		Unaudited as at 31-Mar-14 US(\$000)	Value of other assets & liabilities as at 31-Mar-14 US(\$000)
Statement of Financial Position	Note		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		183,537	183,537
Accounts receivable and prepaids		18,378	18,378
Value-added and other tax receivables		29,766	29,766
Inventories	a)	82,021	88,862
<b>TOTAL CURRENT ASSETS</b>		<b>313,702</b>	<b>320,543</b>
Long-term investments	b)	21,772	24,462
Mining interest			
<i>Owned by subsidiaries</i>	c)	1,571,715	-
<i>Investments in joint ventures</i>	c)	153,454	-
Goodwill	d)	202,070	-
Value-added tax receivables		30,874	30,874
Other assets		18,788	18,788
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,998,673</b>	<b>74,124</b>
<b>TOTAL ASSETS</b>		<b>2,312,375</b>	<b>394,667</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities		36,494	36,494
Current taxes payable		13,497	13,497
Current portion of long-term debt		22,804	22,804
Current portion of unrealised fair value of derivative instruments		1,633	1,633
Current portion of mine restoration provisions		1,345	1,345
Other		473	473
<b>TOTAL CURRENT LIABILITIES</b>		<b>76,246</b>	<b>76,246</b>

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B2Gold		Unaudited as at 31-Mar-14	Value of other assets & liabilities as at 31-Mar-14
Statement of Financial Position	Note	US(\$000)	US(\$000)
<b>NON-CURRENT LIABILITIES</b>			
Unrealised fair value of derivative instruments		1,198	1,198
Long-term debt	e)	339,344	343,114
Mine restoration provisions		45,497	45,497
Deferred income taxes	f)	186,496	-
Employee benefits obligation		6,938	6,938
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>579,473</b>	<b>396,747</b>
<b>TOTAL LIABILITIES</b>		<b>655,719</b>	<b>472,993</b>
<b>NET ASSETS</b>		<b>1,656,656</b>	<b>(78,326)</b>

Source: BDO Analysis

**Note:**

- a) Adjusted for the fair market values of gold and silver bullion as at 31 March 2014.
- b) Adjusted for the fair market value of B2Gold's long term investments in shares of TSX-listed entities based on the closing bid price referenced as at 30 June 2014. Warrants and share purchase options have been valued using the black-scholes model.

Listed Investment	Type	No. of Securities	Fair Value Per Security (US\$)	Total Fair Value
Calibre Mining	Shares	20,000,000	0.05625	1,125,000
	Warrants	10,000,000	0.01605	160,514
RTG Mining	Shares	13,551,574	1.03131	13,975,874
	Options	839,467	0.57671	484,131
St Augustine Gold & Copper Ltd	Shares	67,500,000	0.12657	8,543,475
Goldstone Resources Limited	Shares	1,500,000	0.11540	173,100
				<b>24,462,093</b>

- c) Mining interests have been separately valued or separately identified at cost as outlined through sections 12.3.2 to 12.3.4 of our Report.
- d) Goodwill was recorded upon B2Gold's acquisition of CGA and is now reflected in our DCF valuation of the Masbate Mine in section 12.2.3 of our Report.
- e) The fair market value of the Convertible Notes as at 25 June 2014 is \$276,673,871 (as referenced by market prices quoted by JP Morgan). This represents an increase in the fair value of the Convertible Notes of \$3.7 million. We have increased the long-term debt balance to account for this change in the fair value of the Convertible Notes.



f) The deferred income tax liability has been removed as it largely relates to the Masbate Mine which we have valued on a post-tax basis.

### 12.3.8 Corporate costs

We calculated the corporate costs of the Proposed Merged Entity over 14 years based on US\$30.7 million per year (as advised by B2Gold), inflating these costs at 1.2% per annum over the entire period. The net present value of B2Gold's corporate costs discounted at 9.5% is US\$250.16 million.

### 12.3.9 Shares on issue

In determining a valuation per share for the Proposed Merged Entity on an undiluted basis, we applied the expected total number of shares outstanding following the completion of the Scheme, being 915,959,470 as referred to in section 4 of our Report.

### 12.3.10 Sum-of-parts Valuation Assessment

The fair market value of the Proposed Merged Entity is summarised as follows:

Proposed Merged Entity	Ref	Low US\$m	Preferred US\$m	High US\$m
Value of the Fekola Project	11.1	300.07	489.63	566.75
Value of Papillon's Other Exploration Assets	11.2	6.97	6.97	6.97
DCF value of the La Libertad project	12.3.2.1	145.00	175.00	205.00
Value of La Libertad exploration potential	12.3.2.1	43.74	53.75	62.10
DCF value of the Limon project	12.3.2.2	66.50	76.00	85.50
Value of Limon exploration potential	12.3.2.2	33.14	40.72	47.04
DCF value of the Masbate project	12.3.2.3	250.00	300.00	350.00
Value of Masbate exploration potential	12.3.2.3	11.85	12.77	13.68
DCF value of Otjikoto project	12.3.2.4	234.00	270.00	306.00
Value of Otjikoto exploration potential	12.3.2.4	19.33	23.75	27.44
Value of B2Gold's interest in the Kiaka project (90%)	12.3.3	126.94	150.85	174.76
Value of B2Gold's interest in the Gramalote project (49%)	12.3.3	82.32	99.00	115.68
Value of B2Gold's interest in the Mocoa asset (100%)	12.3.3	24.42	30.20	35.98
Value of B2Gold's interest in the Cebollati asset (80%)	12.3.3	6.73	11.39	16.04
Value of B2Gold's interest in the Trebol, Pavon and Radius JV assets*	12.3.3	5.10	8.02	10.94
Value of B2Gold's interest in the Calibre JV (100%)	12.3.3	1.85	4.32	6.80
Value of B2Gold's Other Exploration Assets	12.3.4	4.90	4.90	4.90
Net smelter royalty - Kupol East & West	12.3.6	28.11	28.11	28.11
		<b>1,390.97</b>	<b>1,785.38</b>	<b>2,063.69</b>
NAV multiple	12.3.5	1.10	1.15	1.20
Value of Proposed Merged Entity's mineral assets		1,530.07	2,053.19	2,476.43
Add: Papillon other assets (non-mineral)	11.3	34.20	34.20	34.20
Add: B2Gold other assets (non-mineral)	12.3.7	(78.33)	(78.33)	(78.33)
Less: Corporate costs	12.3.8	(250.16)	(250.16)	(250.16)
<b>Equity value</b>		<b>1,235.78</b>	<b>1,758.90</b>	<b>2,182.14</b>

Source: BDO Analysis, \* interest of the Proposed Merged Entity in Trebol, Pavon and Radius JV is 100%, 100% and 60% respectively

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Based on the sum-of-parts valuation above, we estimate the fair market value of the Proposed Merged Entity to be in the range of US\$1,235.78 million to US\$2,182.14 million, with a preferred value of US\$1,758.90 million.

### Minority Discount

The value of a share of the Proposed Merged Entity derived under the sum-of-parts method is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. However, if the Scheme is successful, the accepting holders, being the Shareholders, will hold minority interests in the Proposed Merged Entity, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company. In order to reflect this and the requirement under RG 111.34, we need to adjust our sum-of-parts value to reflect a minority interest.

We applied a minority discount in the range of 15% to 20%. Minority discount is usually determined as an inverse of the control premium. However, due to different markets where different control premiums are paid, as well as the differences in the perceived quality of assets between different companies, the minority discount to be applied on the Proposed Merged Entity is not necessarily the inverse of the control premium applied to the value of Papillon referred to in section 11.6 of our Report.

We analysed the announced control premiums paid by acquirers of gold mining Canadian listed targets to determine an appropriate minority discount to apply for the Proposed Merged Entity. The average announced control premium over the six years from 2009 to 2014, excluding outliers, was approximately 27%, the inverse of which translates to a minority discount of 21%. The announced control premium for the sole transaction in our data in 2014 was 7.85%. In view of the less buoyant mining market since the beginning of 2014, we consider that the control premiums are likely to be lower compared to previous years. As such, we applied a minority discount in the lower range of 15% to 20%.

Our valuation of the Proposed Merged Entity on a minority interest basis is set out below:

Proposed Merged Entity	Low	Preferred	High
Minority interest value	US\$m	US\$m	US\$m
Value of the Proposed Merged Entity on a control basis	1,235.78	1,758.90	2,182.14
Minority discount	20.0%	17.5%	15.0%
<b>Value of the Proposed Merged Entity on a minority interest basis</b>	<b>988.62</b>	<b>1,451.09</b>	<b>1,854.82</b>
Shares on issue (million)	915.6	915.6	915.6
<b>Value per share (US\$)</b>	<b>1.08</b>	<b>1.58</b>	<b>2.03</b>

Source: BDO analysis

The value of a Proposed Merged Entity share using the sum-of-parts method and on a minority interest basis is between US\$1.08 per share and US\$2.03 per share with a preferred value of US\$1.58 per share.

We note that whilst some options in the Proposed Merged Entity will be in the money we do not consider that the amount is marginal and will not have a material impact on value.



## 12.4 Conclusion on the Value of the Proposed Merged Entity

A summary of the value of the Proposed Merged Entity on a minority interest basis under the QMP, resource multiple and sum-of-parts valuation methodologies is summarised in the table below:

	Low	Preferred	High
Value of the Proposed Merged Entity (minority interest)	\$	\$	\$
QMP methodology	2.45	2.60	2.75
Resource multiple valuation	2.09	2.34	2.61
Sum-of-parts	1.08	1.58	2.03
<b>Final Valuation Range</b>	<b>2.27</b>	<b>2.47</b>	<b>2.68</b>

The value of the Proposed Merged Entity derived under the QMP and resource multiple valuation methodologies lie in a consistent range where there is significant overlap.

We consider however, that the value derived under the sum-of-parts method is lower and reflects a conservative valuation relative to other two market based valuation methodologies. The lower valuation range derived under the sum-of-parts method can be more specifically explained due to the following:

- RG 111 requires that we have reasonable grounds for the assumptions and inputs to the cash flow model upon which our DCF valuation is based. In doing this we are required to observe the requirements of the JORC Code 2012 which does not permit the inclusion of inferred resources in deriving this value. The limitations imposed by RG 111 and the JORC Code 2012 may not be well understood and appreciated by North American investors. It is common practice for valuations performed by analysts and investors in the broader marketplace to capture all resources (measured, indicated and inferred) in a DCF valuation which will generate a value over and above what has been reflected in our sum-of-parts value.
- The more conservative valuation also reflects the differences in assumptions made by the experts (BDO and Snowden) and the market, and in this instance, may not be the best method of deriving the fair value of a minority interest in the Proposed Merged Entity on TSX or NYSE. This is pertinent in the current market where gold prices are lower than historical highs and the impact is more pronounced for longer life mines.
- We have applied a discount rate and assumed funding for projects based on an optimal/target debt to equity structure as observed by gold producing companies listed on the TSX. We consider this basis to be appropriate to value B2Gold's Projects, but note that these assumptions lead to differences (a higher discount rate) that may commonly be applied by analysts and investors.

Given the deep trading market for B2Gold shares on both the TSX and the NYSE, together with full disclosure of information in the market on B2Gold and its projects, we consider that the TSX and NYSE trading prices of B2Gold shares best reflect the value of B2Gold, and also reflects materially the value of a share in the Proposed Merged Entity.

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We have determined our value as the midpoint of the QMP and Resource Multiple Valuations. Accordingly we consider the value of a Proposed Merged Entity share, on a minority interest basis, to be between US\$2.27 per share and US\$2.68 per share, with a preferred value of US\$2.47 per share.

### 13. Is the Scheme fair?

We determined that the value of 0.661 shares in the Proposed Merged Entity to be received as consideration by Shareholders to be equivalent to or greater than the range of values of a Papillon share prior to the implementation of the Scheme. Therefore, we conclude that the Scheme is fair to Shareholders.

		Low	Preferred	High
	Section	US\$	US\$	US\$
Value of a Papillon share (on a control basis)	11.7	1.47	1.59	1.71
Value of a Proposed Merged Entity share (minority basis)	12.4	2.27	2.47	2.68
Value of 0.661 Proposed Merged Entity shares (minority basis)		1.50	1.63	1.77

Source: BDO analysis

### 14. Is the Scheme reasonable?

#### 14.1 Advantages of approving the Scheme

The implementation of the Scheme is expected to bring a number of benefits to Shareholders as well as to the Proposed Merged Entity as a combined group. We set out the key advantages below.

##### 14.1.1 The Scheme is fair

Our analysis in section 13 concludes that the Scheme is fair to Shareholders. RG 111 states that an offer is reasonable if it is fair.

##### 14.1.2 Provides opportunity of funding for the Fekola project

Papillon acquired the Fekola project in 2010 and has, over three years, advanced the project significantly. It is estimated that almost all the feasibility work has now been completed for the Fekola project and it is close to being ready for development. However, the project is not yet funded and in order to be developed the management team at Papillon will need to raise debt or equity to meet the expected capital costs of \$US292 million as per the PFS.

The availability of funding is critical for Papillon to best realise the value of the Fekola project for Shareholders. With a healthy cash position, continued strong cash flows from operations, a substantial unused debt capacity and good access to capital, B2Gold has the financial resources to fund the Fekola project. In fact, if the Scheme is successful, subject to a definitive feasibility study, B2Gold has already targeted the Fekola project to be the next construction project for its team.



### 14.1.3 Provides Shareholders with the opportunity to gain immediate exposure to a portfolio of diversified gold assets

The merger of Papillon and B2Gold provides Papillon shareholders with the opportunity to gain immediate exposure to a significant, growth orientated and profitable producer with geographically diversified operations, whilst still retaining material exposure to the upside potential of the Fekola project.

B2Gold's diversified operations include three operating mines, one project under construction that is expected to be producing gold in late 2014/early 2015, two development projects in Burkina Faso and Colombia as well as highly prospective earlier stage projects in Nicaragua, the Philippines, Colombia and Burkina Faso. The global footprint of B2Gold's projects offers diversity in geography and a reduction in risk of a single-project-at-a-single-location faced by Papillon shareholders.

### 14.1.4 Creation of a combined group with a stronger position

The merger of Papillon and B2Gold will result in a stronger financial position and an increase in the scale of operations, size and diversification of asset portfolio and free cash flows.

#### Stronger financial position

The implementation of the Scheme will bring about a combined group with a strong financial position with a combined:

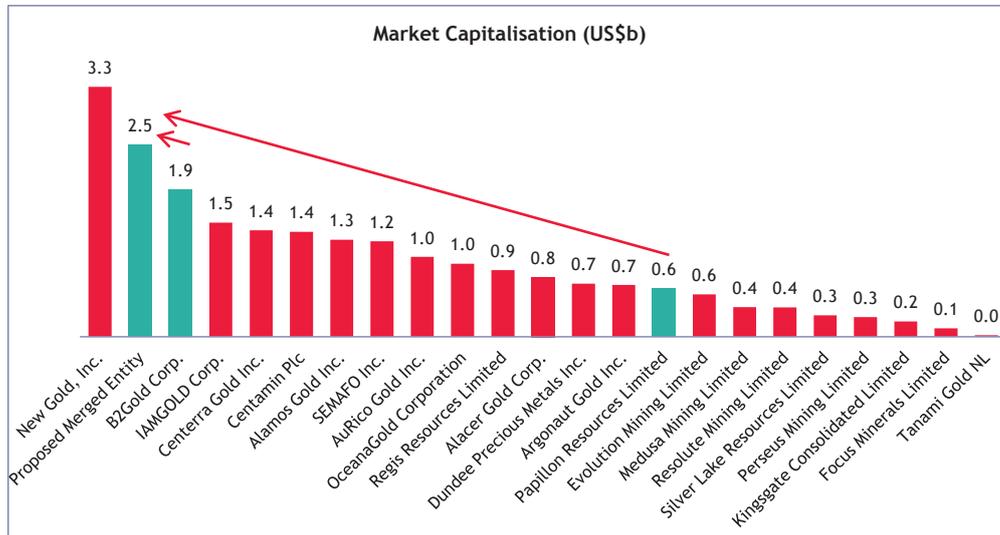
- Cash position of US\$214.1 million as at 31 March 2014 and with an unused debt capacity of US\$125.0 million as at 30 June 2014;
- Net asset position of over US\$1.7 billion as at 31 March 2014; and
- Market capitalisation based on TSX and ASX closing prices for the two companies of approximately US\$2.73 billion as at 23 June 2014.

The strong cash position will enable the Proposed Merged Entity to be well financed through the next phase of development, exploration and resource definition work. The more immediate funding requirements are likely to come from the development of the Otjikoto and Fekola projects.

A stronger financial position and increased market capitalisation are expected to give the Proposed Merged Entity increased media coverage, an even greater ability to obtain debt and equity finance, including an increased level of investment interest in the financial markets and possibly an access to an even wider range of investors. This puts the Proposed Merged Entity in a better position to pursue future growth opportunities when they arise.

#### Increased size by market capitalisation

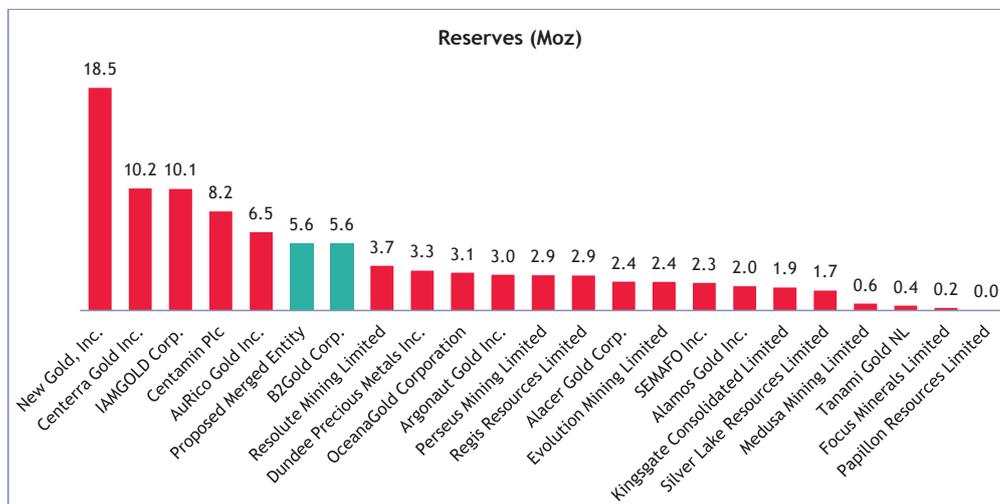
The combined market capitalisation of B2Gold and Papillon based on their closing prices as at 10 July 2014 is expected to be US\$2.54 billion. The graph below reflects the market capitalisation of the Proposed Merged Entity relative to Papillon's current market capitalisation and against a select group of comparable companies that we have identified.



Source: Bloomberg and BDO analysis

### Increased gold reserves and resources positions

Papillon's gold proven and probable reserves would increase from nil to 5.6 Mozs as represented in the graph below.

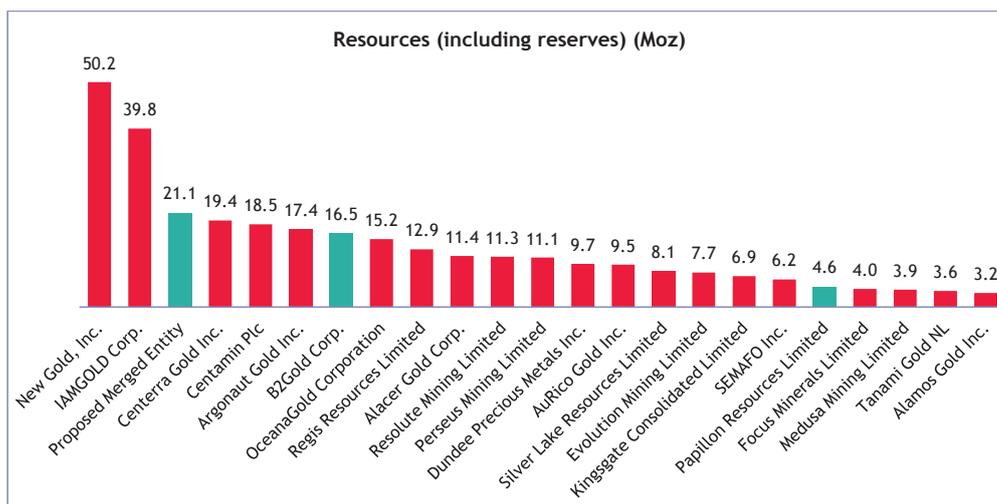


Source: Bloomberg and BDO analysis

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The combined gold measured, indicated and inferred resources (inclusive of reserves) of Papillon would increase from 4.6 Mozs to 21.1 Mozs as represented in the graph below.



Source: Bloomberg and BDO analysis

Overall, the Proposed Merged Entity is expected to have a reserve base of 5.6 Mozs, and total measured, indicated and inferred resources (inclusive of reserves) of 21.1 Mozs.

### Exposure to producing gold operators

Papillon is not a gold producing company. Shareholders are exposed to funding, construction and other risks in the development of the Fekola project. Producing gold mines do not face this risk.

B2Gold is currently producing gold from three operating mines (which collectively produced 366,000 ounces of gold in 2013) and is expecting the Otjikoto project, which is currently under construction, to be in production by late 2014. The ability to fund the Fekola project in the Proposed Merged Entity may enable the development of the Fekola project to bring it to production in by 2017. Under these assumptions, B2Gold is expecting significant growth in gold production by 2017 from five operating mines.

### Increased free cash flows

Papillon is in the pre-development stage of the Fekola project and is unlikely to be in a position to be cash flow positive for many years. Papillon shareholders currently receive no dividends and are unlikely to until the Fekola project is operating and generating sufficient free cash flow. B2Gold does not currently pay dividends and its current policy is to retain cash flow for reinvestment. However, the potential to receive dividends will be increased as a B2Gold shareholder as compared to being a Papillon shareholder.

The combination of three operating mines (and potentially an increase to five operating mines) is expected to increase the free cash flows to the Proposed Merged Entity, which will support the development of new projects. The development of new projects to commercial production stage (as indicated above) will further increase free cash flows to the Proposed Merged Entity in the future.

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#### **14.1.5 Creation of a company with a stronger growth profile**

Papillon's Fekola project is a high grade and low cost asset, still in the early development phase, but not yet in production. With the availability of required funding to develop the project, the Fekola project has the potential to be a strong growth profile asset for the Proposed Merged Entity.

B2Gold has a broader portfolio of assets including three operating mines, namely La Libertad, Limon and Masbate, significant exploration ground and options to earn interests in two joint ventures subject to specified exploration spend requirements. The Otjikoto project that is expected to be in production by the end of 2014 will be the next significant growth phase for the Proposed Merged Entity, followed by Papillon's Fekola project.

The Proposed Merged Entity will also possess a strong growth profile through its recently acquired Kiaka project in Burkina Faso and the Gramalote project in Colombia, which are advanced exploration assets that are expected to complete feasibility studies in the near future. There are also exploration targets both around existing mines as well as in Nicaragua, the Philippines, Namibia and Colombia.

B2Gold has built a portfolio of assets at varying stages of exploration and development to provide continuous growth both in the near term and in the longer term.

#### **14.1.6 Creation of a company with a larger and more diversified portfolio of assets**

##### **Geographical diversification**

If successful, the Scheme will result in Papillon progressing from a single project company into an expanded merged entity with a global footprint via core operating centres in Nicaragua and the Philippines and potentially Namibia, Mali and Colombia in the future.

##### **Asset diversification**

The Proposed Merged Entity will have a larger and more diversified portfolio which balances a producing asset portfolio with near-term development opportunities as well as longer-term exploration stage assets.

#### **14.1.7 Broader expertise and increased strength of management team**

The B2Gold management and technical team has a track record in the acquisition, exploration, financing and development of mining projects worldwide. This has been demonstrated by the role that the executive and management team undertook in building the previous Bema Gold Corporation from inception as a junior explorer to an international gold producer with a market capitalisation of C\$3.5 billion in less than 20 years.

B2Gold has proven in-house construction team with a track record of building high quality plants and infrastructure while reducing capital costs. In addition, B2Gold has a highly regarded and experienced exploration team that sees significant exploration potential at the Fekola project in addition to B2Gold's existing assets. The B2Gold management and technical team are expected to further strengthen Papillon's capabilities in exploration activities and to optimise the development of the Fekola project with its management, development, construction, operational and in-country experience for the benefit of all shareholders.

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A good management team is of critical importance to manage projects in a country like Mali. B2Gold's existing projects in developing countries such as Nicaragua, the Philippines and Namibia bear similar risks to that of Mali. On this basis, it is believed that the management and technical teams at B2Gold are likely to be a good fit for Papillon.

#### **14.1.8 Potential for increased liquidity**

The analysis in section 6.6 of our Report indicates that there is a liquid market for B2Gold securities trading on the TSX and NYSE. In particular, B2Gold securities traded on the TSX have superior liquidity to Papillon shares currently traded on the ASX. Shareholders, following the implementation of the Scheme, will hold shares in the Proposed Merged Entity for which the market is likely to be deeper compared to that of Papillon shares. As such we consider that there is a potential for increased liquidity for Shareholders following the implementation of the Scheme.

### **14.2 Disadvantages of approving the Scheme**

We set out the key disadvantages of the Scheme to Shareholders below.

#### **14.2.1 Shareholders' interests will be diluted**

If the Scheme is approved, Shareholders will hold approximately 26% of the Proposed Merged Entity whilst B2Gold shareholders will hold 74% of the Proposed Merged Entity on an undiluted basis.

On a diluted basis, Shareholders will hold 25% of the Proposed Merged Entity whilst B2Gold shareholders will hold 75% of the Proposed Merged Entity. Collectively, Shareholders hold 100% of Papillon and their individual interests in B2Gold will be reduced proportionally.

#### **14.2.2 Shareholders will no longer be able to trade their shares on the ASX**

Following the implementation of the Scheme, Papillon will be delisted from the ASX. New B2Gold shares received by Shareholders will be listed on TSX, NYSE and Namibian Stock Exchange. Shareholders will no longer be able to trade their shares on the ASX. Shareholders who are familiar with holding ASX listed shares may not be comfortable in holding shares that can only be traded on other

#### **14.2.3 Some ineligible Shareholders may not be able to receive B2Gold shares**

Restrictions in certain foreign countries may make it impractical or unlawful for new B2Gold shares to be offered or issued under the Scheme to Shareholders in those countries. An ineligible shareholder for the purpose of the Scheme is a Shareholder whose addresses as shown on the share register of Papillon is in a jurisdiction in which B2Gold has determined, acting reasonably, does not permit the issue of new B2Gold shares to that Shareholder either unconditionally or after compliance with terms that that B2Gold reasonably regards as acceptable and practical will be regarded as an ineligible shareholder for the purpose of the Scheme.

Without incurring undue expense in preparing a disclosure document in the relevant jurisdiction, some ineligible shareholders may not be able to receive B2Gold shares due to their local securities laws. The B2Gold shares to which those ineligible shareholders would be otherwise entitled to receive under the Scheme will be issued to a nominee, who will sell those shares and pay out the sale proceeds, after deducting any brokerage, stamp duty and other taxes and charges, to those ineligible shareholders.



### 14.3 Other Considerations

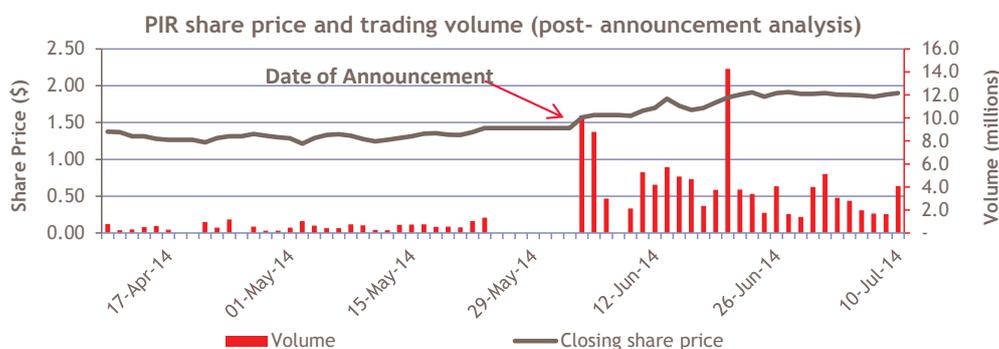
#### 14.3.1 Alternative Proposal

The directors of Papillon consider that this proposed merger with B2Gold should be put to Shareholders. We are unaware of any alternative proposal that might offer the Shareholders of Papillon a premium over the value ascribed to, resulting from the Scheme.

#### 14.3.2 Post announcement pricing

##### Potential decline in share price

We have analysed movements in Papillon's share price since the Scheme was announced. A graph of Papillon's share price leading up to and following the announcement is set out below.



Source: Bloomberg

Following the announcement of the Scheme on 3 June 2014, Papillon's share price increased from a weighted average of \$1.305 over the last 30 days prior to the announcement to \$1.90 as at the close of 10 July 2014, an increase of 46%. This indicates that the Scheme has been well received by the market. Given the above analysis, it is possible that if the Scheme is not approved, then Papillon's share price may decline back to pre-announcement levels.

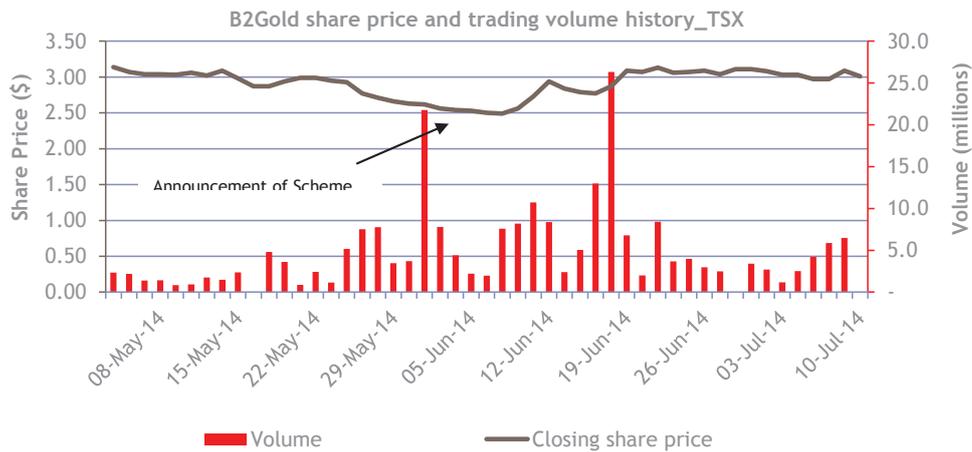
##### Market sentiment

We have analysed movements in B2Gold's share price since the Scheme was announced on both the TSX and NYSE. A graph of B2Gold's share price since the announcement is set out below.

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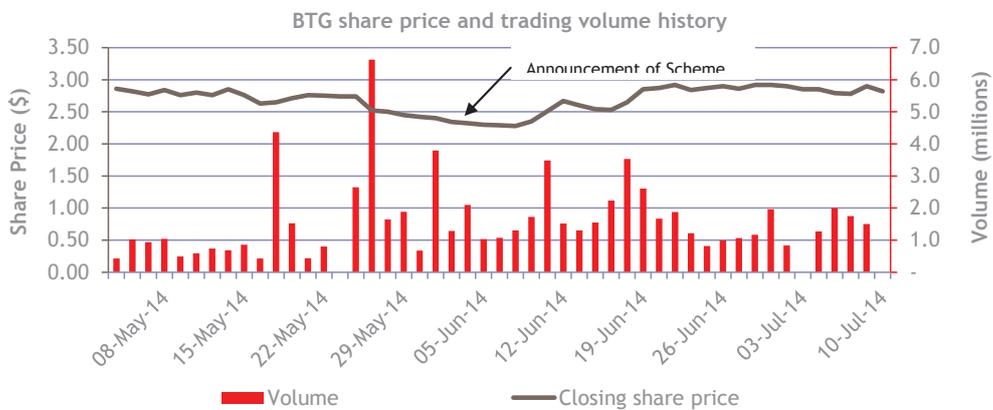


### TSX



Source: Bloomberg

### NYSE



Source: Bloomberg

The announcement of the Scheme was made to the market on 3 June 2014. On that day, approximately 21.8 million and 3.79 million shares were traded on the TSX and NYSE, respectively. Since the announcement, B2Gold's share price has continued to trade between C\$2.460 and C\$3.250 on the TSX and between US\$2.280 and US\$3.030 on the NYSE. On 10 July 2014, B2Gold's share price closed at C\$3.010 and US\$2.820 on the TSX and NYSE, respectively.

The above analysis indicates that the Scheme has been well received by the market albeit that the increase may also be attributable to factors other than the Scheme.

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To provide further analysis of the market prices for a B2Gold share, we have also considered the weighted average market price for 10 and 27 day periods subsequent to the announcement on 3 June 2014.

	10-Jul-14	10 Days	27 Days
<b>TSX (C\$)</b>			
Closing price	\$3.010		
VWAP		\$3.058	\$2.948
<b>NYSE (US\$)</b>			
Closing price	\$2.820		
VWAP		\$2.866	\$2.748

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in B2Gold shares for the 27 trading days to 10 July 2014 is set out below:

	Share price low		Share price high		Cumulative volume traded		As a % of Issued capital	
	TSX (C\$)	NYSE (US\$)	TSX (C\$)	NYSE (US\$)	TSX	NYSE	TSX	NYSE
1 Day	\$3.000	\$2.810	\$3.170	\$2.970	6,483,995	1,500,115	0.96%	0.22%
10 Days	\$2.930	\$2.750	\$3.170	\$2.970	31,829,617	12,531,349	4.69%	1.85%
27 Days	\$2.490	\$2.280	\$3.250	\$3.030	140,221,073	38,413,578	20.66%	5.66%

Source: Bloomberg, BDO analysis

Our analysis of the quoted market price of B2Gold indicates that it has increased following the announcement of the Scheme. This is particularly evidenced by the range of B2Gold's share price as well as volume weighted average prices of B2Gold following the announcement of the Scheme. This indicates that the market has priced the Scheme to be value accretive. The accretion of value that has resulted following the announcement of the Scheme provides an opportunity for existing Papillon shareholders to realise an immediate gain in value above the value that we have derived in our assessment of fairness.

### 14.3.3 Change in jurisdiction

If the Scheme is approved, Shareholders will become shareholders in B2Gold. Shareholders will be exposed to differences between applicable corporations and securities laws. Papillon is incorporated in Australia and B2Gold is incorporated in British Columbia, Canada. Following the implementation of the Scheme, the rights of Shareholders who receive new B2Gold shares will be governed by British Columbian law (in particular, British Columbia Business Corporations Act ('BCBCA') and B2Gold's articles of incorporation.

B2Gold, as a company incorporated in British Columbia, will not be subject to all of the provisions of the Corporations Act to which Papillon is currently subject to, which Shareholders are familiar. Whilst the Canadian provisions are broadly similar to the provisions of the Corporations Act, some Shareholders may not be familiar with the Canadian provisions to which B2Gold will be subject. A summary of differences of

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the rights of Shareholders between holdings shares in a company incorporated under the Corporations Act and the BCBCA is set out in Annexure 3 of the Scheme Booklet.

#### **14.3.4 Comparable shareholder protection and regulations**

Canadian and Australian takeovers laws are broadly similar with a 20% shareholding threshold triggering the requirement for a takeover bid in both countries and the benchmark for compulsory acquisition being 90%. We do not consider this to be an advantage or a disadvantage to Shareholders as there will not be a significant impact.

#### **14.3.5 Shareholders' investment profile will change**

The Proposed Merged Entity may be subject to a number of risks that Papillon is not currently exposed to. Therefore, Shareholders' investment profile of their investment will change. This may include differences between the operational profile, capital structure, size, share liquidity and geographic exposure between Papillon prior to the implementation of the Scheme and the Proposed Merged Entity.

#### **14.3.6 Tax implications**

Shareholders are directed to the Scheme Booklet for a more detailed explanation of the tax implications of the Scheme for Shareholders. We emphasise that the tax circumstances of each shareholder can differ significantly and individual shareholders are advised to obtain their own specific advice.

### **15. Conclusion**

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Scheme is fair and reasonable and in the best interests of the Shareholders of Papillon.

### **16. Sources of information**

This report has been based on the following information:

- draft Scheme Booklet on or about the date of our Report;
- audited financial statements of Papillon for the year ended 30 June 2013, the six months ended 31 December 2013;
- reviewed financial statements of Papillon for the three months ended 31 March 2014;
- audited financial statements of B2Gold for the years ended 31 December 2013 and 31 December 2012;
- Unaudited financial statements of B2Gold for the three months ended 31 March 2014;
- Independent Technical Specialist Valuation of the mineral assets of Papillon and B2Gold dated on or about the date of our Report performed by Snowden;
- Share registry information of Papillon and B2Gold;
- Information in the public domain; and
- Discussions with Directors and Management of Papillon and B2Gold.



## 17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$95,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Papillon in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Papillon, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Papillon and B2Gold and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Papillon and B2Gold and their respective associates.

A draft of this report was provided to Papillon and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

## 18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.



Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 15 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 19. Disclaimers and consents

This report has been prepared at the request of Papillon for inclusion in the Scheme Booklet which will be sent to all Papillon Shareholders. Papillon engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed merger of Papillon and B2Gold on the basis of the issue of 0.661 B2Gold shares for every one Papillon share held.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to B2Gold. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Papillon and B2Gold and their advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. BDO Corporate Finance (WA) Pty Ltd disclaims any possible liability in respect of these forecasts. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Papillon, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Papillon and B2Gold.

The independent technical specialist engaged for the mineral asset valuation, Snowden, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have



received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**

A handwritten signature in black ink, appearing to read "Sherif Andrawes".

**Sherif Andrawes**  
Director

A handwritten signature in blue ink, appearing to read "Adam Myers".

**Adam Myers**  
Director

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## Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act
Alray	Alray Investments Inc
AMT	Advanced (Minimum Tax)
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Asanko	Asanko Gold Inc
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
A\$	Australian dollar
B2Gold	B2Gold Corp.
B2Gold's Other Exploration Assets	B2Gold's early stage exploration interest as defined in section 6.2 of our Report. B2Gold's Other Exploration assets have been included at cost in our sum-of-parts value of the Proposed Merged Entity.
B2Gold Models	The La Libertad Mine Model, the Limon Mine Model, the Masbate Mine Model and the Otjikoto Mine Model referred to collectively
B2Gold's Operating Assets	The La Libertad Mine, the Limon Mine, the Masbate Mine and the Otjikoto Mine referred to collectively
B2Gold Forecasts	The La Libertad Mine Forecasts, Limon Mine Forecast, Masbate Mine Forecasts and Otjikoto Mine Forecasts collectively
BCBCA	British Columbia Corporations Act
BDO	BDO Corporate Finance (WA) Pty Ltd
Calibre	Calibre Mining Corp
CAPM	Capital asset pricing model
Cancellation Consideration	B2Gold proposition to issue B2Gold shares as consideration for the cancellation of the options based on the in-the-money amount of such Papillon options with reference to the 20 day volume weighted average price VWAP of B2Gold shares on 2 June 2014
The Company	Papillon Resources Limited



Reference	Definition
Convertible Notes	Convertible senior subordinated debt secured by B2Gold of aggregate principal value of \$258.75 million
Credit Facility	Fully underwritten \$200 million revolving credit facility secured by B2Gold
C\$	Canadian dollar
DCF	Discounted Future Cash Flows
Desminic	Desarrollo Minero de Nicaragua S.A.
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EVI	EVI Gold Pty Ltd
FIRB	Foreign Investment Review Board
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FRC	Filminera Resources Corporation
FSG	Financial Services Guide
GAMS	GAMS-Mining F&I Ltd
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Kalgoorlie Mining	Kalgoorlie Mining Company Limited
IMISA	A corporation formed by La Libertad workers
Independent Technical Specialist Valuation Report	An independent technical specialist valuation report prepared of the mineral assets of Papillon and B2Gold by Snowden dated 2 November 2012
La Libertad Mine	The La Libertad operating mine located 178 kilometres east of the Nicaraguan capital of Managua.
La Libertad Mine Model	The La Libertad Mine Model depicts La Libertad Mine Forecasts of real, after-tax cash flows over the life of mine on an annual basis
La Libertad Mine Forecasts	The future cash flows expected from operating and producing at the La Libertad Mine
Limon Mine	The Limon operating mine located in north-western Nicaragua approximately 100 kilometres north of Managua and 20 kilometres from the Pan-American Highway.



Reference	Definition
Limon Mine Model	The Limon Mine Model depicts Limon Mine Forecasts of real, after-tax cash flows over the life of mine on an annual basis
Limon Mine Forecasts	The future cash flows expected from operating and producing at the Limon Mine
Masbate Mine	Masbate operating mine
Masbate Mine Model	A cash flow model prepared to reflect future cash flows expected from the life of mine of the Masbate Mine
Masbate Mine Forecasts	The future cash flows expected from operating and producing at the Masbate Mine
Otjikoto Mine	Otjikoto mine which is currently under construction
Otjikoto Mine Model	A cash flow model prepared to reflect future cash flows expected from the life of mine of the Otjikoto Mine
Otjikoto Mine Forecasts	The future cash flows expected from operating and producing at the Otjikoto Mine
Merger Implementation Agreement	The merger implementation agreement between Papillon Resources Limited and B2Gold Corp. dated 3 June 2014
Ménankoto	Ménankoto Sud tenement located in Mali west
Mtpa	Million tonnes per annum
Mozs	Million ounces
NAV	Net Asset Value
NI	National Instrument
Norton	Norton Gold Fields Limited
NYSE	NYSE MKT LLC
Our Report	This Independent Expert's Report prepared by BDO
Papillon	Papillon Resources Limited
Papillon's Other Exploration Assets	Papillon's exploration tenements (excluding the Fekola project) as outlined in section 5.1 of our Report
PGPRC	Philippine Gold Processing and Refining Corp.
PMI	PMI Gold Corporation
Pretium	Pretium Resources Inc
Primavera JV	Primavera Gold-Copper Porphyry Project



Reference	Definition
Proposed Merged Entity	The combined entity of Papillon Resources Limited and B2Gold Corp. following the implementation of the Scheme
Regulations	The Corporations Act Regulations
QMP	Quoted market price basis
RG60	Schemes of Arrangements (March 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RTG	RTG Mining Inc.
The Scheme	The proposed merger of B2Gold and Papillon implemented by way of a scheme of arrangement
Scheme Booklet	The booklet issued in relation to the Scheme to be sent to all shareholders of Papillon in order to assist them in their decision as to whether to approve the Scheme
Section 411	Section 411 of the Corporations Act 2001 Cth
Shareholders	Shareholders of Papillon Resources Limited
Sierra	Sierra Mining Limited
Songhoi	Songhoi Resources SARL
Snowden	Snowden Mining Industry Consultants Pty Ltd
Triton	Triton Minera S.A.
TSX	Toronto Stock Exchange
The Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
US\$	United States Dollar
VAT	Value Added Tax
VWAP	Volume Weighted Average Price
WACC	Weighted average cost of capital
Zoom Minerals	Zoom Mineral Holdings Inc

## Appendix 2 - Valuation Methodologies

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Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.



### **3 Capitalisation of future maintainable earnings ('FME')**

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

### **4 Discounted future cash flows ('DCF')**

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

### **5 Market Based Assessment**

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



## Appendix 3 - Discount Rate

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ('CAPM') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' weighted average cost of capital ('WACC') the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

We have determined the discount rates relevant to each of the La Libertad, Otjikoto, Masbate and Otjikoto projects. In alignment with the purpose of this report, we have determined that the discount rate applied to each of the aforementioned projects we have determined that the discount rate should reflect the financial return an investor in Canada would require in order to invest in it.

### Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

#### CAPM

$$K_e = R_f + B \times (R_m - R_f)$$

Where:

$K_e$	= expected equity investment return or cost of equity in nominal terms
$R_f$	= risk free rate of return
$R_m$	= expected market return
$R_m - R_f$	= market risk premium
$B$	= equity beta

The individual components of CAPM are discussed below.

### Risk Free Rate ( $R_f$ )

The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received. Having regard to the period of operations for B2Gold's projects, we have adopted 10-year Canadian Government bond rate of 2.24% as at 30 June 2014 as a proxy for the risk free rate.

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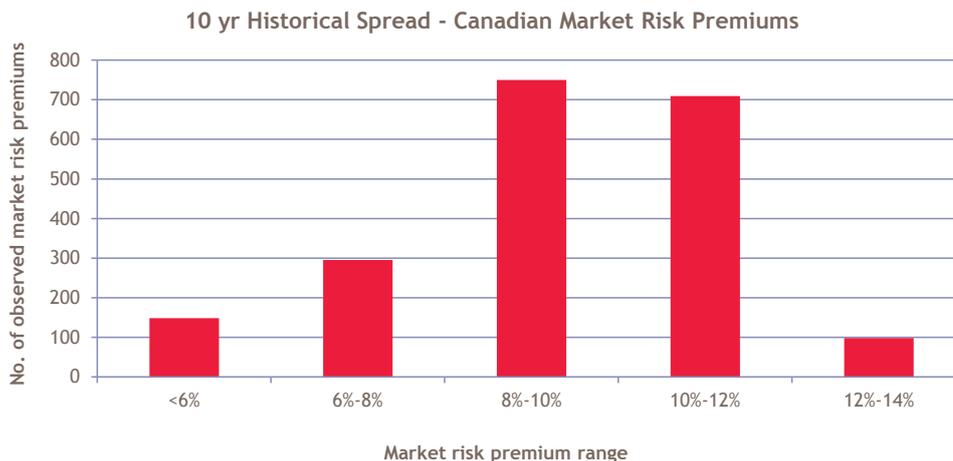


### Market Risk Premium ( $R_m - R_f$ )

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice.

We have noted that the current market risk premium in Canada is approximately 8.37%. This has been sourced from Bloomberg. The market risk premium is derived on the basis of capital weighted average return of all members of the S&P/Toronto Stock Exchange composite index minus the risk free rate which is dependent on the ten year Canadian government bond rates.

In order to determine an appropriate range for the market risk premium in Canada we analysed historical data. Our sample of data included daily historical market risk premiums in Canada over the past eight years. Our research indicated the market risk premium Canada had ranged from a low of 4.28% to a high of 13.38%. The mean and median market risk premium in Canada is 9.21% and 9.47% respectively.



Source: Bloomberg and BDO analysis

The graph above describes the frequency of observations of the Canadian market risk premium over the past 10 years. The graph indicates that a high proportion of the sample data for Canadian market risk premiums lies in the range of 8% to 12%. Having considered the aforementioned mean and median statistics, we have adopted a market risk premium in Canada of 8% to 10%.

### Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole. A beta greater than one implies that an investment's return will outperform the market's average return in a rising market and underperform the market's average return in a falling market. On the other hand, a beta less than one implies that the business' performance compared to that of a business whose beta is greater than one will provide an inverse relationship in terms of the market's average return.

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Equity betas are normally either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and hence derived from the historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors which make the operating risk of the investment project greater or less risky than comparable listed companies when assessing the equity beta for an investment project.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. Thus, a more valid analysis of betas can be achieved by 'ungearing' the equity beta ( $\beta_a$ ) by applying the following formula:

$$\beta_a = B / (1 + (D/E \times (1-t)))$$

In order to assess the appropriate equity beta for B2Gold's projects we have also had regard to the equity betas of listed companies involved in similar activities in similar industry sectors. The geared betas below have been calculated using weekly data over a five-year period.

#### *B2Gold's La Libertad and Limon Project*

Company	Market Capitalisation (C\$m)	Geared Beta (B)	Gross Debt/Equity (%)	Ungear Beta ( $\beta_a$ )
New Gold, Inc.	3,493.64	0.93	32%	0.76
Primero Mining Corp.	1,315.40	0.93	12%	0.86
Detour Gold Corporation	2,332.03	0.92	27%	0.77
Alamos Gold Inc.	1,351.03	0.88	0%	0.88
IAMGOLD Corp.	1,666.55	0.84	22%	0.73
Endeavour Mining Corporation	343.99	0.88	37%	0.70
Osisko Mining Corporation	3,733.84	0.91	18%	0.81
AuRico Gold Inc.	1,161.36	0.85	28%	0.71
<b>Mean</b>	<b>1,924.73</b>	<b>0.89</b>	<b>22%</b>	<b>0.78</b>
<b>Median</b>	<b>1,508.79</b>	<b>0.89</b>	<b>25%</b>	<b>0.76</b>

Source: S&P Capital IQ and BDO analysis



#### Masbate Project

Company	Market Capitalisation (C\$m)	Geared Beta (B)	Gross Debt/Equity (%)	Ungeared Beta (Ba)
Besra Gold Inc.	14.99	1.03	107.1%	0.59
Centerra Gold Inc.	1,340.41	0.75	5.2%	0.72
OceanaGold Corporation	984.50	1.36	25.5%	1.15
<b>Mean</b>	779.97	1.04	46%	<b>0.82</b>
<b>Median</b>	984.50	1.03	26%	<b>0.72</b>
<b>Weighted Average</b>				<b>0.90</b>

Source: S&P Capital IQ and BDO analysis

#### Otjikoto Project

Company	Market Capitalisation (\$)	Geared Beta (B)	Gross Debt/Equity (%)	Ungeared Beta (Ba)
Caledonia Mining Corporation	47.96	0.81	0.0%	0.81
IAMGOLD Corp.	1,666.55	0.84	22.2%	0.73
MDN Inc.	6.01	0.98	0.0%	0.98
Orezone Gold Corporation	82.38	0.84	0.0%	0.84
Perseus Mining Limited	-	1.42	0.0%	1.42
PMI Gold Corporation	201.11	1.05	0.0%	1.05
Rockgate Capital Corp.	33.90	1.19	0.0%	1.19
SEMAFO Inc.	1,365.93	0.99	0.0%	0.99
Tanzanian Royalty Exploration Corp.	246.68	0.64	0.0%	0.64
Teranga Gold Corporation	258.35	0.66	7.6%	0.63
<b>Mean</b>	390.89	0.94	3%	<b>0.93</b>
<b>Median</b>	201.11	0.91	0%	<b>0.91</b>

Source: S&P Capital IQ and BDO analysis



### Selected Beta (B)

In selecting an appropriate beta for B2Gold's projects, we have considered the similarities between the projects and the comparable companies selected above. The comparable similarities and differences noted are:

- the comparable companies' mining and exploration assets have varying risk profiles depending on the maturity of the assets and the stages of production;
- several companies having been producing for a considerable time period;
- several comparable companies are still in the prefeasibility and evaluation stage; and
- several companies above have been the subject of significant corporation actions.

Having regard to the above we consider that an appropriate ungeared beta to apply to B2Gold's projects as reflected in the table below:

Project	Ungeared beta range	Gearred beta range
La Libertad & Limon	0.75-0.85	1.17-1.33
Masbate	0.75-0.85	1.17-1.33
Otjikoto	0.90-1.10	1.40-1.70

We have regearred the project beta for La Libertad, Limon, Masbate and Otjikoto having regard to an optimal debt to equity funding structure for the industry. We have assumed a debt to equity funding structure of 80% based on the average reflected from our analysis of 57 gold producing companies listed on the TSX.

### Cost of Equity

On this basis we have assessed the cost of equity to be:

Input	La Libertad & Limon		Masbate		Otjikoto	
	Low	High	Low	High	Low	High
Risk free rate of return	2.24%	2.24%	2.24%	2.24%	2.24%	2.24%
Equity market risk premium	8.00%	10.00%	8.00%	10.00%	8.00%	10.00%
Gearred Beta	1.17	1.33	1.17	1.33	1.40	1.70
<b>Cost of Equity</b>	<b>11.60%</b>	<b>15.50%</b>	<b>11.60%</b>	<b>15.50%</b>	<b>13.47%</b>	<b>19.40%</b>

### Weighted Average Cost of Capital

The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds. Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

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In calculating WACC there are a number of different formulae which are based on the definition of cash flows (i.e., pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation. The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table.

#### CAPM

$$\text{WACC} = \frac{E}{E+D} K_e + \frac{D}{D+E} K_d (1-t)$$

Where:

- $K_e$  = expected return or discount rate on equity
- $K_d$  = interest rate on debt (pre-tax)
- T = corporate tax rate
- E = market value of equity
- D = market value of debt
- (1- t) = tax adjustment

#### Gearing

Before WACC can be determined, the proportion of funding provided by debt and equity (i.e., gearing ratio) must be determined. The gearing ratio adopted should represent the level of debt that the asset can reasonably sustain (i.e., the higher the expected volatility of cash flows, the lower the debt levels which can be supported). The optimum level of gearing will differentiate between assets and will include:

- the variability in earnings streams;
- working capital requirements;
- the level of investment in tangible assets; and
- the nature and risk profile of the tangible assets.

As described earlier, we have regard beta having regard to an optimal debt to equity funding structure for the industry. We have applied a cost of debt of 3.5% which is reflective of the interest rates applicable to B2Gold's Convertible Notes and Credit Facility.

#### Calculation of WACC

Input	La Libertad & Limon		Masbate		Otjikoto	
	Low	High	Low	High	Low	High
Cost of Equity	11.60%	15.50%	11.60%	15.50%	13.47%	19.40%
Cost of Debt	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Proportion of Equity (E/(E+D))	55.56%	55.56%	55.56%	55.56%	55.56%	55.56%
Proportion of Debt (D/(D+E))	44.44%	44.44%	44.44%	44.44%	44.44%	44.44%
WACC	7.53%	9.70%	7.53%	9.70%	8.57%	11.87%

Based on the above inputs we have calculated a WACC of 8.5% for the La Libertad, Limon and Masbate projects. We have also determined that an appropriate WACC for the Otjikoto Project is 10.0%.

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Comparable TSX Company - La Libertad & Limon	Description
New Gold, Inc.	New Gold Inc., a gold mining company, is engaged in the acquisition, exploration, development, and operation of mineral properties. It primarily explores for gold, silver, and copper deposits. The company's operating properties include a 100% interest in the Mesquite gold mine in California; the Cerro San Pedro gold-silver mine in the state of San Luis Potosí in central Mexico; the New Afton gold-copper mine in British Columbia, Canada; and the Peak gold-copper mines in New South Wales, Australia. It also has exploration and development projects, including a 100% interest in the Blackwater gold project in central British Columbia, Canada; a 30% interest in the El Morro gold-copper development project in the Atacama Region, Chile; and a 100% interest in the Rainy River gold project in Ontario, Canada. The company was formerly known as DRC Resources Corporation and changed its name to New Gold Inc. in June 2005. New Gold Inc. was founded in 1980 and is headquartered in Vancouver, Canada.
Primero Mining Corp.	Primero Mining Corp., a precious metals producer, is engaged in the acquisition, exploration, development, and production of precious metal properties in Canada and Mexico. The company explores for gold and silver. It owns interest in the San Dimas Mine, which is located in Mexico's San Dimas district; and the Black Fox Complex that is located in the Timmins Mining District in Ontario, Canada. The company also holds interest in the Ventanas Property located in Durango state, Mexico; and the Cerro del Gallo Project located in Guanajuato state, Mexico. The company was formerly known as Mala Noche Resources Corp. and changed its name to Primero Mining Corp. in August 2010. Primero Mining Corp. is headquartered in Vancouver, Canada.
Detour Gold Corporation	Detour Gold Corporation, a gold mining company, is engaged in the acquisition, exploration, development, and operation of mineral properties in Canada. The company's primary asset is the Detour Lake mine located in Northeastern Ontario. Its property consists of a contiguous block of unpatented mining claims, mining leases, and patented claims in the District of Cochrane, as well as a group of claims located in Massicotte Township, Québec. Detour Gold Corporation was founded in 2006 and is headquartered in Toronto, Canada.
Alamos Gold Inc.	Alamos Gold Inc. is engaged in the acquisition, exploration, development, and extraction of precious metals, primarily gold. It owns and operates the Mulatos mine and holds the mineral rights to the Salamandra group of concessions in the State of Sonora, Mexico. The company also owns the Ağı Dağı, Kirazlı, and Çamyurt gold development projects in Turkey. In addition, it holds 100% interest in the Esperanza Gold Project in the state of Morelos, Mexico, as well as an option to acquire a 100% interest in the Quartz Mountain Gold Project in Oregon. Alamos Gold Inc. was founded in 1994 and is headquartered in Toronto, Canada.
IAMGOLD Corp.	IAMGOLD Corporation explores, develops, and operates gold mining properties. The company also explores for silver, niobium, and copper deposits. It holds interests in six gold mines, and three niobium mine, as well as exploration and development projects located in Africa, South America, and Canada. The company was incorporated in 1990 and is headquartered in Toronto, Canada.



Comparable TSX Company - La Libertad & Limon	Description
<p>Endeavour Mining Corporation</p>	<p>Endeavour Mining Corporation is engaged in the mining, extraction, production, and sale of gold in West Africa. It owns the Nzema Gold Mine in Ghana, the Youga Gold Mine in Burkina Faso, the Tabakoto Gold Mine in Mali, and the Agbaou Gold Mine in Côte d'Ivoire. The company's principal development project is Houndé project in Burkina Faso. It also has an exploration portfolio in regions of Burkina Faso, Côte d'Ivoire, Mali, and Ghana with a land package totaling approximately 6,529 square kilometers. The company was formerly known as Endeavour Financial Corporation and changed its name to Endeavour Mining Corporation in September 2010. Endeavour Mining Corporation was incorporated in 2002 and is headquartered in Vancouver, Canada.</p>
<p>Osisko Mining Corporation</p>	<p>Osisko Mining Corporation is engaged in acquiring, exploring, developing, and mining gold properties in the Americas. Its principal property includes the Canadian Malartic Mine located in the town of Malartic, Quebec. The company was formerly known as Osisko Exploration Ltée and changed its name to Osisko Mining Corporation in May 2008. Osisko Mining Corporation was incorporated in 1982 and is headquartered in Montreal, Canada. As of June 16, 2014, Osisko Mining Corporation operates as a subsidiary of Agnico Eagle Mines Limited and Yamana Gold, Inc.</p>
<p>AuRico Gold Inc.</p>	<p>AuRico Gold Inc. operates as a gold producer with mines and projects in North America. The company's core operations include the Young-Davidson gold mine consisting of contiguous mineral leases and claims totaling 11,000 acres located in Northern Ontario, Canada; and the El Chanate mine comprising 22 mineral concessions that covers an area of approximately 4,618 hectares and is located in Sonora State, Mexico. Its project pipeline also includes exploration and production opportunities comprising the Kemess underground project, a gold-copper deposit in northern British Columbia, Canada; and a 50% joint venture interest in the Orion project in Nayarit, Mexico. The company was formerly known as Gammon Gold Inc. and changed its name to AuRico Gold Inc. in June 2011. AuRico Gold Inc. was founded in 1986 and is headquartered in Toronto, Canada.</p>
<p>New Gold, Inc.</p>	<p>New Gold Inc., a gold mining company, is engaged in the acquisition, exploration, development, and operation of mineral properties. It primarily explores for gold, silver, and copper deposits. The company's operating properties include a 100% interest in the Mesquite gold mine in California; the Cerro San Pedro gold-silver mine in the state of San Luis Potosí in central Mexico; the New Afton gold-copper mine in British Columbia, Canada; and the Peak gold-copper mines in New South Wales, Australia. It also has exploration and development projects, including a 100% interest in the Blackwater gold project in central British Columbia, Canada; a 30% interest in the El Morro gold-copper development project in the Atacama Region, Chile; and a 100% interest in the Rainy River gold project in Ontario, Canada. The company was formerly known as DRC Resources Corporation and changed its name to New Gold Inc. in June 2005. New Gold Inc. was founded in 1980 and is headquartered in Vancouver, Canada.</p>

Source: Capital IQ

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Comparable TSX Company - Masbate	Description
Besra Gold Inc.	Besra Gold Inc. is engaged in the exploration, development, and mining of mineral properties in South East Asia. The company produces and sells primarily gold and by-products, such as silver. Its principal properties include the Bau Goldfield in East Malaysia; Bong Mieu and Phuoc Son gold properties in Central Vietnam; and Capcapo gold property in the Philippines. The company was formerly known as Olympus Pacific Minerals Inc. and changed its name to Besra Gold Inc. in November 2012. Besra Gold Inc. was founded in 1951 and is based in Toronto, Canada.
Centerra Gold Inc	Centerra Gold Inc., a gold mining and exploration company, engages in the acquisition, exploration, development, and operation of gold properties in Asia, the former Soviet Union, and internationally. It holds 100% interests in two producing gold mines, including the Kumtor mine in the Kyrgyz Republic; and the Boroo mine in Mongolia, as well as a 100% interest in the development property consisting of the Gatsuurt exploration property in Mongolia. The company also has interests in various exploration properties comprising the Öksüt project in Turkey; the ATO and Ulaan Bulag properties in Mongolia; and the Kara Beldyr and Dvoynoy properties in Russia. Centerra Gold Inc. was founded in 1992 and is headquartered in Toronto, Canada.
OceanaGold Corporation	OceanaGold Corporation explores, develops, and operates gold and other mineral properties. The company holds an interest in the Didipio gold-copper project in the Philippines. It also has interests in the Macraes open pit, Frasers underground, and Reefton open pit mines located on the South Island of New Zealand; and exploration leases in New South Wales, Australia. The company is headquartered in Melbourne, Australia.

Source: Capital IQ



Comparable TSX Company - Ottjikota	Description
Caledonia Mining Corporation	Caledonia Mining Corporation is engaged in the acquisition, exploration, and development of mineral properties primarily in South Africa. The company explores for gold, silver, base, and precious metals. It primarily holds 49% interest in the Blanket mine, a gold mine located in south-western Zimbabwe. The company was founded in 1992 and is headquartered in Toronto, Canada.
IAMGOLD Corp.	IAMGOLD Corporation explores, develops, and operates gold mining properties. The company also explores for silver, niobium, and copper deposits. It holds interests in six gold mines, and three niobium mine, as well as exploration and development projects located in Africa, South America, and Canada. The company was incorporated in 1990 and is headquartered in Toronto, Canada.
MDN Inc.	MDN Inc. is engaged in the acquisition, exploration, and development of mining properties in Tanzania and Canada. The company holds interests in Simba, Ikungu, Ikungu East, and Nikonga projects totaling 473 square kilometers located in Tanzania, East Africam. It also has interests in the Des Méloizes project in the Normetal area; Le Tac, Lac Shortt, and Lespérance projects in the Chibougamau area; Isle-Dieu project in the Matagami area; and Crevier project in the Lac St-Jean region of Québec. The company was formerly known as Northern Mining Explorations Ltd. and changed its name to MDN Inc. in May 2007. MDN Inc. was founded in 1954 and is headquartered in Montreal, Canada.
Orezone Gold Corporation	Orezone Gold Corporation is engaged in the investigation, acquisition, exploration, and development of gold properties in Burkina Faso, West Africa. It primarily owns 100% interest in the Bomboré gold project that covers an area of 168 square kilometers in the Ganzourgou province; and the Bondi project, which covers an area of 168 square kilometers in Burkina Faso. Orezone Gold Corporation is headquartered in Ottawa, Canada.
Perseus Mining Limited	Perseus Mining Limited is engaged in the exploration, evaluation, development, and mining of gold properties in West Africa. Its principal projects include the Edikan Gold Mine that covers an area of approximately 650 square kilometers located in the Republic of Ghana; and the Sissingué Gold Project, which covers an area of 885 square kilometers located in the north of Côte d'Ivoire. The company was incorporated in 2003 and is based in Subiaco, Australia.
PMI Gold Corporation	PMI Gold Corporation, a junior gold exploration company, together with its subsidiaries, acquires, explores for, and develops mineral properties in Ghana, West Africa. It controls approximately 580 square kilometers of gold exploration concessions and mining leases in the Golden Triangle area of Ghana. The company's principal properties include the Obotan gold project that comprise the Nkran, Adubiaso, Abore, and Asuadai deposits located in the Asankrangwa Gold Belt region; and the Kubi gold project comprising 2 mining leases that cover a total of 19.34 km <sup>2</sup> and prospecting licenses



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Comparable TSX Company - Ottjikota	Description
	covering 32.83 km <sup>2</sup> located in the Adansi South District of the Ashanti Region of Ghana. PMI Gold Corporation is headquartered in Vancouver, Canada. As of February 6, 2014, PMI Gold Corporation operates as a subsidiary of Asanko Gold Inc.
Rockgate Capital Corp.	Rockgate Capital Corp., an exploration stage company, engages in the acquisition, exploration, and development of mineral properties in West Africa. It primarily explores for uranium, silver, copper, and gold. The company owns a 100% interest in the Falea uranium-silver-copper property covering an area of approximately 267 square kilometers located in southwestern Mali. It also owns interests in various properties, including the Manalo/Mansaya and Balandougou mineral properties, as well as a 51% interest in the Ixtapan gold property located in southwestern Mali; and the Telwa Gada property situated in Niger. Rockgate Capital Corp. is headquartered in Vancouver, Canada. As of December 6, 2013, Rockgate Capital Corp. operates as a subsidiary of Denison Mines Corp.
SEMAFO Inc.	SEMAFO Inc. operates as a mining company with gold production and exploration activities in West Africa. It operates the Mana Mine in Burkina Faso, which includes the satellite deposits of Siou and Fofina. The company was formerly known as West Africa Mining Exploration Corporation Inc. and changed its name to SEMAFO Inc. in May 1997. SEMAFO Inc. was founded in 1994 and is headquartered in Saint-Laurent, Canada.
Tanzanian Royalty Exploration Corp.	Tanzanian Royalty Exploration Corporation, a mineral resource company, engages in the acquisition and exploration of natural resource properties. The company primarily explores for gold or other precious metals. It holds a 55% interest in the Buckreef project located in the Mwanza provincial district; and interests in the Kigosi project located in the Kigosi Game Reserve controlled area, the Lunguya property located in the Kahama district, the Itetemia property located in the Mwanza region of the Lake Victoria Greenstone region, the Luhala property located in Misungwi district of Mwanza region, and 75% interests in the Kabanga project located in the Kibaran Fold belt of the United Republic of Tanzania, Africa. The company was formerly known as Tan Range Exploration Corporation and changed its name to Tanzanian Royalty Exploration Corporation in February 2006. Tanzanian Royalty Exploration Corporation was founded in 1990 and is based in South Surrey, Canada.

Source: Capital IQ



## APPENDIX 4 - Resource Multiples

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Appendix 4 of this Report is set out as follows:

- Section 4.A sets out our producing trading multiples analysis
- Section 4.B sets out our producing transaction multiples analysis.

### 4.A Trading Multiples Analysis

We have had regard to the enterprise value to total JORC reserves and resources trading multiples when considering the value of producing companies in our Report.

The multiples referred to in our Report relate to multiples calculated for broadly comparable companies whose value can be estimated having regard to exchange traded securities and publicly available information.

#### 4.A.1 Methodology Used to Calculate Trading Multiples

The methodology that we adopted to complete our comparable trading multiples analysis includes the following work:

- Identify Australian gold producing companies that are listed and have operations outside Australia and primarily in the developing world
- Identify Canadian gold producing companies that are listed and have operations outside Canada and primarily in the developing world
- Collect information about total reserves and resources for each broadly comparable company
- Calculate an enterprise value to total reserves and total resource ratios for each broadly comparable company
- Segment the reserves and resources multiples separately between Australian and Canadian gold producing companies.

The table below sets out the enterprise value as a multiple of reserves and resources for the broadly comparable gold producing companies as at 3 June 2014. We note that reserves and resources of Australian listed companies are generally reported in compliance with the JORC Code and the reserves and resources of Canadian listed companies are generally reported in compliance with NI43-101.

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Implied reserves and resource multiples of broadly comparable Australian gold producing companies

Company	Enterprise Value as at 3-Jun-14 (US\$m)	Mineral reserves (Au) (000's)	EV/Reserves	Mineral resources (incl reserves) (Au)(ounces) (000's)	EV/Resources	Market Capitalisation as at 3-Jun-14(US\$m)	Location of asset
Papillon Resources Limited	546.89	-	-	5,150	106.19	50.71	Mali
Gryphon Minerals Ltd.	25.36	-	-	3,600	7.04	48.24	West Africa
Perseus Mining Limited	156.23	2,925	53.42	11,050	14.14	151.08	West Africa
Middle Island Resources Ltd.	1.01	-	-	117	8.59	2.54	West Africa
Golden Rim Resources Ltd.	7.29	-	-	185	39.43	6.12	West Africa
Azumah Resources Ltd	11.33	2,203	5.14	2,633	4.30	11.21	Ghana
Resolute Mining Limited	491.79	3,730	131.85	11,261	43.67	341.17	Mali
Medusa Mining Limited	382.11	570	670.37	3,917	97.56	303.81	Philippines
OceanaGold Corporation	1,079.21	3,140	343.70	15,180	71.09	732.38	New Zealand and Philippines
Regis Resources Limited	855.30	2,924	292.51	12,886	66.37	652.05	Australia
Evolution Mining Limited	1,296.28	2,383	543.97	7,739	167.50	512.46	Australia
Kingsgate Consolidated Limited	634.86	1,920	330.66	6,940	91.48	147.93	Australia, Chile
Silver Lake Resources Limited	692.70	1,666	415.79	8,111	85.40	156.00	Australia
Tanami Gold NL	86.83	402	215.99	3,626	23.95	15.22	Australia
Focus Minerals Limited	513.88	205	2,506.75	4,038	127.26	93.01	Mali
Minimum			0.00		4.30		
Maximum			670.37		167.50		
Median			173.92		55.02		
Average			214.53		59.05		

Source: Bloomberg, Company annual reports and ASX announcements

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Implied reserves and resource multiples of broadly comparable Canadian gold producing companies

Company	Enterprise Value as at 3-Jun-14 (US\$m)	Mineral reserves (Au)(ounces) (000's)	EV/Reserves	Mineral resources (incl reserves) (Au)(ounces) (000's)	EV/Resources	Market Capitalisation as at 3-Jun-14(US\$m)	Location of asset
BZGold Corp.	2,244.66	5,575	402.63	16,481	136.20	1,589.27	Nicaragua, Philippines
Alacer Gold Corp.	510.09	2,395	212.99	11,395	44.76	617.04	Turkey
Centerra Gold Inc.	672.76	10,168	66.16	19,366	34.74	853.19	China and Mongolia
AuRico Gold Inc.	1,427.77	6,524	218.85	9,480	150.61	856.87	Canada and Mexico
SEMAFO Inc.	1,118.43	2,303	485.75	6,194	180.58	907.86	West Africa
IAMGOLD Corp.	2,151.54	10,127	212.46	39,834	54.01	1,280.42	Quebec, West Africa
New Gold, Inc.	3,863.00	18,538	208.38	50,204	76.95	2,643.15	Australia, Mexico
Kinross Gold Corporation	6,959.56	42,781	162.68	69,010	100.85	4,319.04	United States, Brazil
Alamos Gold Inc.	961.26	2,028	473.88	3,150	305.11	1,055.81	Mexico and Turkey
Eldorado Gold Corp.	5,357.46	27,728	193.21	78,381	68.35	4,137.05	Turkey, China, Brazil
Centamin Plc	1,463.52	8,240	177.61	18,483	79.18	1,212.39	Egypt
Dundee Precious Metals Inc.	703.46	3,319	211.95	9,656	72.85	483.56	Bulgaria and Armenia
Argonaut Gold Inc.	592.17	2,980	198.72	17,623	33.60	497.04	Mexico, Canada
Detour Gold Corporation	2,347.11	15,549	150.95	20,979	111.88	1,512.70	Canada
Agnico Eagle Mines Limited	7,536.83	16,685	451.71	36,460	206.71	5,305.10	Canada
Minimum			66.16		33.60		
Maximum			485.75		305.11		
Median			211.95		79.18		
Average			255.20		110.43		

Source: Bloomberg, Company annual reports and ASX announcements



#### 4.B Transaction multiples analysis

We have had regard to the deal value to total JORC and NI43-101 compliant resources transaction multiple when considering the value of gold producing companies in our Report.

The transaction multiples calculated in our Report have been estimated from transactions where adequate information on the transaction has been disclosed to calculate relevant multiples.

The methodology that we have adopted to complete our comparable transaction multiple analysis includes the following:

- Identify transactions over the period of 30 June 2011 to 30 June 2014 involving the purchase of gold assets which we consider to be broadly comparable to Papillon and B2Gold
- Collection information for each broadly comparable transaction on the following:
  - Deal value
  - Total resources
- Calculate a deal value to total resources ratio for each broadly comparable transaction.

The table below sets out the enterprise value to resource multiples for broadly comparable merger and acquisition transactions we have identified from 30 June 2011 to 30 June 2014.



#### Implied resource multiples of comparable Australian transactions

Bidder	Target	Date Announced	Deal Enterprise Value (A\$'000)	Percentage Interest Acquired	Attributable Resources (Koz)	Adjusted Resources for percentage acquired (Koz)	EV/Resource
Asanko Gold Inc	PMI Gold Corp	17/12/2013	211,860	100%	4510	4510	46.98
Centamin PLC	Ampella Mining Ltd	10/12/2013	34,170	100%	3250	3250	10.51
BCX Gold Investment Holdings Ltd	Gold One International Ltd	9/12/2013	42,520	10%	16250	1620	26.24
Eldorado Gold Corp	Glory Resources Ltd	31/10/2013	30,520	80.10%	2640	2115	14.43
Southern Cross Goldfields Ltd	Polymetals Mining Ltd	8/04/2013	14,300	100%	608	608	23.52
Troy Resources Ltd	Azimuth Resources Ltd	28/03/2013	207,450	100%	1650	1650	125.73
Unity Mining Ltd	Cortona Resources Ltd	28/09/2012	20290	100%	560	560	36.23
B2Gold Corp	CGA Mining Ltd	19/09/2012	888510	100%	4660	4660	190.67
Silver Lake Resources Ltd	Integra Mining Ltd	6/08/2012	441990	100%	6600	6600	66.97
St Barbara Ltd	Allied Gold Mining Ltd	29/06/2012	459750	100%	8980	8980	51.20
Metals X Ltd	Westgold Resources Ltd	14/05/2012	37780	73.02%	3900	2848	13.27
LionGold Corp Ltd	Castlemaine Goldfields Ltd	16/04/2012	33640	88.64%	734	651	51.70
Zijin Mining Group Co Ltd	Norton Gold Fields Ltd	3/04/2012	156930	72.17%	4949	3572	43.94
<b>Median</b>							<b>43.94</b>
<b>Average</b>							<b>53.95</b>
<b>Weighted Average</b>							<b>104.94</b>

Source: Bloomberg, Mergermarket, Company Annual Reports and ASX Announcements



#### Implied resource multiples of comparable Canadian transactions

Bidder	Target	Date Announced	Deal Enterprise Value (C\$'000)	Percentage Interest Acquired	Attributable Resources (Koz)	Adjusted Resources for percentage acquired (Koz)	EV/Resource
Asanko Gold Inc	PMI Gold Corp	17/12/2013	199,960	100%	4510	4510	44.34
Primero Mining Corp	Brigus Gold Corp	16/12/2013	361,360	100%	1721	1721	209.97
New Gold Inc	Rainy River Resources Ltd	31/05/2013	238,800	100%	8447	8447	28.27
Hecla Mining Co	Aurizon Mines Ltd	4/03/2013	537,620	100%	2010.3	2010.3	267.43
Osisko Mining Corp	Queenston Mining Inc	12/11/2012	357,150	100%	1306	1306	273.47
B2Gold Corp	CGA Mining Ltd	19/09/2012	907,380	100%	4660	4660	194.72
Western Mining Group Co Ltd	Inter-Citic Minerals Inc	27/08/2012	233,830	100%	4380	4380	53.39
Nord Gold NV	High River Gold Mines Ltd	18/07/2012	293,370	24.94%	621	155	1,894.75
St Barbara Ltd	Allied Gold Mining Ltd	29/06/2012	459,750	100%	8980	8980	51.20
Yamana Gold Inc	Extorre Gold Mines Ltd	18/06/2012	373,590	100%	2409	2409	155.08
IAMGOLD Corp	Trelawney Mining and Exploration Inc	27/04/2012	488,480	100%	7000	7000	69.78
<b>Median</b>							<b>155.08</b>
<b>Average</b>							<b>294.76</b>
<b>Weighted Average</b>							<b>268.13</b>

Source: Bloomberg, Company Annual Reports and ASX Announcements

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The table below sets out a description of the transactions identified above.

*Australian Transactions*

Target	Description
PMI Gold Corp	Asanko Gold Inc. announced that it had entered into a definitive agreement with PMI Gold Corporation to acquire all of the common shares of PMI Gold Corp in which each PMI Gold Corp shareholder will receive 0.21 Asanko common shares for every one share they hold.
Ampella Mining Ltd	Centamin Plc acquired all of the issued and to be issued shares of Ampella Mining Limited through a binding takeover implementation deed. Under the deed, former Ampella Mining Limited shareholders received one new Centamin Plc share for every five Ampella Mining Limited share held.
Gold One International Ltd	BCX Gold Investment Holdings Limited acquired 9.97% Gold One International Limited. At the time of the announcement, BCX Gold Investment Holdings owned 90.03% of Gold One International Limited. Shareholders of Gold One International received A\$0.30 in cash for each share held.
Glory Resources Ltd	Eldorado Gold Corporation acquired all outstanding shares of Glory Resources Limited not already owned or controlled by Eldorado. Under the offer, each shareholder of Glory Resources Limited received \$A0.17 in cash per share.
Polymetals Mining Ltd	Southern Cross Goldfields acquired all the outstanding shares of Polymetals Mining Limited through a scheme of arrangement in which shareholders of Polymetal Mining Limited will receive 11 Southern Cross Goldfields shares for each share held. Southern Cross Goldfields shareholders will collectively hold approximately 47% of the shares in the merged company, while Polymetals Mining Limited shareholders will collectively hold approximately 53%.
Azimuth Resources Ltd	Troy Resources acquired all the outstanding shares of Azimuth Resources Limited through a takeover bid implementation deed. Under the deed, Azimuth Resources Limited shareholders received 1 new Troy shares for every 5.695 Azimuth Resources Limited share held.
Cortona Resources Ltd	Unity Mining Limited announced that it had entered into a scheme implementation arrangement with Cortona Resources Limited to acquire all of the outstanding common shares of Cortona Resources Limited in which Cortona Resources Limited shareholders will receive 0.734 Unity Mining Limited shares for every one share they hold.
CGA Mining Limited	B2G Gold Corp and CGA Mining Limited entered into a definitive merger implementation agreement to combine the two companies at an exchange ratio of 0.74 B2G Gold common shares for each CGA Mining Limited share held. The merger will be implemented by a way of a scheme of arrangement under the Australian Corporation Act 2001.
Allied Gold Mining Ltd	St Barbara Limited acquired all outstanding ordinary share capital of Allied Gold Mining Limited by a way of a Court sanctioned scheme of arrangement. Under the terms, each Allied Gold Mining Limited shareholder received A\$1.025 in cash and 0.8 St Barbara consideration shares for each Allied Gold Mining Limited share held.



Target	Description
Westgold Resources Ltd	Metal X Limited acquired all the remaining shares of Westgold Resources that it does not already own through a merger implementation agreement. Under the agreement, Westgold Resources Limited shareholder received 11 Metals X Limited shares for every 10 Westgold Resources Limited shares held. This resulted in Metals X Limited acquiring 304,638,921 shares of Westgold Resources Limited, being the number of shares it does not already own or control.
Castlemaine Goldfields Ltd	LionGold Corporation Limited acquired 88.64% stake in Castlemaine Goldfields Limited, offering Castlemaine Goldfields Limited shareholders two of its own shares for every nine Castlemaine Goldfields share held. Prior to the acquisition, LionGold had an 11.36% stake in Castlemaine Goldfields Limited.
Norton Gold Fields Ltd	Jinyu (H.K) International Mining Company Limited, a wholly owned subsidiary of Zijin Mining Group Corporation Limited, acquired all of the issued and outstanding common shares of Norton Gold Fields Limited through a plan of arrangement. Under the plan of arrangement, former shareholders of Norton Goldfields Limited were entitled to \$A0.25 in cash for each common share of Norton Gold Fields Limited held.

#### Canadian Transactions

Target	Description
PMI Gold Corp	Asanko Gold Inc. announced that it had entered into a definitive agreement with PMI Gold Corporation to acquire all of the common shares of PMI Gold Corp in which each PMI Gold Corp shareholder will receive 0.21 Asanko common shares for every one share they hold.
Brigus Gold Corp	Primero Mining Corp. announced it had entered into an arrangement agreement to acquire all outstanding common shares of Brigus Gold Corp. for 0.175 of Primero Mining Corp share. In addition; Brigus Gold Corp. shareholders will receive 0.1 of a common share in a newly incorporated company for each Brigus common share pursuant to the arrangement agreement.
Rainy River Resources Ltd	New Gold Inc. announced that it had entered into a definitive acquisition agreement to acquire all of the outstanding common shares of Rainy River .Under the terms of the agreement, New Gold Inc offered each Rainy River Resources Limited shareholder 0.5 common of a common share of New Gold Inc or \$3.88 in cash.
Queenston Mining Inc	Osisko Mining Corp acquired all of the issued and outstanding common shares of Queenston Mining Inc. through a definitive agreement. Under the plan of agreement, former shareholders of Queenston Mining Inc. were entitled to 0.611 of an Osisko Mining Corp share for each share held in Queenston Mining Inc.

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Target	Description
Aurizon Mines Ltd	Hecla Mining Company acquired all outstanding common shares of Aurizon Mine Limited through a definitive arrangement agreement. Under the terms of the agreement, each Aurizon shareholder received \$4.75 in cash or 0.9953 of a Hecla Mining Company share.
CGA Mining Limited	B2G Gold Corp and CGA Mining Limited entered into a definitive merger implementation agreement to combine the two companies at an exchange ratio of 0.74 B2Gold common shares for each CGA Mining Limited share held. The merger will be implemented by a way of a scheme of arrangement under the Australian Corporation Act 2001.
Inter-Citic Minerals Inc	Western Mining Group acquired all outstanding common shares of Inter-Citic Minerals Inc through a definitive agreement. Each Inter-Citic Minerals Inc share was exchanged for \$2.05 per share in cash.
High River Gold Mines Ltd	Nord Gold N.V announced that it acquired all the outstanding shares of High River Gold Mines Ltd not already owned by Norgold N.V and its affiliates. At the time of the announcement, Norgold N.V owned approximately 75 per cent of High River Gold Mines Ltd. Under the offer, Nord Gold N.V offered High River Gold Mines Ltd shareholders 0.285 Nord Gold global depositary receipts for each share held in High River Gold Mines or \$1.40 in cash.
Allied Gold Mining Ltd	St Barbara Limited acquired all outstanding ordinary share capital of Allied Gold Mining Limited by a way of a Court sanctioned scheme of arrangement. Under the terms, each Allied Gold Mining Limited shareholder received A\$1.025 in cash and 0.8 St Barbara consideration shares for each Allied Gold Mining Limited share held.
Extorre Gold Mines Ltd	Yamana Gold Inc. announced that it had entered into a definitive agreement with Extorre Gold Mines Limited whereby Extorre Gold Mines Limited shareholders will receive \$4.26 per share comprised of \$3.50 in cash and 0.0467 of a Yamana common share for each Extorre common share held.
Trelawney Mining and Exploration Inc	IAMGOLD Corp acquired all of the issued and outstanding common shares of Trelawney through a plan of arrangement. Under the plan of arrangement, former shareholders of Trelawney were entitled to \$3.30 in cash for each common share of Trelawney held.

Source: Bloomberg, Company Annual Reports, Company websites and ASX Announcements



## APPENDIX 5 - Independent Technical Assessment and Specialist Valuation Report

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**BDO Corporate Finance (WA) Pty Ltd**  
**Independent Technical Specialist's Report**  
**Project No. AU4435**  
**Valuation of the Mineral Assets**  
**July 2014**

**Final**

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This report has been prepared by Snowden Mining Industry Consultants ('Snowden') on behalf of BDO Corporate Finance (WA) Pty Ltd.

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Issued by: Perth Office  
Doc Ref: 140806\_FINALDRAFT\_AU4435\_BDO\_ITR\_and\_Valuation\_Report Final

Number of copies  
Snowden: 2  
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8 July 2014

Mr Sherif Andrawes

Director  
BDO Corporate Finance (WA) Pty Ltd  
38 Station Street  
Subiaco, WA 6008

Australia

Dear Sherif,

Independent Technical Specialist's Report and mineral asset valuation as at 8 July 2014

BDO Corporate Finance (WA) Pty Ltd ("BDO") has requested Snowden Mining Industry Consultants ("Snowden") complete an Independent Technical Assessment and Valuation report for the mineral assets of B2Gold Corporation ("B2Gold") and Papillon Resources Limited ("Papillon"). Snowden understands this report will be used to support BDO's Independent Expert Report that will be included within a Scheme Booklet to be sent to shareholders of Papillon as part of a proposed transaction whereby B2Gold will acquire all the issued shares of Papillon under a scheme of arrangement ("The Purpose").

Snowden understands that this report will be used exclusively for The Purpose and will not be used for any other purposes or shared with any third parties not related to The Purpose. Currency denominations are noted as Australian dollars (A\$) and United States dollars (US\$) in this report.

The Valuation of the Mineral Asset has been undertaken under the auspices of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2005 edition (the VALMIN Code). The Valuation Date is 8 July 2014 and the Competent Valuer is Mr Craig Morley.

Snowden is an independent firm providing specialist mining industry consultancy services in the fields of geology, exploration, resource estimation, mining engineering, geotechnical engineering, risk assessment, mining information technology and corporate advisory services. The company, which operates from offices in Perth, Brisbane, Johannesburg, Vancouver, Calgary, London and Belo Horizonte (Brazil), has prepared independent technical reviews and mineral asset valuations on a variety of mineral commodities globally since 1987. The Perth office of Snowden, in conjunction with staff from Brisbane, Calgary and Johannesburg, has undertaken the review and mineral asset valuation work for this report.

BDO has advised that the relevant mineral assets held by Papillon and B2Gold are as follows:

Papillon:

- Fekola Project – Mali.

B2Gold:

- Masbate Mine - Philippines
- La Libertad and El Limon Mines - Nicaragua
- Radius JV & Calibre JV - Nicaragua
- Otjikoto Project - Namibia
- Gramalote Project - Colombia
- Mocoa Project - Colombia
- Cebollati Project - Uruguay
- Kiaka Project – Burkina Faso.

The objective of this report is to present an independent expert's review of the Mineral Assets and prepare a Fair Market Mineral Asset Valuation of the projects as at the Valuation Date. Snowden has assessed the value of each project based on standard approaches prescribed in the VALMIN code using a range of valuation methodologies as appropriate to the characteristics of each project. A previous valuation was undertaken by Behre Dolbear Australia in November 2012 (BDA, 2012) and Snowden has included a comparison of the results derived in this report on a project by project basis below.

Neither Snowden nor those involved in the preparation of this report have any material interest in the companies or mineral assets considered in this report. Snowden is remunerated for this report by way of a

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professional fee determined according to a standard schedule of rates which is not contingent on the outcome of this report.

A draft version of this report was provided to BDO, Papillon and B2Gold along with a request to confirm that there are no material errors or any omissions in the report and that the information in the report is factually accurate.

Snowden has endeavoured, by making reasonable enquiry of Papillon and B2Gold to ensure that all material information and documentation has been fully disclosed to Snowden. This report is provided subject to the following qualifications:

- It is assumed that Papillon and B2Gold have made available to Snowden all material information in its possession or known to Papillon and B2Gold in relation to the technical, development and mining aspects of the projects, and that Papillon and B2Gold have not withheld any material information, and that information is accurate and relevant in all material respects.
- It is assumed that all geological reports, Mineral Resource and Ore/Mineral Reserve estimations and other technical documents provided by Papillon and B2Gold correctly and accurately record the result of all geological and other technical activities and test work conducted to date in relation to the relevant mineral tenements and accurately record any advice from relevant technical experts.
- Papillon and B2Gold have good and valid title to all mining titles or other land tenure required by Papillon and B2Gold to explore, develop, mine and operate the projects in the manner proposed, including tenure required for access, transport and infrastructure needs. Snowden has reviewed legal opinion relating to the status of each of the mineral tenements referred to in this report and is satisfied there is good and valid title to each of those tenements and that Papillon or B2Gold (as the case may be) has an interest in each of those tenements as described in this report.
- It is assumed that all necessary governmental and other consents and approvals (including those regarding environmental issues) required to implement the various phases of the projects have been obtained, or will be forthcoming, without any material delay and on terms which will not cause any material change to any mining, exploration or other activities proposed, and which will not cause any material change to the costs of such activities.
- It is assumed that all factual information provided by Papillon and B2Gold as to the projects, or their history, or Papillon and B2Gold future intentions, financial forecasting or the effect of relevant agreements, is correct and accurate in all material respects.
- Snowden has not undertaken an audit of or re-estimated Mineral Resources or Ore/Mineral Reserves but has verified the assumptions and conclusions stated by the Competent Persons responsible and have commented on the reasonableness and validity thereof.

Snowden has made all reasonable enquiries into the material aspects of the project and while Snowden makes no warranty or representation as to the accuracy or completeness of the information provided by Papillon and B2Gold and its advisors, and for information extracted from public sources, Snowden has:

- Made reasonable enquiries and exercised our judgement on the reasonable use of such information.
- Found no reason to doubt the accuracy or reliability of the information.

Snowden advises that this report has been provided for the sole purpose of the proposed transaction and for use by Papillon and B2Gold's independent directors and their advisors in connection with that transaction and may not be used or relied upon for any other purpose.

Snowden has reviewed technical data provided by Papillon and B2Gold up until the Valuation Date and prepared valuations in US\$ and A\$. In Snowden's opinion the Pre-Tax Fair Market Values of:

- Papillon's Fekola Project range from US\$300.07M (A\$318.48M) to US\$566.75M (A\$601.52M) with a Preferred Value of US\$489.63M (A\$519.66M).
- B2Gold's Mineral Assets included in the scope of this report range from US\$355.42M (A\$377.22M) to US\$510.47M (A\$541.78M) with a Preferred Value of US\$434.77M (A\$461.44M).

**Summary of Papillon and B2Gold Valuation as at the Valuation Date\***

	Lower (US\$)	Upper (US\$)	Preferred (US\$)	Lower (A\$)	Upper (A\$)	Preferred (A\$)
<b>Papillon</b>						
Fekola	300.07	566.75	489.63	318.48	601.52	519.66
<b>B2Gold</b>						
Masbate - Resources & Exploration potential only	11.85	13.68	12.77	12.58	14.52	13.55
La Libertad - Resources & Exploration potential only	43.74	62.10	53.75	46.42	65.91	57.05
El Limon - Resources & Exploration potential only	33.14	47.04	40.72	35.17	49.93	43.22
Radius JV	5.10	10.94	8.02	5.42	11.62	8.52
Calibre JV	1.85	6.80	4.32	1.96	7.21	4.59
Otjikoto - Resources & Exploration potential only	19.33	27.44	23.75	20.52	29.12	25.21
Gramalote	82.32	115.68	99.00	87.37	122.78	105.07
Mocoa	24.42	35.98	30.20	25.92	38.18	32.05
Cebollati	6.73	16.04	11.39	7.14	17.03	12.09
Kiaka	126.94	174.76	150.85	134.73	185.48	160.11
<b>B2Gold total</b>	<b>355.42</b>	<b>510.47</b>	<b>434.77</b>	<b>377.22</b>	<b>541.78</b>	<b>461.44</b>

\*Note: The projects reported are only those in the scope of this report and do not represent all assets of Papillon and B2Gold

**Competent Valuer**

Craig Morley, Global Director of Growth & Strategy, Executive Consultant is the competent valuer taking overall responsibility for this report. This report has been prepared by the following Snowden staff:

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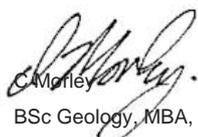
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 General Manager – Mining Engineering

Prior to distribution, the report was peer reviewed by Allan Earl (Executive Consultant - Mining) and Craig Morley (Global Director Growth & Strategy, Executive Consultant - Corporate).

The mineral asset valuation is only valid as at the date of this report as it will change with time in response to variations in economic, market, legal or political conditions in addition to ongoing development of the projects.

Yours faithfully,




BSc Geology, MBA, FAusIMM(CP), MGSA  
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1	Executive Summary.....	10
1.1	Report scope and basis .....	10
1.2	Summary of Mineral Assets .....	10
1.2.1	Papillon.....	10
1.2.2	B2Gold .....	10
1.2.3	Summary of Mineral Resources and Mineral/Ore Reserves .....	12
1.3	Summary of mineral asset valuation .....	13
2	Introduction.....	14
2.1	Scope of report.....	14
2.2	Qualified Person and contributors.....	14
2.3	Reliance on Other Experts and Specialists.....	15
2.4	Basis of the report.....	15
2.4.1	Data sources .....	15
2.4.2	Data validation.....	15
2.5	Reporting standard.....	16
2.6	Site Visits .....	16
3	Papillon's Project Descriptions .....	16
3.1	Fekola .....	16
3.1.1	Location and description .....	16
3.1.2	License and permits .....	17
3.1.3	Geological setting.....	18
3.1.4	Exploration .....	18
3.1.5	Mineral Resources and Ore Reserves .....	19
3.1.6	Mining Operations.....	21
3.1.7	Mineral processing and metallurgical testing .....	21
3.1.8	Operating and capital costs.....	23
4	B2Gold's Project Descriptions .....	25
4.1	Masbate .....	25
4.1.1	Location and description .....	25
4.1.2	License and permits .....	27
4.1.3	Geological setting.....	28
4.1.4	Exploration .....	30
4.1.5	Mineral Resources and Ore Reserves .....	31
4.1.6	Mining operations .....	32
4.1.7	Mineral processing and metallurgical testing .....	37
4.1.8	Mine infrastructure.....	39
4.2	La Libertad .....	41
4.2.1	Location and description .....	41
4.2.2	License and permits .....	42
4.2.3	Geological setting.....	44
4.2.4	Mineral Resources and Ore Reserves .....	45
4.2.5	Mining operations .....	48
4.2.6	Mineral processing and metallurgical testing .....	50
4.2.7	Mine infrastructure.....	52
4.3	El Limon .....	53
4.3.1	Location and description .....	53
4.3.2	License and permits .....	53
4.3.3	Geological setting.....	55
4.3.4	Mineral Resources and Ore Reserves .....	57
4.3.5	Mining operations .....	60

For personal use only

4.3.6	Mineral processing and metallurgical testing .....	61
4.3.7	Mine infrastructure.....	64
4.4	Radius and Calibre Projects.....	64
4.5	Otjikoto .....	66
4.5.1	Location and description .....	66
4.5.2	License and permits .....	67
4.5.3	Geological setting.....	68
4.5.4	Exploration .....	70
4.5.5	Mineral Resources and Ore Reserves .....	71
4.5.6	Mining operations.....	74
4.5.7	Mineral processing and metallurgical testing .....	77
4.6	Gramalote .....	80
4.6.1	Location and description .....	80
4.6.2	License and permits .....	81
4.6.3	Geological setting.....	81
4.6.4	Exploration .....	82
4.6.5	Mineral Resources and Ore Reserves .....	82
4.6.6	Environmental and social impact.....	83
4.7	Mocoa .....	84
4.8	Cebollati .....	84
4.9	Kiaka .....	85
4.9.1	Location and description .....	85
4.9.2	License and permits .....	85
4.9.3	Geological setting.....	86
4.9.4	Mineral Resources and Ore Reserves .....	87
5	Mineral Asset Valuation.....	88
5.1	Introduction .....	88
5.2	The VALMIN Code .....	88
5.3	Valuation considerations .....	88
5.3.1	Mineral assets in the exploration stage .....	89
5.3.2	Exploration potential (Kilburn Method) .....	89
5.3.3	Mineral assets with Mineral Resources but no Ore Reserves.....	89
5.3.4	Mineral assets with Mineral Resource and Ore Reserves .....	90
5.3.5	Mineral assets with operating mines .....	90
5.3.6	Comparable transactions (market value) .....	90
5.4	Valuation .....	91
5.4.1	Papillon.....	91
5.4.2	B2Gold .....	96
5.5	Summary of valuation results.....	108
6	References .....	109
7	Glossary of terms .....	110
<b>Tables</b>		
Table 1.1	Summary of attributable Mineral Resources .....	13
Table 1.2	Summary of attributable Mineral/Ore Reserves .....	13
Table 2.1	Snowden Contributors to this ITR .....	15
Table 2.2	Reliance on other experts .....	15
Table 3.1	Fekola Drillhole Database .....	18
Table 3.2	Fekola Mineral Resource, as at 3 September 2013 (Papillon, 2013a) .....	20

Table 3.3	Fekola Resource reported by MPR in September 2013 and Snowden reported above a 1 g/t Au cut-off.....	20
Table 3.4	Fekola life of mine plan .....	21
Table 3.5	Fekola Comminution and GRG key design criteria .....	23
Table 3.6	Fekola CIL and elution circuit key design criteria .....	23
Table 3.7	Fekola gold recovery section – key design criteria.....	23
Table 3.8	Process operating cost summary .....	24
Table 3.9	Fekola – Process related direct and indirect capital costs .....	24
Table 3.10	Fekola operating and capital cost.....	25
Table 4.1	Masbate stratigraphy (Mining Associates, 2008) .....	29
Table 4.2	Masbate Mineral Resource as of 31 December 2013 .....	32
Table 4.3	Masbate Ore Reserves as of 31 December 2013 .....	32
Table 4.4	Life of mine plan by calendar year (December 2012 Ore Reserves basis)* .....	36
Table 4.5	Production history for La Libertad project for 2010 to 2013 .....	41
Table 4.6	La Libertad Mineral Resource, as at 31 December 2013.....	47
Table 4.7	La Libertad Ore Reserves (December 31, 2013) .....	48
Table 4.8	La Libertad cut off grade by reserve area .....	48
Table 4.9	La Libertad LOM production schedule by calendar year* .....	49
Table 4.10	La Libertad capital costs (Source BDA 2012) .....	50
Table 4.11	La Libertad LOM production parameters.....	51
Table 4.12	Production history for El Limon project for 2008 to 2013 .....	53
Table 4.13	El Limon Mineral Resource, as at 31 December 2013 .....	59
Table 4.14	Attributable (95 %) El Limon Ore Reserves (31 December 2013) .....	59
Table 4.15	Cut-off grade determination.....	60
Table 4.16	El Limon LOM capital costs .....	61
Table 4.17	El Limon LOM production schedule by calendar year .....	61
Table 4.18	Limon Mine - historical production.....	61
Table 4.19	El Limon - operating costs.....	63
Table 4.20	Otijkoto Project, Permits required.....	67
Table 4.21	Otijkoto Mineral Resource, as at 31 December 2013.....	73
Table 4.22	Otijkoto Mineral Reserves as at 31 December 2013.....	74
Table 4.23	Pushback plan.....	76
Table 4.24	Project capital costs .....	77
Table 4.25	Otijkoto scheduled production (calendar year).....	78
Table 4.26	Otijkoto - Major process design criteria .....	79
Table 4.27	Otijkoto capital cost estimate.....	79
Table 4.28	Otijkoto - Average LOM process operating costs.....	80
Table 4.29	Gramalote Project Mineral Resources (B2Gold 49 %).....	83
Table 4.30	Kiaka Project Attributable Mineral Resources (81 %) Januray 2013.....	87
Table 5.1	Fekola Mineral Resource, as at 3 September 2013 (Papillon, 2013a).....	91
Table 5.2	Valuation of the Fekola Project mineral resources in the ground.....	91
Table 5.3	Discounted Cash Flow analysis of the Fekola Project (100 % interest basis).....	93
Table 5.4	Summary of DCF valuation results for Fekola (90%).....	93
Table 5.5	Measured, Indicated and Inferred Resources .....	94
Table 5.6	Attributable Measured, Indicated and Inferred Resources .....	94
Table 5.7	Valuation of the Fekola Project mineral resources in the ground.....	94
Table 5.8	Technical Value of exploration potential at the Fekola Project (90 %) .....	94
Table 5.9	Technical and Fair Market Value of Fekola exploration potential (90 %) .....	95
Table 5.10	Summary of the Fekola Project (90 %) mineral asset valuation.....	95
Table 5.11	Comparitive transactions for the Fekola project .....	96

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Table 5.12	Summary of B2Gold's mineral assets and applied valuation methodology.....	96
Table 5.13	Masbate mine production, operating and capital costs .....	97
Table 5.14	La Libertad Mine production, operating and capital costs .....	98
Table 5.15	Limon mine production, operating and capital costs .....	99
Table 5.16	Technical Value of exploration potential at the Radius JV Project (100 %) .....	100
Table 5.17	Fair Market Value of Radius JV Project (100 %).....	100
Table 5.18	Technical Value of exploration potential at the Calibre JV Project (51 %) .....	101
Table 5.19	Fair Market Value of Calibre JV Project (51 %).....	101
Table 5.20	Otjikoto mine production, operating and capital costs.....	103
Table 5.21	Technical Value of exploration potential at the Gramalote Project (49 %) .....	104
Table 5.22	Gramalote attributable (49%) Measured and Indicated Resources .....	104
Table 5.23	Gramalote attributable (49%) Inferred Resources.....	104
Table 5.24	Fair Market Value of the Gramalote project (49% share).....	105
Table 5.25	Technical Value of exploration potential at the Mocoa Project (100%) .....	105
Table 5.26	Valuation of the Mocoa Project mineral inventory in the ground .....	105
Table 5.27	Fair Market Value of Mocoa Project (100%) .....	106
Table 5.28	Technical Value of exploration potential at the Cebollati Project (80%).....	106
Table 5.29	Fair Market Value of Cebollati Project (80%) .....	107
Table 5.30	Technical Value of exploration potential at the Kiaka Project (100%).....	107
Table 5.31	Kiaka attributable (81%) Measured and Indicated Resources .....	107
Table 5.32	Kiaka attributable (81%) Inferred Resources .....	107
Table 5.33	Valuation of the Kiaka Project mineral resources in the ground.....	108
Table 5.34	Fair Market Value of Kiaka Project (81%) .....	108
Table 5.35	Summary of Fair Market Value results for Papillon and B2 Gold mineral assets as at the Valuation Date.....	109

**Figures**

Figure 3.1	Location of the Fekola Project (image supplied by Papillon).....	17
Figure 3.2	Grade-trend plots for Au by easting .....	19
Figure 3.3	Grade-trend plots for Au by northing .....	20
Figure 4.1	Location of the Masbate project .....	26
Figure 4.2	Masbate Gold Project.....	27
Figure 4.3	Simplified tectonic map of the Philippines (source: Mines and Geoscience Bureau 2005).....	29
Figure 4.4	Masbate area map (B2Gold, 2014b) .....	31
Figure 4.5	Masbate layout .....	34
Figure 4.6	Historic mining performance.....	35
Figure 4.7	Budget vs Actual unit cost performance .....	37
Figure 4.8	Masbate – quarterly production tonnes milled.....	38
Figure 4.9	Masbate – quarterly gold production and gold recovery .....	38
Figure 4.10	Plan of Masbate project showing infrastructure.....	40
Figure 4.11	Aerial view of Masbate mine site .....	41
Figure 4.12	Plan showing La Libertad project (source: B2Gold) .....	43
Figure 4.13	La Libertad project geology (source: Scott, 2011).....	44
Figure 4.14	La Libertad - monthly mill ore throughput.....	51
Figure 4.15	La Libertad – Monthly Au production and recovery achieved .....	52
Figure 4.16	Plan showing El Limon project (source: B2Gold) .....	54
Figure 4.17	Local geology of the El Limon project .....	56
Figure 4.18	El Limon - monthly mill ore throughput .....	62
Figure 4.19	El Limon – Monthly Au production and recovery achieved .....	63
Figure 4.20	Map of southern Africa showing the Otjikoto project within the Pan-African Mobile Belt (source: Lytle et al, 2013) .....	68

Figure 4.21	Project geology of the Otjikoto Project area (source: Lytle et al, 2013) .....	69
Figure 4.22	Plan view of Otjikoto ore shoots and (inset) ore shoot orientation relative to mineral lineations (source: Lytle et al, 2013) .....	70
Figure 4.23	Current pit profile (source: site visit) .....	75
Figure 4.24	LOM primary equipment schedule .....	75
Figure 4.25	Open pit pushbacks.....	76

## 1 Executive Summary

### 1.1 Report scope and basis

BDO Corporate Finance (WA) Pty Ltd ("BDO") has requested Snowden Mining Industry Consultants ("Snowden") complete an Independent Technical Assessment and Valuation report for the mineral assets of Papillon Resources Limited ("Papillon") and B2Gold Corporation ("B2Gold"). Snowden understand this report will be used to support BDO's Independent Expert Report that will be included within a Scheme Booklet to be sent to shareholders of Papillon as part of a proposed transaction whereby B2Gold will acquire all the issued shares of Papillon under a scheme of arrangement ("The Purpose").

The Valuation of the Mineral Asset has been undertaken under the auspices of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2005 edition (the VALMIN Code).

This report is dated 8 July 2014 ("Valuation Date") and the Competent Valuator is Mr Craig Morley.

### 1.2 Summary of Mineral Assets

#### 1.2.1 Papillon

##### Fekola

The Fekola Project is located in western Mali approximately 400 km west of the capital, Bamako adjacent to the border with Senegal to the west and Guinea to the south. The current Mineral Resource was compiled by MPR Geological Consultants Pty Ltd (MPR) and reported in September 2013. No Ore Reserves are reported for the Fekola project. In June 2013 DRA, a South African based engineering company, completed a Pre-Feasibility Study (PFS) for the Fekola Project. The PFS proposes conventional open pit mining methods using a contract mining fleet. Although the Fekola project is at an advanced development stage a final feasibility study has not been completed and Papillon has not formally committed to construction.

Gold mineralisation at the Fekola deposit is hosted within a sequence of finely laminated sedimentary rocks. The mineralised zone is characterised by the strong association between gold and widespread carbonate and pyrite alteration. The alteration consists primarily of a hematite, carbonate, albite, and sericite assemblage with the presence of pyrite being a strong indicator of the gold mineralisation. Mineralisation trends in a north-north-west orientation with the broad mineralised package dipping steeply to the west at approximately 80 degrees. A high grade shoot is observed to be shallowly plunging at approximately 20 degrees in a north-north-west trend.

The current Fekola Mineral Resource reported in accordance with the 2004 version of the JORC code summarised in Table 1.1. No Ore Reserves are reported for the Fekola project.

#### 1.2.2 B2Gold

##### Masbate

The Masbate Mine is located near the northern tip of the island of Masbate, about 360 km south-east of Manilla, capital city of the Philippines. The project comprises an operating open pit and carbon-in-leach ("CIL") processing plant. The current Mineral Resource and Mineral Reserve estimates were compiled by B2Gold and have been depleted by the end of year 2013 (31 December 2013) mining surfaces. The Masbate Mineral Resource (Measured, Indicated and Inferred) totals 40.91 mt at 0.79 g/t Au. Proven and Probable Mineral Reserves total 114.44 Mt at 0.97 g/t Au. Mineral Resources are exclusive of Mineral Reserves. The LOM shows about a 14 year mine life including processing of stockpile in the final three years.

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The Masbate gold deposit is hosted within a north-west to south-east orientated mineralised volcanic block which is bounded by two northwest trending fault zones. The gold mineralisation at the Masbate mine is quartz and quartz carbonate veining which typically trends sub-parallel to the bounding faults. Individual quartz veins are typically 2 m to 4 m wide but can be up to 20 m wide and can be traced along strike for up to 3 km.

#### **La Libertad and El Limon**

The La Libertad project is located approximately 110 km east of the capital city of Managua in the Chontales District of Nicaragua. The La Libertad project, which comprises a number of gold deposits, has been exploited primarily by open pit mining, although some historical underground mining has taken place and future underground mining is planned. Ore is treated at the La Libertad CIL processing plant, which was commissioned by B2Gold in December 2009 and is located adjacent to the main Mojon open pit.

The El Limon gold project is centred around the town of Limon, which is located approximately 100 km northwest of the capital city of Managua, in Nicaragua. From east to west, there are three main mineralised structures at El Limon – Santa Pancho, Limon and Talavera. These three structures have been exploited by both open-pit and underground mining, to a maximum depth of around 300m below surface, with the ore treated in a CIL processing plant located adjacent to the Limon mine.

Gold mineralisation at La Libertad and El Limon are hosted within volcanic rocks of the Coyal Group. Gold mineralisation at both mines is characterised as low-sulphidation epithermal mineralisation, with the gold hosted in quartz-adularia veins, breccias and stockworks.

The current Mineral Resource and Mineral Reserve estimates were compiled by B2Gold and have been adjusted by the end of year 2013 mining surfaces for both projects. The 100% La Libertad Mineral Resource (Measured, Indicated and Inferred) totals 9.67 Mt at 2.72 g/t Au. Proven and Probable Mineral Reserves total 9.41Mt at 1.65 g/t Au. Mineral Resources are exclusive of Mineral Reserves. The 95% Limon Mineral Resource (Measured, Indicated and Inferred) totals 2.50 Mt at 4.62 g/t Au. Proven and Probable Mineral Reserves total 1.79 Mt at 5.03 g/t Au. Mineral Resources are exclusive of Mineral Reserves.

#### **Radius and Calibre Projects**

The Radius project and joint venture ("JV") consists of the Trebol, Pavon and San Jose Properties in Nicaragua.

The Trebol property, located in north-eastern Nicaragua, is a low sulphidation epithermal hot springs district consisting of numerous strong gold anomalies spanning over 14 kilometres of strike length. The Pavon property, located in central Nicaragua, is a low sulphidation system discovered by Radius in 2003. The San Pedro property, now called San Jose, was the focus of an intensive mapping and trenching campaign during 2013 with two main areas being evaluated; the northern PMI and southern Buena Ventura Zones. As at the Valuation Date no resource have been reported on these properties and exploration continues targeting a number of well-defined anomalies and previous drilling intersections.

The Calibre project consists of the Borosi property located in the "Mining Triangle" of Nicaragua, which is estimated to have had historical production totalling more than 5 million ounces of gold, 4 million ounces of silver, 158,000 tons of copper and 106,000 tons of zinc. Pursuant to the Primavera JV Agreement with Calibre, B2Gold have the right to earn up to a 70% interest in potential mining projects in the Borosi gold-silver-copper prospect. B2Gold currently have a 51% interest in the property and may increase their interest in specific project areas to 70% by funding an additional \$6 million in project expenditures on or prior to April 24, 2016.

#### **Otijkoto**

The Otjikoto project is located in the Republic of Namibia, approximately 300 km north of the capital city of Windhoek in the province of Otjozondjupa. The project, which comprises two gold deposits (Otijkoto and Wolfshag), is in the construction phase with processing scheduled to commence in the fourth quarter of 2014. Mining will be via large scale open-pit with mine ore production anticipated to be approximately 3.8 Mtpa. The processing plant, which is currently under construction, is expected to process around 3 Mtpa or ore by gravity concentration and intensive cyanide leaching, followed by cyanide leaching (CIP) of the gravity tails.

The 90% Otjikoto Mineral Resource (Measured, Indicated and Inferred) totals 16.04 Mt at 1.80 g/t Au. Proven and Probable Mineral Reserves total 26.5 Mt at 1.42 g/t Au. Mineral Resources are exclusive of Mineral Reserves.

Gold mineralisation at the main Otjikoto deposit is hosted within a sheeted quartz-sulphide±magnetite vein system. The sheeted veins occur in a series of en-echelon zones which are generally hosted within

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schists and granofels of the Upper and Middle Okonguarri Formation, and have been interpreted over a strike length of some 2.3 km and down to a depth of 475 m below surface.

#### Gramalote

The Gramalote Project is located in the Central Cordillera of Colombia between the Magdalena Valley to the east and the Cauca-Patia Graben to the west. The Project is located near the town of Providencia approximately 230 km northwest of the capital Bogota and approximately 80 km northeast of Medellin, the regional capital of the Department of Antioquia. The Gramalote project is currently at an advanced exploration stage. A Mineral Resource estimate was completed by AngloGold in 31 December 2011 and a Preliminary Economic Assessment ("PEA") of the Project, including Measured, Indicated and Inferred Resources) was undertaken and announced in March 2014. The attributable Gramalote Mineral Resource (Measured, Indicated and Inferred) totals 182.5 Mt at 0.51 g/t Au. There are currently no Ore Reserves reported for the Gramalote project.

The Gramalote Project area occurs within an intrusive hosted structurally controlled quartz stockwork system. The sinistral shear zones trending east-northeast and dipping sub-vertically are considered by B2Gold to be an important control on mineralisation at Gramalote Central. Gold and silver mineralisation is associated with stockwork veining and in particular quartz with fine-pyrite veins, quartz-carbonate veins, and quartz with coarse pyrite veins.

#### Mocoa

The Mocoa property is located near the town of Mocoa approximately 465km southwest of Bogota in Columbia. Mocoa lies within a belt of Early to Mid-Jurassic magmatic rocks known to host several porphyry copper prospects in southern Colombia and Ecuador. Copper and molybdenum mineralisation is hosted by a potassic- and phyllic-altered dacite porphyry stock emplaced into cogenetic volcanic rocks. Mineralisation consists of vein and stockwork chalcopyrite, molybdenite and local bornite and high grade hydrothermal breccias (BDA 2012). As at the Valuation Date no mineral resources have been reported, however B2Gold has reported publically a non-JORC compliant mineral inventory based on historical data and drilling. Exploration continues targeting a number of well-defined anomalies and previous drilling intersections.

#### Cebollati

The Cebollati property is located in southern Uruguay, 180km northeast of Montevideo in and consists of claims and applications totalling approximately 34,500ha. B2Gold earned an 80% interest in the Cebollati property by paying US\$1M in stages to 31 January 2012 and agreeing to fund all exploration work through to feasibility. Additional obligations include the completion of a feasibility study, a per ounce gold payment and a net smelter royalty for additional production (BDA 2012).

#### Kiaka

The Kiaka Project is located in south central Burkina Faso in the regional province of Boulgou and Zoundweogo, approximately 140 km southeast of the capital Ouagadougou. The Kiaka project is considered an exploration project. The current Mineral Resource estimate was prepared by SRK Consulting (UK) Ltd in January 2013. The attributable Kiaka Mineral Resource (Measured, Indicated and Inferred) totals 151.5 Mt at 0.98 g/t Au. There are currently no Ore Reserves reported for the Kiaka project.

The Kiaka Project is hosted by amphibolites and quartz-mica schists of the Tenkodogo Greenstone Belt. Gold mineralisation at the Kiaka Project is low grade and associated with a broad silica-biotite-chlorite alteration system. Drilling has confirmed that higher grade "mineralised bands" (based on cut-off grade of 1.0 g/t Au) ranging between 5 m and 50m wide extend with good continuity for 100 m to 400 m along strike and 50 m to 200 m down dip. These bands are hosted within a lower grade zone (based on cut-off grade of 0.6 g/t Au) within a structural corridor that is 100 m to 250 m wide.

### 1.2.3 Summary of Mineral Resources and Mineral/Ore Reserves

The attributable Mineral Resources of Papillon and B2Gold are summarised in Table 1.1. B2Gold's Mineral Resources are exclusive of Mineral Reserves. The attributable Ore/Mineral Reserves of Papillon B2Gold are summarised in Table 1.2.

**Table 1.1 Summary of attributable Mineral Resources**

Project	% attributable	Total attributable Mineral Resources (Measured + Indicated + Inferred)		
		Tonnes (Mt)	Au (g/t)	Metal (Moz)
<b>Papillon</b>				
Fekola	90 %	61.5	2.35	4.64
<b>Total Papillon</b>		<b>61.5</b>	<b>2.35</b>	<b>4.64</b>
<b>B2Gold</b>				
Masbate	100 %	40.9	0.79	1.04
La Libertad	100 %	9.7	2.72	0.85
El Limon	95 %	2.5	4.62	0.37
Otijkoto	90 %	16.0	1.80	0.93
Gramalote	49 %	182.5	0.51	2.97
Kiaka	81 %	151.5	0.98	4.75
<b>Total B2Gold</b>		<b>403.1</b>	<b>0.84</b>	<b>10.91</b>

**Table 1.2 Summary of attributable Mineral/Ore Reserves**

Project	% attributable	Total attributable Mineral/Ore Reserves (Proven + Probable)		
		Tonnes (Mt)	Au (g/t)	Metal (Moz)
<b>B2Gold</b>				
Masbate	100 %	114.4	0.97	3.58
La Libertad	100 %	9.41	1.65	0.50
El Limon	95 %	1.79	5.03	0.29
Otijkoto	90 %	26.5	1.42	1.21
<b>Total B2Gold</b>		<b>152.10</b>	<b>1.14</b>	<b>5.58</b>

### 1.3 Summary of mineral asset valuation

Snowden has reviewed technical data provided by Papillon and B2Gold up until the Valuation Date and prepared valuations in US\$ and A\$. In Snowden's opinion the Pre-Tax Fair Market Values of:

- Papillon's Fekola Project range from US\$300.07M (A\$318.48M) to US\$566.75M (A\$601.52M) with a Preferred Value of US\$489.63M (A\$519.66M).
- B2Gold's Mineral Assets included in the scope of this report range from US\$355.42M (A\$377.22M) to US\$510.47M (A\$541.78M) with a Preferred Value of US\$434.77M (A\$461.44M).

#### Summary of Papillon and B2Gold Valuation as at the Valuation Date\*

	Lower (US\$)	Upper (US\$)	Preferred (US\$)	Lower (A\$)	Upper (A\$)	Preferred (A\$)
<b>Papillon</b>						
Fekola	300.07	566.75	489.63	318.48	601.52	519.66
<b>B2Gold</b>						
Masbate - Resources & Exploration potential only	11.85	13.68	12.77	12.58	14.52	13.55
La Libertad - Resources & Exploration potential only	43.74	62.10	53.75	46.42	65.91	57.05
El Limon - Resources & Exploration potential only	33.14	47.04	40.72	35.17	49.93	43.22
Radius JV	5.10	10.94	8.02	5.42	11.62	8.52
Calibre JV	1.85	6.80	4.32	1.96	7.21	4.59
Otijkoto - Resources & Exploration potential only	19.33	27.44	23.75	20.52	29.12	25.21
Gramalote	82.32	115.68	99.00	87.37	122.78	105.07
Mocoa	24.42	35.98	30.20	25.92	38.18	32.05
Cebollati	6.73	16.04	11.39	7.14	17.03	12.09
Kiaka	126.94	174.76	150.85	134.73	185.48	160.11
<b>B2Gold total</b>	<b>355.42</b>	<b>510.47</b>	<b>434.77</b>	<b>377.22</b>	<b>541.78</b>	<b>461.44</b>

\*Note: The projects reported are only those in the scope of this report and do not represent all assets of Papillon and B2Gold.

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## 2 Introduction

### 2.1 Scope of report

Based on instructions from BDO Snowden was requested to review the technical project assumptions including the mining and geological inputs to the financial models of the Masbate, La Libertad, Limon, and Otjikoto mines with respect to:

- Resources and Reserves incorporated into the models for the Masbate, La Libertad, Limon and Otjikoto mines
- mining physicals (including tonnes of ore mined, ore processed, recovery and grade)
- processing assumptions (including products and recovery, scheduling, mill production, refining recovery and plant utilisation)
- operating costs (including but not limited to surface mining, underground mining, general site costs, haulage, processing, corporate office, royalties)
- non-operating and other costs (including but not limited to reclamation, surface mining pre-stripping, discretionary capital costs, deferred development costs)
- capital expenditure (including but not limited to sustaining capital expenditure)
- any other relevant technical assumptions not specified above.

In addition to the technical review BDO also requested Snowden to provide an independent opinion on the market valuation of:

- Papillon's Fekola Project in Mali
- B2Gold's Gramalote and Mocoa Projects in Colombia, Radius and Calibre JVs in Nicaragua, Cebollati Project in Uruguay and Kiaka Project in Burkina Faso
- any resources and exploration areas associated with the Masbate, La Libertad, El Limon and Otjikoto mines that are not already included in their financial models.

Base on this scope the following mineral assets owned by Papillon and B2Gold were reviewed and valued by Snowden as follows:

- Papillon
  - Fekola – project review and mineral asset valuation.
- B2Gold
  - Masbate – site visit, mine review & exploration potential valuation
  - La Libertad - site visit, mine review & exploration potential valuation
  - El Limon - site visit, mine review & exploration potential valuation
  - Radius JV - project review and mineral asset valuation
  - Calibre JV - project review and mineral asset valuation
  - Otjikoto - site visit, mine review & exploration potential valuation
  - Gramalote - project review and mineral asset valuation
  - Mocoa- project review and mineral asset valuation
  - Cebollati - project review and mineral asset valuation
  - Kiaka - project review and mineral asset valuation.

A list of the information that was provided by Papillon and B2Gold to Snowden is contained in the bibliography at the end of this report. The effective date of this report is the Valuation Date.

### 2.2 Qualified Person and contributors

The Competent Valuer with overall responsibility for this report is Mr Craig Morley. Mr Morley is a director and full time employee of Snowden and has 27 years of mining experience on projects all over the world, with 17 years of relevant experience in completing ITRs and Mineral Asset Valuation reports. He is a Fellow of the Australasian Institute of Mining and Metallurgy ("AusIMM") and is recognised as a Chartered Professional Geologist with that organisation. He is also a Competent Person under the requirements of the VALMIN Code and a member of the Geological Society of Australia.

While Mr Morley takes overall responsibility for this report he has relied upon the work of several other independent QPs that have contributed to certain sections of this ITR. These QP's are named in Table 2.1 along with their respective areas of responsibility.

**Table 2.1 Snowden Contributors to this ITR**

Name	Position	Independent of Papillon and B2Gold	Professional designation	Contribution to ITR
Craig Morley	Global Director Growth & Strategy	Yes	FAusIMM (CP)	Supervision of report writing Valuation. Peer review. Qualified Person
Allan Earl	General Manager – Mining Engineering	Yes	FAusIMM	Project Manager Peer review
Richard Sulway	Divisional Manager – Applied Geosciences	Yes	MAusIMM (CP)	Resources review
John Graindorge	Principal Consultant	Yes	MAusIMM (CP)	Resources review
Harald Muller	Divisional Manager - Metallurgy	Yes		Plant & Metallurgy review
Anthony Finch	General Manager – BD, Principal Consultant	Yes	MAusIMM (CP)	Mining Engineering & Site visits
Murray Lytle	Divisional Manager	Yes		Mining Engineering & Site visit
Macdonald Shoniwa	Senior Mining Engineer	Yes		Mining Engineering & Site visit
Terry Parker	Principal Consultant	Yes	FAusIMM (CP)	Valuation

### 2.3 Reliance on Other Experts and Specialists

Snowden drew on the expertise of other experts during the compilation of this ITR. Key experts are listed in Table 2.2.

**Table 2.2 Reliance on other experts**

Name	Position	Employer	Independent of Papillon	Date of site visit	Professional designation
Mr Nic Johnson	Principal Consultant	MPR	Yes	18 May 2012	AIG

### 2.4 Basis of the report

#### 2.4.1 Data sources

A list of the information that was provided by Papillon and B2Gold to Snowden is contained in the bibliography at the end of this report.

#### 2.4.2 Data validation

Snowden completed a technical review of the reports and data provided and made reasonable enquiries or used its professional judgment to determine the validity of the information. Snowden has reviewed the documented drilling and sampling procedures, along with the quality assurance and quality control procedures and analysis results associated with the assay data. Overall Snowden concludes that the sample data is suitable for use in resource estimation.

Snowden has not undertaken an audit of or re-estimated Mineral Resources or Ore Reserves but has verified the assumptions and conclusions stated by the Competent Persons responsible and have commented on the reasonableness and validity thereof. Snowden is not acting as the Competent Person for the Mineral Resources and Ore Reserves of either Papillon or B2Gold and has reported the Mineral Resources and Ore Reserves as stated by the respective Competent/Qualified Persons responsible for those companies.

Snowden completed site visits to B2Gold's mining operations at Masbate, La Libertad, El Limon and Otjikoto. Snowden reviewed life of mine (LOM) plans and, where possible, compared these plans with recent actual performance. Snowden has reviewed the metallurgical and processing data as provided by B2Gold in the LOM plans as well as data provided for metallurgical operations at Masbate, La Libertad, El Limon and Otjikoto and, where appropriate, has compared planned performance with actual plant performance. Snowden has reviewed the data provided as part of the Papillon feasibility study for review of the metallurgical design for the Fekola project.

## 2.5 Reporting standard

This report was prepared by Snowden in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports ("the VALMIN Code"). Mineral Resources and Ore Reserves were reviewed in the context of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition ("the JORC Code").

The terms Ore Reserve and Mineral Reserves are interchangeable. Where applicable Snowden has used the term Ore Reserve for Papillon's assets, and Mineral Reserves for B2Gold's assets as this reflects their respective reporting codes.

## 2.6 Site Visits

Snowden completed the following site visits as part of this project:

B2Gold Site name	Snowden Consultant	Date
Masbate - Philippines	Anthony Finch	14 to 15 June 2014
La Libertad and El Limon - Nicaragua	Murray Lytle	13 to 17 June 2014
Otjikoto - Namibia	Macdonald Shoniwa	17 to 18 June 2014

Due to the early stages of development and, that in Snowden's opinion, travel to site would not provide any material information in addition to that could be accessed remotely from site Snowden did not visit the following project areas:

B2Gold Site name	Project stage
Radius and Calibre JV - Nicaragua	Advanced Exploration – no Mineral Resources
Gramalote Project - Colombia	Advanced Exploration – Mineral Resources, no Ore Reserves
Mocoa Project - Colombia	Advanced Exploration – no Mineral Resources
Cebollati Project - Uruguay	Advanced Exploration – no Mineral Resources
Kiaka Project – Burkina Faso	PFS – Mineral Resources, no Ore Reserves
Papillon Site name	Project stage
Fekola Project - Mali	PFS – Mineral Resources, no Ore Reserves

With respect to the Fekola Project Snowden has reviewed drill hole data and completed a review of the resource model. Snowden has relied upon Mr Nic Johnson of MPR Geological Consultants as the Competent Person for the Mineral Resource definition and is aware that Mr Johnson has travelled to site as part of that process. Snowden also discussed aspects relating to site inf

## 3 Papillon's Project Descriptions

### 3.1 Fekola

#### 3.1.1 Location and description

The Fekola Project is located in western Mali approximately 400 km west of the capital, Bamako adjacent to the border with Senegal to the west and Guinea to the south (Figure 3.1). Mali is a large landlocked country, located centrally in the West African region between latitudes 10° and 25°N, and longitudes 12°W and 4°E.

The project site is in the Kenieba District of the Kayes Region approximately 45 km south of the town of Kéniéba. Current access to the Project is via an access road which runs via the town of Kenieba and links to the Millennium highway about 45 km northwest of the project area (Figure 3.1). The Millennium highway can be accessed either from Dakar (Capital city of Senegal located on the Atlantic coast) or Bamako (Capital of Mali). The Millennium highway is sealed while the access road is unsealed.

In the project area, the main activities are gold mining, agriculture, livestock and forestry; gold mining and agriculture are the main sources of income for the local population (Papillon, 2013).

**Figure 3.1 Location of the Fekola Project (image supplied by Papillon)**



**Climate and landforms**

The climate in the Fekola district area is tropical to subtropical and strongly seasonal, with distinct wet and dry seasons. The dry season typically occurs between November to May with temperatures ranging from 22°C to 36°C. The rainy season (West African Monsoon) lasts typically about five months (June to October). The annual rainfall is typically in excess of 1000 mm. The average temperature in the region is 28°C.

The Fekola Project area topography is characterised by various laterite plateaus that rise approximately 30-40 m above the surrounding landscape. These plateaus are relatively flat and generally drain in a westerly direction. At the edge of these laterite plateaus the topography is relatively steep in comparison to the general topography of the area.

**3.1.2 License and permits**

The Fekola Project currently lies on the Medinandi exploitation permit ("Medinandi Permit") which was granted to Songhoi Resources SARL ("Songhoi") by decree n° 2014-0070/PM-RM on 13 February 2014 for the exploitation of gold within a 75 km<sup>2</sup> perimeter for a period of 30 years. The Medinandi Permit covers the same perimeter as the exploration permit PR 2004/201 previously held by Songhoi.

Songhoi is a limited liability company (société à responsabilité limitée or SARL) duly registered and validly existing in compliance with the laws of Mali. On 25 June 2014, the National Director of Geology and Mines confirmed that Songhoi is validly registered as the holder of the Medinandi Permit. Songhoi has a share capital of 4,000,000 FCFA divided into 400 shares of 10,000 FCFA each. Songhoi was initially incorporated on 11 August 2006 as a joint stock company (société anonyme or SA) but transformed into a SARL on 6 July 2009. Upon transformation into a SARL, Songhoi's shareholders were Central African Gold plc ("CAG") holding 320 shares, representing 80% of the shareholding, and Mani SARL ("Mani"), a company incorporated under the laws of Mali, holding 80 shares, representing 20% of the shareholding.

On 18 December 2009, CAG and Papillon entered into a sale of shares agreement pursuant to which CAG assigned its 320 shares in Songhoi to Papillon. Papillon, Mani and Songhoi subsequently entered into a sale of shares agreement pursuant to which Mani assigned 40 of its shares in Songhoi to Papillon. Songhoi's current shareholders are Papillon, holding 360 shares representing 90% of Songhoi's shareholding, and Mani, holding 40 shares representing 10% of Songhoi's shareholding.

Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed title reports prepared by solicitors and is satisfied as to there being good and valid title for each of the tenements and that Papillon has an interest in each of those tenements as described in this section.

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An Environmental Permit was granted to Songhoi by the Ministry of Environment and Sanitation on 29 April 2013 allowing Papillon to implement its Fekola Project. The Environmental Permit was issued following the submission of a detailed Environmental and Social Impact Assessment ("ESIA").

### 3.1.3 Geological setting

#### Regional geology and tectonic setting

The following descriptions of the geology and mineralisation have been taken largely from the MPR mineral resource report (MPR, 2013) and a review of the local stratigraphy and structure by CSA Global Resource Industry Consultants (CSA, 2013).

The Fekola project is located in the Kedougou-Kenieba-Inlier which consists of Lower Proterozoic age sequence of finely laminated quartzite, fine grained sedimentary rocks and mafic intrusive rocks which have been intruded by granites of varying composition. The inlier is part of a large syncline which covers eastern Senegal through to western Mali; the Kedougou-Kenieba-Inlier represents the western most exposure of the Birimian Supergroup (2050 to 2200 Mya). The eastern part of the Kedougou-Kenieba-Inlier is comprised of strata referred to as the Falémé belt which consists of carbonate rich sedimentary rocks with minor basalts and andesites. The belt is bounded to the east by the Senegal-Mali shear zone ("SMSZ") which forms a contact with the adjacent Kofi sedimentary basin. The Kofi strata is composed of sandstones, argillites, carbonates and S-type granites.

#### Project geology

The Medinandi permit is split by the north-south striking SMSZ which splits the permit in half with Falémé strata to the west and Kofi strata to the east. The Kofi strata outcrop to the east of the SMSZ, strikes north-northwest and dips moderately to steeply to the west (60° to 90°) and it is envisaged to have been deposited in a fore-arc environment.

#### Mineralisation

The Fekola mineralisation is located east of the SMSZ and is hosted within the Kofi strata. Gold is associated with fine disseminated pyrite and minor copper sulphides as the main sulphide species. The gold mineralisation is typically associated with a pyrite, hematite, carbonate, albite and sericite alteration assemblage.

Gold mineralisation at the Fekola deposit is hosted within a sequence of finely laminated sedimentary rocks. The mineralised zone is characterised by the strong association between gold and widespread carbonate and pyrite alteration. The alteration consists primarily of a hematite, carbonate, albite, and sericite assemblage with the presence of pyrite being a strong indicator of the gold mineralisation. Mineralisation trends in a north-north-west orientation with the broad mineralised package dipping steeply to the west at approximately 80°. A high grade shoot is observed to be shallowly plunging at approximately 20° in a north-north-west trend.

### 3.1.4 Exploration

#### Recent

The drilling database used for the current Fekola resource estimate consisted of RC, pre-collared RC diamond core ("RCD") and diamond core ("DDH") drillholes. The drilling is summarised in Table 3.1 (Papillon, 2013). The drilling was all completed in the period 2007 to 2014. The diamond drilling was completed using NQ or PQ core.

**Table 3.1 Fekola Drillhole Database**

Drilling method	Hole name prefix	Number of holes	Average depth (m)	Total m drilled
RC	FKCR, FSER, FKWM, & FKC	439	147	64,663
RCD	FKRD	54	330	17,826
DDH	FKD	150	297	44,658
<b>Total/average</b>		<b>643</b>	<b>197</b>	<b>127,148</b>

The drilling has been completed on east-west sections with a total strike length of approximately 3,800 m. The drilling is mostly orientated to -55° towards grid east. In the main central part of the deposit (1,500 m strike length) the drillhole spacing is based on a nominal 40 m by 40 m grid. North and south of this area the section lines are typically between 80 m to 160 m apart. The drilling coordinates are based on the WGS84 Datum using a UTM zone 19 projection.

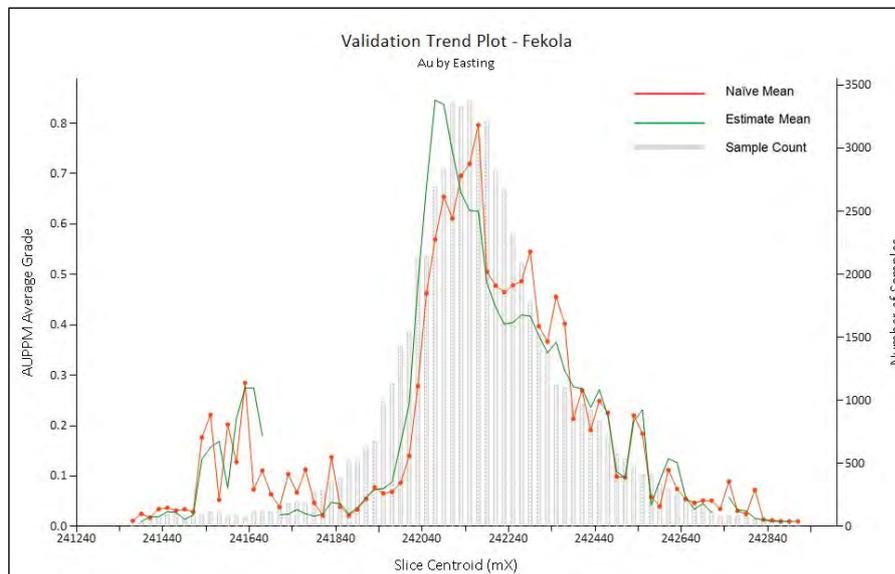
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**3.1.5 Mineral Resources and Ore Reserves**

The current Mineral Resource estimate was compiled by MPR and reported in September 2013 (MPR, 2013). Snowden validated the estimate using the supplied model and composite data using the following approach:

- A visual comparison of the block grade estimates to the input drillhole composite data.
- The reported drilling statistics were checked against those in the composite file.
- Generation of moving window average plots (grade-trend plots) of the block grade estimates and naïve composite grades, along with the number of composite samples available. The block model supplied did not include coding for the various geological domains so the grade-trend plots are based on all Measured and Indicated blocks for the entire deposit below the topography. The grade-trend plots generated by Snowden for Au for each direction are shown in Figure 3.2 and Figure 3.3.

**Figure 3.2 Grade-trend plots for Au by easting**

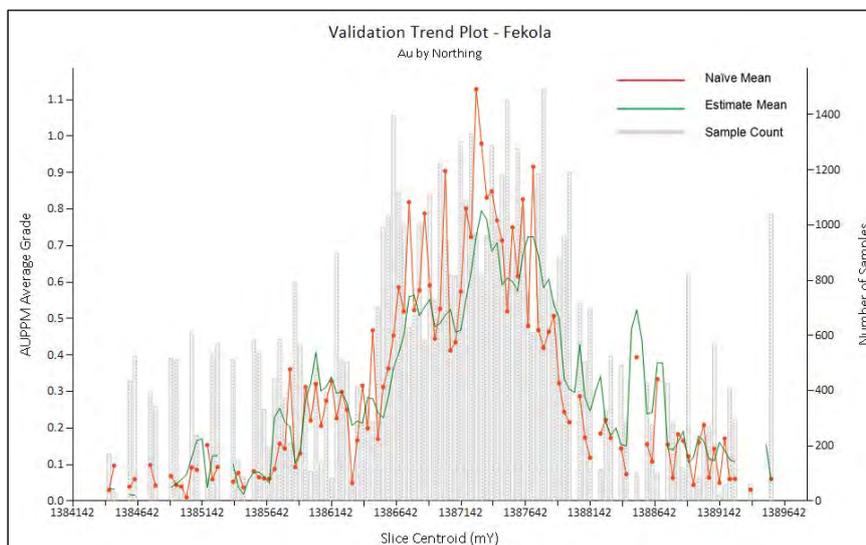


The conclusions for the model validation are:

- Visual comparison of the model grades and the corresponding drillhole grades for each deposit show a reasonable correlation.
- Snowden was able to reproduce the drilling type and meters drilled statistics with only negligible differences.
- The grade trend plots show a reasonable correlation between the patterns in the model cell grades compared with the declustered drillhole grades for the well informed parts of the deposit.

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**Figure 3.3 Grade-trend plots for Au by northing**



**Summary of Mineral Resource**

The current Fekola Mineral Resource reported in accordance with the 2004 version of the JORC code summarised in Table 3.2. No Ore Reserves are currently reported for the Fekola project.

**Table 3.2 Fekola Mineral Resource, as at 3 September 2013 (Papillon, 2013a)**

Category (JORC, 2004)	Cut-off Grade g/t	Gross attributable to license			Net attributable to issuer (90 %)		
		Tonnes Mt	Au g/t	Contained metal Moz	Tonnes Mt	Au g/t	Attributable contained metal Moz
Measured	1.0	40.44	2.43	3.16	36.40	2.43	2.84
Indicated	1.0	19.57	2.35	1.48	17.61	2.35	1.33
Inferred	1.0	8.3	1.90	0.50	7.47	1.90	0.45
<b>Total</b>		<b>68.29</b>	<b>2.35</b>	<b>5.15</b>	<b>61.46</b>	<b>2.35</b>	<b>4.64</b>

NOTE: Small discrepancies may occur due to the effects of rounding

Snowden completed a high level check of the model by reporting the MPR block model above a 1 g/t cut-off for gold; the two sets of results are similar (Table 3.3). Snowden's purpose for this high level analysis was to generally validate the block model, Snowden did not set out to recreate MPR's approach, but rather to confirm its suitability as a key input into valuing the Fekola Assets. Snowden considers the results it has achieved independently show the model and accompanying documentation is suitable for valuation purposes.

**Table 3.3 Fekola Resource reported by MPR in September 2013 and Snowden reported above a 1 g/t Au cut-off**

Classification	Reported (MPR, 20013)		Snowden	
	Tonnes (Mt)	Au (g/t)	Tonnes (Mt)	Au (g/t)
Measured	40.44	2.43	42.16	2.15
Indicated	19.57	2.35	19.25	2.12
Inferred	8.30	1.90	7.28	1.73
<b>Total</b>	<b>68.29</b>	<b>2.35</b>	<b>68.68</b>	<b>2.09</b>

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### 3.1.6 Mining Operations

#### Description of planned mining operations

In June 2013 DRA, a South African based engineering company, completed a Pre-Feasibility Study (PFS) for the Fekola Project. The PFS proposes a conventional open pit mining methods using a contract mining fleet. DRA's PFS included a pit optimisation study based on the optimisation parameters outlined in which targeted a 4 Mtpa production rate at a US\$1,300/oz gold price and a 6% royalty. Mining costs were based on Papillon's updated estimates as at June 2013, adjusted to account for the depth of the open pit.

Papillon in June 2013 revised DRA's pit designs and mine schedules using Measured and Indicated Mineral Resources, geotechnical parameters provided by an independent geotechnical engineer and pit design standards applicable for an operation of this size. Ore will be hauled to a ROM pad adjacent to the processing plant. An ore stockpile area of about 70,000m<sup>2</sup> will be established where ore will be blended prior to crushing. Waste rock will be hauled to waste dumps located to the southeast and south west of the open pit. The nearby Fadougou village lies outside a 500 m radius blast exclusion zone, but will be shielded from the open pit mining activities by a berm constructed from waste rock.

A schedule, based on the Mineral Resource reported in January 2013, was prepared for Papillon by an independent expert with a mine life of about eight years. Although the Fekola project is at an advanced development stage a final feasibility study has not been completed and Papillon has not formally committed to construction. Reporting the September 2013 Mineral Resource within the June 2013 pit design does not materially change the mine schedule. Future optimisation and mine planning will incorporate the Mineral Resource estimate reported in September 2013 and a larger open pit may be identified for the feasibility study.

Snowden modified Papillon's June 2013 schedule to reflect the following assumptions:

- That the feasibility study and project finance will be completed in 2015, with project construction commencing in 2016 and first gold production in 2018,
- A more conservative ramp up schedule,
- Processing low grade stockpiles at the end of the mine life.

Snowden's schedule is summarised in Table 3.4 and shows a mine plan of 45.4 Mt of ore being mined. About 34 Mt at 2.73 g/t is processed over about 8.5 years and the remaining 11 Mt of low grade material is stockpiled and processed at the end of the mine life. In Snowden's opinion, this production schedule is achievable. Snowden notes that the ramp-up of the operation was not included in the project schedule. Snowden has included a ramp-up period of 9 months in the production schedule as summarised in Table 3.4 and the operating and capital cost schedules summarised in Table 3.8.

The recovery is estimated at 91.8% based on the testwork carried out at the Amdel laboratory in Perth and in Snowden's opinion is a reasonable indication of the average gold recovery expected for the life of the operation.

**Table 3.4 Fekola life of mine plan**

Item	Unit	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Ore mined	Mt	0.27	6.49	5.13	5.81	5.81	5.67	4.81	4.75	4.41	2.24				<b>45.38</b>
Waste mined	Mt	3.64	18.28	19.29	18.84	18.98	19.19	17.03	11.21	8.27	3.19				<b>137.93</b>
Strip ratio	W:O	13.6	2.8	3.8	3.2	3.3	3.4	3.5	2.4	1.9	1.4				
Ore milled	Mt	0	2.40	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.98	<b>45.38</b>
Gold grade	g/t	0	2.95	2.66	2.55	2.54	2.83	2.83	2.78	2.66	2.22	1.24	0.89	0.89	<b>2.26</b>
Contained gold	kOz		228	342	328	326	364	364	357	343	285	159	115	85	<b>3,297</b>
Gold recovery	%		91.8	91.8	91.8	91.8	91.8	91.8	91.8	91.8	91.8	91.8	91.8	91.8	<b>91.8</b>
Gold produced	kOz		209	314	301	300	335	334	328	315	262	146	105	78	<b>3,027</b>

### 3.1.7 Mineral processing and metallurgical testing

#### Metallurgical testing

Scoping level test work was conducted and completed on four closely spaced core samples. The PFS test work was primarily conducted on three composite samples. The test work conducted during the PFS was aimed at obtaining the relevant process design parameters and finalise a flowsheet for the next phase of the project. This work can be summarised as follows:

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- ROM head assays, chemical analysis and quantitative mineralogical analysis,
- comminution characterisation test work including UCS, crusher, rod and ball work index test work as well as abrasion index, JK drop weight, SMC tests and energy based grind mill test work (four full additional HQ core samples were used for some of this work),
- gravity concentration and intensive leach test work,
- leach optimization testing (cyanide, grind and carbon in leach regime) to establish optimum leach process parameters,
- carbon activity and adsorption modelling,
- settling and rheological test work,
- cyanide destruction test work to establish reagent consumptions and design criteria for the cyanide destruction circuit.

The majority of the testwork was carried out at Amdel (Bureau Veritas Australia) laboratory in Canning Vale, Perth. Specific test work was outsourced to other laboratories such as JKTech and SGS (for the SMC and UCS characterisation respectively), Rheochem and Outotec (floculent selection and rheology, settling behaviour respectively) and Consep (gravity concentration).

Additional variability testwork was conducted at ALS during 2014, showing that ore characteristics and the response to the proposed process conditions remained reasonably consistent for the 18 variability composites produced from a large number of core samples.

The results of the metallurgical test work classified the ore as highly competent and moderately abrasive. Test work also indicated that recoveries are sensitive to the final grind size. A grind size of 75µm was selected for the project, based on preliminary project economics and under the direction of Papillon. Leach kinetic test work confirmed the rapid leach kinetics observed during the scoping test work phases with 90% recoveries under twelve hours in most instances, although the final recovery is dependent on the feed grade. The recoveries achieved during the scoping study tests were replicated on another sample, although the lower grade (early year samples) returned lower leach recoveries.

Gravity recovery test work results found that the recoveries achieved from gravity recovery and subsequent intensive cyanidation test work were in excess of 90% for all composite samples, with one composite yielding the highest average recovery at 96%. This implies that the gravity recoverable gold is 'predominantly free milling' and amenable to cyanidation.

The settling and rheology test work has shown that the ore should settle easily, and that low flocculant dosage rates are expected to achieve densities and clear overflows. The rheological investigations have in turn revealed that the slurry will not pose any risks in terms of pumping or interstage screening fluxes in the CIL circuit.

#### Metallurgical processing

The design throughput is 4 Mtpa. DRA has developed the process design criteria based on the results of the testwork and has calculated mass and energy balances for the proposed process flowsheet which is made up of the following areas and unit processes:

- Ore receiving and primary crushing,
- SAG milling and pebble crushing,
- Ball milling, and classification,
- Gravity concentration and intensive gold dissolution,
- Pre-leach thickening,
- Carbon in leach (CIL),
- SO<sub>2</sub>/Air Cyanide destruction (detox),
- Tailings handling and disposal,
- Acid wash, elution and carbon regeneration,
- Electrowinning and gold room,
- Reagents services,
- Compressed air reticulation,
- Water reticulation.

Some of the key process design criteria are shown in Table 3.5 to Table 3.7.

**Table 3.5 Fekola Comminution and GRG key design criteria**

Criteria	Units	Value
Throughput (ROM ore)	Mtpa	4.0
Max ROM feed size	mm	800
Mill feed size F <sub>100</sub>	mm	250
Milling circuit P <sub>80</sub>	µm	75
LOM gold grade	g/t	2.1
GRG recovery	%	21.3
LOM average gold recovery	%	91.8%
Number of gravity units		2
GRG dissolution reactor		Acacia
Pre leach thickener underflow % solids	%w/w	45

**Table 3.6 Fekola CIL and elution circuit key design criteria**

Criteria	Units	Value
Pre leach thickener underflow % solids	%w/w	45
CIL residence time	h	18
No of CIL reactors		6
CIL feed grade	g/t	1.77
CIL feed % solids	w/w%	44.3
Elution method		Split AARL
Operating pressure	kPa (g)	300
Operating temperature	°C	100 to 125

**Table 3.7 Fekola gold recovery section – key design criteria**

Criteria	Units	Value
Electrowinning cells		8
Cell type		Atm Sludging
Cell operating temperature	°C	40.0
Batch cycle time	h	18
Anode		Stainless steel
Calciner operating temperature	°C	750 to 800
Furnace		diesel fired

The process design also makes allowance for a cyanide destruction circuit on the CIL tails prior to transferring the tails to the tailings storage facility.

### 3.1.8 Operating and capital costs

#### Operating costs

The mine operating costs for Fekola are summarised in Table 3.10 and are appropriate for an operation of this type. Process operating costs were estimated at the design throughput of 4.0 Mtpa and were estimated with sufficient detail for this level of study. Process and engineering labour costs were supplied by Papillon, but were benchmarked against a database of operations across Africa. Process power costs are based on expected power draw and unit electricity generation costs of US\$0.22/kWh. Reagent costs are based on expected reagent consumption, which in turn is based on testwork results. Table 3.8 provides a summary of the PFS processing cost estimate, which totals US\$19.41/t of ore processed.

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**Table 3.8 Process operating cost summary**

Item	US\$/t milled
<b>Fixed Costs:</b>	
Labour	1.86
Analytical costs	0.28
Maintenance	1.50
Tailings management and operation	0.29
<b>Total fixed costs</b>	<b>3.93</b>
<b>Variable costs:</b>	
Energy (power and fuel)	9.34
Reagents	4.79
Grinding media	1.35
<b>Total variable costs</b>	<b>15.48</b>
<b>Total</b>	<b>19.41</b>

When benchmarked against other similar operations, the operating costs are slightly higher than average, but remain reasonably competitive.

#### Capital costs

Papillon propose a fleet of Caterpillar 777 trucks and three Caterpillar excavators in a conventional drill, blast, load and haul operation. The mine will also use an ancillary fleet of drills, dozers, graders and water carts. A contract mining approach was used where the contractor provides all the major mining equipment. Mine infrastructure, such as workshops and fuel bays are provided by the owner.

Total process capital costs were estimated by DRA at US\$104.269M. If viewed in isolation these costs in Snowden's opinion appear to be low, but it should be noted that that the process capital costs exclude plant infrastructure and earthworks costs. As the total capital cost estimate for the project does not discriminate between process and mining related capital costs, Snowden included an estimate of the indirect capital cost that would be required for the process operation, regardless if mining operations would also be dependant of these, to obtain a total process related capital cost for the project. These costs are summarised in Table 3.9.

Based on total process related capital costs, the project allows for US\$61.52/annual tonne of ore processed or approximately US\$1,002/annual oz, which in Snowden's opinion is at the low end of the typical range for new gold operations. The capital costs were reviewed by Mintrex who also considered the capital cost estimate lower than expected and indicated that direct process capital costs could have been expected to be about 10% higher.

Snowden has included the following capital costs in their capital cost estimate summarised in Table 3.10:

- An allowance of \$5M to complete feasibility studies during F2015,
- Sustaining capital costs equivalent to 5% of the process and administration operating costs.

**Table 3.9 Fekola – Process related direct and indirect capital costs**

Description	Total US\$M
Plant and equipment	104.269
Infrastructure (excludes costs specific to mining)	93.505
Indirect costs	14.961
Owners costs	6.000
Feasibility costs	5.000
<b>Total process costs</b>	<b>223.736</b>
Estimating contingency (12.5 %)	27.362
<b>Total process (including contingency)</b>	<b>251.098</b>

When benchmarked against other similar operations, the operating costs are in Snowden's opinion slightly higher than average, but remain reasonably competitive.

**Project development schedule**

Some earthworks are being undertaken on site, however construction of the major infrastructure has not commenced. Snowden used the financial model as guideline for the project schedule, which forecasts that approximately 70% of the capital costs will be expended in the first year of construction and the balance in the following year.

**Table 3.10 Fekola operating and capital cost**

Total / Average	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Operating costs																
Mining				112.2	109.8	113.8	115.9	117.3	106.8	87.6	72.2	28.4	4.0	4.0	3.0	<b>875.0</b>
Process and admin				46.7	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6	78.4	78.4	58.4	<b>882.9</b>
<b>Total</b>				<b>158.9</b>	<b>187.4</b>	<b>191.4</b>	<b>193.5</b>	<b>194.9</b>	<b>184.5</b>	<b>165.3</b>	<b>149.8</b>	<b>106.0</b>	<b>82.4</b>	<b>82.4</b>	<b>61.3</b>	<b>1,757.9</b>
Capital																
Plant		73.0	31.3													<b>104.3</b>
Infrastructure & owner	5.0	95.0	46.7													<b>146.7</b>
Mining			15.9													<b>15.9</b>
Sustaining capital				2.3	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	2.9	<b>44.1</b>
<b>Total</b>	<b>5.0</b>	<b>168.0</b>	<b>93.8</b>	<b>2.3</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>2.9</b>	<b>311.0</b>							

## 4 B2Gold's Project Descriptions

### 4.1 Masbate

The Masbate Gold Project (MGP) is an operating open pit, CIL processing gold operation located in the municipality of Aroroy, Masbate Island, Region V, Republic of the Philippines. Contiguous mineral tenements held, or under application by the project total 10,807 ha.

Gold mining activity has been conducted within the MGP area since at least the 17th Century. Previous owners of the project operated an open pit / underground mining operation and associated CIL processing plant during the period 1980 to 1994 to produce over 1 M oz of gold from processing of 17 Mt of ore. The current mining operation declared commercial operation on 1st July 2009 following construction of the processing facility

MGP is owned and operated by three separate Philippine registered companies: Filminera Resources Corporation (FRC), Vicar Ming Corporation (VMC) and Philippines Gold Processing & Refining Corporation (PGPRC). FRC and VMC hold mineral tenements and operating permits, FRC manages open pit mining operations, while PGPRC processes the ore sold to it by FRC and VMC. B2B Gold Corp indirectly owns 100 % of PGPRC, and 64 % of FRC and VMC.

PGPRC is contractually required to process all ore mined by FRC under a separate ore sales agreement executed on the 5th July 2007 and applicable for the life of the mining operation. Under the terms of the agreement, PGPRC purchases ore from FRC at the point of loading for total mining cost plus a margin, the magnitude of which is proportional to the Au content of high grade ore received during each month.

Under additional contracts VMC delegate management of MPSA-219-2005-V to FRC via a technical services agreement and VMC agrees to supply ore mined from MPSA-219-2005-V to PGPRC via an ore sales agreement similar in structure the existing ore sales agreement between FRC and PGPRC.

#### 4.1.1 Location and description

The Masbate Mine is located near the northern tip of the island of Masbate, about 360 km south-east of Manila, capital city of the Philippines (Figure 4.1). The project area consists of contiguous tenements covering 108 km<sup>2</sup> that cover a northwest-southeast mineralised corridor which extends for about 16 km (CGA, 2011). The project is centred at latitude 12° 28'N and longitude 123° 24'E.

The site is accessed by road from the towns of Masbate City or Aroroy or by boat along the north-east coast from Masbate City. Daily commercial flights operate between Manila and Masbate city. An airstrip capable of accommodating light aircraft has also been established near the mine site.

#### Climate and landforms

The following paragraphs have been sourced largely from CGA (2001) and Mining Associates (2008).

The climate in the Philippines is tropical with a distinct wet and dry season. The wet season typically lasts from June until February; typhoons are frequent and typically associated with heavy rains and localised flooding. Typhoons can also occur during the dry season.

Average temperatures range from 28° to 33° during the wet season 30° to 35° C during the dry season.

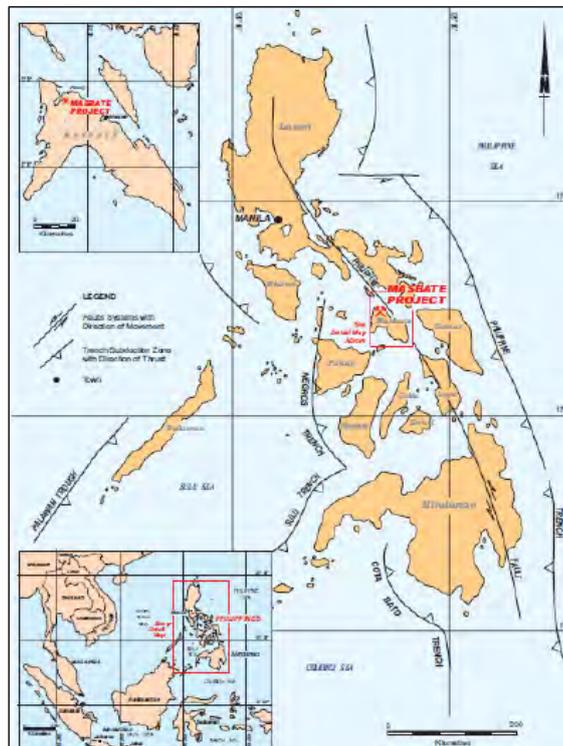
Mining activities at the Masbate mine are not significantly affected by the climate. Heavy rainfall may temporarily affect access to areas of active exploration.

The topography in the north-western part of the Masbate Island is strongly influenced by Late Miocene and Pliocene intrusives which have resulted in rugged topography consisting of moderate to steep slopes (maximum elevation 705 mRL) typically incised by rivers and streams. A narrow coastal plane is present in parts of the property immediately adjacent to the bay. An image showing parts of the mine and the company airstrip is shown in Figure 4.2.

The vegetation in the Masbate mine area is composed of a mixture of forests which have been previously logged to varying degrees, secondary regrowth, cogonal grasses and on the coastal plains mangroves, coconut and banana plantations. Thick forest cover is limited to the higher mountainous portions in the northern section of the island.

Some mangrove habitat has been severely affected by local fish and prawn farming timber cutting and charcoaling. Fauna studies have documented 37 species of insects, 31 bird species, 7 mammal species and 1 species of reptile.

Figure 4.1 Location of the Masbate project



SOURCE: CGA, 2011

**4.1.2 License and permits**

**Historical**

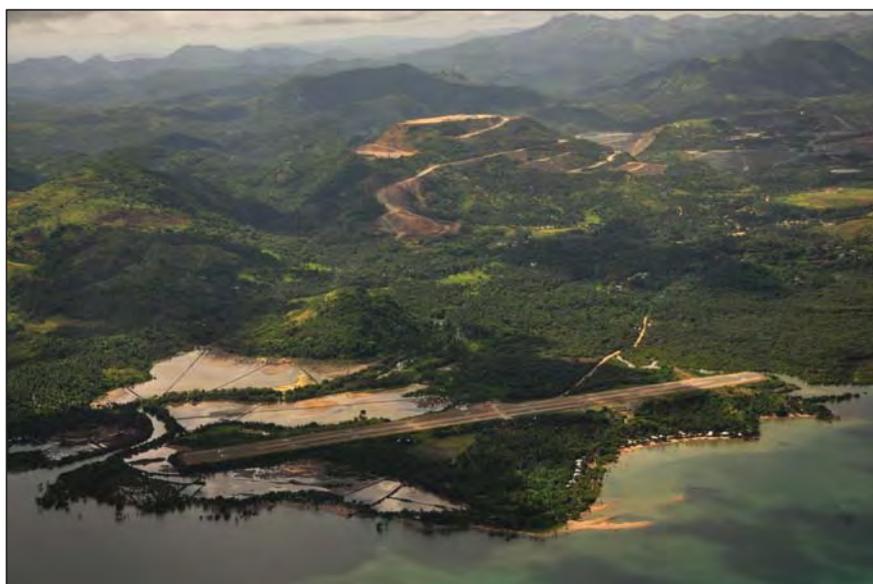
Small scale gold mining for narrow high grade quartz veins has occurred at Masbate for several centuries. In 1936 the Masbate Consolidated Mining Company was formed incorporating several of the smaller mines which operated until 1941. In 1980 Atlas formed the Masbate Gold operation ("MGO") constructed a mill, commenced open pit and underground mining and produced 1.2Mtpa until 1992.

In 1995 London Fiduciary Trust plc (later named Philippine Gold Limited or "PGO") purchased MGO from Atlas for US\$10M. PGO became a subsidiary of Thistle Mining Limited in 2000 and subsequently was acquired by CGA Mining Ltd ("CGA") in 2007 for US\$51M. The mine reopened in July 2009. On 31 January 2013 B2Gold acquired 100% of CGA's interest in the Masbate Mine (through 100% ownership of PGO).

**Current**

Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed title reports prepared by solicitors and is satisfied as to there being good and valid title for each of the tenements and that B2Gold has an interest in each of those tenements as described in this section. B2Gold's 100% owned PGO owns 40% of Filiminera Resources Corporation ("FRC") and 100% of Philippine Gold Processing & Refining Corporation ("PGPRC"), the owner of the mineral processing facility. The remaining 60% of FRC is owned by a Philippine registered company, Zoom Mineral Holdings Inc. ("Zoom"), in which B2Gold holds 40%. B2Gold holds an option to acquire the remaining 60% of Zoom.

**Figure 4.2 Masbate Gold Project**



SOURCE: CGA, 2011

FRC holds the mineral tenements that include the Masbate Mine. The mining claims and applications cover an area of approximately 10,807 hectares (ha). Individual tenements include Patented Mineral Claims, Mineral Lease Claims, Mineral Production Sharing Agreements (including applications) and Exploration Permits (including applications).

CGA obtained an Environmental Compliance Certificate ("ECC") 9804-003-120C for the Masbate Mine in June 1998, Environmental Protection and Enhancement Programme ("EPEP") approval in September 2005 and Social Development and Management Programme ("SDMP") approval in August 2007. A Mineral Processing Permit has also been granted to PGPRC.

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FRC obtained and has maintained the key agreements, permits, licences and certificates for its mining operations. These include the Mineral Production Sharing Agreement ("MPSA") 095-97-V to produce gold, silver and other minerals for a term of 25 years commencing, July 1997 with an option to extend for a further 25 years. Other relevant permits include:

- Mining covenants pertaining directly to the day to day mining operation. They include the MPSA's of the claims, mineral processing permit, explosive storage and handling permits, and safety permits.
- Ore Transport and Export Permits and Commodity Clearance to allow for the transport of the gold ore out of the Philippines.
- Electrical and mechanical permits.
- Additional environmental permits including, a waste water discharge permit to discharge waste water into the tailings impounding facility and various facility pollution permits, including the power plant emissions permit.
- Administrative permits cover areas such as the hospital, aerodrome, port, mayor's/business permit and radio transmissions. An important item is the right to water from the Guinobatan, Lanang and Bangon rivers.
- Real estate permits cover right-of-way agreements with local parties.

There is no royalty payable on the Masbate Mine but a 2% excise tax on gross gold and silver sales is payable, together with a 1.5% social tax payable on mine costs.

B2Gold also has an interest through Vicar Mining Corporation in the Pajo property immediately north of the Colorado Pit, covering an area of 786 ha and considered by B2Gold to be highly prospective.

#### 4.1.3 Geological setting

##### Regional geology and tectonic setting

The Philippine archipelago is located midway along a chain of islands that run along the eastern margin of continental Asia from Japan in the north to Indonesia in the south. This chain of islands is an island arc system which has formed along the margin of the Asiatic, Sundaland and Philippine Sea tectonic plates (Atlas, 1985).

Subduction is now taking place in the Manila, Philippine, Negros and Cotabato Trenches (see Figure 4.3) (Mitchell et al, 1985).

The morphology of the archipelago consists of roughly parallel linear ridges alternating with basins and troughs, following the trend of the adjacent trenches. The islands were formed during the late Mesozoic and Cenozoic and are composed of a complex agglomeration of continental margin fragments, obducted ophiolite sequences, volcanics and igneous intrusions. The intervening basins are composed of thick sequences of sedimentary deposits.

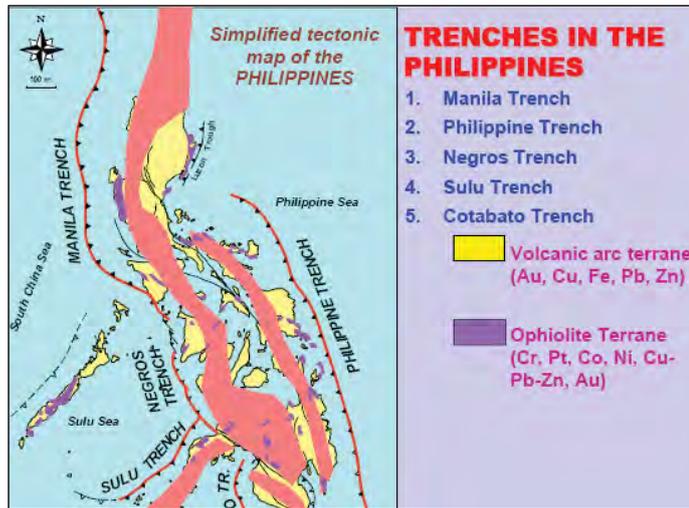
Masbate Island lies in the central part of the Philippine archipelago, midway between the islands of Mindanao and Luzon.

##### Project geology

The Masbate gold deposit is hosted within a north-west to south-east orientated mineralised volcanic block which is bounded by two northwest trending fault zones. The eastern and western faults are known as the Pinanaan and Malubi-Lanang-Balete Faults respectively and are believed to be a sinistral wrench couple (CGA, 2011). The two faults run sub-parallel to the Philippine Rift Fault. Brittle faulting and shear zones up to 40 m wide are the dominant structural features observed in the mine area. The Pinanaan and Malubi-Lanang-Balete Faults have controlled the emplacement on the mineralised structures in the Masbate deposit.

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**Figure 4.3 Simplified tectonic map of the Philippines (source: Mines and Geoscience Bureau 2005)**



The stratigraphic sequence consists of andesites, basalt andesites, conglomerates, turbiditic sandstones/siltstones and porphyritic intrusives of andesitic composition (hornblende-augite porphyry). The principal host rock for the gold mineralisation is a fractured andesitic-dacitic tuffaceous agglomerate (Lanang Formation). The stratigraphic sequence seen in the Masbate deposit is shown in Table 4.1.

**Table 4.1 Masbate stratigraphy (Mining Associates, 2008)**

Age	Unit	Description
Late Tertiary	Hornblende augite intrusive	Late cross-cutting intrusive dykes and sills. Mineralised throughout the project area. May be a phase of the Panique Volcanics but may also be related to the Nabongsoran Andesite Porphyry.
Late Miocene	Lithic tuff	Lanang Formation. Younger cover rocks. Also altered and mineralised (minor).
Early Miocene Panique Formation	Volcanic agglomerate	Lanang Formation. Major host rock, altered and silicified, gold-bearing quartz veins, breccias and stockwork. Also known locally as Panique volcanics.
Late Mesozoic to Early Tertiary	Quartz diorite	Aroroy Pinanaan quartz diorite intrusive located east of the Pinanaan Fault.
Late Mesozoic to Early Tertiary	Meta-sediments	Mandaon Formation. Local basement rock. Partially metamorphosed sediments composed of deep basin sediments and volcanic ash. This unit is generally unmineralised

**Mineralisation**

The gold mineralisation at the Masbate mine is quartz and quartz carbonate veining which typically trends sub-parallel to the Pinanaan and Malubi-Lanang-Balete Faults. Individual quartz veins are typically 2m to 4 m wide but can be up to 20 m wide. Individual veins can be traced along strike for up to 3 km. The major veins tend to be sub-vertical in orientation or dip steeply to the west. Secondary and of lesser importance secondary vein systems following an east-west or northeast-southwest trend are also present.

The vein wall rock contacts (non-stockwork) are typically sharp with limited wall rock alteration. In areas where different structures intersect, broad zones of mineralisation and associated pervasive wall rock alteration can develop which are up to 75 m wide. These stock work systems are typically lower in grade relative to the discrete mineralised veins which have been the main target of historic mining.

Alteration, where present, consists largely of silicification and lesser sericitic and argillic alteration. Sulphide minerals are not generally abundant but are found within the veins and in the boundaries between the wall rock and the vein. Pyrite is the principal sulphide present making up 85% to 95% of all sulphides.

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#### 4.1.4 Exploration

##### Historical

During 2009, a 996.8 km line helicopter geophysical survey (magnetics and radiometrics) of the Masbate exploration tenements showed that the known Masbate mineralization (Main Vein, Colorado etc.) has a direct radiometric (potassium) and magnetic response. Using this signature a large 4 kilometre strike length potassium anomaly and associated magnetic vein response at Pinanaan, east of Main Vein was defined and showed potential for additional gold mineralization. In the south of the tenement additional targets were noted at Bart AG, Balete, and David Sun. Magnetic inversion models also inferred a porphyry centre in the east of the Masbate tenement, in an area where previous small scale copper mining has taken place, and indicates a possible porphyry copper style exploration target.

FRC was granted a 52.3 km<sup>2</sup> exploration permit in 2010 which is contiguous to the Masbate Mine tenements.

In 2012, exploration was concentrated on the following areas:

- resource infill drilling and upgrading of Inferred Resources,
- resource drilling at Pajo Hill,
- drilling of close to mine targets outside current resources,
- grass roots regional exploration including surface mapping, stream sediment sampling, and rock chip sampling,
- an IP survey over a copper-gold porphyry target at Baleno.

The exploration targeted both inferred extensions of the ore bodies and close to mine targets outside the current resource envelope.

In 2012, 397 holes totalling 79,722 m of diamond and reverse circulation ("RC") drilling targeted 15 sites. The results from 2,754 holes including 42 trenches and 605 recent holes were used for an updated Mineral Resource estimate.

##### Recent

B2Gold reported the following exploration in 2013 (B2Gold 2014a):

- upgrading of Inferred Resources to Indicated Resources,
- drilling the NW extension of the high grade Montana vein and the estimation of a new Mineral Resource,
- mineral resource drilling at Pajo Hill,
- drilling for metallurgical samples for comminution testwork,
- sterilisation (condemnation) drilling in the proposed Macayo waste dump area,
- exploration drilling at close to the mine targets outside of the current reserves at Baleno and Bart-Ag,
- grassroots regional exploration including soil orientation surveys, soil sampling surveys, trenching and mapping.

Drill hole logging and sampling has identified five types (phases) of epithermal quartz veining associated with fault zones followed by late stage calcite veining and breccia fill.

During 2013, 256 drill holes totalling 36,171 m were drilled at 14 vein zones. An additional 8,596 RC grade control and 794 probe holes (>170,000m) were drilled as part of mining operations.

The 2013 drill programme identified a new extension to the previously mined Montana Vein, located 600 m west of the Colorado Open Pit, which remains open at depth and justifies further drilling in 2014.

During 2013, 10,405 RC, 25,765 diamond core, 161 rock chip and 1,616 soil samples were collected for exploration and submitted for analysis to SGS in Tianjin, China until May 2013, and after May 2013 to SGS onsite laboratory at Masbate. Drill samples were assayed for gold by 50g fire assay (lead collection, flame AAS). Soil samples were analysed for a selected suite of elements (aqua regia digestion, 10g ICP-OES and MS). Soil and rock samples were assayed by Intertek McPhar at Manila. Assay performance was monitored by Certified Reference Material ("CRM"), blank material and duplicates.

Snowden notes that the exploration methods and procedures conform to standard industry practice.

Snowden notes that the area contains large low grade gold deposits (reserves), averaging 1 g/t Au, based on a gold price of US\$1,350/ounce. The value of the gold deposits are therefore sensitive to gold price and the costs associated with economies of scale.

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Epithermal gold deposits can be part of large mineralised systems and potential exists to expand the resource base.

The Resource estimate incorporates information from diamond drilling and one trench.

**4.1.5 Mineral Resources and Ore Reserves**

No model and or drilling (composite) sample data was supplied and as such Snowden was unable to run any checks on the model. Snowden note that the mining operation is being run in line with industry standard practices and achieving results as predicted by the models and planned by its operators. In Snowden's opinion this reconciliation shows that the underlying mineral resources and ore reserves are appropriate for use in both mine planning and for the purpose of valuing the operation.

The mineralised veins were interpreted based on a grade threshold typically around 0.4 g/t Au on a sectional basis and wireframes to produce three dimensional solids. Over 100 individual veins were modelled. Resource estimation has been undertaken by ordinary block kriging with top-cutting by B2Gold's technical staff (B2Gold, 2014b). Estimation search ellipses were aligned with the various vein orientations. A plan view image showing wireframe solids (veins) classified into 14 area based domains is shown in Figure 4.4.

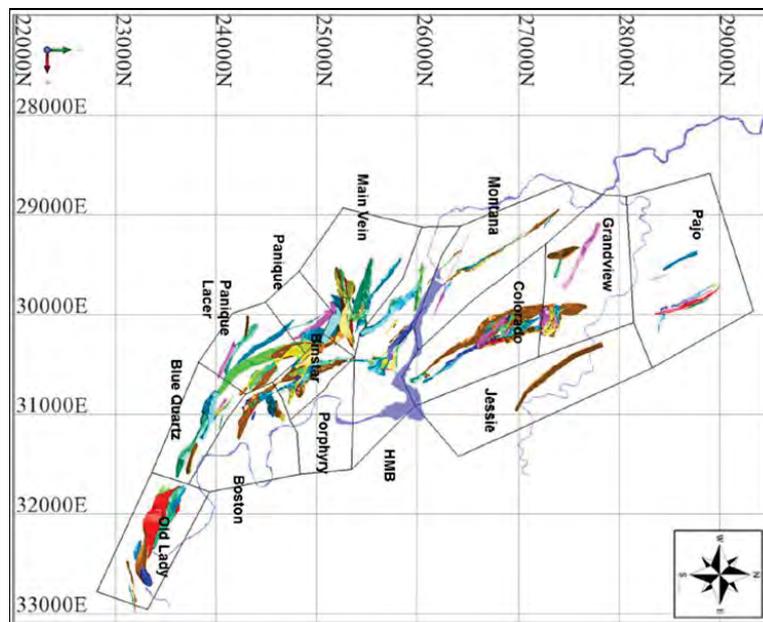
**Summary of Mineral Resource and Ore Reserve Statement**

The Masbate Mineral resources were reported using the following criteria

- Resources (2013) were constrained within a pit optimisation shell based around a \$1,550 per ounce gold price. The 2012 resource was reported unconstrained.
- Mineral Resources are exclusive of mineral reserves.
- Measured and Indicated resources were merged for reporting purposes by B2Gold.
- Mineral resources were reported above a 0.35, 0.40 and 0.50 g/t Au thresholds depending on the oxidation state of the mineralisation, oxide, transitional and fresh respectively.

The Mineral Resource for the Masbate project as of 31 December 2013 is presented in Table 4.2.

**Figure 4.4 Masbate area map (B2Gold, 2014b)**



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**Table 4.2 Masbate Mineral Resource as of 31 December 2013**

Category (NI43-101)	Cut-off grade g/t Au	Gross attributable to license		
		Tonnes (Mt)	Au (g/t)	Ounces (Moz)
Measured + Indicated	0.35, 0.44 and 0.54	31.98	0.77	0.79
Inferred	0.35, 0.44 and 0.54	8.93	0.88	0.25
<b>Total</b>		<b>40.91</b>	<b>0.79</b>	<b>1.04</b>

The Ore Reserves for the Masbate project, as of 31 December 2013 are summarised in Table 4.3.

**Table 4.3 Masbate Ore Reserves as of 31 December 2013**

Proven and Probable Reserves		Ownership 100%		
Domain	Zone	Tonnes Mt	Au g/t	Ounces (Moz)
North	Colorado	20.21	0.95	0.62
North	Montana/Oregon	3.20	1.98	0.20
North	Pajo	5.23	0.75	0.13
North Subtotal		28.64	1.03	0.95
South	Main Vein Group	61.34	1.08	0.21
South	Old Lady	3.69	0.95	0.11
South	Blue Quartz	1.53	1.14	0.06
South Subtotal		66.56	1.07	2.29
Stockpile	Stockpile	19.24	0.55	0.34
<b>Total includes Stockpile</b>		<b>114.44</b>	<b>0.97</b>	<b>3.58</b>

*Notes: Gold Price = \$1,350 per ounce. Mining dilution of 5%-10% applied at a grade of 0.1-0.2 g/t gold. Mining recovery = 97.5%-100%. Metallurgical Recovery Data used: oxide = 87%, transitional = 75% and fresh rock = 65%. Mineral reserves are exclusive of mineral resources. Mineral reserve numbers have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.*

#### 4.1.6 Mining operations

##### Description of mining operations

Snowden undertook a site visit to Masbate on June 17 and 18, 2014. At that time the mining operation was in full production, however space was limited on the ROM pad because it was close to capacity due to an extended SAG mill shutdown, consequentially the mining operation was focused on waste and hard ore production. The replacement SAG mill went online at the end of June 2014.

In Snowden's opinion the mining operation is being run in line with industry standard practices and achieving results as planned by its operators.

Historically open pit mining at MGP has been conducted by Leighton Asia Limited (Leighton) under an alliance contract with FRC and PGPRC. Leighton is independent of CGA, FRC and PGPRC. In early 2014 the decision was made to transition to a full owner operator scenario. This transition is relatively straight forward due to nature of the contract with Leighton. The contract is such that all costs are transparent to all parties; which means that equipment purchase prices and maintenance records are also available and transparent. The transition involves MGP purchasing all of the Leighton fleet and rehiring all the Leighton operators and maintenance personnel. The transition is expected to be completed by the end of 2014 and is expected to result in savings equal to the contactors margin.

Mining at Masbate uses backhoe excavators and off highway haul trucks operating on 10 m bench heights with 2.5m flitch heights. Ore is defined using dedicated RC grade control drill rigs. Current mining movements are approximately 850,000 to 900,000 BCM per month.

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Mining operations summary

In summary, mining consists of:

- Grade control drilling – Reverse circulation holes drilled at 60° incline perpendicular to the dominant strike of mineralisation over an interval of 10 vertical metres. The grade control pattern is standardised to a spacing of 12 m parallel to and 6 m perpendicular to the dominant strike of mineralisation. Samples are collected from every 1 m downhole interval from rig mounted rotary cone splitters. Samples analysed for gold content on site by SGS Limited using fire assay / AAS method.
- Blast hole drilling – Percussion rotary airblast drilling of vertical drill holes over an interval of 10 vertical metres (+ subdrill of 0.5 m), using 115 mm diameter bits. Blast pattern spacing varies but typically has a burden of 3 m and spacing of 3.5 m. There is no sampling of blast holes – all grade control information is derived from RC drilling.
- Blasting – explosive supply and down hole loading is provided by Orica (Philippines) Limited, under sub contract to Leightons. Blasting typically uses emulsion product manufactured in a purpose built batching plant located on site.
- Loading – Ore and waste excavation is conducted by back hoe excavators over bench heights equating to in situ 2.5 vertical metres.
- Hauling – conventional haulage utilising off highway rear wheel drive dump trucks.
- Mill feed – ore stockpile reclaim and plant feed methods utilising conventional front end loaders or direct dump from haul trucks.

The general layout of the mine is presented in Figure 4.5. It can be seen that the site is made up of several pits separated by undulating topography.

Abandoned underground workings are present in some open pit mining areas (Panique, Main Vein, Colorado). The location of underground workings is delineated from historical maps and plans in combination with targeted probe drilling and cavity surveying.

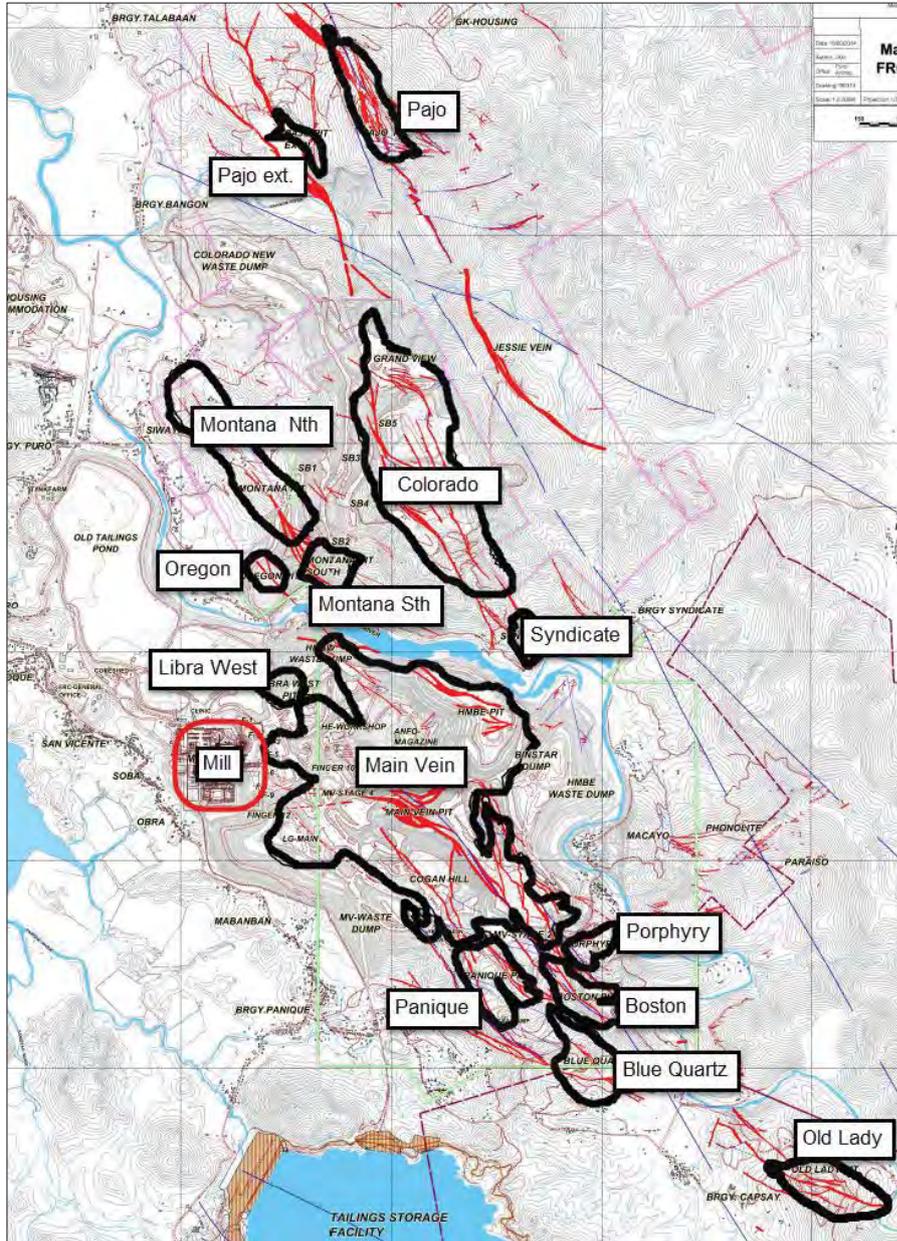
The mining fleet at MGP is typical of a mine of this nature in this region, the primary fleet consists of:

- 2 x Komatsu PC2000 back hoe excavators
- 1 x Komatsu PC1250 back hoe excavator
- 1x Caterpillar 6015 excavator
- 20 x Caterpillar 777 Dump Trucks
- 4 x Sandvik Pantera 1500i blast hole rig

This fleet is supported by the usual selection of dozers, graders, wheel loaders, and other ancillary fleet. In Snowden's opinion this fleet is appropriate.

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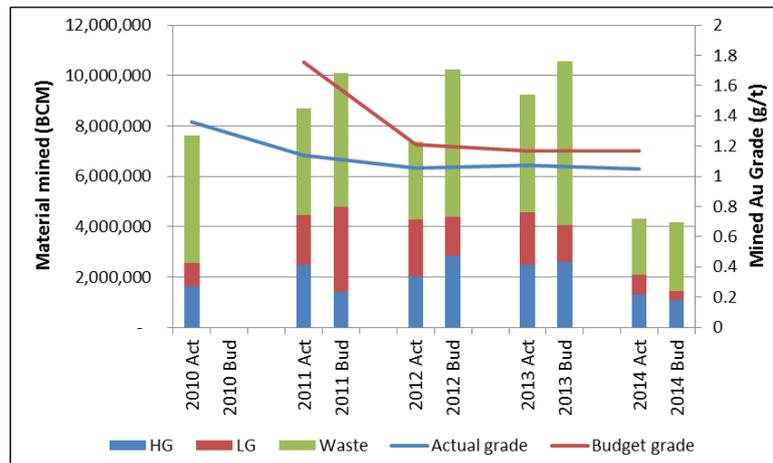
**Figure 4.5 Masbate layout**



Historical mining performance is presented in Figure 4.6. As can be seen the mine has not met budgeted total material moved or mined grade, however ore moved has been close to or above budget.

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**Figure 4.6 Historic mining performance**



**Life of mine plan**

Overview

Life of mine (LOM) planning is based around total movement rates of 10 MBCM per annum, corresponding to 850,000 BCM to 900,000 BCM per month. The short term focus is on developing the Colorado pit to be able to expose oxide ore which has higher recoveries

Stockpiling and cut-off grades

In general low grade is stockpiled for feed at the end of the mine life, normally lower than 0.7 g/t, but the low grade cut-offs vary by ore type.

As each pit has different mining costs, and each ore type has different metallurgical recoveries COG's vary by pit and by ore type, however generally Oxide has a COG typically of 0.40 g/t Au, Transition approximately 0.50 g/t Au and Fresh of 0.61 g/t Au.

Waste dumps

Due to topography and existing dwellings waste dumping at Masbate is somewhat constrained and careful planning has been undertaken to ensure there is sufficient needs to meet the current LOM plan.

Geotechnical and water management

Pit wall designs have been developed in conjunction with independent geotechnical consultants (George, Orr and Associates) who regularly complete site visits to assess performance.

Routine geotechnical monitoring of interim and final pit walls is conducted. To date, mining has concentrated largely on the reduction of topographic highs and or stages within major pit designs and few final walls have been established. The performance of interim pit walls allows the assessment of various pit wall designs. Final walls have been established in small satellite pits (Montana, Libra East, HMB West) with good pit wall performance.

Limited hydrological investigation has been completed as mining has largely been conducted above the water table. Where required, active pit de-watering is conducted utilising manually controlled sump pumps. Dewatering has been required in HMB East staged pits and other satellite pits now completed (Montana, Libra East, HMB West). Surface water inflow is controlled by drainage developed in conjunction with the site water management plan.

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Dilution and ore loss

Routine measures taken to control mining dilution and ore loss during mining include supervision of ore zone mining activities by grade control personnel, floor level monitoring, blast movement correction of ore blocks and operator education. In addition to the planned dilution that is a consequence of the design process, an additional 5%-10% is applied to the ore at a grade of 0.1 to 0.2 g/t gold.

The life of mine schedule summary is reproduced in Table 4.4. in Snowden's opinion it is a fair and reasonable plan.

**Table 4.4 Life of mine plan by calendar year (December 2012 Ore Reserves basis)\***

	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	27-32	Total
<b>Mining</b>																		
<b>HG Ore</b>	Mt	4.93	6.28	6.12	6.49	4.40	5.06	5.53	5.18	4.72	6.04	5.56	8.07	9.17	3.67	1.12	21.80	104.13
<b>LG Ore</b>	Mt	5.15	3.87	2.52	2.78	0.98	1.15	2.18	3.07	2.95	2.51	1.72	1.73	2.65	5.00	7.20	2.14	47.59
<b>Total Ore</b>	Mt	10.08	10.15	8.6	9.3	5.4	6.2	7.7	8.2	7.7	8.5	7.3	9.8	11.8	8.7	8.3	23.9	151.63
<b>Grade</b>	g/t Au	0.8	0.89	1.10	1.00	1.20	1.10	0.90	0.90	1.00	1.00	1.10	1.00	1.00	1.00	0.90	0.89	1.0
<b>Waste</b>	Mbcm	3.12	6.17	15.2	16.4	20.7	24.2	25.9	24.8	25.4	25.4	26.6	25.2	31.1	20.7	16	61.7	368.6
<b>Process</b>																		
<b>Milled</b>	Mt	4.75	6.5	6.4	6.8	6.8	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	46.4	157.65
<b>Grade</b>	g/t Au	1.08	1.10	1.10	1.00	1.20	1.10	0.90	0.90	1.00	1.00	1.10	1.00	1.00	1.00	0.90	0.74	0.89
<b>Recovery</b>	%	86.6	86.2	84.0	85.0	82.0	79.0	82.0	83.0	79.0	76.0	77.0	75.0	74.0	76.0	78.0	77.5	79.1
<b>Au Prodn</b>	kozs	143	199	192	193	218	217	195	199	196	198	214	197	196	192	186	838	3,774

\* Note: Source BDA 2012. Financial years July to June; figures in italics are actual for 2012; figures from 2013 are from CGA LOM model forecasts; Total represents total from 2013; mining is completed in 2029 but processing continues for three more years to 2032 treating remaining ore from low grade stockpiles; the 2027-2032 column represents the average over three years for mining and over six years for processing

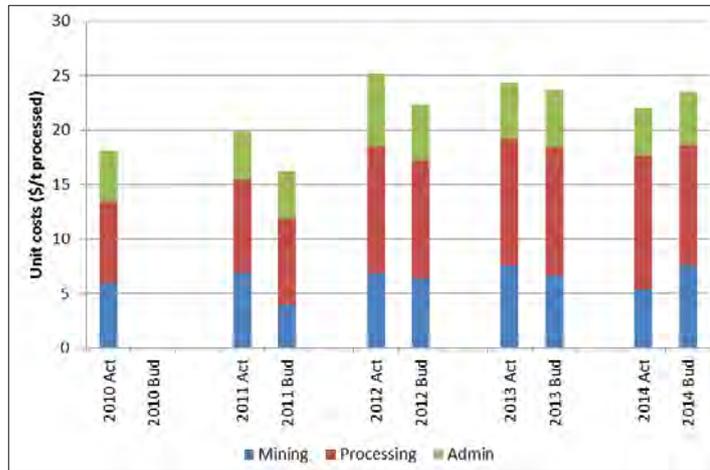
**Operating and capital costs**

Mine costs are based on historical performance and planned future activities. Accordingly, the basis upon which the costs are generated are considered to be superior to that found in a Class II estimate as they are supported by existing contracts and arrangements in place at the mine site and a well-established track record.

**Operating cost estimate**Historical performance

Figure 4.7 shows historical costs vs. budget performance, wherein it can be seen that MGP in the past have tended to exceed budget in most periods (on a unit cost basis), this is somewhat exacerbated by underperforming with respect to production.

**Figure 4.7 Budget vs Actual unit cost performance**



**4.1.7 Mineral processing and metallurgical testing**

Although gold has been recovered from the Masbate property for many years, operating data was recorded only for the more recent operations. Pre-Second World War production figures are not available. Production over the period 1980 to 1994 totalled 1.03 Moz Au and 0.99 Moz Ag from the mill processing 17.4 Mt of ore. A small amount of additional gold production (0.05 Moz Au) was recovered from Heap leach processing of an unknown amount of low grade ore.

Atlas open pit operations were commissioned in 1979, with underground operations commencing in 1986. Mill throughput averaged 3,500 tonnes per day and utilised CIP gold recovery. Small heap leach trial operations were conducted between 1984 and 1993. Ore recovered from open pit mining of Main Vein produced the vast majority of ore for processing. Over the 14 years of operations, Atlas mined material from a total of 21 open pits, 4 alluvial and 4 underground prospects, although the majority of these supplied minor quantities of ore. At the time of closure in 1994, ore was being actively mined from Main Vein, Montana, Holy Moses, Colorado Vein 5 and Colorado Vein 9.

**Metallurgical process plant**

Ore mined at Masbate is processed on site within a conventional CIL processing plant. The processing plant was designed by Lycopodium with a nameplate throughput of 4 Mtpa, and ore treatment commenced during April 2009, with the first gold poured on 12th May 2009.

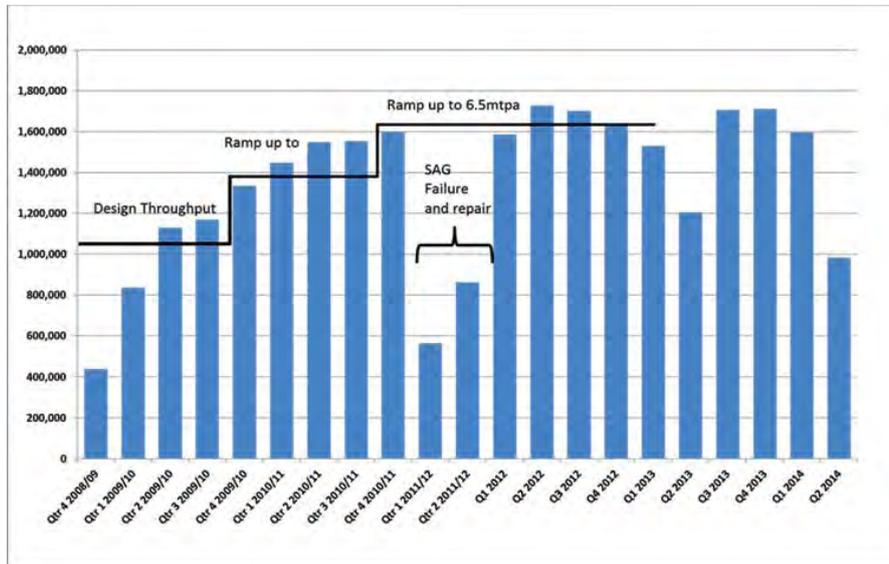
Successful ramp up of milling throughput through 2009 and early 2010 resulted in a revised throughput target of 6.5 Mtpa. On softer mill feed blends (those dominated by oxide material) 6.5 Mtpa throughput was achieved with minimal changes to process flow, but additional crushing capacity was identified as an issue for harder feed blends. A supplementary crushing circuit was commissioned in September 2011 to support mill throughput at 6.5 Mtpa on mill feed blends containing 65% primary material.

**Plant production history**

From production for the past five years it can be seen that the mill is performing reasonably well, with mill throughput generally met. The most significant exception occurred during 2011 when the SAG mill failed (see Figure 4.8). The mill was repaired at the time and operations continued. A new SAG Mill has been recently installed and as a result the plant operated on reduced throughput, using only the crusher and ball mill for crushing and grinding, which can be seen from the reduction in throughput during quarter 1 and 2 of 2014.

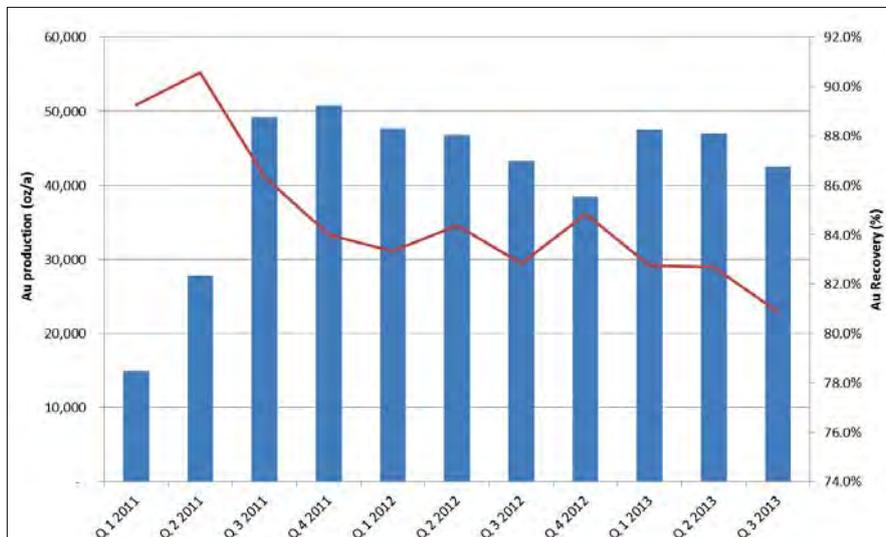
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**Figure 4.8 Masbate – quarterly production tonnes milled**



Snowden noted that gold production had peaked during the months of April 2011 to June 2011, with recoveries gradually moving downwards to the current budget value of 79.71% (Figure 4.9). For the life of mine from 2014 onwards, recoveries will be impacted by the ore lithology and are expected to vary between 74% and 85%. Current year to date gold production is behind budget by 11.7%, but plant throughput was reduced due to the replacement of the SAG mill. Figure 4.9 Masbate – quarterly gold production and gold recovery.

**Figure 4.9 Masbate – quarterly gold production and gold recovery**



**Comments on the Masbate metallurgical operation**

- The Masbate ore appears to be generally free milling and the plant design is well supported by the initial testwork conducted in support of the design.
- Plant throughput has been at or above target, with production targets not met during 2011 when the SAG mill failed.

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- Current production is again below target, as the SAG mill, which was only repaired during 2011, was replaced in June 2014 and production during the shut down was maintained by using only the crusher and ball mill.
- Snowden is of the opinion that once the SAG mill been replaced, production targets should again be achievable as during the past four to five years.
- Although gold recovery is trending downwards, in Snowden's opinion this is in line with expectations due to:
  - the two main sources of ore maturing – Colorado and Main Vein are moving out of the oxide zone into a more transitional zone, and
  - the plant is operating at approximately 6.5Mtpa vs. a design of 4Mtpa and as a result the CIL residence time has reduced between 17.5 and 19hrs.

#### 4.1.8 Mine infrastructure

Masbate has well established infrastructure which in Snowden's opinion is suitable for continued operations. The infrastructure is a mixture of refurbished items originally constructed during previous mining operations by Atlas (1980 – 1994) and new facilities (including a truck shop and offices) constructed since 2009. The location of significant mining infrastructure is illustrated in Figure 4.10 and Figure 4.11.

##### Roads

A series of well-maintained metal roads access the process plant and administration buildings from the property boundary and link into the Provincial road network at controlled points.

Open pits, dumps and stockpiles are accessed by a network of haul roads constructed and maintained to accommodate passage of Cat 777 Dump trucks.

Exploration areas within the property are serviced by a series of secondary haul roads and tracks constructed to allow passage of track mounted drill rigs and light vehicles. In some instances exploration areas are accessed from the provincial road network.

##### Port

Private wharf facilities located at Masbate can accommodate loading / unloading of two standard 500 t flat bottom barges at high tide. The port also provides permanent mooring for the Lady Jacqueline, a converted fishing trawler currently owned by Leightons and utilised for passenger transport to / from commercial ports at Masbate City or Pilar. The port is permitted by the Philippines Port Authority (PPA).

##### Air strip

Masbate operates a private 900 m unpaved airstrip. Private charter flights between Masbate Gold Project and Manila utilise fixed wing aircraft that can accommodate up to 19 passengers. The air strip is permitted by the Civil Aviation Authority of the Philippines (CAAP).

##### Tailings Disposal

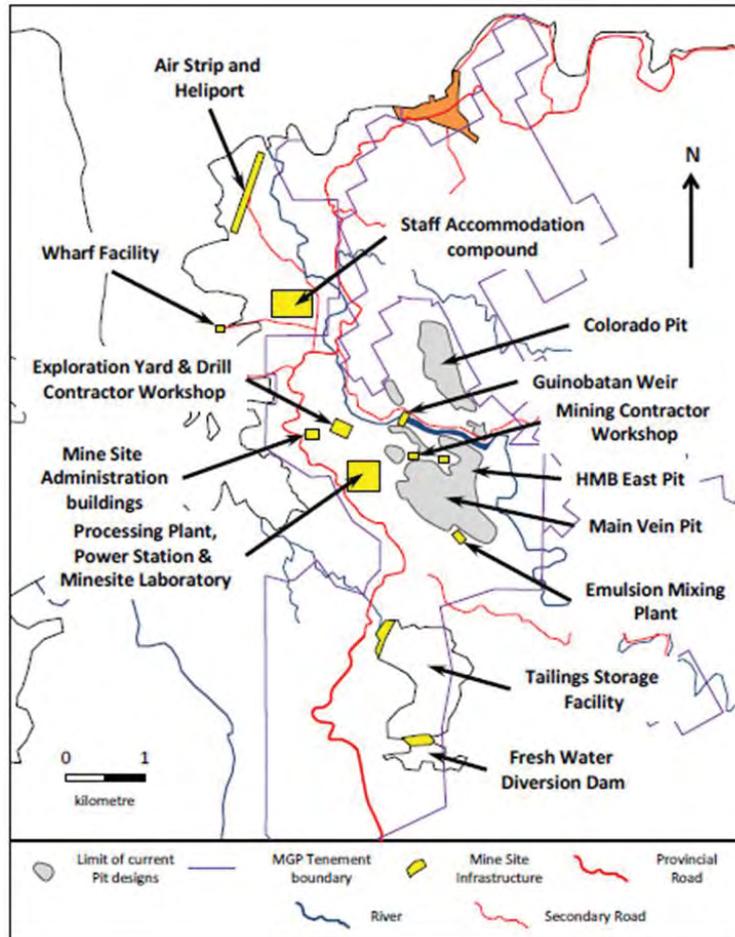
Tailings generated from processing Masbate ore are deposited in a Tailings Storage Facility (TSF) located 2.5 km south of the Masbate Process plant. The TSF is designed by GHD, a leading international engineering, architecture and environmental consultancy company, and incorporates provision for local climatic (typhoon) and seismic conditions. The design consists of a main dam wall and subsidiary walls to be constructed in series of lifts.

The TSF is permitted to a final height of 51 m RL, including a final 2 m freeboard provision (i.e. final tails deposition height of 49 mRL). At completion the TSF has a storage capacity of 61.7 Mt. At the end of March 2012, the dam wall was at a height of 38 m RL.

Tailings deposition within the TSF is controlled in such a way as to minimize water contact against constructed dam walls. Water is recycled back to the Masbate Process plant from the TSF and currently accounts for at least 75 % of process water needs.

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Figure 4.10 Plan of Masbate project showing infrastructure



**Water**

FRC holds permits to draw water for industrial use from the Guinobatan, Bangyon and Lanang Rivers. To date, total process water requirements have been drawn from the Guinobatan River only, at a weir constructed during the Atlas period of operations (1980 to 1994). Domestic water for the Masbate Gold Project is drawn from deep wells located close to the Guinobatan Weir. Water permits are administered by the Nation Water Resources Board (NWRB). A new water treatment plant goes into operation in 3<sup>rd</sup> quarter of 2014

**Power**

Electrical power for Masbate is supplied from a purpose built 30 MW power station located immediately adjacent to the Processing Plant. The power station consists of several generating sets operating on heavy fuel oil (HFO). MGP is currently licenced to operate a power station up to 50 MW generating capacity.

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**Figure 4.11 Aerial view of Masbate mine site**



**4.2 La Libertad**

**4.2.1 Location and description**

The La Libertad project is located approximately 110 km east of the capital city of Managua in the Chontales District of Nicaragua. The La Libertad project, which comprises a number of gold deposits, has been exploited primarily by open-pit mining, although some historical underground mining has taken place. Ore is treated at the La Libertad carbon-in-leach ("CIL") processing plant, which was commissioned by B2Gold in December 2009 and is located adjacent to the main Mojon open-pit (Figure 4.12). Prior to this, ore was treated by heap-leaching. Snowden understands that remanent low-grade material from the leach pads, along with ore from the open-pits, is currently being treated through the CIL plant.

Annual gold production at the La Libertad project from 2010 to 2013 is summarised in Table 4.5.

**Table 4.5 Production history for La Libertad project for 2010 to 2013**

Year	Mill Feed Mt	Head grade g/t Au	Recovery %	Gold recovered koz
2010	1.57	1.6	87.1	71.0
2011	1.99	1.7	91.0	100.0
2012*	2.04	1.8	92.5	108.9
2013*	2.01	2.9	92.8	138.7

Source: BDA, 2012 and B2Gold, 2013 and 2014a

**Climate & landforms**

The climate of central highlands Nicaragua, where the La Libertad project is located, is characterised by a wet season from May through to November, followed by a dry season from December to April. The average annual temperature is approximately 24-27°C with around 1.7 m of rainfall per year. September and October are the wettest months of the year, averaging 270 mm of rainfall per month, while February and March are the driest with an average of 23 mm of rainfall per month.

The topography of the La Libertad project area is hilly with moderate relief, varying from 400 m to 835 m above sea level. The mineralised quartz veins are relatively hard compared to the surrounding host rocks and typically forms the topographic highs in the La Libertad project area, with many of the historic

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workings occurring on hills and ridges. The area contains vegetation which predominately comprises grasses, small trees and shrubs.

#### 4.2.2 License and permits

##### Historical

From 2001 to March 2007 mine production by heap leaching at La Libertad Mine was from a series of pits along the main Mojón-Crimea and the Esmeralda structures and totalled 6.7 Mt, at 1.66 g/t Au (207,000 oz). The mineral title, passed through several companies as a result of mergers and acquisitions, until 6 July 2006, when Central Sun Mining Inc ("Central Sun") purchased a 100% interest in La Libertad Mine.

Open pit mining was halted in March 2007 and in August 2007 Central Sun commissioned a feasibility study and investigated sources of mill equipment for conventional milling. On 26 March 2009 B2Gold acquired Central Sun and completed the construction of the carbon in pulp mill in the fourth quarter of 2009 and commenced ore processing on 15 December 2009.

##### Current

Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed title reports prepared by solicitors and is satisfied as to there being good and valid title for each of the tenements and that B2Gold has an interest in each of those tenements as described in this section. B2Gold indirectly through its subsidiary Desarrollo Minero de Nicaragua S.A. ("Desminic"), holds a 100% interest in one exploitation concession covering 10,950 ha, granted on 6 September 1994 for the term of 40 years pursuant to Ministerial Decree No. 032-RNMC/94 which includes the payment of surface taxes, and a net 3.0% royalty on gross production revenues. In addition B2Gold holds an additional exploration concession, Extension Quernos de Oro, which covers 1,196 ha of the potential extension of a mineralized structure northwest of the exploitation concession. The exploitation and exploration concessions form one contiguous block.

La Libertad Mine is also subject to a royalty interest granted to Inversiones Mineras S.A. ("IMISA"), a holding company formed to represent unionized mine workers in Nicaragua, equal to 2.0% of the value of total production of gold and silver from La Libertad exploitation concession.

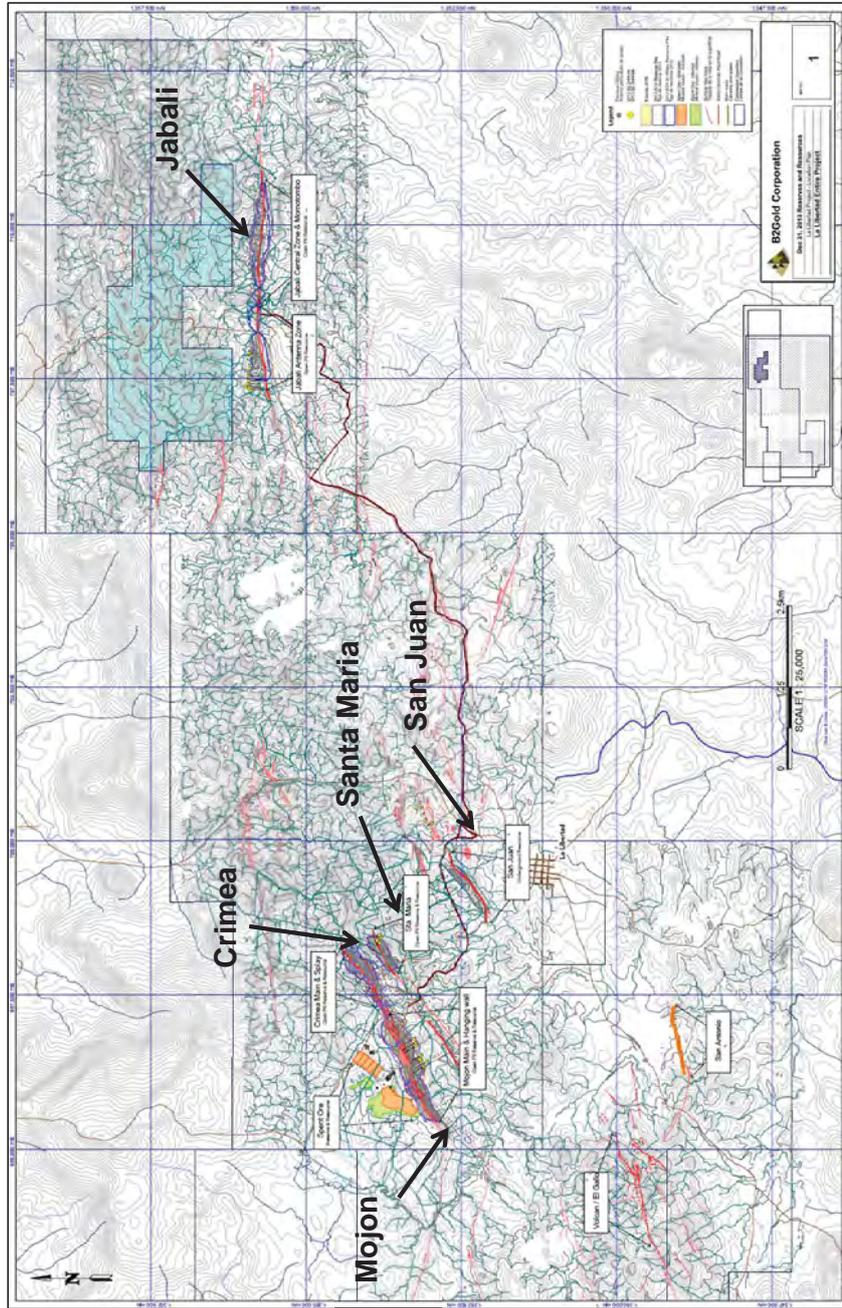
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The total royalty payable on La Libertad Mine production is therefore 5.0%. In addition, under Nicaraguan law, small scale or artisanal miners have the right to exploit secondary veins up to a total surface area that may not exceed 1% of the total area granted under a concession. Artisanal mining activities continue on the concession.

Figure 4.12 Plan showing La Libertad project (source: B2Gold)



### 4.2.3 Geological setting

#### Regional geology and tectonic setting

Nicaragua comprises three major geological terranes (Pearson & Speirs, 2009a). A northwest striking graben, known as the Nicaraguan Depression, parallels the Pacific coast and is some 30 – 40 km wide. This graben is dominated by recent volcanic sediments and rocks, which have been produced by the numerous active or recently-active volcanoes hosted in the terrane. A 10 – 20 km wide belt of Tertiary, Mesozoic and Palaeozoic rocks are preserved to the southwest, between the graben and the Pacific coast.

To the northeast of the graben, Tertiary, Mesozoic and Palaeozoic basement rocks are overlain by a major sequence of volcanic rocks, comprising the Coyol Group (Miocene-Pliocene age) and the Matagalpa Group (Oligocene-Miocene age). The Matagalpa Group is composed predominately of pyroclastic and volcanoclastic rocks and is some 200 – 250 m thick. Unconformably overlying this is the Coyol Group, which averages 700 m in thickness and is composed of mafic and intermediate lavas (basalt and andesite) and felsic tuffs (Pearson & Speirs, 2009b). The Coyol Group hosts the La Libertad gold deposits in Nicaragua, along with the majority of other known gold deposits in Nicaragua.

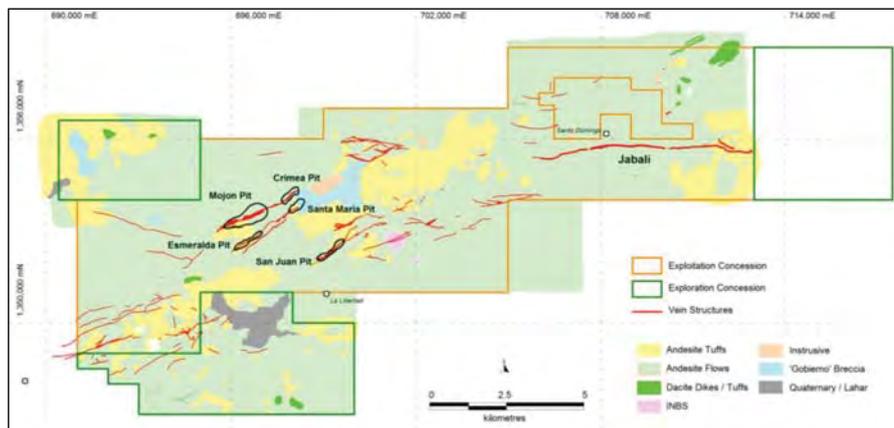
#### Project geology

The La Libertad project is hosted in the lower portions of the Coyol Group rocks. The rocks comprise a sequence of feldspar porphyritic andesitic lava flows, with individual flows ranging from a few metres up to 50 m thick. The flows are often separated by lapilli-tuff and ash-tuff layers (Scott, 2011). Local intrusions of fine-grained andesitic dykes occur which are thought to pre-date the epithermal gold mineralisation. A geological plan of the La Libertad project is presented in Figure 4.13.

Structures within the La Libertad project area are dominated by faults which strike northeast and dip steeply to the north-northwest. The majority of these structures are infilled with quartz veins and stockworks, some of which are mineralised. The strike of the faults in the northeast of the La Libertad project area (i.e. around the Jabali deposit) is more easterly, dipping towards the north.

Weathering can be up to 50 m deep and generally mimic the topography. Pearson & Speirs (2009b) note that the base of oxidation is typically very sharp along the footwall of the Mojon mineralisation. The weathered rocks are characterised by clay with sulphide minerals, mainly pyrite, replaced by goethite (iron oxide mineral) and jarosite (potassium-iron sulphate mineral).

Figure 4.13 La Libertad project geology (source: Scott, 2011)



#### Mineralisation

Gold mineralisation at La Libertad is characterised as low-sulphidation epithermal mineralisation, with the gold hosted in quartz-adularia veins, breccias and stockworks. Alteration of the surrounding host volcanic rocks is typical of epithermal systems and comprises argillic (clay) and propylitic (epidote-chlorite±albite) alteration, along with strong silicification proximal to the veins and stockworks. This alteration halo extends into the host rocks between two to ten times the thickness of the vein (Pearson & Speirs, 2009b). Intense silicification and brecciation up to several metres in thickness often occurs in the footwall, immediately below the main vein structure (Pearson & Speirs, 2009b).

Gold is hosted within the veins and it has been noted that anomalous gold is associated with an increase in the sulphide content (mainly pyrite) and increased levels of potassic and silica alteration (Scott, 2011). The gold is fine-grained and occurs as free particles up to 40 µm in diameter with an average grain size of 3 – 15 µm (Pearson & Speirs, 2009b). The mineralisation occurs along three main trends – the Mojon-Crimea trend, the Esmeralda-Santa Maria trend and the Jabali trend (Figure 4.13). The Mojon-Crimea and Esmeralda-Santa Maria trends are sub-parallel and separated by approximately 500 m.

The Mojon-Crimea trend occurs over a strike length of approximately 4 km, striking towards a bearing of 065° and dips steeply at approximately 80° towards the southeast. The veins are typically 15 m thick, but vary locally from 2 – 70 m thick and narrow at depth.

The Esmeralda-Santa Maria trend is less continuous, with the Esmeralda and Santa Maria veins separated by approximately 1 km. The Esmeralda veins are mined out. Veins at the Santa Maria deposit occur over a strike length of some 450 m and average 10 m in thickness. The San Juan deposit is located approximately 2.5 km to the southeast of the Santa Maria vein system and is sub-parallel. The veins at San Juan average 3.4 m thick and occur over a strike length of 1 km.

The Jabali deposit is located approximately 10 km to the east of the main Mojon deposit. The veins at Jabali strike roughly east-west, dipping to the north at 60° to 80°, and occur over a strike length of approximately 6 km. The veins are thickest in the east of the Jabali deposit, ranging from 5 – 29 m, narrowing to 5 – 13 m to the west (Scott, 2011).

#### Recent

During 2011, B2Gold completed a total of 47,436m of drilling in 332 holes on La Libertad vein structures. The objective of the program included further drilling of the Jabali vein system, the completion of the Jabali Antenna and Central indicated resources, and drilling to expand the western margins of the Mojon and Crimea pits. This drilling included 281 holes (38,705 metres), which tested the two main zones of the Jabali vein system, the Antenna and Central zones (combined strike length of 3.2 km), as well as along strike of these areas. The 2011 La Libertad drill program also included 36 holes totalling 5,282m, which tested the area immediately west of the Mojon open pit that is currently being mined.

During 2012 by B2Gold exploration focused on the Jabali infill program and drilling mine related targets. A total of 19,800m was drilled in 143 diamond drill holes, which intersected up to 4.91 g/t Au over 8.0m true width. Additional drilling within the Inferred Resource outline of the Jabali Antenna vein, but outside of the 2012 pit boundary, returned good widths and assays at relatively shallow depths demonstrating that the Jabali vein is continuous throughout the length of the defined Indicated and Inferred resource. The drilled holes cover an area of approximately 300m along strike and down to 150m depth.

During 2013 B2Gold completed a total of 7,405m of drilling in 32 holes. The majority of the drilling targeted high grade underground extensions to the known reserve and resource mineralisation. Drilling occurred in the following areas:

- At Mojon, a total of 13 holes were drilled for 3,422m on three main underground areas (shoots) below the current resource pit, which are planned to be followed up with definition programs during 2014. The Western shoot, up to 200m wide had six holes drilled with up to 4.78 g/t gold over 3.0m true width. The Central shoot had four holes with up to 9.71 g/t Au over 4.5m true width. The Eastern shoot was drill tested with one hole.
- At Jabali Antenna, a similar program was initiated with a total of 10 holes drilled for 3,104m. The target for this program was the down plunge extension of the main Antenna shoot with up to 103.8 g/t Au over 1.5m true width, JB13-418.
- At Santa Maria open pit a four hole, 466m, drill program designed to define the eastern boundary of the pit returned up to 95.31 g/t Au over 3.4m.
- At Calvario, an exploration target a five hole, 413m, drill program was completed along strike of the known San Juan resource.

In 2013, approximately 13% of assay pulps were sent for external checks to ALS in Vancouver, British Columbia. Independent reference standards were inserted in all sample batches at the rate of one standard per 40 samples. Snowden notes that the exploration methods and procedures conform to standard industry practice. Snowden also notes that the area contains high grade gold deposits (reserves) which are less sensitive to gold price. Epithermal gold deposits can be part of large mineralised systems and potential exists to expand the resource base.

#### 4.2.4 Mineral Resources and Ore Reserves

Snowden was provided with long sections and documentation for the La Libertad gold deposit located in central Nicaragua. Snowden completed a technical review of the reports and data provided and made

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reasonable enquiries or used its professional judgment to determine the validity of the information. During the desk top review Snowden focused on the following tasks:

- Reviewing the Mineral Resource estimation methodology and input data.
- Reviewing dry bulk density determination.
- Reviewing reporting and classification.
- The assessment of any available quality assurance and quality control data.

Snowden has reviewed the quality control documentation associated with the assay data used to compile the resource estimates. Overall Snowden concludes that the sample data is suitable for use in resource estimation. Snowden has not undertaken an audit of or re-estimated Mineral Resources or Ore Reserves but has verified the assumptions and conclusions stated by the Competent Persons responsible and have commented on the reasonableness and validity thereof.

The Mineral Resources for the La Libertad project were estimated by B2Gold using sample data primarily from diamond core drilling. BDA (2012) noted that the RC drilling at La Libertad prior to 2006 was "almost certainly" biased due to a loss of fines during drilling. The diamond drilling is typically drilled based on an approximate vein intersection spacing of 25 m, although the drill spacing can be up to 100 m in parts.

The diamond drill core is geologically logged and marked up for sampling by the site geologists. Core diameters include HQ, NQ and BQ sizes, with downhole surveying conducted every 50 m. At Jabali, most of the core drilled was HQ diameter and core recovery averages 91% (Scott, 2011). The mineralised veins and associated alteration zones are half core sampled, cut using a diamond saw. The sampled interval is extended into the footwall and hangingwall to ensure that the entire mineralised zone is sampled. The diamond core samples are currently submitted to ACME Analytical Laboratories Ltd ("ACME") in Vancouver, Canada, although ALS Chemex (also in Vancouver) have been used in the past as the primary laboratory. Samples are prepared to a pulp at the onsite laboratory. The samples are crushed to 2 mm and an 800 g split collected. The 800 g crushed sample is then pulverised to 90% passing 75 µm. Two 120 g sub-samples are collected from the pulp and placed into separate sealed sample bags, which are marked with the sample number. Pulps, including standards, duplicates and blanks, are sealed in cardboard boxes and transported to the Vancouver laboratory for analysis by fire assay (30 – 50 g charge) with the gold content determined by atomic absorption spectroscopy ("AAS"). A gravimetric determination of the gold content is also done for samples over 3 g/t Au (Scott, 2011).

Approximately 10% of the samples submitted to the ACME laboratory in 2013 were quality control samples, comprising field duplicates, pulp duplicates, standards and blanks. Additionally, approximately 13% of the La Libertad sample pulps were also submitted to the ALS Chemex laboratory for check assaying. Certified reference materials were submitted as part of all sample batches at a rate of approximately 1:40. Snowden reviewed the 2013 quality control results and found that the analytical accuracy of the ACME laboratory was reasonable, with reasonable precision and no evidence of contamination.

The geological interpretation was completed using a combination of the geological logging and gold grade data. For the Mojon, San Juan, Santa Maria and Jabali deposits, the mineralised zone was sub-domained into two separate domains – a quartz vein/breccia domain and a generally lower grade quartz stockwork domain. For the Crimea deposit a single mineralised envelope was generated and then a 3 g/t Au indicator was used to differentiate the continuous higher grade mineralisation from the low grade mineralisation.

Old underground mining areas were also interpreted, where possible, on cross-section and reconciled on levels and in 3D (B2Gold, 2014b). Snowden notes that the exact extent of the mined out areas is somewhat uncertain and there is a risk that some of the stated Mineral Resource may have been previously mined out (the alternative may also be true in some areas). However, Snowden does not believe this to be material to the overall global resource.

Top-cuts were applied, prior to compositing, to limit the influence of extreme grades on the local block grade estimates. The top-cuts were applied on a domain basis and range in value from 0.5 g/t Au up to 85 g/t Au, averaging around 40 g/t Au within the main high grade vein/breccia domains. Snowden agrees with the top-cutting strategy employed by B2Gold.

The bulk density is based on wax-coated measurements of diamond core samples collected every 20 m downhole (B2Gold, 2014b). Bulk density values in the quartz vein/breccia domains range from 2.28 t/m<sup>3</sup> up to 2.56 t/m<sup>3</sup>, which in Snowden's opinion is reasonable for quartz vein hosted gold mineralisation such as at La Libertad. The lower grade quartz stockwork domains have a similar range of density values. Values were applied to the model blocks on a domain basis.

Block models were constructed using Datamine software for each deposit at La Libertad using a parent block size of 2 mE by 5 mN by 5 mRL. Snowden believes that this block size is somewhat small given the

drill spacing is typically 25 m in well informed areas, potentially resulting in overly smoothed grade estimates. Whilst this may impact the accuracy of the local block grade estimates, Snowden believes it is unlikely to materially impact the global tonnage and grade.

Grade estimation was by either ordinary kriging or inverse distance weighting raised to the power of three (B2Gold, 2014b). The diamond drilling is somewhat clustered and Snowden believes that a kriging technique (e.g. ordinary kriging) would provide a more accurate estimate of the local block grades when compared to inverse distance weighting, as kriging techniques incorporate data clustering when calculating the sample weights. Variography was performed for all models and show a moderate to high nugget (30% to 75% of the total sill) and an effective range of 25 m to 80 m along strike. The search ellipse distance was based on a combination of the variography and the drillhole spacing. A dynamic search with three search passes was used, with each successive search pass approximately double the radius of the previous search pass. The initial search passes were in the order of 20 m to 40 m. Samples from a minimum of 2 drillholes were required for the first and second search passes, while the third search pass allowed an estimate using samples from a single drillhole. The minimum and maximum number of samples is not documented in the information provided. The dynamic anisotropy function in Datamine was used to adjust the search ellipse orientation for each block based on the local geometry of the interpreted vein.

B2Gold (2014b) indicate that the grade estimates were validated both visually and using grade trend plots. The grade trend plots are used by B2Gold to compare different grade estimation techniques, namely ordinary kriging, inverse distance weighting and nearest neighbour. Additionally, the horizontal thickness of the domains was calculated from the models and compared to the horizontal thickness of the drillhole intercepts. Snowden reviewed the long sections provided and found that while smoothed, the resource models reflect the overall trends in the input sample data.

The resources were classified by B2Gold (2014b) as a combination of Indicated and Inferred Resources based primarily on the drillhole spacing. Indicated Resources are assigned by B2Gold based on a nominal drillhole spacing of 30 – 35 m, whereas Inferred Resources are based on a drillhole spacing of 60 m. Snowden believes that the resource classification scheme employed by B2Gold is reasonable, however the uncertainty surrounding the extent of the historical underground workings should ideally be incorporated into the classification scheme.

#### Summary of Mineral Resource and Ore Reserve Statement

The Mineral Resources for the La Libertad project, reported by B2Gold according to NI43-101 standards, are summarised in Table 4.6. Mineral Resources are reported exclusive of the Ore Reserves.

**Table 4.6 La Libertad Mineral Resource, as at 31 December 2013**

Category (NI43-101)	Cut-off grade g/t	Gross attributable to B2Gold		
		Tonnes Mt	Au g/t	Contained metal Moz
<b>Open-pit resources</b>				
Measured	-	-	-	-
Indicated	0.6 or 0.7	3.77	2.93	0.36
Inferred	0.6 or 0.7	3.63	1.40	0.16
<b>Total Open-pit</b>		<b>7.40</b>	<b>2.18</b>	<b>0.52</b>
<b>Underground resources</b>				
Measured	-	-	-	-
Indicated	-	-	-	-
Inferred	2.0 or 3.0	2.27	4.49	0.33
<b>Total Underground</b>		<b>2.27</b>	<b>4.49</b>	<b>0.33</b>
<b>Grand Total</b>				
Measured	-	-	-	-
Indicated	Varies	3.77	2.93	0.36
Inferred	Varies	5.90	2.59	0.49
<b>Grand Total</b>		<b>9.60</b>	<b>2.72</b>	<b>0.85</b>

*Note: Small discrepancies may occur due to the effects of rounding*

Different cut-off grades have been used for reporting the La Libertad Mineral Resource estimates depending on the assumed mining method (open-pit or underground) and the deposit. The open-pit resources are reported above a 0.60 g/t Au cut-off grade for the Mojon, Santa Maria and Crimea deposits, while a 0.70 g/t Au cut-off was used to report the Jabali Central and Antenna open-pit resources. Mineral Resources that may be potentially mined by underground methods are reported above cut-off grade of 2.0g/t gold. All open-pit resources have been reported within pit shells generated using a gold price of

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US\$1,550/oz. In Snowden's opinion, the cut-off grades and reporting criteria are reasonable. Snowden notes that the open-pit Inferred Resource in Table 4.6 includes 2,436 kt of "spent ore" with an average grade of 0.70 g/t Au, for 55 koz of contained gold. The spent ore is material from the historical heap-leach pads.

The Ore Reserves for the La Libertad operation are shown on Table 4.7. These reserves are stated on a 100% basis and have an effective date of July 1, 2014. There are discrepancies in the Ore Reserves as shown due to the manner in which the January to July 2014 production was subtracted from the December 31, 2013 reserve numbers. The production profile used to calculate the reserve deduction was based on a previous Mineral Resource model which may have included Inferred Resources for the purposes of cash flow reporting.

**Table 4.7 La Libertad Ore Reserves (December 31, 2013)**

Zone	Tonnes Mt	Au g/t	Contained metal Moz
Jabali Central	2.37	2.67	0.203
Spent Ore	4.47	0.87	0.125
Mojon	2.01	1.71	0.111
Santa Maria	0.31	4.74	0.047
Crimea	0.25	1.57	0.013
<b>Total Probable Reserves</b>	<b>9.41</b>	<b>1.65</b>	<b>0.50</b>

The Ore Reserves were calculated on the basis of a gold price of \$1,350/oz and are exclusive of Mineral Resources. The cut off grades used to create the optimised pit designs were based on the 2014 budget and are identified in Table 4.8 for each of the operating areas of the operation.

**Table 4.8 La Libertad cut off grade by reserve area**

Area	Cut-off grade g/t Au
Mojon	0.70
Crimea	0.70
Spent ore	0.80
Santa Maria	0.70
Jabali Central	0.80

The spent ore is material that was previously heap leached and, due to the low recoveries experienced by the heap, is being reprocessed in the CIP plant. The cost to rehandle this material is assumed to be \$1.70/t and the metallurgical recovery is assumed to be 80%.

The actual production from the La Libertad operations have consistently outperformed the budget in terms of tonnes of ore produced and underperformed the budget in terms of the grade of the ore sent to the plant. Since 2009, this systemic bias has resulted in a 17% average over production of ore at an average grade which is 25% lower than forecast resulting in 5% fewer ounces of gold produced than was anticipated. Snowden has taken these results into consideration when developing the mining schedule used for valuation purposes.

#### 4.2.5 Mining operations

##### Description of mining operations

The La Libertad project comprises a number of separate gold deposits including the Mojon, the Crimea and the Santa Maria gold mineralization zones. These are located along parallel mineralised trends situated within 2 to 3 km of the plant. The San Juan deposit is approximately 5 km away to the southeast along a separate mineralised zone. The Jabali deposits (Antena and Central) are located approximately 15 km to the east of the plant.

In 2009, the process plant was changed from a heap leach to a carbon-in-pulp system. The open pit designs were prepared by B2Gold and are based on Lerchs-Grossman pit optimizations that were modified to account for in-pit ramps and other mine planning changes. Included in the ore reserves are the remains of the previously heap leached mineral which is being recycled through the metallurgical plant due to the low gold recoveries experienced by the heap leach operation. This "spent" ore is fed into the plant at a low ratio to the mined ore.

### Life of mine plan

Mining at La Libertad is a conventional truck shovel system using hydraulic excavators and rear dump trucks. B2Gold do the drilling and blasting and grade control and all other open pit functions are handled by contractors. Underground operations are anticipated to start in late 2015 at the Jabali region of the operations and the final three years of the production plan includes processing of the spent heap leach material only. Ore from the Jabali open pit and underground region of the operation will be trucked the 15 km to be processed at the current plant complex. The production forecast for the La Libertad operation is based on the 2013 LOM plan as shown on Table 4.9.

The mine accepts the production from small scale miners who operate on a small concession within the boundaries of the La Libertad concession and sometimes on veins that belong to the La Libertad concession. This production is not included in the Ore Reserves and is a minor contributor to operational cash flow. The ore from the small miners is accepted for processing largely to provide an opportunity to ensure safe operations and provide mine training to this group of workers.

The life of mine schedule summary is reproduced in Table 4.9 is, in Snowden's opinion, a fair a reasonable plan.

### Operating and capital costs

The operating costs for the life of mine are shown in Table 4.11. The contribution of silver to the operation is shown as a deduction from the operating costs amounting to \$43 M over the remaining life of the mine. Without this contribution the life of mine average operating cost would increase by \$55/oz to a total of \$608/oz of gold produced. The 8,800 t of spent ore that is proposed to be mined also contributes to the positive cash flow. The total cost of mining this ore and transporting it to the plant is \$13.3 M to produce 175,000 recovered ounces of gold.

These costs do not include approximately \$5 M per year in exploration and infill drilling as well as social responsibility costs of approximately \$1.2 M per year.

**Table 4.9 La Libertad LOM production schedule by calendar year\***

Category	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
<b>Mining</b>												
Ore Mined	Mt	2.01	2.00	2.01	2.02	2.00	2.02	2.01	2.01	2.01	3.11	21.20
Grade	git Au	1.8	2.3	2.3	2.3	2.9	2.8	2.8	1.3	0.8	0.8	1.9
<b>Processing</b>												
Ore Milled	Mt	2.01	2.01	2.00	2.01	2.01	2.00	2.01	2.01	2.00	3.13	21.21
Grade	git Au	1.8	2.3	2.3	2.3	2.9	2.8	2.8	1.3	0.8	0.8	1.9
Contained Gold	ozs	114.5	147.1	150.3	145.7	186.0	181.2	180.4	86.5	49.8	77.3	1,318.9
Recovery	%	90.4	90.4	90.4	90.4	90.4	90.4	90.4	90.4	90.4	90.4	90.4
Gold Produced	ozs	103.5	132.9	135.8	131.7	168.1	163.7	163.0	78.2	45.0	72.8	1,194.6
Grade	git Ag	1.9	2.5	2.6	2.5	3.2	3.1	3.1	1.5	0.8	0.8	2.1
Contained Silver	ozs	126.0	161.8	165.4	160.3	204.6	199.3	198.4	95.2	54.7	85.0	1,450.8
Recovery	%	78	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0	78.0
Silver Produced	ozs	98.3	126.2	129.0	125.0	159.6	155.5	154.8	74.3	42.7	66.3	1,131.6

\*Note: Source BDA 2012. Ore Mined includes reclaim of 'spent ore'; in addition to the main sources of ore the LOM plan includes approximately 11,000t at a grade of 7.2gltAu-om local small miners which is added to the mill processing schedule

The capital costs estimated for the life of mine are shown on Table 4.10. These costs in Snowden's opinion are reasonable and mostly for sustaining capital of the existing plant and facilities as well as for increasing the capacity of the tailings facility to meet the requirements of the LOM production plan.

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Table 4.10 La Libertad capital costs (Source BDA 2012)

Year	Total US\$M
2014	12.96
2015	6.15
2016	8.90
2017	2.10
2018	1.60
2019	0.79
2020	5.06
<b>Total</b>	<b>37.56</b>

In Snowden's opinion the La Libertad production schedule is realistic and achievable. Gold recovery for the period from January 2011 to April 2014 has consistently been between 88% and 96%, which is in line with forecast gold recovery estimates.

#### 4.2.6 Mineral processing and metallurgical testing

##### Previous production

Although in operation for many years, Snowden focussed on the more recent events in the development of the La Libertad operation. On 26 March 2009, B2Gold acquired 100% of the shares from previous owners Central Sun by way of a plan of arrangement. At that time, the Libertad mine was under redevelopment from a heap leach to a milling operation and B2Gold continued that process and finalized construction during 2009. Ore processing at La Libertad Mine recommenced on 15 December 2009 with the first doré bar produced on 5 January 2010.

##### Metallurgical processing

B2Gold projects the La Libertad Mine to produce approximately 80,000 to 90,000 ounces of gold annually over an initial seven year mine life. The La Libertad mill was originally designed to process 3,500 tonnes of ore per day. A second ball mill was installed and commissioned in 2010. Current production is at 6,050 tpd or 2.2 Mtpa. Due to relatively high clay levels in the ore, the SAG mill is capacity constrained, especially during wet weather, and a cone crusher was installed in closed circuit with the SAG mill, which has assisted in reducing the impact of the capacity constraint during wet periods. The flowsheet is a reasonably conventional carbon-in-pulp (CIP) flowsheet with loaded carbon transferred in containers from the CIP circuit to the elution circuit, which is about 300 m away, for recovery of the gold as doré bar.

##### Plant production

From the process production data for the past three years it can be seen that the mill is performing well, with mill throughput shown to be very consistent (see Figure 4.14). The average monthly gold recovery for the period from January 2011 to April 2014 has consistently been between 88% and 96%, with performance improving during the past 12 months, as shown in Figure 4.15. Gold production has also increased during the past 12 months, and coincides with an improvement in the head grade.

In Snowden's opinion previously achieved gold recoveries can be maintained for the remaining life of mine.

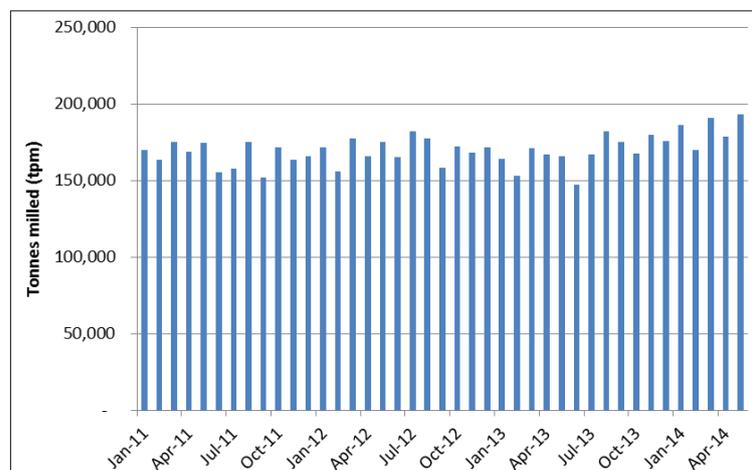
Silver recovery is relatively low, but Snowden understands from information obtained during the site visit that a current test programme at SGS Lakefield is aimed at improving the overall silver recovery, as some of the new mining areas are expected to have a higher silver grade and as a result better recoveries are targeted.

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**Table 4.11 La Libertad LOM production parameters**

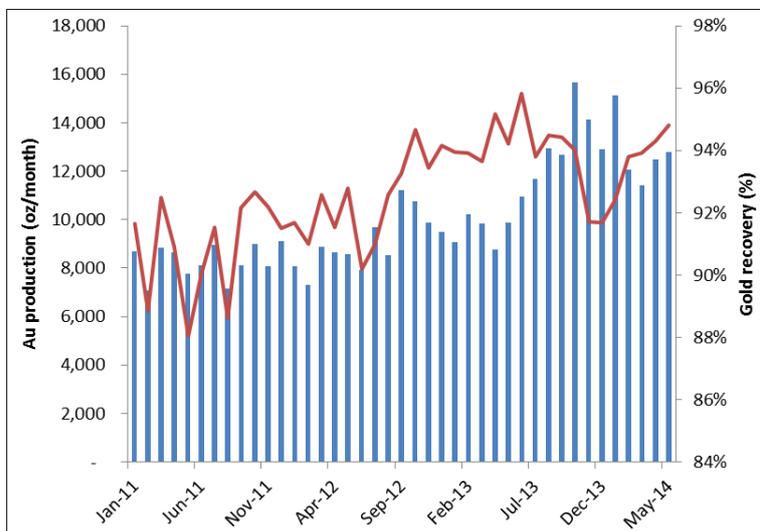
Category	.Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
<b>Production</b>												
O/P Material	Mt	18.16	22.98	19.06	34.15	27.89	20.84	12.04	0.00	0.00	0.00	155.12
U/G Ore Mined	Mt	0.00	0.00	0.00	0.05	0.15	0.25	0.25	0.27	0.00	0.00	0.97
Ore Milled	Mt	2.01	2.01	2.00	2.01	2.01	2.00	2.01	2.01	2.00	3.13	21.21
Gold Produced	koz	103	133	136	132	168	164	163	78	45	73	1,195
<b>Costs</b>												
Underground	US\$M		6.3	10.4	12.1	12.3	12.9	12.8	7.7			74.4
Open Pit	US\$M	38.8	44.4	42.7	64.4	58.9	46.9	29.8	3.5	2.9	4.5	336.8
<b>Mining Subtotal</b>	<b>US\$M</b>	<b>38.8</b>	<b>50.6</b>	<b>53.1</b>	<b>76.5</b>	<b>71.2</b>	<b>59.8</b>	<b>42.6</b>	<b>11.2</b>	<b>2.9</b>	<b>4.5</b>	<b>411.2</b>
Processing	US\$M	25.4	24.0	24.9	24.8	25.5	25.4	25.4	23.3	22.8	34.8	256.2
Admin Costs	US\$M	7.4	9.0	9.1	8.9	9.8	9.7	9.7	7.7	7.7	11.2	90.1
<b>Total Site</b>	<b>US\$M</b>	<b>71.5</b>	<b>83.6</b>	<b>87.1</b>	<b>110.1</b>	<b>106.5</b>	<b>94.9</b>	<b>77.7</b>	<b>42.2</b>	<b>33.4</b>	<b>50.4</b>	<b>757.5</b>
Royalties	US\$M	3.5	4.5	4.5	4.0	4.8	4.3	4.3	2.1	1.2	1.9	35.0
Ag Credits	US\$M	-2.4	-3.2	-3.1	-2.9	-3.3	-2.8	-2.7	-1.3	-0.8	-1.2	-23.7
Head Office	US\$M	5.2	5.1	5.1	5.1	5.1	5.1	5.1	5.1	3.6	5.4	49.9
<b>Total</b>	<b>US\$M</b>	<b>77.8</b>	<b>90.0</b>	<b>93.6</b>	<b>116.3</b>	<b>113.1</b>	<b>101.5</b>	<b>84.4</b>	<b>48.0</b>	<b>37.5</b>	<b>56.6</b>	<b>818.8</b>
<b>Unit Costs</b>												
Open Pit Mining	\$/t	2.1	2.2	2.8	2.2	2.6	2.9	3.5				2.7
U/G Mining	\$/t ore				241.2	83.3	51.5	50.3	29.0			76.8
Mining	\$/t milled	19.3	25.2	26.5	38.0	35.4	29.8	21.2	5.6	1.5	1.4	19.4
Processing	\$/t milled	12.6	11.9	12.4	12.3	12.7	12.7	12.6	11.6	11.4	11.1	12.1
Administration	\$/t milled	3.7	4.5	4.5	4.4	4.9	4.8	4.8	3.8	3.8	3.6	4.2
<b>Total Site</b>	<b>\$/t milled</b>	<b>35.5</b>	<b>41.6</b>	<b>43.4</b>	<b>54.8</b>	<b>53.0</b>	<b>47.3</b>	<b>38.6</b>	<b>21.0</b>	<b>16.7</b>	<b>16.1</b>	<b>35.7</b>
<b>Total Unit Cost</b>	<b>\$/o=</b>	<b>751</b>	<b>677</b>	<b>689</b>	<b>883</b>	<b>673</b>	<b>620</b>	<b>518</b>	<b>614</b>	<b>833</b>	<b>777</b>	<b>685</b>

Note: Source BDA 2012. Ag Credits = silver credits less refinery costs for gold and silver; OIP = Open Pit; U/G = Underground; Total Unit Cost = is based on all cash costs, the deferred underground and capitalised pre-stripping costs have not been deducted

**Figure 4.14 La Libertad - monthly mill ore throughput**


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Figure 4.15 La Libertad – Monthlu Au production and recovery achieved



#### Capital and operating costs

Apart from ongoing sustaining capital of US\$4.5M over the next 4 to 5 years, a new tailings storage facility (TSF) is planned with the total budget for the TSF US\$21.6M.

The La Libertad LOM process operating costs are shown in Table 4.11 and are calculated at US\$13.73/t of ore treated. The total process operating costs, including general and admin costs, is US\$17.76/oz, which equates to US\$321.79/oz of gold produced and is considered very competitive.

During the site visit costs of US\$16/t were quoted, but it is uncertain if this was an approximate number or if it was based on current year to date performance.

Snowden also understands that further flowsheet optimisation is ongoing, with a further crusher considered for the SAG mill circuit and an additional leach tank to extend the leach residence time.

#### Comments on the La Libertad metallurgical operation

- The La Libertad ore appears to be generally free milling and recoveries of more than 90% have consistently been achieved.
- Silver recoveries are relatively modest at 34.65% and testwork has been commissioned targeting improved silver recoveries as the new mining areas are expected to produce higher silver grades.
- Plant throughput is forecast at 2.09 Mtpa. During 2012 actual throughput was 2.041 Mtpa and during 2013 2.014 Mtpa was achieved.
- Due to the clay content in the ore, the SAG mill circuit is not achieving capacity during periods of high rainfall and as a result additional crushing capacity is being considered for the circuit.

In Snowden's opinion these endeavours are appropriate and are addressing matters that arise from time to time, and must be dealt with, as part of any ongoing mining operation. Snowden does not consider any of these matters to be material to the assumptions it has applied in the valuation of La Libertad.

#### 4.2.7 Mine infrastructure

The established infrastructure at the mine is in Snowden's opinion adequate for the LoM plan and includes:

- site access roads and haulage roads
- engineering and administration buildings
- maintenance facilities and warehousing
- water and sewerage treatment facilities
- backup power facilities

Water is abundant and there is no requirement for makeup water facilities. The water sent to the tailings pond is treated for cyanide destruction and recycled to the plant. In periods of high rainfall, some water is discharged to the environment when tests show that cyanide concentration is below 0.1 mg/l (0.1 ppm).

Electrical power is taken from the national grid but during periods of high rainfall and electrical storms, the power can be erratic and standby power is available. Power cost is currently \$0.19/kw-hr.

Access to the mine is via paved road east from Managua to the community of Juigalpa and then 30 km by a well maintained gravel road to the village of La Libertad.

### 4.3 El Limon

#### 4.3.1 Location and description

The El Limon gold project is centred around the town of Limon, which is located approximately 100 km northwest of the capital city of Managua, in Nicaragua. From east to west, there are three main mineralised structures at El Limon – Santa Pancha, Limon and Talavera. These three structures have been exploited by both open-pit and underground mining, to a maximum depth of around 300m below surface, with the ore treated in a CIL processing plant located adjacent to the Limon mine (Figure 4.16).

Annual gold production at the El Limon project from 2008 to 2013 is summarised in Table 4.12.

**Table 4.12 Production history for El Limon project for 2008 to 2013**

Year	Mill Feed kt	Head grade g/t Au	Recovery %	Gold recovered Oz
2008	289	4.9	84.9	33,880
2009	260	4.4	86.0	31,494
2010	343	4.2	88.7	40,126
2011	381	4.1	90.0	45,037
2012	397	4.2	91.2	48,950
2013	445	4.5	91.4	58,191

Source: B2Gold, 2014a

#### Climate and landforms

The climate of northwest Nicaragua is tropical with a hot wet season from May through to November, followed by a typically hotter dry season from December to April. The average annual temperature is approximately 27°C with around 2 m of rainfall per year. The mining and processing operations are run all year round and are typically not adversely affected by the climate (BDA, 2012).

The topography of the El Limon project area is generally flat-lying with low to moderate relief, varying from 40 m to 300 m above sea level. The area contains sparse vegetation which predominately comprises grasses and scrub bushes, along with widely spaced trees.

#### 4.3.2 License and permits

##### Historical

Gold mining in the Limon district began in the 1850s and modern mining and exploration began in 1918. Production from the Limon Mine has been continuous since 1941. From 1941 to 1979, Noranda Inc. controlled the Limon Mine and produced just over 2.0Moz of gold from 4.1 Mt of ore. In 1979, the Sandinistas confiscated and nationalized the mine. Production under government control is reported to have been 280,000 oz of gold from an estimated 1.9 Mt of ore.

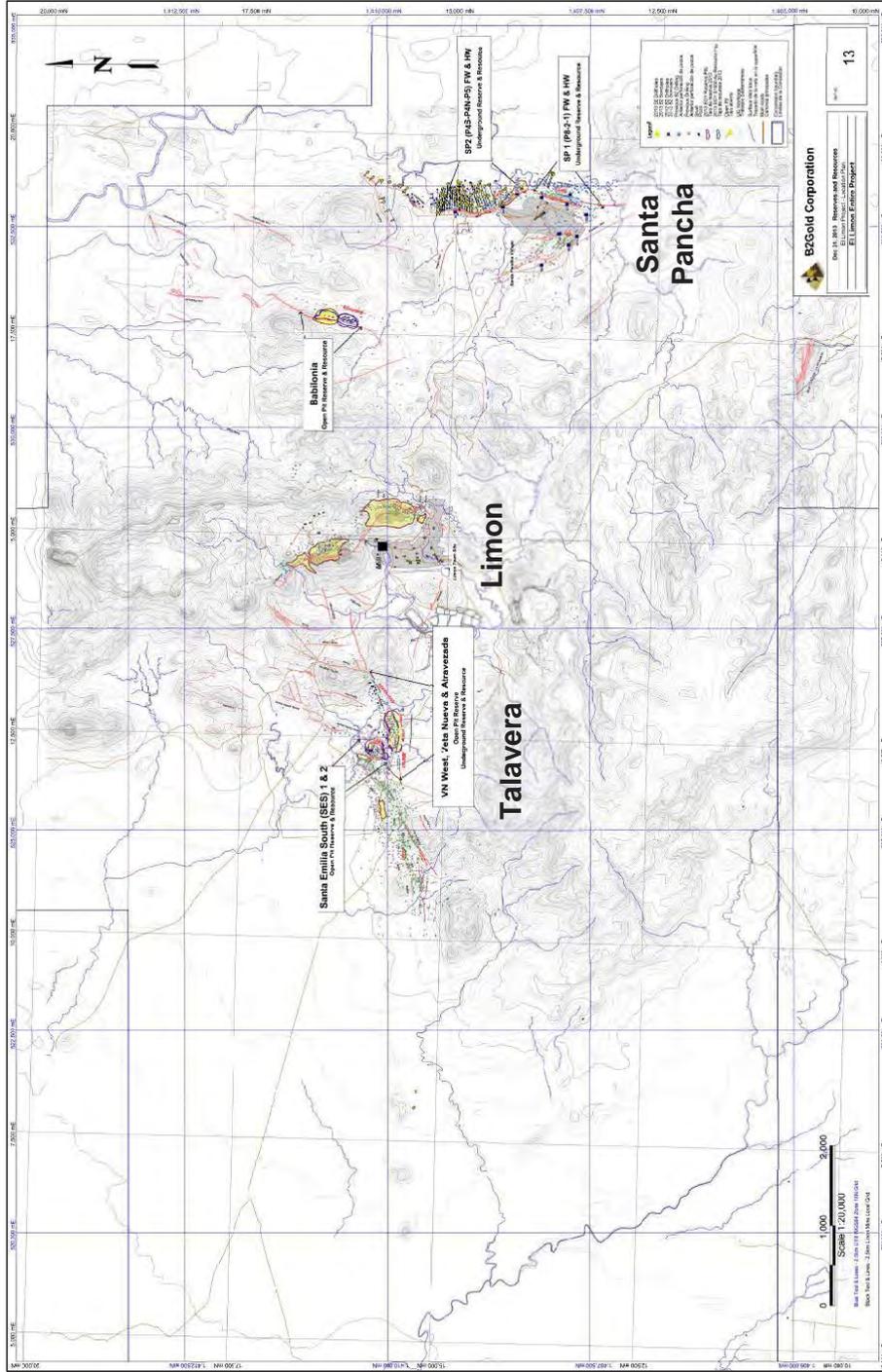
##### Current

Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed title reports prepared by solicitors and is satisfied as to there being good and valid title for each of the tenements and that B2Gold has an interest in each of those tenements as described in this section.

The Limon Mine property consists of the 12,000 ha "Mina El Limon" mineral concession that has a term of 25 years expiring in April 2027. The Santa Pancha, Talavera, Veta Nueva, Pozo, Babilonia, Tajo North and Santo Emilia gold deposits are located within the concession.

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Figure 4.16 Plan showing El Limon project (source: B2Gold)



Each mineral concession under the Nicaraguan Mining Code includes the rights to explore, develop, mine, extract, export and sell the mineral commodities found and produced from the concession. Escalating annual surface taxes are payable to the Nicaraguan government. The surface tax rate was US\$4.00 per hectare in 2009 and a maximum rate of US\$12.00 per hectare was reached in 2012 and will be maintained through subsequent years.

B2Gold holds an indirect 95% interest in Triton Minera S.A. ("Triton"), which owns and operates the Limon Mine, and holds three other mineral concessions, all at an exploration stage. The remaining 5% of Triton is held by IMISA. Triton directly owns or controls the surface rights for all of the property upon which the current mining, milling, tailings and related facilities at the Limon Mine are located. Triton also owns a portion of the surface rights for the properties. According to B2Gold, (B2Gold 2014a) all of the permits required for exploration, mining and milling activities are in place for the Limon Mine.

RG Exchangeco Inc., a subsidiary of Royal Gold, Inc., holds a 3% NSR royalty on the gold production from the Limon Mine and certain other concessions. The revenue from the Limon Mine is also subject to a 3% ad valorem tax on gold production payable to the Government of Nicaragua. Internacional de Comercial S.A. holds a royalty equal to 5% of the net profit of Triton Mining (USA) LLC ("Triton USA"), B2Gold's indirect subsidiary that holds a 47.5% interest in the Limon Mine.

### 4.3.3 Geological setting

#### Regional geology and tectonic setting

Nicaragua comprises three major geological terranes (Pearson & Speirs, 2009a). A northwest striking graben, known as the Nicaraguan Depression, parallels the Pacific coast and is some 30 – 40 km wide. This graben is dominated by recent volcanic sediments and rocks, which have been produced by the numerous active or recently-active volcanoes hosted in the terrane. A 10 – 20 km wide belt of Tertiary, Mesozoic and Palaeozoic rocks are preserved to the southwest, between the graben and the Pacific coast.

To the northeast of the graben, Tertiary, Mesozoic and Palaeozoic basement rocks are overlain by a major sequence of volcanic rocks, comprising the Coyol Group (Miocene-Pliocene age) and the Matagalpa Group (Oligocene-Miocene age). The Matagalpa Group is composed predominately of pyroclastic and volcanoclastic rocks and is some 200 – 250 m thick. Unconformably overlying this is the Coyol Group, which averages 700 m in thickness and is composed of mafic and intermediate lavas (basalt and andesite) and felsic tuffs (Pearson & Speirs, 2009b). The Coyol Group hosts the El Limon gold deposits, along with the majority of other known gold deposits in Nicaragua.

#### Project geology

Gold mineralisation at El Limon are hosted within volcanic rocks of the Coyol Group, which, in the El Limon project area, comprises intermediate to felsic volcanic and volcanoclastic rocks that are cross-cut by minor intermediate to felsic hyperbyssal intrusive rocks (Pearson & Speirs, 2009a). The general strike of the rock units is east to northeast, dipping gently towards the south. Mapping over the history of the project has divided the Coyol Group rocks in the mine area into four local units, listed from highest to lowest in the stratigraphic sequence:

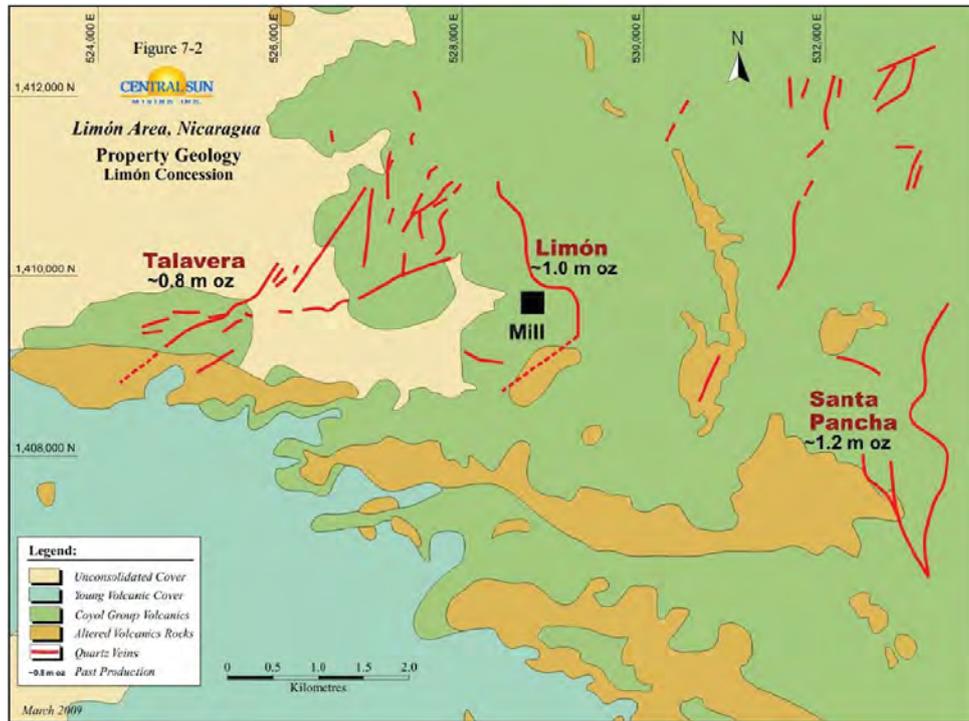
- Massive to flow-banded intermediate porphyritic flows
- Weakly stratified intermediate to felsic tuffs and epiclastic rocks
- Intermediate to felsic flows, domes and minor tuffs and epiclastic rocks
- Interbedded massive porphyry (andesite) flows and coarse intermediate volcanoclastic rocks

A younger, relatively flat-lying unit of volcanic breccias and conglomerates occurs to the southeast of the El Limon mine and unconformably overlies the Coyol Group rocks (Figure 4.17). The gold mineralisation is primarily hosted within the lowest units of the Coyol Group rocks, although minor, low-grade quartz stringers have been found in the upper massive porphyritic unit. The mineralisation appears to pre-date the youngest flat-lying volcanic unit, which unconformably overlies the Coyol Group rocks, as no veins or associated alteration has been found within this unit.

The rocks in the area are displaced by predominately normal faulting, with apparent displacements reported to be from tens of metres up to hundreds of metres (Pearson & Speirs, 2009a). Two sets of faults have been identified. The most common faults strike northeast and dip moderately to steeply towards both the northwest and southeast. The second group of faults strike north to west-northwest and dip steeply towards the east.

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Figure 4.17 Local geology of the El Limon project



Source: Pearson &amp; Speirs, 2009a

### Mineralisation

Gold mineralisation at the El Limon project is typical of low-sulphidation, quartz-adularia epithermal systems (Pearson & Speirs, 2009a). From east to west, there are three main mineralised structures at El Limon – Santa Pancha, Limon and Talavera (Figure 4.17).

The mineralisation is structurally controlled and forms veins predominately composed of quartz with minor amounts of calcite and adularia, along with pyrite. The pyrite content is typically less than 1% by volume, with trace amounts of chalcopyrite, sphalerite, arsenopyrite, altaite (a lead telluride) and gold tellurides observed (BDA, 2012). The gold, which occurs in the banded veins and silicified breccias, is very fine grained and relatively evenly disseminated throughout the mineralised veins (visible gold has only been reported twice at the El Limon project).

Wallrock alteration around the veins is minimal, increasing in width in the upper parts of the veins. The alteration comprises argillic (clay) and quartz alteration, typical of epithermal systems.

Santa Pancha, the easternmost vein system, is approximately 3.5 km east of the town of Limon. The total strike length of the Santa Pancha vein system is approximately 2 km, with the overall strike orientation being north-south and dipping shallowly to the east at less than 60°. However, individual ore shoots vary considerably from these orientations (BDA, 2012). The main Santa Pancha vein, which hosts the Santa Pancha 1 and 2 deposits, averages 6.6 m wide but is locally up to 36 m wide (B2Gold, 2014b).

The Limon vein is located adjacent to the town of Limon and has two principal segments – Limon Sur and Limon Norte, which strike north and north-northwest respectively. The southern segment (Limon Sur) dips to the west, while the northern segment (Limon Norte) dips towards the east at approximately 60°. The average width of the Limon vein system is about 8.0 m, locally varying to up to 28.5 m wide (B2Gold, 2014b). No Mineral Resources or Ore Reserves are currently reported for the Limon vein system.

The Talavera vein system is the westernmost deposit in the El Limon project and comprises numerous veins which strike from east-northeast trough to east and occur over a total strike length of approximately

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1.5 km. The veins are steeply dipping to sub-vertical, with the northern veins tending to have a northerly dip while the southern veins tending to dip towards the south. The Talavera vein system averages 5.0 m in width, varying up to 37 m wide locally (B2Gold, 2014b).

#### Recent

Gold mineralisation at Limon is typical of low-sulphidation, quartz-adularia epithermal systems.

At Limon the main focus of previous exploration has been on the Santa Pancha 2 (Pozo#5) area, located one km north of the current underground mining at Santa Pancha. The hanging wall structure hosts mineralization with average true widths between 2 to 15 metres. Drilling results demonstrated continuity of grade and width over a strike length of 1 km and to depths of 230m, with results up to 5.65 g/t Au over 14.92m true width. Further south, the 4m to 10m true widths of the footwall structure returned some equally good grades with results up to 5.44 g/t Au over 6.58m true width.

During 2012 exploration at the Limon Mine property consisted of 100 diamond drill holes totalling 16,538 metres. The program objectives were to look for near surface open pit resources (Babilonia, Mercedes, Aparejo) and test the northern portion of the Santa Pancha vein structure for un-mined segments of vein material on the Pozo#4 and Pozo#5 vein target.

During 2013 exploration at the Limon Mine focused largely on mine related resource infill drilling of the Pozo#5 shaft and evaluation drilling further south of the same Santa Pancha structure at Pozo#4. A total of 85 drill holes were completed for 15,102 metres with the bulk of the drilling on the Pozo #4 and Pozo #5 programs. The Mercedes – Aparejo structure in the furthest north part of Santa Pancha was also tested. The infill drilling on Pozo #5 to convert Inferred Resources to Indicated resources throughout the approximately 450m of strike length was completed during 2013 with intersections up to 17.98 g/t Au over 2.9m true width. The Pozo #4 drilling program was designed as resource infill drilling over approximately 300 metres of strike length with intersections up to 6.36 g/t Au over 6.45m true width.

Additional drilling was completed over the Aparejo – Mercedes structure with 14 holes drilled on two parallel structures to test for shallow open pit targets, with intersections up to 3.28 g/t Au over 0.95m true width. Two holes were drilled in the Loma Sola area, the potential eastern extension of the Talavera structures under cover.

The regional focus of the exploration program was concentrated on near mine, open pit targets as well as evaluating the best targets for drilling in 2014 and 2015.

Exploration drill and trench samples are prepared at the Limon Mine laboratory. B2Gold employs stringent Quality Assurance/Quality Control ("QA/QC") procedures, including the insertions of certified standards, blanks and duplicates approximately every 25 samples. Pulverized drill and trench samples were shipped to Canada and assayed at ALS Chemex in North Vancouver, British Columbia. In 2013, approximately 7% of the Limon Mine exploration drill core samples were sent to ALS in Vancouver for check assay analysis. Snowden notes that the exploration methods and procedures conform to standard industry practice. Snowden also notes that the area contains high grade gold deposits (reserves) which are less sensitive to gold price. Epithermal gold deposits can be part of large mineralised systems and potential exists to expand the resource base.

#### 4.3.4 Mineral Resources and Ore Reserves

Snowden was provided with long sections and documentation for the El Limon gold deposit located in northwest Nicaragua.

Snowden completed a technical review of the reports and data provided and made reasonable enquiries or used its professional judgment to determine the validity of the information. During the desk top review Snowden focused on the following tasks:

- Reviewing the Mineral Resource estimation methodology and input data.
- Reviewing dry bulk density determination.
- Reviewing reporting and classification.
- The assessment of any available quality assurance and quality control data.

Snowden has reviewed the quality control documentation associated with the assay data used to compile the resource estimates. Overall Snowden concludes that the sample data is suitable for use in resource estimation. Snowden has not undertaken an audit of or re-estimated Mineral Resources or Ore Reserves but has verified the assumptions and conclusions stated by the Competent Persons responsible and have commented on the reasonableness and validity thereof.

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The Mineral Resources for the El Limon project were estimated by B2Gold using both exploration diamond core drilling and underground face sampling. The diamond drilling is typically drilled based on a nominal 25 mE by 25 mN grid, although the drill spacing can be up to 100 m in parts.

The diamond drill core is geologically logged and marked up for sampling by the site geologists. Core diameters include HQ, NQ and BQ sizes, and core recovery is reportedly very good (Pearson & Speirs, 2009a). The mineralised veins and associated alteration zones, along with a minimum 2 m interval either side are half core sampled (i.e. at least 2 m into both the footwall and hangingwall is sampled). The diamond core samples are submitted to ACME Analytical Laboratories Ltd ("ACME") in Vancouver, Canada. The assaying technique is not documented, however it is assumed that the gold content is determined by fire assaying at the ACME laboratory. Historical drilling (prior to B2Gold) was submitted to the El Limon mine site laboratory for analysis by fire assay with a gravimetric determination of the gold content.

Underground grade control face sampling comprises continuous chip sampling of the exposed mineralised veins at waist height, perpendicular to the vein contacts. The entire width of the development drive is sampled using a nominal 1 m sampling interval. Face sampling is conducted for each round of advance, which is typically every 3 m along the strike of the vein. The underground face samples are submitted to the El Limon mine site laboratory for analysis by fire assay with a gravimetric determination of the gold content.

Approximately 9% of the samples submitted to the ACME laboratory in 2013 were quality control samples, comprising field duplicates, pulp duplicates, standards and blanks. Snowden reviewed the 2013 quality control results and found that the analytical accuracy of the ACME laboratory was reasonable, with reasonable precision and no evidence of contamination. It is unclear if this level of quality control applies to earlier drilling. Check assaying was completed by ALS Chemex in Vancouver on 10% of pulps in 2008, with the results showing a good comparison between the El Limon laboratory and ALS Chemex (Pearson & Speirs, 2009a). No independent quality control samples were included in the face sample batches prior to 2014.

The geological interpretation was completed using a combination of the geological logging and underground mapping, along with the gold grade data. Where possible, the mineralised zone was sub-domained into three separate domains – a vein only domain, a mixed domain (breccia, high grade stockwork adjacent to vein) and a stockwork domain (stockwork located away from the main vein). If there was insufficient data to allow the domains to be interpreted separately, they were combined into a single mineralised "vein" domain.

Top-cuts were applied, prior to compositing, to limit the influence of extreme grades on the local block grade estimates. The top-cuts were applied on a domain basis and range in value from 3 g/t Au up to 42 g/t Au, averaging around 20 g/t Au within the main vein domains. Snowden agrees with the top-cutting strategy employed by B2Gold.

The bulk density is based on wax-coated measurements of diamond core samples, with a total of 1,672 density measurements collected (B2Gold, 2014b). Bulk density values range from 2.46 t/m<sup>3</sup> up to 2.65 t/m<sup>3</sup>, which in Snowden's opinion is reasonable for quartz vein hosted gold mineralisation such as at El Limon. Values were applied to the model blocks on a domain basis.

Block models were constructed for each deposit at El Limon using a parent block size of 2 mE by 5 mN by 5 mRL. Snowden believes that this block size is somewhat small given the drill spacing is typically 25 m in well informed areas and the underground level spacing is nominally 15 m, potentially resulting in overly smoothed grade estimates. Whilst this may impact the accuracy of the local block grade estimates Snowden believes it is unlikely to materially impact the global tonnage and grade.

Grade estimation was by inverse distance weighting raised to the power of three for all models. Given the inherent clustered nature of the underground face sampling, Snowden believes that a kriging technique (e.g. ordinary kriging) would provide a more accurate estimate of the local block grades, as kriging techniques incorporate data clustering when calculating the sample weights. The search ellipse used was isotropic within the plane of the vein (i.e. same distance along strike as down-dip), with the search distance based primarily on the drill spacing. A dynamic search with three search passes was used, with each successive search pass double the radius of the previous search pass. The initial search passes were in the order of 40 m along strike and down-dip and 10 m across the thickness of the vein. A minimum of 3 or 4 samples and a maximum of 12 to 16 samples, with a maximum of 3 samples per hole, were used for the grade estimation.

B2Gold (2014b) indicate that the grade estimates were primarily validated visually. Some cross-checks against a nearest neighbour estimate were also completed and grade trend plots were generated for some of the models, however these were not provided and Snowden has not reviewed the results of these

validations. Snowden reviewed the long sections provided and found that, while smoothed, the resource models reflect the overall trends in the input sample data. Snowden notes that the global average resource grade of 4.62 g/t Au (Table 4.13) reconciles well with past production (Table 4.12) once dilution during mining is taken into account.

The resources were classified by B2Gold (2014b) as a combination of Indicated and Inferred Resources based primarily on the drillhole spacing. Indicated Resources are assigned by B2Gold where there are two drillholes within 30 – 35 m, whereas Inferred Resources are based on two drillholes within 60 m. Snowden believes that the resource classification scheme employed by B2Gold is reasonable.

#### Summary of Mineral Resource and Ore Reserve Statement

The Mineral Resources for the El Limon project, reported by B2Gold according to NI43-101 standards, are summarised in Table 4.13. Mineral Resources are reported exclusive of the Ore Reserves.

Two cut-off grades have been used for reporting the El Limon Mineral Resource estimate – one for open-pit resources (1.4 g/t Au) and one for underground resources (2.6 g/t Au). In Snowden's opinion, the cut-off grades are reasonable, although the cut-off grade applied to the open-pit resources is somewhat high.

**Table 4.13 El Limon Mineral Resource, as at 31 December 2013**

Category (NI43-101)	Cut-off grade g/t	Gross attributable to license			Net attributable to issuer (95 %)		
		Tonnes kt	Au g/t	Contained metal koz	Tonnes kt	Au g/t	Contained metal koz
<b>Open-pit resources</b>							
Measured	-	-	-	-	-	-	-
Indicated	1.40	69	4.09	9	65	4.09	8.6
Inferred	1.40	45	3.74	5	43	3.74	4.8
<b>Total Open-pit</b>		<b>114</b>	<b>3.95</b>	<b>14</b>	<b>108</b>	<b>3.95</b>	<b>13.3</b>
<b>Underground resources</b>							
Measured	-	-	-	-	-	-	-
Indicated	2.59	1,202	4.08	158	1,142	4.08	150.1
Inferred	2.59	1,315	5.18	219	1,249	5.18	208.1
<b>Total Underground</b>		<b>2,517</b>	<b>4.65</b>	<b>377</b>	<b>2,391</b>	<b>4.65</b>	<b>358.2</b>
<b>Grand Total</b>							
Measured	-	-	-	-	-	-	-
Indicated	Varies	1,271	4.08	167	1,207	4.08	158.7
Inferred	Varies	1,360	5.13	224	1,292	5.13	212.8
<b>Grand Total</b>		<b>2,631</b>	<b>4.62</b>	<b>391</b>	<b>2,499</b>	<b>4.62</b>	<b>371.5</b>

*Small discrepancies may occur due to the effects of rounding*

The Ore Reserves for the El Limon operation are shown on Table 4.14 and are exclusive of Mineral Resources not converted to Ore Reserves (Inferred resources). These reserves are stated on a 95% ownership basis and have an effective date of 31 December 2013.

**Table 4.14 Attributable (95 %) El Limon Ore Reserves (31 December 2013)**

Deposit	Tonnes t	Grade g/t Au	Contained gold oz
<b>Open-pit Probable Reserves</b>			
Veta Nueva	61,000	4.42	9,000
Santa Emilia	53,000	4.91	8,000
Babilonia	72,000	2.89	7,000
<b>Total open-pit</b>	<b>187,000</b>	<b>3.97</b>	<b>24,000</b>
<b>Underground Probable Reserves</b>			
Santa Pancha 1	953,000	4.89	150,000
Santa Pancha 2	461,000	5.63	83,000
Veta Nueva	187,000	5.28	32,000
<b>Total underground</b>	<b>1,601,000</b>	<b>5.15</b>	<b>265,000</b>
<b>Total Probable Reserves</b>			

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Deposit	Tonnes t	Grade g/t Au	Contained gold oz
<b>Total Reserves</b>	<b>1,788,000</b>	<b>5.03</b>	<b>289,000</b>

The Ore Reserves were calculated on the basis of two different gold prices and are exclusive of Mineral Resources. The cut off grades used to create the optimised pit design were based on the 2014 budget and are identified in Table 4.15 for each of the operating areas of the operation.

**Table 4.15 Cut-off grade determination**

Deposit	Gold price US\$/oz	LOM cut-off grade g/t Au
Veta Nueva	1,350	3.23
Babilonia Sur	1,350	2.18
Santa Emilia	1,350	3.13
Pozo 5 Norte	1,550	2.62

### 4.3.5 Mining operations

#### Description of mining operations

The El Limon project comprises a number of separate gold deposits including the Santa Pancha underground region and a number of small open pits including the Santa Emilia, Babilonia, Tajo 4 and 5 and Veta Nueva mineralization zones. The mining area has been a centre of gold production for over 100 years and has only recently been systematically explored. An interesting feature of the Santa Pancha underground region is the high temperature geothermal water which is produced along the fault/vein system. The water comes out of the rock at a temperature of 80°C and is pumped to the surface and passed through a cooling tower before being released to the environment at a temperature below 40°C. The water has been assayed and contains no metals or contaminants.

The mine operations include approximately 470 direct employees as well as 700 contractor employees mostly used in the open pit operations and project works.

The process plant is based on a carbon-in-pulp system which is very similar to the La Libertad operations. Daily production is currently 1,375 tonnes per day. The open pit designs were prepared by B2Gold and are based on Lerchs-Grossman pit optimizations that were modified to account for in-pit ramps and other mine planning changes.

#### Life of mine plan

Open pit mining at El Limon is a conventional truck shovel system using hydraulic excavators and rear dump trucks. B2Gold do the drilling and blasting and grade control and all other open pit functions are handled by contractors. Underground operations are based on sublevel open stoping with cemented and uncemented backfill used only as required for geotechnical support. Parallel blastholes (7.6 cm) are drilled 18 m above and below the sub levels to fracture the ore which is recovered by remotely operated scoop trams and dumped into trucks for transport to the processing plant. The production forecast for the El Limon operation (from July 1, 2014) is based on the 2013 LOM plan as shown on Table 4.17 and is, in Snowden's opinion, a fair a reasonable plan.

The majority of the El Limon production will continue to come from the Santa Pancha underground operations with additional ore coming from the small, limited life open pit resources. The average annual production from the operations is approximately 500,000 t at an average grade of 4.75 gpt of gold. Silver credits in the ore are not high enough to be considered in the production and cash flow modelling of the operation.

The open pits are designed with an interramp angle of 40° in the hard rock and 30° in the saprolytic soils overlying the deposit. Bench heights of 5 m are used to minimise dilution and grade control consists of face channel sampling with grade dig limits placed by the engineering group to ensure that no over digging occurs resulting in high dilution. The operations consistently stop work if there is doubt about the location of the seams and geologists provide 24 hour coverage to provide direction.

The relatively shallow underground mines extract ore from veins that average 8 m in width and dips from 65° to 75°. Mine access is from a 4.5 m by 5 m decline. Mine dewatering is a vital part of the operation

due to the high temperature and production in 2014 was held back due to a delay in providing sufficient pump capacity. Ventilation is adequate but face temperatures are often up to 45°C. Dilution of the underground mines is calculated by adding 0.25 m to all orebody wireframes but this dimension is being reviewed as actual dilution is consistently higher than planned.

#### Operating and capital costs

The operating costs for the life of mine are shown on Table 4.19. Development in the Santa Pancha mine area was advanced and then allocated back on a depletion basis resulting in a positive operating cost for each year of the LOM forecast. These costs do not include exploration and infill drilling (~\$5 M per year) as well as social responsibility costs of approximately \$2.0 M per year. The 2014 costs have been adjusted to July 1, 2014 (6 months only) and the average annual operating cost for the El Limon operations is \$68,500,000.

The capital costs estimated for the life of mine are shown on Table 4.16. These costs are mostly for added pumping and ventilation requirements as the underground mine goes deeper. With increasing backfill requirements, capital will be added for a paste backfill plant and the related conveying infrastructure. The remaining capital costs are for routine sustaining capital requirements and small equipment purchases.

**Table 4.16 El Limon LOM capital costs**

Year	Total US\$M
2014	4.10
2015	9.91
2016	0.4
<b>Total</b>	<b>14.41</b>

**Table 4.17 El Limon LOM production schedule by calendar year**

Category	Unit	2012	2013	2014	2015	2016	Total
Ore Mined	Mt	0.43	0.43	0.44	0.44	0.31	2.05
Grade	git Au	4.3	4.3	4.5	3.8	4.7	4.3
Processing Ore Milled	Mt	0.41	0.42	0.42	0.42	0.38	2.05
Grade	git Au	4.2	4.3	4.5	3.8	4.6	4.3
Contained Gold	ozs	55.6	58.0	60.5	52.0	55.3	281.4
Recovery	%	90.6	90.6	90.6	90.6	90.6	90.6
Gold Produced	ozs	50.4	52.5	54.8	47.1	50.1	254.9
Grade	git Ag	6.5	6.6	6.9	5.9	7.0	6.6
Contained Silver	ozs	85.3	88.9	92.7	79.8	84.8	431.4
Recovery	%	65.0	65.0	65.0	65.0	65.0	65.0
Silver Produced	ozs	55.4	57.8	60.2	51.8	55.1	280.4

Note: Source: BDA 2012. Production figures are based on 100% Ownership, B2Gold has 95% interest; Reserves total 1.64Mt

### 4.3.6 Mineral processing and metallurgical testing

#### Previous production

Intermittent mining operations were conducted at the Limon mines from the 1850's to 1941, without any available data on these operations. From 1941, continuous production over 67 years has recovered more than 3.0 Moz of gold from the mine. More recent production data are shown in Table 4.18

**Table 4.18 Limon Mine - historical production**

	Units	2008	2007	2006	2005	2004	2003
Mill feed	('000 t)	289.0	287.7	295.6	311.4	341.2	284.1
Head Grade	(g Au/t)	4.93	5.1	4.4	4.7	5.1	5.7
Recovery	(%)	84.9	78.5	83.3	83.8	84.6	88.1
Gold Recovered	(oz)	38,880	36,702	34,341	39,091	46,135	45,851

Source: NI43-101 Technical Report on Mineral Resources and Mineral Reserves; 14 March 2009

**Metallurgical testwork**

Metallurgical test work for several of the mineralized zones at Santa Pancha was completed in the Limón laboratory. Metallurgical recovery tests, based on the typical operating conditions in the Limon mill, predicted an average 82.0% recovery. The test results compare well with gold recoveries obtained from the processing of open-pit material mined adjacent to Pozo 4 at Santa Pancha in 1998 and 1999 (Gareau, 2004). With plant upgrades and improved maintenance practices over the past years, much higher recoveries have been achieved and the current forecast is that average LOM recoveries for should be about 92.75%, however Snowden has not had access to any recent testwork data confirming these results.

Snowden notes a complex formula is being used to calculate forecast recoveries, based on the expected average gold grade in the mill feed ore. Snowden assumes that the formula is based on testwork results, but has not seen the report from which the formula was derived.

**Metallurgical processing**

The Limón mill was originally designed to treat a nominal 1,000 tonnes per day in a standard CIP gold recovery plant, but current production rates of more than 1,200 tpd are consistently achieved, with staff indicating that production rates of 1,375 tpd can be reliably achieved. The current forecast throughput for the LOM 1,375 tpd.

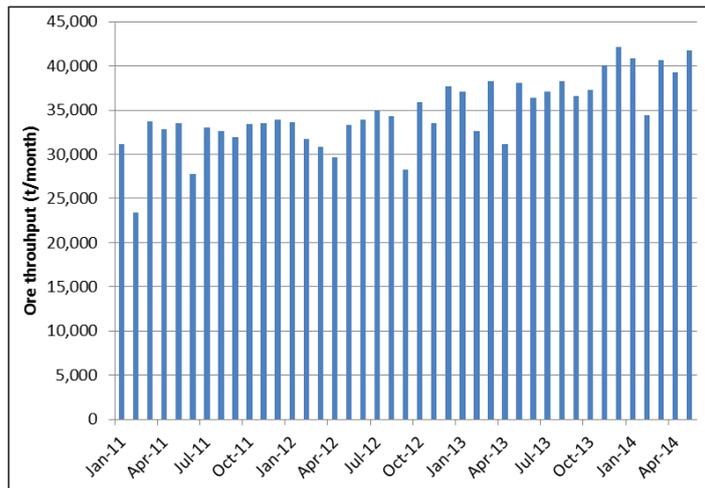
Gold recoveries for La Libertad have historically been good and in Snowden's opinion it is realistic that they will continue to range from 91.5% to 92.75% for the remaining life of mine.

**Plant production**

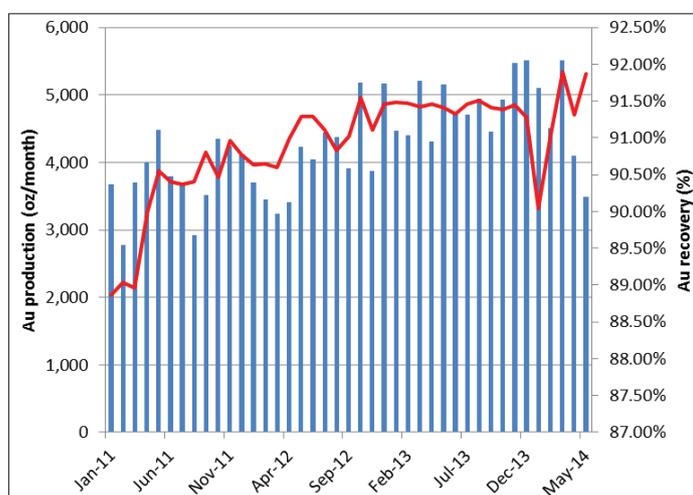
From the process production data for the past three years it can be seen that the mill is performing well, with mill throughput trending upwards from about 380 ktpa during 2011 to 445 ktpa during 2013 (see Figure 4.18). The average monthly gold recovery for the period from January 2011 to April 2014 has also trended upwards from 89% to approximately 91.5%, as shown in Figure 4.19. Gold head grades have historically been reasonably high at around 4 g/t, but have dropped to below 3 g/t during the most recent months.

It can be seen that forecast throughput rates of 480,000 tpa are well above the initial plant design, but as can be seen in Figure 4.18 have been achieved on a monthly basis when monthly production throughput exceeded 40,000 tonnes in 5 months out of the last 7 months. Snowden is aware that B2Gold is already assessing options to further optimise throughput (such as upgrading the hydrocyclones) and in our opinion these changes will make it possible to sustain production rates of 480,000tpa. Silver recovery, when calculated in the forecast spreadsheet is shown as 63.92%, however the initial forecast, confirmed by site personnel, is 55%. Current overall gold recovery achieved is better than 91.5%.

**Figure 4.18 EI Limon - monthly mill ore throughput**



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**Figure 4.19 El Limon – Monthly Au production and recovery achieved**

**Capital and operating costs**

Several smaller process related capital project appear to be planned during the years from 2014 to 2016, totalling US\$2.18M. A more significant allowance of US\$7.0M has been made for a paste backfill plant during 2014. Underground operations are based on sublevel open stoping with cemented and uncemented backfill used only as required for geotechnical support. In Snowden's opinion the commissioning of the paste backfill plant will have a positive effect on the underground operation and while mining costs for back filled stops may increase due to additional cost associated with cement this will be offset by allowing Reserves that may have been sterilised by mining activities to be extracted. These changes have been considered when compiling the LOM schedules used for the valuation of El Limon

The El Limon processing costs from the LOM forecasts are US\$29.21/t of ore treated, as shown in Table 4.19. These costs are significantly higher than those for La Libertad which could partially be due to the smaller operation. During the site visit the process operating costs were quoted as US\$29/t. Site general and admin costs are also significantly higher at US\$17.85/t and this will be mainly due to similar administrative requirements as for La Libertad, but at a much smaller annual production throughput.

**Table 4.19 El Limon - operating costs**

Category	Unit	2012	2013	2014	2015	2016	Total
<b>Production</b>							
O/P Material Mined	Mt	2.87	2.83	0.97			6.66
U/G Ore Mined	Mt	0.25	0.31	0.35	0.44	0.31	1.66
Ore Milled	Mt	0.41	0.42	0.42	0.42	0.38	2.05
Gold Produced	kozS	50	53	55	47	50	255
<b>Costs</b>							
Underground	US\$M	4.9	4.7	2.2			11.8
Open Pit	US\$M	15.9	14.6	14.5	14.7	13.6	73.3
<b>Mining Costs</b>	US\$M	20.8	19.3	16.8	14.7	13.6	85.2
<b>Processing Costs</b>	US\$M	11.9	12.2	12.2	12.1	11.4	59.8
<b>Admin Costs</b>	US\$M	9.0	9.0	9.1	9.0	9.0	45.1
<b>Total Site Costs</b>	US\$M	41.6	40.5	38.1	35.8	34.0	190.0
Royalties	US\$M	2.6	2.5	2.5	2.1	2.3	12.0
Ag Credits	US\$M	-1.7	-1.7	-1.7	-1.4	-1.4	-7.9
Head Office	US\$M	2.6	2.6	2.6	2.6	2.6	13.1
<b>Total Costs</b>	US\$M	45.1	43.9	41.5	39.2	37.5	207.2

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Category	Unit	2012	2013	2014	2015	2016	Total
<b>Unit Costs</b>							
Open Pit Mining	\$/t	1.70	1.67	2.31			1.78
U/G Mining	\$/t Ore	62.70	47.30	41.40	33.78	43.18	44.08
Mining	\$/t milled	50.89	45.94	39.88	35.01	36.08	41.62
Processing	\$/t milled	29.06	28.89	29.06	28.88	30.25	29.21
Administration	\$/t milled	22.05	21.50	21.60	21.31	23.95	22.04
<b>Total Site</b>	<b>\$/t milled</b>	<b>102.00</b>	<b>96.33</b>	<b>90.55</b>	<b>85.20</b>	<b>90.28</b>	<b>92.87</b>
<b>Total Unit Cost</b>	<b>\$/o=</b>	<b>896</b>	<b>836</b>	<b>758</b>	<b>831</b>	<b>748</b>	<b>813</b>

Note: Source BDA 2012. Ag Credits = silver credits less refinery costs for gold and silver; OIP = open pit; U/G = underground; the total unit cost per ounce is based on all costs and the deferred underground and pre-tripping costs have not been deducted; production and operating cost figures are based on 100% ownership, B2Gold has 95% interest

#### Comments on the El Limon metallurgical operation

- As for the La Libertad operation, the ore at El Limon appears to be generally free milling and gold recoveries are forecast to consistently achieve 92% or higher, with the LOM forecast at 92.75%. Snowden has not seen any testwork results or sufficient historical data to confirm that these recoveries will be achieved consistently.
- Silver recoveries are reasonable at 55%, although the LOM model forecasts silver recoveries of 63.92%.
- Plant throughput is forecast at 480,000 tpa, which is higher than design, however has been achieved during previous years due to plant optimisation already achieved.
- Snowden understands that the hydrocyclones are currently a bottleneck and that an upgrade is currently being considered. An allowance for the upgrade does not appear to have been included in the capital expenditure budget reflected in the LOM model.
- The capital indicated in the LOM model makes allowance for a paste backfill plant, however Snowden has not reviewed any detail on the design or the intended installation schedule.

Snowden note that there are options that are being assessed in order to optimise the plant further (such as upgrading the hydrocyclones) and that in Snowden's opinion these endeavours are appropriate and will reinforce the plants ability to continue to produce at a higher capacity. Snowden does not consider any of these matters to be material to the assumptions it has applied in the valuation of El Limon.

#### 4.3.7 Mine infrastructure

The El Limon site is favoured with a lush vegetation and ease of access. Power is provided on the national grid and the mine has recently installed sufficient standby power to fully energize the operations in the event of a power loss. Such shutdowns are generally of short duration but are relatively frequent during the stormy wet season.

Infrastructure includes camp and eating accommodation for senior staff, offices, maintenance and warehouse facilities, potable and process water facilities as well as fuel depots, communication equipment and fire/safety installations. Mine infrastructure is, in Snowden's opinion, adequate for the forecast LoM plan.

#### 4.4 Radius and Calibre Projects

The Information for this project is taken from B2Gold 2014. Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed the relevant joint venture agreements and relied on B2Gold's assertions as to the status of each of the tenements and is satisfied that B2Gold has an interest in each of those tenements as described in this section. Snowden does not consider these joint venture interests to be material with respect to the total value of B2Gold's mineral asset portfolio.

##### Radius project and JV - Trebol and Pavon Properties

B2Gold entered into an option agreement with Radius dated December 23, 2009 under which they earned a 60% interest in the Trebol, Pavon and San Jose exploration properties in Nicaragua (six concessions with 25 year terms covering approximately 242,000 hectares). On August 10, 2012, B2Gold acquired the remaining 40% interest in the Trebol and Pavon properties and issued to Radius as consideration 4,815,894 Common Shares. In addition, B2Gold entered into an agreement to make certain contingent payments to Radius that relate to the mineral reserves established on the Trebol property. As part of the

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transaction, the parties terminated all other aspects of prior arrangements entered into in respect of the Trebol, Pavon and San Pedro properties.

The Trebol property, located in north-eastern Nicaragua, is a low sulphidation epithermal hot springs district consisting of numerous strong gold anomalies spanning over 14 kilometres of strike length. In 2011, B2Gold drilled 37 holes totalling 3,208 metres on the Trebol property. The 2011 drilling campaign cut mineralization in the Cerro Domingo, Paola and Trebol North Zones with drill holes containing up to 1.96 g/t gold over 28.55 metres in hole TR-11-014 in the Cerro Domingo Zone, up to 8.86 g/t gold over 7.75 metres in hole TR-11-028 in the Paola Zone and up to 13.08 g/t gold over 7.00 metres in hole TR-11-047 in the Trebol North Zone. B2Gold discovered the Trebol East Zone located three kilometres east of the main Trebol trend in 2011. In 2012, B2Gold drilled 1,480 metres in 23 holes to test the Trebol East Zone. Drilling in the Trebol East Zone contained up to 0.77 g/t gold over 18.25 metres in hole TR-12-050 and 0.75 g/t gold over 12.4 metres in hole TR-12-056. Drilling and trenching outlined a low-grade north-south mineralized zone at least 1.5 kilometres long. No exploration was conducted on the Trebol property in 2013.

The Pavon property, located in central Nicaragua, is a low sulphidation system discovered by Radius in 2003. Seventy one historical diamond drill holes totalling approximately 10,700 metres tested several veins occurring over a strike length of six kilometres, with results that include 10.3 g/t gold over 16.8 metres in hole PADH-005B in the north zone and up to 6.7 g/t gold over 11 metres in hole PADH-01 in the south zone. During 2009 and 2010, B2Gold further explored the Pavon North and South Zones with 56 trenches totalling 1,608 metres. No exploration was carried out on the Pavon properties in 2013. Work was focussed on permitting for the drilling and small scale mining of Pavon.

The San Pedro property, now called San Jose, was the focus of an intensive mapping and trenching campaign during 2013 with two main areas being evaluated; the northern PMI and southern Buena Ventura Zones. The PMI zone main structure covers almost 2 kilometres of strike length, though much of it is narrow and relatively low grade. Where the structure splays out and the area that Radius had previously drilled is considered by B2Gold to be the best target and trenching has returned values of up to 2.64 g/t gold over 9.0 metres. Drilling of this area is being considered for 2014. The Buena Ventura (BV) target has returned very high grade trenching over a relatively short strike length of about 100 metres with some of the highlights being hole TR-SJ-80 with 6.53 g/t gold over 13.8 metres and hole TR-SJ-81 with 26.1g/t gold over 2.1 metres.

B2Gold's 2014 exploration budget of US\$250,000 on the Trebol property and US\$750,000 on the Pavon property is for soil sampling over the area of possible northern extension of the Trebol mineralization and for 2,000 metres of diamond drilling to update a portion of the Pavon property to an indicated resource.

#### Calibre Joint Venture – Borosi Property

The Borosi property is located in the Bonanza-Rosita-Siuna areas of northeast Nicaragua, the "Mining Triangle" of Nicaragua, which is estimated to have had historical production totalling more than 5 million ounces of gold, 4 million ounces of silver, 158,000 tons of copper and 106,000 tons of zinc.

Pursuant to the Primavera JV Agreement with Calibre, B2Gold have the right to earn up to a 70% interest in potential mining projects in the Borosi gold-silver-copper prospect in northeast Nicaragua. B2Gold currently have a 51% interest in the property and may increase their interest in specific project areas to 70% by funding an additional \$6 million in project expenditures on or prior to April 24, 2016.

The initial exploration had focused on the Eastern Epithermal, Bonanza and Rosita Gold Camps with geological mapping, prospecting, soil surveying and trenching. In 2011, B2Gold and Calibre announced drill results that discovered significant porphyry style gold and copper mineralization at the Primavera project within the Borosi concessions in north east Nicaragua. A phase II drilling program was completed in 2012, totalling 9,475 metres of drilling, for a total overall drilling program of 13,000 metres for 30 drill holes. The bulk of the phase II program was focused on the nearby soil geochemical anomalies at Copper Hill and a prominent structural target to the south of the main Primavera Zone. In addition, several drill holes south and west of the main Primavera Zone showed anomalous gold-copper values associated with porphyry style mineralization at depths exceeding 500 metres. Most importantly, the drilling indicates that the porphyry system continues to the north beneath alluvial cover. A comprehensive geophysical program was completed during 2012, with both air magnetic and radiometric surveys flown over the claim area.

Highlights of the Phase II program include drill hole PR-12-016 which confirmed shallow continuity of porphyry style mineralization on the west side of the main Primavera Zone with 201.35 metres of 0.77 g/t gold and 0.36% copper, including 57.85 metres of 1.08 g/t gold and 0.49% copper. PR-12-024 and several other drill holes crossed two major post mineral faults to the west and north of the main Primavera Zone and intersected anomalous zones also associated with porphyry style mineralization. Mineralization

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extends to the two faults and further work needs to be carried out to determine the degree of fault offset. Results from drill hole PR-12-024 indicate that the system continues to the north beneath alluvial cover. Hole 24 yielded several deep intervals including 17 metres of 0.39 g/t gold from 595 to 612 metres, 1.1 metres at 18.28 g/t gold, and 1.5 metres 11.95 g/t gold. These intervals were all associated with vein and stockwork mineralization in intrusion breccia and diorite although the high grades for gold are unusual. More drilling will be required in this area under the alluvium where the geophysical data indicate the presence of a large magnetic low. Drilling to the south at Copper Hill has intersected zones of skarn and hornfels similar to the style of mineralization and alteration at the Santa Rita deposit in nearby Rosita which produced over 3 million pounds of copper, 177,737 ounces of gold, and 2,629,720 ounces of silver. Additional drilling may be needed to test for possible skarn deposits which are commonly associated with porphyry systems. The skarn mineralization lies about 1.5 kilometres to the southwest. Additional soil sampling is underway in this area.

The 2013 campaign focused on evaluating the potential across the region with mapping and sampling of the remaining target areas on both the main Primavera concession and an area to the north called Minnesota.

At Primavera, no obvious drill targets were generated during the regional program. However, the main Primavera area was re-evaluated with a comprehensive stratigraphic mapping and pit sampling campaign to determine the best drill target for the faulted portion of the mineralization. A drill program is pending in 2014 as a result of this work.

The Minnesota area lies approximately 18 kilometres NNW of Primavera and was the focus of an early campaign by Calibre Mining. The area appears to be Gramalote style, intrusive hosted target with a strong NE-SW structural control. Abundant small miner activity and a coherent gold – copper – molybdenum soil anomaly encouraged a return to the area and though a lot remains to be done, the deep pitting and weathered bedrock sampling campaign along with some trenching of the local small miner workings has returned grab samples with good gold values and trenching up to 3.7 g/t gold over 10.5 metres. Current 2014 activity is focused on determining the thickness of the mineralized structure, the structural controls on mineralization and the potential for grade continuity across the area using long trenches.

The 2014 exploration program for Primavera/Minnesota has a budget of approximately \$1.2 million, which will fund detailed mapping and trenching as well as structural study and a detailed geological interpretation.

## 4.5 Otjikoto

### 4.5.1 Location and description

The Otjikoto project is located in the Republic of Namibia, approximately 300 km north of the capital city of Windhoek in the province of Otjozondjupa. The project, which comprises two gold deposits (Otijkoto and Wolfshag), is in the construction phase with processing scheduled to commence in the fourth quarter of 2014. Mining will be via large scale open-pit with mine ore production anticipated to be approximately 3.8 Mtpa. The processing plant, which is currently under construction, is expected to process around 2.5 Mtpa of ore by gravity concentration and intensive cyanide leaching, followed by cyanide leaching (CIP) of the gravity tails.

#### Climate and landforms

The climate of the Otjikoto project area is characterised by low rainfall and large temperature ranges. Temperatures range from -5°C up to 37.9°C with an annual average temperature of approximately 20°C. The average annual rainfall is approximately 400 mm, which occurs predominately from December through to March, peaking in January and February. According to Lytle et al (2013), the climatic conditions allow for year-round construction and mining at the Otjikoto project.

The topography of the Otjikoto project area is essentially flat, with very little relief. The approximate elevation of the site is 1,500 m above mean sea level. The majority of the Otjikoto project falls within the Tree and Shrub savannah zone, the dominant vegetation type in central Namibia (Lytle et al, 2013). Lytle et al (2013) indicate that "there are no plant species of specific conservation concern" and that "no special mitigation measures are necessary".

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#### 4.5.2 License and permits

##### Historical

Auryx Gold Corp ("Auryx") acquired the Otjikoto gold project in June 2010 from Teal (Namibia) Inc. ("Teal") for US\$28M.

##### Current

Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed title reports prepared by solicitors and is satisfied as to there being good and valid title for each of the tenements and that B2Gold has an interest in each of those tenements as described in this section. B2Gold acquired the Otjikoto gold project in December 2011 following the merger with Auryx for approximately C\$97M net. As at November 2012 (BDA, 2012) B2Gold held 11 exclusive prospecting licences ("EPL") covering approximately 900,000 ha. The Otjikoto project is situated within the Otavi Exploration Area which consisted of four EPLs that covered an area of approximately 275,000 ha. In 2012 an application for a mining licence covering an area of 6,934 ha within EPL 2410 was submitted and on 5 December 2012 the Namibian Ministry of Mines and Energy ("MME") granted Auryx Gold Namibia (Proprietary) Limited, later renamed to B2Gold Namibia, the Otjikoto mining licence, ML 169. B2Gold Namibia is owned indirectly 90% by B2Gold and 10% by EVI Gold (Pty) Ltd ("EVI"), a Namibian empowerment company (B2Gold, 2014).

The mining licence ("ML") was granted in accordance with the *Minerals (Prospecting and Mining) Act of 1992* (the "Namibian Minerals Act"). The licence is valid for a term of 20 years with expiry of 4 December 2032. The licence can be renewed for a further 20 years upon application to the MME. Mine production is subject to royalties at 3% of net market value payable to the Namibian state. EPL 2410 covers an area of 54,125 hectares (inclusive of ML169) and according to B2Gold is in good standing, with renewal for an additional two years granted by the MME on September 14, 2012. An annual fee of N\$6,000 and filing of quarterly exploration reports with the MME and bi-annual environmental reports with the Ministry of Environment and Tourism ("MET") are required to keep the licence in good standing. Exploration is conducted under the terms of an ECC issued by the MET on June 20, 2002. The ECC was renewed by the MET on February 11, 2013. B2Gold Namibia holds two additional EPL's in the Otjikoto area and seven EPL's in other areas of Namibia, including AccTer and Top Hat, 250 km east of Otjikoto.

In 2011, the farms Wolfshaag, Otjikoto, Gerhardshausen and Okaputa Nord I were purchased and consolidated by Auryx Properties Holdings (Proprietary) Limited, later renamed as B2Gold Namibia Property (Proprietary) Limited ("B2Gold Namibia Property"). The ML and all proposed infrastructure are situated on the B2Gold Namibia Property farms. All of the permits required for the present stage of development have been received; the following additional permits (Table 4.20) were required (as at March 2014) to commence production.

**Table 4.20 Otjikoto Project, Permits required**

Permit type	Regulator	Date required
Consumer installation certificate (Fuel farm)	MME	Prior to commissioning
Water abstraction	Ministry of Agriculture, Water and Forestry (MAWF)	Construction phase: 100,000 m <sup>3</sup> /annum was issued by MAWF in February 2013 Operations: ±1.4 Mm <sup>3</sup> /annum issued for operations on 24 September 2013
Water Discharge		Prior to commissioning the relevant facilities
Disposal of domestic and industrial effluent	Ministry of Environment and Tourism (MET)/MAWF	Landfill environmental clearance was issued October 2013
Licence for explosives magazine Storing and handling/use of explosives and explosives burning permit	MME MET	Currently using contractor to blast. B2Gold has applied for an explosives permit and anticipates receiving this permit in Q2, 2014
Environmental Clearance for HFO Power Plan	MME MET Electricity Control Board (ECB)	HFO power plant environmental clearance was granted in October 2013. Anticipate Operating License from ECB in Q1, 2014
Removal of protected plants/trees	MET	Prior to removed/cutting down any protected plant/tree species

The Namibian Minerals Act levies a royalty of 3% on the net sales of gold and silver. A value-added tax ("VAT") of 15% VAT applies to domestic goods and services and 16.5% to imported goods and services. A refund on the 15% VAT on domestic goods and services is expected to be approved and the expected refund period is estimated to be two months.

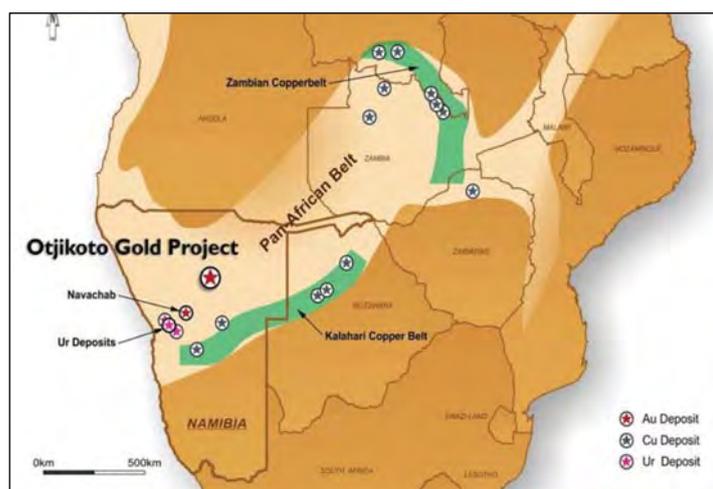
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### 4.5.3 Geological setting

#### Regional geology and tectonic setting

The Otjikoto project lies within the Neoproterozoic Damara Mobile Belt, which forms part of an area of the African continent known as the Pan-African Mobile Belt, stretching northeast through central Africa from the Namibian coast (Figure 4.20). The belt hosts the Kalahari and Zambian Copper Belts, along with a number of gold and uranium deposits.

**Figure 4.20** Map of southern Africa showing the Otjikoto project within the Pan-African Mobile Belt (source: Lytle et al, 2013)

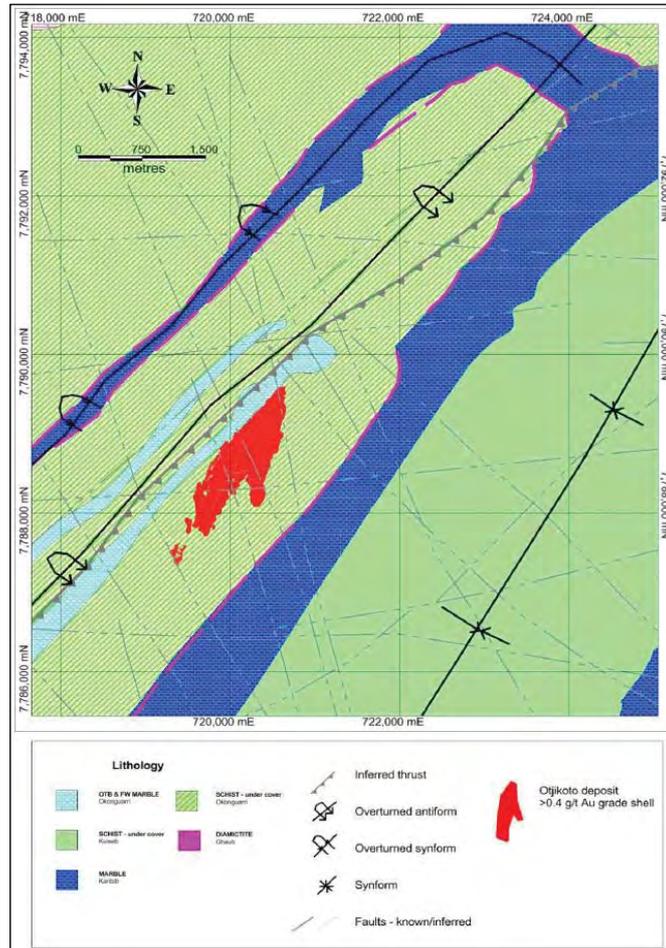


#### Project geology

The Otjikoto project is hosted within amphibolite grade metasediments of the Okanguarri Formation, which forms part of the Swakop Group. The Okanguarri Formation comprises primarily thick units of dark-grey carbonaceous marble, biotite schist, graphitic schist and calc-silicate rocks (Lytle et al, 2013). Two distinctive marble units, known as the OTB Marble and Footwall Marble, which occur below the mineralisation, are used as marker horizons (B2Gold, 2014b). Within the project area, the rocks strike towards the northeast at a bearing of 035° and dip at 25° towards the southeast.

A geology map of the project area is provided in Figure 4.21. The project area is covered by a 2 – 15 m thick layer of calcrete, transitioning to weathered rock below. The depth of oxidation varies from 20 m to 40 m, averaging around 35 m, and transitions to fresh rock over a relatively narrow zone of a few metres (<4 m). Deeper oxidation occurs around faults and fracture zones.

**Figure 4.21 Project geology of the Otjikoto Project area (source: Lytle et al, 2013)**



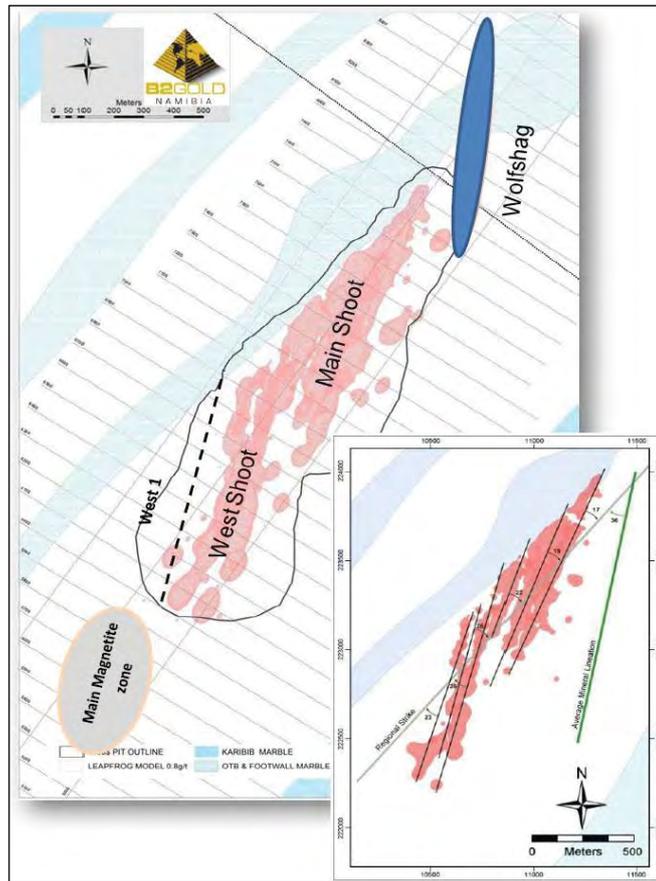
**Mineralisation**

Gold mineralisation at the main Otjikoto deposit is hosted within a sheeted quartz-sulphide±magnetite vein system. The sheeted veins are generally hosted within schists and granofels of the Upper and Middle Okonguari Formation, and have been interpreted over a strike length of some 2.3 km and down to a depth of 475 m below surface. The sheeted veins occur in a series of en-echelon zones oriented at approximately 015° and plunging 10 - 15° to the south-southwest (Figure 4.22 **Error! Not a valid bookmark self-reference.**). Vein concentrations vary from 1 – 30 veins per metre. Individual veins are typically less than 10 cm thick and are sub-parallel to the bedding (Lytle et al, 2013). The mineralised zones are generally 30 – 100 m wide and 500 – 1,500 m long.

The veins contain an average of 20% to 30% sulphides (Lytle et al, 2013), comprising primarily pyrite and pyrrhotite, along with variable amounts of magnetite. Pyrite is the dominant sulphide mineral in the northern and shallower portions of the deposit, while pyrrhotite occurs mainly in the southern and deeper portions. The magnetite content of individual veins is highly variable and ranges from less than 1% up to almost 100%.

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**Figure 4.22 Plan view of Otjikoto ore shoots and (inset) ore shoot orientation relative to mineral lineations (source: Lytle et al, 2013)**



Gold occurs within the veins as free gold typically associated with sulphide minerals and magnetite. The gold grain size, which varies from 5 µm up to 400 µm, is considered to be relatively coarse, with a median grain size of approximately 100 µm (Lytle et al, 2013). Higher gold grades are typically observed in narrower veins with complex mineralogy.

**4.5.4 Exploration**

**Historical**

A number of mineral companies explored the area for base metals in the mid-1960s to the mid-1980s, including mapping and drilling, all with limited success. Early exploration relied on airborne and ground geophysics as the bedrock geology is largely covered by 10m to 15m of calcrete. There is no recorded history of gold-focused exploration activity within or adjacent to the Otjikoto Project until Teal acquired some of the current exploration licences in 1997 and discovered vein hosted gold as a result of an airborne magnetic anomaly. By 2008, Teal had completed over 700 diamond and RC holes totalling over 94,000m (BDA, 2012).

During 2010 and early 2011 Auryx drill tested with 161 diamond drill holes (39,700m) and 85 RC holes (6,900m) several targets and identified three new zones referred to as East 1 shoot, West 1 shoot and Southwest Hangingwall Zone (BDA, 2012). In September 2011, Auryx discovered the Wolfshag zone,

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which occurs a few hundred meters to the northeast of the main zone and was intercepted in five drill holes representing 400m of strike/plunge

Between 1999 and 2011, a series of operators completed numerous airborne and ground geophysical and geochemical surveys and drilled 305 rotary air blast ("RAB"), 458 RC and 624 diamond drill holes totalling 173,156m on the Otjikoto Project (B2Gold, 2014).

#### Recent

B2Gold exploration in 2012 focused on the main Otjikoto deposit drilling for a feasibility study but a limited exploration program was completed on the Wolfshag zone in 2012 with the zone extended to 950m strike length. A total of 199 holes, (approximately 26,000m), were drilled on the Otjikoto Project. Feasibility drilling included 60 holes for sterilisation/condemnation of proposed infrastructure sites, 38 holes for collection of metallurgical test samples, 17 holes for geotechnical studies and the remainder as infill drilling and for geostatistical studies.

In 2013, 134 drill holes (23,602.24m), were drilled on the Otjikoto Project which focused on the Wolfshag zone, where 80 holes were drilled (20,920m). The Wolfshag shoot zone has now been traced for 1,600m along strike to a depth of 625m below surface and is open at depth down plunge. Significant results from the Wolfshag drilling include 16.2m at 9.39 g/t Au, and 30.1m at 6.02 g/t Au. An initial Inferred Mineral Resource for the Wolfshag zone was announced on 22 January 2014.

An additional 21 holes were drilled as infill in the main Otjikoto pit area and adjacent to the Wolfshag zone, to aid in mine planning. Four holes were drilled for condemnation of the revised waste dump area and 29 shallow holes were completed for civil engineering studies. Drilling has also identified two near-surface zones of massive iron oxides overlying and peripheral to the Otjikoto gold deposit, up to 30m thick and 400m in length.

Over the course of the project, a total of 14,832 specific gravity ("SG") measurements have been collected of the various rock types of the deposit. QA/QC procedures have been in place since the start of the Otjikoto Project and control samples have been routinely inserted, including CRMs, blanks and duplicates. The individual laboratories, including Genalysis, provide their internal QA/QC information with each Certificate of Analysis ("COA"). Future infill drilling of the northern portion of the Wolfshag zone is anticipated to allow an upgrade of the resource classification of a portion of the mineral resource to the Indicated category by the end of 2014. The 2014 program will also include metallurgical and geotechnical test work for the Wolfshag zone.

Snowden notes that the exploration methods and procedures conform to standard industry practice. Snowden considers the Otjikoto and Wolfshag gold deposits to be of sufficient size and grade to justify further development.

#### 4.5.5 Mineral Resources and Ore Reserves

Snowden was provided with maps and documentation for the Otjikoto gold project located in Namibia.

Snowden completed a technical review of the reports and data provided and made reasonable enquiries or used its professional judgment to determine the validity of the information. During the desk top review Snowden focused on the following tasks:

- Reviewing the Mineral Resource estimation methodology and input data.
- Reviewing dry bulk density determination.
- Reviewing reporting and classification.
- The assessment of any available quality assurance and quality control data.

Snowden has reviewed the quality control documentation associated with the assay data used to compile the resource estimates. Overall Snowden concludes that the sample data is suitable for use in resource estimation. Snowden has not undertaken an audit of or re-estimated Mineral Resources or Ore Reserves but has verified the assumptions and conclusions stated by the Competent Persons responsible and have commented on the reasonableness and validity thereof.

The Mineral Resources for the Otjikoto deposit were estimated by B2Gold in June 2012 using all diamond core drilling and reverse circulation ("RC") drilling up to June 2012. B2Gold discontinued the use of RC drilling at the Otjikoto project in 2012 and since then all drilling has been conducted using diamond core drilling. The Mineral Resources for the Wolfshag deposit were estimated by B2Gold in December 2013 using diamond core drilling up to November 2013. For the Otjikoto deposit, the drill spacing is 25 m along strike by 25 m across strike in the shallower portions of the deposit, increasing to 50 m by 25 m and 100 m by 50 m in the deeper portions. The drill sections are spaced 100 m apart for the Wolfshag deposit (B2Gold, 2014b).

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All drilling is vertical with downhole surveys conducted at 50 – 100 m intervals using a single or multi-shot downhole survey instrument. Snowden notes that these instruments are influenced by the magnetic properties of the rock and given the high magnetite content of the mineralisation there is a risk relating to the accuracy of the downhole azimuth readings. However, as the drillholes are vertical the deviation is unlikely to be material to the Mineral Resource estimate.

The diamond drill core and RC chips are geologically logged for the entire hole. Diamond core intervals are marked up for sampling by the site geologists. Core diameters include HQ and NQ sizes, and average core recovery is greater than 99% (Lytle et al, 2013). RC recovery within the mineralised zones averages approximately 81% in the oxide zone and 90% in the fresh material.

RC cuttings from the cyclone were bagged and weighed for each metre. A 1.5 – 1.8 kg sample (Lytle et al, 2013) was then generated through a four-stage riffle splitting and homogenisation process. Whilst the process is reasonable, Snowden believes that the sample mass is too small for this style of mineralisation, especially given the relatively coarse nature of the gold, likely resulting in a high sampling error.

The mineralised veins and associated alteration zones, along with a 3 – 5 m interval either side are half core sampled. Gaps are allowed in the samples in areas of narrow mineralisation separated by greater than 3 m (Lytle et al, 2013). Snowden notes that there is a risk that there are unsampled intervals, which are typically low grade, within the overall mineralised zone which could result in local overestimation of the gold grade. However, Snowden was not provided with the drillhole data and is unable to assess the risk of overestimation.

A number of laboratories have been used to analyse the Otjikoto project drillhole samples. The Intertek Genalysis and ALS Minerals laboratories located in Namibia are used for sample preparation, which comprises drying, crushing and pulverising. The primary analytical laboratory is ALS Minerals laboratory in Vancouver, Canada, which, due to the coarse nature of the gold, uses screen fire assaying (screening at 106 µm) with the gold content determined by either atomic absorption spectroscopy or with a gravimetric finish. A study conducted by B2Gold in 2013 (Glover, 2013), comparing the screen fire assay method with standard fire assaying, shows that the standard fire assay method typically reports a lower gold content than the screen fire assay, especially for lower grade samples. In Snowden's opinion, the screen fire assay method is more representative in coarse gold scenarios such as the Otjikoto project.

Approximately 16% of the samples submitted in 2013 were quality control samples, comprising field duplicates (quarter core), pulp duplicates, standards and blanks. Standards were included in the sample batches at a nominal rate of 1:40. Check assaying was completed by Bureau Veritas Mineral Laboratories in Swakomund, Namibia for the majority of the drilling with samples submitted to the check laboratory on a quarterly basis. Snowden reviewed the 2013 quality control results and found that the analytical accuracy of the primary laboratory was reasonable, with reasonable precision and no evidence of contamination.

The geological interpretation was completed using a combination of the geological logging and gold grade data, using a nominal cut-off grade of 0.4 g/t Au. A 0.8 g/t Au indicator was used to define and constrain the higher grade zones (Lytle et al, 2013). Metallurgical domains, based on the broad sulphide content and mineralogy, have also been incorporated into the model however these were not used to constrain the block grade estimates.

The drillhole samples were composited downhole using a 2.5 m interval for the Otjikoto deposit and a 2.0 m interval for the Wolfshag deposit (B2Gold, 2014b). Top-cuts were applied to the composites to limit the influence of extreme grades on the local block grade estimates. The top-cuts were applied on a domain basis and range in value for the Otjikoto deposit from 5.3 g/t Au up to 45 g/t Au, with 45 g/t Au used for the main mineralised domain. A similar level of top-cutting was applied at Wolfshag. Snowden agrees with the top-cutting strategy employed by B2Gold.

The bulk density is based on wax-coated measurements of diamond core (whole and/or half core) samples, with a total of 2,633 density measurements collected (Lytle et al, 2013). Bulk density values for the fresh mineralised domains range from 2.75 t/m<sup>3</sup> up to 2.84 t/m<sup>3</sup>, and range from 2.40 t/m<sup>3</sup> up to 2.64 t/m<sup>3</sup> in the oxidised zone. In Snowden's opinion the bulk density values are reasonable for sulphide-rich quartz vein hosted gold mineralisation such as at Otjikoto. Values were applied to the model blocks on a domain basis.

Block models were constructed using Datamine software for each deposit using a parent block size of 6.25 mE by 6.25 mN by 5 mRL. Lytle et al (2013) indicate that the block size was selected based on the proposed selective mining unit, however Snowden believes that this block size is too small given the high nugget effect and that the drill spacing is typically 25 m in the well informed areas. The small block size potentially results in an overly smoothed grade estimate and incorrect grade-tonnage relationship. There is a risk that during mining more tonnes at a slightly lower grade may be realised.

Grade estimation was by ordinary kriging (Lytle et al, 2013). Variography was performed for the main domain, which shows a high nugget (65% of the total sill) and an effective range of 75 m in the major direction and 40 m in the semi-major direction. The search ellipse distance was based on a combination of the variography and the drillhole spacing, with the aim that block estimates would be informed by six to eight drillholes. A dynamic search with three search passes was used, with each successive search pass approximately 1.5 times the radius of the previous search pass. A minimum of 5 samples and a maximum of 32 samples, with a maximum of 4 per drillhole, were used for the initial search pass. The dynamic anisotropy function in Datamine was used to adjust the search ellipse orientation for each block based on the local geometry of the interpreted vein.

Two grade estimates were completed, one using the low grade samples (<0.8 g/t Au) and one using the high samples (>0.8 g/t Au). The indicator estimate at a threshold of 0.8 g/t Au was used to assign the grade estimate. If the indicator value was less than 0.5 (i.e. less than 50% probability of the block being high grade) then the low grade estimate was assigned to the block. If the indicator value was greater than 0.5 (i.e. greater than 50% probability of the block being high grade) then the high grade estimate was assigned to the block. Snowden notes that the indicator estimate is an estimate of the proportion of material within each block above the threshold, in this case 0.8 g/t Au. For this approach to be correct, the final grade estimate needs to be a weighted average, using the indicator proportion to assign the contribution of the low grade and high grade estimates. Snowden believes that the approach adopted by B2Gold will result in overestimating the grade of the higher grade blocks and underestimating the grade of the lower grade blocks, as the proportions are not used to appropriately weight the final block grade estimate. Whilst the local block grades are likely to be inaccurate, Snowden does not believe that this will have a material impact on the global reported Mineral Resource, given the relatively low cut-off grade used to report the resource.

Lytle et al (2013) indicate that the grade estimates were validated visually, statistically and using grade trend plots. The grade trend plots are used by B2Gold to compare different grade estimation techniques, namely ordinary kriging, inverse distance weighting and nearest neighbour. Snowden notes that the validations primarily compare the different grade estimation techniques and do not compare the model with the input composite data, as would be expected. The validations suggest a reasonable comparison between the estimation methods.

The resources were classified by B2Gold (2014b) as a combination of Indicated and Inferred Resources based primarily on the drillhole spacing. Indicated Resources are assigned by B2Gold based on a nominal drillhole spacing of 25 m by 50 m or better, whereas Inferred Resources are based on a drillhole spacing of 100 m by 100 m. The Wolfshag deposit is classified by B2Gold as an Inferred Resource in its entirety. Snowden believes that the resource classification scheme employed by B2Gold is reasonable.

#### Summary of Mineral Resource and Ore Reserve Statement

The Mineral Resources for the Otjikoto project, reported by B2Gold according to NI43-101 standards, are summarised in Table 4.21. Mineral Resources are reported exclusive of the Ore Reserves.

Different cut-off grades have been used for reporting the Otjikoto and Wolfshag Mineral Resource estimates. The Otjikoto deposit resources are reported above a 0.40 g/t Au cut-off grade, while a 0.50 g/t Au cut-off was used to report the Wolfshag deposit resources. All resources have been reported within pit shells generated using a gold price of US\$1,550/oz. In Snowden's opinion, the cut-off grades and reporting criteria are reasonable.

**Table 4.21 Otjikoto Mineral Resource, as at 31 December 2013**

Category (NI43-101)	Cut-off grade g/t	Gross attributable to license			Net attributable to issuer (90 %)		
		Tonnes Mt	Au g/t	Contained metal Moz	Tonnes Mt	Au g/t	Contained metal Moz
Measured	-	-	-	-	-	-	-
Indicated	0.4 or 0.5	4.49	0.97	0.14	4.04	0.97	0.13
Inferred	0.4 or 0.5	13.33	2.08	0.89	12.00	2.08	0.80
<b>Total Open-pit</b>		<b>17.82</b>	<b>1.80</b>	<b>1.03</b>	<b>16.04</b>	<b>1.80</b>	<b>0.93</b>

*Small discrepancies may occur due to the effects of rounding*

The Otjikoto Mineral Reserve comprises open pit and underground Reserves but this ITR is limited to the open pit Reserves only.

As at 31 December 2012, the signed off and published Otjikoto open pit Mineral Reserves are summarised in Table 4.22.

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**Table 4.22 Otjikoto Mineral Reserves as at 31 December 2013**

Otjikoto Deposit	Tonnes Mt	Grade g/t Au	Contained metal Moz
Open-pit Probable Reserves	26.5	1.42	1.21
<b>Total Reserves</b>	<b>26.5</b>	<b>1.42</b>	<b>1.21</b>

The Mineral Reserves are based on appropriate considerations as follows:

- Whittle optimisations were conducted and pit designs were based on the optimal pit shells
- A cut-off grade of 0.4 g/t Au was applied on Indicated and Measured Resources only.
- An economic model has been run to demonstrate viability
- Snowden was informed that an approved Mining Licence is in place and this confirms that other modifying factors such as Legal, Environmental and Social considerations have been adequately addressed to the satisfaction of the Namibian Government.
- Other key modifying factors such as Processing and Mine Infrastructure are addressed in section 4.5.7.

#### 4.5.6 Mining operations

The Otjikoto open pit mine is a Greenfield operation. Snowden visited the Otjikoto operation on 17 June 2014 and witnessed that mine construction is being managed and implemented in a satisfactory manner. This review is based on the site visit and a Definitive Feasibility Study (DFS) titled NI 43-101 Technical Report Feasibility Study dated 25 February 2013.

##### Description of mining operations

Over burden stripping started in May 2013 and has reached an average depth of 20 m with outcropping portions of the ore body already exposed on the Northern part of the pit (Figure 4.23). In-pit sampling has just commenced to allow for testing and reconciliation with the block model. Early mining and stockpiling of ore is planned to begin in June 2014, ahead of processing operations in which will commence in November 2014.

Contract mining was initially envisaged as per the DFS recommendations and was implemented only for the first three months. B2Gold then decided to withdraw the contract from MCC mining contractors after realising that the expected benefits were not being achieved as follows:

- MCC is a South African company and was expected to import to Namibia, experienced operators. Instead, MCC hired local inexperienced operators and trained them in a manner that could have been undertaken by B2Gold.
- B2Gold supplied MCC with all equipment and MCC charged a premium over and above the normal costs for managing the operation.

Snowden supports owner mining as there are few experienced contractors in Namibia. In addition, B2Gold have experience in operating start up mines and owner mining reduces project risk as there is a greater level of control by the owner's team. The majority of MCC's operators were retained as B2Gold employees for continuity.

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**Figure 4.23 Current pit profile (source: site visit)**



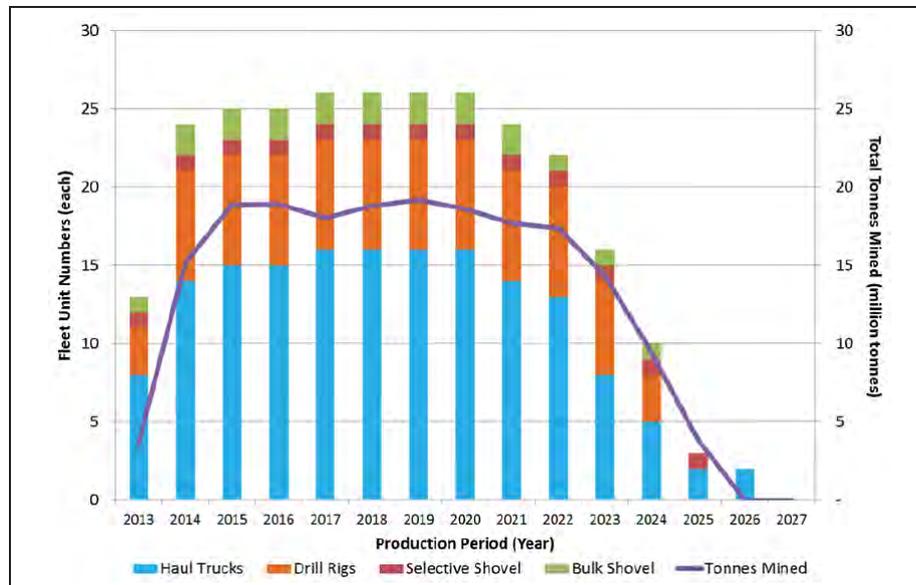
Otjikoto mine utilises diesel powered 100t trucks and 180t hydraulic shovels. Snowden observed that equipment for the 2013 – 2014 mining period is on site and being maintained by B2Gold staff in collaboration with Original Equipment Manufacturers (OEMs). Temporary workshop facilities have been set up to cover the period until construction of permanent facilities are completed.

Figure 4.24 illustrates the LOM primary equipment schedule which Snowden considers to be appropriate for this size of operation.

**Life of mine plan**

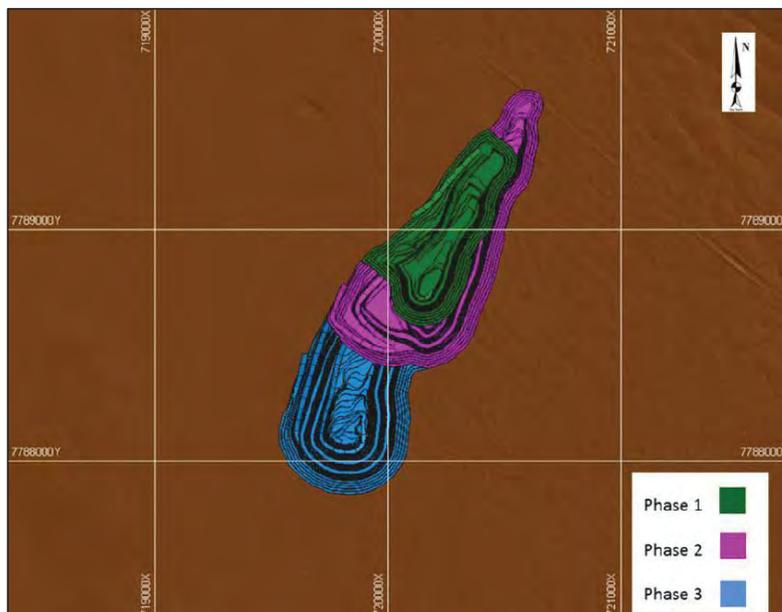
The Otjikoto pit has been designed and scheduled to deplete the ore body in three phases (pushbacks) as illustrated in Figure 4.25.

**Figure 4.24 LOM primary equipment schedule**



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Figure 4.25 Open pit pushbacks



Pushback 1 is planned to commence at the outcrop to achieve a relatively low strip ratio of 2.8 over its 5 year life (Table 4.23). The average mining rate is 2.45Mt resulting in a 12 year LOM at an average grade of 1.42g/t and an overall strip ratio of 5.6.

Table 4.23 Pushback plan

Sequence	ROM (Mt)	Grade (g/t)	Metal content (Mg)	Waste (Mt)	Strip ratio
Pushback 1	9.3	1.52	14.1	26.0	2.8
Pushback 2	11.9	1.26	15.0	50.5	4.2
Pushback 3	8.2	1.53	12.5	87.8	10.7
<b>Total</b>	<b>29.4</b>	<b>1.42</b>	<b>41.7</b>	<b>164.3</b>	<b>5.6</b>

Two ore streams have been defined as follows:

1. High grade:  $\geq 0.60\text{g/t}$
2. Low grade:  $\geq 0.4\text{g/t}$  but  $< 0.6\text{g/t}$

Table 4.25 shows the LOM production schedule and associated strip ratios. The two ore streams will be stockpiled separately at the primary crusher before being blended. In Snowden's opinion, the mine plan is appropriate and achievable.

#### Operating and capital costs

The DFS produced a capital cost estimate and operating cost estimate with an accuracy level of +/-10%.

Total project capital has increased by 11% from US\$278M in 2012 to US\$308M in 2014 primarily due to the inclusion of a new US\$35M thermal power plant in the 2014 budget. This power plant was not initially included as electrical power supply was planned to be purchased from the Namibia Power Corporation (Proprietary) Limited (NamPower), the State owned national power utility. B2Gold has since decided to generate its own power to mitigate against the risk of possible unplanned power outages, as Namibia is a net importer of electricity.

Snowden views the budget capex to be in line with industry averages for similar size operations. As at end of May 2014, US\$226M or 73% of the project cost to completion had been expensed, which corresponds to approximately 63% project physical completion.

**Table 4.24 Project capital costs**

Cost centre	DFS Budget	2014 Budget	Cost to date (May 2014)
Earthworks	14.2		
Tailings Storage Facility	25.3		
Process Plant	106.3		
Electrical and Power Generation	8.4		
Mining Equipment	18.0		
Construction Equipment	2.7		
Mine Infrastructure, Mine Buildings	7.1		
Buildings, Ancillary Facilities	7.6		
<b>Total Direct Costs</b>	<b>189.6</b>		
Owners Costs - Other	19.8		
Mechanical and Electrical Spares	3.3		
Owners Construction Management	2.4		
EPCM	13.6		
<b>Total Indirect Costs</b>	<b>39.1</b>		
Contingency	15.5		
<b>Total Pre production Capital</b>	<b>244.2</b>	<b>246.3</b>	<b>182.0</b>
Pre-stripping	33.3	26.3	10.0
Power plant	-	35.0	34.0
<b>Total Capex</b>	<b>277.5</b>	<b>307.5</b>	<b>226.0</b>

Source: 2013 Feasibility study

#### 4.5.7 Mineral processing and metallurgical testing

##### Previous production

The project is currently in its construction phase and there are no previous production records.

##### Metallurgical testing

Metallurgical testing appropriate for the feasibility study was performed on Otjikoto drill core samples representing the major ore types to finalise the gravity and whole ore leach process design criteria and flow sheet, and to evaluate ore variability across the deposit. The gravity and whole ore leach process was selected as the preferred mill flow sheet over gravity, flotation and concentrate leach in a trade-off study (SMP, Mining Licence Application) prior to the completion of the DFS.

Overall a life-of-mine gold recovery of 95.6%, with approximately 71% of the recovery resulting from the gravity and intensive leach circuits, is forecast. This is higher than most other operations, but is supported by the testwork results achieved.

Snowden found the testwork programme to be fairly extensive, conducted at reputable commercial laboratories and the results provide the quality and quantity of data as required for the specification of process design criteria at feasibility study level. Gold recoveries of 95.6% were achieved during testwork on Otjikoto ore, which in Snowden's opinion is high, but should be achievable during processing. An average LoM recovery of 95.0% is considered by Snowden to be reasonable for planning purposes.

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**Table 4.25 Orijkoto scheduled production (calendar year)**

	Units	Total	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Ore mined</b>															
XR1 - HG/LG Oxide Ore:	kt	3,163.50	215.30	950.20	354.10	856.20	323.90	390.10	573.70	0.00	0.00	0.00	0.00	0.00	0.00
XR2 - HG/LG Sulfide-Pyrite Ore:	kt	7,363.60	0.00	1,231.60	719.70	546.70	1,071.30	254.40	1,073.00	1,695.60	438.40	332.90	0.00	0.00	0.00
XR3 - HG/LG Sulfide-Pyrite Ore:	kt	8,317.30	0.00	94.10	191.80	650.40	432.10	109.90	106.20	141.50	1,169.40	1,273.00	2,334.70	1,514.20	300.00
XR4 - HG/LG Sulfide-Pyrite-Pyrrhotite:	kt	10,564.30	0.00	5.00	1,194.50	899.50	675.60	1,748.40	757.20	665.70	895.00	896.90	175.40	988.60	1,662.50
Total ore	kt	29,408.70	215.30	2,280.90	2,460.10	2,452.80	2,502.90	2,502.80	2,510.10	2,502.80	2,502.80	2,502.80	2,510.10	2,502.80	1,962.50
Waste mined	kt	160,675.00	10,011.00	14,066.00	12,030.00	13,382.00	15,331.00	15,575.00	16,600.00	17,100.00	16,100.00	12,412.00	10,840.00	5,228.00	2,000.00
Ore milled	kt	29,653.00	93.60	2,426.60	2,509.70	2,502.80	2,502.80	2,502.80	2,509.70	2,502.80	2,502.80	2,502.80	2,509.70	2,502.80	2,084.10
Gold grade	g/t	1.46	1.86	1.76	1.99	2.06	1.60	1.67	1.02	0.80	0.85	1.12	1.79	1.40	1.51
Silver grade	g/t	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Operating costs															
Mining	US\$M	408.44	19.72	31.65	29.35	32.79	35.65	36.04	38.71	40.79	38.72	35.02	37.15	21.72	11.13
Rehandle Cost	US\$M	3.64	0.00	0.29	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.35
Processing	US\$M	377.95	1.57	30.31	32.11	32.19	32.22	31.98	32.58	33.84	32.73	32.34	31.91	32.40	21.78
G&A	US\$M	71.08	5.99	6.09	5.65	5.70	5.62	5.66	5.63	5.62	5.53	5.53	5.45	4.70	3.91
Corporate	US\$M	40.24	3.39	3.11	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.13	3.15	2.51
<b>Total</b>	<b>US\$M</b>	<b>901.35</b>	<b>30.67</b>	<b>71.45</b>	<b>70.53</b>	<b>74.11</b>	<b>76.90</b>	<b>77.10</b>	<b>80.33</b>	<b>83.67</b>	<b>80.39</b>	<b>76.31</b>	<b>77.94</b>	<b>62.27</b>	<b>39.68</b>
<b>Capital costs</b>															
Pre-strip capitalised	US\$M	25.00	25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Process Plant	US\$M	48.02	48.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Infrastructure	US\$M	9.97	8.41	0.52	0.52	0.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indirects	US\$M	49.57	22.80	7.75	7.75	7.75	3.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Owner's Cost and Sustaining	US\$M	98.61	14.10	17.21	17.67	18.00	7.32	2.88	3.05	4.42	4.09	3.74	3.74	2.33	0.04
Corporate	US\$M	10.04	0.80	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.64
<b>Total</b>	<b>US\$M</b>	<b>241.22</b>	<b>119.13</b>	<b>26.27</b>	<b>26.73</b>	<b>27.06</b>	<b>11.63</b>	<b>3.66</b>	<b>3.84</b>	<b>5.21</b>	<b>4.87</b>	<b>4.52</b>	<b>4.52</b>	<b>3.11</b>	<b>0.68</b>

Source: Orijkoto Gold Project, M43-101 Technical Report, Feasibility Study, 25 February 2013

**Metallurgical processing**

The design of the Otjikoto Project mill is based on a conventional gravity and whole ore leach flow sheet with a nominal treatment rate of 2.5 Mtpa at a plant availability of 94%. Gold will be recovered by gravity concentration and intensive leaching of gravity recoverable gold and by a cyanide leach and CIP process for treatment of the gravity tailings. The Otjikoto mill design is robust and will be able to process the three major ore types (oxide, pyrite dominant and pyrrhotite dominant) over the range of ore grades mined, and with variable materials handling characteristics. The major process design criteria are shown in Table 4.26.

**Table 4.26 Otjikoto - Major process design criteria**

Criteria	Unit	Value
Operating days per year	days	365
Annual mill throughput	Mtpa	2.5
Feed grade (LOM)	g/t	1.42
Crusher availability	%	65.0
Crusher design capacity	tph	440
Crushing work index	kWh/t	16.9
Mill availability	%	94.0
SAG mill feed size $F_{80}$	mm	150.0
Grinding circuit design throughput	tph	304
Ball mill circulating load	%	300
Bond ball mill work index	kWh/t	9.3
Grind size $P_{80}$	$\mu$ m	75
Gravity gold recovery	%	70.8
Leach residence time	h	48
CIP residence time	h	6
Cyanide consumption	kg/t	0.59
Overall process recovery (LOM)	%	95.6
Average annual gold production (years 1 to 5)	oz	141,000
Average annual gold production (LOM)	oz	112,000

**Process plant capital cost estimate**

The capital cost summary is shown in Table 4.27 and equates to about US\$97.68/t of ore processed, including the mining capital costs. Direct process related costs in isolation equate to US\$65.80/t of ore treated.

**Table 4.27 Otjikoto capital cost estimate**

Item	US\$M
<b>Direct Costs:</b>	
Earthworks	14.2
Tailings storage facility	25.3
Process plant	106.3
Electrical and power generation (leased)	8.4
Mining equipment (leased)	18.0
Construction equipment (leased)	2.7
Mine infrastructure, mine buildings	7.1
Site buildings and ancillary facilities	7.6
<b>Total direct costs</b>	<b>189.6</b>
<b>Indirect costs:</b>	
Owners' costs	19.8
Mechanical and electrical spares	3.3
Owners' construction management	2.4
EPCM	13.6
<b>Total indirect costs</b>	<b>39.1</b>
<b>Total</b>	<b>228.7</b>
Contingency	15.5
<b>Total capital</b>	<b>244.2</b>

Source: Otjikoto Gold Project, NI43-101 Technical Report, Feasibility Study; 25 February 2013

Snowden has reviewed the basis for the process related direct capital cost estimate and supports the basis used to compile the capital cost estimate.

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**Process operating costs**

Average LOM process operating costs per tonne of ore treated for the Otjikoto operation and as reflected in the DFS are shown in Table 4.28.

**Table 4.28 Otjikoto - Average LOM process operating costs**

Item	Total	% of Total
Feed Crusher / Rehandle	0.01	0 %
Crushing	0.46	3 %
Grinding	4.12	29 %
Gravity Concentrate Acacia Leach	0.52	4 %
Leaching	2.09	15 %
CIP	0.25	2 %
Carbon elution and regeneration	0.23	2 %
Cyanide destruction	0.92	7 %
Electrowinning and refinery	0.12	1 %
Tailings storage facility	0.46	3 %
Water System: Fresh-Process/Reclaim	0.36	3 %
Reagent system	0.52	4 %
Metallurgical laboratory	0.07	0 %
Process general	0.39	3 %
Production laboratory (distributed)	0.24	2 %
Maintenance	3.26	23 %
<b>Total</b>	<b>14.02</b>	<b>100 %</b>

Source: Otjikoto Gold Project, NI43-101 Technical Report, Feasibility Study; 25 February 2013

**Comments on the Otjikoto metallurgical process**

Snowden has reviewed the data as presented in the bankable feasibility study and is satisfied that the study was conducted in line with the guidelines and expectations at this level of study. The following comments are based on Snowden observations during recent site visit:

- Construction begun in May 2013 and is 63% complete.
  - the plant is the main outstanding item but all foundation earthworks have been completed
  - 90% concrete poured
  - structural & mechanical works are ongoing
  - all leach and CIP tanks erected
  - commissioning is expected during Oct/Nov 2014 with first gold production in December 2014
- The power plant construction is a variation from the DFS as it was initially planned to purchase electricity from the national power main grid. Snowden has not been able to ascertain the potential impact this may have on the operating costs, as the generated power will be more expensive than grid power. The justification for this option is mitigation of risks associated with unreliable power supply from the national grid.
- Current projections are that the project should be completed within budget.

**4.6 Gramalote****4.6.1 Location and description**

The Gramalote Project is located in the Central Cordillera of Colombia between the Magdalena Valley to the east and the Cauca-Patia Graben to the west. The Project is located near the town of Providencia approximately 230 km northwest of the capital Bogota and approximately 80 km northeast of Medellin, the regional capital of the Department of Antioquia. It is situated along the valley of the Nus River, 1.5 kilometres southwest of the village of Providencia, Antioquia. The Project area is surrounded by gravel roads which connect a dense small town rural and farm population to the Nus Valley infrastructure, the Magdalena River to the east and Medellin to the west.

Based upon a Colombian entry point at the nation's capital in Bogota, access to the Gramalote Project is achieved by travel to Medellin via commercial jet aircraft service from Bogota to Medellin (approximately 1 hour flight). The project is located approximately 110 kilometres along paved road west-northwest of Medellin via the town of Cisneros to the town of Providencia (approximately 3 hours).

Access to the Gramalote Project is good with direct, paved highway access from Bogota, as well as from the city of Medellin. An historic freight/passenger railway line (presently inactive) and high tension electricity pass within one kilometre of the project area. The paved highway and railway continue to Puerto Berrio located on the Magdalena River some 55 kilometres to the east. Puerto Berrio provides direct fluvial access to a major open ocean port on the Caribbean coast at Barranquilla.

#### **Climate and landforms**

Climate at Gramalote is mildly tropical with daytime temperatures throughout the year averaging about 24°C. Yearly rainfall averages about 200 cm and falls mostly from March to May and from September to December.

Topography along the Nus valley is relatively subdued although locally steep and incised. Elevations in the Gramalote area range from 800m to 1,500m above sea level, while general elevations over the Antioquian plateau are generally between 2,300m and 2,500m above sea level.

### **4.6.2 License and permits**

#### **Historical**

Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed title reports prepared by solicitors and is satisfied as to there being good and valid title for each of the tenements and that B2Gold has an interest in each of those tenements as described in this section. Modern day mineral titles covering part of the known mineralization at Gramalote were owned by the Aristizabal family until 2005 when the existing title was transferred to the Grupo Nus and subsequently became part of the joint venture with B2Gold and AngloGold.

#### **Current**

AngloGold is the manager of the Gramalote joint venture holding 51% interest in the property and B2Gold 49% interest. The property area is covered by 17 contiguous claim blocks totalling 35,322.174 hectares. As at March 2014 the claims include 16 registered concession contracts totalling 25,909.266 ha and one integrated and registered mining concession contract totalling 9,412.90 ha. The claims are registered, or are in the process of being registered, in the name of Gramalote (Colombia) Limited, the Colombian branch of Gramalote Limited that has been formed to hold all of the Gramalote mineral claims (B2Gold, 2014).

### **4.6.3 Geological setting**

#### **Regional geology and tectonic setting**

The geological terrane is primarily comprised of a metamorphic basement complex and the Cretaceous Antioquia Batholith, a large granite body. The Cajamarca-Valdivia basement consists of early Palaeozoic metamorphic rocks and ophiolitic oceanic volcanic and intrusive rocks.

#### **Project geology**

Gold and silver mineralisation in the Gramalote Project area occurs within an intrusive hosted structurally controlled quartz stockwork system. The sinistral shear zones trending east-northeast and dipping sub-vertically are considered by B2Gold to be an important control on mineralisation at Gramalote Central.

#### **Mineralisation**

Gold and silver mineralisation is associated with stockwork veining and in particular quartz with fine-pyrite veins, quartz-carbonate veins, and quartz with coarse pyrite veins. In the Gramalote Central area, mineralisation has been defined by surface sampling and drilling over a strike length of 1,100 metres and vertically to 450 metres below the topographic surface.

The Gramalote Project exhibits a structurally controlled style of mineralisation in the form of veins, up to 10 centimetres wide, sheeted veins and local stockworks with alteration selvages around veins and veinlets. These veins yield gold assays up to 80 ppm gold. In the Gramalote deposit, the quartz-pyrite-chalcopyrite vein types are the most important in terms of gold mineralisation where gold and chalcopyrite commonly fill fractures in pyrite.

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#### 4.6.4 Exploration

##### Historical

Gold mining within the Gramalote property probably pre-dates the early Spanish colonial period (16<sup>th</sup> century). More recent historical exploration and mining in the Gramalote Ridge area dates from the late 19<sup>th</sup> century with production generally dominated by alluvial and hydraulic techniques.

##### Recent

In February 2009, B2Gold completed a NI43-101 compliant Mineral Resource estimate for the Gramalote Ridge zone, based on 110 diamond drill holes (34,500m) and 481m of underground channel samples.

During 2012 exploration at the Gramalote Project consisted of infill drilling and metallurgical test sample drilling which gave test results in excess of 95% recovery. Encouraging drill results from Gramalote Central and outside targets indicated the potential for a larger resource.

During 2013 exploration focused on infill and mineral resource expansion drilling on Gramalote Central and Monjas West, conversion of prospective zones to Inferred Mineral Resources, confirmation of oxide mineralization on Gramalote Ridge with RC drilling and investigation of several low grade zones in the Inferred Mineral Resource. Four geotechnical holes totalling 1,614m were drilled in Gramalote Central resource area and 10 sterilisation/condemnation and infrastructure holes totalling 1,608m were completed in the plant site, Palestina tailings dump area and San Antonio waste rock dump areas. In addition a total of 5,630m of RC drilling was completed in two areas in Gramalote Central as part of a grade control program. The 2013 results include many significant intersections of low to medium grade gold including 110.0m at 0.78 g/t Au and 36.0m at 4.86 g/t Au. An additional 8,422m in 22 holes were drilled at Monjas West and Limon.

Exploration drilling since 2010 has been carried out on six satellite drill targets located within four km of Gramalote Central including Monjas West, Trinidad South, Monjas East, Limon, Topacio and La Maria for a total of 33,139m in 92 drill holes. This includes a total of 30,172 metres in 68 holes in the infill and resource expansion drill program on Gramalote Central resource area. At Monjas West located two km WSW along strike of Gramalote Central a total of 19,976m in 53 holes have been drilled (8,120 metres in 21 holes in 2013) indicating large intersections of low grade gold. Gold mineralisation occurs over 700m by 500m area and down to 400m depth.

The drill samples have been analysed for gold by ALS Chemex analytical laboratory in Lima, Peru. The analytical methods employed were fire assay fusion and AAS on 50 grams of nominal sample weight, and fire assay fusion and gravimetric analysis on 50 grams of nominal sample weight. Multi-element analysis included HF-HNO<sub>3</sub>-HClO<sub>4</sub> acid digestion with HCl leach. The analytical methods employed were ICP-AES and ICP-MS. Samples are transported from the project site to the AngloGold warehouse located in Funza (Cundinamarca), and then shipped directly to the preparation laboratory. Recent QA/QC protocols include the insertion of certified reference material and duplicate samples every 25 samples.

The exploration drilling programmes have outlined a significant gold system known as Gramalote Central extending over an area of more than one square km centred about Gramalote Ridge. B2Gold has concluded that numerous additional strong gold anomalies exist within the Gramalote Project that deserve additional definition via prospecting and grid-based rock and soil sampling. Snowden notes that the Gramalote Project consists of a large low grade gold system with potential to increase the size of the resource, but is discouraged by the average low gold grade of the resources.

#### 4.6.5 Mineral Resources and Ore Reserves

In February 2009, B2Gold completed a NI43-101 compliant Mineral Resource estimate for the Gramalote Ridge zone based on 60m spaced vertical cross sections and six wireframes, Felipe Zones 1 and 2, Gramalote 1 and 4, and Balzal 1 and 3. AngloGold reported an updated resource estimate as of 31 December 2011.

In 2013, mineral resources for the Gramalote Central, Monjas West and Trinidad zones, were estimated by Gramalote Colombia Limited, the operating company of the joint venture with AngloGold, based on drill results up to the end of July 2013. Zones defining low, medium and high alternation and veining intensity and grade were interpreted on cross sections and linked into three-dimensional models. The final gold grades were estimated using Uniform Conditioning bench-marked to a 20m x 20m x 10m selective mining unit ("SMU") size.

**Summary of Mineral Resource Statement**

Table 4.29 shows the Mineral Resources at Gramalote Project attributed to B2Gold (49% of JV).

**Table 4.29 Gramalote Project Mineral Resources (B2Gold 49 %)**
**Attributable Measured and Indicated Resources**

Zone	Tonnes (Mt)	Grade g/t Au	Ounces Au (Moz)
Gramalote Central	62.75	0.63	1.28
Monjas West	2.29	0.55	0.04
<b>TOTAL</b>	<b>65.04</b>	<b>0.63</b>	<b>1.32</b>

**Attributable Inferred Resources**

Zone	Tonnes (Mt)	Grade g/t Au	Ounces Au (Moz)
Gramalote Central	62.20	0.43	0.85
Monjas West	11.53	0.59	0.22
Trinidad	43.72	0.41	0.58
<b>TOTAL</b>	<b>117.45</b>	<b>0.44</b>	<b>1.65</b>

*Notes: Mineral Resources are reported above the cut-off grade of 0.15 g/t gold and within a pit shell based on a gold price of \$1,600 per ounce. Attributable Mineral Resources are stated at our 49 % ownership of the Gramalote Project. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. Due to the uncertainty that may be attached to Inferred Mineral Resources it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Mineral Resource category as a result of ongoing exploration. Source: B2Gold, 2014*

Snowden notes that the gold grades of the Mineral Resources are low and are defined using a pit shell based on a gold price of US\$1,600, which is significantly higher than the current gold price. A Preliminary Economic Assessment ("PEA") of the Project, including Measured, Indicated and Inferred Resources was undertaken and announced in March 2014 and these results can be viewed on B2Gold's website.

The Gramalote Project will be reviewed in the fourth quarter of 2014 to determine if advancing to a full feasibility study is warranted. Snowden note that there is a significant capital expenditure requirement for a low grade gold mine and that the PEA included Inferred Resources, which cannot be converted to Mineral Reserves. In Snowden's opinion, while it is encouraging that the work being done by Anglo Gold Ashanti and B2Gold is being independently audited and guided by independent consulting companies such as Quantitative Geosciences and AMEC, the economic assessment is at an early stage and feasibility level work on the newly announced resources is still required to move the project into JORC compliant Ore Reserves status. Snowden has therefore utilised the latest Mineral Resources statement and exploration potential as the basis of input into the mineral asset valuation in Section 5.4.2 below rather than use the results of the recently released PEA.

**4.6.6 Environmental and social impact**

The environmental impact assessment ("EIA") is being modified to accommodate a revised tailing dam design that will reduce both initial capital and operating costs. It is planned that the EIA will be completed and ready for submittal to the government regulatory agencies by the second quarter of 2014. A detailed work plan for the construction and operation of Gramalote ("PTO") will be completed and submitted with the EIA. The PTO provides the schedule, workforce requirements and other details for the implementation of the project.

#### 4.7 Mocoa

The Information for this project is taken from BDA 2012.

The Mocoa property is located near the town of Mocoa approximately 465km southwest of Bogota in Columbia. B2Gold acquired the copper-molybdenum porphyry deposit from AngloGold Ashanti, subject to a 1% royalty interest retained by AngloGold. The property consists of six contract claims totalling 11,792ha (BDA 2012). Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed title reports prepared by solicitors and is satisfied as to there being good and valid title for each of the tenements and that B2Gold has an interest in each of those tenements as described in this section.

Mocoa lies within a belt of Early to Mid-Jurassic magmatic rocks known to host several porphyry copper prospects in southern Colombia and Ecuador. Copper and molybdenum mineralisation is hosted by a potassic- and phyllic-altered dacite porphyry stock emplaced into cogenetic volcanic rocks. Mineralisation consists of vein and stockwork chalcopyrite, molybdenite and local bornite and high grade hydrothermal breccias. Mocoa is a molybdenum-rich copper porphyry with molybdenum grades averaging around 0.04% Mo (BDA, 2012).

Previous diamond drilling at the Mocoa property consisted of 31 holes for 18,300m conducted by the United Nations and Ingeominas in the late 1970s to early 1980s. This drill programme resulted in the delineation of a non-NI43-101/non-JORC compliant historical resource of 306Mt at 0.37% Cu and 0.061% Mo, using a 0.25% Cu plus 0.025% Mo cut-off and a specific gravity of 2.7. B2Gold's current internal mineral inventory is slightly more conservative at 270Mt averaging 0.36% Cu and 0.04% Mo. Historical drilling has shown the Mocoa orebody to be cylindrical in shape, covering 500 x 600m in area, extending to a depth of at least 700m and open to the northeast (BDA, 2012)

In 2008, B2Gold completed nine diamond drill holes for 5, 100m on the Mocoa property. Drilling was carried out over an 875 x 550m area and tested the extensions of the deposit to the north and northeast as well as confirming previous drilling results with twin holes. Assay results from the 2008 drill programme confirmed the results from the Ingeominas drilling with the B2Gold holes containing slightly higher Cu and Mo values. Five holes totalling 2,700m tested the northeast and northern extensions of the deposit. Drilling has shown encouraging Cu-Mo values at depth and shows the deposit to be open to the north and northeast (BDA, 2012).

#### 4.8 Cebollati

The Information for this project is taken from BDA 2012.

The Cebollati property is located in southern Uruguay, 180km northeast of Montevideo in and consists of 8 claims and 6 applications totalling approximately 34,500ha. The claims comprise one Exploration Licence totalling 163ha, one Exploration Licence application totalling 163ha, five Prospection Licences totalling 14,808ha and three Prospection Licence applications totalling 19,066ha. Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed title reports prepared by solicitors and is satisfied as to there being good and valid title for each of the tenements and that B2Gold has an interest in each of those tenements as described in this section. The Cebollati property has excellent paved road access approximately 8km from a highway in rolling farm country (BDA, 2012).

B2Gold earned an 80% interest in the Cebollati property by paying US\$1M in stages by 31 January 2012 and agreeing to fund all exploration work through to feasibility. Additional obligations include the completion of a feasibility study, a per ounce gold payment and a net smelter royalty for additional production (BDA 2012).

During a 2011 drill program 52 holes totalling 8,300m were completed. The drilling in the Southern and Windmill zones confirmed the existence of continuous, shallow, mineralised zones which are open along strike and to depth. The drilling and trenching has shown that each of these zones extends for in excess of 400m within a mineralised system, which has been defined over a 2.2km strike length (BDA 2012). Highlights of the new drilling include (from BDA 2012):

- UC11-019 with 11.1m grading 11.6g/t Au within a 23.8m interval of mineralisation grading 5.7g/t Au,
- UC 11-032 with 7.5m grading 4.5g/t Au, including 12.8g/t Au over 2.3m,
- UC11-022 with 7.5m grading 5.7g/t Au,
- UC11-037 with 4.0m grading 4.0g/t Au and 8.0m at 2.8g/t Au,
- UC11-021 with 16.2m grading 1.74g/t Au.

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To increase the understanding of the mineralisation controls in the Southern zone, a 50 x 15m area was stripped and nine east-west continuous sample lines were completed for a total of 340 line metres. This area is located at the fold hinge of the main antiformal structure where a shallow north-northeast plunge was identified. The direction of the fold hinge is affected by west-northwest structures generating possible dilatational jogs controlling the high grade mineralisation (BDA 2012).

## 4.9 Kiaka

### 4.9.1 Location and description

The Kiaka Project is located in south central Burkina Faso in the regional province of Boulgou and Zoundweogo, approximately 140 km southeast of the capital Ouagadougou. The Kiaka Project can be accessed by road from Ouagadougou in approximately two hours, with a good road for the majority of the distance. Ouagadougou is a city with modern services that has direct air service to Europe. The initial 100 km from Ouagadougou to the Kiaka Project is on the N5, which forms the main access between Ouagadougou and the Ghana border at the town of Paga. The final 40 km to the Kiaka Project consists of 20 km of laterite gravel road and 20 km of a road of variable quality, which can cause some accessibility issues during the rainy season (July to September), but in general the terrain is relatively flat and can be accessed by four wheel drive vehicles.

The Kiaka Project camp is situated at the southern portion of the property and is accessible for the majority of the year. Access to the northern portions of the property is limited during the rainy season as a tributary of the Nakambe River, also known as the White Volta, bisects the property and currently no bridges exist. However, all of the mineral resources defined to date occur south of this tributary and can be accessed year round.

A high voltage power line is located 20 km north of the Kiaka Main Zone ("KMZ"), which runs from a hydroelectric facility at the Barge Dam, located 35 km from the property and servicing the national grid and Ouagadougou. There is a general shortage of electrical power in Burkina Faso and currently there is no communication system within the local area, but cellular telephones work intermittently within the Kiaka Project.

Local towns are relatively small and only provide basic provisions and most provisions and equipment, as well as skilled workers and general services, need to be sourced from Ouagadougou. Fuel can be obtained from local filling stations and B2Gold has an onsite bulk storage facility.

#### Climate and landforms

The climate of the region is sub-Saharan tropical, with warm, dry winters and hot, wet summers. Annual rainfall is in the order of 895 mm per annum with the majority coming during the wet season (May to September).

The local topography is generally flat with low hills ranging between 220m to 300m above mean sea level. The Nakambe River, which runs through the property and lies approximately 1.5 km to the east of the KMZ, provides for processing and domestic water requirements. The proximity of the river to the main ore zone will require further studies as to the potential environmental impact of mining activities.

### 4.9.2 License and permits

#### Historical

Volta purchased the exploration rights to the property from Randgold in 2009. No history of the Kiaka Project is known prior to the purchase of exploration rights by Randgold in 2004.

#### Current

The current exploration licence (the "Kiaka Licence") for the Kiaka Project covers an area of approximately 184 square km and is 100% owned by B2Gold (indirectly through our subsidiary Kiaka Gold SARL), subject to 10% participating interest held by GAMS-Mining F&I Ltd. ("GAMS"), a Cypriot company with local Burkinabe affiliates. This participating interest entitles GAMS, following the completion of a definitive feasibility study, to participate pro-rata in the development and construction of a mine. Pursuant to applicable mining law, when the project advances to development and production stage, an operating company will be formed with each Kiaka Gold SARL and GAMS contributing 9% and 1%, respectively, to the Burkinabe government's 10% carried interest.

Accordingly, upon commencement of the development and production stage B2Gold will hold an 81% interest in the Kiaka Project. The Kiaka Licence was initially granted to Randgold Resources Limited

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("Randgold") in June 2004 for a three year term. At that time, the Kiaka Licence covered a total of 244 square kilometres. The Kiaka Licence was extended by Randgold for a further three years to June 17, 2010. Following Volta's acquisition of the Kiaka property from Randgold, the Kiaka Licence was extended, subject to Volta releasing 25% of the area covered by the Kiaka Licence until June 17, 2013. On 27 December 2012, on confirmation from the Ministry of Mines and Energy for Burkina Faso, the Kiaka Licence was further extended for one year to 17 June 2014.

Permits to explore in Burkina Faso are granted to companies for a period of three years and can be renewed for two subsequent three year periods subject to minimum work commitments and expenditures and, in the case of the second renewal, a 25% reduction in the area under permit. After these nine years, a company is obligated to submit a feasibility study and can then apply for a mining lease/permit. On March 13, 2014, B2Gold submitted a permitting study to the Ministry of Mines in Burkina Faso in connection with an application for a mining lease for the Kiaka Project. The approval process is continuing with public meetings having been successfully completed and all required documents being in the hands of the government committee that has been established to review the project. B2Gold has informed Snowden that they expect the Permit to be approved and issues before the end of 2015 and Snowden is not aware of any reason why this will not be the case.

Snowden is not a legal firm and is not qualified to make a legal opinion of the status of mineral tenements. Therefore, Snowden has reviewed title reports prepared by solicitors and is satisfied as to there being good and valid title for each of the tenements and that B2Gold has an interest in each of those tenements as described in this section.

Currently, a small artisanal mining claim of approximately 1 square km is held over the Gomboussougou area in the southern portion of the Kiaka Licence. This artisanal claim is outside of anomalous gold values seen during Volta's soil geochemistry programme. We assume that the small scale mining is currently valid, but due to its size and location well away from the main Kiaka deposit (the "Kiaka Main Zone" or "KMZ") and potential site of infrastructure, B2Gold does not consider it a potential for conflict or risk. Snowden support this opinion based on our review of the project and the title reports provided by B2Gold and prepared by their solicitors.

#### 4.9.3 Geological setting

##### Regional geology and tectonic setting

The Kiaka deposit is situated within the principal West African gold producing belt, associated with the Paleoproterozoic rocks of the Birimian Orogeny. The Markove Fault Zone is a regional structure that occurs at Kiaka Project and is associated with other gold deposits of economic interest.

##### Project geology

The Kiaka Project is located at the intersection of the Tenkodogo Belt and the Markoye Fault Zone. The Kiaka Project is hosted by amphibolites and quartz-mica schists of the Tenkodogo Greenstone Belt. There is thin transported surface cover and artisanal spoil and oxidation has affected only the upper 20 to 30 metres of the underlying geology. The deposit has been interpreted as a north striking shear bounded corridor within which gold mineralization is concentrated in sub-vertical curvi-planar structures.

The KMZ varies from 50m to 260m wide and has a drill defined strike length of approximately 1.5 km; it is flanked by the Kiaka Hangingwall Zone ("KHZ") which comprises a number of sub-parallel mineralized structures some 2m to 20m wide.

The Gold mineralisation zone is subdivided by sub parallel striking, steeply dipping amphibolite dykes which are present for up to 800m along strike and 100m to beyond 500m down dip, with a thickness ranging from 3m to 30m. It is also separated by a shallower dipping, gently folded sill which is continuous over 1 km in strike and 500m down dip, showing a thickness that ranges from 5m to 20m. The deposit is slightly disrupted by a northwest-striking, shallow north-dipping fault.

##### Mineralisation

Gold mineralisation at the Kiaka Project is low grade and associated with a broad silica-biotite-chlorite alteration system. Sulphide mineralisation comprises pyrrhotite (85%), fine pyrite (9%), and arsenopyrite (4%), found either as disseminations or contained within regional deformation fabrics. The sulphide content does not show a strong correlation with gold grade.

Drilling has confirmed that higher grade "mineralised bands" (based on cut-off grade of 1.0 g/t Au) ranging between 5m and 50m wide extend with good continuity for 100m to 400m along strike and 50m to 200m

down dip. These bands are hosted within a lower grade zone (based on cut-off grade of 0.6 g/t Au) within a structural corridor that is 100m to 250m wide.

#### Recent

At the end of 2012, Volta had drilled a total of 1,240 RC and diamond drill holes (181,293m) on the Kiaka Project since it commenced exploration in 2009.

In 2013, Volta focussed its exploration program on the testing of prospects on the Kiaka permit with anomalous gold indications coincident with structures and lithologies that are comparable to those encountered in the Kiaka Central Area. Extensive auger drilling programs were carried out confirming the presence of near-surface gold mineralization and warranting further investigations. Since 2009, Volta has drilled 7,106 auger drill holes (18,436m) of which 5,098 holes (12,759m) were drilled in 2013. The auger drilling programs were aimed at testing a number of prospects nearby the Kiaka Project deposit. In 2013 Volta also drilled 17 RC holes (1,258m) aimed at testing the nearby prospect of Niagrigré.

Volta has continued exploration with an aggressive drilling program and confirmed the extensive widths defined by Randgold on the KMZ as well as significant intersections of the KHZ and KFZ zones. Higher grade intersections can now be defined within the KMZ which correlated to alteration assemblages that could be traced from hole to hole and section to section.

Assaying for the Kiaka Project mineral resources used SGS (South Africa) and BIGS laboratories in addition to the ALS Minerals Ltd Laboratory in Ouagadougou. QA/QC procedures include the insertion of certified standards every 15 samples and field duplicates and blanks approximately every 25 and 10 samples respectively. The QA/QC procedures are deemed acceptable for the purpose of the Kiaka Project mineral resource estimate.

#### 4.9.4 Mineral Resources and Ore Reserves

Between 2010 and January 2013, Volta produced a number of NI 43-101 compliant mineral resource estimates for the Kiaka Project, the most recent estimate being based on 1,605 holes for a total of 232,384m drilled since starting exploration in 2009. The mineral resource estimate was prepared by SRK Consulting (UK) Ltd. Interpretations of zones defined by grade, alteration and veining were completed on cross section and in three dimensions. Solids models were built of the zones, coded to blocks and used to control the ordinary kriged grade estimate.

The Measured and Indicated Mineral Resource estimate for the Kiaka Project is 153.26 Mt of ore at a grade of 0.99 g/t Au for 4.86 Moz of gold and Inferred Mineral Resources of 33.74 Mt of ore at a grade of 0.93 g/t Au for 1.0 Moz of gold, on a 100% basis.

#### Summary of Mineral Resource Statement

Table 4.30 shows the Mineral Resources of the Kiaka Project attributable to B2Gold (at 81%).

**Table 4.30 Kiaka Project Attributable Mineral Resources (81 %) January 2013**  
**Attributable Measured and Indicated Resources as of 8 January 2013**

Vein Structure	Tonnes (Mt)	Grade g/t Au	Ounces Au (moz)
KMZ Main	33.76	1.52	1.65
KMZ Halo	67.83	0.77	1.68
HW-FW – KUB Zones	21.06	0.76	0.51
Kiaka South	1.49	2.00	0.10
<b>TOTAL</b>	<b>124.14</b>	<b>0.99</b>	<b>3.94</b>

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**Attributable Inferred Mineral Resources as of 8 January 2013**

Vein Structure	Tonnes (Mt)	Grade g/t Au	Ounces Au (Mt)
KMZ Main	4.46	1.70	0.24
KMZ Halo	8.00	0.73	0.19
HW-FW – KUB Zones	14.81	0.80	0.38
Kiaka South	0.06	1.90	0.01
<b>TOTAL</b>	<b>27.33</b>	<b>0.93</b>	<b>0.82</b>

*Notes: Mineral resources are reported above a cut-off grade of 0.40 g/t gold and within a pit shell run at a gold price of \$1,400 per ounce, marginal operating costs of \$0.89/tonne for processing and general and administrative expenses and gold recovery of 89.8 %. Mineral resources are not Mineral reserves and do not have demonstrated economic viability. Attributable Mineral resources are reported at 81 % of the total Mineral resource. Notwithstanding our current ownership percentage of the Kiaka Project is 90 %, the attributable portion of the Mineral resource has been reduced to 81 % to reflect the expected reduction in our percentage that will be attributable to the Burkina Faso government in accordance with applicable laws. Due to the uncertainty that may be attached to Inferred Mineral resources it cannot be assumed that all or any part of any Inferred Mineral resource will be upgraded to an Indicated or Measured Mineral resource category as a result of ongoing exploration*

## 5 Mineral Asset Valuation

### 5.1 Introduction

Snowden has based its valuation of the mineral assets on information known to it as at the Valuation Date. The values assigned to these mineral assets are in US (US\$) and Australian Dollars (AUD\$) unless otherwise indicated.

### 5.2 The VALMIN Code

Mineral assets are defined in the VALMIN Code as “all property including, but not limited to real property, mining and exploration tenements held or acquired in connection with the exploration, the development of and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements”.

The VALMIN Code defines the value, that is fair market value, of a mineral asset as the estimated amount of money or the cash equivalent of some other consideration for which the Mineral Asset should change hands on the valuation date between a willing buyer and a willing seller in an arms-length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

The VALMIN Code notes that the value of a Mineral Asset usually consists of two components, the underlying or Technical Value and the Market component which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero. When the Technical and Market components of value are added together the resulting value is referred to as the Market Value.

The value of Mineral Assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions and sentiment, commodity prices, exchange rates, political and country risk change. Other factors that can influence the valuation of a specific asset include the size of the company's interest, whether it has sound management and the professional competence of the asset's management. All these issues can influence the market's perception of a mineral asset over and above its technical value.

### 5.3 Valuation considerations

It is Snowden's opinion that no single valuation approach should be used in isolation as each approach has its own strengths and weaknesses. Where practicable, Snowden undertakes valuations using a combination of valuation techniques in order to form an opinion.

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### 5.3.1 Mineral assets in the exploration stage

When valuing an exploration or mining property, the Expert is attempting to arrive at a value that reflects the potential of the property to yield a mineable Ore Reserve and which is, at the same time, in line with what the property will be judged to be worth when assessed by the market.

The most commonly employed methods of exploration asset valuation are:

- multiple of exploration expenditure method (exploration based) also known as the premium or discount on costs method or the appraised value method,
- joint venture terms method (expenditure based),
- geoscience rating methods such as the Kilburn method (potential based),
- comparable market value method (real estate based).

In Snowden's opinion, a valuer charged with the preparation of a tenement valuation must give consideration to a range of technical issues as well as make a judgement about the 'market'. Key technical issues that need to be taken into account include:

- geological setting of the property,
- the relative size of the landholding,
- results of exploration activities on the tenement,
- evidence of mineralisation on adjacent properties,
- proximity to existing production facilities of the property.

In addition to these technical issues the Expert has to take particular note of the market's demand for the type of property being valued. It is Snowden's opinion that the market may pay a premium over the technical value for high quality mineral assets (i.e. assets that hold defined resources that are likely to be mined profitably in the short-term or projects that are believed to have the potential to develop into mining operations in the short term even though no resources have been defined). On the other hand exploration tenements that have no defined attributes apart from interesting geology or a 'good address' may well trade at a discount to technical value. Deciding upon the level of discount or premium is entirely a matter of the Expert's professional judgement. This judgement must of course take account of the commodity potential of the tenement, the proximity of an asset to an established processing facility and the size of the land holding.

### 5.3.2 Exploration potential (Kilburn Method)

Snowden's view is that the Kilburn method provides the most appropriate approach to the technical valuation of the exploration potential of mineral properties on which there are no defined resources.

Each tenement is assessed and ranked based on aspects which enhance or downgrade the estimated intrinsic value of each property. The intrinsic value is the base acquisition cost ("BAC") which is the average cost incurred to acquire a base unit area of mineral tenement and to meet all statutory expenditure commitments for a period of 12 months. Different practitioners use slightly differing approaches to calculate the BAC. Snowden's has determined the following BACs:

Country	BAC (US\$)
Colombia	10.8 per ha
Nicaragua	12, 8 & 4 per ha
Uruguay	16 per ha
Burkina Faso	34 per km <sup>2</sup>
Mali	207 per km <sup>2</sup>

The Kilburn method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors. The multipliers are then applied serially to the BAC of each tenement with the values being multiplied together to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

### 5.3.3 Mineral assets with Mineral Resources but no Ore Reserves

Where Mineral Resources have been quoted but no corresponding ore reserve has been declared, it is Snowden's opinion that value is best evaluated based on a dollar per quantity of the commodity value in the ground. By examining recent comparative transactions of project in similar regions with similar geological characteristics and scale it is possible to calculate what a buyer and seller have agreed to in

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terms of a dollar per quantity of metal in the ground during the execution of a transaction – for example a US\$ value per ounce of gold.

As no two mineral assets are the same, the Expert must be cognisant of the quality of the assets in the comparable transactions, with specific reference to:

- the grade of the resource,
- the metallurgical qualities of the resource,
- the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled work force, equipment, etc.,
- likely operating and capital costs,
- the amount of pre-strip (for open pits) or development (for underground mines) necessary,
- the likely ore to waste ratio (for open pits),
- the size of the tenement covering the mineral asset,
- the overall confidence in the resource.

In some cases where project owners have advanced the project by completing studies such as a Preliminary Economic Assessment or Pre-feasibility study there will be sufficient information to apply detailed capital and operating costs to a mine schedule based on Mineral Resources. The JORC code (2012) allows for the consideration of Measured and Indicated Resources in this context, but it is inappropriate to consider Inferred Resource in such an analysis. Where such studies have been completed it is Snowden's opinion that the information should be considered and so a discounted cash flow ("DCF") analysis can be used as part of the valuation methodology. However, Inferred Resources and exploration potential must be valued separately using appropriate techniques as described above.

#### 5.3.4 Mineral assets with Mineral Resource and Ore Reserves

Where Mineral Resources and/or Ore Reserves have been defined, Snowden's approach is to excise them from the mineral property and to value them separately on a value per resource tonne / metal unit basis or on the basis of a DCF. The value of the exploration potential of the remainder of the property can then be assessed. Where appropriate, discounts are applied to the estimated contained metal to represent uncertainty in the information.

In Snowden's opinion, an Expert charged with the preparation of a development or production project valuation must give consideration to a range of technical issues as well as make a judgement about the 'market'. Key technical issues that need to be taken into account include:

- confidence in the Mineral Resource / Ore Reserve estimate,
- metallurgical characteristics,
- difficulty and cost of extraction,
- economies of scale,
- proximity of and access to supporting infrastructure.

#### 5.3.5 Mineral assets with operating mines

Where the assets have operating mining operations it is Snowden's opinion that the most appropriate methodology is to complete a DCF analysis to derive a Technical Value.

Once a Mineral Resource has been assessed for mining by considering revenues and operating costs, the economically viable component of the resource becomes the Ore Reserve. When this is scheduled for mining, and the capital and operating costs are considered, the net present value ("NPV") of the project is established by discounting future annual cash flows using an appropriate discount rate.

The resulting 'classical' NPV has several recognised deficiencies linked to the fact that the method assumes a static approach to investment decision making, however the NPV represents a fundamental approach to valuing a proposed or on-going mining operation and is widely used within the mining industry.

#### 5.3.6 Comparable transactions (market value)

As an overall verification of any valuation it is Snowden's opinion that a final step should be taken to assess the validity of the estimated values derived using the methods described above by comparing the results against the recent transactions for properties which are similar in terms of the contained geology and styles of mineralisation under consideration. While this is often difficult and can produce a

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wide range of possible values this validation presents a view of real transactions that have occurred in the market and ensures that the valuer results are comparable.

## 5.4 Valuation

### 5.4.1 Papillon

#### Fekola

In Snowden's opinion there are four key elements of value associated with the Fekola project and so the approach has been to use valuation methodologies that address each key aspect of the project as follows:

1. For the total Mineral Resource that has been defined a "metal in the ground" approach has been used based on comparative transaction data
2. For the elements included in the Pre-feasibility study ("PFS") a discounted cash flow ("DCF") approach on a prefunding basis is appropriate
3. For residual mineral resources not included in the PFS a value of the ounces in the ground must be considered
4. For other exploration potential associated with the project the modified Kilburn method approach is appropriate

As a final validation of the results derived from the analysis outlined above Snowden has used comparative market transactions in both Mali and across Africa to ensure that the results derived match the ranges of real transactions that have been reported in the public domain.

#### Mineral Resource in the ground

Snowden has used comparative transactions from Africa to identify the value of mineral resource metal (Gold) in the ground (see Table 5.11). In order to derive a range Snowden has adopted the following approach:

- Lower range – average of bottom 50% of all transactions
- Upper range – average of top 50% of all transactions
- Preferred range – average of all transactions from December 2013 to June 2014

Based on these criteria these transactions indicate in Snowden's opinion that an ounce of gold in mineral resource in the ground in Mali as at June 2014 lies in the range US\$55 to US\$92 with a preferred value of US\$70

Papillon's Mineral Resources at Fekola is summarised below in Table 5.1. No Ore Reserves are currently reported for the Fekola project.

**Table 5.1 Fekola Mineral Resource, as at 3 September 2013 (Papillon, 2013a)**

Category (JORC, 2004)	Cut-off Grade g/t	Gross attributable to license			Net attributable to issuer (90 %)		
		Tonnes Mt	Au g/t	Contained metal Moz	Tonnes Mt	Au g/t	Contained metal Moz
Measured	1.0	40.44	2.43	3.16	36.40	2.43	2.84
Indicated	1.0	19.57	2.35	1.48	17.61	2.35	1.33
Inferred	1.0	8.3	1.90	0.50	7.47	1.90	0.45
<b>Total</b>		<b>68.29</b>	<b>2.35</b>	<b>5.15</b>	<b>61.46</b>	<b>2.35</b>	<b>4.63</b>

*Note: Small discrepancies may occur due to the effects of rounding*

Application of the comparative transaction derived values for metal in the ground provides the resource valuation shown in Table 5.2 below.

**Table 5.2 Valuation of the Fekola Project mineral resources in the ground**

Summary of Resource Valuation			
Project	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Fekola	69.46	416.75	324.14

DCF valuation

Snowden is aware that Papillon has completed a PFS and is in the process of completing a FS. As at the date of this report no Ore Reserves have been reported. Both PFS & FS studies and the definition of Ore Reserves add significant value to a project, especially where they have been completed prefunding and where a third party that has the ability to fund the project is considering investment or acquisition. It is therefore relevant to consider the information and the value that this would add to the project in the context of a transaction involving a willing buyer and willing seller.

Snowden has therefore completed a DCF analysis on a prefunding basis using the life of mine schedule developed by DRA as part of the PFS mine design and schedule, and reported against the PFS resource model. Snowden is aware that Papillon subsequently upgraded the Mineral Resource estimate in September 2013 but no material difference occurred in the mine schedule. Snowden has assumed that all Indicated and Measured Resources within the pit design can be readily upgraded to Ore Reserves once the FS has been completed.

The schedule shows mine production to deliver feed to the mill at a rate of 4 million tonnes of ore per annum ("Mtpa") over a nine-year period (35.7 Mt at 2.63 g/t Au). Low grade mineralisation (11.4 Mt at 0.89 g/t Au) is stockpiled during this time and processed in Year 11 to Year 13. The schedule forecasts mining all the Measured and Indicated Mineral Resource within the open pit, after allowances for dilution and ore loss. Snowden considers the average process recovery of 91.8% to be appropriate and this reflects recent test work results. The projected throughput rate of 4.0 Mtpa is considered achievable given the scale and plant configuration presented in the DRA PFS. In Snowden's opinion the reduced throughput (3.7 Mt) in Year 1 used in the DRA PFS reflects an optimistic ramp up and so Snowden has scaled the Year 1 throughput to 60% of total plant capacity. Snowden considers that for valuation purposes the capital estimates in the DRA PFS to be reasonable within an accuracy of +/-25% to +/-35%. Snowden has applied an additional sustaining capital cost equivalent to 5% of process operating cost from Year 3 onwards. Snowden has also assumed that it will take a further year to complete the Feasibility Study and commence construction.

In Snowden's opinion the forecast mining and processing costs used in the DRA PFS are reasonable, however Snowden recommends testing the sensitivity to a 15% increase in operating costs. Snowden has used a calculated discount rate using a basic average weighted cost of capital approach as follows (Nominal terms and pre-tax):

- 12 month Australian Bond Rate (RBA June 2014) – 3.54%
- Small business various debt interest rate (RBA June 2014) – 7.5
- Risk at 0.5%, 1.5% and 1.0% to give Upper, Lower and preferred ranges respectively

Gold prices used are as provided by BDO and are as follows:

(All in nominal terms)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 on
Gold price US\$/oz	1,326	1,334	1,350	1,357	1,375

Table 5.3 below summarises the DCF analysis completed by Snowden.

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**Table 5.3 Discounted Cash Flow analysis of the Fekola Project (100 % interest basis)**

	Units	Total	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Gold price	US\$/oz					1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00
Gross revenue	\$US M	4,162.00				287.70	431.60	413.90	412.00	460.00	459.60	451.10	432.40	359.90	201.10	144.80	107.80
Sales costs (Refining and royalties)	\$US M	249.70				17.30	25.90	24.80	24.70	27.60	27.10	25.90	21.60	12.10	8.70	6.50	
<b>Net revenue</b>	<b>\$US M</b>	<b>3,912.30</b>				<b>270.50</b>	<b>405.70</b>	<b>389.10</b>	<b>387.30</b>	<b>432.40</b>	<b>432.00</b>	<b>424.00</b>	<b>406.50</b>	<b>338.30</b>	<b>188.10</b>	<b>136.10</b>	<b>101.30</b>
Mining cost	\$US M	875.00				112.20	109.80	113.80	115.90	117.30	106.80	87.60	72.20	28.40	4.00	3.00	
Process and administration cost	\$US M	882.90				46.70	77.60	77.60	77.60	77.60	77.60	77.60	77.60	77.60	78.40	78.40	58.40
<b>Total cost</b>	<b>\$US M</b>	<b>1,757.90</b>				<b>158.90</b>	<b>187.40</b>	<b>191.40</b>	<b>193.50</b>	<b>194.90</b>	<b>184.50</b>	<b>165.30</b>	<b>149.80</b>	<b>106.00</b>	<b>82.40</b>	<b>82.40</b>	<b>61.30</b>
<b>Capital Costs</b>																	
Plant costs	\$US M	104.30		73.00	31.30												
Infrastructure and owner costs	\$US M	146.70	5.00	95.00	46.70												
Mining costs	\$US M	15.90			15.90												
Sustaining costs	\$US M	44.10				2.30	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	2.90
<b>Total cost</b>	<b>\$US M</b>	<b>311.00</b>	<b>5.00</b>	<b>168.00</b>	<b>93.80</b>	<b>2.30</b>	<b>3.90</b>	<b>2.90</b>									
<b>Cashflow</b>																	
Revenue	\$US M	3,912.30				270.50	405.70	389.10	387.30	432.40	432.00	424.00	406.50	338.30	188.10	136.10	101.30
Operating cost	\$US M	1,757.90				159.90	187.40	191.40	193.50	194.90	184.50	165.30	149.80	106.00	82.40	82.40	61.30
Capital cost	\$US M	311.00				2.30	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90	2.90
<b>Cashflow</b>	<b>\$US M</b>	<b>1,843.40</b>	<b>-5.00</b>	<b>-168.00</b>	<b>-93.80</b>	<b>109.20</b>	<b>214.40</b>	<b>193.80</b>	<b>189.80</b>	<b>233.70</b>	<b>243.60</b>	<b>254.90</b>	<b>252.80</b>	<b>228.40</b>	<b>102.70</b>	<b>49.80</b>	<b>37.10</b>
Discounted cashflow (12.5%)	\$US M	579,766	-4,444	-132,757	-65,911	68,192	116,989	95,592	83,238	91,059	84,402	76,488	69,205	55,576	22,220	9,572	6,335

Table 5.4 presents a summary of the DCF results.

**Table 5.4 Summary of DCF valuation results for Fekola (90%)**

Method	Attributable Fair Market Values based on DCF analysis (90%)		
	Discount	Lower (US\$M)	Upper (US\$M)
DCF NPV	NA	499.21	545.44
			521.79

Note: Lower, Upper and Preferred values are derived by applying discount rate of 12%, 13% and 12.5% respectively to the DCF analysis shown in Table 5.3

In Snowden's opinion the Fair Market Value of the PFS elements of the Fekola project using a DCF analysis lies in the range US\$499.21M to US\$545.44M with a preferred value of US\$521.79.

Remaining Resource in the ground

In Snowden's opinion the (residual) Resource that has not been included in the Life of Mine schedule and DCF analysis has a value and we have used comparative transactions to identify the cash value of a mineral resource gold ounce in the ground. In Snowden's opinion these transactions indicate that a cash cost for an ounce of gold in combined mineral resources in the ground in June 2014 lies in the range US\$15 to US\$90 with a preferred value of US\$70. Snowden has derived this cash cost per ounce by taking the transactions reported below in Table 5.11 with cash only transaction types and discounting the 2012 transaction by 25% to reflect market changes and gold price changes between 2012 and 2014. The Mineral Resources that have been excluded from the pit design are shown in Table 5.5 and The Attributable Mineral Resources (90%) in Table 5.6.

**Table 5.5 Measured, Indicated and Inferred Resources**

Zone	Tonnes	Grade g/t Au	Ounces Au
Measured	7,611,290	1.78	434,439
Indicated	14,883,177	2.28	1,092,246
Inferred	8,117,715	1.92	501,425
<b>Total</b>	<b>30,612,183</b>	<b>2.06</b>	<b>2,028,110</b>

**Table 5.6 Attributable Measured, Indicated and Inferred Resources**

Zone	Tonnes	Grade g/t Au	Ounces Au
Measured	6,850,161	1.78	390,995
Indicated	13,394,859	2.28	983,021
Inferred	7,305,944	1.92	451,283
<b>Total</b>	<b>27,550,965</b>	<b>2.06</b>	<b>1,825,299</b>

Application of the comparative transaction derived values for metal in the ground provides the attributable remnant resource valuation. Snowden has used comparative transactions to identify the value of a mineral resource ounce in the ground. These transactions indicate that an ounce of gold in mineral resource in the ground in June 2014 lies in the range US\$15 to US\$90 with a preferred value of US\$70. Application of the comparative transaction derived values for metal in the ground provides the resource valuation.

**Table 5.7 Valuation of the Fekola Project mineral resources in the ground**

Summary of Resource Valuation			
Project	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Fekola	27.37	164.23	127.74

In Snowden's opinion the Fekola Project additional resource remaining in the ground has a fair market value in the range from US\$27.3M to US\$164.23M with a Preferred Value of US\$127.74M.

Additional Exploration Potential

Snowden has valued the additional exploration potential using the modified Kilburn method. In Snowden's opinion the Fekola Project exploration potential has a Technical Value in the range from US\$2.73M to US\$4.71M with a Preferred Value of US\$3.72M (Table 5.8).

**Table 5.8 Technical Value of exploration potential at the Fekola Project (90 %)**

Fekola														
Lease	Area	BAC US\$	Share	Off property		On property		Anomaly		Geology		Lower (US\$)	Upper (US\$)	Preferred (US\$)
Medinandi	75 Km <sup>2</sup>	15,546	90 %	3	3.5	2	2.5	6.5	7	5	5.5	2.73	4.71	3.72

In Snowden's opinion it is appropriate to discount the technical values for the exploration assets derived using the modified Kilburn method by 25% to reflect the current decline in gold prices and subsequent value of gold exploration properties. In Snowden's opinion the Fekola Project exploration potential has a Technical Value in the range from US\$2.05M to US\$3.54M with a Preferred Value of US\$2.79M.

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**Table 5.9 Technical and Fair Market Value of Fekola exploration potential (90 %)**

Method	Discount	Technical Value			Fair Market Value		
		Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Kilburn	25 %	2.73	4.71	3.72	2.05	3.54	2.79

**Summary of Fekola Project valuation**

Snowden has used two multi-element methodologies to derive Fair Market values of the Fekola project as summarised in Table 5.10 and based on 90% attributable ownership. As noted above the availability of PFS and FS information adds significant value to the project (the preferred fair market values for each approach in being US\$326.93M and US\$652.32M). In Snowden's opinion it is not appropriate to ignore the PFS and FS information, however it is also unreasonable to attribute the full value these activities ascribe to the project as the FS study is in progress and Ore Reserves are yet to be declared. It is also Snowden's view that using metal in the ground plus exploration potential approach only does not acknowledge the value of the studies completed and underway. The Fekola project can be considered to be "between" stages. Therefore, Snowden has derived our final valuation by taking the mid-point between the two methodologies as summarised in Table 5.10.

**Table 5.10 Summary of the Fekola Project (90 %) mineral asset valuation**

Method	Technical Value			Fair Market Value		
	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Method 1: Metal in the ground + exploration potential	72.19	421.47	327.86	71.51	420.30	326.93
Method 2: DCF + remaining metal in the ground + exploration potential	529.31	714.23	653.25	528.63	713.21	652.32
<b>Midpoint between Methods 1 and 2</b>	<b>300.75</b>	<b>567.92</b>	<b>490.56</b>	<b>300.07</b>	<b>566.75</b>	<b>489.63</b>

In Snowden's opinion the Fekola Project has a Fair Market Value in the range from US\$300.07M to US\$566.76M with a Preferred Value of US\$489.63M.

**Recent comparable market transactions**

Snowden has identified a range of transactions both in Mali and neighbouring African countries that have occurred between 2012 and 2014. In Snowden's opinion there are nine transactions that are useful for comparative purposes based on their location, project status (advanced exploration through to feasibility study), and reported Mineral Resources. These transactions are summarised in Table 5.11.

Snowden notes that these projects represent a wide range of values, as can be expected, for different stage projects involved in transactions over a period of 2 to 3 years and involving companies of different sizes using a mix of equity and cash. In terms of a value of an ounce of gold in the ground the transactions in Table 5.11 range from a Lower of US\$2.21 through to US\$142.6 with a weighted average of US\$60.38/ounce of gold.

Snowden note that based on these comparative transactions and applying the US\$ values per ounce to Fekola's 2013 total Mineral Resource of 4.63M attributable ounces, a value range is returned of US\$10M to US\$661M. The Fair Market ranges derived by Snowden for the Fekola project (US\$300.07M to US\$489.63M) fall within this range and the Preferred Value of US\$489.63M lies within the 58th percentile of the range reflecting its slightly more developed nature than the advanced exploration projects that make up the majority of the transactions. Therefore in Snowden's opinion, despite the broad nature of these transactions and their wide range, the results do illustrate support for the results derived and provided in the valuation of Fekola.

Table 5.11 Comparative transactions for the Fekola project

Name	Country	Status	Transaction Date Announced	Transaction Name	Transaction Paid (USD)	Transaction Type	Resource Date (Gold)	Resources – Tonnage (Gold)	Resources – Grade (Gold g/t)	Resources acquired Gold Oz	Resources – Category	USD/oz
Yanfollia Project	Mali	Adv. Exploration	12-Jun-14	Hummingbird Resources buys Gold Fields Yanfollia Project in Mali	20,000,000	Equity	31-Dec-12	17,410,000	2.6	1,463,000	INDI/NIFE	13.7
Fekola Project	Mali	Pre-feasibility	3-Jun-2014	B2Gold purchases Fekola Project	570,000,000	Equity	3-Sep-13	66,290,000	2.35	4,635,000	MEAS/INDI/NIFE	123.0
Seglola Gold Project	Nigeria	Feasibility Study	10-Apr-14	RTG divests Seglola interest	14,000,000	Cash	31-Dec-12	4,368,000	4.4	315,278	INDI/NIFE	44.4
Kokoya Gold Project	Liberia	Feasibility Study	7-Mar-14	Amlib divests interest in Kokoya	5,000,000	Cash	14-Oct-11	4,900,000	2.6	368,808	INDI/NIFE	13.6
QJVG/Golouma Gold Project	Senegal	Adv. Exploration	12-Dec-13	Teranga moved to 100 % ownership of QJVG Galouma	180,000,000	Cash	31-Dec-13	71,360,000	0.97	1,262,166	INDI/NIFE	142.6
Sepola Gold Project	Mali	Adv. Exploration	22-Feb-13	Sandep acquires Sepola & Faraba	4,400,000	Cash	30-Jun-10	3,756,000	1.5	162,715	NIFE	27.0
Mali West Gold Project	Mali	Adv. Exploration	12-Sep-12	Papillon moves to 90 % ownership in Mali West	5,750,000	Equity, Cash	3-Sep-13	72,910,000	2.32	3,140,000	MEAS/INDI/NIFE	18.3
Manica Gold Project	Mozambique	Pre-feas/Scoping	29-Aug-12	Auroch to acquire Manica	6,234,000	Equity, Cash	1-Feb-14	48,964,000	1.79	2,819,348	MEAS/INDI/NIFE	2.2
Finkola Gold Project	Mali	Adv. Exploration	7-Mar-12	Resolute moves to 100 % ownership of Finkola	20,000,000	Cash	31-Dec-12	16,840,000	1.82	395,032	MEAS/INDI/NIFE	50.6

**5.4.2 B2Gold**

B2Gold has a portfolio of mineral assets at various stages from exploration through to producing mines. Table 5.12 presents a summary of the assets and the valuation methodologies applied by Snowden in deriving Technical and Fair Market values.

For B2Gold's operations that are in production, or about to commence production, BDO requested Snowden to review each mines planning assumptions, and results and provide standardised inputs from this data to be used in BDO's DCF analysis for each mine. For these operations Snowden has therefore summarised this information in the valuation section below as well as including detail on the valuation of the resources outside of the Life of Mine (LOM) plans and exploration potential.

Table 5.12 Summary of B2Gold's mineral assets and applied valuation methodology

Project name	Scope and valuation methodology
Masbate Mine	Resources outside LOM and exploration potential valued using extension to mine life
La Libertad Mine	Resources outside LOM and exploration potential valued using extension to mine life
El Limon Mine	Resources outside LOM and exploration potential valued using extension to mine life
Radium JV Project	Exploration potential, comparative transactions
Calibre JV Project	Exploration potential, comparative transactions
Ojito Mine	Resources outside LOM and exploration potential valued using extension to mine life
Granmaide Project	Resources in the ground, Exploration potential, comparative transactions
Nocua Project	Resources in the ground, Exploration potential, comparative transactions
Cerroblan Project	Exploration potential, comparative transactions
Kaka Project	Resource in the ground, Exploration potential, comparative transactions

**Masbate**

Snowden has reviewed the publicly available LOM production data, B2Gold public guidance and actual recent performance with respect to operating, capital and recovery parameters and has consulted with B2Gold management and in our opinion the assumptions are reasonable for the purpose of planning and valuation, presents Table 5.13 Snowden's assessment summary of these inputs for Mineral Reserves plus Measured and Indicated Resources by year for the LOM.

In order to derive this summary Snowden has:

- converted the schedules from calendar year to financial year format,
- only included Mineral Reserves plus Measured and Indicated Resources,
- started all schedules from 1 July 2014,
- included mining prestrip cost in operating costs,
- applied costs derived from our experience and in conjunction with B2Gold's planned and actual results.

B2Gold, in May 2014 reported that changes to the SAG mill would result in an increase in throughput rate of 300,000 tonnes per year. B2Gold also propose a mill expansion to take advantage of opportunities to process additional ore. These changes are reflected in Snowden's model.

Table 5.13 Masbate mine production, operating and capital costs

	Total	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
<b>Ore mined</b>	Mt	122.9	9.3	5.4	6.2	7.7	8.5	7.3	9.8	11.8	8.7	8.3	8.8	6.7	6.7	1.7	0.0	0.0	
<b>Waste mined</b>	Mt	344.1	16.4	20.7	24.2	25.9	25.4	26.6	25.2	31.1	20.7	16.0	22.8	17.2	17.2	4.5	0.0	0.0	
<b>Ore milled</b>	Mt	140.1	6.8	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	6.4	
<b>Gold grade</b>	g/t	0.9	1.0	1.2	1.1	0.9	1.0	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.7	0.5	0.5	
<b>Silver grade</b>	g/t	0.9	1.1	1.2	0.9	0.9	1.0	1.1	1.1	1.0	0.9	0.9	0.9	0.9	0.9	0.5	0.5	0.0	
<b>Contained gold</b>	kOz	4,140.6	226.2	266.7	238.2	240.5	247.3	260.7	279.2	263.1	266.6	251.2	238.3	234.4	227.8	241.2	176.1	115.7	92.8
<b>Contained silver</b>	kOz	3,936.8	239.0	255.4	228.7	224.8	228.4	251.2	260.6	263.1	260.8	239.7	230.4	223.7	222.9	140.5	129.1	0.0	
<b>Gold recovery</b>	%	78	85	82	79	82	79	76	75	74	76	78	76	77	75	76	84	77	
<b>Gold produced</b>	kOz	3,239.7	193.1	218.4	217.0	194.9	199.2	196.3	213.6	196.5	196.4	191.9	186.2	177.8	176.3	180.9	134.5	97.1	71.1
<b>Silver produced</b>	kOz	3,083.1	204.0	209.2	182.2	184.0	189.2	199.4	213.6	204.0	192.2	179.3	174.3	184.5	167.2	107.3	108.3	0.0	
<b>Operating costs</b>																			
<b>Mining</b>	US\$M	962.1	50.4	54.1	64.1	70.4	68.2	70.8	72.3	71.9	73.5	51.2	62.6	62.6	62.5	11.2	0.0	0.0	
<b>Process and admin</b>	US\$M	2,417.2	132.2	130.8	143.9	135.2	135.4	134.1	135.8	146.2	141.8	146.7	134.7	134.1	134.9	139.4	105.6	104.5	
<b>Total</b>	US\$M	3,379.2	182.7	184.9	207.9	205.6	203.6	205.0	208.1	220.2	215.3	189.5	197.3	196.7	197.4	150.7	105.6	104.5	
<b>Capital costs</b>																			
<b>Plant</b>	US\$M	222.8	4.5	105.0	3.6	5.3	3.7	4.4	10.2	10.8	9.3	11.4	12.0	10.5	10.5	6.8	3.4	0.0	
<b>Infrastructure</b>	US\$M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Owner</b>	US\$M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Mining</b>	US\$M	76.6	1.3	2.0	6.0	9.7	9.0	10.3	9.2	19.4	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Sustaining</b>	US\$M	27.4	9.9	8.2	0.0	2.2	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Total</b>	US\$M	326.8	15.7	115.2	9.6	17.2	12.7	14.7	19.4	31.3	19.1	11.3	12.0	10.5	10.5	6.8	3.4	0.0	

Valuation of resources remaining outside of the LOM plan and exploration potential

Snowden has assessed the project's current Mineral Resources along with the potential for future mining and exploration activity to identify additional mineral resources. In Snowden's opinion it is reasonable to expect that, over the 16 years of mine life, exploration will convert some amount of the current mineral resources that are not included in the LOM plan and that exploration activities will discover additional resources. In this case it is Snowden's opinion that an additional 4-5 years of mine life reasonably represents the value of additional resource and exploration potential. Based on an extension to mine life, in Snowden's opinion the Masbate Project exploration potential has a Market Value in the range from US\$11.85M to US\$13.68M with a Preferred Value of US\$12.77M.

**La Libertad**

Snowden has reviewed the publicly available LOM production data, B2Gold public guidance and actual recent performance with respect to operating, capital and recovery parameters and has consulted with B2Gold management and in our opinion the assumptions are reasonable for the purpose of planning and valuation. Snowden's assessment summary of these inputs for Mineral Resources plus Measured and Indicated Resources by year for the LOM.

In order to derive this summary Snowden has:

- converted the schedules from calendar year to financial year format.
- only included Mineral Resources plus Measured and Indicated Resources.
- started all schedules from 1 July 2014.
- included mining prestrip cost in operating costs.
- applied costs derived from our experience and in conjunction with B2Gold's planned and actual results.

Table 5.14 La Libertad Mine production, operating and capital costs

		Total	2015	2016	2017	2018	2019	2020
Ore mined	Mt	12.20	2.29	2.33	2.60	2.34	2.00	0.64
Waste mined	Mt	121.48	38.28	37.69	26.39	15.71	3.41	0.00
Ore milled	Mt	11.57	2.21	2.21	2.20	2.15	2.21	0.59
Gold grade	g/t	1.96	2.35	2.39	2.33	1.85	1.23	0.59
Silver grade	g/t	2.15	2.59	2.63	2.56	2.04	1.36	0.65
Contained gold	kOz	728.04	166.84	169.93	164.76	127.70	87.59	11.22
Contained silver	kOz	800.85	183.53	186.92	181.23	140.47	96.35	12.34
Gold recovery	%	94	94	94	94	94	94	94
Silver recovery	%	78	78	78	78	78	78	78
Gold produced	kOz	670.53	156.83	159.74	154.87	120.04	70.07	8.98
Silver produced	kOz	624.66	143.15	145.80	141.36	109.57	75.15	9.63
<b>Operating costs</b>								
Mining	US\$M	334.20	101.413	100.048	72.479	45.121	13.540	1.599
Process and admin	US\$M	240.76	47.104	46.901	47.294	44.269	41.943	13.252
<b>Total</b>	<b>US\$M</b>	<b>574.96</b>	<b>148.517</b>	<b>146.949</b>	<b>119.772</b>	<b>89.390</b>	<b>55.483</b>	<b>14.851</b>
<b>Capital costs</b>								
Plant	US\$M	16.22	5.519	5.100	5.100	0.500	0.000	0.000
Infrastructure & owner	US\$M	15.90	7.248	2.000	0.100	0.050	3.250	3.250
Mining	US\$M	13.52	12.766	0.250	0.500	0.000	0.000	0.000
Sustaining	US\$M	0.00	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>US\$M</b>	<b>45.63</b>	<b>25.533</b>	<b>7.350</b>	<b>5.700</b>	<b>0.550</b>	<b>3.250</b>	<b>3.250</b>

Valuation of resources remaining outside of the LOM plan and exploration potential

Snowden has assessed the project's current Mineral Resources along with the potential for future mining and exploration activity to identify additional mineral resources. In Snowden's opinion it is reasonable to expect that, over the 7 years of mine life, exploration will convert some amount of the current mineral resources that are not included in the LOM plan and that exploration activities will discover additional resource. In this case it is Snowden's opinion that an additional 3-5 years of mine life reasonably represents the value of additional resource and exploration potential. Based on an extension to mine life, in Snowden's opinion the La Libertad Project exploration potential has a Market Value in the range from US\$43.74M to US\$62.10M with a Preferred Value of US\$53.75M.

**Limon**

Snowden has reviewed the publicly available LOM production data, B2Gold public guidance and actual recent performance with respect to operating, capital and recovery parameters and has consulted with B2Gold management and in our opinion the assumptions are reasonable for the purpose of planning and valuation. presents Table 5.15 Snowden's assessment summary of these inputs for Mineral Reserves plus Measured and Indicated Resources by year for the LOM.

In order to derive this summary Snowden has:

- converted the schedules from calendar year to financial year format,
- only included Mineral Reserves plus Measured and Indicated Resources,
- started all schedules from 1 July 2014,
- included mining prestrip cost in operating costs,
- applied costs derived from our experience and in conjunction with B2Gold's planned and actual results.

**Table 5.15 Limon mine production, operating and capital costs**

Item	Unit	Total	2015	2016	2017	2018	2019	2020
Ore mined	Mt	<b>2.440</b>	0.489	0.488	0.501	0.451	0.419	0.093
Waste mined	Mt	<b>5.548</b>	4.023	0.709	0.266	0.250	0.248	0.051
Ore milled	Mt	<b>2.512</b>	0.487	0.489	0.489	0.489	0.489	0.069
Gold grade	g/t	<b>4.62</b>	4.18	4.24	4.02	4.63	5.61	7.61
Silver grade	g/t	<b>9.19</b>	7.70	7.83	7.80	9.47	11.97	17.44
Contained gold	kOz	<b>373.30</b>	65.56	66.66	63.15	72.85	88.17	16.91
Contained silver	kOz	<b>742.30</b>	120.64	123.10	122.65	148.91	188.25	38.76
Gold recovery	%	<b>92.0</b>	92.0	92.0	92.0	92.0	92.0	92.0
Silver recovery	%	<b>55.0</b>	55.0	55.0	55.0	55.0	55.0	55.0
Gold produced	kOz	<b>343.43</b>	60.31	61.32	58.10	67.02	81.12	15.56
Silver produced	kOz	<b>408.26</b>	66.35	67.71	67.45	81.90	103.54	21.32
<b>Operating costs</b>								
Mining	US\$M	<b>94.298</b>	24.818	10.265	13.406	21.684	19.993	4.132
Process and admin	US\$M	<b>140.598</b>	28.085	29.529	27.082	24.766	23.883	7.254
<b>Total</b>	<b>US\$M</b>	<b>234.896</b>	<b>52.904</b>	<b>39.794</b>	<b>40.487</b>	<b>46.450</b>	<b>43.876</b>	<b>11.386</b>
<b>Capital costs</b>								
Plant	US\$M	<b>14.918</b>	4.818	0.135	4.033	2.783	1.600	1.550
Infrastructure and owner	US\$M	<b>15.371</b>	5.735	5.497	2.836	0.411	0.596	0.298
Mining	US\$M	<b>19.680</b>	6.078	3.785	3.735	3.735	1.565	0.783
<b>Total</b>	<b>US\$M</b>	<b>49.969</b>	<b>16.630</b>	<b>9.417</b>	<b>10.603</b>	<b>6.928</b>	<b>3.761</b>	<b>2.631</b>

Valuation of resources remaining outside of the LOM plan and exploration potential

Snowden has assessed the project's current Mineral Resources along with the potential for future mining and exploration activity to identify additional mineral resources. In Snowden's opinion it is reasonable to expect that, over the 6 years of mine life, exploration will convert some amount of the current mineral resources that are not included in the LOM plan and that exploration activities will discover additional resource. In this case it is Snowden's opinion that an additional 4-6 years of mine life reasonably represents the value of additional resource and exploration potential. Based on an extension to mine life, in Snowden's opinion the Limon Project exploration potential has a Market Value in the range from US\$33.14M to US\$47.04M with a Preferred Value of US\$40.72M.

**Radius JV**

Snowden has valued the Radius JV project on the basis of exploration potential (modified Kilburn method) and has also applied the acquisition method to acknowledge the relevance of B2Gold's purchase of an additional 40% of the project in 2012. Snowden has not been able to identify any recent (within the last two years) comparable transaction information for Nicaragua. While there have been a small number of projects that have changed hands in 2010 and 2011, all these transactions involved properties where Mineral Resources had been defined and so would have attracted a significant premium over the Radius JV which currently does not have a Mineral Resource defined.

In 2009 B2Gold entered into an option agreement to earn a 60% interest in the Trebol, Pavon and San Jose exploration projects (Radius JV) which consisted of 25 concessions covering approximately 242,000 hectares (ha) of expenditure of US\$4.0M on exploration. In 2012 B2Gold acquired the remaining 40% interest in the Trebol and Pavon projects by issuing Radius a consideration of 4,815,894 Common shares (B2Gold, 2014). Based on B2Gold's 10 August 2012 share price this valued 40% of the project at C\$16.7M (US\$15.6), or 100% at approximately C\$42M (US\$39M).

Between 2012 and 2014 B2Gold has reduced the concession holdings from 25 down to 6, covering an area of 55,145 ha. Applying a per ha comparison between the 2012 transaction and the 2014 tenement holding (i.e. C\$41.75M/242,000ha = C\$172.52/ha) indicates a value of C\$9.51M (US\$8.85M) (55,145ha x C\$172.52 = C\$9.51M). The Gold price and appetite for gold exploration projects has changed significantly

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between 2012 and 2014 and in Snowden's opinion the premium that project would have attracted in 2012 would be replaced by a discount in 2014 of approximately 25%. In Snowden's opinion this indicates the value of the project in 2014 terms, and adjusted for the reduced tenement holding, at C\$7.14M (US\$6.6M).

As noted above exploration at the project continues and while significant anomalies have been defined and drilling has returned strong results B2Gold has not yet declared a Mineral Resource within the project. Snowden has therefore applied the Kilburn method to derive a value for the Radius JV Project. Based on this method, in Snowden's opinion the Radius JV Project exploration potential has a Technical Value in the range from US\$6.80M to US\$14.59M with a Preferred Value of US\$10.70M (Table 5.16).

**Table 5.16 Technical Value of exploration potential at the Radius JV Project (100 %)**

Radius JV															
Lease	Area (k)		BAC (US\$)	Share	Off property		On property		Anomaly		Geology		Lower (US\$M)	Upper (US\$)	Preferred (US\$)
Trebol	28.38	ha	113,533	100 %	1.0	1.0	1.5	2.0	4.5	5.5	3.5	4.5	2.68	5.62	4.15
Natividad	1.30	ha	15,613	100 %	1.0	1.0	1.5	2.0	4.5	5.0	2.5	3.0	0.26	0.47	0.37
San Jose	12.48	ha	49,898	100 %	1.0	1.0	1.5	2.0	5.0	5.5	2.5	3.0	0.94	1.65	1.29
San Antonio, Amalia & La Calamidad	12.99	ha	51,944	100 %	2.5	3.0	1.5	2.0	5.0	5.5	3.0	4.0	2.92	6.86	4.89
													6.80	14.59	10.70

In Snowden's opinion it is appropriate to discount the technical values for the exploration assets derived using the modified Kilburn method by 25% to reflect the current decline in gold prices and subsequent value of gold exploration properties to provide a Fair Market Value.

**Table 5.17 Fair Market Value of Radius JV Project (100 %)**

		Technical Value			Market Value		
Method	Discount	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Kilburn	25 %	6.80	14.59	10.70	5.10	10.94	8.02

In Snowden's opinion the Radius JV project has a Fair Market Value in the range from US\$5.10M to US\$10.94M with a Preferred Value of US\$8.02M. Snowden notes that on an acquisition cost basis the value derived above (C\$7.14M or US\$6.6) falls within the Fair Market Value range derived using the modified Kilburn method and so supports this result.

Snowden is also aware that in a previous valuation (BDA, 2012) ascribed a Fair Market Value of US\$63.6M in the range US\$58.2 to US\$69.0 to the project. As noted above B2Gold has significantly changed the size of the tenement holding since 2012, the gold price has fallen by 25% between 2012 and 2014 and the market for even promising exploration projects without identified mineral resource has almost disappeared (as indicated by the lack of suitable transaction information available over the last two years). In Snowden's opinion the tenement holding and the market has changed significantly since the BDA valuation and so the Fair Market Value of US\$8.02M in the range from US\$5.10M to US\$10.94M is considered appropriate.

**Calibre JV**

Snowden has valued the Calibre JV project on the basis of exploration potential (modified Kilburn method) and has also applied the acquisition method to acknowledge the relevance of B2Gold's current agreements with Calibre and the Radius JV project transactions reported above.

B2Gold currently hold 51% interest in the project with the right to earn up to a 70% interest by funding an additional US\$6M in project expenditure by 24 April 2016. This agreement sets the potential value of the project on an acquisition basis at US\$31.58M with B2Gold's future share of 70% at US\$22.11M and current share of 51% at US\$16.11M. However, the funding option does not represent cash that has changed hands and is at B2Gold's discretion which is contingent on achieving results on which they would justify the expense. It represents the potential value that B2Gold could add to the property through exploration as well as potential changes to the gold price and gold exploration project market between 2014 and 2016. B2Gold's exploration budget for 2014 for the Calibre project is C\$1.2M and the 2015 budget is obviously contingent on the results achieved during 2014. It is therefore not appropriate to directly compare this transaction with a fair market valuation as of June 2014.

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In 2014 terms, using the Radius JV acquisition cost derived above of C\$7.14M or C\$129/ha for the Radius JV tenement holding would prescribe a value of C\$4.17M, or C\$2.12M(US\$1.98M) for the 51% share that B2Gold hold in the Calibre project.

Snowden has not been able to identify any other recent (last two years) comparable transaction information for Nicaragua. While there have been a small number of projects that have changed hands in 2010 and 2011, all these transactions involved properties where Mineral Resources had been defined and so would have attracted a significant premium over the Calibre JV which currently does not have a resource defined.

Applying the modified Kilburn method to the Calibre JV projects in Snowden's opinion the exploration potential has a Technical Value in the range from US\$2.47 to US\$9.06 with a Preferred Value of US\$5.76 (Table 5.18).

**Table 5.18 Technical Value of exploration potential at the Calibre JV Project (51 %)**

Calibre JV														
Lease	Area (k)	BAC (US\$)	Share	Off property		On property		Anomaly		Geology		Lower (US\$M)	Upper (US\$M)	Preferred (US\$)
Calibre JV	32.2 ha	257,840	51 %	2.5	3.5	2	2.5	2	3	2.5	3.5	2.47	9.06	5.76

In Snowden's opinion it is appropriate to discount the technical values for the exploration assets derived using the modified Kilburn method by 25% to reflect the current decline in Gold prices and subsequent value of gold exploration properties.

**Table 5.19 Fair Market Value of Calibre JV Project (51 %)**

Method	Discount	Technical Value			Market Value		
		Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Kilburn	25 %	2.46	9.06	5.76	1.85	6.80	4.32

In Snowden's opinion the Calibre JV project has a Fair Market Value in the range from US\$1.85M to US\$6.80M with a Preferred Value of US\$4.32M.

Snowden notes that the acquisition based value derived for the project using the Radius JV acquisition costs described above (US\$1.98M) falls within the range provided by the modified Kilburn method and so supports the result.

Snowden is aware that in a previous valuation (BDA, 2012) a fair market value of US\$13.3M in the range US\$12.1 to US\$14.4 was ascribed to the project. As noted previously the gold price has fallen by 25% between 2012 and 2014 and the market for even promising exploration projects without identified mineral resource has almost disappeared. In Snowden's opinion the market has changed significantly since the BDA valuation and exploration activities at the project between 2012 and 2014 have not produced results that uphold the values derived for exploration potential at that time. In Snowden's opinion the Calibre JV project has a Fair Market Value in the range from US\$1.85 to US\$6.80M with a Preferred Value of US\$4.32M.

#### Otjikoto

Snowden has reviewed the LOM production plans and actual recent performance with respect to operating, capital and recovery parameters and in our opinion they are reasonable for the purpose of planning and valuation. In order to derive this summary Snowden has:

- converted the schedules from calendar year to financial year format,
- only included Mineral Reserves plus Measured and Indicated Resources,
- started all schedules from 1 July 2014,
- included mining prestrip cost in operating costs,
- applied costs derived from our experience and in conjunction with B2Golds planned results.
- Snowden has excluded the proposed mill upgrade from 2.5 Mtpa to 3 Mtpa to treat material from the Wolfshag zone (reported May 2014) as this material is an Inferred Mineral Resource.

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Table 5.20 presents a summary of these inputs by fiscal year for the LOM. The mine is currently in construction; to date the project construction costs has been US\$307M, which includes power plant, mobile fleet and pre-stripping.

- Snowden has reviewed the publicly available LOM production data and B2Gold public guidance with respect to operating, capital and recovery parameters and has consulted with B2Gold management and in our opinion the assumptions are reasonable for the purpose of planning and valuation. converted the schedules from calendar year to financial year format,
- only included Mineral Reserves plus Measured and Indicated Resources,
- started all schedules from 1 July 2014,
- included mining prestrip cost in operating costs,
- applied costs derived from our experience and in conjunction with B2Golds planned results.
- Snowden has excluded the proposed mill upgrade from 2.5 Mtpa to 3 Mtpa to treat material from the Wolfshag zone (reported May 2014) as this material is an Inferred Mineral Resource.

Table 5.20 presents Snowden's assessment summary of these inputs for Mineral Reserves plus Measured and Indicated Resources by year for the LOM.

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In order to derive this summary Snowden has:

- converted the schedules from calendar year to financial year format,
- only included Mineral Reserves plus Measured and Indicated Resources,
- started all schedules from 1 July 2014,
- included mining pre-strip cost in operating costs,
- applied costs derived from our experience and in conjunction with B2Gold's planned results,
- Snowden has excluded the proposed mill upgrade from 2.5 Mtpa to 3 Mtpa to treat material from the Wolfshag zone (reported May 2014) as this material is an Inferred Mineral Resource.

**Table 5.20 Ojikoto mine production, operating and capital costs**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Mining</b>	<b>Total</b>													
Ore mined	Mt	32.47	0.2	2.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Waste mined	Mt	180.35	10.0	14.1	12.0	13.4	15.3	15.6	16.6	17.1	16.1	12.4	10.8	5.2
Processing														
Ore milled	Mt	32.59	0.1	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Gold grade	g/t	1.51	1.9	1.8	2.0	2.1	1.6	1.7	1.0	0.8	0.8	1.1	1.8	1.8
Silver grade	g/t	0.25	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Contained gold	kOz	1,584.07	5.6	137.4	160.9	165.9	128.8	134.3	82.4	64.6	68.3	89.9	144.3	112.9
Contained silver	kOz	261.94	0.8	19.5	20.2	20.1	20.1	20.1	20.2	20.1	20.1	20.1	20.2	20.1
Gold recovery	%	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0
Silver recovery	%	60	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Gold produced	kOz	1,512.87	5.4	132.6	153.5	158.6	123.0	127.2	78.2	61.3	65.0	85.7	138.1	108.0
Silver produced	kOz	157.16	0.5	11.7	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
<b>Operating costs</b>														
Mining	US\$m	513.18	44.7	34.2	38.3	37.9	35.6	36.0	38.7	40.8	38.7	35.0	37.1	21.7
Process and admin	US\$m	615.70	10.9	39.8	46.0	47.2	47.1	46.9	47.6	49.0	47.6	47.2	46.6	46.4
<b>Total</b>	<b>US\$m</b>	<b>1,128.88</b>	<b>55.7</b>	<b>74.0</b>	<b>84.3</b>	<b>85.1</b>	<b>82.8</b>	<b>82.9</b>	<b>86.3</b>	<b>89.8</b>	<b>86.3</b>	<b>82.2</b>	<b>83.8</b>	<b>68.2</b>
<b>Capital costs</b>														
Plant	US\$m	48.02	48.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure	US\$m	143.09	46.1	26.3	13.3	13.3	8.5	3.7	3.8	5.2	4.9	4.5	4.5	4.5
Mining	US\$m	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sustaining	US\$m	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>US\$m</b>	<b>191.11</b>	<b>94.1</b>	<b>26.3</b>	<b>13.3</b>	<b>13.3</b>	<b>8.5</b>	<b>3.7</b>	<b>3.8</b>	<b>5.2</b>	<b>4.9</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>

**Valuation of resources remaining outside of the LOM plan and exploration potential**

Snowden has assessed the project's current Mineral Resources along with the potential for future mining and exploration activity to identify additional mineral resources. In Snowden's opinion it is reasonable to expect that, over the 12 years of mine life, exploration will convert some amount of the current mineral resources that are not included in the LOM plan and that exploration activities will discover additional resource. In this case it is Snowden's opinion that an additional 3-5 years of mine life reasonably represents the value of additional resource and exploration potential. Based on an extension to mine life, in Snowden's opinion the Ojikoto Project exploration potential has a Market Value in the range from US\$19.33M to US\$27.44M with a Preferred Value of US\$23.75M.

**Gramalote**

Snowden has valued the Gramalote project on the basis of exploration potential (modified Kilburn method) and resource surcess in the ground (Yardsick method using comparative transactions) Based on the modified Kilburn method, in Snowden's opinion the Gramalote Project exploration potential has a Technical Value in the range from US\$0.47M to US\$17.22M with a Preferred Value of US\$12.84M (Table 3.21).

Table 5.21 Technical Value of exploration potential at the Gramalote Project (49%)

Lease	Area (k)		BAC (US\$)	Share	Gramalote								Lower (US\$M)	Upper (US\$M)	Preferred (US\$)
					Off property		On property		Anomaly		Geology				
Concession contracts	25.91	ha	\$279,820	49%	3.0	3.5	2.0	2.5	2.0	2.5	2.5	3.0	4.11	9.00	6.56
Integrated Mining concession	9.41	ha	\$101,659	49%	2.0	2.5	2.5	3.0	5.0	5.5	3.5	4.0	4.36	8.22	6.20
													8.47	17.22	12.84

Snowden has used comparative transactions to identify the value of a mineral resource ounce in the ground. As noted earlier, these transactions indicate that an ounce of gold in mineral resource in the ground in June 2014 lies in the range US\$25.50 to US\$34.50 with a preferred value of US\$30. B2Gold have publically stated attributable Resources (49%) as summarised in Table 5.22 and Table 5.23.

Table 5.22 Gramalote attributable (49%) Measured and Indicated Resources

Zone	Tonnes	Grade g/t Au	Ounces Au
Gramalote Central	62,755,000	0.63	1,278,000
Monjas west	2,286,000	0.55	41,000
<b>Total</b>	<b>65,041,000</b>	<b>0.63</b>	<b>1,319,000</b>

Table 5.23 Gramalote attributable (49%) Inferred Resources

Zone	Tonnes	Grade g/t Au	Ounces Au
Gramalote Central	62,204,000	0.43	852,000
Monjas West	11,528,000	0.59	218,000
Trinidad	43,718,000	0.41	578,000
<b>Total</b>	<b>117,450,000</b>	<b>0.44</b>	<b>1,648,000</b>

*Notes: Mineral resources are reported above a cut-off grade of 0.15 g/t gold and within a pit shell based on a gold price of US\$1,600 per ounce. Attributable mineral resources are stated at our 49% ownership of the Gramalote Project. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Due to the uncertainty that may be attached to inferred mineral resources it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource category as a result of ongoing exploration.*

Based on the comparable transaction method, in Snowden's opinion the Gramalote Project resources in the ground have a Technical Value in the range from US\$75.96M to US\$102.77M with a Preferred Value of US\$89.37M, shown below.

Project	SUMMARY OF RESOURCE VALUATION		
	Lower (US\$)	Upper (US\$)	Preferred (US\$)
Gramalote	75,962,000	102,771,000	89,367,000

The technical values for the exploration assets derived using the modified Kilburn method have been discounted by 25% to reflect the current lack of market interest in gold exploration properties. As the resource metal in the ground has used current market transactions as the basis to derive the value it is not necessary to discount these values to derive a market value.

Snowden notes that in a previous valuation (BDA, 2012) a Fair Market value of US\$145.0M in the range US\$113.9M to US\$176.0M was ascribed to the project. As noted previously the gold price has fallen by 25% between 2012 and 2014 and the market premium that existed in 2012 has become a market discount in 2014 for gold projects. In Snowden's opinion it is therefore understandable that the fair market value derived for the Gramalote project in 2014 would attract a further 25% to 30% discount to a fair market value derived in 2012, shown in Table 5.24.

**Table 5.24 Fair Market Value of the Gramalote project (49% share)**

Method	Discount	Technical Value			Market Value		
		Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Kilburn	25%	8.47	17.22	12.84	6.35	12.91	9.63
Metal in the ground	NA	75.96	102.77	89.37	75.96	102.77	89.37
<b>Total Value</b>		<b>84.43</b>	<b>119.99</b>	<b>102.21</b>	<b>82.31</b>	<b>115.68</b>	<b>99.00</b>

In Snowden's opinion B2Gold's share (49%) of the Gramalote project has a Fair Market Value in the range from US\$82.31M to US\$115.68M with a Preferred Value of US\$99.00M.

**Mocoa**

Snowden has valued the Mocoa project on the basis of exploration potential (modified Kilburn method) and resource ounces in the ground (Yardstick method using comparative transactions). Based on the modified Kilburn method, in Snowden's opinion the Mocoa Project exploration potential has a Technical Value in the range from US\$5.57M to US\$11.46M with a Preferred Value of US\$8.52M (Table 5.25).

**Table 5.25 Technical Value of exploration potential at the Mocoa Project (100%)**

Mocoa													
Lease	Area	BAC US\$	Share	Off property		On property		Anomaly		Geology	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Mocoa	11,792 ha	\$127,354	100%	2.0	2.5	2.5	3.0	3.5	4.0	2.5 3.0	5.57	11.46	8.52

Snowden has used comparative transactions to identify the value of mineral resource metal (copper and molybdenum) in the ground. In Snowden's opinion these transactions indicate that a pound of copper (Cu) or molybdenum (Mo) in mineral resource in the ground as at June 2014 lies in the range US\$0.009/lb to US\$0.012/lb with a preferred value of US\$0.01/lb.

As noted above B2Gold have publically reported a preliminary mineral inventory that is not JORC compliant. Application of the comparative transaction derived values for metal in the ground provides the valuation shown below.

**Table 5.26 Valuation of the Mocoa Project mineral inventory in the ground**

SUMMARY OF VALUATION			
Project	Lower (US\$)	Upper (US\$)	Preferred (US\$)
Mocoa	20,239,000	27,381,000	23,810,000

The technical values for the exploration assets derived using the modified Kilburn method have been discounted by 25% to reflect the current decline in copper prices and subsequent value of properties. As the resource metal in the ground has used current market transactions as the basis to derive the value it is not considered necessary to discount these values to derive a market value.

Snowden notes that in a previous valuation (BDA, 2012) a Fair Market value of US\$43.7M in the range US\$33.4M to US\$54.1M was ascribed to the project. As with gold prices copper has also seen a decline since 2012 with prices also falling by approximately 25% between 2012 and 2014. The market premium that existed in 2012 has become a market discount in 2014 for base metal projects. In Snowden's opinion it is therefore understandable that the fair market value derived for the Mocoa project in 2014 would attract a further 25% to 30% discount to a fair market value derived in 2012.

Table 5.27 Fair Market Value of Mocoa Project (100%)

Method	Discount	Technical Value			Market Value		
		Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Kilburn	25%	5.57	11.46	8.52	4.18	8.60	6.39
Metal in the ground	NA	20.24	27.38	23.81	20.24	27.38	23.81
<b>Total Value</b>		<b>25.81</b>	<b>38.84</b>	<b>32.33</b>	<b>24.42</b>	<b>35.98</b>	<b>30.20</b>

In Snowden's opinion the Mocoa project has a Fair Market Value in the range from US\$24.42M to US\$35.98M with a Preferred Value of US\$30.20M.

#### Cebollati

Snowden has valued the Cebollati project on the basis of exploration potential (modified Kilburn method). Using this method, in Snowden's opinion B2Gold's share of the Cebollati Project based on exploration potential has a Technical Value in the range from US\$8.97M to US\$21.39M with a Preferred Value of US\$15.18M (Table 5.28).

Table 5.28 Technical Value of exploration potential at the Cebollati Project (80%)

Lease	Area	BAC US\$	Share	Cebollati										Lower (US\$)	Upper (US\$)	Preferred (US\$)
				Off property		On property		Anomaly		Geology						
171/10	163 ha	\$2,596	80%	1.5	2	1.5	2	5	5.5	3.5	4	81,800	182,800	132,300		
527/11	163 ha	\$2,596	80%	1.5	2	1.5	2	5	5.5	3.5	4	81,800	182,800	132,300		
585/10	395 ha	\$6,291	80%	1.5	2	1.5	2	5	5.5	3.5	4	198,200	442,900	320,600		
515/08	1,296 ha	\$20,627	80%	1.5	2	1.5	2	5	5.5	3.5	4	649,800	1,452,200	1,051,000		
1714/09	7,968 ha	\$126,854	80%	1.5	2	1.5	2	5	5.5	3.5	4	3,995,900	8,930,500	6,463,200		
2119/09	4,394 ha	\$69,953	80%	1.5	2	1.5	2	5	5.5	3.5	4	2,203,500	4,924,700	3,564,100		
1636/10	5,115 ha	\$81,435	80%	1.5	2	1.5	2	1	1.5	2.5	3	366,500	1,172,700	769,600		
1637/10	8,796 ha	\$140,036	80%	1.5	2	1.5	2	1	1.5	2.5	3	630,200	2,016,500	1,323,400		
A1638/10	5,155 ha	\$82,068	80%	1.5	2	1.5	2	1	1.5	2.5	3	369,300	1,181,800	775,600		
A115/12	163 ha	\$2,596	80%	1.5	2	1.5	2	5	5.5	3.5	4	81,800	182,800	132,300		
A120/12	147 ha	\$2,336	80%	1.5	2	1.5	2	5	5.5	3.5	4	73,600	164,500	119,100		
A116/12	80 ha	\$1,280	80%	1.5	2	1.5	2	5	5.5	3.5	4	40,300	90,100	65,200		
A436/12	360 ha	\$5,731	80%	1.5	2	1.5	2	5	5.5	3.5	4	180,500	403,500	292,000		
A584/12	275 ha	\$4,377	80%	1.5	2	1.5	2	1	1.5	2.5	3	19,700	63,000	41,400		
												8,972,900	21,390,800	15,182,100		

Snowden has not been able to identify any recent (last two years) comparable transaction information for Uruguay. While there have been a small number of projects that have changed hands in neighbouring Argentina and Brazil all these transactions involved properties where Mineral Resources had been defined and so would have attracted a significant premium over Cebollati which currently does not have a resource defined.

The technical values for the exploration assets derived using the modified Kilburn method have been discounted by 25% to reflect the current decline in gold prices and subsequent decline in value of gold properties. Snowden note that in a previous valuation (BDA, 2012) a fair market value of US\$25.2M in the range US\$22.0M to US\$28.4M was ascribed to the project. As noted previously, the gold price has fallen by 25% between 2012 and 2014 and the market for even promising exploration projects without identified mineral resource has almost disappeared. In Snowden's opinion it is therefore understandable that the fair market value for a greenfields exploration project in Uruguay would attract a further 25% discount to a fair market value derived in 2012.

**Table 5.29 Fair Market Value of Cebollati Project (80%)**

Method	Discount	Technical Value			Market Value		
		Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Kilburn	25%	8.97	21.39	15.18	6.73	16.04	11.39

In Snowden's opinion B2Gold's 80% share of the Cebollati project has a Fair Market Value in the range from US\$6.73M to US\$16.04M with a Preferred Value of US\$11.39M.

**Kiaka**

Snowden has valued the Kiaka project on the basis of exploration potential (modified Kilburn method) and resource ounces in the ground (Yardstick method using comparative transactions). Snowden is aware that B2Gold has completed a Pre-feasibility study ("PFS") for the Kiaka project and has released results of a DCF analysis (B2Gold, 2014). Snowden has completed an analysis of the B2Gold cash flows, and reports the results below as a comparative check to the valuation methodologies outlined above.

Based on the modified Kilburn method, in Snowden's opinion the Kiaka Project exploration potential has a Technical Value in the range from US\$7.13M to US\$13.67M with a Preferred Value of US\$10.40M (Table 5.30).

**Table 5.30 Technical Value of exploration potential at the Kiaka Project (100%)**

Kiaka														
Lease	Area	BAC US\$	Share	Off property		On property		Anomaly		Geology		Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Kiaka	2,940 km2	\$100,030	81%	2	2.5	2	2.5	5.5	6	4	4.5	7.13	13.67	10.40

Snowden has used comparative transactions to identify the value of mineral resource metal (Gold) in the ground. As noted previously, these transactions indicate that an ounce of gold in mineral resource in the ground as at June 2014 lies in the range US\$25.50 to US\$34.50 with a preferred value of US\$30.00. B2Gold has publicly stated attributable (81%) Mineral Resources as summarised below in Table 5.31 and Table 5.32.

**Table 5.31 Kiaka attributable (81%) Measured and Indicated Resources**

	Tonnes	Grade g/t Au	Ounces Au
KMZ Main	33,760,000	1.52	1,652,000
KMZ Halo	67,833,000	0.77	1,678,000
HW-FW – KUB Zones	21,056,000	0.76	513,000
Kiaka South	1,490,000	2.00	96,000
<b>Total</b>	<b>124,140,000</b>	<b>0.99</b>	<b>3,938,000</b>

**Table 5.32 Kiaka attributable (81%) Inferred Resources**

Zone	Tonnes	Grade g/t Au	Ounces Au
KMZ Main	4,463,000	1.70	244,000
KMZ Halo	7,996,000	0.73	187,000
HW-FW – KUB Zones	14,807,000	0.80	380,000
Kiaka South	61,000	1.90	4,000
<b>Total</b>	<b>27,327,000</b>	<b>0.93</b>	<b>815,000</b>

Notes: Mineral resources are reported above a cut-off grade of 0.40 g/t gold and within a pit shell run at a gold price of US\$1,400 per ounce, marginal operating costs of US\$11.89/tonne for processing and general and administrative expenses and gold recovery of 89.8%. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Attributable mineral resources are reported at 81% of the total mineral resource. Notwithstanding our current ownership percentage of the Kiaka Project is 90%, the attributable portion of the mineral resource has been reduced to 81% to reflect the expected reduction in our ownership percentage in the Kiaka Project upon commencement of construction and development and the 10% overall ownership percentage that will be attributable to the Burkina Faso government in accordance with applicable laws. Due to the uncertainty that may be attached to inferred mineral resources it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource category as a result of ongoing exploration.

Application of the comparative transaction derived values for metal in the ground provides the resource valuation shown in Table 5.33 below.

**Table 5.33 Valuation of the Kiaka Project mineral resources in the ground**

SUMMARY OF RESOURCE VALUATION			
Project	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Kiaka	121.59	164.51	143.05

The technical values for the exploration assets derived using the modified Kilburn method have been discounted by 25% to reflect the current lack of market interest in gold exploration properties. As the resource metal in the ground has used current market transactions as the basis to derive the value it is not considered necessary to discount these values to derive a market value

**Table 5.34 Fair Market Value of Kiaka Project (81%)**

Method	Discount	Technical Value			Market Value		
		Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)
Kilburn	25%	7.13	13.67	10.40	5.34	10.25	7.80
Metal in the ground	NA	121.59	164.508	143.05	121.59	164.51	143.05
<b>Total Value</b>		<b>128.72</b>	<b>178.178</b>	<b>153.45</b>	<b>126.93</b>	<b>174.76</b>	<b>150.85</b>

In Snowden's opinion the Kiaka project has a Fair Market Value in the range from US\$126.93M to US\$174.76M with a Preferred Value of US\$150.85M.

Snowden notes that B2Gold has completed a PFS for the Kiaka Project and has released results of a DCF analysis (B2Gold 2014a). At a gold price of US\$1,372 per ounce the after-tax NPV is reported by B2Gold as US\$548M at a discount rate of 8%.

Snowden has used a discount rate of 12% (and a range of 11.2% to 12.4% in nominal terms) and gold prices as follows to derive a comparative valuation based on the B2Gold PFS model.

(All in nominal terms)	2014	2015	2016	2017	2018	2019 on
Gold price US\$/oz	1,280	1,275	1,293	1,289	1,311	1,317

Based on these parameters Snowden derive a pre-tax NPV preferred value of US\$174.65M within the range US\$161.60M to US\$202.60M. Snowden notes that the preferred value falls within the Market Value range (reported in Table 5.34) albeit at the upper end, and so supports the results achieved.

## 5.5 Summary of valuation results

A summary of the valuation results for both Papillon and B2Golds projects is provided in Table 5.35 below.

Snowden has reviewed technical data provided by Papillon and B2Gold up until the Valuation Date and prepared valuations in US\$ and A\$. In Snowden's opinion the Pre-Tax Fair Market Values of:

- Papillon's Fekola Project range from US\$300.07M (A\$318.48M) to US\$566.75M (A\$601.52M) with a Preferred Value of US\$489.63M (A\$519.66M).
- B2Gold's Mineral Assets included in the scope of this report range from US\$355.42M (A\$377.22M) to US\$510.47M (A\$541.78M) with a Preferred Value of US\$434.77M (A\$461.44M).

**Table 5.35 Summary of Fair Market Value results for Papillon and B2 Gold mineral assets as at the Valuation Date**

	Lower (US\$M)	Upper (US\$M)	Preferred (US\$M)	Lower (A\$M)	Upper (A\$M)	Preferred (A\$M)	Valuation considerations
<b>Papillon</b>							
Fekola	300.07	566.75	489.63	318.48	601.52	519.66	DCF, Remaining resource, Exploration potential, comparative transactions
<b>B2Gold</b>							
Masbate*	11.85	13.68	12.77	12.58	14.52	13.55	Remaining resource & exploration potential
La Libertad*	43.74	62.10	53.75	46.42	65.91	57.05	Remaining resource & exploration potential
El Limon*	33.14	47.04	40.72	35.17	49.93	43.22	Remaining resource & exploration potential
Radius JV	5.10	10.94	8.02	5.42	11.62	8.52	Exploration potential, comparative transactions
Calibre JV	1.85	6.80	4.32	1.96	7.21	4.59	Exploration potential, comparative transactions
Otijkoto *	19.33	27.44	23.75	20.52	29.12	25.21	Remaining resource & exploration potential
Gramalote	82.32	115.68	99.00	87.37	122.78	105.07	Resource in the ground, Exploration potential, comparative transactions
Mocoa	24.42	35.98	30.20	25.92	38.18	32.05	Resource in the ground, Exploration potential, comparative transactions
Cebollati	6.73	16.04	11.39	7.14	17.03	12.09	Exploration potential, comparative transactions
Kiaka	126.94	174.76	150.85	134.73	185.48	160.11	Resource in the ground, Exploration potential, comparative transactions
<b>B2Gold total</b>	<b>355.42</b>	<b>510.47</b>	<b>434.77</b>	<b>377.22</b>	<b>541.78</b>	<b>461.44</b>	

\*Note: For these projects only resources & exploration potential was valued. US\$ to A\$ conversion based on Reserve Bank of Australia rate as at 24 June – 0.9422

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**7 Glossary of terms**

Abbreviations	<p><b>ASL</b> – above sea level, <b>Ag</b> – silver, <b>Cu</b> – copper, <b>EL</b> – Exploration Licence, <b>EPL</b> – Exclusive Prospecting Licence, <b>EPM</b> – Exploration Permit for Minerals, <b>Ga</b> – giga (10<sup>9</sup>) years ago, <b>g/t</b> – grams per tonne, <b>Gwe</b> – gigawatt electricity, <b>kg</b> – kilogram, <b>km</b> – kilometre, <b>km<sup>2</sup></b> – square kilometres, <b>kt</b> – kilotonnes, <b>m</b> – metre, <b>M</b> – million, <b>mm</b> – millimetre, <b>Mtpa</b> – million tonnes per annum, <b>Ma</b> – million years ago, <b>Mo</b> – molybdenum, <b>Ni</b> – nickel, <b>PFS</b> – Pre-feasibility study, <b>Pb</b> – lead, <b>ppm</b> – parts per million, <b>ppb</b> – parts</p>
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# SNOWDEN

BDO Corporate Finance (WA) Pty Ltd: Independent Technical Specialist's Report  
Valuation of the Mineral Assets

	per billion, t – tonne, Zn – zinc.
Accuracy	Statistical term for the correctness of a value
Alteration	A change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions or by pressure changes.
Amphibolite	A metamorphic rock composed predominantly of amphibole and plagioclase.
Andalusite	An aluminium nesosilicate metamorphic heavy mineral (SG 3.2) with chemical formula $Al_2SiO_5$
Anomalous	A departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm.
Artisan	Skilled to semi skilled manual worker
Back Transformed	Geostatistical term assuming a lognormal distribution that is converted back to a normal distribution
Bedrock	Solid rock that underlies soil or other unconsolidated material.
Biotite	A dark coloured mica mineral.
Breccia	Fragmented rock with angular components.
Cretaceous	A geological time classification from 65 to 135 million years ago.
Cumulative Frequency	Statistical analysis of the frequency of occurrence of values of a phenomenon less than a reference value
DCF	Discounted Cash Flow, DCF analysis is a method of valuing a project, company, or asset using the concepts of the time value of money
Dense Liquid Separation	Method of separating heavy minerals from light minerals using dense liquids (TBE)
Diamond Drilling	Method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
Dip	The angle at which rock stratum or structure is inclined from the horizon.
Disseminated	Scattered particles (of gold, silver, copper etc) in the rock.
Dolerite	A medium grained basic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
Domain	Geological and resource term for a distinct geological or mineralisation unit
Dyke	A tabular intrusion of igneous rock that cuts across the planar structure of the surrounding rock.
Extensional	The elongation or separation of material during a tectonic event, often perpendicular to the direction of maximum compressive stress.
Fault	A fracture in rocks along which rocks on one side have been moved relative to the rocks on the other.
Felsic	Light coloured rock containing an abundance of any of the following: feldspars, feldspathoids and silica.
Fines	Mining term for material less than 0.052 mm
Fire Assay	Laboratory assay method which involves smelting a sample with lead oxide.
Footwall	The underlying side of a fault, ore body or mine workings.
Fractionation	Sample size separation
Geochemical Exploration	Used in this report to describe a prospecting technique which measures the content of certain metals in soils and rocks and defines anomalies for further testing.
Geophysical Exploration	The exploration of an area in which physical properties (e.g. resistivity, gravity, conductivity, magnetic properties) unique to the rocks in the area are quantitatively measured by one or more geophysical methods.
Gossan	The oxidised, near surface part of underlying primary sulphide minerals.
Granite (Granitic)	A medium to coarse-grained felsic intrusive rock which contains 10-50% quartz.
Granodiorite	A coarse grained igneous rock containing quartz, plagioclase (sodium - calcium feldspar) and potassium feldspar, with biotite, hornblende or pyroxene.
Haematite	An iron oxide heavy mineral (SG 4.9 to 5.3) with chemical formula $Fe_2O_3$
Hanging Wall	The overlying side of a fault, ore body or mine workings.
Hard	Statistical method for reviewing the repeatability of a duplicate sample (half absolute relative difference)
Heavy Minerals	Minerals concentrated due to their high specific gravity, usually above 3.0
Hydrothermal	A term applied to magmatic emanations rich in water and to the alteration products and mineral deposits produced by them.
ICP	Inductively coupled plasma – a highly sensitive method of analysis for metals and non-metals.
Igneous	A rock that has solidified from molten material or magma.

**Final**

July 2014

111 of 113

Indicated Mineral Resource	'An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.' (JORC, 2004)
Inferred Mineral Resource	'An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.' (JORC, 2004)
Intrusion/Intrusive	A body of igneous rock that invades older rocks.
IRR	Internal rate of return is the rate of return on investment used in capital budgeting to measure and compare the profitability of investments
JORC	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
JORC Code	Joint Ore Reserves Committee Code
Kriging	geostatistical technique to interpolate the value (grade) of a random field as a function of its geographic location
Lineament	A linear feature of regional extent, generally recognisable in the topography; commonly detected by satellite imagery.
Lithology	A term pertaining to the general characteristics of rocks. It generally relates to descriptions based on hand sized specimens and outcrops rather than microscopic or chemical features.
Mafic (Composition)	Igneous rocks composed dominantly of iron and magnesium minerals.
Magnetite	A ferrimagnetic (iron oxide) heavy mineral (SG 5.2) with chemical formula Fe <sub>3</sub> O <sub>4</sub> that is magnetic
MAIG	A post-nominal that signifies the holder is Member of the Australian Institute of Geoscientists ("AIG"). Under the JORC reporting code, a 'competent person' must be at a minimum a member of the AIG or the AusIMM.
Malachite	A copper carbonate mineral found in oxidised zone of copper deposits.
MAusIMM	A post-nominal that signifies the holder is Member of the Australian Institute of Mining and Metallurgy ("AusIMM"). Under the JORC reporting code, a 'competent person' must be at a minimum a member of the AIG or the AusIMM.
Metamorphism (Metamorphic)	The process by which changes are brought about in earth's crust by the agencies of heat, pressure and chemically active fluids.
Metasediment	Metamorphosed sedimentary rock.
Mineral Resource	Defined in the 2004 JORC Code as a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such a form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
Mineralisation	Geological term for potentially economic minerals
Normal Scores	Geostatistical term assuming a normal distribution
NPV	Net Present Value is the sum of the present values (PVs) of the individual (annual) cash flows
NSR	Net Smelter Return is a royalty or certain percentage of the revenue generated by a smelter by using ore from a mine
Ore Reserve	Defined in the 2004 Jorc Code as the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined.
Oxide Zone	Near surface material affected by weathering and leaching of minerals.
Pit	Circular surface excavation, usually unsupported
Placer	Type of mineral deposit formed by sedimentary processes eg river and beach deposits
Plunge	The inclination of a linear geological structure from the Horizon.
Porphyry	An igneous rock that contains conspicuous crystals in a fine-grained matrix.
Precision	Statistical term for the repeatability of a sample (grade), as opposed to accuracy
Prograding	A shoreline that is being built seaward by accumulation or deposition.
Proterozoic	Geological time classification system in which rocks are between 570 and 2500 million years old.
Pyrite	A common iron mineral composed of iron and sulphur.
QQ	In statistics, a graphical probability plot for comparing two probability distributions by plotting their quantiles "Q" against each other.

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# SNOWDEN

BDO Corporate Finance (WA) Pty Ltd: Independent Technical Specialist's Report  
Valuation of the Mineral Assets

Quartz	Mineral species composed of crystalline silica.
Resource	Mining term for the size and grade of a mineral deposit, strictly mineral resource
Resource Classification	JORC term for resource confidence level increasing from Inferred to Indicated to Measured
Reverse Circulation (RC) Drilling	A method of drilling whereby rockchips are recovered by air flow returning inside the drill rods rather than outside, thereby providing usually reliable samples.
Rockchip Sample	A series of rockchips or fragments taken at regular intervals across a rock exposure.
Rotary Air Blast (RAB) Drilling	Method of drilling in which the cuttings from the bit are carried to the surface by pressurised air returning outside the drill pipe. Most "RAB" drills are very mobile and designed for shallow, low-cost drilling of relatively soft rocks.
Schist	Fine grained micaceous metamorphic rock with laminated fabric.
Sedimentary Rock	Rocks formed by deposition of particles carried by air, water or ice.
Sericite	A white, fine grained potassium mica.
Shaft	Circular surface excavation, usually supported
Shale	A sedimentary rock formed by consolidation of clay, mud or silt, having laminated structure and composed of minerals essentially unaltered since deposition.
Shear Zone	A generally linear zone of stress along which deformation has occurred by translation of one part of a rock body relative to another part.
Silicified	Alteration of a rock by introduction of silica.
Silt	Granular material composed of finely divided rock and mineral particles ranging in diameter between 0.002 mm and 0.0625 mm.
Siltstone	A fine-grained sedimentary rock
Sonic Drilling	Drilling method that uses high-frequency, resonant energy to advance a core barrel or casing into subsurface formations.
Specific Gravity	SG is the density of a mineral or rock relative to water which has an SG of 1
Stockwork	A network of veins
Strandline	the line at the top of a beach where heavy minerals and large rocks are deposited, usually during high tides or storms
Stratabound	Confined within a particular strata
Stratigraphy	The study of formation, composition and correlation of sedimentary rocks.
Strike	The direction of bearing of a bed or layer of rock in the horizontal plane.
Sulphides	Minerals consisting of a chemical combination of sulphur with a metal.
Supergene	An enrichment or deposit formed by descending fluids in weathered rock.
Swale	A low tract of land between strandline ridges
Syncline	A fold in rock in which the strata dip inward from both sides toward the axis.
Tectonic	Forces or movements resulting in the formation of structural features.
Thrust (Contact)	An overriding movement of one crustal unit over another; the juxtaposition of two rock types caused by thrusting.
Ultramafic	An igneous rock comprised chiefly of mafic minerals.
Valmin Code	The Valmin Code and guidelines sets standards for the preparation and commissioning of Independent Expert Reports for public documents as required by corporations law concerning the assessment and/or valuation of mineral or petroleum securities.
Variogram	A function describing the degree of spatial dependence of a spatial field (grade)
Vhms	Volcanic hosted massive sulphide
Volcaniclastic	Sediments comprising rock fragments derived by explosion or eruption from a volcanic vent.
Volcanics	Collective term for extrusive igneous rocks.
XRF	X-Ray Fluorescence – method of analysis.

**Final**

July 2014

113 of 113

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## Annexure 2 – Merger Implementation Agreement

### MERGER IMPLEMENTATION AGREEMENT

THIS AGREEMENT dated as of June 3, 2014,

BETWEEN:

**B2GOLD CORP.**, a company incorporated and existing under the laws of British Columbia, Canada, having its principal office at Suite 3100, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, Canada (**B2Gold**)

- and -

**PAPILLON RESOURCES LIMITED** ACN 119 655 891, a company incorporated and existing under the laws of Australia, having its principal office at Level 11, BGC Centre, 28 The Esplanade, Perth, WA, 6000, Australia (**Papillon**)

### WHEREAS

- A B2Gold and Papillon have agreed that B2Gold will acquire all of the issued and outstanding Papillon Shares in exchange for B2Gold Shares pursuant to the Scheme, subject to the approval of the holders of the Papillon Shares and the Court.
- B At the request of B2Gold, Papillon intends to propose the Scheme and issue the Scheme Booklet.
- C B2Gold and Papillon have agreed to do the things required by this agreement in order to enable the Scheme to be proposed, approved and implemented.

**NOW THEREFORE** in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto do hereby covenant and agree as follows:

### AGREED TERMS

#### 1 DEFINED TERMS & INTERPRETATION

##### 1.1 Defined terms

In this agreement:

**Accounting Standards** has the meaning given to that term in section 9 of the Corporations Act.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

**B2Gold Board** means the board of directors of B2Gold.

**B2Gold Circular** means the notice of the B2Gold Shareholders' Meeting and the management information circular of B2Gold to be delivered to B2Gold Shareholders in connection with the B2Gold Shareholders' Meeting.

**B2Gold Circular Information** means all information regarding B2Gold and its past, present or future operations, affairs, business or strategic plans that are included in the Scheme Booklet and as may be required to ensure that the Scheme Booklet complies with all applicable regulatory, compliance and content requirements.

**B2Gold Costs** has the meaning given to that term in clause 11.1(b)(i).

**B2Gold Diligence Materials** means the information provided by B2Gold to Papillon and its Representatives in the B2Gold data room hosted by Lawson Lundell LLP as at 3.30pm on June 3, 2014 and any additional information that has been provided by B2Gold in writing in response to a request by Papillon or its representatives.

**B2Gold Disclosure Letter** means the letter dated the date of this agreement delivered by B2Gold to Papillon in a form accepted by Papillon with respect to certain matters in this agreement.

**B2Gold Financial Statements** means the audited consolidated balance sheets, audited consolidated statements of operations, comprehensive income (loss) and deficit and audited consolidated statements of cash flows of B2Gold for the financial year ended December 31, 2013 and the unaudited consolidated financial statements of B2Gold for the three month period ended March 31, 2014.

**B2Gold Group** means B2Gold and its Related Entities.

**B2Gold Information** means the information about B2Gold described in, and provided to Papillon by B2Gold under, clause 5.3(a).

**B2Gold Material Adverse Event** means one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:

1. the effect of a diminution in the consolidated gross assets of the B2Gold Group, taken as a whole from that shown on B2Gold's balance sheet as at December 31, 2013 (calculated on the basis of Canadian GAAP), of at least US\$120 million; or
2. the result that the business, trading or financial position, assets and material licences of the B2Gold Group are materially adversely affected; provided that, there will only be a material adverse effect under this paragraph 2 if the relevant change, event, occurrence, fact or matter is reasonably likely to have an effect

over a material period of time (and for the avoidance of doubt, a mere diminution in the value of consolidated gross assets below US\$120 million (as calculated under paragraph 1 above) will not, of itself, be a material adverse event),

other than those changes, events, occurrences or matters:

1. required or permitted by this agreement, the Scheme or transactions contemplated by them;
2. that took place with the written consent of Papillon;
3. that B2Gold fully and fairly disclosed in the B2Gold Diligence Materials or in the B2Gold Disclosure Letter;
4. that are or that arise from: (a) changes in world gold prices or exchange rates; (b) general changes in economic, political or business conditions; or (c) changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which B2Gold Group operates, in each case, which impact producers of, or explorers for, gold in a similar matter, but excluding for the avoidance of doubt changes in government, civil disorder, political coup, a declaration of a state of emergency, and changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which B2Gold Group operates which are directed at the B2Gold Group's existing operations or which changes affect the B2Gold Group disproportionately more than other similar entities; or
5. arising from changes to Canadian GAAP or the interpretation of those principles by any professional body or Regulatory Authority.

For the avoidance of doubt, a fall in B2Gold's share price will not of itself alone constitute a B2Gold Material Adverse Event.

**B2Gold Nominee** has the meaning given to that term in clause 4.7.

**B2Gold Option** means an option to acquire a B2Gold Share.

**B2Gold Prescribed Occurrence** means other than:

1. as required by this agreement, Scheme or the Deed Poll;
2. matters which have been fully and fairly disclosed in (a) the B2Gold Diligence Materials; or (b) the B2Gold Disclosure Letter; or
3. as agreed to in writing by Papillon,

the occurrence of any of the following between the date of this agreement and 8.00am on the Second Court Date:

1. B2Gold converting all or any of its shares into a larger or smaller number of shares;

2. any member of the B2Gold Group (other than a direct or indirect wholly-owned subsidiary of B2Gold) resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
3. any member of the B2Gold Group (other than a direct or indirect wholly-owned subsidiary of B2Gold):
- a. entering into a buy-back agreement; or
  - b. resolving to approve the terms of a buy-back agreement;
4. any member of the B2Gold Group declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its shareholders (other than a direct or indirect wholly-owned subsidiary of B2Gold declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to B2Gold or to another direct or indirect wholly owned subsidiary of B2Gold);
5. except as disclosed in the B2Gold budget that has been provided to Papillon, a member of the B2Gold Group:
- a. entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by the B2Gold Group in excess of US\$10 million (individually or in aggregate) other than any payment required by law; or
  - b. (without limiting the foregoing) incurring or agreeing to incur capital expenditure from the date of this agreement of more than US\$10 million (individually or in aggregate);
6. a member of the B2Gold Group entering into a contract or commitment that materially restrains that member of the B2Gold Group from competing with any person or conducting activities in any material market;
7. a member of the B2Gold Group issuing B2Gold securities (including with rights of conversion to B2Gold Shares), other than an issue of B2Gold Shares that is:
- a. (along with all other issues under this exclusion) up to C\$200 million;
  - b. at a price per B2Gold share or security that is not less than the volume weighted average price of B2Gold Shares on the TSX over the 30 trading day period prior to the date of this agreement; and
  - c. that is announced on or before the Second Court Date,

and in all cases excluding an issue of any shares or other securities: (a) by a direct or indirect wholly-owned subsidiary of B2Gold to B2Gold or to another direct or indirect wholly-owned subsidiary of the B2Gold; (b) upon or pursuant to the

exercise of an option or restricted share unit or conversion of a convertible note referred to in the B2Gold Disclosure Letter; (c) to directors, officers and employees under an existing securities compensation plan in the ordinary course of business; or (d) as Papillon consents to in writing;

8. B2Gold making any change to its notice of articles or articles without the consent of Papillon (such consent not to be unreasonably withheld or delayed);
9. a material member of the B2Gold Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property; or
10. the Canadian Securities Authorities, or any of them, issue a temporary or permanent cease trading order prohibiting the trading in any class of securities of B2Gold that has not been lifted or remedied by 8:00am on the Second Court Date; or
11. if a B2Gold Insolvency Event occurs.

**B2Gold Reimbursement Fee Amount** means US\$5,700,000.

**B2Gold Representations and Warranties** means the representations and warranties of B2Gold set out in Schedule 3.

**B2Gold Resolutions** means the resolutions of the B2Gold Shareholders required to implement the actions contemplated in clause 3.1(b)(ii).

**B2Gold Share** means one fully paid common share issued in the capital of B2Gold.

**B2Gold Shareholders' Meeting** means the special meeting of shareholders of B2Gold held to consider and approve the issuance of the B2Gold Shares required by the Scheme and the B2Gold Shares comprising the Cancellation Consideration.

**Business Day** means:

- (a) for receiving a notice under clause 13, Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day or on which the TSX is not open for trading; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in Vancouver, British Columbia or Western Australia.

**Canadian GAAP** means generally accepted accounting principles in Canada, including the International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Canadian Securities Authorities** means the securities regulatory authorities in the provinces of Canada.

**Canadian Tax Act** means the Income Tax Act (Canada), as amended and the regulations thereunder, as amended.

**Cancellation Consideration** means the consideration to be provided to holders of Papillon Options, being that number of B2Gold Shares set out opposite each tranche of Papillon Options as described in the following table, calculated in respect of each tranche as follows:

$$(A-B)/C \times D$$

where:

A is C\$1.8871, being the value of the Scheme Consideration for one Papillon Share calculated by reference to the 20 Business Day VWAP of B2Gold Shares ending on the last trading day immediately preceding the announcement of the Transaction to ASX and TSX (Calculation Time) and the exchange ratio set out in this agreement

B is C\$ being the value of the exercise price of the Papillon Option in the relevant tranche, at the exchange rate for conversion of A\$ to C\$ at the same day value rate quoted by B2Gold's principal Canadian banker at the Calculation Time

C is C\$2.62, being the closing price of B2Gold Shares at the Calculation Time

D is the number of Papillon Options in the relevant tranche

Where the number of B2Gold Shares to be issued in respect to each tranche of Papillon Options or individual holdings within each tranche is not a whole number, the number of B2Gold Shares to be offered will be rounded down to the nearest whole number.

Papillon Options in the relevant tranche

Price	Issue Date	Expiry Date	Number of Papillon Options	Number of B2Gold Shares
A\$0.65	18 October 2011	20 September 2014	200,000	94,089
A\$0.80	18 October 2011	20 September 2014	1,300,000	536,630
A\$0.50	18 October 2011	18 October 2014	300,000	158,429
A\$0.65	18 October 2011	18 October 2014	1,100,000	517,490
A\$0.80	18 October 2011	18 October 2014	650,000	268,315
A\$0.61	26 October 2011	26 October 2014	250,000	121,455
A\$0.65	2 November 2011	2 November 2014	500,000	235,223
A\$0.80	2 November 2011	2 November 2014	500,000	206,396
A\$1.10	29 May 2012	30 June 2015	500,000	148,744
A\$1.10	3 September 2012	30 June 2015	150,000	44,623
A\$1.20	29 May 2012	30 June 2015	500,000	129,526
<b>Total</b>			<b>5,950,000</b>	<b>2,460,920</b>

**Claim** means any obligation, debt, cause of action, disability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

**Communications** has the meaning given to that term in clause 3.4(b).

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**Competing Proposal** means any proposal or offer received by Papillon, any member of the Papillon Group or a Papillon Shareholder from a third party (other than B2Gold or its Related Entities) to evaluate or enter into any transaction that is similar to the Transaction or under which (other than as required or contemplated by the Scheme):

- (a) other than with respect to on-market purchases of Papillon Shares with no involvement by Papillon (or a Related Entity of Papillon), a person would acquire a relevant interest or voting power in 10% or more of Papillon Shares or of the securities of any of member of the Papillon Group;
- (b) a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 10% or more of Papillon Shares or of the securities of any member of the Papillon Group;
- (c) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or property of, Papillon or any member of the Papillon Group;
- (d) a person would acquire Control of Papillon or any member of the Papillon Group;
- (e) a person may otherwise acquire, or merge with, Papillon or any member of the Papillon Group (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure or joint venture); or
- (f) Papillon will issue, on a fully diluted basis, 10% or more of its capital as consideration for the assets or share capital of another person,

or any proposal by Papillon to implement any material reorganisation of capital or dissolution. The variation of a proposal or offer constitutes a proposal or offer for the purposes of this definition.

**Conditions Precedent** means the conditions precedent set out in clause 3.1.

**Confidentiality Agreement** means the confidentiality agreement dated January 16, 2014 between B2Gold and Papillon.

**Control** has the meaning given to that term in section 50AA of the Corporations Act.

**Controlled Entity** means, in respect of a party, an entity that party Controls.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Counterproposal** has the meaning given to that term in clause 10.6(c).

**Court** means the Federal Court of Australia.

**Deed Poll** means the deed poll substantially in the form of schedule 4 (or in such other form as agreed between Papillon and B2Gold, each acting reasonably).

**Effective** means, when used in relation to a Scheme, the order of the Court made under section 411(4)(b) in relation to the Scheme coming into effect pursuant to section 411(10) of the Corporations Act.

**Effective Date** means the date on which the Scheme becomes Effective.

**Electing Small Scheme Participant** means a Small Scheme Participant who has elected in writing to have all of his or her Scheme Consideration issued to the Sale Agent and sold on his or her behalf in accordance with clause 4.4.

**Environmental Approvals** means all permits, certificates, authorizations, approvals, orders, consents, instructions, registrations, directions, decisions, decrees, conditions, notifications, demands, filings, licenses or permits whether or not having the force of law, issued by any Regulatory Authority pursuant to any Environmental Laws.

**Environmental Laws** means all applicable laws whether foreign or domestic, including applicable common law, relating to the protection of the environment and employee and public health and safety, and for the regulation of contaminants, pollutants, waste, toxic and hazardous substances and includes Environmental Approvals.

**Exclusivity Period** means the period commencing on the date of this agreement and ending on the earlier of the date this agreement is terminated, the Implementation Date or the Sunset Date.

**Explanatory Statement** means the statement pursuant to section 412 of the Corporations Act, which will be registered by ASIC in relation to the Scheme, copies of which will be included in the Scheme Booklet.

**Financial Advisor** means any advisor or advisors retained by Papillon or B2Gold, as applicable, in relation to the Scheme or a Competing Proposal from time to time.

**Financial Indebtedness** means any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee;
- (d) finance or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or
- (f) obligation to deliver goods or provide services paid in advance by any financier, other than in the ordinary course of business.

**First Court Date** means the first day on which an application made to the Court for an order under section 411(4)(a) of the Corporations Act convening the Scheme Meeting is heard.

**GST** means a goods and services tax or similar value added tax levied or imposed under the GST Law.

**GST Law** has the meaning given to it in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

**Implementation Date** means the fifth Business Day after the Record Date, or such other date agreed to in writing by the parties.

**Independent Expert** means a person to be appointed by Papillon pursuant to clause 5.1(d) as an independent expert to prepare a report to be provided to the Papillon Board and Papillon Shareholders stating whether, in the expert's opinion, the Scheme is in the best interests of Papillon Shareholders.

**Ineligible Shareholder** means a Papillon Shareholder whose address shown in the Register is in a jurisdiction in which B2Gold determines, acting reasonably, does not permit the issue of the B2Gold Shares to that Papillon Shareholder either unconditionally or after compliance with terms that B2Gold reasonably regards as acceptable and practical.

**Insolvency Event** means in relation to a person:

- (a) the person is or becomes unable to pay its debts as and when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act, or would be presumed to be insolvent if that Act applied;
- (b) the person suspends or threatens to suspend payment of its debts generally;
- (c) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or the making of any order, or the passing of any resolution, for the winding up, liquidation or bankruptcy of the party other than where the application or order (as the case may be) is set aside within 14 days;
- (d) the appointment of a provisional liquidator, liquidator, receiver or a receiver and manager or other insolvency official (whether under Australian law or foreign law) to the person or to the whole or a substantial part of the property or assets of the person;
- (e) the appointment of an administrator to the person;
- (f) the entry by a person into any compromise or arrangement with creditors; or
- (g) the person ceases or threatens to cease to carry on business.

**June 2013 Report** has the meaning given in clause 5.1(cc).

**Listing Rules** means the official listing rules of ASX.

**Notice of Meeting** means the notice convening the Scheme Meeting together with the proxy forms for that meeting.

**NYSE MKT** means the NYSE MKT LLC.

**Papillon Benefit Plans** means all plans with respect to Papillon's or any of the Papillon Group employees or service providers or former employees or former service providers which Papillon or any of the Papillon Group is a party to or bound by or to which Papillon or any of the Papillon Group has an obligation to contribute or with respect to which Papillon or any of the Papillon Group may have any direct or indirect liability relating to retirement savings, pensions, bonuses, equity awards, profit sharing, deferred compensation, incentive compensation, life or accident insurance, hospitalization, health, medical or dental treatment or expenses, disability, unemployment insurance benefits, employee loans, vacation pay, severance or termination pay or other benefit plan.

**Papillon Board** means the board of directors of Papillon.

**Papillon Circular Information** means all information regarding Papillon and its past, present or future operations, affairs, business or strategic plans that are required to be included in the B2Gold Circular and as may be required to ensure that the B2Gold Circular complies with all applicable regulatory, compliance and content requirements including those of the TSX and the Canadian Securities Authorities.

**Papillon Costs** has the meaning given to that term in clause 11.2(b)(i).

**Papillon Diligence Materials** the information provided by Papillon to B2Gold and its Representatives in the Papillon data room hosted by CSA Global Pty Ltd as at 3.30pm on June 3, 2014 and any additional information that has been provided in writing by Papillon in response to a request by B2Gold or its Representatives.

**Papillon Director** means a director of Papillon.

**Papillon Disclosure Letter** means the letter dated the date of this agreement delivered by Papillon to B2Gold in a form accepted by B2Gold with respect to certain matters in this agreement.

**Papillon Financial Statements** means the audited consolidated balance sheets, audited consolidated statements of operations, comprehensive income (loss) and deficit and audited consolidated statements of cash flows of Papillon for the financial year ended June 30, 2013 and the unaudited consolidated financial statements of Papillon for the half year ended 31 December 2013.

**Papillon Group** means Papillon and its Related Entities.

**Papillon Information** means all information contained in the Scheme Booklet, but does not include B2Gold Information or the Independent Expert's report that is included in or accompanies the Scheme Booklet.

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**Papillon Material Adverse Event** means one or more changes, events, occurrences, facts or matters (including for the avoidance of doubt any actions of Regulatory Authorities) which, whether individually or when aggregated with all such changes, events, occurrences or matters of a like kind, has had or is reasonably likely to have:

1. the effect of a diminution in the consolidated gross assets of the Papillon Group, taken as a whole from that shown on Papillon's balance sheet as at June 30, 2013 (calculated on the basis of applicable accounting principles), of at least A\$25 million; or
2. the result that the business, trading or financial position, assets and material licences of a member of the Papillon Group are materially adversely affected provided that, there will only be a material adverse effect under this paragraph 2 if the relevant change, event, occurrence, fact or matter is reasonably likely to have an affect over a material period of time (and for the avoidance of doubt, a mere diminution in the value of consolidated gross assets below A\$25 million (as calculated under paragraph 1 above) will not, of itself, be a material adverse event),

other than those changes, events, occurrences or matters:

3. required or permitted by this agreement, the Scheme or transactions contemplated by them;
4. that took place with the written consent of B2Gold;
5. that Papillon fully and fairly disclosed in the Papillon Diligence Materials or the Papillon Disclosure Letter;
6. that are or that arise from: (a) changes in world gold prices or exchange rates; (b) general changes in economic, political or business conditions; or (c) from changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which the Papillon Group operates, in each case, which impact producers of, or explorers for, gold in a similar matter, but excluding for the avoidance of doubt changes in government, civil disorder, political coup, a declaration of a state of emergency, and changes in law, regulation or policy of Regulatory Authorities in jurisdictions in which a member of either the Papillon Group operates which are directed at the Papillon Group's existing operations or which affect the Papillon Group disproportionately more than other entities; or
7. arising from changes to any generally accepted accounting principles in Australia or the interpretation of those principles by any professional body or Regulatory Agency.

For the avoidance of doubt, a fall in Papillon's share price will not itself constitute a Papillon Material Adverse Event.

**Papillon Option** means an option to acquire a Papillon Share.

**Papillon Performance Rights Plan** means the Papillon Performance Rights Plan (described in the Rules of the Plan) approved by Papillon in general meeting on April 10, 2014.

**Papillon Prescribed Occurrence** means other than:

1. as required by this agreement or the Scheme;
2. matters which have been fully and fairly disclosed in (a) Papillon Diligence Materials; or (b) the Papillon Disclosure Letter; or
3. as agreed to in writing by B2Gold,

the occurrence of any of the following between the date of this agreement and 8.00am on the Second Court Date:

1. Papillon converting all or any of its shares into a larger or smaller number of shares;
2. any member of the Papillon Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
3. any member of the Papillon Group:
  - a. entering into a buy-back agreement; or
  - b. resolving to approve the terms of a buy-back agreement under the Corporations Act;
4. any member of the Papillon Group declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
5. a member of the Papillon Group issuing securities, including without limitation shares, or granting an option (over its shares, or agreeing to make such an issue or grant such an option other than to Papillon or to a direct or indirect wholly-owned subsidiary of Papillon or pursuant to the exercise on an option disclosed to ASX prior to the date of this agreement), including pursuant to a dividend reinvestment or other share plan;
6. a member of the Papillon Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, Papillon Shares, including pursuant to the Papillon Performance Rights Plan, a dividend reinvestment or other share plan;
7. Papillon or the Papillon Board amending, adding to, revoking or substituting all or any of the provisions of the Rules of the Papillon Performance Rights Plan or the terms of any Performance Rights granted under the Papillon Performance Rights Plan, in any respect;

8. a member of the Papillon Group making any change to its constitution;
9. a member of the Papillon Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
10. a member of the Papillon Group:
  - a. acquiring, leasing or disposing of;
  - b. agreeing to acquire, lease or dispose of; or
  - c. irrevocably offering, proposing, announcing a bid or tendering for, any business, assets, entity or undertaking, the value of which exceeds A\$2,000,000 (individually or in aggregate);
11. a member of the Papillon Group entering into a contract or commitment that materially restrains that member from competing with any person or conducting activities in any material market;
12. a member of the Papillon Group creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due;
13. except as disclosed in the Papillon budget that has been provided to B2Gold, a member of the Papillon Group:
  - a. entering into any contract or commitment (including in respect of financial indebtedness) requiring payments by the Papillon Group in excess of A\$2,000,000 (individually or in aggregate) other than any payment required by law; or
  - b. (without limiting the foregoing) incurring or agreeing to incur capital expenditure from the date of this agreement of more than A\$2,000,000 (individually or in aggregate);
  - c. waiving any material third party default where the financial impact on the Papillon Group will be in excess of A\$1,000,000 (individually or in aggregate);
  - d. accepting as a compromise of a matter less than the full compensation due to a member of the Papillon Group, where the result of the compromise is that the member will receive an amount which is more than A\$1,000,000 (individually or in aggregate) less than the amount of full compensation; or
  - e. otherwise waiving, releasing, granting or transferring any rights with a value of more than A\$1,000,000 (individually or in aggregate);

14. other than pursuant to commitments that existed prior to the date of this agreement, a member of the Papillon Group providing financial accommodation other than to members of the Papillon Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of A\$1,000,000 (individually or in aggregate);
15. a member of the Papillon Group entering into any agreement, arrangement or transaction with respect to derivative instruments which relate to the price of gold or to interest rates (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
16. an Insolvency Event occurs in relation to any member of the Papillon Group;
17. a member of the Papillon Group entering into or resolving to enter into a transaction with any related party of Papillon (other than a related party which is a member of the Papillon Group) as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the Listing Rules;
18. a member of the Papillon Group being deregistered as a company or otherwise dissolved except in the case of a member of the Papillon Group with less than A\$500,000 (individually or in aggregate) in net assets as at the date of this agreement;
19. a member of the Papillon Group amending in any material respect any arrangement with its Financial Advisors, or entering into arrangements with a new Financial Advisor which arrangements with any such new Financial Advisor may involve the payment of fees of in excess of A\$500,000 (individually or in aggregate), in respect of the Transaction;
20. a member of the Papillon Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in Accounting Standards; or
21. the Updated Report is not provided to Papillon and B2Gold by the Second Court Date, or the Updated Report as received by Papillon and B2Gold does not provide that:
  - a. Songhoi Resources SARL (or another Papillon Group company) is the registered holder of the exploitation permit ('Permis d'exploitation');
  - b. the exploitation permit referred to in paragraph 21a. above is in good standing; and
  - c. no privileges or pledges, arising from any matter which B2Gold was not aware of at the date of this agreement, are registered with the Commercial Court against Songhoi Resources SARL's property or the property of the relevant Papillon Group company which holds the

exploitation permit referred to in paragraph 21a. above, as the case may be.

**Papillon Registry** means the manager from time-to-time of the Register.

**Papillon Reimbursement Fee Amount** means US\$5,700,000.

**Papillon Representations and Warranties** means the representations and warranties of Papillon set out in Schedule 3.

**Papillon Share** means a fully paid ordinary share issued in the capital of Papillon.

**Papillon Shareholder** means each person who is registered in the Register as the holder of Papillon Shares.

**Performance Rights** means Performance Rights issued by Papillon.

**Record Date** means 5.00pm on the third Business Day following the Effective Date, or such other date (after the Effective Date) as Papillon and B2Gold may agree in writing.

**Register** means the share register of Papillon kept pursuant to the Corporations Act.

**Regulator's Draft** means the draft of the Scheme Booklet in a form acceptable to B2Gold and Papillon, which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

**Regulatory Approval** has the meaning given to that term in clause 3.1(a).

**Regulatory Authority** includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under statute; and
- (d) in particular, ASX, ASIC, TSX, NYSE MKT and the Canadian Securities Authorities.

**Regulatory Review Period** means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC provides a letter indicating whether or not it proposes to appear to make submissions, or will intervene to oppose the Scheme, when the application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.

**Related Entity** means, in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

**Representatives** means, in relation to an entity:

- (a) each of the entity's Related Entities; and
- (b) each of its and its Related Entities' directors, officers, employees, contractors, advisers (including legal, financial and other expert advisers) and agents, but excluding the Independent Expert.

**Required Consultation Period** means the shorter of:

- (a) five Business Days after both parties becoming aware that clause 3.8(a)(i), 3.8(a)(ii), or 3.8(a)(iii) as the case may be, is triggered; and
- (b) the period commencing at the time both parties become aware that clause 3.8(a)(i), 3.8(a)(ii), 3.8(a)(iii) or, as the case may be, is triggered and ending at 8.00am on the Second Court Date.

**RG 60** means Regulatory Guide 60 issued by ASIC on 23 September 2011 (as amended).

**Sale Agent** means the person or persons appointed by B2Gold to sell the B2Gold Shares attributable to Ineligible Shareholders and Electing Small Scheme Participants.

**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Papillon and Papillon Shareholders, the form of which is contained in schedule 2, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by B2Gold and Papillon.

**Scheme Booklet** means the information to be despatched to all Papillon Shareholders and approved by the Court in connection with the Scheme, including the Scheme, the Explanatory Statement in respect of the Scheme, an independent expert's report prepared by the Independent Expert and the Notice of Meeting.

**Scheme Consideration** means the consideration to be provided to Scheme Participants (or to the Sale Agent in respect of B2Gold Shares that would otherwise be issuable to Ineligible Shareholders or Electing Small Scheme Participants) under the terms of the Scheme, as described in clause 4.3.

**Scheme Meeting** means the meeting of Papillon Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

**Scheme Participant** means each person who is a Papillon Shareholder as at 5:00pm on the Record Date (other than B2Gold).

**Second Court Date** means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

**Senior Executive** has the meaning given to that term in clause 6.1(b)(i).

**Small Scheme Participant** means a Scheme Participant whose address on the Register is in Australia or New Zealand and whose entitlement to the Scheme Consideration would be 132,200 B2Gold Shares or less.

**Subsidiaries** has the meaning given to that term in section 9 of the Corporations Act.

**Sunset Date** means November 30, 2014, or such later date as agreed to in writing between the parties.

**Superior Offer** means a bona fide Competing Proposal that the Papillon Board, acting reasonably and in good faith, and after taking advice from its legal and Financial Advisors, determines:

- (a) is reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Competing Proposal and the person making it, including without limitation having regard to legal, regulatory and financial matters and any conditions precedent; and
- (b) would or would be reasonably likely, if completed in accordance with its terms, to be more favourable to Papillon Shareholders than the Scheme, after taking into account all of the terms and conditions of, and the identity, reputation and standing of the person making, the Competing Proposal.

Takes effect or taking effect means on and from the first time when an office copy of the Court order approving the Scheme pursuant to section 411(6) of the Corporations Act is lodged with ASIC pursuant to section 411(10) of the Corporations Act.

**Third Party Bidder** has the meaning given to that term in clause 10.4(b)(i).

**Timetable** means the indicative timetable for the implementation of the Transaction as set out in schedule 1, or as otherwise may be agreed by B2Gold and Papillon, acting reasonably.

**Transaction** means the acquisition by B2Gold of all of the Papillon Shares by means of the Scheme in accordance with the terms of this agreement.

**TSX** means the Toronto Stock Exchange.

**Updated Report** has the meaning given in clause 5.1(cc).

**U.S. Exchange Act** means the United States Securities Exchange Act of 1934, as amended.

**U.S. Securities Act** means the United States Securities Act of 1933, as amended.

**United States** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

**VWAP** means volume weighted average price.

## 1.2 Interpretation

In this agreement, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this agreement, and a reference to this agreement includes any schedule;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, dollar or \$ is to Australian currency;
- (f) a reference to C\$ is to the lawful currency of Canada;
- (g) a reference to US\$ is to the lawful currency of the United States;
- (h) a reference to time is to Perth, Western Australia time, unless otherwise noted;
- (i) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (j) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (k) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re enactments or replacements of any of them;
- (l) a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- (m) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;

- (p) any statement made by a party on the basis of its awareness or knowledge, including for the purposes of the representations and warranties set forth in schedule 3, is made on the basis that the party has, in order to establish that the statement is true and not misleading in any respect:
    - (i) made all reasonable enquiries of the officers, managers, employees and other persons who could reasonably be expected to have information relevant to the matters to which the statement relates; and
    - (ii) where those enquiries would have prompted a reasonable person to make further enquiries, made those further enquiries,
- and that, as a result of those further enquiries, the party has no reason to doubt that the statement is true and not misleading in any respect;
- (q) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
  - (r) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### **1.3 Headings**

Headings are for ease of reference only and do not affect interpretation.

## **2 AGREEMENT TO PROPOSE SCHEME**

### **2.1 Proposal of Scheme**

- (a) Papillon agrees to propose the Scheme upon and subject to the terms of this agreement.
- (b) B2Gold agrees with Papillon to assist Papillon to propose and give effect to the Scheme on and subject to the terms of this agreement.

### **2.2 Compliance with obligations**

Papillon's obligations under this agreement to propose the Scheme are subject to its compliance with Papillon's respective obligations, functions, powers and duties under this agreement, under Papillon's constitution, at law and under the Listing Rules.

## **3 CONDITIONS PRECEDENT**

### **3.1 Conditions Precedent to implementation of the Scheme**

The Scheme, the obligations of Papillon under clause 5.1 and the obligations of B2Gold under clause 5.3 are subject to the satisfaction of the following Conditions Precedent (unless waived by a party in accordance with clause 3.2) on or prior to the Second Court Date (or such other date as specified in the relevant Condition Precedent):

- (a) Regulatory Approvals: before 5.00pm on the Business Day before the Second Court Date:
- (i) FIRB:
    - (A) the Treasurer of Australia or his delegate notifies B2Gold in writing that there are no objections in terms of foreign investment policy of the Australian government to the acquisition by B2Gold of the Papillon Shares under the Scheme, or is subject to conditions that Papillon and B2Gold, acting reasonably, consider to be acceptable; or
    - (B) the Treasurer of Australia becomes precluded by passage of time from making any order under Part II of the Foreign Acquisitions and Takeovers Act 1975 (Cth) in respect of the acquisition by B2Gold of the Papillon Shares under the Scheme;
  - (ii) ASIC: ASIC issues or provides such consents, approvals, modifications or exemptions, or does such other acts which the parties agree are reasonably necessary or desirable to implement the Scheme;
  - (iii) ASX: ASX issues or provides such consents, approvals, waivers or does such other acts which the parties agree are reasonably necessary to implement the Scheme;
  - (iv) TSX:
    - (A) conditional approval from the TSX to the listing of the B2Gold Shares to be issued pursuant to the Scheme and comprising the Cancellation Consideration shall have been received; and
    - (B) TSX shall have accepted notice of the Transaction;
  - (v) NYSE MKT: NYSE MKT shall have approved for listing the B2Gold Shares to be issued pursuant to the Scheme; and
  - (vi) all other regulatory approvals required to implement the Scheme being granted or obtained and those regulatory approvals not being withdrawn, cancelled, revoked or varied in a manner that is materially adverse to the parties;
- (together, Regulatory Approvals);
- (b) Shareholder approval:
- (i) before 8.00am on the Second Court Date, Papillon Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act; and

- (ii) before 8.00am on the date of the Scheme Meeting, B2Gold Shareholders approve the Transaction and the issuance of the B2Gold Shares under the Scheme and comprising the Cancellation Consideration, in accordance with applicable TSX requirements at the B2Gold Shareholders' Meeting by the requisite majority of B2Gold Shareholders (including a disinterested vote of B2Gold Shareholders if required by applicable TSX Requirements);
- (c) Papillon Board Recommendation: the Papillon Board unanimously recommending that Papillon Shareholders vote in favour of the Scheme, in the absence of a Superior Offer for Papillon and in the absence of the Independent Expert finding that the Scheme is not in the best interests of Papillon Shareholders and including that recommendation in the Scheme Booklet and not withdrawing or varying that recommendation;
- (d) B2Gold Board Recommendation: the B2Gold Board unanimously recommending that B2Gold Shareholders vote in favour of the B2Gold Resolutions and not withdrawing or varying that recommendation;
- (e) Restraining orders: as at 8.00am on the Second Court Date, no temporary restraining order, preliminary or permanent injunction or other order or decision has been issued or made by any court of competent jurisdiction or any Regulatory Authority and there is no other legal restraint or prohibition preventing the consummation of any aspect of the Transaction on the Implementation Date;
- (f) Court Approval: the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (g) Independent Expert Report: the Independent Expert providing the report to Papillon that concludes that the Scheme is in the best interests of Papillon Shareholders;
- (h) No Papillon Material Adverse Event: no Papillon Material Adverse Event occurs between the date of this agreement and 8.00am on the Second Court Date;
- (i) No Papillon Prescribed Occurrence: no Papillon Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;
- (j) Papillon Representations and Warranties: the Papillon Representations and Warranties given by Papillon under Schedule 3 are true and correct in all material respects as at 8.00am on the Second Court Date;
- (k) No B2Gold Material Adverse Event: no B2Gold Material Adverse Event occurs between the date of this agreement and 8.00am on the Second Court Date;
- (l) No B2Gold Prescribed Occurrence: no B2Gold Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date; and

- (m) B2Gold Representations and Warranties: the B2Gold Representations and Warranties given by B2Gold under Schedule 3 are true and correct in all material respects as at 8.00am on the Second Court Date.

### 3.2 Waiver of Conditions Precedent

- (a) The Conditions Precedent in clauses 3.1(a), 3.1(b), 3.1(e) and 3.1(f) are for the benefit of Papillon and B2Gold, and cannot be waived.
- (b) The Conditions Precedent in clauses 3.1(c) and 3.1(d) are for the benefit, and any breach or non-fulfilment of those Conditions Precedent may only be waived with the written consent, of Papillon and B2Gold.
- (c) The Conditions Precedent in clauses 3.1(h), 3.1(i), and 3.1(j) are for the sole benefit of, and any breach or non-fulfilment of those Conditions Precedent may only be waived with the written consent of, B2Gold.
- (d) The Condition Precedents in clauses 3.1(g), 3.1(k), 3.1(l) and 3.1(m) are for the sole benefit of, and any breach or non-fulfilment of those Conditions Precedent may only be waived with the written consent of, Papillon.
- (e) A party entitled to waive the breach or non-fulfilment of a Condition Precedent pursuant to this clause 3.2 may do so in its absolute discretion.
- (f) Waiver of a breach or non-fulfilment in respect of one Condition Precedent does not constitute:
- (i) a waiver of breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
  - (ii) a waiver of breach or non-fulfilment of that Condition Precedent resulting from any other event.

### 3.3 Reasonable endeavours to satisfy Conditions Precedent

Each of Papillon and B2Gold will use its reasonable endeavours to procure that:

- (a) each of the Conditions Precedent is satisfied as soon as practicable after the date of this agreement and continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) there is no occurrence within the control of Papillon or B2Gold (as the context requires) or their Related Entities that would prevent the Conditions Precedent being satisfied.

### 3.4 Pre-implementation steps

Without limiting the generality of clause 3.3:

- (a) Regulatory Approvals: each party must promptly apply for all relevant Regulatory Approvals and take all steps it is responsible for as part of the Regulatory Approval process, including responding to requests for information at the earliest practicable time;
- (b) Consultation: each party must consult with the other in advance in relation to all communications (whether written or oral, and whether direct or via agents or advisers) with any Regulatory Authority relating to any Regulatory Approval (Communications) including:
  - (i) providing the other party with drafts of any material written Communications to be sent to a Regulatory Authority and making such amendments thereto as the other party reasonably requires; and
  - (ii) providing copies of any material written Communications sent to or received from Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so; and

- (c) Participation: each party will have the right to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval.

### **3.5 Assistance of Representatives**

Each party must procure that its Representatives work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other party, and the other party's Representatives, to satisfy the Conditions Precedent.

### **3.6 Notice of failure to satisfy Condition Precedent**

- (a) A party must promptly give the other notice of a failure to satisfy a Condition Precedent or of any event that will prevent a Condition Precedent being satisfied.
- (b) Papillon or B2Gold (as the case may be) must give written notice to the other party as soon as reasonably practicable (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.

### **3.7 Certificates in relation to Conditions Precedent**

Each party must:

- (a) give the Court on the Second Court Date a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions Precedent have been satisfied or waived; and

- (b) give the other party a draft of its certificate by 5.00pm on the Business Day prior to the Second Court Date.

### **3.8 Conditions Precedent not met**

- (a) If:
- (i) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this agreement;
  - (ii) there is an act, failure to act, event or occurrence which will prevent a Condition Precedent being satisfied by the date specified in clause 3.1 for its satisfaction (and the breach or non-fulfilment of the Condition Precedent which would otherwise occur has not already been waived in accordance with this agreement), or
  - (iii) if it becomes probable that the Scheme will not become Effective by the Sunset Date,

Papillon and B2Gold must consult in good faith with a view to:

- (iv) consider and if agreed, determine whether the Scheme or a transaction that results in B2Gold having beneficial ownership of all of the Papillon Shares may proceed by way of alternative means or methods;
  - (v) consider and if agreed, extend the time or date for satisfaction of the relevant Condition Precedent or the Sunset Date; or
  - (vi) consider and if agreed, change the date of application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed to in writing by Papillon and B2Gold (being a date no later than five Business Days before the Sunset Date).
- (b) If Papillon and B2Gold are unable to reach agreement under clause 3.8(a) within the Required Consultation Period, either Papillon or B2Gold may, provided that Condition Precedent is for the benefit of that party, terminate this agreement by notice in writing to the other without incurring any liability to the other party because of that termination (other than under clause 11 if applicable), unless the relevant occurrence or the breach or non-fulfilment of the Condition Precedent arises out of a breach of clauses 3.3 or 3.4 by the terminating party.
- (c) Subject to any rights or obligations arising under or pursuant to clauses that are expressed to survive termination (including by virtue of clause 8.4), on termination of this agreement, no party shall have any rights against or obligations to any other party under this agreement except for those rights and obligations which accrued prior to termination.

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- (d) If the Condition Precedent in clause 3.1(b)(i) is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that section, provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable.
  - (e) If the Court refuses to make an order approving the Scheme satisfying clause 3.1(f), at B2Gold's request Papillon must appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or an independent Senior Counsel indicates that, in his or her view, an appeal would have negligible prospects of success before the Sunset Date). Papillon may bring an appeal even if not requested by B2Gold. If any such appeal is undertaken at the request of B2Gold, B2Gold will bear Papillon's costs of the appeal (including costs of the independent Senior Counsel) unless the parties otherwise agree. If any such appeal is undertaken by Papillon, without the prior request from B2Gold, Papillon will bear B2Gold's costs of the appeal unless the parties otherwise agree.

#### **4 TRANSACTION STEPS**

##### **4.1 Scheme**

- (a) Papillon must propose the Scheme to Papillon Shareholders.
- (b) If the Scheme becomes Effective, then on the Implementation Date:
  - (i) all of the Papillon Shares held by Scheme Participants on the Record Date will be transferred to B2Gold;
  - (ii) in exchange, each Scheme Participant will receive the Scheme Consideration for each Papillon Share held by them at the Record Date; and
  - (iii) B2Gold will ensure that each holder of Papillon Options that has agreed to the cancellation of his or her Papillon Options will receive the Cancellation Consideration in respect of the Papillon Options held by him or her and that those Papillon Options will be cancelled.

##### **4.2 No Amendment to the Scheme Without Consent**

Papillon must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of B2Gold.

##### **4.3 Consideration**

- (a) Subject to clause 4.3(b), B2Gold undertakes and warrants to Papillon (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to B2Gold of each Papillon Share held by a Scheme Participant under the

terms of the Scheme, on the Implementation Date B2Gold will provide to each Scheme Participant the Scheme Consideration for each Papillon Share, being 0.661 B2Gold Shares for every one Papillon Share, in accordance with the terms of this agreement, the Deed Poll and the Scheme.

- (b) Where the calculation of the number of B2Gold Shares to be issued to a particular Papillon Shareholder would result in the issue of a fraction of a B2Gold Share, the fractional entitlement will be rounded down to the nearest whole number of B2Gold Shares.
- (c) Papillon acknowledges that the undertaking by B2Gold in clause 4.3(a) is given to Papillon in its capacity as agent for each Scheme Participant.

#### 4.4 Ineligible Shareholders and Electing Small Scheme Participants

- (a) B2Gold will allow Small Scheme Participants to elect, by providing notice in writing to Papillon on or before the Implementation Date, to be treated as an Electing Small Scheme Participant for the purposes of this clause 4.4.
- (b) B2Gold will be under no obligation under this agreement to allot or issue, and will not issue, any B2Gold Shares to any Ineligible Shareholder or Electing Small Scheme Participant and, instead, will issue the B2Gold Shares to which the Ineligible Shareholder or Electing Small Scheme Participant would have otherwise been entitled to the Sale Agent.
- (c) B2Gold will procure that, as soon as reasonably practicable and in any event not more than 20 Business Days after the Implementation Date, the Sale Agent:
  - (i) sells all of the B2Gold Shares issued to the Sale Agent pursuant to clause 4.4(b) outside the United States in such manner, or such financial market, at such price and on such other terms as the Sale Agent determines in good faith; and
  - (ii) remits to each Ineligible Shareholder and Electing Small Scheme Participant his or her proportionate share of the aggregate proceeds of sale in A\$ (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).

#### 4.5 Shares to Rank Equally

B2Gold covenants in favour of Papillon (in its own right and on behalf of the Scheme Participants) that:

- (a) the B2Gold Shares issued pursuant to the Scheme and the B2Gold Shares comprising the Cancellation Consideration are of the same class of B2Gold Shares currently on issue and will rank equally in all respects with all existing B2Gold Shares on issue; and

- (b) on issue, each such B2Gold Share issued pursuant to the Scheme and the B2Gold Shares comprising the Cancellation Consideration will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

#### 4.6 Timetable

The parties must use their commercially reasonable endeavours to implement the Transaction and perform their respective obligations substantially in accordance with the Timetable.

#### 4.7 B2Gold Nominee

- (a) Papillon acknowledges and agrees that B2Gold may, no later than the date 3 Business Days before the Second Court Date, by written notice to Papillon, nominate a wholly owned subsidiary of B2Gold (B2Gold Nominee) to acquire all of the Papillon Shares in lieu of B2Gold.
- (b) If B2Gold nominates a B2Gold Nominee in accordance with clause 4.7(a), unless the context otherwise requires, all references in this agreement to B2Gold acquiring all of the Papillon Shares must be construed as if references to B2Gold were replaced with references to the B2Gold Nominee. Any such nomination will not relieve B2Gold of its obligations under this agreement, including the obligation to issue the Scheme Consideration in accordance with the terms of the Scheme.
- (c) B2Gold irrevocably guarantees (as a principal obligation) the due and punctual performance by the B2Gold Nominee of all of its obligations (if any) under or in connection with this agreement, the Scheme and the Deed Poll. If the B2Gold Nominee commits any default or breach of this agreement, B2Gold will, immediately on written demand by Papillon, perform all obligations (if any) of the B2Gold Nominee in accordance with the provisions of this agreement.

### 5 IMPLEMENTATION

#### 5.1 Papillon's obligations

Papillon must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement and substantially in accordance with the Timetable (and must consult with B2Gold on a regular basis about its progress in that regard), and in particular Papillon must:

- (a) **promote merits of Transaction:** participate in, and ensure the Papillon Board participates in, efforts reasonably requested by B2Gold to promote the merits of the Transaction, including meeting with key members of Papillon at the reasonable request of B2Gold;
- (b) **prepare Scheme Booklet:** prepare the Scheme Booklet in respect of the Scheme in accordance with all applicable laws and in particular with the Corporations Act, RG 60 and the Listing Rules;

- (c) **directors' recommendation:** include in the Scheme Booklet a statement by the Papillon Board:
- (i) unanimously recommending that Papillon Shareholders vote in favour of the Scheme in the absence of any Superior Offer unless there has been a change of recommendation permitted under this agreement; and
  - (ii) that each Papillon Board member will (in the absence of a Superior Offer) vote, or procure the voting of any Papillon Shares (as applicable) held by or on behalf of a Papillon Board Member at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting;
- (d) **commission Independent Expert's report:** promptly appoint the Independent Expert, and any investigating accountant to be appointed in connection with the preparation of the Scheme Booklet or the Independent Expert's report, and provide all assistance and information reasonably requested by them in connection with the preparation of the Independent Expert's report for inclusion in the Scheme Booklet (including any updates to such report) and any other materials to be prepared by them for inclusion in the Scheme Booklet (including any updates thereto);
- (e) **amend Scheme Booklet:** implement such changes to those parts of the Scheme Booklet relating to B2Gold which are provided to Papillon by B2Gold in accordance with clause 5.3(a) as reasonably requested by B2Gold prior to finalising the Regulator's Draft;
- (f) **consultation with B2Gold:** as soon as practicable after the date of this agreement:
- (i) provide to B2Gold a draft of the Scheme Booklet and the Independent Expert's Report for the purpose of enabling B2Gold to review and comment on those draft documents. In relation to the Independent Expert's Report, B2Gold's review is to be limited to a factual accuracy review;
  - (ii) take the comments made by B2Gold into account in good faith when producing revised drafts of the Scheme Booklet; and
  - (iii) provide B2Gold with revised drafts of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable B2Gold to review the Regulator's Draft at least two Business Days before its submission;
- (g) **Papillon Board approval of Regulator's Draft:** as soon as practicable after finalisation of an advanced draft of the Regulator's Draft suitable for review by ASIC, procure that a meeting of the Papillon Board is convened to consider approving the Regulator's Draft as being in a form appropriate for provision to ASIC for review;

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- (h) **liaise with ASIC:** as soon as reasonably practicable after the date of this agreement but no later than 14 days before the First Court Date, provide a copy of the Regulator's Draft to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act;
- (i) **keep B2Gold informed:** during the Regulatory Review Period:
  - (i) promptly provide to B2Gold and include in revised drafts of the Scheme Booklet any new information in relation to the Papillon Group not included in the Regulator's Draft which is required by the Corporations Act or RG 60 to be included in the Scheme Booklet; and
  - (ii) promptly inform and consult with B2Gold in relation to any matters raised by ASIC in connection with the Scheme Booklet or the Scheme including in relation to any presentation and/or the making of any submission in writing or at any proposed meeting with ASIC, and co-operate with B2Gold to resolve any such matters (which will include allowing B2Gold to participate in Papillon's meetings and discussions with ASIC);
- (j) **approval of Scheme Booklet:** as soon as practicable after the end of the Regulatory Review Period, procure that a meeting of the Papillon Board is convened to consider approving the Scheme Booklet for despatch to Papillon Shareholders, subject to approval of the Court;
- (k) **Papillon Circular Information:** provide to B2Gold the Papillon Circular Information (and update the Papillon Circular Information for any material developments);
- (l) **Court direction and advice:** promptly after, and provided that the approvals in clauses 5.1(j) and 5.3(e) have been obtained, apply to the Court for orders under section 411(1) of the Corporations Act directing Papillon to convene the Scheme Meeting to consider the Scheme and take all reasonable steps necessary to comply with the orders of the Court;
- (m) **registration of Scheme Booklet and provision of copy to B2Gold:** request ASIC to register the Explanatory Statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act and, promptly after such registration, provide a copy of the registered Scheme Booklet to B2Gold;
- (n) **section 411(17)(b) Statement:** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (o) **Scheme Meeting:** promptly convene the Scheme Meeting in accordance with any orders which are made by the Court pursuant to section 411(1) of the Corporations Act;

- (p) **waiver or approval in relation to cancellation of options:** to the extent ASX requires Papillon to:
- (i) obtain a waiver from Listing Rule 6.23.2 to enable the Papillon Options to be cancelled in consideration for the Cancellation Consideration, Papillon shall submit a waiver application to ASX, or
  - (ii) obtain shareholder approval to enable the Papillon Options to be cancelled in consideration for the Cancellation Consideration in accordance with Listing Rule 6.23.2, Papillon shall propose a resolution for the purposes of Listing Rule 6.23.2 at the Scheme Meeting;
- (q) **Court documents:** consult with B2Gold in relation to the content of the documents required for the purpose of each Court hearing held, including for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, reasonable comments from B2Gold and its Representatives on those documents;
- (r) **Court approval:** as soon as practicable after Papillon Shareholders approve the Scheme at the Scheme Meeting, apply (and to the extent necessary, re-apply) to the Court for an order approving the Scheme under section 411(4) of the Corporations Act substantially in accordance with the Timetable;
- (s) **lodge copy of Court orders:** if the Court makes orders under section 411(4) of the Corporations Act approving the Scheme, lodge with ASIC an office copy of the order of the Court approving the Scheme under section 411(10) of the Corporations Act on the day such office copy is received or such later date as agreed in writing by B2Gold;
- (t) **certificate:** at the hearing on the Second Court Date provide to the Court a certificate confirming whether or not the Conditions Precedent have been satisfied or waived in accordance with this agreement. A draft of such certificate shall be provided by Papillon to B2Gold by 5:00pm on the Business Day prior to the Second Court Date;
- (u) **registration:** if the Court makes orders under section 411(4) of the Corporations Act approving the Scheme:
- (i) ensure that the Papillon Shares that are to be issued to holders of:
    - (A) Performance Rights, in accordance with paragraph 5.10 of the Papillon Performance Rights Plan; and
    - (B) Papillon Options, who exercise their Papillon Options before 5:00pm on the Effective Date,

are issued promptly after the Effective Date and the holders of those Papillon Shares so issued are registered as the holders of those Papillon Shares in the Register before the Record Date and that B2Gold is provided with the names of those holders and the number of Papillon Shares issued to each of them. To this end, the Papillon Board shall, prior to the Second Court Date, pass a resolution authorising the issue of the Papillon Shares pursuant to this clause 5.1(u)(i), and the registration of the holders of those Papillon Shares in the Register, subject only to the Scheme becoming Effective.

- (ii) close the Register as at the Record Date to determine the identity of the Scheme Participants and their entitlements to the Scheme Consideration;
  - (iii) provide to B2Gold all information about the Scheme Participants that B2Gold reasonably requires in order for B2Gold to provide the Scheme Consideration to the Scheme Participants in accordance with the Scheme;
  - (iv) execute proper instruments of transfer of the Papillon Shares and effect and register the transfer of the Papillon Shares in accordance with the Scheme;
  - (v) register all transfers of Papillon Shares to B2Gold on, or as soon as practicable after, the Implementation Date; and
  - (vi) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court;
- (v) **access to information:** provide to B2Gold and its Representatives reasonable access to employees, officers and other facilities and properties of the Papillon Group and to the books and records of the Papillon Group, for the purpose of implementing the Transaction;
- (w) **compliance with laws:** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all laws and regulations applicable in relation to the Transaction (including, without limitation, doing everything reasonably within its powers to ensure the Transaction complies with all applicable securities laws or is otherwise exempt therefrom);
- (x) **listing:** not do anything to cause Papillon Shares to cease being quoted on the ASX or to become permanently suspended from quotation or listing prior to completion of the Transaction, unless B2Gold has agreed in writing;
- (y) **delivery of due diligence:** make available promptly to B2Gold the Papillon Diligence Materials;
- (z) **merged co-information:** Papillon will prepare and promptly provide to B2Gold any information regarding the Papillon Group, which B2Gold reasonably requires in

order to prepare the information regarding the merged Papillon–B2Gold entity following implementation of the Scheme for inclusion in the Scheme Booklet;

- (aa) **Papillon Prescribed Occurrence:** between the date of this agreement and 8.00am on the Second Court Date, ensure that no Papillon Prescribed Occurrence occurs; and
- (bb) **Papillon incentive plans:** subject to Court approval of the Scheme but with effect from the Effective Date and subject to any restrictions under applicable law, suspend all of its executive and employee incentive plans that will or could result in securities being issued to the Papillon Group employees including the Papillon Performance Rights Plan.
- (cc) **updated legal report:** promptly after the execution of this agreement, Papillon will procure the preparation by competent counsel of an updated version (Updated Report) of the Legal Report Related to Songhoi Resources SARL, dated 27 June 2013, which is contained in the Papillon Diligence Materials (June 2013 Report). The form and content of the Updated Report shall faithfully reflect the form and content of the June 2013 Report but be updated to address any matters arising since the date of the June 2013 Report, including the issue of the exploitation permit ('Permis d'exploitation') but not the process of conversion from an exploration permit ('Permis de recherché') into an exploitation permit ('Permis d'exploitation'). Papillon shall procure that the Updated Report is issued to Papillon and B2Gold, and is dated after the date of this agreement.

## 5.2 Papillon Registry details

For the purpose of clause 5.1(u), Papillon must give all necessary directions to the Papillon Registry to ensure that any information that B2Gold reasonably requests in relation to the Register, including any CHES sub-register and any issuer sponsored sub-register, is promptly provided to B2Gold and, where requested by B2Gold, Papillon must procure that such information is made available in such electronic form as is reasonably requested by B2Gold.

## 5.3 B2Gold's obligations

B2Gold must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement and substantially in accordance with the Timetable, and in particular B2Gold must:

- (a) **B2Gold Information:** prepare and provide to Papillon all information in relation to B2Gold and merged entity that is required to be included in the Scheme Booklet to comply with applicable laws relevant to that information (B2Gold Information), make available to Papillon drafts of the B2Gold Information and the B2Gold Circular, consult with Papillon in relation to the content of those drafts and consider in good faith, for the purpose of amending those drafts, comments from Papillon and its Representatives on that information;

- (b) assist Independent Expert: subject to the Independent Expert entering into arrangements with Papillon, including in relation to confidentiality, in a form reasonably acceptable to B2Gold, provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare its report to be sent together with the Scheme Booklet;
- (c) review drafts of Scheme Booklet: as soon as practicable after delivery, review drafts of the Scheme Booklet prepared by Papillon and provide comments on those drafts in good faith;
- (d) approval of Regulator's Draft: as soon as practicable after finalisation of an advanced draft of the Regulator's Draft suitable for review by ASIC, procure that a meeting of the B2Gold Board is convened to consider approving those sections of the Regulator's Draft that relate to the B2Gold Information as being in a form appropriate for provision to ASIC for review;
- (e) approval of Scheme Booklet: as soon as practicable after the end of the Regulatory Review Period, procure that a meeting of the B2Gold Board is convened to consider approving those sections of the Scheme Booklet that relate to the B2Gold Group appropriate for despatch to Papillon Shareholders, subject to the approval of the Court;
- (f) B2Gold Circular: prepare the B2Gold Circular which complies with all applicable regulatory, compliance and content requirements including the requirements of the TSX and the Canadian Securities Authorities (and update the B2Gold Circular for any material developments), which for greater certainty includes the fairness opinion provided by its Financial Advisor;
- (g) B2Gold directors' recommendation: include in the B2Gold Circular a statement by the B2Gold Board:
  - (i) unanimously recommending that B2Gold Shareholders vote in favour of the B2Gold Resolutions unless there has been a change of recommendation permitted under this agreement; and
  - (ii) that each B2Gold Board member that is permitted to vote, will vote, or procure the voting of any B2Gold Shares (as applicable) held by or on behalf of a B2Gold Board Member at the time of the B2Gold meeting in favour of the B2Gold Resolutions;
- (h) B2Gold Board meeting: procure a meeting of the B2Gold Board to consider and, if thought fit, approve the Scheme Booklet and the B2Gold Circular;
- (i) B2Gold Shares listing: as soon as practicable make application for the B2Gold Shares to be issued under the Scheme and as Cancellation Consideration to be conditionally approved for listing on the TSX, subject to the customary listing requirements, and approved for listing on the NYSE MKT, and do everything reasonably necessary to advance such applications, including holding the B2Gold Shareholders' Meeting;

- (j) trading: do everything reasonably necessary to ensure that trading on the TSX and NYSE MKT in the B2Gold Shares issued under the Scheme and as Cancellation Consideration is permitted to commence by the third Business Day after the Implementation Date;
- (k) compliance with laws: do everything reasonably within its power to ensure that the Transaction is effected in accordance with all laws and regulations applicable in relation to the Transaction (including, without limitation, doing everything reasonably within its powers to ensure the Transaction complies with all applicable securities laws or is otherwise exempt therefrom);
- (l) B2Gold Scheme Consideration: if the Scheme becomes Effective, provide the Scheme Consideration in the manner and amount contemplated by clause 4 and the terms of the Scheme and the Deed Poll;
- (m) B2Gold Cancellation Consideration: if the Scheme becomes Effective, provide the Cancellation Consideration in the manner and amount contemplated by clause 4 and the terms of the Scheme;
- (n) B2Gold Prescribed Occurrence: ensure that no B2Gold Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;
- (o) Deed Poll: simultaneous with the execution of this agreement, execute the Deed Poll;
- (p) Delivery of due diligence: B2Gold will make available promptly to Papillon the B2Gold Diligence Materials; and
- (q) access to information: provide to Papillon and its Representatives reasonable access to officers and facilities and properties of the B2Gold Group and to the books and records of the B2Gold Group, for the purpose of implementing the Transaction.

#### **5.4 Scheme Booklet**

- (a) Papillon must consult with B2Gold as to the content of the Scheme Booklet (other than B2Gold Information).
- (b) B2Gold must consult with Papillon as to the content of B2Gold Information.
- (c) The parties agree that:
  - (i) the efficient preparation of the Scheme Booklet is in the interests of the parties and Papillon Shareholders; and
  - (ii) they will use all reasonable endeavours and utilise all necessary resources (including management resources and the resources of

external advisers) to produce the Scheme Booklet as soon as reasonably practicable and in substantial accordance with the Timetable.

- (d) B2Gold's obligations under clauses 5.3(c), 5.3(d) and 5.3(e) relate only to the factual accuracy of B2Gold Information and B2Gold takes no responsibility for information in the Scheme Booklet other than B2Gold Information. To that end, the Scheme Booklet will include a statement:
- (i) by Papillon that B2Gold is not responsible for any information contained in the Scheme Booklet other than B2Gold Information; and
  - (ii) by B2Gold that Papillon is not responsible for any B2Gold Information contained in the Scheme Booklet.
- (e) Papillon must undertake appropriate due diligence and verification processes for the purposes of complying with clause 5.1(j) and will make such verification material available to B2Gold on request by it.
- (f) B2Gold must undertake appropriate due diligence and verification processes for the purposes of complying with clause 5.3(e) and will make such verification material available to Papillon on request by it.
- (g) The parties must promptly inform the other if they have any reason to believe that any information in the Scheme Booklet is misleading or deceptive in any material respect (whether by omission or otherwise) whether because of B2Gold Information or otherwise.
- (h) If there is a dispute as to the content of any part of the Scheme Booklet (including B2Gold Information), the parties must consult in good faith and use their reasonable endeavours to resolve the dispute within two Business Days. If the parties fail to agree on the form or content of the Scheme Booklet:
- (i) Papillon will have the final decision on the form or content of any Papillon Information; and
  - (ii) B2Gold will have the final decision on the form or content of any B2Gold Information.

Even if there is a dispute as to the form or content of the Scheme Booklet and the parties use this procedure, the parties will continue to perform their obligations under this agreement.

## 5.5 Good faith co-operation

Each party must procure that its Representatives work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other parties to implement the Scheme and to prepare all documents required relating to the Scheme.

## 5.6 Directors' Recommendation

(a) Papillon Board:

(i) Subject to clause 5.6(a)(ii), the Papillon Board must:

- (A) unanimously recommend that the Scheme is in the best interests of Papillon Shareholders and not subsequently change, withdraw or modify that recommendation in the absence of a Superior Offer;
- (B) unanimously recommend that Papillon Shareholders vote in favour of all resolutions to be proposed at the Scheme Meeting in relation to the Scheme and approve the Scheme, and not subsequently change, withdraw or modify that recommendation in the absence of a Superior Offer;
- (C) include in all public statements made after execution of this agreement and relating to the Scheme or the Transaction a statement to the effect of clauses 5.6(a)(i)(A) and 5.6(a)(i)(B); and
- (D) not make any public statement or take any other action that contradicts or qualifies the recommendation of the Scheme by the Papillon Directors in the absence of a Superior Offer,

and the Scheme Booklet must state that each Papillon Director who holds Papillon Shares, or on whose behalf Papillon Shares are held, intends to vote in favour of the Scheme in the absence of a Superior Offer.

(ii) The Papillon Board collectively, and the members of the Papillon Board individually, must not, change, withdraw or modify his or her recommendation unless:

- (A) the Independent Expert fails to provide a report to Papillon that concludes that the Scheme is in the best interests of Papillon Shareholders; or
- (B) the Papillon Directors have unanimously:
  - (I) made the determination contemplated by clause 10.7(b)(ii) in respect of a Superior Offer after B2Gold's rights under clause 10.6(c) have been exhausted and after evaluation of any Counterproposal; and
  - (II) publicly recommended that the Superior Offer is in the interests of Papillon Shareholders.

- (b) B2Gold Board:
- (i) Subject to clause 5.6(b)(ii), the B2Gold Board must:
    - (A) unanimously recommend to B2Gold Shareholders that they vote in favour of the B2Gold Resolutions;
    - (B) include in all public statements made after execution of this agreement and relating to the Scheme or the Transaction a statement to the effect of clause 5.6(b)(i)(A); and
    - (C) not make any public statement or take any other action that contradicts the recommendation of the B2Gold Resolutions by the B2Gold Directors,

and the B2Gold Circular will state that each B2Gold Director who holds B2Gold Shares, or on whose behalf B2Gold Shares are held, intends to vote in favour of the B2Gold Resolutions.

- (ii) The B2Gold Board collectively, and the members of the B2Gold Board individually, must not, change, withdraw or modify its or his recommendation.

#### **5.7 Court refuses to make orders**

If the Court refuses to make any orders pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting to consider or approve the Scheme, Papillon must appeal the Court's decision to the fullest extent possible (with costs to be borne equally by B2Gold and Papillon) except where:

- (a) the parties agree otherwise; or
- (b) Papillon and B2Gold are each advised by their legal counsel that an appeal would have no reasonable prospect of success.

#### **5.8 Appointment of Directors**

- (a) Papillon must, as soon as practicable:
  - (i) after the Second Court Date (provided the Scheme is approved by the Court), and subject to the receipt of appropriate consents to act, take all actions necessary to cause the appointment of such number of nominees of B2Gold to the Papillon Board and all other actions, which gives those nominees, acting together, Control of at least half the votes that may be cast at a meeting of the Papillon Board;
  - (ii) on the Implementation Date, ensure that all directors on the Papillon Board (other than the B2Gold's nominees appointed pursuant to clause 5.8(a)) resign and release Papillon from any Claims they may have against Papillon; and

- (iii) on the Implementation Date, take all actions to ensure that subject to clause 5.8(a)(ii), all directors on the boards of each Papillon Group member (other than the nominees of the B2Gold appointed pursuant to clause 5.8(a)), resign and release Papillon and the applicable Papillon Group member and, subject to the receipt of appropriate consents to act, to cause the appointment of nominees of B2Gold to those boards.
- (b) B2Gold must, as soon as practicable on the Implementation Date, and subject to the receipt of an appropriate consent to act, take all actions necessary to cause the appointment of a nominee of Papillon to the B2Gold Board.

## **5.9 Papillon Options**

As soon as reasonably practicable after the date of this agreement but in any event within 10 Business Days of that date, Papillon must use all reasonable endeavours to procure that each person who is a holder of Papillon Options enters into a written agreement with Papillon and B2Gold to have his or her options cancelled, with effect from the Implementation Date, in consideration for the issue on the Implementation Date of the Cancellation Consideration, subject to the Scheme becoming Effective. The form of agreement to be used for this purpose must be acceptable to B2Gold, acting reasonably. B2Gold must take all necessary steps (including, but not limited to, the obtaining of any necessary shareholder approvals or Regulatory Approvals) to enable it to issue the Cancellation Consideration on the Implementation Date.

## **5.10 U.S. Securities Compliance**

B2Gold and Papillon shall take all steps as may be required to cause the B2Gold Shares to be issued to Papillon Shareholders under the Scheme to be issued pursuant to the exemption from registration under the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act.

In order to ensure the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act, Papillon and B2Gold agree that the Scheme will be implemented on the following basis:

- (a) the Scheme will be subject to the approval of the Court;
- (b) prior to the Second Court Date, the Court will be advised that B2Gold intends to rely on the exemption provided by Section 3(a)(10) of the U.S. Securities Act for the B2Gold Shares to be issued pursuant to the Scheme, based on the Court's approval of the Scheme;
- (c) the Court will be required to satisfy itself as to the fairness of the Scheme to the Papillon Shareholders;
- (d) each Papillon Shareholder will have the right to appear before the Court at the hearing to give approval of the Scheme under section 411(4) of the Corporations Act; and

- (e) Papillon will ensure that each Papillon Shareholder will be given adequate notice advising it of its right to attend that hearing and providing it with sufficient information necessary for it to exercise that right.

#### **5.11 Employees**

In the event that B2Gold agrees to terminate on the Effective Date, or to cause Papillon to terminate on the Effective Date, certain of the current employees located at Papillon's Perth Office (other than those employees who enter into retention agreements or arrangements), B2Gold confirms that it will honour, or to cause Papillon to honour, all of the existing employment arrangements and agreements with such employees, including, without limitation, by paying to the individuals party to or subject to such arrangements and agreements, in each case, such amounts as are payable in respect of severance, change of control and other amounts owing to such individuals upon termination in accordance with such arrangements or agreements without consideration of the remaining term of any such agreement.

### **6 CONDUCT OF BUSINESS**

#### **6.1 Conduct of business by Papillon**

- (a) From the date of this agreement until the Implementation Date, Papillon must conduct its business, and must cause its Subsidiaries to conduct their respective businesses, in the ordinary course of business consistent with past practice, including making all reasonable efforts to:
- (i) maintain its business and assets;
  - (ii) maintain the insurance (or reinsurance) policies of the Papillon Group;
  - (iii) other than as a result of retirement, redundancy, non-renewal of contracts or resignation in the ordinary course, keep available the services of its directors, officers and key employees for the operations of the Papillon Group;
  - (iv) maintain and preserve their relationships with Government Agencies, customers, suppliers, licensors, licensees and others having business dealings with a member of the Papillon Group (including, using reasonable endeavours to obtain consents from Third Parties to any change of control provisions which B2Gold reasonably requests in contracts or arrangements to which a member of the Papillon Group is a party); and
  - (v) not enter into any lines of business or other activities in which members of the Papillon Group are not engaged as of the date of this agreement,
- except:
- (vi) as may be required or contemplated by this agreement or to the Scheme; or

- (vii) as may be undertaken with the prior approval of B2Gold, such approval not to be unreasonably withheld or delayed.
- (b) Notwithstanding clause 6.1(a), Papillon must not, and ensure that its Subsidiaries do not:
- (i) increase the remuneration of or pay any bonus (excluding sales commission under existing sales commission arrangements) or issue any securities or options to, or otherwise vary the employment agreements with, any of its directors or any employees with an existing annual total fixed remuneration greater than A\$100,000 (Senior Executive);
  - (ii) accelerate the rights of any of its directors or Senior Executives to benefits of any kind;
  - (iii) pay a director or Senior Executive a termination payment, other than as provided for in an existing employment contract in place as at the date of this agreement and a copy of which has previously been disclosed to B2Gold;
  - (iv) enter into any enterprise bargaining agreement or industrial instrument or long term supply agreement with a term of more than 12 months other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this agreement and which have been disclosed in writing to B2Gold prior to the date of this agreement;
  - (v) give or agree to give a financial benefit to a related party of Papillon other than in accordance with the exceptions set out in Chapter 2E of the Corporations Act;
  - (vi) amend in any material respect any arrangement with its Financial Advisors in respect of the transactions contemplated by this agreement;
  - (vii) enter into any new financing arrangements in excess of \$2,000,000 in aggregate;
  - (viii) except pursuant to an agreement with a Financial Advisor that was entered into prior to the date hereof, pay any fee to any adviser where such fee is contingent on completion of the Transaction;
  - (ix) take any action that would be reasonably expected to give rise to a Papillon Prescribed Occurrence;
  - (x) modify the rules of any option plan in respect of, or the terms of issue of, the Papillon Options;
  - (xi) take any action:

- (A) in respect of its information technology systems which would have a material adverse impact on those systems; or
- (B) in respect of its distribution and logistics arrangements which would have a material adverse impact on those arrangements;
- (xii) satisfy or settle any Claim, dispute, liability or obligation, except such as have been included in the Papillon Financial Statements or which constitutes a Claim between Papillon and the Papillon Group;
- (xiii) grant any waiver, exercise any option or relinquish any material contractual rights; or
- (xiv) enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales or other similar financial instruments; or
- (xv) agree to do any of the matters set out above,  
except:
  - (xvi) with the prior written consent of B2Gold; or
  - (xvii) as required by law or under this agreement or the Scheme.

## 6.2 Transaction implementation and access to information

- (a) From the date of this agreement until the Implementation Date:
  - (i) Papillon must:
    - (A) provide B2Gold with reasonable access to such officers, documents, records and other information which B2Gold or its Related Entities reasonably require for the purposes of:
      - (I) understanding the Papillon Group's financial position, prospects and affairs including its cash flow and working capital position;
      - (II) implementation of the Scheme; and
      - (III) preparing for carrying on the business of the Papillon Group following implementation of the Scheme; and
    - (B) without limiting clause 6.2(a)(i)(A), provide B2Gold with:
      - (I) monthly management reports; and
      - (II) details of any material agreements that are proposed to be entered into during that period.
  - (ii) B2Gold must:

- (A) provide Papillon with reasonable access to such officers, documents, records and other information which Papillon or its Related Entities reasonably require for the purposes of:
- (I) understanding the B2Gold Group's financial position, prospects and affairs including its cash flow and working capital position; and
  - (II) implementation of the Scheme.
- (b) The rights and obligations of the parties under this clause 6.2 are subject to the terms of the Confidentiality Agreement.
- (c) Nothing in this clause 6.2 requires Papillon or B2Gold to act at the direction of the other. The business of each party and their Subsidiaries will continue to operate independently of the other until the Implementation Date.

### **6.3 Conduct of Business by B2Gold**

- (a) From the date of this agreement until the Implementation Date, B2Gold must conduct its business, and must cause its Subsidiaries to conduct their respective businesses, in the ordinary course of business consistent with past practice, including making all reasonable efforts to:
- (i) maintain its business and assets;
  - (ii) maintain the insurance (or reinsurance) policies of B2Gold;
  - (iii) maintain and preserve their relationships with Government Agencies, customers, suppliers, licensors, licensees and others having business dealings with B2Gold; and
  - (iv) not enter into any lines of business or other activities in which B2Gold is not engaged as of the date of this agreement,
- except:
- (v) as may be required or contemplated by this agreement or to the Scheme; or
  - (vi) as may be undertaken with the prior approval of Papillon, such approval not to be unreasonably withheld or delayed.

## **7 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

### **7.1 B2Gold's representations and warranties**

B2Gold represents and warrants to Papillon each of the B2Gold Representations and Warranties.

## **7.2 Qualifications on B2Gold Warranties**

The B2Gold Representations and Warranties under clause 7.1 and Schedule 3 are subject to matters that have been fully and fairly disclosed in:

- (a) the B2Gold Diligence Materials; and
- (b) the B2Gold Disclosure Letter.

## **7.3 Papillon's representations and warranties**

Papillon represents and warrants to B2Gold each of the Papillon Representations and Warranties.

## **7.4 Qualifications on Papillon Warranties**

The Papillon Representations and Warranties under 7.3 and Schedule 3 are subject to matters that have been fully and fairly disclosed in:

- (a) the Papillon Diligence Materials; and
- (b) the Papillon Disclosure Letter.

## **7.5 No Survival of representations**

Each representation and warranty referred to in clauses 7.1 and 7.3 merges on termination of this agreement or completion of the Scheme.

## **7.6 Timing of representation and warranties**

Each representation and warranty made or given under clauses 7.1 or 7.3 is given:

- (a) at the date of this agreement; and
- (b) at 8.00am on the Second Court Date; or

where expressed to be given at a particular time, at that time.

## **7.7 Liability of directors and officers**

- (a) Each party agrees that it will release its rights against, and will not make any claim against, any past or present director or employee of the other in relation to information provided to it or in relation to its entry into this agreement. In this clause 7.7(a), the reference to any past or present director or employee of the other refers to any past or present director or employee of the B2Gold Group or the Papillon Group.
- (b) Each party holds the releases in clause 7.7(a) in respect of its directors and employees as trustee for its past and present directors and employees.

- (c) B2Gold must procure that each member of the Papillon Group preserve the indemnities and other rights under the deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time, and in particular, must not take any action which would prejudice or adversely affect any directors' and officers' run-off insurance cover taken out prior to the Implementation Date.

## **8 TERMINATION RIGHTS**

### **8.1 Termination events**

Without limiting any other provision of this agreement:

- (a) either party (non-defaulting party) may terminate this agreement by notice in writing to the other party:
- (i) if the Sunset Date has passed before the Transaction has been implemented (other than as a result of a breach by the terminating party of its obligations under this agreement);
  - (ii) if each of the following has occurred:
    - (A) the other party (defaulting party) is in breach of a material provision of this agreement (other than for breach of a representation or warranty in clauses 1 or 2 of Schedule 3) at any time prior to 8.00am on the Second Court Date;
    - (B) the non-defaulting party has given notice to the defaulting party setting out the relevant circumstances of the breach and stating an intention to terminate the agreement; and
    - (C) the relevant circumstances have continued to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) from the time the notice in clause 8.1(a)(ii)(B) is given;
  - (iii) if the required majorities of Papillon Shareholders do not approve the Scheme at the Scheme Meeting;
  - (iv) if the required majority of B2Gold Shareholders do not approve the B2Gold Resolutions;
  - (v) if a Court or other Regulatory Authority has issued an order, decree or ruling or taken other action that permanently restrains or prohibits the Transaction and that order, decree, ruling or other action has become final and cannot be appealed; or
  - (vi) in accordance with clause 3.8(b); or

- (b) B2Gold may terminate this agreement by notice in writing to Papillon if at any time prior to 8:00am on the Second Court Date:
  - (i) Papillon breaches any representation or warranty in clause 1 of Schedule 3 and:
    - (A) the breach:
      - (I) cannot be remedied by subsequent action on the part of Papillon before 8.00am on the Second Court Date; and
      - (II) was of a kind that, had it been disclosed to B2Gold prior to its entry into this agreement, could reasonably be expected to have resulted in B2Gold either not entering into this agreement or entering into it on materially different terms; or
    - (B) the breach amounts to, results in, or discloses anything, that could reasonably be expected to amount to a Papillon Material Adverse Event;
  - (ii) a Papillon Director fails to recommend the Scheme or the Transaction or makes or withdraws his recommendation that Papillon Shareholders vote in favour of the Scheme or makes a public statement indicating that he or she no longer supports the Scheme;
  - (iii) a Papillon Prescribed Occurrence occurs prior to 8:00am on the Second Court Date;
  - (iv) the Papillon Board recommends a Superior Offer for Papillon; or
  - (v) a Competing Proposal for Papillon is announced, made, or becomes open for acceptance and, pursuant to that Competing Proposal for Papillon, the bidder for Papillon acquires voting power (within the meaning of section 610 of the Corporations Act) of 50% or more of Papillon and that Competing Proposal for Papillon is (or has become) free from any defeating conditions.
- (c) Papillon may terminate this agreement by notice in writing to B2Gold if:
  - (i) at any time prior to 8.00am on the Second Court Date, B2Gold breaches any representation or warranty in clause 2 of Schedule 3 and:
    - (A) the breach:
      - I. cannot be remedied by subsequent action on the part of B2Gold before 8.00am on the Second Court Date; and

II. was of a kind that, had it been disclosed to Papillon prior to its entry into this agreement, could reasonably be expected to have resulted in Papillon either not entering into this agreement or entering into it on materially different terms; or

(B) the breach amounts to, results in, or discloses anything, that could reasonably be expected to amount to a B2Gold Material Adverse Event;

(ii) at any time prior to the date of the Scheme Meeting, a majority of the Papillon Directors have changed, withdrawn or modified their recommendation in accordance with clause 5.6(a)(ii)(B);

(iii) a B2Gold Director fails to recommend the B2Gold Resolutions or the Transaction or makes or withdraws his recommendation that B2Gold Shareholders vote in favour of the B2Gold Resolutions or makes a public statement indicating that he or she no longer supports the B2Gold Resolutions or the Transaction;

(iv) in order to permit the Papillon Board to recommend a Superior Offer; or

(v) a B2Gold Prescribed Occurrence occurs prior to 8:00am on the Second Court Date.

## 8.2 Notice of breach

Each party must give notice to the other as soon as practicable after it becomes aware of a breach by it of this agreement (including in respect of any representation or warranty).

## 8.3 Termination right

(a) Any right to terminate this agreement under clauses 8.1(a), 8.1(b) or 8.1(b) that arises before the Second Court Date ceases at 8.00am on the Second Court Date.

(b) Subject to clause 8.3(a), any right to terminate this agreement ceases when the Scheme becomes Effective.

## 8.4 Effect of termination

(a) If a party terminates this agreement, each party will be released from all further obligations under this agreement other than under clauses 1, 3.8(c), 9, 11, 12, 13 and 14.

(b) Termination of this agreement does not affect any accrued rights or remedies of a party (including in respect of any past breach of this agreement by the other party).

## 9 PUBLIC ANNOUNCEMENTS

### 9.1 Announcement of transaction

- (a) Immediately after the execution of this agreement, Papillon and B2Gold must issue public announcements in a form agreed to in writing between them, each party acting reasonably.
- (b) The Papillon announcement must include a unanimous recommendation by the Papillon Board to Papillon Shareholders that, in the absence of a Superior Offer and subject to any negative conclusion in the Independent Expert's Report, Papillon Shareholders vote in favour of the Scheme and that all the members of the Papillon Board will vote (or will procure the voting of) all Papillon Shares held by or on behalf of a member of the Papillon Board in favour of the Scheme.
- (c) The B2Gold announcement must include a unanimous recommendation by the B2Gold Board to the B2Gold Shareholders that B2Gold Shareholders vote in favour of the B2Gold Resolutions and that all the respective members of the B2Gold Board will vote (or will procure the voting of) all B2Gold Shares held by or on behalf of a member of the B2Gold Board in favour of the B2Gold Resolutions.

### 9.2 Public announcements

- (a) Subject to clause 9.2(b), no public announcement or disclosure in relation to the Transaction or any subject matter thereof, or any other transaction the subject of this agreement or the Scheme (including any staff or client announcements or presentations) may be made other than in a form approved by each party (acting reasonably), but each party must use all reasonable efforts to provide such approval as soon as practicable.
- (b) Where a party is required by law and/or the Listing Rules, the listing rules of the TSX or NYSE MKT or pursuant to Canadian securities laws to make any announcement or make any disclosure in relation to the Transaction or any other transaction the subject of this agreement or the Scheme, it may do so only after it has given as much notice as possible to, and has consulted (to the fullest extent reasonable in the circumstances) with the other party prior to making the relevant disclosure.
- (c) B2Gold and Papillon agree to consult with each other in advance in relation to:
  - (i) overall communication plans;
  - (ii) approaches to Papillon Shareholders, holders of Papillon Options and B2Gold Shareholders;
  - (iii) approaches to the media; and
  - (iv) written presentations,

including to provide each other a reasonable advance opportunity to comment, to ensure that the information used in clauses (i) to (iv) above is consistent with the information in the Scheme Booklet.

### **9.3 Statements on termination**

The parties must act in good faith and use all reasonable endeavours to issue agreed statements in respect of any termination of this agreement and, to that end but without limitation, clause 9.2 applies to any such statements or disclosures.

## **10 EXCLUSIVITY**

### **10.1 No-shop**

During the Exclusivity Period, Papillon must ensure that none of it, its Subsidiaries, or any of its or their Representatives directly or indirectly:

- (a) solicits, invites, facilitates, encourages or initiates any enquiries, negotiations, discussions or proposals;
- (b) subject to clause 10.7, provides or makes available any information (including by way of providing information and access to perform due diligence on the Papillon Group);
- (c) subject to clause 10.7, enter into any agreement, arrangement or understanding (whether or not in writing and whether or not legally binding); or
- (d) communicates any intention to do any of these things,

in relation to, or which may reasonably be expected to lead to, a Competing Proposal.

### **10.2 No-talk**

During the Exclusivity Period, but subject to clause 10.7, Papillon must ensure that none of it, its Subsidiaries, or any of its or their Representatives directly or indirectly:

- (a) initiates, negotiates or enters into or participates in negotiations or discussions with any person; or
- (b) communicates any intention to do any of these things,

in relation to, or which may reasonably be expected to lead to:

- (c) a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, encouraged or initiated by Papillon or any of its Representatives or the person has publicly announced the Competing Proposal; or
- (d) the Transaction not completing.

### 10.3 Due diligence information

During the Exclusivity Period, Papillon must ensure that none of it, its Subsidiaries, or any of its or their Representatives in relation to a Competing Proposal:

- (a) solicits, invites, initiates, encourages, or subject to clause 10.7, facilitates any party other than B2Gold to undertake due diligence investigations on Papillon, the Papillon Group or their respective businesses and operations; or
- (b) subject to clause 10.7, makes available to any other person or permits any other person to receive (in the course of due diligence investigations or otherwise) any non public information relating to Papillon, any member of the Papillon Group or their respective businesses and operations.

### 10.4 Notification of approaches

- (a) During the Exclusivity Period, Papillon must promptly notify B2Gold in writing if it, its Subsidiaries or any of its or their Representatives becomes aware of:
  - (i) any approach, inquiry or proposal made to, and any attempt or any intention on the part of any person to initiate or continue any negotiations or discussions with Papillon or any of its Representatives with respect to, or that could reasonably be expected to lead to, any Competing Proposal, whether unsolicited or otherwise;
  - (ii) any proposal whether written or otherwise made to Papillon, its Representatives or any of its Subsidiaries or their Representatives, in connection with, or in respect of any exploration or consummation of, a Competing Proposal or a proposed or potential Competing Proposal, whether unsolicited or otherwise;
  - (iii) any request for information relating to Papillon or any member of the Papillon Group or any of their businesses or operations or any request for access to the books or records of Papillon or any member of the Papillon Group, which Papillon has reasonable grounds to suspect may relate to a current or future Competing Proposal;
  - (iv) any intention by Papillon or any of its Representatives to provide any information relating to Papillon, any member of the Papillon Group or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Proposal in reliance on clause 10.7;
  - (v) any action by Papillon or any of its Representatives, or any intention of Papillon or any of its Representatives to take any action, in reliance on clause 10.7 (including under clause 10.4(a)(iv)); or
  - (vi) any breach of this clause 10.4.

- (b) A notice given under this clause 10.4 must be accompanied by all material details of the relevant event, including:
- (i) the identity of the person or persons taking any action referred to in clause 10.4(a)(i) or 10.4(a)(ii) or on whose behalf any such action was taken or any person to whom Papillon intends to provide information under clause 10.4(a)(iii) (Third Party Bidder);
  - (ii) the terms and conditions of any Competing Proposal or any proposed Competing Proposal (to the extent known); and
  - (iii) the circumstances in which any information is provided to the Third Party Bidder.

#### **10.5 Access to information**

- (a) Where, in reliance on clause 10.7, and subject to applicable law, the Papillon Group or any member of the Papillon Group or any of their Representatives proposes to provide any information relating to the Papillon Group to any Third Party Bidder in connection with or for the purposes of a current or future Competing Proposal, it must, to the extent that B2Gold has not previously been provided with the information, provide B2Gold with a complete copy of that information at the same time as it is provided to the Third Party Bidder.
- (b) Nothing in this clause 10 prevents Papillon or any of its Representatives from:
- (i) providing information to its Representatives;
  - (ii) providing information required to be provided by law, a Court or any Regulatory Authority; or
  - (iii) making presentations to brokers, portfolio investors and analysts in the ordinary and usual course of business.

#### **10.6 Papillon's response to Third Party Bidder and B2Gold's right to respond**

- (a) If Papillon is permitted by virtue of clause 10.7 to engage in activity that would otherwise breach clauses 10.2 and 10.3(b), Papillon must enter into a confidentiality agreement with the Third Party Bidder which is on terms no less onerous to the Third Party Bidder than the Confidentiality Agreement is to B2Gold.
- (b) Without prejudice to B2Gold's rights under this clause 10, if at any time during the Exclusivity Period any Papillon Director wishes to approve or recommend entry into any agreement, commitment, arrangement or understanding relating to a Competing Proposal (other than a confidentiality agreement contemplated by clause 10.6(a)), Papillon must ensure that he or she does not do so:

- (i) unless the Competing Proposal is bona fide and, assuming that the Competing Proposal is implemented, it would mean a person (other than B2Gold) would directly or indirectly acquire 100% of the Papillon Group; and
- (ii) until each of the following has occurred:
  - (A) the Papillon Directors have made the determination contemplated by clause 10.7(b)(ii) in respect of that Competing Proposal;
  - (B) Papillon has given B2Gold notice in writing of its intention to enter into an agreement, commitment, arrangement or understanding relating to that Competing Proposal, subject to B2Gold's rights under clause 10.6(c);
  - (C) B2Gold's rights under clause 10.6(c) have been exhausted;
  - (D) the Papillon Directors have made the determination contemplated by clause 10.7(b)(ii) in respect of that Competing Proposal after B2Gold's rights under clause 10.6(c) have been exhausted and after evaluation of any Counterproposal; and
  - (E) that Competing Proposal has been publicly announced by that person.
- (c) If Papillon gives notice to B2Gold under clause 10.6(b)(ii)(B), B2Gold will have the right, but not the obligation, at any time during the period of 5 Business Days following receipt of the notice, to:
  - (i) offer to amend the terms of the Scheme;
  - (ii) make a takeover bid for Papillon; or
  - (iii) propose any other form of transaction,(each a Counterproposal), and if it does so then Papillon and the Papillon Directors must review the Counterproposal in good faith. If the Counterproposal would be more favourable to Papillon and Papillon Shareholders than the Competing Proposal (having regard to the matters noted in clause 10.7(b)(ii)), then:
  - (iv) if the Counterproposal contemplates an amendment to the Scheme, the parties must enter into an amended agreement in relation to the Scheme reflecting the Counterproposal; or
  - (v) if the Counterproposal contemplates any other form of transaction, Papillon must announce promptly to the market that the Papillon Directors unanimously recommend the Counterproposal, and the parties must pursue implementation of the Counterproposal in good faith.

- (d) Where at any time before the Scheme Meeting, a Counterproposal is received in accordance with clause 10.6(c) then, subject to applicable laws, at B2Gold's request, Papillon will:
- (i) apply to the Court for an order adjourning the Scheme Meeting to a date acceptable to B2Gold, acting reasonably, which (where the Counterproposal involves a revision to the terms of the Scheme) must not be later than 10 Business Days after the scheduled date of the Scheme Meeting; and
  - (ii) if B2Gold and Papillon amend the terms of this agreement pursuant to clause 10.6(c)(iv) or the Papillon Directors unanimously recommend the Counterproposal under clause 10.6(c)(v) the parties must ensure that the details of such amended agreement or recommended Counterproposal are communicated to the Papillon Shareholders as soon as practicable and in any event before the resumption of the adjourned Scheme Meeting.
- (e) For the purposes of this clause 10.6, each successive modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal.

#### **10.7 Fiduciary and other carve-out**

The restrictions in clauses 10.2 and 10.3 do not apply to the extent that:

- (a) in response to an approach by a third party, Papillon writes to that third party in the following terms (but does not otherwise breach this clause 10):
- “Under the scheme implementation agreement signed by Papillon and B2Gold, Papillon can only participate in negotiations or discussions with you, or make information available to you, if you propose a competing transaction that meets certain criteria and the Papillon Directors determine in good faith and acting reasonably, after taking advice, that failing to respond to a bona fide competing transaction would more likely than not constitute a breach of their fiduciary or statutory obligations. For further information, we refer you to the announcement made by Papillon and B2Gold on [insert date].”; or
- (b) they restrict Papillon or the Papillon Directors from taking or refusing to take any action with respect to a Competing Proposal (in relation to which there has been no contravention of this clause 10) provided:
- (i) the Competing Proposal is bona fide and is made in writing by or on behalf of a person that each of the Papillon Directors consider is of reputable commercial standing; and
  - (ii) the Papillon Directors have determined in good faith and acting reasonably:

- (A) the Competing Proposal is a Superior Offer, and
- (B) after having received advice from its external legal adviser practising in the area of corporate law,

that failing to respond to such a bona fide Competing Proposal would more likely than not constitute a breach of the Papillon Directors' fiduciary duties or statutory obligations.

#### **10.8 No current discussions**

Papillon represents and warrants to B2Gold that, as at the date of this agreement, neither it nor any of its Representatives:

- (a) is participating, directly or indirectly, in any discussions or negotiations with a third party that concern, or that could reasonably be expected to lead to, a Competing Proposal for that party; or
- (b) is a party to any agreement, arrangement or understanding with a third party in relation to a Competing Proposal for it or a possible Competing Proposal that would prevent it entering into this agreement or complying with its obligations under this agreement.

#### **10.9 Legal advice**

Papillon represents and warrants that:

- (a) prior to entering into this agreement it has received legal advice on this agreement and the operation of this clause 10; and
- (b) it and the Papillon Board consider this clause 10 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 10 in order to secure the significant benefits to it, and Papillon Shareholders, resulting from the Transaction.

### **11 REIMBURSEMENT FEES**

#### **11.1 B2Gold**

##### **(a) B2Gold Declaration**

B2Gold represents and warrants to Papillon that it would not have entered into this agreement without the benefit of this clause 11.1 and it would not have entered into and continued the negotiations and conducted due diligence into Papillon leading up to this agreement unless B2Gold had a reasonable expectation that Papillon would agree to enter into a clause of this kind.

##### **(b) Acknowledgments**

- (i) Papillon acknowledges that B2Gold has incurred:

- (A) significant external advisory costs;
- (B) out of pocket expenses, including air fares and hotel accommodation;
- (C) commitment fees and other financing costs; and
- (D) reasonable opportunity costs incurred by B2Gold in pursuing the Transaction or in not pursuing other alternative acquisitions or strategic initiatives,

in relation to the Transaction and will incur further costs if the Transaction is not successful (B2Gold Costs).

(ii) Papillon represents and warrants that:

- (A) prior to entering into this agreement it has received legal advice on this agreement and the operation of this clause 11.1;
- (B) it has clear documentary evidence supporting the Papillon Board's detailed consideration of this agreement and this clause 11.1 in particular; and
- (C) it and the Papillon Board considers this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11.1 in order to secure the significant benefits to it, and Papillon Shareholders, resulting from the Transaction.

(c) **Agreement on B2Gold Costs**

The parties acknowledge that the amount of the B2Gold Costs is inherently unascertainable and that, even after termination of this agreement, the B2Gold Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the costs that B2Gold will suffer if the Transaction does not proceed, the parties agree that, for the purposes of this clause 11.1, the B2Gold Costs will be equal to the amount of the Papillon Reimbursement Fee Amount (it being acknowledged by the parties that the B2Gold Costs would most likely be significantly in excess of this amount).

(d) **Reimbursement of B2Gold Costs**

- (i) Subject to clause 11.1(d)(ii), Papillon agrees to pay to B2Gold the Papillon Reimbursement Fee Amount if at any time after execution of this agreement, any of the following events occur:
  - (A) any Papillon Director fails to recommend, or recommends against, qualifies their support of or withdraws its recommendation or approval of, the Transaction, in each case other than as a result of:

- (I) the Independent Expert opining that the Scheme is not in the best interests of Papillon Shareholders; or
    - (II) the fact that a B2Gold Material Adverse Event has occurred and is continuing;
  - (B) any Papillon Director recommends or promotes a Competing Proposal, including for greater certainty, making any determination under clause 10.6(b);
  - (C) the Court fails (taking into account all appeals) to approve the Scheme for the purposes of section 411(4)(b) of the Corporations Act as a result of a material non-compliance by Papillon with any of its obligations under this agreement;
  - (D) the Effective Date of the Scheme has not occurred prior to the Sunset Date as a consequence of:
    - (I) non-compliance by Papillon with any of its obligations under this agreement; or
    - (II) without limiting clause 11.1(d)(i)(D)(I), the Scheme Meeting not being held in a reasonably expeditious manner due to Papillon delaying the Scheme Meeting as a result of a Competing Proposal;
  - (E) a Competing Proposal is announced before the date of the Scheme Meeting, the Scheme is not approved by the Papillon Shareholders at the Scheme Meeting and, as contemplated by the Competing Proposal, a third party acquires voting power (within the meaning of section 610 of the Corporations Act) of 50% or more of Papillon within twelve months of the Competing Proposal being announced; or
  - (F) B2Gold terminates this agreement under clause 8.1(a)(ii) or 8.1(b)(i).
- (ii) For greater certainty, and notwithstanding anything in clause 11.1(d)(i), Papillon shall not be required to pay the Papillon Reimbursement Fee as a result of a breach of clause 5.1(cc) or the occurrence of a Papillon Prescribed Occurrence of the type set out in paragraph 21 of the definition of Papillon Prescribed Occurrence.
  - (iii) The payment of the Papillon Reimbursement Fee Amount to B2Gold provided for in this clause 11.1(d) must be made within five Business Days of receipt of a written demand for payment by B2Gold. The demand may only be made after the occurrence of an event referred to in clause 11.1(d)(i) and termination of this agreement.

## 11.2 Papillon

### (a) Papillon Declaration

Papillon represents and warrants to B2Gold that it would not have entered into this agreement without the benefit of this clause 11.2 and it would not have entered into and continued the negotiations and conducted due diligence into B2Gold leading up to this agreement unless Papillon had a reasonable expectation that B2Gold would agree to enter into a clause of this kind.

### (b) Acknowledgments

(i) B2Gold acknowledges that Papillon has incurred:

- (A) significant external advisory costs;
- (B) out of pocket expenses including air fares and hotel accommodation; and
- (C) reasonable opportunity costs incurred by Papillon in pursuing the Transaction or in not pursuing other alternative strategic initiatives,

in relation to the Transaction and will incur further costs if the Transaction is not successful (Papillon Costs).

(ii) B2Gold represents and warrants that:

- (A) it has received legal advice on this agreement and the operation of this clause 11.2;
- (B) it has clear documentary evidence supporting the B2Gold Board's detailed consideration of this agreement and this clause 11.2 in particular; and
- (C) it and the B2Gold Board considers this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11.2 in order to secure the significant benefits to it, and B2Gold Shareholders, resulting from the Transaction.

### (c) Agreement on Papillon Costs

The parties acknowledge that the amount of the Papillon Costs is inherently unascertainable and that, even after termination of this agreement, the Papillon Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the costs that Papillon will suffer if the Transaction does not proceed, the parties agree that, for the purposes of this clause 11.2, the Papillon Costs will be equal to the amount of the B2Gold Reimbursement Fee Amount (it

being acknowledged by the parties that the Papillon Costs would most likely be significantly in excess of this amount).

(d) **Reimbursement of Papillon Costs**

(i) B2Gold agrees to pay to Papillon the B2Gold Reimbursement Fee Amount if at any time after execution of this agreement, any of the following events occur:

(A) the B2Gold Board fails to unanimously recommend, or recommends against, qualifies their support of or withdraws its recommendation or approval of, the B2Gold Resolutions, in each case other than as a result of the fact that a Papillon Material Adverse Event has occurred and is continuing;

(B) the Court fails (taking into account all appeals) to approve the Scheme for the purposes of section 411(4)(b) of the Corporations Act as a result of a material non-compliance by B2Gold with any of its obligations under this agreement;

(C) the Effective Date of the Scheme has not occurred prior to the Sunset Date as a consequence of non-compliance by B2Gold with any of its obligations under this agreement;

(D) a proposal or offer in respect of B2Gold is announced before the date of the B2Gold Shareholders Meeting, the B2Gold Shareholders do not approve the B2Gold Resolutions at the B2Gold Shareholders Meeting and, as contemplated by the proposal, a third party acquires voting power (within the meaning of section 610 of the Corporations Act) of 50% or more of B2Gold within twelve months of the proposal being announced; or

(E) Papillon terminates this agreement under clause 8.1(a)(ii) or 8.1(c)(i).

(ii) The payment of the B2Gold Reimbursement Fee Amount to Papillon provided for in this clause 11.2(d) must be made within five Business Days of receipt of a written demand for payment by Papillon. The demand may only be made after the occurrence of an event referred to in clause 11.2(d)(i) and termination of this agreement.

(e) **No amounts payable**

(i) Notwithstanding the occurrence of any event in 11.1(d) or 11.2(d), no B2Gold Reimbursement Fee or Papillon Reimbursement Fee is payable once the Scheme becomes Effective.

(ii) No Papillon Reimbursement Fee is payable by B2Gold if the B2Gold Shareholders do not approve the B2Gold Resolutions.

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- (iii) No B2Gold Reimbursement Fee is payable by Papillon if the Papillon Shareholders do not approve the Scheme.

(f) **Compliance with law**

- (i) If a court or the Takeovers Panel determines that any part of the B2Gold Reimbursement Fee or Papillon Reimbursement Fee:

- (A) constitutes or would, if performed, constitute:

- (I) a breach of the fiduciary or statutory duties of the Papillon Board or B2Gold Board, as appropriate; or
- (II) unacceptable circumstances within the meaning of the Corporations Act; or

- (B) is unenforceable or would, if paid, be unlawful for any reason,

then Papillon or B2Gold (as appropriate) will not be obliged to pay such part of the B2Gold Reimbursement Fee or Papillon Reimbursement Fee and, if such fee has already been paid, then the relevant part or parties must within 5 Business Days after receiving written demand from the other party or parties refund that part of the B2Gold Reimbursement Fee or Papillon Reimbursement Fee.

- (ii) If in Takeovers Panel proceedings described in clause 11.2(f)(i), the Takeovers Panel indicates to a party that in the absence of a written undertaking pursuant to section 201A of the Australian Securities and Investments Commission Act 2001 (Cth) it will make a declaration of unacceptable circumstances, each of the parties (as the case may be) may give that undertaking on their own behalf and must give reasonable consideration to giving that undertaking if requested by the other parties. Where such undertakings are given, this clause 11 will operate in a manner consistent with the terms of such undertakings.

### 11.3 Claims

For greater certainty, each party agrees that, upon termination of this agreement under circumstances where Papillon or B2Gold is entitled to a Papillon Reimbursement Fee Amount or a B2Gold Reimbursement Fee Amount, as applicable, and such fee is paid in full, Papillon or B2Gold, as the case may be, shall be precluded from any other remedy against the other party at law or in equity or otherwise (including, without limitation, an order for specific performance), and shall not seek to obtain any recovery, judgment or damages of any kind, including consequential, indirect or punitive damages, against the other party or any of its Subsidiaries or any of the respective directors, officers, employees, partners, managers, members, shareholders or affiliates or their respective representatives in connection with this agreement or the transactions contemplated hereby, provided, however that a payment by a party of a fee shall not be in lieu of any damages or any other payment or remedy available in the event of any wilful or intentional breach by such party of any of its obligations under this agreement.

**12 GST**

**12.1 Interpretation**

In this clause 12 and the rest of this agreement, a word or expression defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth) has the meaning given to it in that Act.

**12.2 GST exclusive**

- (a) Any consideration or amount payable under this agreement, including any non-monetary consideration (as reduced in accordance with clause 12.2(e) if required) (Consideration) is exclusive of GST.
- (b) If GST is or becomes payable on a Supply made under or in connection with this agreement, an additional amount (Additional Amount) is payable by the party providing consideration for the Supply (Recipient) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (Supplier) in accordance with the GST Law.
- (c) The additional amount payable under clause 12.2(b) is payable at the same time and in the same manner as the consideration for the supply, subject to the provision of a valid Tax Invoice at or before that time. If a valid Tax Invoice is not provided at or before that time then the Additional Amount is only payable on receipt of a valid Tax Invoice.
- (d) If for any reason (including the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 12.2(b):
  - (i) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
  - (ii) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
  - (iii) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.
- (e) Despite any other provision in this agreement:
  - (i) if an amount payable under or in connection with this agreement (whether by way of reimbursement, indemnity or otherwise) is

calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (Amount Incurred), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred; and

- (ii) no Additional Amount is payable under clause 12.2(b) in respect of a Supply to which section 84-5 of the GST Act applies.
- (f) Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party and to which the Representative Member of a GST Group of which the party is a member is entitled.

## **13 NOTICES**

### **13.1 Service of notices**

A notice, demand, consent, approval or communication under this agreement (Notice) must be:

- (a) in writing and in English directed to the recipient's address for notices specified in the Details, as varied by any Notice; and
- (b) hand delivered or sent by facsimile to that address.

### **13.2 Effective on receipt**

A Notice given in accordance with clause 13.1 takes effect when received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery; or
- (b) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission, the recipient informs the sender that it has not received the entire Notice,

but if the delivery or transmission under clause 13.2(a) or 13.2(b) is not on a Business Day or after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the Business Day after that delivery, receipt or transmission.

## **14 GENERAL**

### **14.1 Alterations**

This agreement may be altered only in writing signed by each party.

### **14.2 Approvals and consents**

Except where this agreement expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this agreement.

#### **14.3 Assignment**

A party may only assign this agreement or a right under this agreement with the prior written consent of each other party.

#### **14.4 Entire agreement**

This agreement and the Confidentiality Agreement contain the entire agreement between the parties as at the date of this agreement with respect to their subject matter and supersede all prior agreements and understandings between the parties in connection with them.

#### **14.5 Costs and stamp duty**

- (a) Except as otherwise provided in this agreement, each party must pay its own costs of negotiating, preparing, executing and performing this agreement and the Scheme Booklet and the proposed, attempted or actual implementation of this agreement and the Scheme.
- (b) Any stamp duty payable on the transfer of Papillon Shares to B2Gold under the Scheme must be paid by B2Gold.

#### **14.6 Counterparts**

This agreement may be executed in counterparts. All executed counterparts constitute one document.

#### **14.7 Merger**

The rights and obligations of the parties under this agreement merge on completion of any transaction contemplated by this agreement.

#### **14.8 Severability**

A term or part of a term of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining terms or part of a term of this agreement continue in force.

#### **14.9 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

#### **14.10 Relationship**

Except where this agreement expressly states otherwise, this agreement does not create a relationship of employment, trust, agency or partnership between the parties.

#### **14.11 No representation or reliance**

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;
- (b) it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and
- (c) clauses 14.11(a) and 14.11(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

#### **14.12 Governing law and jurisdiction**

This agreement is governed by the law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

#### **14.13 Specific performance**

The parties acknowledge that monetary damages alone would not be adequate compensation for a breach by any party of an obligation under this agreement and that specific performance of that obligation is an appropriate remedy.

#### **14.14 Effect of agreement**

- (a) This agreement supersedes any previous understandings or agreements between the parties concerning the subject matter of this agreement.
- (b) Despite clause 14.14(a), the Confidentiality Agreement continues to apply to the parties in accordance with its terms.

#### **14.15 Mutual further assurances**

Each party must do all things necessary or expedient to be done by it in connection with the matters referred to in this agreement.

## Schedule 1

Timetable – Not reproduced here.

## Schedule 2

Scheme – Not reproduced here. Refer to Annexure 4 of the Scheme Booklet.

## Schedule 3

### Representations and Warranties

#### Schedule 3 – Representations and Warranties

#### 1. Papillon representations and warranties

Papillon represents and warrants to B2Gold that subject in each case to the Papillon Disclosure Letter:

- (a) **incorporation:** it is a body corporate validly existing under the laws of its place of incorporation and each member of the Papillon Group is a corporation validly existing under the laws of its place of incorporation;
- (b) **organization:** all of the issued and outstanding shares and other ownership interests in each Subsidiary and Related Entity in the Papillon Group have been duly authorized and validly issued, and are fully paid and non-assessable (where such concept exists under the laws governing such Related Entity); all of the issued and outstanding shares of each Subsidiary and Related Entity in the Papillon Group are owned, directly or indirectly, by Papillon; and except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the applicable Subsidiary or Related Entity in the Papillon Group, the issued and outstanding shares of each Subsidiary and Related Entity in the Papillon Group are owned free and clear of all encumbrances and Papillon is not liable to any creditor in respect thereof;
- (c) **corporate power:** it has the corporate power to enter into and perform or cause to be performed its obligations under this agreement and to carry out the transactions contemplated by this agreement;
- (d) **corporate authorisations:** it has taken all necessary corporate action to authorise the entry into of this agreement and the Scheme and, subject to Papillon Shareholders approving the Scheme, has taken all necessary corporate action to authorise the performance of this agreement and the Scheme and to carry out the transactions contemplated by this agreement and the Scheme;
- (e) **binding obligations:** subject to laws generally affecting creditors' rights and principles of equity, this agreement is valid and binding upon it;

(f) **issued securities:** the issued Papillon securities and rights to be issued Papillon securities as of the date of this agreement are:

- (i) 341,794,210 Papillon Shares;
- (ii) 13,800,000 Papillon Options, and
- (iii) 4,932,000 Performance Rights.

and Papillon has not issued, or agreed to issue, any other securities or instruments which are still in force and may convert into Papillon Shares or any other securities in Papillon; all issued and outstanding Papillon Shares have been duly authorized and are validly issued and outstanding as fully paid, free of pre-emptive rights; there are no outstanding bonds, debentures or other evidences of indebtedness of Papillon or any other member of the Papillon Group having the right to vote with the Papillon Shareholders on any matter; there are no outstanding contractual obligations of Papillon or any other member of the Papillon Group to repurchase, redeem or otherwise acquire any outstanding Papillon Shares or with respect to the voting or disposition of any outstanding Papillon Shares; and none of Papillon or any of the Papillon Group is party to any shareholder, pooling, voting trust or similar agreement relating to its issued and outstanding securities;

(g) **no default:** this agreement does not conflict with or result in the breach of or default under any provision of Papillon's constitution, any material term or provision of any material agreement, or any writ, order or injunction, judgement, law, rule, regulation or instrument to which Papillon or any member of the Papillon Group is party or subject to;

(h) **books and records:** the corporate records and minute books of Papillon and each member of the Papillon Group have been maintained in accordance with all applicable laws and are complete and accurate, except where such incompleteness or inaccuracy would not omit material information required to be included;

(i) **contracts and commitments:** Papillon and each other member of the Papillon Group has performed in all material respects all their respective obligations required to be performed by them to date under the material contracts to which Papillon or any of the Papillon Group is a party or by which it is bound. None of Papillon or any other member of the Papillon Group is in breach or default under any material contract to which it is a party or bound, and Papillon does not have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default, except in each case where any such breach or default would not, individually or in the aggregate, reasonably be expected to result in, or result in, a Papillon Material Adverse Event. None of Papillon or any of the Papillon Group knows of, or has received written notice of, any breach or default under (and, to the knowledge of Papillon, no condition exists that with the passage of time or the giving of notice or both would result in such a breach or default under) any such material contract by any other party thereto except where any such violation or default would not, individually or in the aggregate, reasonably be expected to result in, or result in, a Papillon Material Adverse Event. All contracts that are material to the Papillon Group, taken as a whole, are with Papillon or a member of the Papillon Group. All material contracts to which Papillon or any of the Papillon Group is a party or by which it is bound: (i) are valid, binding, in full force and effect in all material respects and enforceable by Papillon or any of the

Papillon Group in accordance with their respective terms, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgments and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the courts from which they are sought; and (ii) except where consent is required to satisfy a Condition Precedent, do not, by their terms, require the consent of any of the parties thereto to the Scheme or the Transaction.

- (j) **financial matters:** the Papillon Financial Statements were prepared in accordance with applicable accounting principles, consistently applied, and fairly present in all material respects the consolidated financial condition of Papillon at the respective dates indicated and the results of operations of Papillon for the periods covered on a consolidated basis; none of Papillon or any of the Papillon Group has any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for taxes other than taxes not yet due), whether accrued, absolute, contingent or otherwise, not reflected in the Papillon Financial Statements for the fiscal year ended June 30, 2013, except liabilities and obligations incurred in the ordinary course of since June 30, 2013, which liabilities or obligations relate to budgeted expenditures disclosed to B2Gold or would not reasonably be expected to result in a Papillon Material Adverse Event;
- (k) **solvency:** no member of the Papillon Group is affected by an Insolvency Event;
- (l) **litigation:**
- (i) there are no actions, suits, arbitrations, legal or administrative proceedings pending or threatened against Papillon or any of the Papillon Group;
- (ii) neither Papillon nor any member of the Papillon Group is the subject of any pending or, to the knowledge of Papillon, threatened investigation; and
- (iii) neither Papillon nor any member of the Papillon Group nor the respective assets, properties or business of Papillon or any member of the Papillon Group is subject to any judgement, order, writ, injunction or decree of any court, Regulatory Authority or arbitration tribunal.
- (m) **Interests in mineral properties and mineral rights:**
- (i) applying customary standards in the mining industry, a member of the Papillon Group:
- A. is the sole legal and beneficial owner and has good and sufficient title, free and clear of any title defect or material encumbrances, to all of its interests in real property, including fee simple estates, leases, surface rights, rights of way, easements and licences from landowners or other authorities permitting the use of land but excluding the Mineral Rights (as defined below) (collectively, the “**Real Property**”), other than real property in respect of which it is the lessee, in which case it has a valid leasehold interest, and the Real Property permits the use of land by the relevant member of the Papillon Group necessary to permit the operation of their respective businesses as presently conducted or contemplated to be conducted; and

- B. holds all its mineral concessions, claims, leases, licenses, permits, access rights and other rights and interests necessary to explore for, develop, mine or produce minerals, ore or metals for development purposes on the Real Property (collectively, the “**Mineral Rights**”), free and clear of any material encumbrances, the Mineral Rights are sufficient to permit the operation of the respective businesses of the Papillon Group as presently conducted or contemplated to be conducted, and no member of the Papillon Group has any liability or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the Mineral Rights;
- (ii) applying customary standards in the mining industry, a member of the Papillon Group:
- A. has good and sufficient title, free and clear of any title defect or material encumbrances, to all of its interests in real property, including leases, surface rights, rights of way, easements and licences from landowners or other authorities permitting the use of land (collectively, the “**Papillon Property**”) and the Papillon Property permits the use of land by a member of the Papillon Group necessary to permit the operation of their respective businesses as presently conducted or contemplated to be conducted; and
- B. holds all its licenses, permits, access rights and other rights and interests necessary to produce metals on the Papillon Property (collectively, the “**Production Rights**”), free and clear of any material encumbrances, the Production Rights are sufficient to permit the operation of the respective businesses of such member of the Papillon Group as presently conducted or contemplated to be conducted, and no member of the Papillon Group has any liability or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the Production Rights;
- (iii) the Real Property and the Mineral Rights are in good standing under applicable laws and, to the knowledge of Papillon, all work required to be performed and filed in respect thereof has been performed and filed in all material respects, all taxes, rentals, fees, expenditures and other payments required to be made in respect thereof have been paid or incurred and all filings in respect thereof have been made;
- (iv) the Papillon Property and the Production Rights are in good standing under applicable laws and all work required to be performed and filed in respect thereof has been performed and filed in all material respects, all taxes, rentals, fees, expenditures and other payments required to be made in respect thereof have been paid or incurred and all filings in respect thereof have been made;
- (v) there is no material adverse claim against or challenge to the title to or ownership of any member of the Papillon Group, or their respective ownership of, the Real Property or any of the Mineral Rights;
- (vi) there is no material adverse claim against or challenge to the title to or ownership of any member of the Papillon Group, or their respective ownership of, the Papillon Property or any of the Production Rights;

- (vii) no person other than a member of the Papillon Group has any interest in the Real Property or any of the Mineral Rights or the production or profits therefrom or any royalty in respect thereof or any right to acquire any such interest;
  - (viii) no person other than a member of the Papillon Group has any interest in the Papillon Property or any of the Production Rights or the production or profits therefrom or any royalty in respect thereof or any right to acquire any such interest;
  - (ix) there are no back-in rights, earn-in rights, purchase options, rights of first refusal or similar provisions or rights that would affect the Papillon Group's interest in the Real Property or any of the Mineral Rights;
  - (x) there are no back-in rights, earn-in rights, purchase options, rights of first refusal or similar provisions or rights that would affect the Papillon Group's interest in the Papillon Property or any of the Production Rights;
  - (xi) there are no material restrictions on the ability of the Papillon Group to use, transfer or exploit the Real Property or any of the Mineral Rights, except pursuant to the applicable laws; and
  - (xii) there are no material restrictions on the ability of any member of the Papillon Group to use, transfer or exploit the Papillon Property or any of the Production Rights, except pursuant to the applicable laws;
- (n) **mineral reserves and resources:** the most recent estimated mineral reserves and mineral resources publicly disclosed by Papillon have been prepared and disclosed in all material respects in accordance with sound mining, engineering, geoscience, and other applicable industry standards, and in accordance with all applicable laws including, without limitation, the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, to its knowledge there has been no material reduction in the aggregate amount of estimated mineral resources at the Real Properties taken as a whole, from the amounts disclosed publicly by Papillon; all information regarding the Real Property and the Mining Rights, including all drill results, technical reports and studies that are required to be disclosed, have been disclosed by Papillon in accordance with applicable laws;
- (o) **insurance:** Papillon and the Papillon Group maintain policies of insurance with reputable insurers and in amounts covering such risks and with those deductibles as are adequate and usual for companies of a similar size operating in the mining industry; the policies and the coverage provided thereunder are in full force and effect and Papillon and the Papillon Group are in good standing under each policy; Papillon and the Papillon Group have not received notice of, nor have any knowledge of, any fact, condition or circumstance which might reasonably form the basis of any claim, dispute, action, litigation or similar proceeding against Papillon or the Papillon Group which is not in all material respects covered by insurance (subject to standard deductibles) maintained by it and which could reasonably be expected to result in a Papillon Material Adverse Event;
- (p) **environmental:** except to the extent that any violation or other matter referred to in this subsection would not reasonably be expected to result in a Papillon Material Adverse Event, individually or in the aggregate:

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- (i) Papillon and each member of the Papillon Group are and have been in compliance with, and are not in violation of, any Environmental Laws and none of Papillon or any of the Papillon Group has failed to report to the proper Regulatory Authority the occurrence of any event which is required to be so reported by any Environmental Laws;
  - (ii) Papillon and each member of the Papillon Group have operated their respective business at all times and have generated, received, handled, used, stored, treated, shipped and disposed of all contaminants, wastes, and hazardous and toxic substances without violation of Environmental Laws;
  - (iii) Papillon and each member of the Papillon Group hold the Environmental Approvals required under any Environmental Laws in connection with the operation of their respective businesses and the ownership and use including rehabilitation of their respective assets, all such Environmental Approvals are in full force and effect, and none of Papillon or any of the Papillon Group has received any notification from any Regulatory Authority pursuant to any Environmental Laws that any work, undertaking, study, report, assessment, repairs, constructions or other expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any Environmental Approvals issued pursuant thereto, or that any Environmental Approvals referred to above are about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated; and
  - (iv) to the knowledge of Papillon, none of Papillon or any member of the Papillon Group are subject to any past or present fact, condition or circumstance that could reasonably be expected to result in liability under any Environmental Laws;
- (q) **tax matters:** except as would not, individually or in the aggregate, reasonably be expected to result in a Papillon Material Adverse Event:
- (i) Papillon and each member of the Papillon Group has duly and timely: (A) prepared and filed all tax returns required to be filed by it with the appropriate Regulatory Authority and, to its knowledge, such tax returns are complete and correct in all material respects (B) duly and timely paid all taxes due; (C) withheld all taxes and other amounts required by law to be withheld by it and has duly and timely remitted to the appropriate Regulatory Authority such taxes and other amounts required by law to be remitted by it; and (D) collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by law to be collected by it and has duly and timely remitted to the appropriate Regulatory Authority any such amounts required by law to be remitted by it;
  - (ii) the charges, accruals and reserves for taxes reflected on the Papillon Financial Statements (whether or not due and whether or not shown on any tax return but excluding any provision for deferred income taxes) are, in the opinion of Papillon, adequate under applicable accounting principles to cover taxes with respect to Papillon and the Papillon Group for the periods covered thereby; and

- (iii) to its knowledge, there are no encumbrances for taxes upon any properties or assets of Papillon or any of the Papillon Group (other than encumbrances relating to taxes not yet due and payable and for which adequate reserves have been recorded on the most recent balance sheet included in the Papillon Financial Statements).

(r) **non-arm's length transactions:** except for employment agreements entered into in the ordinary course of business of Papillon, there are no current contracts, commitments, agreements, arrangements or other transactions (including relating to indebtedness by Papillon or the Papillon Group) between Papillon or any of the Papillon Group on the one hand, and any: (i) officer or director of Papillon or any of the Papillon Group; (ii) holder of record or, to the knowledge of Papillon, beneficial owner of 5% or more of the voting securities of Papillon; or (iii) any affiliate or associate of any officer, director or beneficial owner, on the other hand.

(s) **employment agreements:**

- (i) none of Papillon or any of the Papillon Group is a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director, officer or employee of Papillon or any of the Papillon Group that cannot be terminated without payment of a maximum of six months of that individual's salary; and
- (ii) none of Papillon or any of the Papillon Group: (A) is a party to any collective bargaining agreement; (B) is subject to any application for certification or pending, threatened or apparent union organizing campaigns for employees not covered under a collective bargaining agreement; or (C) is subject to any current, pending, or to the knowledge of Papillon, threatened, strike or lockout;

(t) **pension and employee benefits:**

- (i) the Papillon Disclosure Letter contains a true, complete and accurate list of all Papillon Benefit Plans, which have been, established, registered, qualified, administered, and funded, in all material respects, in accordance with the terms of such Papillon Benefit Plan including the terms of the material documents that support such Papillon Benefit Plan and all applicable Laws; and
- (ii) there are no unfunded liabilities in respect of any Papillon Benefit Plan including going concern unfunded liabilities, solvency deficiencies or wind-up deficiencies where applicable and each Papillon Benefit Plan has been operated in accordance with its terms and any contributions required to be made under each Papillon Benefit Plan, as of the date hereof, have been timely made and all obligations in respect of each Papillon Benefit Plan have been properly accrued and reflected in the audited consolidated financial statements for Papillon as at and for the fiscal year ended on June 30, 2013, including the notes thereto and the report by Papillon's auditors thereon.

(u) **reporting status:** the Papillon Shares are listed and posted for trading on the ASX, and are not listed or traded on any other stock exchange or qualification system; Papillon is in compliance in all material respects with applicable listing and corporate governance rules and regulations of the ASX;

- (v) **United States reporting status:** Papillon (i) is a “foreign private issuer” as defined in Rule 405 under the U.S. Securities Act, (ii) has no class of securities outstanding that is or is required to be registered under Section 12 of the U.S. Exchange Act or that is subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act and (iii) is not registered or required to register as an investment company under the United States Investment Company Act of 1940, as amended;
- (w) **no order:** Papillon is not subject to any order of the ASX or any Regulatory Authority and, to the knowledge of Papillon, no investigation or other proceedings involving Papillon that may operate to prevent or restrict trading of any securities of Papillon are currently in progress or pending before any applicable stock exchange or Regulatory Authority;
- (x) **no option on assets:** no person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Papillon or any of the Papillon Group of any of the assets of Papillon or any of the Papillon Group, other than as described or contemplated in this agreement;
- (y) **certain contracts:** none of Papillon or any of the Papillon Group is a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree that purports to: (i) limit the manner or the localities in which all or any material portion of the business of Papillon or the Papillon Group is conducted; (ii) limit any business practice of Papillon or the Papillon Group in any material respect; or (iii) restrict or require any acquisition or disposition of any property by Papillon or the Papillon Group in any material respect;
- (z) **no agreement to merge:** except for this agreement, none of Papillon or any of the Papillon Group has any agreement of any nature whatsoever to acquire, merge or enter into any business combination with any entity, or to acquire or lease any other business operations;
- (aa) **disclosure of material contracts:** all contracts and agreements material to Papillon have been disclosed to B2Gold in the Papillon Diligence Materials and, except as contemplated by this agreement, none of Papillon or any of the Papillon Group has approved, entered into any binding agreement in respect of, or has any knowledge of, the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by Papillon, whether by asset sale, transfer of shares or otherwise;
- (bb) **corrupt practices legislation:** none of Papillon, any of the Papillon Group or, to the knowledge of Papillon, any of their respective affiliates, officers, directors or employees acting on behalf of Papillon or any of the Papillon Group has taken, committed to take or been alleged to have taken any action which would cause Papillon or any of the Papillon Group to be in violation of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* (Australia) (and the regulations promulgated thereunder), the *Corruption of Foreign Public Officials Act* (Canada) (and the regulations promulgated thereunder) or any applicable Laws of similar effect of any other jurisdiction, and to the knowledge of Papillon no such action has been taken by any of its agents, representatives or other Persons acting on behalf of Papillon or any of the Papillon Group;

- (cc) **no broker's commission:** Papillon has not entered into any agreement that would entitle any person to any valid claim against Papillon or B2Gold for a broker's commission, finder's fee, financial advisory fee or any like payment in respect of the Transaction or any other matter contemplated by this agreement;
- (dd) **no Prescribed Occurrence:** no Papillon Prescribed Occurrence has occurred since December 31, 2013 other than as publicly disclosed prior to the date of this agreement;
- (ee) **no consents:** no consent, approval, order or authorization of, or declaration or filing with, any Regulatory Authority or other person is required to be obtained by Papillon or the Papillon Group; (A) in connection with the execution and delivery of this agreement or the performance by it of its obligations hereunder or the consummation by Papillon of the Transaction or (B) in order that the authority of Papillon to carry on its business in the ordinary course and in the same manner as presently conducted remains in good standing and in full force and effect as of and following the closing of the transactions contemplated herein and in the Scheme, other than: (I) any approvals required by the Court orders approving the Scheme or to satisfy any of the Conditions Precedent (II) filings required under the Corporations Act; (III) filings with and approvals required by Regulatory Authorities; and (IV) any other consents, waivers, permits, orders or approvals disclosed in the Papillon Disclosure Letter
- (ff) **disclosure:** Papillon is not in breach of its continuous disclosure obligations under the Corporations Act and the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure and has filed in a timely manner all such documents, information and statements required under such laws, rules and regulations, and, at the time of filing, no such documents contained a misstatement of a material fact or omitted to state a material fact except where corrected by a subsequently filed document. Papillon has not been the subject of a continuous disclosure review by ASIC within the last 24 months; and
- (gg) **all information:** the information and statements contained in this agreement are true and correct in all material respects and together with the Papillon Diligence Materials, the Papillon public disclosure and the Papillon Disclosure Letter, constitute full, true and plain disclosure of all material facts relating to Papillon and the Papillon Group on a consolidated basis, contain no misrepresentations and do not omit a material fact which is necessary to make the information and statements contained therein not misleading in light of the circumstances in which they were made.

## 2. **B2Gold representations and warranties**

B2Gold represents and warrants to Papillon that subject in each case to the B2Gold Disclosure Letter:

- (a) **incorporation:** it is a body corporate validly existing under the laws of its place of incorporation and that each of B2Gold's Subsidiaries is a corporation validly existing under the laws of its place of incorporation;
- (b) **organization:** all of the issued and outstanding shares and other ownership interests in each Subsidiary and Related Entity of B2Gold have been duly authorized and validly issued, and are fully paid and non-assessable (where such concept exists under the laws governing such Related Entity); all of the outstanding shares of each Subsidiary and Related Entity of B2Gold

are owned, directly or indirectly, by B2Gold; and except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the applicable Subsidiary or Related Entity of B2Gold, the outstanding shares of the each Subsidiary and Related Entity of B2Gold are owned free and clear of all encumbrances and B2Gold is not liable to any creditor in respect thereof;

- (c) **corporate power:** it has the corporate power to enter into and perform or cause to be performed its obligations under this agreement and to carry out the transactions contemplated by this agreement;
- (d) **corporate authorisations:** it has, or will have at the time performance is required in accordance with the terms of the agreement, taken all necessary corporate action to authorise the entry into of this agreement and the Scheme and has taken all necessary corporate action to authorise the performance of this agreement and the Scheme and to carry out the transactions contemplated by this agreement and the Scheme;
- (e) **binding obligations:** (subject to laws generally affecting creditors' rights and principles or equity) this agreement is valid and binding upon it;
- (f) **issued securities:** the issued B2Gold securities as of the date of this agreement are:
- (i) 678,677,834 B2Gold Shares;
  - (ii) 42,738,343 B2Gold Options,
  - (iii) 7,970,631 restricted share units;
  - (iv) \$258.75 million aggregate principal amount of 3.25% convertible notes,

and except as set forth above and pursuant to this agreement, there are no convertible securities or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating B2Gold or any of the B2Gold Group to issue or sell any B2Gold Shares or any shares of the B2Gold Group, any securities or obligations of any kind convertible into or exchangeable for any B2Gold Shares or any shares of any of the B2Gold Group or any other person; all issued and outstanding B2Gold Shares have been duly authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights; there are no outstanding bonds, debentures or other evidences of indebtedness of B2Gold or any of its Subsidiaries having the right to vote with the B2Gold Shareholders on any matter; there are no outstanding contractual obligations of B2Gold or any of its Subsidiaries or Related Entities to repurchase, redeem or otherwise acquire any outstanding B2Gold Shares or with respect to the voting or disposition of any outstanding B2Gold Shares; and none of B2Gold or any of its Subsidiaries or Related Entities is party to any shareholder, pooling, voting trust or similar agreement relating to its issued and outstanding securities;

- (g) **no default:** this agreement does not conflict with or result in the breach of or default under any provision of B2Gold's constitution, any material term or provision of any material agreement or any writ, order or injunction, judgement, law, rule, regulation or instrument to which B2Gold is party or subject or of which it is bound;

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- (h) **books and records:** the corporate records and minute books of B2Gold and its Subsidiaries and Related Entities have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not omit material information required to be included. Financial books and records and accounts of B2Gold and the B2Gold Group: (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice; (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of B2Gold and the B2Gold Group; and (iii) accurately and fairly reflect the basis for the B2Gold Financial Statements;
- (i) **contracts and commitments:** B2Gold and each other member of the B2Gold Group have performed in all material respects all their respective obligations required to be performed by them to date under the material contracts to which it is a party or bound; none of B2Gold or any of the B2Gold Group is in breach or default under any material contract to which it is a party or bound, and B2Gold does not have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default, except in each case where any such breach or default would not, individually or in the aggregate, reasonably be expected to result in, or result in, a B2Gold Material Adverse Event; none of B2Gold or any of the B2Gold Group knows of, or has received written notice of, any breach or default under (and, to the knowledge of B2Gold, no condition exists that with the passage of time or the giving of notice or both would result in such a breach or default under) any such material contract by any other party thereto except where any such violation or default would not, individually or in the aggregate, reasonably be expected to result in, or result in, a B2Gold Material Adverse Event. All contracts that are material to the B2Gold Group, taken as a whole, are with B2Gold or a member of the B2Gold Group; all material contracts to which B2Gold or any of the B2Gold Group is a party or by which it is bound: (i) are valid, binding, in full force and effect in all material respects and enforceable by B2Gold or a member of the B2Gold Group in accordance with their respective terms, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgments and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the courts from which they are sought and (ii) do not, by their terms, require the consent of any of the parties thereto to the Arrangement or the Transaction;
- (j) **financial matters:** the B2Gold Financial Statements were prepared in accordance with Canadian GAAP, consistently applied, and fairly present in all material respects the consolidated financial condition of B2Gold at the respective dates indicated and the results of operations of B2Gold for the periods covered on a consolidated basis; none of B2Gold or any of the B2Gold Group has any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for taxes), whether accrued, absolute, contingent or otherwise, not reflected in the unaudited consolidated financial statements of B2Gold for the three month period ended March 31, 2014, except liabilities and obligations incurred in the ordinary and regular course of business that would not reasonably be expected to result in a B2Gold Material Adverse Event;
- (k) **solvency:** neither B2Gold nor any member of the B2Gold Group is affected by an Insolvency Event;

- (l) **regulatory action:** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement;
- (m) **litigation:**
- (i) there are no actions, suits, arbitrations, legal or administrative proceedings pending or threatened against B2Gold or any of the B2Gold Group that individually or in the aggregate would reasonably be expected to result in a B2Gold Material Adverse Event;
  - (ii) neither B2Gold nor any of the B2Gold Group is the subject of any pending or, to the knowledge of B2Gold, threatened investigation; and
  - (iii) neither B2Gold nor any of the B2Gold Group nor the respective assets, properties or business of B2Gold or any of the B2Gold Group is subject to any judgement, order, writ, injunction or decree of any court, Government Agency or arbitration tribunal;
- (n) **interests in mineral properties and mineral rights:**
- (i) applying customary standards in the mining industry of the applicable jurisdiction, B2Gold or a member of the B2Gold Group:
    - A. is the sole legal and beneficial owner and has good and sufficient title, free and clear of any title defect or material encumbrances, to all of its interests in real property, including fee simple estates, leases, surface rights, rights of way, easements and licences from landowners or other authorities permitting the use of land but excluding the B2Gold Mineral Rights (as defined below) (collectively, the “**B2Gold Real Property**”), other than real property in respect of which it is the lessee, in which case it has a valid leasehold interest, and the B2Gold Real Property permits the use of land by B2Gold or any of the B2Gold Group necessary to permit the operation of their respective businesses as presently conducted or contemplated to be conducted; and
    - B. holds all its mineral concessions, claims, leases, licenses, permits, access rights and other rights and interests necessary to explore for, develop, mine or produce minerals, ore or metals for development purposes on its properties (collectively, the “**B2Gold Mineral Rights**”), free and clear of any material encumbrances, the B2Gold Mineral Rights are sufficient to permit the operation of the respective businesses of the B2Gold or any of the B2Gold Group as presently conducted or contemplated to be conducted, and none of B2Gold or any of the B2Gold Group has any liability or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the B2Gold Mineral Rights;
  - (ii) the B2Gold Real Property and the B2Gold Mineral Rights are in good standing under applicable laws and, to the knowledge of B2Gold, all work required to be performed and filed in respect thereof has been performed and filed in all material respects, all

taxes, rentals, fees, expenditures and other payments required to be made in respect thereof have been paid or incurred and all filings in respect thereof have been made;

- (iii) there is no material adverse claim against or challenge to the title to or ownership of B2Gold or any of the B2Gold Group, or their respective ownership of, the B2Gold Real Property or any of the B2Gold Mineral Rights;
  - (iv) no person other than B2Gold and the B2Gold Group has any interest in the B2Gold Real Property or any of the B2Gold Mineral Rights or the production or profits therefrom or any royalty in respect thereof or any right to acquire any such interest;
  - (v) there are no back-in rights, earn-in rights, purchase options, rights of first refusal or similar provisions or rights that would affect B2Gold's or the B2Gold Group's interest in the B2Gold Real Property or any of the B2Gold Mineral Rights;
  - (vi) there are no material restrictions on the ability of B2Gold or any of the B2Gold Group to use, transfer or exploit the B2Gold Real Property or any of the B2Gold Mineral Rights, except pursuant to the applicable laws;
- (o) **mineral reserves and resources:** the most recent estimated mineral resources and mineral reserves disclosed by B2Gold have been prepared and disclosed in all material respects in accordance with sound mining, engineering, geoscience and other applicable industry standards, and in accordance with all applicable Laws including, without limitation, National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*; there has been no material reduction (other than as a result of mining operations in the ordinary course of business) in the aggregate amount of estimated mineral reserves and resources at the B2Gold properties taken as a whole, from the amounts disclosed publicly by B2Gold; all material information regarding the B2Gold Real Property and the B2Gold Mineral Rights, including all drill results, technical reports and studies that are required to be disclosed, has been disclosed by B2Gold in accordance with applicable laws;
- (p) **insurance:** B2Gold maintains policies of insurance with reputable insurers and in amounts covering such risks and with those deductibles as are adequate and usual for companies of a similar size operating in the mining industry; the policies and the coverage provided thereunder are in full force and effect and B2Gold and the B2Gold Group is in good standing under each policy. B2Gold and each member of the B2Gold Group have not received notice of, and B2Gold does not have any knowledge of, any fact, condition or circumstance that might reasonably form the basis of any claim, dispute, action, litigation or similar proceeding against B2Gold or any of the B2Gold Group that is not in all material respects covered by insurance (subject to standard deductibles) maintained by it and which could reasonably be expected to result in a B2Gold Material Adverse Event;
- (q) **no adverse change:** except as set out in the B2Gold Financial Statements since March 31, 2014 there has not been any adverse material change of any kind whatsoever in the business, mineral projects, financial position or condition of B2Gold or the B2Gold Group or any damage, loss or other change of any kind whatsoever in circumstances materially affecting their respective businesses or assets, taken as a whole, or the right or capacity of any of them to carry on their respective businesses, such businesses having been carried on in the ordinary course;

- (r) **environmental:** except to the extent that any violation or other matter referred to in this subsection would not reasonably be expected to result in a B2Gold Material Adverse Event, individually or in the aggregate:
- (i) B2Gold and each of its Subsidiaries and Related Entities are and have been in compliance with, and are not in violation of, any Environmental Laws and none of B2Gold and or of its Subsidiaries or Related Entities has failed to report to the proper Regulatory Authority the occurrence of any event which is required to be so reported by any Environmental Laws;
  - (ii) have operated their respective business at all times and have generated, received, handled, used, stored, treated, shipped and disposed of all contaminants, wastes, and hazardous and toxic substances without violation of Environmental Laws;
  - (iii) B2Gold and each of its Subsidiaries and Related Entities hold the Environmental Approvals required under any Environmental Laws in connection with the operation of their respective businesses and the ownership and use including rehabilitation of their respective assets, all such Environmental Approvals are in full force and effect, and none of B2Gold and or of its Subsidiaries or Related Entities has received any notification from any Regulatory Authority pursuant to any Environmental Laws that any work, undertaking, study, report, assessment, repairs, constructions or other expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any Environmental Approvals issued pursuant thereto, or that any Environmental Approvals referred to above are about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated; and
  - (iv) to the knowledge of B2Gold, none of B2Gold or each of its Subsidiaries or Related Entities are subject to any past or present fact, condition or circumstance that could reasonably be expected to result in liability under any Environmental Laws;
- (s) **tax matters:** except as would not, individually or in the aggregate, reasonably be expected to result in a B2Gold Material Adverse Event:
- (i) B2Gold and each member of the B2Gold Group has duly and timely: (A): prepared and filed all tax returns required to be filed by it with the appropriate Regulatory Authority and such tax returns are complete and correct in all material respects; (B) paid all taxes due and payable by it; (C) withheld all taxes and other amounts required by law to be withheld by it and has duly and timely remitted to the appropriate Regulatory Authority such taxes and other amounts required by law to be remitted by it; and (D) collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by law to be collected by it and has duly and timely remitted to the appropriate Regulatory Authority any such amounts required by law to be remitted by it;
  - (ii) the charges, accruals and reserves for taxes reflected on the B2Gold Financial Statements (whether or not due and whether or not shown on any tax return but excluding any provision for deferred income taxes) are, in the opinion of B2Gold,

adequate under Canadian GAAP to cover taxes with respect to B2Gold and the B2Gold Group for the periods covered thereby; and

(iii) there are no encumbrances for taxes upon any properties or assets of B2Gold or any of the B2Gold Group (other than encumbrances relating to taxes not yet due and payable and for which adequate reserves have been recorded on the most recent balance sheet included in the B2Gold Financial Statements).

- (t) **non-arm's length transactions:** except for employment agreements entered into in the ordinary course of business, there are no current contracts, commitments, agreements, arrangements or other transactions (including relating to indebtedness by B2Gold or any of the B2Gold Group) between B2Gold or any of the B2Gold Group on the one hand, and any: (i) officer or director of B2Gold or any of the B2Gold Group; (ii) any holder of record or, to the knowledge of B2Gold, beneficial owner of 5% or more of the voting securities of B2Gold; or (iii) any affiliate or associate of any officer, director or beneficial owner, on the other hand;
- (u) **reporting status:** B2Gold is a reporting issuer in each of the Provinces of Canada; the B2Gold Shares are listed on the TSX, the NYSE MKT and the Namibian Stock Exchange and are not listed or quoted on any other stock exchange or qualification system; B2Gold is in compliance in all material respects with applicable listing, continuous disclosure and corporate governance, rules and regulations of the TSX, the NYSE MKT and the Namibian Stock Exchange. B2Gold is not on the list of defaulting reporting issuers maintained by the Canadian Securities Authorities;
- (v) **United States reporting status:** (i) B2Gold is a "foreign private issuer" as defined in Rule 405 under the U.S. Securities Act, (ii) B2Gold Shares are registered under Section 12 of the U.S. Exchange Act and B2Gold is required to file reports under Section 13 of the U.S. Exchange Act; and (iii) B2Gold is not registered or required to register as an investment company under the United States Investment Company Act of 1940, as amended;
- (w) **restrictions on business activities:** there is no agreement, judgment, injunction, order or decree binding upon B2Gold or any of the B2Gold Group that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing any material business practice of B2Gold or any of the B2Gold Group, any acquisition of material property by B2Gold or any of the B2Gold Group or the conduct of business by B2Gold or any of the B2Gold Group as currently conducted;
- (x) **no cease trade:** B2Gold is not subject to any cease trade or other order of any applicable stock exchange or Regulatory Authority and, to the knowledge of B2Gold, no investigation or other proceedings involving B2Gold that may operate to prevent or restrict trading of any securities of B2Gold are currently in progress or pending before any applicable stock exchange or Regulatory Authority;
- (y) **no option on assets:** no person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from B2Gold or any of the B2Gold Group of any of the material assets of B2Gold or any of the B2Gold Group, other than as described or contemplated in this agreement;

- (z) **certain contracts:** none of B2Gold or any of the B2Gold Group is a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree that purports to: (i) limit the manner or the localities in which all or any material portion of the business of B2Gold or any of the B2Gold Group are conducted; (ii) limit any business practice of B2Gold or any of the B2Gold Group in any material respect; or (iii) restrict or require any acquisition or disposition of any property by B2Gold or any of the B2Gold Group in any material respect;
- (aa) **no agreement to merge:** except for this agreement, none of B2Gold or any of the B2Gold Group has any agreement of any nature whatsoever to acquire, merge or enter into any business combination with any entity, or to acquire or lease any other business operations;
- (bb) **disclosure of material contracts:** all contracts and agreements material to B2Gold on a consolidated basis have been disclosed to Papillon or in the B2Gold public disclosure filed on SEDAR and, except as contemplated herein, none of B2Gold or any of the B2Gold Group has approved, entered into any binding agreement in respect of, or has any knowledge of, the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by B2Gold, whether by asset sale, transfer of shares or otherwise;
- (cc) **corrupt practices legislation:** none of B2Gold, any of the B2Gold Group, or, to the knowledge of B2Gold, any of their respective affiliates, officers, directors or employees acting on behalf of B2Gold or any of the B2Gold Group or affiliates has taken, committed to take or been alleged to have taken any action which would cause B2Gold or any of the B2Gold Group or affiliates to be in violation of the *United States Foreign Corrupt Practices Act of 1977*, as amended (and the regulations promulgated thereunder), the *Corruption of Foreign Public Officials Act (Canada)* (and the regulations promulgated thereunder) or any applicable laws of similar effect of any other jurisdiction, and to the knowledge of B2Gold no such action has been taken by any of its agents, representatives or other persons acting on behalf of B2Gold or any of the B2Gold Group or affiliates;
- (dd) **no Prescribed Occurrence:** no B2Gold Prescribed Occurrence has occurred since March 31, 2014 other than as publicly disclosed by B2Gold prior to the date of this agreement;
- (ee) **no broker's commission:** B2Gold has not entered into any agreement that would entitle any person to any valid claim against Papillon for a broker's commission, finder's fee, financial advisory fee or any like payment in respect of the Scheme or any other matter contemplated by this agreement;
- (ff) **no consents:** no consent, approval, order or authorization of, or declaration or filing with, any Regulatory Authority or other person is required to be obtained by B2Gold or the any or its Subsidiaries or Related Entities; (A) in connection with the execution and delivery of this agreement or the performance by it of its obligations hereunder or the consummation by B2Gold of the Transaction or (B) in order that the authority of B2Gold to carry on its business in the ordinary course and in the same manner as presently conducted remains in good standing and in full force and effect as of and following the closing of the transactions contemplated herein and in the Scheme, other than: (I) passage of the B2Gold Resolutions and any approvals required by the Court orders approving the Scheme (II) filings with and

approvals required by Regulatory Authorities; and (III) any other consents, waivers, permits, orders or approvals disclosed in the B2Gold Disclosure Letter;

- (gg) **disclosure:** B2Gold is not in breach of its continuous disclosure obligations under any Canadian law (including any rules and regulations of the TSX, NYSE MKT, the Namibian Stock Exchange or any Regulatory Authority or Government Agency) and has filed in a timely manner all such documents, information and statements required under such laws, rules and regulations, and, at the time of filing, no such documents contained a misstatement of a material fact or omitted to state a material fact except where corrected by a subsequently filed document. B2Gold has not been the subject of a continuous disclosure review by any Canadian Securities Authority within the last 24 months; and
- (hh) **B2Gold shares:** the B2Gold Shares to be issued pursuant to the Scheme and the Cancellation Consideration will, upon issue, be issued as fully paid and non-assessable shares of B2Gold; and
- (ii) **all information:** the information and statements contained in this agreement are true and correct in all material respects and together with the B2Gold Diligence Materials, the B2Gold public disclosure and the B2Gold Disclosure Letter, constitute full, true and plain disclosure of all material facts relating to B2Gold and the B2Gold Group on a consolidated basis, contain no misrepresentations and do not omit a material fact which is necessary to make the information and statements contained therein not misleading in light of the circumstances in which they were made.

#### Schedule 4

Deed Poll – Not reproduced here. Refer to Annexure 5 of the Scheme Booklet.

## Annexure 3 – Comparison of Australian and Canadian legal regimes

Papillon is a public company incorporated in Australia and registered in Western Australia under the Corporations Act. Papillon is admitted to the official list of ASX.

B2Gold is amalgamated in the Province of British Columbia, Canada under the British Columbia *Business Corporations Act (BCBCA)*. In Canada, B2Gold Shares are listed on TSX. B2Gold is a reporting issuer in the Canadian provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador.

If the Scheme is implemented, the rights of Papillon Shareholders who receive New B2Gold Shares will, in respect of those New B2Gold Shares, be governed principally by British Columbian laws (including the BCBCA) and the federal law of Canada applicable in British Columbia, the TSX Company Manual, provincial securities legislation, and B2Gold’s constating documents known as its notice of articles and articles.

A comparison of some of the material provisions of Australian company law and British Columbia corporate law as they relate to Papillon and B2Gold respectively is set out below, along with a description of certain securities laws and stock exchange rules where applicable.

Canadian corporate law is essentially embodied in the provisions of the relevant federal or provincial corporate statutes pursuant to which companies are incorporated, continued or otherwise regulated. In the case of B2Gold, the relevant statute is the BCBCA. In addition, B2Gold is also subject to the *Securities Act* (British Columbia) and the securities legislation of each of the other Canadian provinces.

References to ‘Australian law’ where they appear in this Annexure are references to the Corporations Act, ASX Listing Rules, ASX Settlement Operation Rules and Australian common law, as applicable. References to ‘Canadian law’ are references to the BCBCA, TSX Company Manual, applicable provincial securities laws in Canada and Canadian common law, as applicable.

**The comparison below is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. Papillon Shareholders should consult with their own legal adviser if they require further information.**

Rights of holders of Papillon Shares	Rights of holders of B2Gold Shares
<b>Rights attaching to shares</b>	
<b>Share capital</b>	Under Australian law there is no concept of authorised capital or par value.  Under B2Gold’s articles, B2Gold is authorised to issue an unlimited number of common and preferred shares without par value. There is no minimum share capital prescribed by the BCBCA. All shares of British Columbia companies must be issued as fully paid and non-assessable.
<b>Purchase of own</b>	Under the Corporations Act, Papillon may  Under B2Gold’s articles, B2Gold may

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	<b>Rights of holders of Papillon Shares</b>	<b>Rights of holders of B2Gold Shares</b>
<b>shares</b>	<p>buy-back its shares under a specific buy-back scheme:</p> <ul style="list-style-type: none"> <li>• if the buy-back does not materially prejudice Papillon’s ability to pay its creditors; and</li> <li>• Papillon follows the procedures set out in the Corporations Act.</li> </ul> <p>Share buy-backs that intend to buy-back more than 10% of the votes attaching to the smallest number of shares in the previous 12 months require approval by Papillon’s Shareholders by way of ordinary resolution.</p> <p>The form of shareholder approval (e.g. ordinary resolution or special/unanimous resolution), if required, and the notice period and disclosure requirements to be given to Papillon Shareholders will depend on the type of buy-back. Generally, buy-back schemes can be characterised as minimum holding, equal access, selective, on-market or relating to employee share schemes.</p>	<p>purchase or otherwise acquire its own shares unless there are reasonable grounds to believe that B2Gold is insolvent or the share purchase would render it insolvent.</p> <p>The TSX Company Manual permits, subject to at least two clear trading days prior notice by an issuer, a normal course issuer bid to be conducted by an issuer for a period of up to one year which would allow the listed company to repurchase up to 5% of the class of listed shares. A variety of restrictions are imposed upon the issuer including limitations upon the size and price at which purchases can be conducted. Within 10 days of the end of any month in which normal course issuer bid purchases are made, whether the securities were purchased through the TSX or otherwise, the issuer must report to the TSX on average prices and disposition of the securities that have been purchased.</p> <p>Under the BCBCA, B2Gold may repurchase its shares provided that there are no reasonable grounds for believing that the company is insolvent or making the payment or providing the consideration would render the company insolvent.</p> <p>Under Canadian securities legislation, a repurchase of its shares by B2Gold may constitute an “issuer bid” and could only be effected in accordance with the provisions of the Canadian securities legislation.</p>
<b>Transfer of shares</b>	<p>Under Papillon's constitution, the Directors may refuse to register any transfer of Papillon Shares where the ASX Listing Rules permit Papillon to do so. The Directors will refuse to register any transfer of Papillon Shares where:</p> <ul style="list-style-type: none"> <li>• the Corporations Act or the ASX Listing Rules require Papillon to do so, or the transfer is in breach of the ASX Listing Rules; or</li> <li>• those Papillon Shares are restricted securities and the transfer is in breach of any restriction agreement</li> </ul>	<p>Under B2Gold’s articles, the B2Gold Board may decline to register a transfer of shares where the company has not received:</p> <ul style="list-style-type: none"> <li>• a duly signed instrument of transfer;</li> <li>• the share certificate or an acknowledgment from the company of the right to obtain a certificate; or</li> <li>• such other evidence, if any, the company or transfer agent may require to prove the title of the transferor or the transferor’s right to transfer the share.</li> </ul>

	<b>Rights of holders of Papillon Shares</b>	<b>Rights of holders of B2Gold Shares</b>
	in respect of those Papillon Shares.	
<b>Voting rights</b>	Under Papillon's constitution, generally, each Papillon Shareholder has one vote on a show of hands and, on a poll, one vote for each share fully paid and if not fully paid, a fraction of a vote equivalent to the portion of the share paid up.	Under the BCBCA and B2Gold's articles, each common share of B2Gold entitles the holder to one vote at a meeting of shareholders. On a show of hands, each holder of shares in B2Gold present in person or by proxy and entitled to vote has one vote. If a ballot is called, each holder of shares in B2Gold present in person or by proxy will have one vote for each share in B2Gold held. The BCBCA and B2Gold's articles provide that a ballot (or poll) may be directed by the chair or demanded by any shareholder entitled to vote at the meeting or by their proxy.
<b>Dividends and distribution</b>	<p>Under Papillon's constitution, the Directors may determine that a dividend, whether interim or final, is payable to the Papillon Shareholders. The Directors may fix the amount of the dividend, the Record Date for determining entitlements to, and for the payment of, a dividend and the method of payment of a dividend.</p> <p>Under the Corporations Act, Papillon must not pay a dividend unless:</p> <ul style="list-style-type: none"> <li>• Papillon's assets exceed its liabilities immediately prior to the dividend declaration (and the excess is sufficient for the payment of the dividend);</li> <li>• the payment of the dividend is fair and reasonable to the Papillon Shareholders as a whole; and</li> <li>• the payment of the dividend does not materially prejudice Papillon's ability to pay its creditors.</li> </ul>	Under the BCBCA, B2Gold may pay a dividend by issuing fully paid shares or (subject to the following sentence) in property, including money. B2Gold may not declare or pay a dividend if there are reasonable grounds for believing that B2Gold is insolvent or the payment of the dividend would render B2Gold insolvent.
<b>Variation of class rights</b>	Under Papillon's constitution, if at any time the share capital of Papillon is divided into different classes of Papillon Shares, the rights attached to any class may be varied or cancelled (unless otherwise provided by the constitution or by the terms of the issue of that class of Papillon Shares) with the consent in writing of	Under the BCBCA and the articles of B2Gold, rights attaching to a class of shares may only be varied by an amendment to the articles of B2Gold approved by special resolution of the holders of that class of shares and a separate special resolution of all shareholders.

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<b>Rights of holders of Papillon Shares</b>		<b>Rights of holders of B2Gold Shares</b>
	holders of the Papillon Shares included in that class who are entitled to at least 75% of the votes that may be cast in respect of those Papillon Shares or by a special resolution passed at a separate meeting of the Papillon Shareholders included in that class.	
<b>Capital raising</b>		
<b>Issue of shares</b>	Under Papillon’s constitution, unissued Papillon Shares are under the control of the Directors who, subject to the Corporations Act, the ASX Listing Rules and any rights from the time being attached to any special class of Papillon Shares may, on behalf of Papillon, allot, issue or otherwise dispose of those unissued Papillon Shares to such persons, on such terms and conditions, at such times, with such preferred, deferred, qualified or other rights or restrictions and for such consideration as the Directors think fit.	Under the BCBCA, the B2Gold Board is authorised to issue any shares in the capital of B2Gold. Under the BCBCA, shares issued by B2Gold are non-assessable and may only be issued if consideration for such shares is fully paid. Stated capital accounts must be maintained for each class of share. Upon the issuance of a share, B2Gold may not add to the stated capital account in respect of the share an amount greater than the amount of the consideration it received for the share.
<b>ASX Listing Rules/TSX listing rules (the TSX Company Manual)</b>	<p>Under ASX Listing Rules (subject to specified exceptions for pro rata issues etc.) Papillon is restricted from issuing or agreeing to issue more shares than the number calculated below in any 12 month period unless Papillon has shareholder approval, that is 15% of the total of:</p> <ul style="list-style-type: none"> <li>• the number of shares on issue 12 months before the date of the issue or agreement; plus</li> <li>• the number of shares issued in the 12 months before the date of the issue or agreement without shareholder approval but pursuant to one of the specified exceptions; plus</li> <li>• the number of shares issued in the preceding 12 months with shareholder approval; less</li> <li>• the number of partly paid shares that became fully-paid in the 12 months; plus</li> <li>• the number of shares cancelled in that 12 month period; less</li> <li>• the number of shares issued in the</li> </ul>	<p>Under the TSX Company Manual, B2Gold will require the approval of TSX to issue securities other than unlisted non-voting, non-participating securities. The TSX may impose conditions on a transaction or grant exemptions from its own requirements. The TSX will consider various factors, including the involvement of insiders in the transaction, whether the transaction materially affects control of the issuer, the issuer’s corporate governance practices and disclosure practices, the size of the transaction relative to the liquidity of the issuer and whether a court or administrative body has considered the interest of shareholders.</p> <p>The TSX will generally require shareholder approval of any transaction that materially affects control of the issuer or provides consideration to insiders that represents 10% or more of the issuer’s market capitalisation (subject to certain conditions) during any six month period, and has not been negotiated at arms length. For distributions of listed securities in reliance on a prospectus exemption</p>

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	Rights of holders of Papillon Shares	Rights of holders of B2Gold Shares
	<p>preceding 12 months without shareholder approval and without the benefit of one of the specified exceptions.</p> <p>Under the ASX Listing Rules shares or options may be issued to the Directors with the approval of Papillon Shareholders.</p>	<p>(known as private placements), TSX may require shareholder approval depending on the price at which the securities are being sold and the number being sold in relation to the number outstanding. If the price is below the TSX “market price” (being a 5 day volumed weighted average price) and the number of securities to be issued represents more than 25% of the number outstanding (on a non-diluted basis), shareholder approval will be required, while if the price is at or above such market price, shareholder approval will generally not be required regardless of the number of securities issued. If the issuance is to be less than or equal to 25% of the number outstanding, shareholder approval will not be required unless the price is below a permitted discount to market (which can be up to 25%, 20% or 15% depending on the trading price of the shares in question).</p> <p>TSX-listed issuers must obtain shareholder approval when the number of securities issued in payment for an acquisition exceeds 25% of the number of issued and outstanding securities of the issuer (on a non-diluted basis).</p> <p>In private placements to insiders and acquisitions involving issuances of listed securities to insiders, TSX will require shareholder approval depending on the number of securities issued in relation to the number outstanding. Specifically, if insiders will be issued, by way of private placements during any six month period, or if insiders will receive, as consideration in an acquisition, securities or options, rights or other entitlements to listed securities representing more than 10% of the number of securities outstanding on a non-diluted basis, shareholder approval will be required and the insiders may not vote their securities.</p> <p>The TSX also requires shareholder approval of securities-based compensation arrangements (which includes stock option plans and other executive compensation</p>

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		<p>plans and arrangements), including any compensation or mechanism involving the potential issuance of securities from treasury. The TSX prescribes specific disclosure requirements for the materials provided to shareholders for the purposes of such approval, including all material information that shareholders may reasonably require to approve the arrangements. Certain substantive requirements are imposed that must be complied with: exercise prices for any stock options granted under a security based compensation arrangement may not be lower than market price of the securities at the time the stock options are granted; there must be a maximum number or percentage of securities issuable; and most amendments also require shareholder approval.</p> <p>The TSX Company Manual permits capital raising via public offering or private placement with listing subject to approval by TSX.</p> <p>Issuers are restricted from undertaking private placements beyond prescribed discounts from the market price. If the price offered in a private placement is a discount to the market price, an issuer may not, absent shareholder approval, issue greater than 25% of the number of securities of the issuer which are outstanding on a non-diluted basis prior to closing of the transaction. Shareholder approval may also be required where trades are made to insiders of the issuer. Issuers may qualify for exemptions from the shareholder approval requirements in certain situations, including, financial distress of the issuer.</p>
<b>Continuous disclosure</b>	Under ASX Listing Rules, Papillon is required to disclose to ASX any information concerning Papillon that a reasonable person would expect to have a material effect on the price or the value of its shares (or options).	Canadian securities laws require the immediate disclosure by issuing and filing a news release of any material change occurring in the affairs of an issuer. As soon as practicable thereafter, and in any event within 10 days of the date on which the change occurs, an issuer must also file a material change report in the prescribed form with the applicable provincial

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
		<p>securities commissions</p> <p>The TSX Company Manual also sets out timely disclosure requirements for listed issuers, including in relation to timely disclosure of material facts.</p>
Directors		
<b>Number of directors</b>	<p>Under Papillon's constitution, the number of directors must be not less than three.</p> <p>Under the Corporations Act at least two directors of Papillon must reside in Australia.</p>	<p>The BCBCA requires that public companies have a minimum of three directors. There are no residency requirements for directors. B2Gold's articles set a minimum of three directors. Currently, there are nine B2Gold directors.</p>
<b>Directors' remuneration</b>	<p>Under Papillon's constitution, the remuneration of the non-executive Directors will not:</p> <ul style="list-style-type: none"> <li>be more than the aggregate fixed sum which is determined by general meeting, or until so determined, such sum as determined by the Directors;</li> <li>be by way of a commission on, or a percentage of, profits or operating revenue,</li> </ul> <p>and the remuneration will accrue from day to day.</p> <p>Under Papillon's constitution the remuneration of the executive Directors:</p> <ul style="list-style-type: none"> <li>will, subject to the provisions of any contract between each of them and Papillon, be fixed by the Directors; and</li> <li>must not be by way of commission on, or percentage of, operating revenue.</li> </ul>	<p>Under the BCBCA, the directors of B2Gold may fix the remuneration of the directors, officers and employees of the company. Under the BCBCA and applicable Canadian securities laws, specific executive compensation disclosure on the CEO, CFO and next three highest paid executives is required to be included in the management proxy circular in connection with the annual meeting each year.</p> <p>B2Gold's articles do not place any restrictions on the remuneration of B2Gold's directors.</p>
<b>Powers of the B2Gold Board</b>	<p>Under Papillon's constitution, the business of Papillon is to be managed by the Papillon Board, and the Papillon Board may exercise each and every right, power or capacity of Papillon, which Papillon is authorised or permitted to exercise and do and which are not by Papillon's constitution, or by statute directed or</p>	<p>B2Gold's articles do not restrict the powers of the B2Gold Board. Under the BCBCA, the B2Gold Board is to supervise the management of and the business and affairs of B2Gold.</p>

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
	required to be exercised or done by Papillon in general meeting.	
<b>Transactions involving directors</b>	<p>Under the Corporations Act, Papillon is prohibited from giving directors a financial benefit unless it obtains the approval of Papillon Shareholders or the financial benefit is exempt (such as benefits given on arms' length terms).</p> <p>Under ASX Listing Rules, Papillon is prohibited from acquiring a substantial asset from, or disposing of a substantial asset to, one of its directors unless it obtains the approval of Papillon Shareholders. Additionally, ASX Listing Rules prohibit Papillon from issuing shares to a director unless it obtains the approval of Papillon Shareholders or the share issue is exempt (such as pro rata issues to Papillon Shareholders).</p> <p>Under the Corporations Act, a director who has a material personal interest in a matter that relates to the affairs of a company must give the other directors notice of that interest. This has been confirmed in Papillon's constitution.</p> <p>A director who has a material personal interest in a matter must not be present at a meeting where the matter is being considered or vote on the matter unless:</p> <ul style="list-style-type: none"> <li>• the interest did not need to be disclosed in certain prescribed circumstances;</li> <li>• the directors who do not have a material personal interest have passed a resolution that, identifies the director, the nature and extent of the director's interest in the matter and its relation to the affairs of the company and states that those directors are satisfied that the interest should not disqualify the director from voting or being present; or</li> <li>• ASIC approves.</li> </ul> <p>Directors of Papillon, when entering into transactions with Papillon, are subject to</p>	<p>The BCBCA requires directors and officers to disclose to B2Gold the nature and extent of any interest that they, or any other company in which they are a senior officer or director, may have in a material contract or transaction, whether made or proposed, with B2Gold.</p> <p>Except as provided in the BCBCA, no director having such an interest may vote on any resolution to approve such contract or transaction unless the contract or transaction:</p> <ul style="list-style-type: none"> <li>• relates primarily to his or her remuneration as a director of the company or an affiliate;</li> <li>• is for indemnity or insurance;</li> <li>• relates to a loan to the company and the director or officer, or person in whom the director or officer has an interest, is or is to be a guarantor of some or of all of the loan; or</li> <li>• is with an affiliate.</li> </ul> <p>A director or officer may be liable to account to the company for any profit that accrues to the director or officer as a result of a contract or transaction in which the director or officer holds a disclosable interest except where:</p> <ul style="list-style-type: none"> <li>• the directors approved the contract or transaction after the interest was disclosed; or</li> <li>• the contract or transaction is approved by a special resolution of the shareholders.</li> </ul> <p>Where such approval is not obtained, a court can order that the company is enjoined from entering into the proposed transaction, the director or officer is liable to account for any profit accruing from the contract or transaction or make any other order it deems appropriate. The court may also, if it determines that a contract or transaction in which a director or officer has a disclosable interest was fair and</p>

<b>Rights of holders of Papillon Shares</b>		<b>Rights of holders of B2Gold Shares</b>
	the common law and statutory duties to avoid conflicts of interest imposed by Australian law.	reasonable to the company, order that the director or officer is not liable to account for any profit.
<b>Removal directors</b>	<b>of</b> Under the Corporations Act and Papillon's constitution, the Papillon Shareholders may remove a Director by passing a resolution to do so at a general meeting. A notice of intention to move the resolution must be given to Papillon at least two months before the meeting is to be held. However, if Papillon calls a meeting after the notice of intention is given, the meeting may pass the resolution even though the meeting is held less than two months after the notice of intention is given.	Under the BCBCA and B2Gold's articles, the shareholders of B2Gold may, by special resolution at an annual or special meeting, remove any director or directors from office.
<b>Rotation directors</b>	<b>of</b> Under ASX Listing Rules, the directors of Papillon, other than the managing director, are to retire by rotation.  Under Papillon's constitution, at every annual general meeting, one third of the directors (other than the managing director or alternate director) or, any director who, if that director did not retire at that annual general meeting, would at the next annual general meeting, have held that office for more than three years, must automatically retire from office. Such directors are entitled to be re-elected.	B2Gold's articles provide that the election of directors shall take place at each annual meeting of shareholders and that all directors then in office cease to hold office immediately before the election or appointment of new directors at an annual general meeting, but if qualified, shall be eligible for re-election. Under the BCBCA, the number of directors to be elected at any such meeting shall be the number of directors as specified in the articles or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by special resolution or, if a special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board.
<b>Retirement benefits</b>	Under the Corporations Act, Papillon is allowed to pay benefits to directors and officers on their retirement or termination. Such benefits require shareholder approval in certain circumstances.  Under ASX Listing Rules, termination benefits to directors (that are or may be payable to all officers) must not exceed 5% of the equity interests of Papillon as set out in its latest financial statements given to ASX. The 5% limit may however be	There are no restrictions on the quantum of retirement benefits that B2Gold may pay to its directors or officers in its articles.

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
	exceeded with shareholder approval.	
<b>Indemnification of directors and officeholders</b>	<p>Under the Corporations Act, indemnification of Papillon’s directors against specific liabilities is prohibited. These are liabilities:</p> <ul style="list-style-type: none"> <li>• owed to a company or a Related Body Corporate;</li> <li>• for a pecuniary penalty order or a compensation order; or</li> <li>• that is owed to someone other than a company or a Related Body Corporate and did not arise out of conduct in good faith.</li> </ul> <p>Additionally, under the Corporations Act an indemnity for legal costs in specific circumstances (such as where an officer is liable, found guilty or where the grounds for a court order have been made out) is prohibited. Payments by Papillon of insurance premiums which cover conduct that involves a wilful breach of duty or a breach of certain statutory directors duties is also prohibited under the Corporations Act.</p>	<p>B2Gold’s articles provide that, subject to limitations contained in the BCBCA, B2Gold must indemnify a director or former director or alternate director and his or her heirs and legal personal representatives against any judgement, penalty or fine awarded or imposed in, or an amount paid in settlement of, a legal proceeding or investigative action. Such proceedings include those in progress, threatened, pending or completed in which the persons noted above are joined as a party or may be liable by reason of having been a director or alternate director of B2Gold.</p> <p>B2Gold may also indemnify any other person, subject to restrictions in the BCBCA.</p> <p>The BCBCA permits a company to indemnify (i) a current or former director or officer of the company, (ii) a current or former director or officer of another company at a time when the company is or was an affiliate of the company, (iii) a current or former director or officer of another company at the request of the company; or (iv) an individual who, at the request of the company, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity, against a judgment, penalty or fine awarded or imposed in, or an amount paid to settle, a legal proceeding or investigative action of which the person is a party because of that association with the company or other entity. After a final disposition of the legal proceeding or administrative action, the company may pay the costs, charges and expenses incurred by such person in respect of the proceeding or action.</p> <p>Under the BCBCA, a company may not indemnify any of the aforementioned individuals if:</p>

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
		<ul style="list-style-type: none"> <li>the articles of the company prohibited such indemnification at the time that the agreement to indemnify, the indemnity or the payment was made;</li> <li>such individual did not act honestly and in good faith with a view to the best interests of the company or the associated company; and</li> <li>in the case of proceeding other than a civil proceeding, if the individual did not have reasonable grounds for believing that his/her conduct in respect of which the proceeding was brought was lawful.</li> </ul> <p>The BCBCA and B2Gold's articles authorise B2Gold to purchase and maintain liability insurance for the benefit of the individuals described above against such liabilities.</p>
<b>Directors' liability</b>	Under the Corporations Act, there is a general prohibition on Papillon or a related body corporate exempting officers from liability.	<p>Under the BCBCA, a director is not liable for a resolution he or she voted in favour of if the director has relied in good faith on:</p> <ul style="list-style-type: none"> <li>financial statements of the company represented to the director by an officer of the company or in a written report of the auditor of the company to fairly reflect the financial position of the company;</li> <li>a written report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by that person;</li> <li>a statement of fact represented to the director by an officer of the company to be correct; or</li> <li>any record, information or representation that the court considers provides reasonable grounds for the actions of the director, whether or not the record, information or representation was forged, fraudulently made or inaccurate.</li> </ul> <p>Furthermore, a director is not liable for a</p>

		Rights of holders of Papillon Shares	Rights of holders of B2Gold Shares
			resolution of which he or she voted in favour if he or she did not know and could not reasonably have known that the act done or authorized by the resolution was contrary to the BCBCA.
<b>Directors' duties</b>		<p>Under Australian law, the directors of Papillon have certain fiduciary obligations to Papillon. These fiduciary obligations include:</p> <ul style="list-style-type: none"> <li>• a duty to act in good faith in the best interests of the company;</li> <li>• a duty to act for a proper purpose;</li> <li>• a duty not to fetter their discretion;</li> <li>• a duty to exercise reasonable care and diligence;</li> <li>• a duty to avoid conflicts of interest;</li> <li>• a duty not to use their position to their advantage; and</li> <li>• a duty not to misappropriate company property.</li> </ul>	<p>Under the BCBCA, applicable Canadian securities laws and Canadian common law, every director and officer of B2Gold, in exercising their powers and discharging their duties, must:</p> <ul style="list-style-type: none"> <li>• act honestly and in good faith with a view to the best interests of B2Gold (commonly referred to as the 'duty of loyalty');</li> <li>• act for a proper purpose;</li> <li>• act in accordance with the applicable laws;</li> <li>• not fetter their discretion;</li> <li>• exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (commonly referred to as the 'duty of care');</li> <li>• avoid conflicts of interest;</li> <li>• not use their position to their advantage; and</li> <li>• not misappropriate company property.</li> </ul>
<b>Nomination of directors</b>		<p>Under ASX Listing Rules and Papillon's constitution, Papillon is required to accept nominations for the election of its directors up to 35 days (30 days in the case of a meeting requested by Papillon Shareholders) before the date of a general meeting at which the directors are elected.</p>	<p>B2Gold's articles provide that the election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall cease to hold office immediately before the election or appointment of new directors at an annual general meeting, but if qualified, shall be eligible for re-election. Under the BCBCA, the number of directors to be elected at any such meeting shall be the number of directors as specified in the articles or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by special resolution or, if a special resolution empowers the directors to determine the number, the number of directors</p>

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Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
		determined by resolution of the board.
<b>Casual vacancies</b>	<p>Under Papillon’s constitution, the Papillon Board is authorised to appoint a person to fill a casual vacancy, or as an addition to the Papillon Board.</p> <p>Under ASX Listing Rules, any such appointed director may hold office only until the next annual general meeting of Papillon. They will then be eligible for election at that meeting but will not be taken into account in determining the number of directors who are to retire by rotation at that meeting.</p>	<p>Subject to the BCBCA, B2Gold's articles provide that a quorum of the board of B2Gold may fill a casual vacancy in the board. Under the BCBCA, a director so appointed will hold office until the earlier of the end of the unexpired portion of the term of the director whose departure created the vacancy and when he or she would otherwise cease to hold office under the BCBCA.</p>
<b>Corporate governance</b>	<p>The structures of the Papillon Board and Papillon’s corporate policies as a whole, must comply with the requirements of ASX Listing Rules in relation to corporate governance.</p>	<p>National Instrument 58-101 of the Canadian Securities Administrators requires issuers to annually disclose information in relation to independence of directors, board mandates, position descriptions, corporate governance practices and committee mandates and functions as part of prescribed disclosure of an issuer's corporate governance practices in their management information circular. Audit committee composition and practices are subject to separate reporting requirements mandating publication in the issuer's management information circular.</p>
<b>Insider trading</b>	<p>Under the Corporations Act, any person who possesses price sensitive information relating to Papillon or its securities is prohibited (subject to exceptions) from buying or selling those securities or procuring others do so, or from communicating the information to third parties.</p>	<p>Canadian securities laws prohibit certain persons (including directors, officers and employees) from trading securities of a reporting issuer with knowledge of a material fact or material change with respect to a reporting issuer that has not been generally disclosed.</p> <p>In addition, National Instrument 55-102 of the Canadian Securities Administrators establishes a mandatory system of electronic reporting of trading activity by certain insiders of each reporting issuer. Insiders generally have to report within 5 days following any trade in securities of the issuer.</p>
<b>Members’ meetings</b>		

		Rights of holders of Papillon Shares	Rights of holders of B2Gold Shares
<b>Quorum of shareholders</b>		Under Papillon’s constitution, the quorum for a general meeting of Papillon Shareholders is two Papillon Shareholders entitled to vote.	B2Gold’s articles provide that the presence of two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the shares entitled to be voted at such meeting will constitute quorum for the transaction of business at the meeting of shareholders.
<b>AGM</b>		Under the Corporations Act, the annual general meeting of Papillon is required to be held at least once every calendar year and within five months after the end of each financial year (unless an extension is granted by ASIC).	Under the BCBCA, the annual meeting of B2Gold must be called by the directors at least once per calendar year and not later than 15 months after holding the last preceding annual meeting.  The TSX Company Manual mandates that each listed issuer must hold its annual meeting of shareholders within six months from the end of its fiscal year, or at such earlier time as is required by applicable law. An issuer may seek an exemption to hold a meeting at a later date.
<b>Notice of shareholders meetings</b>		Under Papillon’s constitution and the Corporations Act, not less than 28 days notice of a general meeting must be given to Papillon Shareholders.  The notice of a meeting must specify the date, time and place of the meeting and state the general nature of the business to be transacted at the meeting.	Under B2Gold’s articles and according to the BCBCA, notice of a general meeting of B2Gold’s shareholders must be given to the shareholders entitled to vote (and the directors and auditors) at least 21 days before the date of the meeting. The record date for the giving of notice of the meeting must not precede the meeting date by more than 2 months.  The notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called. A notice of a meeting at which special business is to be transacted must state the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgement thereon, as well as the text of any special resolution to be submitted to the meeting. Any business, other than the election of directors, reappointment of the incumbent auditor, consideration of the financial statements and reports of the directors or auditor, and business relating to the conduct of or voting at the meeting, is deemed to be special business.  National Instrument 54-101 of the

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
		<p>Canadian Securities Administrators requires a reporting issuer that is required to give notice of a meeting to fix a date for the meeting and, a record date for notice for the meeting which shall be no fewer than 30 and no more than 60 days before the meeting date, and, if required or permitted by corporate law, fix a record date for voting at the meeting. The reporting issuer is required, subject to certain exemptions, to notify certain intermediaries at least 25 days prior to the record date as part of a process of ensuring that beneficial shareholders that are not directly on the share register, receive notice of the meeting and are able to vote their shares by proxy.</p>
<b>Calling meetings</b>	<p>Under the Corporations Act, a general meeting of Papillon Shareholders may be called by individual directors, or by Papillon Shareholders holding at least 5% of the total votes that may be cast at the meeting, or at least 100 members who are entitled to vote.</p> <p>Additionally, under Papillon’s constitution, the Papillon Board is given the power to convene a general meeting at any time.</p>	<p>Under the BCBCA, the B2Gold Board may call a special meeting of shareholders at any time.</p> <p>The BCBCA further provides that the holders of not less than 5% of the issued shares of a company that carry the right to vote at a meeting may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition unless the directors are excused from doing so.</p>
<b>Shareholder proposed resolutions</b>	<p>Under the Corporations Act, Papillon Shareholders holding at least 5% of the votes that may be cast at a general meeting, or at least 100 Papillon Shareholders who are entitled to vote at the meeting may, by written notice to the company, propose a resolution for consideration at the next general meeting occurring more than two months’ after the date of their notice.</p>	<p>The BCBCA entitles a registered or beneficial holder of not less than 1% (or having a fair market value in excess of the prescribed amount) of B2Gold shares eligible to be voted at its annual shareholder meeting to submit to B2Gold notice of any matter that the person proposes to raise at the meeting (a “Proposal”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. If B2Gold receives notice of a Proposal at least three months prior to the anniversary of the previous year’s annual reference date, and is soliciting proxies, it would then be required to set out the Proposal in its management proxy circular (and, if requested by the person submitting the Proposal, include or attach the Proposal and a statement in support of</p>

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
		<p>the Proposal not exceeding 1,000 words in the aggregate).</p> <p>The BCBCA provides for exemptions from the requirements to include a proposal in a company's management proxy circular in certain circumstances, including where:</p> <ul style="list-style-type: none"> <li>• it clearly appears that the primary purpose of the proposal is to enforce a personal claim or redress a personal grievance against the company or its directors, officers or security holders;</li> <li>• it clearly appears that the proposal does not relate in a significant way to the business or affairs of the company;</li> <li>• substantially the same proposal failed to receive a certain amount of support at a prior meeting held not more than the prescribed number of years before the receipt of the proposal;</li> <li>• the proposal has already been substantially implemented;</li> <li>• the proposal, if implemented, would cause the company to commit an offence;</li> <li>• the proposal deals with matters beyond the company's power to implement; or</li> <li>• the proposal is invalid or exceeds the maximum length of 1,000 words.</li> </ul>
<b>Passing resolutions at a general meeting</b>	Under Australian law, a resolution at a general meeting of Papillon Shareholders is to be passed by a simple majority of votes cast by the Papillon Shareholders present and voting at the meeting.	Under the BCBCA, a resolution at a general meeting of B2Gold's shareholders is to be passed by a simple majority of votes cast by the shareholders entitled to vote on the resolution.
<b>Special resolutions</b>	<p>Under the Corporations Act, a special resolution is to be passed by 75% of the votes cast by Papillon Shareholders present and voting on the resolution.</p> <p>Approval by special resolution of Papillon Shareholders is required for actions such as:</p> <ul style="list-style-type: none"> <li>• modifying or repealing a company's</li> </ul>	<p>Under the BCBCA, a special resolution must be passed by a majority of not less than two-thirds of the votes cast by the shareholders entitled to vote on the resolution.</p> <p>Approval by special resolution of the shareholders is required for such actions as:</p>

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<b>Rights of holders of Papillon Shares</b>		<b>Rights of holders of B2Gold Shares</b>
	<p>constitution;</p> <ul style="list-style-type: none"> <li>• changing a company's name or type;</li> <li>• selectively reducing or buying back capital (in some circumstances);</li> <li>• giving financial assistance in connection with the acquisition of shares in a company; and</li> <li>• undertaking a voluntary winding up of a company.</li> </ul>	<ul style="list-style-type: none"> <li>• amending a company's articles;</li> <li>• changing a company's name;</li> <li>• increasing or reducing stated capital, if the company's stated capital is stated in its articles;</li> <li>• undertaking a voluntary liquidation and dissolution;</li> <li>• amalgamating with another arm's length company;</li> <li>• continuing under the laws of another jurisdiction; and</li> <li>• undertaking the sale, lease or exchange of all or substantially all of the property of the company other than in the ordinary course of business.</li> </ul>
<b>Relationship between the company and its members</b>		
<b>Derivative action and shareholder class action</b>	<p>Under the Australian common law, Papillon Shareholders do not have the right to bring a common law action on behalf of Papillon.</p> <p>Under the Corporations Act, a statutory derivative action may be instituted by a shareholder, former shareholder or person entitled to be registered as a shareholder. In all cases, leave of the court is required. Such leave will be granted if:</p> <ul style="list-style-type: none"> <li>• it is probable that the company will not itself bring the proceedings or properly take responsibility for them;</li> <li>• the applicant is acting in good faith;</li> <li>• it is in the best interests of the company;</li> <li>• there is a serious question to be tried; and</li> <li>• either: <ul style="list-style-type: none"> <li>○ at least 14 days before making the application, the applicant gave written notice to the company of the intention to apply</li> </ul> </li> </ul>	<p>Under the BCBCA, representative shareholder actions or derivative actions are available to B2Gold shareholders and other 'complainants' (as defined under the BCBCA to include shareholders and any other person whom the court considers to be an appropriate person to bring an action).</p>

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
	<p>for leave and of the reasons for applying; or</p> <ul style="list-style-type: none"> <li>○ it is otherwise appropriate for the court to grant leave.</li> </ul>	
<p><b>Relief from oppression</b></p>	<p>Under the Corporations Act, any shareholder can bring an action in cases of conduct which is either contrary to the interests of Papillon Shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any Papillon Shareholders in their capacity as a shareholder, or themselves in a capacity other than as a shareholder. Former Papillon Shareholders can also bring an action if it relates to the circumstances in which they ceased to be a shareholder.</p>	<p>A shareholder may apply to British Columbia courts for an order under section 227 of the BCBCA on the ground:</p> <ul style="list-style-type: none"> <li>• that the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant; or</li> <li>• that some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.</li> </ul> <p>On an application under this section, the court may, with a view to remedying or bringing to an end the matters complained of, make any interim or final order it considers appropriate.</p> <p>The BCBCA further provides that if a company or any director, officer, shareholder, employee, agent, auditor, trustee, receiver, receiver manager or liquidator of a company contravenes or is about to contravene a provision of the BCBCA or the regulations or the articles of the company, a complainant (defined as a shareholder or any other person that the court considers appropriate) may, in addition to any other rights that that person might have, apply to the court for an order that the person who has contravened or is about to contravene the provision comply with or refrain from contravening the provision.</p> <p>On the application of one or more shareholders who, in the aggregate, hold at least 20% of the issued shares of a</p>

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	Rights of holders of Papillon Shares	Rights of holders of B2Gold Shares
		<p>company, the court may appoint an inspector to conduct an investigation of the company, and determine the manner and extent of the investigation, if it appears to the court that there are reasonable grounds for believing that:</p> <ul style="list-style-type: none"> <li>• the affairs of the company are being or have been conducted, or the powers of the directors are being or have been exercised, in a manner that is oppressive or unfairly prejudicial to one or more shareholders, including the applicant;</li> <li>• the business of the company is being or has been carried on with intent to defraud any person;</li> <li>• the company was formed for a fraudulent or unlawful purpose or is to be dissolved for a fraudulent or unlawful purpose; or</li> <li>• persons concerned with the formation, business or affairs of the company have, in connection with it, acted fraudulently or dishonestly.</li> </ul> <p>Representative shareholder actions or derivative actions are also available to other ‘complainants’, such as a director of a company or any other person the court considers appropriate. The BCBCA allows a complainant, with leave of the court, to prosecute or defend in the name and on behalf of a company, in order to enforce a right, duty or obligation that could be enforced by the company itself or to obtain damages for breach of such a right, duty or obligation, provided that:</p> <ul style="list-style-type: none"> <li>• the complainant has made reasonable efforts to cause the company’s directors to prosecute or defend the legal proceeding;</li> <li>• notice of application for leave has been given to the company and to any other person the court may order;</li> <li>• the complainant is acting in good faith; and</li> <li>• it appears to court that it is in the</li> </ul>

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
		<p>company's best interests for the legal proceeding to be prosecuted or defended.</p> <p>Whether seeking to bring an action or defend an action, certain substantive and procedural requirements must first be met (as set forth above). In any case, to bring a derivative action it is first necessary to obtain leave of the court. The granting of leave is not automatic, but requires the court to exercise a judicial discretion. Generally, the court should grant leave where the proposed action is in the shareholder's interest unless the action appears likely to be dismissed, or is frivolous, scandalous or vexatious.</p> <p>The powers of the court under the BCBCA in making an order are broad: it may make any order it thinks fit, from a simple order amending a company's articles to an order liquidating and dissolving the company.</p> <p>In addition to the above, shareholders may be able to bring claims against a company based on the general laws of contract, tort or other private laws applicable in Canada.</p>
<b>Statutory rights of action for misrepresentations</b>	<p>Under the Corporations Act, any shareholder who suffers loss as a result of misleading or deceptive conduct relating to securities can bring an action against the person engaged in the conduct. Similarly, any shareholder who suffers loss as a result of a misleading or deceptive statement contained in a disclosure document (i.e. a prospectus) can bring an action against the company, any director or the underwriter to the offer made through the disclosure document.</p>	<p>In jurisdictions within Canada a statutory right of action is conferred by securities legislation on purchasers of securities of a company against various persons or companies including the issuer of securities, the underwriter, directors and officers of the issuer, and certain other persons or companies responsible for the issue of a prospectus in respect of damage suffered by reason of a misrepresentation therein. A similar right of action is available in some jurisdictions against certain persons or companies in respect of misrepresentations contained in other disclosure documents such as offering memoranda or take-over bid circulars.</p>
<b>Inspection of books</b>	<p>Under the Corporations Act, a shareholder must obtain a court order to obtain access to Papillon's books and records.</p>	<p>Under the BCBCA, any person may examine the corporate records of B2Gold (including the securities register, articles, minutes of meetings and resolutions of shareholders) at B2Gold's registered office or such other place where such records are</p>

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
		<p>kept during B2Gold’s usual business hours free of charge, and copies may be obtained for a fee.</p> <p>Any person wishing to examine the list of shareholders must first make a request to the company, accompanied by an affidavit stating that the list will not be used except for certain purposes permitted under the BCBCA.</p>
<b>Financial records and reports</b>	<p>Under the Corporations Act, Papillon must report annually to its members, which report must include a financial report, directors report (which includes the remuneration report) and the auditors report on the financial report for each relevant year. The ASX Listing Rules also require the company to provide a preliminary financial report to the ASX annually.</p>	<p>Under provincial securities laws B2Gold is required to file audited annual financial statements and accompanying management discussions and analysis within 90 days of the most recently completed financial year end and interim (three month) financial statements and accompanying management discussions and analysis within 45 days of the end of the interim period. All financial statements and accompanying management and discussion and analysis must be filed on SEDAR, a Canadian mandatory document filing and retrieval system established by the provincial securities commissions. B2Gold is also generally required to send a paper copy of the audited annual financial statements and a copy of the interim financial statements and accompanying management discussion and analysis to each shareholder who requests them from B2Gold.</p>
Takeovers		
<b>Takeovers</b>	<p>Under the Corporations Act any acquisition by a person of a “relevant interest” in a “voting share” of Papillon is restricted where, because of a transaction, that person or someone else’s percentage “voting power” in Papillon increases above 20% (or, where the person’s voting power was already above 20% and below 90%, increases in any way at all).</p> <p>There is an exception from these restrictions where the shares are acquired under takeover offers made under the Corporations Act to all shareholders (which must be on the same terms for all</p>	<p>In Canada, takeover bids are regulated primarily by provincial and territorial securities legislation and related rules and, to a limited extent, the corporate statutes under which the target company is incorporated. Unless an exemption from the formal takeover bid requirements under securities legislation is available or can be obtained, persons or companies making an offer to acquire shares in a jurisdiction where the subject shares, together with the offeror’s securities (including any securities held by joint offerors), constitute in aggregate 20% or more of the outstanding shares of the</p>

	Rights of holders of Papillon Shares	Rights of holders of B2Gold Shares
	<p>Papillon Shareholders (subject to minor exceptions) and which must comply with the timetable and disclosure requirements of the Corporations Act).</p> <p>There are also other exceptions from the 20% limit for acquisitions made through permitted gateways such as acquisitions with shareholder approval or “creeping” by acquiring up to 3% every six months (if throughout the six months before the acquisition the person has had voting power in the company of at least 19%).</p> <p>The purpose of these provisions is to attempt to ensure that Papillon Shareholders in the target company have a reasonable and equal opportunity to share in any premium for control and that they are given reasonable time and enough information to assess the merits of the proposal.</p>	<p>company at the time of the offer are required to extend the offer to all shareholders in the jurisdiction. These provisions require, among other things, the production, filing and mailing of a takeover bid circular to shareholders of the target company. These provisions are applicable for shareholders whose address in the books of the company is in Canada regardless of the domicile of the company itself.</p> <p>Takeover bids must treat all shareholders alike and must not involve any collateral agreements, with certain exceptions for employment compensation arrangements. Takeover bids must remain open for a minimum of 35 days from the date of the mailing of the circular, after which time all securities deposited under the offer may be taken up.</p> <p>For the protection of target shareholders, the takeover bid rules contain various additional requirements, such as restrictions applicable to conditional offers and the withdrawal, amendment or suspension of offers. Securities regulators also retain a general ‘public interest jurisdiction’ to regulate takeovers and may intervene to halt or prevent activity that is abusive. Issuer bids are regulated similarly to takeover bids.</p> <p>There are extensive disclosure requirements associated with takeover bids, beginning with ‘early warning’ disclosure required when an acquirer crosses the 10% ownership threshold of a class of voting or equity securities. Generally, further disclosure is required for additional purchases of 2% or more of the outstanding security for which such early warning disclosure is required. Purchases outside the bid before, during and after the bid are also restricted.</p> <p>Following a bid, second step transactions where the acquirer brings its percentage ownership to 100% are governed by the BCBCA and Multilateral Instrument 61-101 of the Canadian Securities Regulators. No</p>

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Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
		<p>shareholder approval of the acquisition would be required if the acquirer obtained 90% of the outstanding securities owned by minority shareholders during the bid. Otherwise, a special shareholder meeting must be called and associated regulations complied with for an acquisition, including obtaining a two-thirds majority approval. The acquirer is generally permitted to vote the shares acquired pursuant to the bid at such meeting. Appraisal (or dissent) rights are available for objecting shareholders who fulfil certain procedural requirements.</p> <p>Under Canadian law certain exemptions to the formal bid requirements, on specified conditions, are allowed. For example, private agreements to purchase securities from up to five persons are permitted if the purchase price does not exceed 115% of the market price. Under the normal course purchase exception, the offeror (together with any joint offerors) may acquire up to 5% of a class of securities within a 12-month period if there is a published market for the relevant class and the consideration paid does not exceed the market price at the date of acquisition.</p>
<b>Disclosure of substantial holdings</b>	<p>Under the Corporations Act, a shareholder who begins or ceases to have a substantial holding in a company listed on ASX or has a substantial holding in a company listed on ASX and there is a movement by at least 1% in their holding, must give a notice to the company and ASX. A person has a substantial holding if that person and that person's associates have a relevant interest in 5% or more of the voting shares in the company.</p>	<p>Under applicable securities laws in Canada, any person that acquires beneficial ownership of, or power to exercise control or direction over, 10% of more of the voting or equity securities of B2Gold is required to issue a press release and to file an early warning report in accordance with NI 62-103, disclosing their shareholdings to B2Gold and the public. A person that files an early warning report for B2Gold will also be required to file a news release and early warning report for every additional 2% of voting or equity securities of B2Gold that such person acquires.</p> <p>Furthermore, directors, chief executive officers, chief financial officers, chief operating officers, certain other officers, and shareholders holding 10% or more of the voting securities of B2Gold (<b>Insiders</b>) are required to file an Insider report under</p>

Rights of holders of Papillon Shares		Rights of holders of B2Gold Shares
		NI 55-104. Insider reports set out the percentage of B2Gold Shares that an Insider owns or exercises control or direction over. Insider reports are publicly disclosed on the System for Electronic Disclosures by Insiders ( <a href="http://www.sedi.ca">www.sedi.ca</a> ) and must be filed within ten days of a person becoming an Insider and within five days of a change of that person's shareholdings in B2Gold.
Winding up		
<b>Winding up</b>	<p>Under Australian law, an insolvent company may be wound up by a liquidator appointed by either creditors or the court. Directors cannot use their powers after a liquidator has been appointed. If there are funds left over after payment of the costs of the liquidation, and payments to other priority creditors, including employees, the liquidator will pay these to unsecured creditors. The Papillon Shareholders rank behind the creditors.</p> <p>Under Australian law, shareholders of a solvent company may decide to wind up the company if the directors are able to form the view that the company will be able to pay its debts in full within 12 months after the commencement of the winding-up. A meeting at which a decision is made to wind up a solvent company requires at least 75% of votes cast by the shareholders present and voting.</p> <p>Papillon's constitution states that if Papillon is wound up and there is a surplus, the liquidator may, with the sanction of a special resolution, divide among the Papillon Shareholders in kind, the whole or any part of the property of Papillon representing that surplus, and may for that purpose set whatever value the liquidator considers fair on any property to be so divided and determine how the division should be carried out.</p>	<p>Under the BCBCA, a company will cease to exist if it is voluntarily dissolved, if it is wound up or if its certificate of incorporation is cancelled by the relevant official. The principal distinction between dissolution and winding-up is the identity of the person or persons who carry out the steps required to terminate a company's existence. A dissolution is handled by the existing managers of the company, whereas winding-up is generally managed by another person appointed solely for that purpose.</p> <p>Liquidation and dissolution may be proposed by a director or a shareholder entitled to vote at an annual meeting (i.e. a voluntary liquidation) or by the court on the application of a shareholder, creditor or other person authorised under the legislation (i.e. an involuntary or compulsory liquidation). A liquidation may begin as a voluntary, shareholder driven proceeding, but then be continued under court supervision upon the application of any interested person. In all cases, the company must be neither insolvent nor bankrupt to have its existence terminated under the BCBCA.</p> <p>Liquidation of the company may also take place completely outside the framework of the BCBCA. A company may also be liquidated under the provisions of the <i>Bankruptcy and Insolvency Act (Canada)</i>, either by way of assignment into bankruptcy (voluntary) or on petition by a creditor (involuntary) or under the <i>Companies' Creditors Arrangement Act</i></p>

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		<p>(Canada). Finally, a company may be liquidated informally under contractual arrangement, usually by way of the private appointment of a receiver and manager.</p> <p>Under the BCBCA, voluntary liquidation may be initiated or proposed by the directors or shareholders, but must be sanctioned by a special resolution of the shareholders. The company must settle its debts, obligations or liabilities prior to dissolution, and file an affidavit with the registrar stating that the company has no assets and liabilities (or has made adequate provision for such liabilities).</p> <p>Under the BCBCA, dissolution by the court may be commenced by application of a shareholder if the court is satisfied that there has been conduct that is oppressive or unfairly prejudicial to the interests of shareholders, creditors, directors or officers or that it is just and equitable that the company should be liquidated and dissolved. A liquidator may be appointed by the court.</p> <p>B2Gold's constating documents do not place any restriction on B2Gold's winding up procedure.</p>

## Annexure 4 – Scheme

### Scheme of Arrangement made under section 411 of the Corporations Act 2001 (Cth)

**Parties**                      **Papillon Resources Limited** ACN 119 655 891 of Level 11, BGC Centre, The Esplanade, Perth WA 6000 (**Papillon**)

**The holders of fully paid ordinary shares in the capital of Papillon as at the Record Date**

#### 1. DEFINED TERMS & INTERPRETATION

##### 1.1 Defined terms

In this Scheme, except where the context otherwise requires:

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

**B2Gold** means B2Gold Corp., a company incorporated and existing under the laws of British Columbia, Canada, having its principal office at Suite 3100, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, Canada.

**B2Gold Nominee** means a wholly owned subsidiary of B2Gold nominated by B2Gold under clause 4.7 of the Implementation Agreement.

**B2Gold Share** means one fully paid common share issued in the capital of B2Gold.

**B2Gold Register** means the share register of B2Gold kept pursuant to applicable law in Canada.

**Business Day** means Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day or on which the TSX is not open for trading.

**Conditions Precedent** means the conditions precedent set out in clause 3.1 of the Implementation Agreement.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Court** means the Federal Court of Australia.

**Deed Poll** means the deed poll between Papillon and B2Gold in the form of Schedule 4 of the Implementation Agreement.

**Effective** means, when used in relation to a Scheme, the order of the Court made under section 411(4)(b) in relation to the Scheme taking effect pursuant to section 411(10) of the Corporations Act.

**Effective Date** means the date on which the Scheme becomes Effective.

**Electing Small Scheme Participant** means a Small Scheme Participant who has elected in writing to have all of his or her Scheme Consideration issued to the Sale Agent and sold on his or her behalf in accordance with paragraph 6.

**First Court Date** means the first day on which an application made to the Court for an order under section 411(4)(a) of the Corporations Act convening the Scheme Meeting is heard.

**Implementation Agreement** means the Merger Implementation Agreement dated on or about June 3, 2014 between B2Gold and Papillon, as amended or varied from time to time.

**Implementation Date** means the fifth Business Day after the Record Date, or such other date agreed to in writing by the parties.

**Ineligible Shareholder** means a Papillon Shareholder whose address shown in the Register is in a jurisdiction in which B2Gold determines, acting reasonably, does not permit the issue of the B2Gold Shares to that Papillon Shareholder either unconditionally or after compliance with terms that B2Gold reasonably regards as acceptable and practical.

**NYSE MKT** means the NYSE MKT LLC.

**Papillon Options** means an option to be issued a Papillon Share.

**Papillon Share** means a fully paid ordinary share issued in the capital of Papillon.

**Papillon Shareholder** means each person who is registered in the Register as the holder of Papillon Shares.

**Performance Right** means a Performance Right issued by Papillon.

**Record Date** means 5.00pm on the third Business Day following the Effective Date, or such other date (after the Effective Date) as Papillon and B2Gold may agree in writing.

**Register** means the share register of Papillon kept pursuant to the Corporations Act.

**Sale Agent** means the person or persons appointed by B2Gold to sell B2Gold Shares attributable to Ineligible Shareholders and Electing Small Scheme Participants.

**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Papillon and the Papillon Shareholders as set out in this document together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by B2Gold and Papillon.

**Scheme Consideration** has the meaning given in the Implementation Agreement.

**Scheme Meeting** means the meeting of Papillon Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

**Scheme Participant** means each person who is a Papillon Shareholder as at 5:00pm on the Record Date (other than B2Gold).

**Second Court Date** means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard.

**Small Scheme Participants** means a Scheme Participant whose address on the Register is in Australia or New Zealand and whose entitlement to the Scheme Consideration would be 132,200 B2Gold Shares or less.

**Sunset Date** means November 30, 2014, or such later date as agreed to in writing between B2Gold and Papillon.

**Takes effect or taking effect** means on and from the first time when an office copy of the Court order approving the Scheme pursuant to section 411(6) of the Corporations Act is lodged with ASIC pursuant to section 411(10) of the Corporations Act.

**TSX** means the Toronto Stock Exchange.

## 1.2 Interpretation

In this Scheme:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this agreement, and a reference to this agreement includes any schedule;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, dollar or \$ is to Australian currency;
- (f) a reference to C\$ is to the lawful currency of Canada;
- (g) a reference to time is to Perth, Western Australia time, unless otherwise noted;
- (h) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (i) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;

- (j) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (k) a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- (l) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (m) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (n) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
- (o) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

## 2. THE SCHEME

- (a) Subject to:
  - (i) approval of the Scheme by the holders of the Papillon Shares at a meeting of those holders convened by the Court pursuant to section 411(1) of the Corporations Act;
  - (ii) approval of the Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act;
  - (iii) lodgement with ASIC of an office copy of the order of the Court approving the Scheme pursuant to section 411(10) of the Corporations Act;
  - (iv) all of the Conditions Precedent being satisfied or waived (other than those Conditions Precedent that cannot be waived) in accordance with the Implementation Agreement by the times set out in the Implementation Agreement;
  - (v) the Implementation Agreement not having been terminated by Papillon or B2Gold;
  - (vi) the Deed Poll not having been terminated in accordance with its terms; and
  - (vii) the B2Gold Shares to be issued as Scheme Consideration and Cancellation Consideration being conditionally approved for listing on the TSX and approved for listing on the NYSE MKT,

- the Papillon Shares, and all rights and entitlements attaching to the Papillon Shares, will be transferred to B2Gold (or the B2Gold Nominee) with effect from the Implementation Date and without the need for any further act by the holders of the Papillon Shares (other than any acts performed by Papillon or its directors or officers as attorney or agent for the Papillon Shareholders).
- (b) Papillon will provide to the Court on the Second Court Date a certificate signed by B2Gold and Papillon (or such other evidence as the Court requests) stating whether or not the conditions referred to in paragraph 2(a) (other than sub-paragraphs (ii) and (iii)) have been satisfied or waived as at 8.00am on the Second Court Date.
  - (c) Subject to paragraph 2(d), this Scheme takes effect for all purposes on the Effective Date.
  - (d) This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date in accordance with the Implementation Agreement.
  - (e) In consideration of the transfer of the Papillon Shares to B2Gold (or the B2Gold Nominee) (as detailed in paragraph 2(h)), and subject to the other terms and conditions of this Scheme, on the Implementation Date:
    - (i) a holder of Papillon Shares (who is not an Ineligible Shareholder or Electing Small Scheme Participant) will be issued the Scheme Consideration in respect of the Papillon Shares held by the holder as at the Record Date; and
    - (ii) the Sale Agent will be issued the Scheme Consideration in respect of the Papillon Shares held by all Ineligible Shareholders and Electing Small Scheme Participants as at the Record Date.
  - (f) Notwithstanding any rule of law or equity to the contrary, holders of Papillon Shares will be entitled to exercise all voting and other rights attached to the Papillon Shares pending their transfer pursuant to paragraph 2(h), subject to the restrictions on dealing in Papillon Shares set out in paragraph 3.
  - (g) A holder of Papillon Shares (other than an Ineligible Shareholder or Electing Small Scheme Participant) will be deemed to have agreed to become a member of B2Gold and to have accepted the B2Gold Shares issued to that holder under this Scheme subject to, and to be bound by, B2Gold's constitution.
  - (h) On the Implementation Date (but with effect from the Record Date) Papillon must:
    - (i) procure the delivery of a transfer in respect of all the Papillon Shares to ASX Settlement Corporation by a broker nominated in writing by B2Gold to effect a valid transfer of all the Papillon Shares to B2Gold (or the B2Gold Nominee) pursuant to section 1074D of the Corporations Act or, if such a procedure is not available for any reason, deliver to B2Gold a duly completed and executed instrument or instruments of transfer transferring all of the Papillon Shares to B2Gold (or the B2Gold Nominee); and

- (ii) subject to B2Gold (or the B2Gold Nominee) having executed that instrument of transfer, enter the name of B2Gold (or the B2Gold Nominee) in the Register as the holder of the Papillon Shares.

### 3. DEALINGS IN PAPILLON SHARES

- (a) Every Papillon Shareholder entered on the Register as the holder of a Papillon Share on the Record Date is entitled to participate in this Scheme. For this purpose, dealings in Papillon Shares will only be recognised if:
  - (i) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Register as holder of the relevant Papillon Shares on or before the Record Date; and
  - (ii) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.
- (b) Papillon must register any transmission application or transfer received in accordance with paragraph 3(a) by the Record Date.
- (c) If the Scheme becomes Effective:
  - (i) no dealing in Papillon Shares, whenever effected, will be given effect to if it is received after the Record Date;
  - (ii) any purported dealing in Papillon Shares after the Record Date will be void and of no effect; and
  - (iii) with the exception of Papillon Shares to be issued in respect of vested Performance Rights or Papillon Options that have been exercised, in accordance with clause 5.1(u) of the Implementation Agreement, no shares or options to subscribe for shares will be allotted or issued by Papillon after the Effective Date.

### 4. NOTICE TO HOLDERS OF PAPILLON SHARES

- (a) If the Court makes an order approving the Scheme, Papillon will send to each holder of Papillon Shares notice of that fact on the Implementation Date.
- (b) The notice given under paragraph 4(a) will:
  - (i) (except in the case of an Ineligible Shareholder or Electing Small Scheme Participant) be accompanied by documents of title in respect of the Scheme Consideration (being holding statements) to which the holder of Papillon Shares is entitled pursuant to paragraph 2(e); and

- (ii) be sent in the manner provided in, and to the address determined in accordance with, paragraph 8(c).
- (c) In the case of joint holders of Papillon Shares, holdings statements for the B2Gold Shares will be sent to the joint holder whose name appears first in the Register as at the Record Date.
- (d) If the Court refuses to make an order approving the Scheme, then Papillon will send to each holder of Papillon Shares notice of that fact not later than 5 Business Days after the date of such refusal. The notice will be sent in the manner provided in, and to the address determined in accordance with, paragraph 8(c).

**5. ISSUE OF B2GOLD SHARES**

- (a) Not later than 1 Business Day after the Record Date, Papillon will give to B2Gold a notice specifying the persons to whom B2Gold Shares are to be issued pursuant to paragraph 2(e) and the numbers of B2Gold Shares to which they are entitled respectively. Where the calculation of the number of B2Gold Shares to be issued to a particular Papillon Shareholder would result in the issue of a fraction of a B2Gold Share, the fractional entitlement will be rounded down to the nearest whole number of B2Gold Shares.
- (b) B2Gold must, on the Implementation Date issue the B2Gold Shares in accordance with that notice and register the holder of those B2Gold Shares in the B2Gold Register.
- (c) The issue and despatch of a holding statement for those B2Gold Shares in accordance with paragraph 4(b)(ii) will discharge in full B2Gold's obligations under paragraph 5(b).

**6. INELIGIBLE SHAREHOLDERS AND ELECTING SMALL SCHEME PARTICIPANTS**

- (a) Any Small Scheme Participant may elect, by providing notice in writing to Papillon on or before the Implementation Date, to be treated as an Electing Small Scheme Participant for the purpose of this paragraph 6.
- (b) The B2Gold Shares that would, but for this paragraph, have been issued to an Ineligible Shareholder or Electing Small Scheme Participant must be issued by B2Gold to the Sale Agent.
- (c) B2Gold must procure that the Sale Agent:
  - (i) as soon as reasonably practicable sells, outside of the United States, those B2Gold Shares for the benefit of the Ineligible Shareholders and Electing Small Scheme Participants;
  - (ii) accounts to the Ineligible Shareholders and Electing Small Scheme Participants for the net proceeds of sale (on an averaged basis so that all Ineligible Shareholders and Electing Small Scheme Participants receive the

same price per B2Gold Share, subject to rounding to the nearest whole C\$ cent), and any income referable to those B2Gold Shares, after deduction of any applicable brokerage, taxes and charges, at the Ineligible Shareholders' and Electing Small Scheme Participants' risk in full satisfaction of the Ineligible Shareholders' and Electing Small Scheme Participants' rights under this Scheme; and

- (iii) remits the net proceeds of sale to the Ineligible Shareholders and Electing Small Scheme Participants in A\$ in the manner provided in, and to the address determined in accordance with, paragraph 8(c).
- (d) Each Ineligible Shareholder and Electing Small Scheme Participant appoints B2Gold as its agent to receive on its behalf any financial services guide or other notices (including any updates) that the Sale Agent is required to provide.

## **7. WHEN SCHEME BECOMES BINDING**

- (a) This Scheme will become binding on Papillon, B2Gold and each holder of Papillon Shares only if the Court makes an order under section 411(4)(b) of the Corporations Act approving the Scheme and that order becomes effective in accordance with section 411(10). Papillon must lodge an office copy of that order with ASIC not later than 5:00pm on the Business Day after the order has been made.
- (b) If this Scheme becomes binding as provided by paragraph 7(a), the rights of any holder at the Record Date of a Papillon Share are the same as the rights that the Scheme Participant who held that Papillon Share immediately prior to the Effective Date would have had if he had remained the holder of the Papillon Share until the Record Date.
- (c) Where this Scheme becomes binding as provided by paragraph 7(a), a holder of Papillon Shares (and any person claiming through that holder) may only assign, transfer or otherwise deal with those Papillon Shares on the basis that the rights so assigned, transferred or dealt with are limited in the manner described in paragraph 7(a).

## **8. GENERAL**

- (a) Papillon may by its counsel or solicitors consent to any modification of or addition to this Scheme or to any condition, which the Court may think fit to approve or impose and to which B2Gold has consented.
- (b) The accidental omission to give notice of the Scheme Meeting to any holder of Papillon Shares or the non-receipt of such a notice by any holder of Papillon Shares will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings at the Scheme Meeting.
- (c) For the purpose of paragraph 4, the expression "send" or "sent" means:

- (i) for the purpose of paragraph 4, sending by ordinary pre-paid post to a holder at the Record Date of a Scheme Share at the address of that holder appearing in the Register at the Record Date;
  - (ii) for the purpose of paragraph 2(e)(ii), sending by ordinary pre-paid post to the Sale Agent at its address; or
  - (iii) delivery to the relevant address by any other means at no cost to the recipient.
- (d) Each holder of Papillon Shares will be deemed (without the need for any further act) to have irrevocably appointed Papillon and each of its officers, jointly and severally as the holder's attorney for the purpose of executing any document necessary to give effect to this Scheme, including executing a share transfer form or master share transfer form for the Papillon Shares.
- (e) The Papillon Shareholders agree to the transfer of their Papillon Shares to B2Gold (or the B2Gold Nominee) in accordance with the terms of this Scheme and consent to Papillon doing all things necessary for or incidental to the implementation of this Scheme.
- (f) Papillon must execute all deeds and other documents and do all acts and things as may be necessary or expedient on its part to implement this Scheme in accordance with its terms.
- (g) Neither Papillon nor any of its officers will be liable for anything done or for anything omitted to be done in performance of this Scheme in good faith.
- (h) To the extent of any inconsistency, this Scheme overrides Papillon's constitution and binds Papillon, B2Gold and the holders of Papillon Shares.
- (i) The proper law of this Scheme is the law of Western Australia.

## Annexure 5 – Deed Poll

### DEED POLL

This Deed Poll

is made on 3 June 2014

by B2Gold Corp, of  
Suite 3100, Three Bentall Centre  
595 Burrard Street,  
PO Box 49143,  
VANCOUVER, BC 47X 1J1  
**(B2Gold)**

in favour of: Each holder of ordinary shares in Papillon Resources Limited, (ACN 119 655 891) of Level 11, BGC Centre, 28 The Esplanade, PERTH WA 6000  
**(Papillon)** as of the Record Date

### Introduction

- A Simultaneous with the execution of this deed poll, B2Gold and Papillon entered into a merger implementation agreement with respect to the Scheme and associated matters (Implementation Agreement).
- B In accordance with clause 5.3(o) of the Implementation Agreement, B2Gold is entering into this deed poll to covenant in favour of the Scheme Participants that it will observe and perform its obligations under the Implementation Agreement and the Scheme, including providing the Scheme Consideration.

### AGREED TERMS

#### 1 DEFINED TERMS AND INTERPRETATION

##### 1.1 Defined terms

In this deed poll, capitalised words and phrases have the same meaning as given to them in the Implementation Agreement.

##### 1.2 Interpretation

In this deed poll, headings and boldings are for convenience only and do not affect its interpretation and, unless the context requires otherwise:

- For personal use only
- (a) words importing the singular include the plural and vice versa;
  - (b) a reference to any document (including the Scheme) is to that document as varied, novated, ratified or replaced; and
  - (c) a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to, this deed poll and a reference to this deed poll includes any annexure and schedule.

### **1.3 Nature of deed poll**

B2Gold acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participant is not party to it; and
- (b) each Scheme Participant irrevocably appoints Papillon and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against B2Gold on behalf of that Scheme Participant.

## **2 CONDITIONS PRECEDENT**

### **2.1 Conditions precedent to obligations of the Scheme**

The obligations of B2Gold under this deed poll are subject to the Scheme becoming Effective.

### **2.2 Termination**

The obligations of B2Gold under this deed poll to the Scheme Participants will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the Sunset Date.

### **2.3 Consequences of termination**

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to:

- (a) B2Gold, B2Gold is released from its obligations to further perform this deed poll, except those obligations under clause 7.6; and
- (b) the Scheme Participants, the Scheme Participants retain the rights they have against B2Gold in respect of any breach of this deed poll which occurs before it is terminated.

### **3 SCHEME OBLIGATIONS**

#### **3.1 Undertaking to pay Scheme Consideration**

Subject to clause 2, B2Gold:

- (a) offers to acquire, or procure that a wholly owned subsidiary of B2Gold (B2Gold Nominee) acquires, all the Papillon Shares held by the Scheme Participants;
  - (b) in consideration of the acceptance of that offer and the transfer of each Papillon Share to B2Gold (or the B2Gold Nominee), undertakes in favour of each Scheme Participant to issue and provide to the Scheme Participant the Scheme Consideration for each Papillon Share held by each Scheme Participant; and
  - (c) agrees to undertake all other actions attributed to it under the Scheme,
- all in accordance with the terms of the Scheme and the Implementation Agreement.

### **4 WARRANTIES**

B2Gold represents and warrants in favour of each Scheme Participant that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) the B2Gold Shares which are issued to each Scheme Participant, in accordance with the Scheme, will:
  - (i) rank equally with all existing B2Gold Shares; and
  - (ii) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest;
- (e) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (f) this deed poll does not conflict with, or result in the breach of or default under, any provision of the constitution of B2Gold or any material term or provision of any agreement, or any writ, order or injunction, judgment, law, rule or regulation to which either is a party of subject or by which either is bound.

**5 CONTINUING OBLIGATIONS**

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) B2Gold has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

**6 GENERAL**

**6.1 Notices**

Any notice or other communication to B2Gold in respect of this deed poll must be in legible writing and in English and:

- (a) must be addressed as shown below:

B2Gold

Attention: President & Chief Executive Officer

Address: Suite 3100, Three Bentall Centre, 595 Burrard Street, PO Box 49143,  
Vancouver, BC 47X 1J1, Canada

Facsimile: +1 (604) 681 6209

- (b) must be signed by the person making the communication or by a person duly authorised by that person;
- (c) must be delivered or posted by prepaid post to the address of B2Gold in accordance with clause 6.1(a) or sent by facsimile to the facsimile number of B2Gold specified above; and
- (d) will be regarded as received by the addressee:
  - (i) if by delivery, on delivery at the address of B2Gold as provided in clause 6.1(a), unless that delivery is not made on a Business Day or after 5.00 pm on a Business Day, when that communication will be regarded as received at 9.00 am on the next Business Day;
  - (ii) if sent by prepaid post, seven Business Days after posting; and
  - (iii) if a facsimile, at the time of which that fax is sent or shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is not a Business Day or is after 5.00 pm on a Business Day when that communication will be regarded as received at 9.00 am on the next Business Day.

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## **7 GENERAL**

### **7.1 Governing law and jurisdiction**

This deed poll is governed by the law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

### **7.2 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise by a party of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

### **7.3 Alterations**

This deed poll may not be altered unless:

- (a) if before the First Court Date, the variation is agreed to by Papillon; or
- (b) if on or after the First Court Date, the variation is agreed to by Papillon and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event B2Gold will enter into a further deed poll in favour of the Scheme Participants giving effect to the variation.

### **7.4 Cumulative rights**

The rights, powers and remedies of B2Gold and the Scheme Participants under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

### **7.5 Assignment**

The rights created by this deed poll are personal to B2Gold and each Scheme Participant and may only be assigned with the prior written consent of B2Gold.

### **7.6 Stamp duty**

B2Gold must pay any stamp duties and any related fines and penalties in respect of this deed poll, the performance of this deed poll and each transaction effected by or made under or pursuant to this deed poll.

### **7.7 Further assurances**

B2Gold must promptly do all things necessary or expedient to be done by it in connection with the matters referred to in this deed poll and to implement the Scheme.

## Annexure 6 – Notice of Scheme Meeting

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**PAPILLON RESOURCES LIMITED**

**ACN 119 655 891**

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**NOTICE OF SCHEME MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

**A General Meeting of Papillon Resources Limited will be held at Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on 15 September 2014 at 10:00am (WST).**

*This Notice of Scheme Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their financial, legal or other professional adviser prior to voting.*

**Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9322 6322.**

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**PAPILLON RESOURCES LIMITED**

**ACN 119 655 891**

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**NOTICE OF SCHEME MEETING**

By an order of the Federal Court of Australia (**Court**) made on 8 August 2014 pursuant to section 411(1) of the Corporations Act 2001 (Cth) (**Corporations Act**), a meeting of the holders of ordinary shares in Papillon Resources Limited ACN 119 655 891 (**Papillon**) will be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on 15 September 2014 at 10:00am (WST) (**Scheme Meeting**).

The Court has also directed that Michael Bowen act as chairman of the Scheme Meeting or failing him Mark Connelly, and has directed the chairman to report the result of the Scheme Meeting to the Court.

The Directors have determined, pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the persons eligible to vote at the Scheme Meeting are those who are registered as shareholders of Papillon on 13 September 2014 at 5:00 pm (WST).

**Purpose of Meeting**

The purpose of the Scheme Meeting is to consider and, if thought fit, to approve (with or without modification) a scheme of arrangement proposed to be made between Papillon and its shareholders (**Scheme**).

To enable you to make an informed voting decision, important information on the Scheme is set out in the booklet accompanying this Notice (**Scheme Booklet**). The Scheme Booklet and Explanatory Memorandum to this Notice and Proxy Form both form part of this Notice. Terms and abbreviations used in this Notice and in the Scheme Booklet are defined in the Scheme Booklet.

**Agenda**

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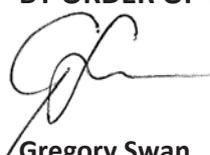
**1. Resolution 1 – Approval of the Scheme**

To consider and, if thought fit to pass, with or without amendment, the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

*"That pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Papillon and the holders of its ordinary shares as contained in and more particularly described in the Scheme Booklet of which the Notice forms part, is approved, and the Directors of Papillon are authorised to agree to such alterations or conditions as are thought fit by the Court, and subject to approval by the Court, to implement the Scheme with any such alterations or conditions."*

Dated 8 August 2014

**BY ORDER OF THE BOARD**



**Gregory Swan**  
Company Secretary

# PAPILLON RESOURCES LIMITED

ACN 119 655 891

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## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Papillon Shareholders in connection with the business to be conducted at the Scheme Meeting to be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on 15 September 2014 at 10:00am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Papillon Shareholders in deciding whether or not to pass the resolution set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

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### 1. Required Voting Majority

In order for the Scheme to become effective, the resolution set out in the Notice must be passed at a meeting by:

- (a) unless the Court orders otherwise, a majority of the number of Papillon Shareholders present and voting (whether in person or by proxy, attorney or, in the case of corporate shareholders, a corporate representative) at the meeting; and
- (b) at least 75% of the votes cast on the resolution.

The Court has the discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by a majority in number of Papillon Shareholders (other than excluded shareholders) present and voting at the meeting.

Voting at the Scheme Meeting will be by poll rather than by a show of hands.

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### 2. Court Approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without alteration or conditions) is subject to approval of the Court. If the resolution proposed at the Scheme Meeting is approved by the requisite majority, and the relevant conditions of the Scheme (other than approval by the Court) are satisfied, or waived, by the time required under the Scheme, Papillon intends to apply to the Court for the necessary orders to give effect to the Scheme.

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### 3. Entitlement to Vote

The Papillon Board has determined, and the Court has ordered, that a person's entitlement to vote at the Scheme Meeting will be the entitlement of that person as set out in the Papillon Share Register as at 5:00 pm (WST) on 13 September 2014. A Papillon Shareholder who is an excluded shareholder will not be entitled to vote at the Scheme Meeting.

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### 4. How to Vote

Papillon Shareholders entitled to vote at the Scheme Meeting can vote:

- (a) by attending the Scheme Meeting and voting in person; or
- (b) by appointing an attorney to attend the Scheme Meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the Scheme Meeting and vote on its behalf; or
- (c) by appointing a proxy to attend the Scheme Meeting and vote on their behalf, using the Proxy Form accompanying this Notice.

A personalised Proxy Form accompanies this Notice. The Proxy Form contains full details of how to appoint persons and how to sign and lodge the voting form, including how you may register your proxy instructions electronically at the Australian Registrar's website at [www.computershare.com/au](http://www.computershare.com/au).

To be valid, Proxy Forms or electronic voting instructions must be received by the Australian Registrar, by 10:00am (WST) on 13 September 2014.

#### Voting in person

Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the Scheme Meeting to allow for registration for the Scheme Meeting. Please bring your meeting registration forms with you to facilitate admission to the Scheme Meeting. The meeting registration form for the Scheme Meeting is the Proxy Form included with the Scheme Booklet of which this Notice forms part.

#### Voting by attorney or corporate representative

Papillon Shareholders who have appointed an attorney or corporate representative to attend and vote at the Scheme Meeting should ensure that their attorney or corporate representative arrives at the venue 30 minutes prior to the time designated for the Scheme Meeting to allow for registration for the Scheme Meeting. A person attending as an attorney should bring the original power of attorney or a certified copy, unless you have already provided a certified copy of the power of attorney to Papillon. A person attending as a representative of a corporate shareholder must present satisfactory evidence of his or her appointment to attend on behalf of that shareholder unless previously lodged with the Australian Registrar.

## Voting by proxy

A Papillon Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on the resolution to be put to the Scheme Meeting and also to speak at the Scheme Meeting. The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed, and if the appointment does not specify the proportion or number of the Papillon Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Papillon Shareholder.

If a proxy is not directed how to vote any item of business, the proxy may vote or abstain from voting, as that person thinks fit. If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on the poll, and the Papillon Shares the subject of the proxy appointment will not be counted in computing the required majority.

Papillon Shareholders who return their Proxy Form with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Scheme Meeting, the chairman of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Scheme Meeting, the Company Secretary of Papillon or any Papillon Director which do not contain a direction will be used to support the resolution to approve the Scheme.

### Completed Proxy Forms must be:

- sent to the Australian Registrar (using the reply paid envelope included with this Scheme Booklet) at:  
  
Computershare Investor Services Pty Ltd  
GPO Box 1282 Melbourne  
VICTORIA 3000 MELBOURNE
- faxed to 1800 783 447 from within Australia or +61 3 9473 2555 from overseas; or
- sent to Papillon's registered office at Level 11, BGC Centre, 28 The Esplanade, Perth, Western Australia,

in each case so that they are received by no later than 10:00am (WST) on 13 September 2014. Proxy Forms received after this time will be invalid.

The Proxy Form must be signed by the Papillon Shareholder or the Papillon Shareholder's attorney. If an attorney signs a Proxy Form on your behalf, a certified copy of the power of attorney under which the Proxy Form was signed must be received by the Australian Registrar at the same time as the Proxy Form, unless you have already provided a certified copy of the power of attorney to Papillon. Proxies given by corporations must be executed in accordance with the Corporations Act.

If you complete and return a Proxy Form, you may still attend the Scheme Meeting in person, revoke the proxy and vote at the Scheme Meeting.

## Corporate Directory

### Directors

Mr Ian Middlemas  
Mr Mark Connelly  
Mr Robert Behets  
Mr Alec Pismiris

### Company Secretary

Mr Gregory Swan

### Registered and Corporate Office

Level 11, BGC Centre  
28 The Esplanade  
Perth WA 6000  
Tel: +61 8 9225 5485  
Fax: +61 8 9322 6558

### Lead Financial Adviser

Macquarie Capital (Australia) Limited  
Level 4, 235 St Georges Terrace  
Perth WA 6000  
Tel: +61 8 9224 0666  
Fax: +61 8 9224 0632

### Independent Expert

BDO Corporate Finance (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008  
Tel: +61 8 6382 4600  
Fax: +61 8 6382 4601

### Geological Consultants

Snowden Mining Consultants Pty Ltd  
3/181 Adelaide Terrace  
East Perth WA 6004  
Tel: +61 8 9213 9213  
Fax: +61 8 9322 2576

### Australian Legal Advisers

Hardy Bowen Lawyers  
Level 1  
28 Ord Street  
West Perth WA 6005  
Tel +61 8 9211 3600  
Fax +61 8 9211 3690

### Canadian Legal Advisers

Stikeman Elliott LLP  
Level 12, Suite 1  
50 Margaret Street  
Sydney NSW 2000  
Tel +61 2 9232 7199  
Fax +61 2 9232 6908

### Share Registry

Computershare Investor Services Pty Limited  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000  
Tel: 1300 850 505 (within Australia)  
Tel: +61 3 9415 4000 (outside Australia)

### Stock Exchange Listing

Australian Securities Exchange  
ASX Code: PIR

### Papillon Shareholder Information Line

For callers within Australia: 1800 095 654  
For callers outside Australia: +61 1800 095 654  
Any time between 7.00am and 5.00pm (WST)  
Monday to Friday

For personal use only

For personal use only

**Papillon Resources Limited | ASX : PIR**

**T:** +61 8 9222 5400 | **F:** +61 8 9321 2761 | **E:** [info@papillonresources.com](mailto:info@papillonresources.com) | **W:** [www.papillonresources.com](http://www.papillonresources.com)

Level 11, BGC Centre, 28 The Esplanade, PERTH WA 6000 | **ABN:** 96 119 655 891





Papillon Resources Limited  
ABN 96 119 655 891

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 1282 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1800 095 654  
(outside Australia) +61 1800 095 654

000001 000 PIR  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

For your vote to be effective it must be received by 10:00am (WST) Saturday, 13 September 2014

### How to Vote on the Item of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on the item your vote will be invalid.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

SRN/HIN: I999999999

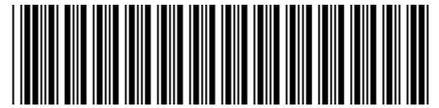


**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

This Document is printed on Greenhouse Friendly™ ENVI Laser Carbon Neutral Paper

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Papillon Resources Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Scheme Meeting of Papillon Resources Limited to be held on the Plaza Level of the BGC Centre, 28 The Esplanade, Perth, Western Australia on Monday, 15 September 2014 at 10:00am (WST) and at any adjournment or postponement of that meeting.

### STEP 2 Item of Business

**PLEASE NOTE:** If you mark the **Abstain** box for the item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Resolution 1 Approval of the Scheme

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / /

PIR

999999A

Computershare +



Papillon Resources Limited  
ABN 96 119 655 891

## Return your Form:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 1282 Melbourne  
Victoria 3001 Australia

## For all enquiries:



### Phone:

(within Australia) 1800 095 654  
(outside Australia) +61 1800 095 654

000001 000 PIR  
MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

## Sale Facility- Instruction Form

 **If you wish to sell your New B2Gold Shares through the Sale Facility, your form must be received by 5.00pm (WST) on 26 September 2014.**

This is an important document that requires your immediate attention. Please use this form if your address in the register is in Australia or New Zealand and your aggregate entitlement to the Scheme Consideration would be 132,200 New B2Gold Shares or less (equating to a holding of 200,000 Papillon Shares or less as at the Record Date) and you wish to sell ALL your New B2Gold Shares (and not only some) pursuant to the proposed Scheme of Arrangement between B2Gold Corp ("B2Gold") and Papillon Resources Limited ("Papillon").

If you elect to participate in the Sale Facility, the Sale Agent will sell all of your B2Gold Shares over a period of 20 business days as outlined in section 5.4 of the Scheme Booklet. You will then receive the cash sale proceeds of your New B2Gold Shares (less brokerage costs of C\$0.015 per B2Gold Share), converted to A\$, by a cheque sent by post to your address as it appears on the register at the Record Date.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor. You can also refer to the Scheme Booklet, in particular sections 5.4 & 5.5 for more information.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

Completed Sale Instruction Forms received after 5.00pm (WST) on the Record Date will not be accepted and will be ineffective to instruct the Sale Agent to sell the New B2Gold Shares described in it. In these circumstances you will receive the New B2Gold Shares.

### Step 1: Registration Name & Offer Details

The sale proceeds will be issued to the name(s) as they appear on the Papillon register. The current address is printed above and overleaf. If you have already sold all your Shares in Papillon, do not complete or return this form.

### Step 2: Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders must sign.

**Power of Attorney:** Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

**Companies:** Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

**Overseas Companies:** Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

**Deceased Estate:** All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.

**Turn over to complete the form** →

**IF YOU WANT TO RECEIVE NEW B2GOLD SHARES, DO NOT TAKE ANY FURTHER ACTION.**



I 1111111111 I ND

# Sale Facility- Instruction Form

For your security keep your SRN/  
HIN confidential.

## STEP 1 Registration Name & Offer Details

**Registration Name:**  
MR SAM SAMPLE  
UNIT 123  
SAMPLE STREET  
SAMPLETOWN NSW 2001

### NOTE:

By electing to sell the New B2Gold Shares issued to you as Scheme Consideration, using the Sale Facility, you elect to have ALL (but not a portion only) of those New B2Gold to be sold through the Sale Agent on market through the Sale Facility.

If you elect to participate in the Sale Facility, you should note that neither Papillon, B2Gold nor the Sale Agent can guarantee or confirm, with respect to the New B2Gold Shares that are the subject of the Sale Facility, the price or prices at which any of the relevant New B2Gold Shares will be sold or the C\$:A\$ exchange rate at which the sale proceeds will be converted into A\$. The price or prices received for the New B2Gold Shares will depend on prevailing market conditions (including the prevailing market price of, and demand for, B2Gold Shares).

A completed Sale Instruction Form once received by Papillon's Registrar may not be withdrawn or revoked and any attempt to do so will be ineffective.

If you return a completed Sale Instruction Form but are not entitled to participate in the Sale Facility, the Sale Agent will not sell the New B2Gold Shares on your behalf. In these circumstances, you will receive the New B2Gold Shares to which you are entitled.

## STEP 2 Signature of Securityholder(s) *This section must be completed.*

By signing and returning this form, I/we confirm that I/we understand that my/our New B2BGold Shares will be sold under the Sale Facility.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary/  
Sole Director (cross out titles as applicable)

Director

Director/Company Secretary  
(cross out titles as applicable)

Contact  
Name

Contact  
Daytime  
Telephone

Date

### Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by . You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to or to third parties upon direction by where related to the administration of your securityholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.