B2GOLD CORP.

(A Development Stage Company)

Unaudited Interim Consolidated Financial Statements

September 30, 2008

(Expressed in United States dollars, unless otherwise stated)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

CONSOLIDATED BALANCE SHEETS

(Expressed in United States dollars)

	As at September 30, 2008 (Unaudited)	As at December 31, 2007 (Audited)
Assets		
Current		
Cash and cash equivalents	**$ 61,456,367**	$ 98,982,803
Accounts receivable *(Note 11)*	**1,397,596**	1,078,579
Note receivable from Puma *(Notes 4 and 11)*	**-**	2,067,856
Derivative instrument ("Puma Option") *(Note 4)*	**-**	3,045,625
Prepaids	**123,939**	104,200
	62,977,902	105,279,063
Resource property interests *(Notes 3,5 and Schedule)*	**54,420,195**	7,251,663
Gramalote investment *(Notes 3 and 6 and Schedule)*	**45,382,780**	17,283,072
Future income tax assets *(Note 3 and Schedule)*	**1,475,766**	-
Other assets *(Note 7)*	**708,555**	825,982
	$ 164,965,198	$ 130,639,780
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 3,160,895**	$ 1,114,726
Accrued Gramalote purchase payment *(Note 6)*	**-**	7,500,000
Notes payable to Kinross *(Notes 4 and 8)*	**2,529,405**	2,572,553
Related party loans *(Note 9)*	**101,839**	101,839
	5,792,139	11,289,118
Notes payable to Kinross *(Notes 4 and 8)*	**-**	2,404,254
Future income tax liabilities *(Note 3)*	**9,349,184**	652,028
	15,141,323	14,345,400
Shareholders' Equity		
Capital stock *(Note 9)*		
Authorized		
- unlimited number of common shares, without par value		
- unlimited number of preferred shares, without par value		
Issued		
- 162,783,318 common shares *(December 31, 2007 – 132,277,500)*	**157,602,009**	117,852,009
Value assigned to stock options and share purchase warrants *(Notes 3,6 and 9)*	**11,425,222**	2,638,226
Deficit	**(19,203,356)**	(4,195,855)
	149,823,875	116,294,380
	$ 164,965,198	$ 130,639,780

Commitments *(Notes 4,5 and 6)*

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

(See accompanying notes to consolidated financial statements)

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

(Expressed in United States dollars, except shares)
(Unaudited)

	For the three months ended September 30, 2008	*For the three months ended September 30, 2007*	***For the nine months ended September 30, 2008***	*For the period from inception (Nov. 30, 2006) to September 30, 2007*
Expenses				
Salaries and benefits	**$ 698,173**	$ 560,413	**$ 2,004,658**	$ 993,681
Office and general	**266,830**	127,162	**944,186**	280,589
Travel, meals and entertainment	**203,804**	189,582	**692,696**	357,961
Community relations	**-**	-	**521,221**	-
Rent and utilities	**164,130**	154,122	**476,288**	291,928
Consulting fees	**115,439**	153,725	**300,464**	221,760
Audit fees	**57,273**	120,000	**101,023**	120,000
Amortization	**22,206**	15,853	**66,617**	37,114
Loss before the undernoted expenses (income)	**1,527,855**	1,320,857	**5,107,153**	2,303,033
Foreign exchange loss/ (gain)	**2,918,734**	(15,058)	**5,366,164**	(19,243)
Stock-based compensation *(Note 9)*	**681,950**	-	**3,476,471**	-
Loss/ (gain) on derivative instrument (“Puma Option”)	**-**	178,525	**3,045,625**	(103,834)
Interest income	**(510,550)**	(58,062)	**(2,225,039)**	(147,765)
Write-off of resource property interests *(Note 5)*	**-**	2,279,465	**546,100**	2,279,465
Interest on notes payable to Kinross *(Note 8)*	**42,425**	120,009	**154,324**	280,022
Management fees *(Note 11)*	**(50,242)**	(21,551)	**(172,120)**	(48,426)
Loss before income taxes	**4,610,172**	3,804,185	**15,298,678**	4,543,252
Current income tax	**-**	-	**-**	20,472
Future income tax expense/ (recovery)	**(63,320)**	(466,117)	**(291,177)**	(535,250)
Loss and comprehensive loss for the period	**4,546,852**	3,338,068	**15,007,501**	4,028,474
Deficit, beginning of period	**14,656,504**	690,406	**4,195,855**	-
Deficit, end of period	**$ 19,203,356**	$ 4,028,474	**$ 19,203,356**	$ 4,028,474
Basic and diluted loss per common share	**$ 0.03**	$ 0.08	**$ 0.10**	$ 0.28
Weighted average number of common shares outstanding	**162,535,544**	39,459,717	**146,725,458**	14,295,168

(See accompanying notes to consolidated financial statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)
(Unaudited)

	For the three months ended September 30, 2008	*For the three months ended September 30, 2007*	***For the nine months ended September 30, 2008***	*For the period from inception (Nov. 30, 2006) to September 30, 2007*
Operating activities				
Loss for the period	**$ (4,546,852)**	$ (3,338,068)	**$ (15,007,501)**	$ (4,028,474)
Non-cash charges (credits)				
Loss/ gain on derivative instrument ("Puma Option")	**-**	178,525	**3,045,625**	(103,834)
Stock-based compensation	**681,950**	-	**3,476,471**	-
Write-off of resource property interests	**-**	2,279,465	**546,100**	2,279,465
Interest on notes payable to Kinross *(Note 8)*	**42,425**	120,009	**154,324**	280,022
Interest income on note receivable from Puma	**-**	(48,998)	**(61,416)**	(134,176)
Amortization	**22,206**	15,853	**66,617**	37,114
Future income tax expense/ (recovery)	**(63,320)**	(466,117)	**(291,177)**	(535,250)
Changes in non-cash working capital				
Accounts receivable and prepaids	**326,644**	(4,718)	**433,345**	(368,542)
Accounts payable and accrued liabilities	**996,180**	176,103	**199,385**	477,078
	(2,540,767)	(1,087,946)	**(7,438,227)**	(2,096,597)
Financing activities				
Common shares issued for cash, net of issue costs, and subscriptions received	**-**	6,339,521	**-**	11,543,428
Related party loans	**-**	1,047,914	**-**	1,074,001
Other	**-**	(62,452)	**-**	(62,452)
	-	7,324,983	**-**	12,554,977
Investing activities				
Gramalote acquisition *(Note 6)*	**(1,500,000)**	(3,556,834)	**(9,000,000)**	(3,556,834)
Gramalote, exploration	**(5,070,056)**	-	**(8,139,620)**	-
Quebradona property, exploration	**(772,742)**	(231,784)	**(3,371,197)**	(464,572)
Mocoa, exploration	**(1,541,797)**	-	**(2,293,301)**	-
Repayment of notes payable to Kinross *(Note 8)*	**-**	-	**(2,601,726)**	-
Kupol East West licenses, exploration	**(908,384)**	(809,849)	**(2,570,640)**	(1,182,743)
Colombia JV arrangement, exploration	**(1,267,056)**	(911,148)	**(2,403,108)**	(2,008,313)
Puma note receivable *(Note 11)*	**-**	-	**2,129,272**	-
Miraflores, exploration	**(59,505)**	(574,654)	**(686,331)**	(760,230)
Office furniture and equipment	**-**	(53,930)	**-**	(161,015)
Colombia Joint Venture Arrangement, cash acquired *(Note 4)*	**-**	-	**-**	282,000
Colombia land purchases	**-**	-	**-**	(116,571)
Other	**(799,875)**	(8,118)	**(1,151,558)**	(101,428)
	(11,919,415)	(6,146,317)	**(30,088,209)**	(8,069,706)
Increase/ (decrease) in cash and cash equivalents	**(14,460,182)**	90,720	**(37,526,436)**	2,388,674
Cash and cash equivalents, beginning of period	**75,916,549**	2,297,954	**98,982,803**	-
Cash and cash equivalents, end of period	**$ 61,456,367**	$ 2,388,674	**$ 61,456,367**	**$** 2,388,674

Supplementary cash flow information *(Note 10)*

(See accompanying notes to consolidated financial statements)

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Expressed in United States dollars unless otherwise stated)

1 Nature of operations

B2Gold Corp. ("B2Gold") was incorporated as a private company under the Business Corporations Act (British Columbia) on November 30, 2006. On December 6, 2007, B2Gold completed its initial public offering *(Note 9)* and listed its common shares for trading on the TSX Venture Exchange. On October 23, 2008, the Company's common shares were listed and commenced trading on the Toronto Stock Exchange. As a result of this graduation, the Company's common shares were delisted from the TSX Venture Exchange (at the commencement of trading on the Toronto Stock Exchange).

B2Gold was formed by certain former executives of Bema Gold Corporation. B2Gold and its subsidiary companies (collectively the "Company") is a mineral exploration Company that acquires and explores mineral properties, primarily for gold, in Colombia and Russia. All of the Company's interests relate to mineral properties that are currently at an early stage of exploration, including its interests in the Gramalote, Quebradona and Miraflores properties in Colombia and the East and West Kupol licenses in Russia.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the preparation of interim financial statements. Accordingly, these interim financial statements do not contain all the information required for annual financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements as at December 31, 2007. These interim consolidated financial statements follow the same accounting policies and methods of application as the most recent audited consolidated financial statements of the Company, with the exception to the changes in accounting policies as described in Note 2 below.

2 Changes in accounting policies

Capital Disclosures (Section 1535)

Effective January 1, 2008, the Company adopted Section 1535 "Capital Disclosures". This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. See Note 9 for additional details.

Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These standards replace CICA 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Effective January 1, 2008, the Company adopted these standards. See Note 12 for additional details.

3 *B2Gold/ AngloGold transaction*

On November 26, 2007, the Company entered into a non-binding memorandum of understanding with AngloGold Ashanti Limited (“AGA”) to terminate AGA’s right to acquire 20% of the voting securities of Andean Avasca Resources Inc. (“AARI”) (100% owned by B2Gold) and to terminate B2Gold’s obligation with respect to the listing of AARI’s shares *(Note 5)*. AARI indirectly has the right to earn material interests in a number of properties in Colombia, including the Quebradona property, pursuant to the terms of a joint venture agreement with AGA. On February 13, 2008, the Company entered into a binding memorandum of agreement (“MOA”) with AGA that expanded on and superseded the non-binding memorandum of understanding between the Company and AGA dated November 26, 2007. The MOA had set out an agreement-in-principle between the Company and AGA on several proposed transactions and agreements that would alter the existing relationships between the parties.

On May 15, 2008, the Company entered into the Agreement to Amend the Relationship, Farm-Out and Joint Venture Agreement and regarding Gramalote Limited and Other Matters (“Amending Agreement”) to implement the transactions contemplated under the MOA and the joint venture arrangements between the parties were amended by new agreements, such that:

- AGA’s rights to acquire 20% of the voting securities of AARI and the Company’s obligation to list those shares on a stock exchange were terminated and, in consideration of the termination of these rights and in consideration of the other rights and the transfer to the Company of certain mineral prospects in Colombia, the Company issued to AGA units comprised of an aggregate of 25,000,000 common shares of B2Gold and 21,400,000 share purchase warrants (“AGA warrants”). The AGA warrants, which are exercisable for a three year term at any time prior to May 15, 2011, consist of 11,000,000 warrants exercisable at a price of Cdn.$3.34 per share and 10,400,000 warrants exercisable at a price of Cdn.$4.25 per share.

  The fair value of the AGA warrants was calculated to be $3,660,521 using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 4%, an expected life of three years, an expected volatility of 55% and a dividend yield of nil.

- The Company acquired a 100% interest in the Miraflores property in Colombia.

- AGA transferred to the Company its 100% interest (subject to AGA retaining a 1% royalty) in the Mocoa property, a copper/molybdenum deposit located in the south of Colombia.

- AGA transferred to the Company a 2% interest in Gramalote Limited (“Gramalote BVI”) *(Note 6)* and assigned to the Company other rights relating to Gramalote BVI, including AGA’s right to acquire an additional 24% interest, so that the Company now holds a 51% interest in the Gramalote BVI (with AGA retaining 49%) and the Company has taken over management of exploration of the Gramalote property; in order to retain the 2% share interest, the Company will be responsible for expenditures until completion of a feasibility study of the project by July 2010.

- AGA transferred to Gramalote BVI its interests in additional Gramalote Trend Properties.

- The Company increased from 3,000 metres to 5,000 metres the extent of drilling required for it to earn in its interests in other Colombian properties under the JVA between AGA and AARI.

(Expressed in United States dollars unless otherwise stated)

- The Company granted to AGA registration rights to qualify a resale of its securities by prospectus and a pre-emptive right to subscribe for securities issued by the Company on the same basis as such issues are made, other than issues made to acquire properties or under employee incentive plans, in order for AGA to maintain its percentage ownership of common shares of the Company. This pre-emptive right will continue for the lesser of a period of three years or until AGA owns less than 10% of the outstanding common shares of the Company.

AGA has agreed to a one year standstill in respect of its interest in the Company which will cease to be effective in the event of a third party take-over bid or merger proposal relating to all or substantially all of the shares or assets of the Company. In addition, AGA has agreed to give the Company advance written notice of AGA's intention to sell any common shares in the Company. On May 15, 2008, AGA held approximately 15.9% of the Company's issued and outstanding common shares. If the 21,400,000 AGA warrants were included in the calculation on an "if exercised" basis, AGA's interest in the Company would have been approximately 26% on May 15, 2008.

For the purposes of these consolidated financial statements, the purchase consideration has been allocated to the fair value of the assets acquired from AGA as follows:

	$
Purchase price:	
25,000,000 common shares of B2Gold	**33,750,000**
21,400,000 AGA warrants	**3,660,521**
Transaction costs	**430,269**
Total purchase price	**37,840,790**
Fair value of assets/ (liabilities) acquired:	
Mocoa property	**27,163,466**
Gramalote investment *(Note 6)*	**10,045,085**
Quebradona property *(Note 5)*	**3,984,364**
Miraflores property *(Note 5)*	**1,941,370**
Other Properties under the Colombia Joint Venture Arrangement *(Note 5)*	**1,992,182**
Future income tax assets	**2,063,507**
Future income tax liabilities	**(9,349,184)**
Total fair value of net assets acquired on May 15, 2008	**37,840,790**

4 B2Gold/ Kinross Gold transaction

On November 6, 2006, Bema Gold Corporation ("Bema") and Kinross Gold Corporation ("Kinross Gold") announced that their respective Boards of Directors had unanimously approved Kinross Gold's acquisition of Bema. The acquisition of Bema by Kinross Gold was completed on February 27, 2007 by way of a shareholder-approved plan of arrangement (the "Arrangement"). In connection with the completion of the Arrangement transaction between Bema and Kinross Gold in February 2007, the Company acquired certain assets ("Non-Russian Assets") pursuant to a purchase and sale agreement (the "Purchase Agreement") among Kinross Gold, White Ice Ventures Limited (a wholly-owned Bema subsidiary), 6674321 Canada Inc. (a wholly-owned Bema subsidiary) ("Kinross") and the Company. The consideration paid for the Non-Russian Assets was $7.5 million, financed primarily by the issuance of three promissory notes totalling $7,453,717 to Kinross and also by the issuance of 2,722,500 common shares of B2Gold at a price of Cdn.$0.02 per share.

Pursuant to the terms of the Purchase Agreement, on February 26, 2007 (the closing of the Non-Russian transaction) the Company acquired the following Non-Russian Assets:

- *Colombia Joint Venture Arrangement*
  All of Bema's interest in a recently established Colombian joint venture arrangement with AGA *(Note 5)*.

- *Puma Option*
  An option ("Puma Option") to purchase all or any part of the 17,935,310 common shares in the capital of Consolidated Puma Minerals Corp. ("Puma") held by Kinross at any time up to February 27, 2008 at a price equal to the 30 day volume-weighted average price of Puma common shares on the TSX Venture Exchange at the time of exercise, less 10%.

  In February 2008, the Company elected not to exercise its option to acquire the common shares of Puma from Kinross. As a result, the Company recorded a derivative loss of $3,045,625 in the first quarter of 2008, as the carrying value of the Puma Option was fully written off.

- *Note receivable from Puma*
  All of the indebtedness totalling $1,887,867 ("Puma Note") owed by Puma to Kinross as at February 26, 2007. The Puma Note is unsecured, denominated in United States dollars, bears interest at the prime lending rate plus 2% and is payable to the Company on demand after February 26, 2008.

  The Puma Note was fully repaid to the Company in the second quarter of 2008 *(Note 11)*.

- *Leasehold assets and Colombia land*
  Certain leasehold improvements, furniture and equipment owned by Kinross.

  On February 26, 2007, Kinross assigned to the Company all of its rights pursuant to the lease of Bema's head office premises. In addition, the Company, as tenant, and a subsidiary of Kinross Gold, as subtenant, entered into a sublease for a portion of the premises presently constituting the Company's head office.

  Colombia land, located mainly on the La Mina property *(Notes 5 and 7)*, is held for the purpose of securing access to the La Mina property for drilling.

(Expressed in United States dollars unless otherwise stated)

For the purposes of these consolidated financial statements, the purchase consideration has been allocated to the fair value of the Non-Russian Assets acquired as follows:

	$
Purchase price:	
Promissory notes issued to Kinross, principal amount *(Note 8)*	**7,453,717**
Less imputed interest, as at February 26, 2007	**(596,024)**
	6,857,693
2,722,500 common shares of B2Gold	**46,283**
Transaction costs	**93,304**
Total purchase price	**6,997,280**
Fair value of assets/ (liabilities) acquired:	
Derivative instrument ("Puma Option")	**3,100,081**
Puma Note receivable	**1,903,678**
Colombia Joint Venture Arrangement (including cash of $282,000)	**2,063,162**
Leasehold assets and Colombia land	**412,097**
Future income tax liabilities	**(481,738)**
Total fair value of net assets acquired on February 26, 2007	**6,997,280**

The Purchase Agreement also provided for the acquisition of 50% of Bema's 75% interest in a joint venture (37.5% overall interest) that will have an indirect interest in the Kupol East and West Licenses *(Note 5)*. The Company has reserved for issuance an additional 2,722,500 common shares, which are expected to be issued to Kinross, together with a promissory note in the aggregate amount of approximately $7.4 million, upon the completion of the acquisition of the Company's interest in the East and West Kupol Licenses. Closing is subject to the receipt of certain consents and the completion of transfers and other steps relating to the proposed transfer of the Kupol East and West licenses to a Russian subsidiary of Chukotka Mining and Geological Company ("CMGC") (75% owned by Kinross and 25% owned by the Government of Chukotka). The Company and Kinross Gold are currently in negotiations with a company controlled by agencies of the Government of Chukotka (''CUE'') to reach agreement on the amount of CUE's ownership interest and other aspects of the anticipated joint venture.

5 Resource property interests

Colombia Joint Venture Arrangement
On November 8, 2006, AGA, Sociedad Kedadha S.A. ("Kedadha") (a subsidiary of AGA), Bema and AARI (then a wholly-owned subsidiary of Bema) entered into a Relationship, Farm-out and Joint Venture Agreement (the "JVA") to jointly explore mineral opportunities in Colombia (the Area of Mutual Interest). On February 26, 2007, pursuant to the Purchase Agreement, the Company acquired all of the shares of AARI, and all the rights, interests and obligations of Bema under the JVA were assigned to and assumed by the Company *(Note 4)*. On February 13, 2008, the Company entered into a binding memorandum of agreement ("MOA") with AGA, in which the parties agreed to amend certain terms of the JVA. On May 15, 2008, the Company, AARI, AGA, Kedadha, and a Colombian subsidiary of AGA entered into an Amending Agreement (the "Amending Agreement") to implement the MOA and the transactions and amendments provided for in the MOA were completed *(Note 3)*.

Pursuant to the JVA (dated November 8, 2006, as amended September 28, 2007, March 13, 2008, May 15, 2008 and September 15, 2008), AARI may earn a joint venture interest in certain properties located in northern and southern Colombia by performing exploration work, including drilling, on the following properties (individually, a "Property" and collectively, the "Properties"): Quebradona (effective March 6, 2006), La Mina (effective March 6, 2006), San Martin de Loba (effective March 6, 2006), San Carlos (effective March 6, 2006), Miraflores (effective April 24, 2007), Narino (effective July 1, 2007), San Luis (effective September 1, 2007), Cauca (effective October 1, 2007), Ginebra (effective November 1, 2007) and Antioquia (effective February 1, 2008). The Company may earn an interest in one or more of these Properties by advancing the Property to the drilling stage and completing a minimum of 3,000 metres (increased to 5,000 metres pursuant to the Amending Agreement) of drilling within two years of the effective date (which has been extended to December 31, 2007 in the case of Quebradona and La Mina). Upon completing these requirements (the "Earn-in Requirements") in respect of a Property, the JVA provides that the Company and AGA will form a joint venture in respect of the Property, whereby the Company and AGA will be entitled to 51% and 49% interests in the Property, respectively, subject to the following options of AGA.

Once AARI has completed its Earn-in Requirement, AGA will have the following options for each Property:

(i) to contribute to project expenditures based on a 51% interest and manage the project;
(ii) to fund all project expenditures including the Company's share to the completion of a feasibility study;
(iii) to contribute to project expenditure based on its 49% interest in the Property; or
(iv) not to contribute to project expenditure.

If AGA elects either option (i) or (ii), it will be the joint venture manager for the project. Furthermore, its interest will be adjusted such that under option (i) AGA will be entitled to a 51% interest and under option (ii) it will be entitled to a 65% interest in the Property. If AGA elects either option (iii) or (iv), the Company will be the joint venture manager of the project and maintain its 51% interest or, if AGA elects not to contribute, acquire an increased interest. Subject to a sole funding election by AGA or an election by either party not to contribute (with a corresponding reduction of its interests), the JVA provides that each of the parties must make contributions to meet project expenditures based on their respective interests in the joint venture for each Property.

The JVA also provides for certain potential rights between the parties to acquire additional interests in other third-party or AGA properties within the Area of Mutual Interest. AGA has agreed (upon AARI satisfying its Earn-in Requirement in respect of a Property) to offer the Company its interest or rights to an interest in other joint ventures, if it elects not to pursue such projects and to offer a 51% interest in AGA projects in which it has expended at least $1 million and has discontinued exploration. The Company can earn a 51% interest by spending an amount at least equal to the greater of previous AGA expenditures on the project or $1 million within two years of the offer date. The Company is required to advise Kedahda of mining opportunities within the Area of Mutual Interest and Kedahda will have the first right to acquire a 75% interest in such opportunities.

The JVA had contemplated that the Company would cause AARI to be listed on a recognized stock exchange by November 8, 2008. Under the JVA, the Company granted to AGA the right to receive not less than 20% of AARI's equity securities (carrying not less than 20% of the votes for the election of directors, calculated on a fully diluted basis immediately following the listing of AARI on a prescribed stock exchange on the listing date), together with one half common share purchase warrant for each common share offered to AGA (with each such common share purchase warrant exercisable within three years of the listing date at a price 33% above the initial public offer price) following the listing of AARI on a recognized stock exchange (for no additional consideration other than in consideration of the properties that AGA is providing under the JVA). On May 15, 2008, with the signing of the Amending Agreement, AGA's right to acquire 20% of the voting shares of AARI and the Company's obligation with respect to the listing of AARI's shares were terminated.

On June 10, 2008, the Company elected not to continue with the Ginebra property and as a result wrote-off related acquisition and exploration costs in the amount of $546,100.

During 2007, the Company elected not to continue with the San Martin de Loba and San Carlos properties and as a result wrote-off related acquisition and exploration costs totalling $1,297,462 and $1,015,024, respectively.

The Company is also responsible for making the following cash payments to the underlying ("original") property vendors with respect to the Miraflores, La Mina, and San Luis properties (these payments are at the Company's discretion and are based upon available financial resources and the exploration merits of the properties which are evaluated on a periodic basis):

- Miraflores: (i) 420,000,000 pesos ($207,000) on October 25, 2007 *(paid)*, (ii) 480,000,000 pesos ($270,000) on April 25, 2008 *(paid)*, (iii) 520,000,000 pesos ($238,000*) on October 25, 2008, (iv) 600,000,000 pesos ($275,000*) on April 25, 2009, (v) 820,000,000 pesos ($375,000*) on October 25, 2009 and (vi) 3,570,000,000 pesos ($1,634,000*) on April 25, 2010.

  ** converted to United States dollars based on the Colombian peso to United States dollar currency exchange rate at September 30, 2008.*

- La Mina: (i) $50,000 on November 20, 2007 *(paid)*, (ii) $50,000 on May 20, 2008 *(paid)* and (iii) $1,000,000 thirty days after completion of a pre-feasibility study.

- San Luis: (i) $75,000 on June 6, 2008 *(paid)*, (ii) $150,000 on June 6, 2009, (iii) $200,000 on June 6, 2010, (iv) $350,000 on June 6, 2011, (v) $1,625,000 on June 6, 2013.

The Company completed its Earn-in-Requirements in respect of the Quebradona property on May 28, 2008. On September 15, 2008, the Company and AGA amended the JVA to extend the date by which AGA was to make its participation decision and to jointly fund further exploration at the Quebradona property. Based on the JVA, AGA had the following three alternatives to decide from regarding further exploration at Quebradona: (i) elect to fund all future exploration as the operator at 65% and free carry B2Gold to feasibility; (ii) elect to be the operator and fund on a pro-rata basis of 51% AGA and 49% B2Gold; or (iii) elect to fund as the owner of a 49% interest with B2Gold as operator owning and funding to 51%. The amendment to the JVA is that the parties will fund an additional 10,000 metres of drilling on a 51% B2Gold/49% AGA basis. The drilling will be completed within the next six months, with B2Gold as operator. Upon the completion of the drilling program and receipt of the assays, AGA will have 30 days to choose between the participation alternatives outlined above. If AGA elects to become operator and free carry B2Gold to feasibility (to earn a 65% interest), AGA will reimburse B2Gold for its 51% expenditure for the 10,000 metre drill program.

As at September 30, 2008, with the exception of the Quebradona property, the Company had not completed the Earn-in Requirements on any of the other Properties described above and consequently had no joint ventures with AGA under the JVA.

Kupol East and West Exploration Licenses (surrounding ground to the Kupol Mine)
The Kupol East and West Licenses are located in north-eastern Russia. These Licenses surround the Kupol Mine which Bema has been developing since 2003. Titles to the Kupol East and West Licenses were granted to CMGC on August 25, 2006 and have a term of 25 years. The Company commenced exploration on the Kupol East and West Licenses in February 2007 from the date of registration of the Licenses.

The Company is in the process of negotiating a joint venture agreement (the "Kupol JV Agreement") relating to the exploration, development and mining of gold and silver in Chukotka Autonomous Region, covered by the East and West Kupol Licenses. Provided that final agreement is reached on the Kupol JV Agreement and certain conditions to closing are fulfilled, it is anticipated that the East and West Kupol Licenses will be held by a subsidiary of a joint venture company ("Kupol JVCo"), the shareholders of which will be a subsidiary of the Company, a subsidiary of Kinross Gold and a company controlled by CUE (or its successor in interest). The Company and Kinross Gold are currently in negotiations with CUE to reach agreement on the amount of CUE's ownership interest and other aspects of the Kupol JV Agreement.

The Company and Kinross Gold have agreed in principle on the proposed terms of the Kupol JV Agreement. The key terms are expected to be as follows:

- the Company, as operator, is to subcontract with the company that holds the Kupol East and West licenses to carry out exploration under the licenses;

- the costs of exploration carried out on the properties covered by the Kupol East and West licenses in the year ending December 31, 2007 were borne equally by the Company and Kinross Gold (through subsidiaries). For the 2008 calendar year and following, the Company, Kinross Gold and CUE (through subsidiaries) are to fund the exploration of these in proportion to their ownership interests in Kupol JVCo;

- following the initial two year period the Company, Kinross Gold and CUE (through subsidiaries) are each to continue to fund future exploration relating to the Kupol East and West licenses pro rata to their respective interests in Kupol JVCo;

- the Company, Kinross Gold and CUE (through subsidiaries) are to have mutual rights of first refusal with respect to their respective interests in Kupol JVCo; and

- the Company, Kinross Gold and CUE (through subsidiaries) are to share, in accordance with their pro rata interests in Kupol JVCo, all exploration, development or mining opportunities within a 100 km radius of the Kupol mill site, exclusive of the approximately 17 square km of the license relating to the Kupol Mine.

On May 5, 2008, the Russian Parliament adopted new legislation that requires prior approval for the development by a foreign investor of any subsoil deposit containing gold reserves of 50 tons or more or for the direct or indirect acquisition by a foreign investor of more than 10% of the voting shares (or other means of control) of a Russian company that uses such a subsoil deposit. The legislation could have a significant impact upon the Company's ability to further develop the East and West Kupol Licenses through its participation in the proposed Kupol joint venture. It is possible that this legislation may cause the Company, Kinross and CUE to make changes to the structure and terms of the proposed Kupol joint venture in order to comply with the legislation or receive approval under it. Such changes may be material and there can be no assurance that the Kupol joint venture will proceed as proposed. In addition, if the Kupol joint venture proceeds and Kupol JVCo, the Russian operating company that will hold the East and West Kupol licenses and related exploration assets, were to identify and seek to develop a deposit containing gold reserves of 50 tons or more, approval of the Russian regulatory body would be required for development of that deposit. There can be no assurance that such approval would be granted on acceptable terms or at all and the new legislation provides that if the approval is not granted, the compensation payable to Kupol JVco would be limited to the expenses incurred in the course of exploration.

6 Gramalote investment

On August 21, 2007, the Company entered into a binding Memorandum of Understanding ("MOU") with respect to the purchase by the Company of 25% of the issued and outstanding shares of Gramalote BVI from Robert Allen, Gustavo Koch, Robert Shaw and Sergio Aristizabal (collectively referred to as "Grupo Nus"). Gramalote BVI holds a 100% interest in the Gramalote property. The Gramalote property is located within the municipalities of San Roque and San Jose del Nus, Department of Antioquia, Republic of Colombia. In connection with the execution of the MOU, the Company paid $3.5 million to Grupo Nus and in exchange Grupo Nus issued a $3.5 million promissory note in favour of the Company. On October 26, 2007, the Company entered into a definitive purchase and sale agreement ("Gramalote Purchase Agreement") with Grupo Nus. In connection with the first stage of closing under the Gramalote Purchase Agreement, the Company paid an amount of $7.5 million to Grupo Nus, consisting of a cash payment of $4 million and the satisfaction and cancellation of the $3.5 million owing by Grupo Nus to the Company under the promissory note. In addition, on December 6, 2007, upon completion of the Company's initial public offering *(Note 9)*, the Company issued 2 million share purchase warrants to Grupo Nus, each warrant entitling the holder to purchase one common share of B2Gold at a price of Cdn.$2.50 per share until December 6, 2010. The fair value of the Grupo Nus warrants was calculated to be $2,081,398 using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 4%, an expected life of three years, an expected volatility of 58% and a dividend yield of nil. The fair value of these warrants has been recorded as part of the Company's cost relating to the acquisition of its 25% interest in the Gramalote property. The Gramalote Purchase Agreement also required the Company to pay Grupo Nus an additional $7.5 million on or before April 26, 2008 *(paid on April 25, 2008)*.

Grupo Nus and Compania Kedahda Ltd. ("Kedahda BVI"), a subsidiary of AGA, had entered into a Shareholders' Agreement dated March 14, 2006 (the "2006 Gramalote Shareholders' Agreement") with respect to Gramalote BVI. Under the 2006 Gramalote Shareholders' Agreement, Kedahda BVI was entitled to earn an initial 51% ownership interest in Gramalote BVI. In addition, under the 2006 Gramalote Shareholders' Agreement, Kedahda BVI was entitled to acquire an additional 24% ownership interest ("Additional Interest") by completing a feasibility study and paying Grupo Nus $15 million on or before July 17, 2010.

If in the event that Kedahda BVI did not increase its ownership interest in Gramalote BVI from 51% to 75% as contemplated in the 2006 Gramalote Shareholders' Agreement prior to the earlier of: (a) July 18, 2010 and the completion of a positive feasibility study on the Gramalote property; and (b) the waiver by Kedahda BVI of its rights to increase its ownership interest in Gramalote BVI before July 18, 2010 (the "Kedahda Option Exercise Date"), the Company had the option (the "B2Gold Option") to acquire the Additional Interest by paying to Grupo Nus $7.5 million within 60 days from the Kedahda Option Exercise Date. The $7.5 million payment may be made either in cash or common shares, at the option of the Company. If the payment is paid in common shares of the Company, the price per share will be equal to the average closing price of the common shares on the TSX-V for the 20 days immediately preceding the payment date.

In the event that the Company acquires the remainder of Kedahda BVI's 51% interest in Gramalote BVI, the Company will be required to pay to Grupo Nus the $15 million that in certain circumstances would otherwise be payable by Kedahda BVI to Grupo Nus, less any amounts paid by the Company to Grupo Nus in connection with the acquisition of the Additional Interest by the Company. The $15 million payment (less any such credits) is to be made on the first to occur of: (a) July 18, 2010; or (b) the completion of a positive feasibility study on the Gramalote property.

In addition, the Company will be required to pay Grupo Nus US$10.00 per ounce of gold for 25% of that number of ounces of gold in excess of 1,000,000 proven and probable ounces of gold reserves determined to exist within the Gramalote property. If the Company acquires the Additional Interest, the Company will be required to pay US$10.00 per ounce of gold for 49% of that number of the excess ounces. Every two years, the reserves are to be recalculated, and additional payments are to be made, if necessary.

On May 15, 2008, in connection with the Amending Agreement *(Note 3)*, Kedahda BVI elected not to exercise its right to acquire the Additional Interest and increase its ownership interest in Gramalote BVI from 51% to 75%. As a result, pursuant to the terms of the Gramalote Purchase Agreement, the Company notified Grupo Nus that it wished to exercise the B2Gold Option and acquire the Additional Interest. On July 15, 2008, the Company completed the $7.5 million payment to Grupo Nus (by issuing 5,505,818 common shares of the Company at a price of Cdn.$1.10 per share valued at $6 million and making a cash payment of $1.5 million). The Company is now entitled to a 51% share interest in Gramalote BVI with AGA holding a 49% interest.

The Company has taken over management of exploration of the Gramalote property and will be responsible for any expenditures it incurs prior to June 30, 2010 in connection with any feasibility study on the Gramalote property. On May 15, 2008, the Company entered into the Shareholders' Agreement for an incorporated joint venture Gramalote Limited (the "Gramalote Shareholders' Agreement") that outlines the obligations of AGA and the Company (or their respective subsidiaries) with respect to the Gramalote property and regulates their rights and obligations. The 2006 Gramalote Shareholders Agreement was terminated effective May 15, 2008. Pursuant to the terms of the Gramalote Shareholders Agreement, in the event that a feasibility study on the Gramalote property is not completed prior to June 30, 2010, or the Gramalote Shareholders Agreement is terminated by unanimous agreement of the parties, Gramalote BVI will be required to issue, for nominal consideration, that number of common shares to AGA required to ensure that AGA will hold a 51% interest in Gramalote BVI.

For accounting purposes, pursuant to the CICA Handbook Accounting Guideline 15 "Consolidation of Variable Interest Entities" ("AcG15"), the Company has concluded that its investment in Gramalote BVI qualifies as a Variable Interest Entity and that the Company is not the primary beneficiary. Accordingly, effective May 15, 2008, under AcG15, the Company's investment in Gramalote is being accounted for using the equity method.

(Expressed in United States dollars unless otherwise stated)

7 Other assets

	Cost $	Accumulated depreciation $	Net book value $
Colombia land	**442,032**	**-**	**442,032**
Computer equipment/ software	**198,369**	**(81,083)**	**117,286**
Leasehold assets	**86,636**	**(32,276)**	**54,360**
Other	**94,877**	**-**	**94,877**
Closing balance, at September 30, 2008	**821,914**	**(113,359)**	**708,555**

The Colombia land is being held by the Company in order to secure access to the La Mina property for drilling *(Notes 4 and 5)*.

8 *Notes payable to Kinross*

On February 26, 2007, the Company issued three promissory notes to Kinross totalling $7,453,717, in order to finance the purchase of the Non-Russian Assets *(Note 4)*. These notes are unsecured, non-interest bearing, denominated in United States dollars and are payable as follows: $2,601,726 due on February 26, 2008 *(paid)*, $2,601,725 due on February 26, 2009 and the remainder of $2,250,266 *(paid from the proceeds of the Company's initial public offering)* due on the earlier of (i) the date of an initial public offering by the Company and (ii) February 26, 2008.

For accounting purposes, these notes have been initially recorded at an estimated fair value of $6,857,693 and are subsequently being measured at amortized cost. The estimated fair value at inception was calculated based on the net present value using a discount rate estimated to represent the interest rate of comparable debt. Interest expense is being recognized on the notes by accreting the notes (using the effective interest rate method) to their face value over the term of the notes.

	$
Principal amount	**7,453,717**
Less imputed interest, at February 26, 2007 *(Note 4)*	**(596,024)**
	6,857,693
Interest expense ("accretion")	**369,380**
Payment	**(2,250,266)**
Balance outstanding, at December 31, 2007	**4,976,807**
Interest expense ("accretion")	**154,324**
Payment	**(2,601,726)**
Balance outstanding, at September 30, 2008	**2,529,405**

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in United States dollars unless otherwise stated)

9 Capital stock

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares. At September 30, 2008, the Company had 162,783,318 common shares outstanding and no preferred shares outstanding.

	For the nine months ended September 30, 2008		*For the period from inception (Nov. 30, 2006) to December 31, 2007*	
	Number of common shares	*Amount $*	*Number of common shares*	*Amount $*
Balance beginning of period	**132,277,500**	**117,852,009**	-	-
Issued during the period:				
Gramalote Additional Interest, July 15, 2008 *(Note 6)*	**5,505,818**	**6,000,000**	-	-
B2Gold/ AGA transaction, May 15, 2008 *(Note 3)*	**25,000,000**	**33,750,000**	-	-
Initial Public Offering, December 6, 2007			40,000,000	93,215,367
Private Placements:				
- October 24, 2007 @ Cdn.$1.00 per share	-	-	15,000,000	14,542,960
- September 20, 2007 @ Cdn.$0.40 per share	-	-	25,000,000	9,252,144
- July 25, 2007 @ Cdn.$0.02 per share	-	-	41,599,000	741,411
- February 26, 2007 @ Cdn.$0.02 per share	-	-	3,000,999	53,843
- November 30, 2006 (Incorporation)	-	-	1	1
For Non-Russian Assets *(Note 4)*	-	-	2,722,500	46,283
	162,783,318	**157,602,009**	127,322,500	117,852,009
Incentive Plan	-	-	4,955,000	-
Balance end of period	**162,783,318**	**157,602,009**	132,277,500	117,852,009

On July 15, 2008, pursuant to the terms of the Gramalote Purchase Agreement, the Company acquired the Additional Interest in Gramalote BVI and completed the $7.5 million payment to Grupo Nus by issuing 5,505,818 common shares of the Company at a price of Cdn.$1.10 per share valued at $6 million and making a cash payment of $1.5 million *(Note 6)*.

Pursuant to the Amending Agreement *(Note 3)*, the Company issued 25 million common shares to AGA at a price of Cdn.$1.35 per share on May 15, 2008.

On December 6, 2007, the Company completed its initial public offering. Pursuant to an agreement (the "Underwriting Agreement") dated November 28, 2007, between the Company and Genuity Capital Markets, Canaccord Capital Corporation, GMP Securities L.P., BMO Nesbitt Burns Inc., Orion Securities Inc. and Haywood Securities Inc. (collectively, the "Underwriters"), the Underwriters purchased, in the portions set out in the Underwriting Agreement, an aggregate of 40 million common shares at a purchase price of Cdn.$2.50 per common share, for gross proceeds of Cdn.$100 million. The Company paid the Underwriters a commission of Cdn.$0.15 per common share purchased by the Underwriters, excluding 6 million common shares purchased by Kinross for which no commission was payable, for an aggregate commission of Cdn.$5.1 million.

On October 24, 2007, the Company completed a brokered private placement of 15 million common shares at a price of Cdn.$1.00 per share for gross proceeds of Cdn.$15 million. Genuity Capital Markets, Canaccord Capital Corporation and GMP Securities L.P. acted as agents in connection with this private placement and were paid a cash commission of Cdn.$750,000. Kinross was a participant in this private placement and acquired approximately 1.5 million shares.

On September 20, 2007, the Company completed a non-brokered private placement of 25 million common shares at a price of Cdn.$0.40 per share for gross proceeds of Cdn.$10 million. The private placement was completed with certain directors, officers and employees of the Company and other investors. Kinross was a participant in this private placement and acquired approximately 2.5 million shares.

On July 25, 2007 and February 26, 2007, the Company completed non-brokered private placements of 41,599,000 common shares and 3,000,999 common shares, respectively, both at a price of Cdn.$0.02 per share for gross proceeds totalling Cdn.$892,000. These private placements were completed with certain directors, officers and employees of the Company and other investors.

Incentive shares
On June 29, 2007 the Company established the B2Gold Incentive Plan (the “Incentive Plan”) for the benefit of directors, officers, employees and service providers of the Company and issued to the trustees of the Incentive Plan options to acquire 4,955,000 common shares.

On October 12, 2007, following the exercise of these options, an aggregate of 4,955,000 common shares were issued to the trustees of the Incentive Plan at a price of Cdn.$0.02 per share for gross proceeds of Cdn.$99,100 ($101,839). These shares are currently held in trust by the trustees pursuant to the terms of the Incentive Plan. The Company will recognize stock based compensation expense with respect to these incentive shares, when these shares are granted to the ultimate beneficiaries by the trust. The proceeds received from the trustees have been classified as related party loans on the Consolidated Balance Sheet.

Stock options
On October 22, 2007, the Company adopted a stock option plan for its directors, officers, employees and service providers to acquire common shares of B2Gold at a price determined by the fair market value of the shares at the date of grant. The options currently outstanding are exercisable for a period not to exceed five years, as the plan allows for a maximum term of five years.

On December 7, 2007, the Company granted 4,915,000 incentive stock options with an exercise price of Cdn.$2.40 per option to non-executive directors, non-executive officers, and employees of the Company. These stock options have a term of five years and expire on December 7, 2012. One-third of these options vested on June 7, 2008, another one-third will vest on December 7, 2008 and the remainder will vest on December 7, 2009. In the first quarter of 2008, the Company granted an additional 640,000 stock options also having an exercise price of Cdn.$2.40 per option and a term of five years. During the third quarter of 2008, 105,000 stock options were cancelled. At September 30, 2008, the number of stock options outstanding totalled 5,450,000.

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(Expressed in United States dollars unless otherwise stated)

The fair values of the options granted in 2008 and 2007 were estimated at approximately $1.41 per option at the grant date using the Black-Scholes option pricing model based on a risk-free annual interest rate of approximately 4%, an expected life of five years, an expected volatility of 67%, and a dividend yield rate of nil. The estimated fair value of these options is being recognized over the vesting period.

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

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

	For the three months ended September 30, 2008 $	*For the three months ended September 30, 2007 $*	*For the nine months ended September 30, 2008 $*	*For the period from inception (Nov. 30, 2006) to Dec. 31, 2007 $*
Balance, beginning of period:	**10,384,460**	**-**	**2,638,226**	**-**
Stock-based compensation - expense	**681,950**	**-**	**3,476,471**	**446,369**
Stock-based compensation – capitalized to resource property interests	**358,812**	**-**	**1,650,004**	**110,459**
Fair value assigned to warrants issued to AGA *(Note 3)*	**-**	**-**	**3,660,521**	**-**
Fair value assigned to warrants issued to Grupo Nus *(Note 6)*	**-**	**-**	**-**	**2,081,398**
Balance, end of period:	**11,425,222**	**-**	**11,425,222**	**2,638,226**

Shares held in escrow

At September 30, 2008, 41,793,252 common shares of the Company were held in escrow, to be released on the following dates:

	Number of common shares
November 29, 2008	**11,228,563**
December 6, 2008	**11,116,562**
May 29, 2009	**8,331,563**
June 6, 2009	**11,116,564**
	41,793,252

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(Expressed in United States dollars unless otherwise stated)

Share purchase warrants

As at September 30, 2008, the following warrants to purchase common shares of the Company were outstanding:

	Number of warrants
Exercise price of Cdn.$2.50 until December 6, 2010	**2,000,000**
Exercise price of Cdn.$3.34 until May 15, 2011	**11,000,000**
Exercise price of Cdn.$4.25 until May 15, 2011	**10,400,000**
	23,400,000

Capital disclosure

The Company manages its common shares, stock options and warrants as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its stakeholders. The Company is not subject to any externally imposed capital requirement.

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10 Supplementary cash flow information

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

	For the three months ended September 30, 2008 $	*For the three months ended September 30, 2007* $	*For the nine months ended September 30, 2008* $	*For the period from inception (Nov. 30, 2006) to Dec. 31, 2007* $
Non-cash investing and financing activities:				
Common shares issued for B2Gold/ AGA transaction *(Note 3)*	**-**	-	**33,750,000**	-
Common shares issued for Gramalote Additional Interest *(Note 9)*	**6,000,000**	-	**6,000,000**	-
Fair value assigned to warrants issued to AGA *(Note 3)*	**-**	-	**3,660,521**	-
Accrued Gramalote purchase payment *(Note 6)*	**(7,500,000)**	-	**-**	7,500,000
Stock-based compensation, capitalized to resource property interests *(Note 9)*	**358,812**	-	**1,650,004**	110,459
Future income tax liabilities relating to resource property expenditures	**(476,036)**		**226,891**	652,027
Accounts payable and accrued liabilities relating to resource property expenditures	**780,243**	-	**2,206,465**	359,681
Promissory notes issued for Non-Russian Assets *(Note 4)*	**-**	-	**-**	6,857,693
Fair value assigned to warrants issued to Grupo Nus *(Note 6)*	**-**	-	**-**	2,081,398
Common shares issued for Non-Russian Assets *(Note 4)*	**-**	-	**-**	46,283

At September 30, 2008, of the $61.5 million reported as cash and cash equivalents, approximately $58.9 million was invested in highly liquid, short-term, money market funds with no exposure to non-bank sponsored asset backed commercial paper.

(Expressed in United States dollars unless otherwise stated)

11 Related party transactions

As part of the Arrangement between Bema and Kinross and pursuant to the Purchase Agreement *(Note 4)*, the Company entered into the following agreements with Puma, a company related by way of common directors:

- Management Services Agreement pursuant to which the Company will provide office space, furnishings and equipment, communications facilities, secretarial and administrative services and personnel to Puma in consideration for a monthly fee of Cdn.$5,000.

- Exploration Management Agreement, whereby Puma will reimburse the Company for services supplied in connection with Puma's exploration or development work programs, and pay the Company a contractor fee equal to 10% of direct program expenditures incurred by Puma.

During 2007, the Company had also provided management, administrative and technical services, on a month-to-month basis, to Victoria Resource Corporation (up to July 2007) and Consolidated Westview Resource Corp. (up to November 2007), companies which were also previously managed by Bema. In addition to those transactions disclosed elsewhere in these consolidated financial statements, the Company had the following transactions and balances with the above associated companies:

	For the three months ended September 30, 2008 $	*For the three months ended September 30, 2007 $*	*For the nine months ended September 30, 2008 $*	*For the period from inception (Nov. 30, 2006) to Dec. 31, 2007 $*
Consolidated Statement of Loss				
Management fees (income)	**(50,242)**	(21,551)	**(172,120)**	(273,669)
Interest income	**-**	(48,998)	**(61,416)**	(164,178)
Expenses (reimbursed):				
Office and general	**-**	(4,266)	**-**	(10,434)
Salaries and benefits	**2,083**	(34,568)	**(53,006)**	(106,700)
Rent	**(6,907)**	(10,241)	**(21,203)**	(31,874)
	(55,066)	(119,624)	**(307,745)**	(586,855)
Consolidated Balance Sheet				
Accounts receivable	**145,797**	55,059	**145,797**	374,209

In March 2008, the Company provided Puma with the required six months notice that it will be terminating its Management Services Agreement/ Exploration Management Agreement with Puma as of September 12, 2008. At the request of Kinross, the Company has agreed to continue to manage Puma until December 19, 2008. On April 21, 2008, the Company requested that Puma repay $1 million *(repaid on April 29, 2008)* of the amount owing under its promissory note to B2Gold and the remaining balance of approximately $1.1 million on the date of Puma's 2008 Annual General Meeting on June 12, 2008 *(repaid on June 12, 2008)*.

12 Financial instruments

Fair values
At September 30, 2008, the fair values of accounts receivable, accounts payable and accrued liabilities and the notes payable to Kinross approximate their carrying values due to the short-term nature of these instruments.

Credit risk
Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. As the Company limits its deposits with high credit quality financial institutions, the credit risk is considered by management to be negligible.

Liquidity risk
The Company's primary risk of liquidity from financial instruments results from its need to meet operating accounts payable requirements. The Company manages liquidity risk by maintaining sufficient cash balances to meet these needs.

Currency risk
The Company operates in Canada, Colombia and Russia and is therefore exposed to foreign currency risk arising from transactions denominated in a foreign currency. The majority of the Company's expenditures are incurred in United States dollars.

The Company maintains its cash and cash equivalents primarily in Canadian dollars. Based on its cash and cash equivalents balances as at September 30, 2008, a 1% increase/ (decrease) in the exchange rate of the United States dollar to the Canadian dollar, on that date, would have resulted in a decrease/ (increase) in earnings of approximately $600,000.

13 Segmented information

The Company's principal activity is the exploration and development of mineral properties. The Company's resource properties are located in Colombia and Russia as disclosed in Notes 5 and 6.

RESOURCE PROPERTY INTERESTS/ GRAMALOTE INVESTMENT SCHEDULE

(expressed in United States dollars)

	Colombia properties (under the JVA)										
	Quebradona	***Antioquia***	***Narino***	***Cauca***	***Other [1]***	***Gramalote Investment [2]***	***Mocoa***	***Miraflores***	***Kupol East/ West***	***For the nine months ended Sep. 30, 2008***	***For the period from inception (Nov. 30, 2006) to Dec. 31, 2007***
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance beginning of period:											
Resource property interests	1,303,023	-	614,997	266,452	535,376	-	-	1,815,036	2,716,779	**7,251,663**	-
Gramalote investment [2]	-	-	-	-	-	17,283,072	-	-	-	**17,283,072**	-
	1,303,023	-	614,997	266,452	535,376	17,283,072	-	1,815,036	2,716,779	**24,534,735**	-
Expenditures incurred during the period:											
Acquisition costs *(Note 3 and 6)*	3,984,364	398,436	398,436	398,436	796,874	17,545,085	27,163,466	1,941,370	**-**	**52,626,467**	19,064,238
Administration	814,949	160,502	44,543	55,117	69,580	707,696	493,182	123,064	937,514	**3,406,147**	1,382,433
Claim maintenance & underlying option payments	229,983	323,620	7,265	19,223	222,642	32,194	68,645	267,241	-	**1,170,813**	578,027
Consulting	464,904	62,064	36,961	47,106	37,233	1,232,195	359,751	63,039	5,163	**2,308,416**	352,394
Drilling	1,795,398	-	-	-	-	3,925,101	1,131,369	-	966,015	**7,817,883**	1,427,305
Field expenses & land access	765,269	171,944	55,689	93,146	161,010	1,956,187	535,956	184,392	334,596	**4,258,189**	1,258,690
Geochemistry	148,993	46,664	24,739	28,401	22,751	709,284	37,201	10,762	92,375	**1,121,170**	202,099
Salaries and other related costs	427,410	150,595	82,790	79,664	54,233	1,048,680	241,879	63,138	458,542	**2,606,931**	1,405,640
Travel & accommodation	146,638	60,916	20,320	14,192	34,223	322,933	143,304	39,788	261,220	**1,043,534**	524,368
Recoverable costs rom AGA	(772,101)	-	-	-	-	-	-	-	-	**(772,101)**	-
Future income tax	-	-	-	-	161,546	620,353	-	-	(555,008)	**226,891**	652,027
	8,005,807	1,374,741	670,743	735,285	1,560,092	28,099,708	30,174,753	2,692,794	2,500,417	**75,814,340**	26,847,221
Write-off of resource properties	-	-	-	-	(546,100)	-	-	-	-	**(546,100)**	(2,312,486)
Balance end of period:											
Resource property interests	9,308,830	1,374,741	1,285,740	1,001,737	1,549,368	-	30,174,753	4,507,830	5,217,196	**54,420,195**	7,251,663
Gramalote investment [2]	-	-	-	-	-	45,382,780	-	-	-	**45,382,780**	17,283,072
	9,308,830	1,374,741	1,285,740	1,001,737	1,549,368	45,382,780	30,174,753	4,507,830	5,217,196	**99,802,975**	24,534,735

(1) Other includes the Ginebra, San Luis and La Mina properties which are under the Colombia JVA.

(2) Effective May 15, 2008, in accordance with AcG15, the Company's investment in Gramalote BVI is being accounted for using the equity method. The Company is responsible for expenditures it incurs prior to June 30, 2010 in connection with a feasibility study on the Gramalote property. These expenditures are being capitalized to the carrying value of the Company's investment in Gramalote BVI.