

# OREZONE GOLD CORPORATION

(A Development Stage Company)

## Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in United States dollars)

For the three month period ended March 31, 2015

### **Financial Statements**

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# Orezone Gold Corporation

(A Development Stage Company)

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited, expressed in United States dollars)

As at	March 31, 2015	December 31, 2014
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	3,891,151	3,415,283
Trade and other receivables	28,882	33,341
Inventories (Note 5)	348,074	394,539
Prepaid expenses and deposits	142,517	128,588
<b>Total current assets</b>	<b>4,410,624</b>	3,971,751
<b>Non-current assets</b>		
Interests in exploration properties (Note 7)	3,176,001	3,785,638
<b>Total assets</b>	<b>7,586,625</b>	7,757,389
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	955,321	1,292,775
<b>Non-current liabilities</b>		
Royalty-based obligation (Note 4, 8 and 15)	3,150,000	-
<b>Total liabilities</b>	<b>4,105,321</b>	1,292,775
<b>Equity</b>		
Share capital (Note 9)	133,439,571	133,439,571
Reserves	12,300,498	12,796,220
Accumulated deficit	(142,258,765)	(139,771,177)
<b>Total equity</b>	<b>3,481,304</b>	6,464,614
<b>Total liabilities and equity</b>	<b>7,586,625</b>	7,757,389

Going Concern (Note 2(b))  
Income Taxes (Note 11)  
Commitments (Note 17)  
Subsequent Event (Note 19)

These interim condensed consolidated financial statements were approved by the Board of Directors of Orezone Gold Corporation May 15, 2015:

/s/ Ronald N. Little  
**Ronald N. Little**  
Director

/s/ Ronald Batt  
**Ronald Batt**  
Director

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Orezone Gold Corporation**

# Orezone Gold Corporation

(A Development Stage Company)

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three month periods ended March 31, 2015 and 2014

(Unaudited, expressed in United States dollars, except for number of share amounts)

	2015	2014
	\$	\$
<b>Expenses</b>		
Exploration and evaluation costs (Note 10)	1,295,665	1,348,394
General and administrative costs (Note 10)	592,827	644,822
Share-based compensation (Note 9(c))	80,220	220,827
Depreciation and amortization (Note 7)	228,502	288,340
	<b>2,197,214</b>	<b>2,502,383</b>
<b>Other (loss) income</b>		
Foreign exchange (loss) gain	(64,715)	28,996
Finance income	7,100	20,435
Bank fees/charges	(2,351)	(6,530)
Fair value loss on royalty-based obligation (Note 8)	(150,000)	-
Realized gain on sale of available-for-sale financial assets (Note 6)	-	1,157,993
	<b>(209,966)</b>	<b>1,200,894</b>
<b>Net loss before tax</b>	<b>(2,407,180)</b>	<b>(1,301,489)</b>
Income tax expense (Note 11)	(80,408)	-
	<b>(2,487,588)</b>	<b>(1,301,489)</b>
<b>Net loss for the period</b>	<b>(2,487,588)</b>	<b>(1,301,489)</b>
Net loss per common share, basic and diluted	<b>(0.03)</b>	<b>(0.01)</b>
Weighted-average number of common shares outstanding, basic and diluted (Note 9(c))	<b>95,683,698</b>	<b>95,683,698</b>
Net loss for the period	<b>(2,487,588)</b>	<b>(1,301,489)</b>
<b>Other comprehensive loss</b>		
Net change in fair value of available-for-sale financial assets	-	548,941
Realized gain on available-for-sale financial assets (Note 6)	-	(1,157,993)
Foreign currency translation loss	(575,942)	(361,590)
	<b>(575,942)</b>	<b>(970,642)</b>
<b>Total other comprehensive loss</b>	<b>(575,942)</b>	<b>(970,642)</b>
<b>Comprehensive loss</b>	<b>(3,063,530)</b>	<b>(2,272,131)</b>

All of the above other comprehensive income (loss) items will be subsequently recycled into the statement of income (loss).

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

# Orezone Gold Corporation

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## Condensed Consolidated Interim Statements of Changes in Equity

For the three month periods ended March 31, 2015 and 2014

(Unaudited, expressed in United States dollars, except for number of share amounts)

	Share capital		Share-based payments (Note 9)	Foreign currency translation	Accumulated deficit	Total
	Shares	Amount				
	#	\$	\$	\$	\$	\$
<b>Balance, January 1, 2015</b>	95,683,698	133,439,571	12,277,321	518,899	(139,771,177)	6,464,614
Share-based compensation	-	-	80,220	-	-	80,220
Foreign currency translation	-	-	-	(575,942)	-	(575,942)
Net loss for the period	-	-	-	-	(2,487,588)	(2,487,588)
<b>Balance, March 31, 2015</b>	<b>95,683,698</b>	<b>133,439,571</b>	<b>12,357,541</b>	<b>(57,043)</b>	<b>(142,258,765)</b>	<b>3,481,304</b>

	Share capital		Share-based payments (Note 9)	Foreign currency translation	Investment revaluation	Accumulated deficit	Total
	Shares	Amount					
	#	\$	\$	\$	\$	\$	\$
<b>Balance, January 1, 2014</b>	95,683,698	133,439,571	11,370,615	1,488,173	631,543	(128,873,755)	18,056,147
Share-based compensation	-	-	220,827	-	-	-	220,827
Net change in the fair value of available-for-sale financial assets	-	-	-	-	548,941	-	548,941
Foreign currency translation	-	-	-	(486,827)	125,237	-	(361,590)
Realized gain on sale of available-for-sale financial assets (Note 6)	-	-	-	147,728	(1,305,721)	-	(1,157,993)
Net loss for the period	-	-	-	-	-	(1,301,489)	(1,301,489)
<b>Balance, March 31, 2014</b>	<b>95,683,698</b>	<b>133,439,571</b>	<b>11,591,442</b>	<b>1,149,074</b>	<b>-</b>	<b>(130,175,244)</b>	<b>16,004,843</b>

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

# Orezone Gold Corporation

(A Development Stage Company)

## Condensed Consolidated Interim Statements of Cash Flows

For the three month periods ended March 31, 2015 and 2014

(Unaudited, expressed in United States dollars)

	2015	2014
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(2,487,588)	(1,301,489)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization (Note 7)	228,502	288,340
Share-based compensation (Note 9(c))	80,220	220,827
Finance income	(7,100)	(20,435)
Fair value loss on royalty-based obligation (Note 8)	150,000	-
Realized gain on available-for-sale financial assets (Note 6)	-	(1,157,993)
Changes in non-cash operating working capital (Note 12)	(284,828)	460,310
<b>Total cash outflows used in operating activities</b>	<b>(2,320,794)</b>	<b>(1,510,440)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment (Note 7)	(1,726)	-
Net cash proceeds from sale of available-for-sale financial assets	-	3,357,751
Interest received (Note 12)	7,525	22,238
<b>Total cash inflows from investing activities</b>	<b>5,799</b>	<b>3,379,989</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from royalty arrangement (Note 8)	3,000,000	-
<b>Total cash inflows from financing activities</b>	<b>3,000,000</b>	<b>-</b>
<b>Effect of foreign currency translation on cash</b>	<b>(209,137)</b>	<b>(299,571)</b>
<b>Increase in cash</b>	<b>475,868</b>	<b>1,569,978</b>
<b>Cash, beginning of period</b>	<b>3,415,283</b>	<b>9,476,471</b>
<b>Cash, end of period</b>	<b>3,891,151</b>	<b>11,046,449</b>

Supplemental cash flow information is provided in Note 12.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

# Orezone Gold Corporation

(A Development Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three month periods ended March 31, 2015 and 2014

(Unaudited, expressed in United States dollars)

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### 1. CORPORATE INFORMATION

Orezone Gold Corporation (the "Company") was incorporated on December 1, 2008 under the Canada Business Corporations Act and is a publicly listed corporation on the Toronto Stock Exchange (the "TSX"). The Company is primarily engaged in the exploration and development of gold properties in Burkina Faso, West Africa. The Company is in the exploration and evaluation phase and is in the process of determining whether any of its mineral properties are technically feasible and commercially viable. The Company's primary objective is to maximize shareholder value by identifying and developing commercially viable gold mining operations.

The address of the Company's corporate office is 290 Picton Avenue, Suite 201, Ottawa, Ontario, Canada, K1Z 8P8.

References to "\$" or "US\$" are to United States dollars and references to "C\$" are to Canadian dollars.

### 2. BASIS OF PRESENTATION

#### (a) STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" ("IAS 34").

These Financial Statements were authorized for issue by the Board of Directors on May 15, 2015.

#### (b) BASIS OF MEASUREMENT

These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014 (the "2014 Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the 2014 Annual Financial Statements except as noted in Note 3(a).

These Interim Financial Statements are presented in United States dollars, unless otherwise indicated.

The preparation of condensed consolidated interim financial statements in accordance with IAS 34 requires Management to make certain critical accounting estimates. It also requires Management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these Interim Financial Statements, are disclosed in Note 4.

These Interim Financial Statements have been prepared on the basis of principles applicable to a going concern which assumes the Company will continue to meet its obligations and discharge its liabilities for the foreseeable future. The Company is in the exploration stage and, as is common with many exploration companies, raises funds in the equity market to conduct its activities. The Company has incurred losses in the current and prior periods, with a net loss of \$2,487,588 during the three month period ended March 31, 2015 and an accumulated deficit of \$142,258,765 at March 31, 2015. In addition to using funds currently on hand, proceeds from the royalty purchasing agreement entered into on January 27, 2015 (see Note 8) will be used to fund operations for the next twelve months. Based on the Company's current estimate of planned expenditures and funds on hand at March 31, 2015, which includes the initial \$3M drawn on the royalty financing in January 2015, the Company can fund operations until approximately September 2015. The additional \$5M standby facility, if drawn, would enable the Company to fund operations until approximately November 2016. In order to fund operations beyond October 2016, the Company must raise additional debt and equity capital. Given the continuation of weak investor sentiment and capital market conditions of the gold sector, there exists a material uncertainty as to the Company's ability to raise additional funds on favourable terms.

# Orezone Gold Corporation

(A Development Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three month periods ended March 31, 2015 and 2014

(Unaudited, expressed in United States dollars)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in these Interim Financial Statements are consistent with those followed in the preparation of the Company's 2014 Annual Financial Statements except the following:

#### (a) FINANCIAL INSTRUMENTS – ROYALTY-BASED OBLIGATION

The Company has classified the royalty-based obligation relating to the upfront royalty from Sandstorm Gold Ltd. ("Sandstorm") as a financial liability at fair value through profit or loss which is measured at fair value with unrealized gains (losses) recognized in net income (loss).

#### (b) CHANGES IN ACCOUNTING POLICIES

- IFRS 8, "Operating Segments" – This accounting standard was amended to clarify the disclosure regarding management's judgment in applying aggregation criteria. The amendment is effective for annual periods beginning on or after July 1, 2014. The application of this amendment has not had a material impact on the Company's condensed consolidated interim financial statements.
- IFRS 13, "Fair Value Measurement" – This accounting standard was amended to clarify the scope of contracts to be included in this and related standards. The amendment is effective for annual periods beginning on or after July 1, 2014. The application of this amendment has not had a material impact on the Company's condensed consolidated interim financial statements.
- IAS 24, "Related Party Disclosures" – This accounting standard was amended to clarify the disclosures related to key management personnel. The amendment is effective for annual periods beginning on or after July 1, 2014. The application of this amendment has not had a material impact on the Company's condensed consolidated interim financial statements.

#### (c) STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The following standards issued but not yet effective up to the date of the issuance of these Interim Financial Statements, as described in the 2014 Annual Financial Statements, have not been early adopted in these Interim Financial Statements:

- IFRS 9, "Financial Instruments" – This accounting standard was amended and is effective for annual periods beginning on or after January 1, 2018.
- IFRS 11, "Joint Arrangements" – This accounting standard was amended and is effective for annual periods beginning on or after January 1, 2016.
- IFRS 15, "Revenue from Contracts with Customers" – This accounting standard was issued and effective for annual periods beginning on or after January 1, 2018.
- IAS 1, "Presentation of Financial Statements" – This accounting standard was amended and is effective for annual periods beginning on or after January 1, 2016.
- IAS 16, "Property, Plant and Equipment" - This accounting standard was amended and is effective for annual periods beginning on or after January 1, 2016.
- IAS 19, "Employee Benefits" - This accounting standard was amended and is effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.
- IAS 38, "Intangible Assets" – This accounting standard was amended and is effective for annual periods beginning on or after January 1, 2016.

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(A Development Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three month periods ended March 31, 2015 and 2014

(Unaudited, expressed in United States dollars)

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### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these Interim Financial Statements requires Management to make estimates and assumptions about the future that affect the amounts recorded in the Interim Financial Statements. These estimates and assumptions are based on the Company's experience and Management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the year of change and future years if the change impacts both years.

#### **Critical judgments in applying accounting policies**

##### *Going concern risk assessment*

Management considers whether there exists any event(s) or condition(s) that may cast significant doubt on the Company's ability to continue as a going concern. Considerations take into account all available information about the future including the availability of debt and equity financing as well as the Company's working capital balance and future commitments.

##### *Determination of functional currency*

Management has made determinations with respect to its functional currency in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates," and as such has determined that the functional currency of all of its entities is the Canadian dollar with the exception of its subsidiaries, Orezone Inc. SARL and Niger Resources Inc., which have a functional currency of the Communauté Financière Africaine francs ("CFA").

##### *Other than temporary impairment of available-for-sale ("AFS") investment*

Management judgment is applied in evaluating whether an unrealized loss on the Company's AFS investment recognized in other comprehensive income (loss) is other than temporary and should be reclassified to the Statement of Loss. Management performs qualitative and quantitative assessments in order to judge if the reduction in fair value, as compared to its value upon initial recognition, is significant or prolonged.

##### *Accounting policy selection for interest in exploration properties including property, plant and equipment*

As disclosed in Note 3(i) in the Company's 2014 Annual Financial Statements, Management judgment is applied in capitalizing costs related to acquired mineral property rights and property, plant and equipment. Management has determined that expenditures incurred during the exploration and evaluation phase will be expensed as incurred until it determines that the technical feasibility and commercial viability of a mineral property has been established.

##### *Impairment of non-financial assets*

Management assesses non-financial assets for impairment as disclosed in Note 3(l) in the Company's 2014 Annual Financial Statements.

##### *Deferred income taxes*

Judgment is required in order to determine whether to recognize deferred tax assets and/or liabilities on the statement of financial position. Management must assess the extent to which it is probable that the Company and its subsidiaries will have future taxable profits available against which it can recognize unused tax losses or unused tax credits as well as sufficient loss carry forwards to offset potential tax liabilities. The amount and availability of deferred tax assets and liabilities are directly influenced by future changes to tax laws in the jurisdictions in which the Company and its subsidiaries operate.

##### *Current income tax liabilities*

The Company's operating subsidiary tax filings may be reviewed from time to time in accordance with the Burkina Faso Code. The Company's interpretations of underlying tax regulations may differ from those of the tax department.

# Orezone Gold Corporation

(A Development Stage Company)

## Notes to the Condensed Consolidated Interim Financial Statements

For the three month periods ended March 31, 2015 and 2014

(Unaudited, expressed in United States dollars)

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Judgment is required in order to determine the appropriate accounting and disclosure treatment based on the facts. To the extent that a dispute arises, Management must determine whether it's probable that a tax liability exists and whether the extent of the liability may be estimated and accrued in its Statement of Financial Position in addition to determining the appropriate level of disclosure regarding the dispute.

### *Classification of royalty as royalty-based obligation*

Significant judgment is required in determining the appropriate accounting for the Sandstorm royalty arrangement that was entered into. Based on the specific facts and circumstances, judgment is required to assess whether the arrangement is a commodity arrangement, a financial liability or a sale of a mineral interest and a contract to provide services. Management has determined that based on the specific agreements reached with Sandstorm, that the Company has assumed the significant business risks associated with delivering cash and/or gold ounces, and accordingly has classified the royalty as a financial liability at fair value through profit and loss.

### *Fair value of the Sandstorm upfront royalty*

Management has assessed the fair value of the upfront royalty as the value of the royalty plus any buyback premiums based on its assumption that the Company will be able to raise the necessary funds in order to repurchase the royalty from Sandstorm prior to the expiry of the irrevocable buyback option on January 27, 2018.

The Company will continue to evaluate on an ongoing basis whether circumstances have changed such that the likelihood of repurchasing the royalty changes resulting in the need to reconsider its current accounting policy with respect to the valuation of the loan.

### **Sources of estimation uncertainty**

#### *Share-based compensation related to stock options and warrants*

Management assesses the fair value of stock options and warrants, as disclosed in Note 3(q) in the Company's 2014 Annual Financial Statements, using the Black-Scholes option pricing model. This model requires Management to make estimates and assumptions with respect to inputs including the risk-free interest rate, volatility and expected life of the equity-settled instruments. As well, Management must make assumptions about anticipated forfeitures based on the historical actions of plan participants which may not be a true representation of future participant exercise behaviour.

#### *Useful lives of property, plant and equipment*

As disclosed in Note 3(k) in the Company's 2014 Annual Financial Statements, Management reviews its estimate of the useful life of property, plant and equipment annually and accounts for any changes in estimates prospectively.

## **5. INVENTORIES**

The cost of materials and supplies inventories recognized as an expense during the three month period ended March 31, 2015 was \$5,230 (2014 – \$18,697). There were no write-downs and no reversals of write-downs of inventories to net realizable value during the three months ended March 31, 2015 or 2014. As at March 31, 2015, no specific inventories were pledged as security for liabilities.

## **6. INVESTMENT**

On March 19, 2014, the Company sold its available-for-sale investment which consisted entirely of the 11 million ("M") ordinary common shares of Amara Mining plc ("Amara") (formerly "Cluff Gold plc") acquired as part of the sale of the Segá project in 2012.

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For the three month periods ended March 31, 2015 and 2014

(Unaudited, expressed in United States dollars)

The investment was sold for a price of 0.1850 GBP per share which resulted in net proceeds of \$3.4M USD. At initial recognition the shares were recorded at \$11.3M. Subsequently, approximately \$9.1M of impairment losses were recorded. The sale of the investments for proceeds of \$3.4M resulted in a gain of approximately \$1.2M.

### 7. INTERESTS IN EXPLORATION PROPERTIES

Assets not subject to depreciation and amortization	Land	Mineral property rights	Total
	\$	\$	\$
<b>Cost, being carrying amount</b>			
<b>Balance, January 1, 2014</b>	188,976	1,076,125	1,265,101
Foreign currency translation	(22,946)	(99,741)	(122,687)
<b>Balance, December 31, 2014</b>	166,030	976,384	1,142,414
Additions	-	-	-
Foreign currency translation	(18,628)	(89,583)	(108,211)
<b>Balance, March 31, 2015</b>	<b>147,402</b>	<b>886,801</b>	<b>1,034,203</b>

Assets subject to depreciation and amortization	Building	Capital improvements	Field equipment	Vehicles	Office equipment and furniture	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
<b>Balance, January 1, 2014</b>	2,615,499	1,576,827	2,417,518	610,036	209,767	7,429,647
Additions	-	-	50,810	-	13,489	64,299
Foreign currency translation	(317,595)	(191,471)	(260,461)	(74,076)	(21,623)	(865,226)
<b>Balance, December 31, 2014</b>	2,297,904	1,385,356	2,207,867	535,960	201,633	6,628,720
Additions	-	-	-	-	1,726	1,726
Foreign currency translation	(257,814)	(155,431)	(223,622)	(60,132)	(19,703)	(716,702)
<b>Balance, March 31, 2015</b>	<b>2,040,090</b>	<b>1,229,925</b>	<b>1,984,245</b>	<b>475,828</b>	<b>183,656</b>	<b>5,913,744</b>
<b>Accumulated depreciation and amortization</b>						
<b>Balance, January 1, 2014</b>	815,327	1,029,786	1,056,540	307,936	164,176	3,373,765
Depreciation for the year	252,900	280,693	402,025	147,112	27,257	1,109,987
Foreign currency translation	(121,520)	(150,083)	(157,450)	(50,515)	(18,688)	(498,256)
<b>Balance, December 31, 2014</b>	946,707	1,160,396	1,301,115	404,533	172,745	3,985,496
Depreciation for the period	53,727	59,468	78,311	31,167	5,829	228,502
Foreign currency translation	(108,810)	(132,916)	(136,291)	(46,814)	(17,221)	(442,052)
<b>Balance, March 31, 2015</b>	<b>891,624</b>	<b>1,086,948</b>	<b>1,243,135</b>	<b>388,886</b>	<b>161,353</b>	<b>3,771,946</b>
<b>Carrying amounts as at:</b>						
<b>December 31, 2014</b>	1,351,197	224,960	906,752	131,427	28,888	2,643,224
<b>March 31, 2015</b>	<b>1,148,466</b>	<b>142,977</b>	<b>741,110</b>	<b>86,942</b>	<b>22,303</b>	<b>2,141,798</b>

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## Notes to the Condensed Consolidated Interim Financial Statements

For the three month periods ended March 31, 2015 and 2014

(Unaudited, expressed in United States dollars)

	Three months ended March 31, 2015	Year ended December 31, 2014
	\$	\$
<b>Cost, beginning of period</b>	<b>7,771,134</b>	8,694,748
Additions	1,726	64,299
Foreign currency translation	<b>(824,913)</b>	(987,913)
<b>Cost, end of year</b>	<b>6,947,947</b>	7,771,134
<b>Accumulated depreciation and amortization, beginning of period</b>	<b>3,985,496</b>	3,373,765
Depreciation and amortization	228,502	1,109,987
Foreign currency translation	<b>(442,052)</b>	(498,256)
<b>Accumulated depreciation and amortization, end of period</b>	<b>3,771,946</b>	3,985,496
<b>Carrying amounts, beginning of period</b>	<b>3,785,638</b>	5,320,983
<b>Carrying amounts, end of period</b>	<b>3,176,001</b>	3,785,638

The Company does not currently have depreciation and amortization capitalized in interests in exploration properties.

The Company held the following mineral property rights by area as at March 31, 2015:

	Number of permits	Area (km <sup>2</sup> )	Expiry dates <sup>1</sup> of current permits	Expiry dates <sup>1</sup> of potential permit renewals
Bomboré	2	168	02/16 and 07/17	n/a and 07/20
Bondi	1	168	08/15	n/a
	<b>3</b>	<b>336</b>		

The carrying amounts of the mineral property rights by area were as follows:

As at	March 31, 2015	December 31, 2014
	\$	\$
<b>Burkina Faso</b>		
Bomboré	<b>735,875</b>	806,386
Bondi	<b>150,926</b>	169,999
<b>Total mineral property rights</b>	<b>886,801</b>	976,385

### **Bomboré, Burkina Faso**

The Bomboré (105 km<sup>2</sup>) and the Toéyoko (63 km<sup>2</sup>) permits are located in the Ganzourgou province. The Bomboré permit was renewed in December 2012 for an exceptional two-year term expiring February 2015. In January 2015, the Company received final documentation for a final extension of the exploration permit of one year to February 2016. No further extensions to the permit will be granted. The Toéyoko permit was acquired in July 2011 for a three-year term which expired in July 2014 but may be renewed for two more consecutive three-year terms. The Toéyoko permit renewal application was submitted prior to the permit expiry. The renewal was approved in August 2014 and

<sup>1</sup> In Burkina Faso, exploration permits are valid for a period of three years from the date of issue and may be renewed for two more consecutive terms of three years each. Permits in Burkina Faso are subject to a 25% surface area reduction only upon the second renewal.

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the Company received final title documentation in respect to the extension on December 30, 2014. The Company owns a 100% interest in the permits.

### **Bondi, Burkina Faso**

The Bondi project consists of the Djarkadougou (168 km<sup>2</sup>) permit, which is located in the Bougouriba province and expires in August 2015. The Company owns a 100% interest in the permit. This permit was renewed in August 2012 for its final three-year term.

## **8. ROYALTY-BASED OBLIGATION**

### **(a) BACKGROUND**

On January 27, 2015, the Company announced the completion of a royalty purchase agreement (the "Agreement") with Sandstorm Gold Ltd. ("Sandstorm") that provides up to \$8.0 million in financing to advance its Bomboré Project. Sandstorm has initially purchased a 0.45% net smelter returns ("NSR") royalty payable by the Company on future revenues from Bomboré (the "Upfront Royalty") for \$3.0 million. The Company has the option to buy back 100% of the Upfront Royalty prior to January 27, 2018, subject to a 10% per annum, non-compounded premium.

Sandstorm has committed to provide the Company with up to an additional \$5.0 million (the "Standby Royalty") for a period of two years.

The Agreement also grants Sandstorm a right of first refusal ("ROFR") on all future gold stream financings ("Stream") completed by the Company up to three years subsequent to the commencement of commercial production on the Bomboré project. In the event that the Company completes a Stream and Sandstorm exercises its ROFR, the Standby Royalty may be repurchased if Sandstorm's participation in the Stream is \$30 million or greater, or the total value of the Stream is \$80 million or greater. The repurchase price would be equal to the sum of all tranches advanced to the Company under the Standby Royalty plus a premium of 30% if repurchased prior to 2018. For repurchases subsequent to 2018, the premium increases by 10% per annum.

To the extent that any amounts advanced under the Upfront Royalty and the Standby Royalty are not repurchased based on the above, the Agreement contains a provision that requires Orezone to pay, on or before January 15, 2025, any shortfall between the amounts advanced under the royalty and royalty payments received by Sandstorm.

The Agreement with Sandstorm was executed with Orezone and, while any related royalty obligations are calculated based on production from the Bomboré permit, they remain the obligation of Orezone. As security for the Agreement, Orezone has pledged all of the issued and outstanding shares of its subsidiary Orezone Inc. No project level security has been provided (including security against the Bomboré permit), however in the event that the Company completes a project debt financing, Sandstorm has the right to receive security for its royalty interest (if one exists at that time) equivalent to that being given to the project debt facility lender, which could include transferring the security to the Bomboré project permit(s).

### **(b) ACCOUNTING FOR THE ROYALTY-BASED OBLIGATION**

The NSR is classified as a financial liability at fair value through profit or loss. Due to the lack of a quoted price in an active market for a liability similar to the NSR, the Company calculates the fair value of the NSR by estimating the value a market participant would pay to purchase the creditor's interest in the liability. As a result, at each reporting date, the Company is required to make estimates and judgments as to its ability to successfully obtain financing to enable its exercise of the royalty buyback option, the probability that the Company will not repurchase the NSR and consequently will make royalty payments once in commercial production, and the probability that the Company will not bring the project into production or repurchase the royalty resulting in a return of capital obligation at the end of 2024. At March 31, 2015, the Company has recorded the royalty obligation at \$3.15M, which represents the fair

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value of this obligation which is the cost, including the related premium, of buying back the royalty from Sandstorm as at that date.

### 9. SHARE CAPITAL

#### (a) CAPITAL STOCK

Authorized capital stock consists of an unlimited number of common shares, without par value.

#### (b) COMMON SHARE PURCHASE WARRANTS

On October 4, 2010, the Board of Orezone Inc. approved the issuance of 545,000 warrants to certain members of the Company and its subsidiaries' Management and Board of Directors to purchase 545,000 of the common shares of Brighton held by Orezone Inc. (the "2010 Brighton Warrants"). The 2010 Brighton Warrants were issued at a price of C\$1.00, vested immediately and expire one year subsequent to the date of an initial public offering by Brighton or other corporate transaction. Reserves as at March 31, 2015 and 2014 included \$66,801 related to the 2010 Brighton Warrants. In December 2014, all warrant holders voluntarily and unconditionally surrendered all rights to the warrants held.

#### (c) SHARE-BASED PAYMENTS

##### Orezone Gold Corporation

On May 15, 2009, the Company's shareholders approved the Company's stock option plan. Under the terms of the Plan, stock options may be granted to directors, officers, employees and non-employees providing ongoing services to the Company. Stock options are issued at market value based on the volume-weighted average price for the five trading days immediately preceding the date of grant, and can have a contractual term of up to ten years and generally vest over two to three years. The maximum number of common shares reserved for issuance under the Plan is equal to 10% of the Company's issued and outstanding shares from time to time less the aggregate number of shares reserved for issuance or issuable under any other security-based compensation arrangement for the Company. The Company does not presently have any other security-based compensation arrangement. All stock options are equity-settled and are issued with a contractual life of five to ten years. As at March 31, 2015, based on the Company's total common shares outstanding, a total of 9,568,369 stock options may be issued and outstanding. Based on this, the Company could grant up to 482,719 additional stock options beyond what was issued and outstanding as at March 31, 2015. TSX approval is required to reserve the related common shares for issuance. The Plan must be reapproved by the Company's shareholders every three years in accordance with the rules of the TSX. The Plan was approved by the Company's shareholders at its annual and special meeting held May 24, 2012.

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Stock option activity between January 1, 2014 and March 31, 2015 was as follows:

Grant date	Expiry date	Exercise price	Opening balance	Activity during the period			Closing balance	Vested and exercisable	Unvested
				Granted	Exercised	Forfeited			
		C\$	#	#	#	#	#	#	
05/15/2009	03/25/2019	\$0.36	1,125,000	-	-	-	1,125,000	1,125,000	-
05/26/2009	05/26/2019	\$0.40	2,050,000	-	-	-	2,050,000	2,050,000	-
07/08/2010	07/08/2020	\$0.85	438,500	-	-	8,000	430,500	430,500	-
10/21/2010	10/21/2020	\$2.35	200,000	-	-	-	200,000	200,000	-
04/27/2012	04/27/2017	\$1.70	1,966,900	-	-	12,750	1,954,150	1,954,150	-
05/14/2012	05/14/2017	\$1.70	10,000	-	-	-	10,000	10,000	-
12/17/2012	12/17/2017	\$1.50	923,500	-	-	7,500	916,000	916,000	-
06/04/2013	06/04/2018	\$1.50	200,000	-	-	-	200,000	133,334	66,666
01/30/2014	01/30/2019	\$0.65	-	1,600,000	-	-	1,600,000	-	1,600,000
05/26/2014	05/26/2019	\$0.65	-	300,000	-	-	300,000	100,000	200,000
10/13/2014	10/13/2019	\$0.75	-	300,000	-	-	300,000	100,000	200,000
<b>Totals</b>			6,913,900	2,200,000	-	28,250	9,085,650	7,018,984	2,066,666
<b>Weighted average exercise price</b>			C\$1.03	C\$0.66	-	C\$1.41	C\$0.94	C\$1.01	C\$0.69

The grant date fair value is calculated using the Black-Scholes option pricing model. Where relevant, the expected life has been adjusted based on Management's best estimate for the effects of historical forfeitures and behavioural considerations. Expected volatility is based on the historical share price volatility. During the three month period ended March 31, 2015, the weighted average market share price at exercise was C\$Nil as no options were exercised in the period (2014 - C\$Nil). The outstanding options as at March 31, 2015 have a weighted average remaining contractual life of 3.56 years (2014 – 4.50 years).

The Black-Scholes option valuation model input factors used for stock options granted between January 1, 2014 and March 31, 2015 were as follows:

Grant date	Expiry date	Grant date market price	Exercise price	Weighted average value per stock option				Grant date fair value
				Risk-free interest rate	Expected life	Expected volatility	Dividend yield	
		C\$	C\$	%	(in years)	%	%	C\$
01/30/2014	01/30/2019	0.69	0.65	1.62	3.9	84.84	-	0.43
05/26/2014	05/26/2019	0.64	0.65	1.44	4.0	84.44	-	0.39
10/13/2014	10/13/2019	0.65	0.75	1.52	4.0	85.42	-	0.38
<b>Weighted average for the period</b>		0.68	0.66	1.58	3.90	84.86	-	0.42

As at March 31, 2015, there was \$262,539 (2014 – \$793,283) of total unrecognized share-based compensation costs related to unvested stock option awards granted under the Plan that are expected to be recognized over a weighted-average term of 0.82 years.

### **Brighton Energy Corporation**

Management intends to wind-up the Brighton Energy Corporation, a wholly-owned subsidiary, given that there are no longer any business activities.

In December 2014, the option holders of Brighton Energy Corporation signed an agreement to unconditionally surrender all options held. Prior to forfeiture, there were 1,500,000 options issued, of which 1,275,000 were still outstanding. They had a term of ten years and were expected to be equity-settled. The options had never met the vesting requirements, therefore there is no accounting impact.

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### Dilutive Effect of Stock Options

For the three month period ended March 31, 2015, 9,085,650 stock options (2014 - 8,513,900) which could have been dilutive were excluded from the computation of diluted earnings per share as the Company realized a net loss and it would be anti-dilutive to include them.

### 10. NATURE OF EXPENSES

The components of exploration and evaluation costs and general and administrative costs for the three month periods ended March 31 were as follows:

	2015	2014
	\$	\$
Drilling and assaying	23,114	359,609
Exploration and development studies	874,166	563,327
General, camp, infrastructure and other	301,508	353,783
Exploration surveys	96,877	71,675
<b>Total exploration and evaluation costs</b>	<b>1,295,665</b>	<b>1,348,394</b>
Salaries and employee costs	342,654	393,107
Public company costs	84,470	99,113
Professional fees	70,001	52,475
General and office costs	55,829	60,503
Investor relations and travel	39,873	39,624
<b>Total general and administrative costs</b>	<b>592,827</b>	<b>644,822</b>

Total short-term employee compensation and benefits expense excluding share-based compensation for the three month period ended March 31, 2015 was \$795,612 (2014 – \$854,358).

Total general and administrative expense (“G&A”) above included both the Company’s head office G&A and local office G&A related to operating the Company’s subsidiaries. Head office G&A encompasses the costs of head office salaries and benefits, director compensation, investor relations and travel, facilities and IT, as well as all costs associated with maintaining the Company’s listing on the Toronto Stock Exchange. Total G&A pertaining to the Company’s head office for the three month period ended March 31, 2015 was \$407,926 (2014 – \$427,192).

### 11. INCOME TAXES

On April 14, 2014, the Company’s Burkina Faso operating subsidiary (“SARL”) received a letter from the local tax authority indicating it intended to substantially re-assess taxes owing by the subsidiary. SARL disagreed with all of the positions presented in the letter, some of which were based on incorrect information, and responded formally with explanations of its original filing positions with reference to the Tax Code. In July 2014, SARL received a formal tax reassessment for a reduced amount:

	Tax	Penalty	Total
CFA	XOF 4,136,008,314	XOF 2,855,571,142	XOF 6,991,579,456
USD at March 31, 2015 (1 USD = 611 CFA)	\$6,769,244	\$4,673,603	\$11,442,847
USD at December 31, 2014 (1 USD = 542 CFA)	\$7,631,011	\$5,268,581	\$12,899,592

The subsidiary subsequently issued an appeal notice to the tax authority, who informally agreed to suspend efforts to request payment of the assessed amount until the appeal process is complete. Management is of the view that the filing positions taken, based on advice received from its local tax advisor, were based on reasonable interpretations of

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the Tax Code in effect for the periods covered by the reassessment. Management intends to continue to vigorously defend its position, however it is likely that additional taxes will be paid once the dispute is resolved. Accordingly, the tax liability related to the dispute was increased by \$80K to \$171K at March 31, 2015 (Note 19).

The sale of the Company's common stock holding in Amara did not result in additional taxes owing as the proceeds were less than the value of the stock on the date it was received. A capital loss for tax purposes of approximately \$7,071,482 was realized on the sale. However, given that the stock was held by one of the Company's foreign subsidiaries, the capital loss is treated as a foreign accrual property loss ("FAPL") for tax purposes which may only be deducted against foreign accrual property income ("FAPI") earned by the same legal entity. The Company did not record any deferred tax asset related to the FAPL that arose from the sale of the shares.

### 12. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental details of the changes in non-cash working capital for the three month periods ended March 31 were as follows:

	2015	2014
	\$	\$
Changes in non-cash working capital impacting cash flows from operating activities were as follows:		
Trade and other receivables	1,154	(36,287)
Inventories	2,300	14,475
Prepaid expenses and deposits	(23,194)	(48,069)
Accounts payable and accrued liabilities	(265,088)	530,191
	<b>(284,828)</b>	460,310
Changes in non-cash working capital impacting cash flows from investing activities were as follows:		
Trade and other receivables, related to interest received	425	1,803

### 13. SEGMENTED INFORMATION

The Company operates in business units based on mineral properties and has one business segment, being the acquisition, exploration and potential development of precious metal properties, as carried out through Orezone Inc.

The carrying amounts of interests in exploration properties segmented by geographic area were as follows:

As at	March 31, 2015	December 31, 2014
	\$	\$
Canada	20,512	23,437
Burkina Faso	3,155,489	3,762,201
	<b>3,176,001</b>	3,785,638

Total additions to the cost of interests in exploration properties segmented by geographic area for the three month periods ended March 31 were as follows:

	2015	2014
	\$	\$
Canada	1,726	-

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### 14. FINANCIAL INSTRUMENTS AND RISKS

The Company is exposed through its exploration and evaluation activities to the following financial risks: foreign currency risk, market price risk, liquidity risk, credit risk and title risk. In common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated. The overall objective of the Board of Directors is to set policies that seek to reduce risk without unduly affecting the Company's competitiveness and flexibility.

The Company's financial instruments consist of cash, trade and other receivables, certain refundable deposits, accounts payable and accrued liabilities, and royalty-based obligation. The fair value of trade and other receivables, refundable deposits, and accounts payable and accrued liabilities are equivalent to their carrying amounts given their short maturity period.

The following taxes receivable, prepaid expenses and taxes payable balances included in the consolidated statements of financial position do not meet the definition of a financial instrument, and are thus excluded from the analysis of financial instruments and risk that follows:

As at	March 31, 2015	December 31, 2014
	\$	\$
Taxes receivable, included in trade and other receivables	21,780	23,031
Prepaid expenses, included in prepaid expenses and deposits	105,950	86,883
Taxes payable, included in accounts payable and accrued liabilities	192,815	140,179

#### (a) FOREIGN CURRENCY RISK

In the normal course of operations, the Company is exposed to currency risk due to business transactions in foreign countries. The Company mainly transacts in Canadian dollars ("CAD"), United States dollars ("USD"), Euros ("EUR"), and Communauté Financière Africaine francs ("CFA"). Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The USD equivalent of the Company's financial instruments by originating denomination currency was as follows:

As at March 31, 2015	USD	CAD	EUR & CFA <sup>1</sup>	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash	847,500	2,636,596	407,055	3,891,151
Trade and other receivables	365	3,800	2,937	7,102
Deposits	-	-	36,567	36,567
	847,865	2,640,396	446,559	3,934,820
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	279,465	142,730	340,311	762,506
Royalty-based obligation	3,150,000	-	-	3,150,000
	3,429,465	142,730	340,311	3,912,506
<b>Net financial instruments, March 31, 2015</b>	<b>(2,581,600)</b>	<b>2,497,666</b>	<b>106,248</b>	<b>22,314</b>

<sup>1</sup> The financial instruments held in EUR and CFA have been presented together as the CFA is pegged to the EUR.

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As at December 31, 2014	USD	CAD	EUR & CFA <sup>1</sup>	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash	192,131	2,798,224	424,928	3,415,283
Trade and other receivables	55	7,955	2,300	10,310
Deposits	-	-	41,705	41,705
	192,186	2,806,179	468,933	3,467,298
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	628,441	173,421	350,734	1,152,596
Net financial instruments, December 31, 2014	(436,255)	2,632,758	118,199	2,314,702

A 10% weakening against the USD of the currencies to which the Company had exposure would have had the following effects (a 10% strengthening against the USD would have had the opposite effect):

As at	March 31, 2015	December 31, 2014
	\$	\$
CAD	(249,767)	(263,276)
EUR & CFA	(10,625)	(11,820)

The Company is also exposed to foreign currency risk on the CFA currency held, as the peg rate to the EUR is periodically reviewed and could be adjusted which may result in a devaluation of currency on hand. The Company manages this risk by minimizing the amount of CFA held at any point in time and by monitoring ongoing discussions concerning the peg rate to ensure that proposed changes are known prior to implementation.

### (b) MARKET PRICE RISK

The Company held shares of a publicly traded company and was subject to the risk that the fair value or future cash flows of this financial instrument would fluctuate because of changes in the market price. The shares were sold March 19, 2014.

### (c) LIQUIDITY RISK

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. The Company's accounts payable and accrued liabilities are due within one year of the end of the reporting periods. The Company currently has sufficient resources to meet its obligations as they become due. The Company will periodically need to raise funds in the future to continue operations, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

### (d) CREDIT RISK

The Company's cash and trade and other receivables are exposed to credit risk, which is the risk that the counterparties to the Company's financial instruments will fail to discharge their obligations to the Company. The amount of credit risk to which the Company is exposed is insignificant due to the majority of the cash being held in a Canadian chartered bank and the limited amount of trade and other receivables.

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### (e) TITLE RISK

Title to mineral property rights involves certain inherent risks due to the potential for problems arising from the ambiguous conveyance history characteristic of many mining properties and from political risk associated with the country in which the Company carries out its exploration activities. The Company has taken all reasonable steps to ensure it has proper title to its properties. However, no guarantees can be provided that there are no unregistered agreements, claims or defects which may result in the Company's title to its properties being challenged. Furthermore, the Company requires a number of different permits and licenses in order to carry on its business and there can be no assurance that they will be renewed upon expiry. The Company is also subject to the risk that a new mineral exploration permit or mining permit will not be issued upon expiration of the third term of an exploration permit.

The Company has received an exceptional one-year extension on the Bomboré permit. Although the Company intends to complete all of the required deliverables in order to apply for a mining permit for the Bomboré project in the first half of 2015, unforeseen costs or delays and/or political instability may impact its ability to do so successfully and there can be no assurance that the Company will be successful in obtaining a mining permit prior to expiry.

### 15. FAIR VALUE MEASUREMENTS

#### (a) ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

As at March 31, 2015, the Company's assets and liabilities recorded at fair value were as follows:

Fair value	March 31, 2015			December 31, 2014	
	Level 1	Level 2	Level 3	Total	Total
	\$	\$	\$	\$	\$
<i>Assets</i>					
Cash	3,981,151	-	-	3,981,151	3,415,283
<i>Liabilities</i>					
Royalty-based obligation	-	-	3,150,000	3,150,000	-

The Company did not transfer any assets or liabilities between levels on the fair value hierarchy and has not offset any of its financial assets against its financial liabilities.

#### (b) VALUATION TECHNIQUES

##### *Royalty-based obligation*

The valuation of the royalty-based obligation requires certain inputs that are both unobservable and significant, as a result it has been classified as Level 3 in the fair value hierarchy. The Company uses production data and timelines, from technical work completed on its project, as well as observable inputs such as gold price and the risk-adjusted discount rate in valuing the obligation.

	Three months ended March 31, 2015
Royalty-based obligation included in Level 3	\$
<b>Balance, beginning of period</b>	-
Proceeds of Sandstorm royalty received	3,000,000
Change in fair value reported in other income (loss)	150,000
<b>Balance, end of period</b>	3,150,000

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### 16. CAPITAL MANAGEMENT

As at March 31, 2015, the Company's capital consisted of \$3,891,151 of cash and \$133,439,571 of common shares (as at December 31, 2014 – \$3,415,283 and \$133,439,571).

The Company is not subject to any externally imposed capital requirements.

The Company's primary objectives in managing its capital are to maintain sufficient levels of capital to continue its current exploration, development and other operating activities, and to maintain sufficient financial strength and flexibility to support additional future investments in the development of the Company's mining properties. The Company achieves its objectives by rationally allocating capital in accordance with Management's strategies, periodically raising capital from investors and/or the development and divestiture of non-core assets.

### 17. COMMITMENTS

As at March 31, 2015, the Company had contractual obligations for environmental and social impact studies, feasibility study costs, head office rent, professional fees, resource update costs, communication services, geotechnical work, marketing costs and equipment and inventory purchases and rentals in the amount of \$340,473 (as at December 31, 2014 – \$1,021,290). The schedule of certain payments is dependent upon the contractors' ability to complete various milestones, however it is expected that the majority of the commitments will be payable throughout the 2015 fiscal year.

Subsequent to March 31, 2015, the Company entered into further contractual obligations in the amount of \$214,389 for professional fees, environmental and social impact studies, feasibility study costs, communication services, security costs, insurance costs, marketing costs and equipment and inventory purchases and rentals, which are expected to be payable throughout the 2015 fiscal year.

### 18. KEY MANAGEMENT COMPENSATION

Key Management, Personnel and Director compensation for the three month periods ended March 31 was as follows:

	2015	2014
	\$	\$
Short-term key management personnel compensation and benefits and director fees	305,526	270,229
Share-based compensation (Note 9(c))	68,484	162,748
	<b>374,010</b>	<b>432,977</b>

### 19. SUBSEQUENT EVENT

On May 11, 2015, the Company's subsidiary SARL closed a settlement agreement with the local tax authority in the amount of XOF 100,000,000 (\$171,334) with respect to the re-assessment of taxes owing by the subsidiary (see Note 11). As a result of the settlement, the Company accrued an additional \$80,408 on March 31, 2015 thereby increasing the related tax liability to the settlement amount. The subsidiary remitted payment with respect to the settlement agreement on May 13, 2015.