OREZONE GOLD CORPORATION

(A Development Stage Company)

Condensed Consolidated Interim Financial Statements

(Unaudited, expressed in United States dollars)

For the three and six month periods ended June 30, 2017

Financial Statements

Notice to reader pursuant to National Instrument 51-102

Responsibility for Financial Statements:

The accompanying unaudited condensed consolidated interim Financial Statements of Orezone Gold Corporation as at and for the three and six month periods ended June 30, 2017 have been prepared by the company's management. Recognizing that the company is responsible for both the integrity and objectivity of the condensed interim financial statements, management is satisfied that these condensed consolidated interim financial statements have been fairly presented.

Auditor's involvement:

The external auditors of the company have not audited or performed a review of these condensed consolidated interim financial statements.

Orezone Gold Corporation

(A Development Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Unaudited, expressed in United States dollars)

As at	**June 30, 2017**	December 31, 2016
	$	$
ASSETS		
Current assets		
Cash	**14,612,357**	22,099,768
Trade and other receivables	**50,822**	98,867
Inventories (Note 5)	**369,821**	316,908
Prepaid expenses and deposits	**138,870**	108,298
Total current assets	**15,171,870**	22,623,841
Non-current assets		
Interests in exploration properties (Note 6)	**2,214,338**	2,224,746
Total assets	**17,386,208**	24,848,587
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**875,071**	805,489
Non-current liabilities		
Royalty-based obligation (Notes 4 and 7)	**-**	3,600,000
Total liabilities	**875,071**	4,405,489
Equity		
Share capital (Note 8)	**161,396,693**	161,396,693
Reserves	**13,194,198**	11,883,352
Accumulated deficit	**(158,079,754)**	(152,836,947)
Total equity	**16,511,137**	20,443,098
Total liabilities and equity	**17,386,208**	24,848,587

Going Concern (Note 2(b))
Commitments (Note 15)

These condensed consolidated interim financial statements were approved by the Board of Directors of Orezone Gold Corporation August 16, 2017:

/s/ Patrick Downey

Patrick Downey
Director

/s/ Ronald Batt

Ronald Batt
Director

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

Orezone Gold Corporation

(A Development Stage Company)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and six month periods ended June 30, 2017 and 2016
(Unaudited, expressed in United States dollars, except for number of share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
			$	$
Expenses				
Exploration and evaluation costs (Note 9)	**1,498,112**	473,185	**2,781,853**	916,099
General and administrative costs (Note 9)	**1,097,096**	442,978	**1,753,923**	920,824
Share-based compensation (Note 8(b))	**653,467**	34,912	**683,540**	166,222
Depreciation and amortization (Note 6)	**85,279**	116,881	**176,348**	250,344
	3,333,954	1,067,956	**5,395,664**	2,253,489
Other income (loss)				
Foreign exchange gain (loss)	**47,051**	(11,511)	**73,883**	227,046
Finance income	**32,274**	11,940	**75,279**	17,293
Bank fees/charges	**(2,189)**	(1,356)	**(3,933)**	(2,983)
Other income	**7,628**	-	**7,628**	-
Fair value loss on royalty-based obligation (Note 7)	**-**	-	**-**	(300,000)
Other income (loss)	**84,764**	(927)	**152,857**	(58,644)
Net loss before tax	**(3,249,190)**	(1,068,883)	**(5,242,807)**	(2,312,133)
Income tax expense	**-**	(5,980)	**-**	(5,980)
Net loss for the period	**(3,249,190)**	(1,074,863)	**(5,242,807)**	(2,318,113)
Net loss per common share, basic and diluted	**(0.02)**	(0.01)	**(0.03)**	(0.02)
Weighted-average number of common shares outstanding, basic and diluted (Note 8(b))	**154,050,364**	127,356,957	**154,050,364**	122,408,606
Net loss for the period	**(3,249,190)**	(1,074,863)	**(5,242,807)**	(2,318,113)
Other comprehensive income (loss)				
Foreign currency translation gain (loss)	**455,280**	(116,881)	**627,306**	(11,922)
Total other comprehensive income (loss)	**455,280**	(116,881)	**627,306**	(11,922)
Comprehensive loss	**(2,793,910)**	(1,191,744)	**(4,615,501)**	(2,330,035)

The above other comprehensive loss item will be subsequently recycled into the statement of loss.

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

Orezone Gold Corporation
(A Development Stage Company)
Condensed Consolidated Interim Statements of Changes in Equity
For the six month periods ended June 30, 2017 and 2016
(Unaudited, expressed in United States dollars, except for number of share amounts)

	Share capital		Reserves			
	Shares	**Amount**	**Share-based payments** (Note 8)	**Foreign currency translation**	**Accumulated deficit**	**Total**
	#	$	$	$	$	$
Balance, January 1, 2017	154,050,364	161,396,693	12,653,357	(770,005)	(152,836,947)	20,443,098
Share-based compensation	-	-	683,540	-	-	683,540
Foreign currency translation	-	-	-	627,306	-	627,306
Net loss for the period	-	-	-	-	(5,242,807)	(5,242,807)
Balance, June 30, 2017	**154,050,364**	**161,396,693**	**13,336,897**	**(142,699)**	**(158,079,754)**	**16,511,137**

	Share capital		Reserves			
	Shares	**Amount**	**Share-based payments** (Note 8)	**Foreign currency translation**	**Accumulated deficit**	**Total**
	#	$	$	$	$	$
Balance, January 1, 2016	117,350,364	138,425,137	12,489,964	(111,464)	(147,337,928)	3,465,709
Share capital issued (Note 8(a))	10,000,000	3,857,500	-	-	-	3,857,500
Share issuance costs (Note 8(a))	-	(101,798)	-	-	-	(101,798)
Stock options exercised	100,000	81,319	-	-	-	81,319
Share-based compensation	-	-	166,222	-	-	166,222
Foreign currency translation	-	-	-	(11,922)	-	(11,922)
Net loss for the period	-	-	-	-	(2,318,113)	(2,318,113)
Balance, June 30, 2016	**127,450,364**	**142,262,158**	**12,656,186**	**(123,386)**	**(149,656,041)**	**5,138,917**

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

Orezone Gold Corporation

(A Development Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

For the six month periods ended June 30, 2017 and 2016
(Unaudited, expressed in United States dollars)

	2017	2016
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	**(5,242,807)**	(2,318,113)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization (Note 6)	**176,348**	250,344
Share-based compensation (Note 8(b))	**683,540**	166,222
Finance income	**(75,279)**	(17,293)
Unrealized Foreign exchange gain (loss)	**(73,883)**	(227,046)
Fair value loss on royalty-based obligation (Note 7)	**-**	300,000
Repayment of royalty-based obligation (Note 7)	**(600,000)**	-
Income tax expense	**-**	5,980
Changes in non-cash operating working capital (Note 10)	**26,061**	131,368
Total cash outflows used in operating activities	**(5,106,020)**	(1,708,538)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 6)	**(31,573)**	(5,414)
Interest received	**82,423**	19,049
Total cash inflows from investing activities	**50,850**	13,635
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of royalty-based obligation (Note 7)	**(3,000,000)**	-
Proceeds from private placement (Note 8(a))	**-**	3,857,500
Share issuance costs (Note 8(a))	**-**	(101,798)
Proceeds from exercise of stock options	**-**	30,884
Total cash (outflows) inflows from financing activities	**(3,000,000)**	3,786,586
Effect of foreign currency translation on cash	**567,759**	171,660
(Decrease) Increase in cash	**(7,487,411)**	2,263,343
Cash, beginning of period	**22,099,768**	3,835,256
Cash, end of period	**14,612,357**	6,098,599

Supplemental cash flow information is provided in Note 10.

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

1. CORPORATE INFORMATION

Orezone Gold Corporation (the "Company") was incorporated on December 1, 2008 under the Canada Business Corporations Act and was a publicly listed corporation on the Toronto Stock Exchange (the "TSX"). Since December 2015, the Company is listed as a Tier 1 listed company on the TSX Venture Exchange (TSXV). 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, references to "C$" are to Canadian dollars and references to "CFA" or "XOF" are to Communauté Financière Africaine francs.

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 Interim Financial Statements were authorized for issue by the Board of Directors on August 16, 2017.

(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, 2016 (the "2016 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 2016 Annual Financial Statements.

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. Management believes that the current working capital is sufficient to sustain the Company's exploration and evaluation, development plans and general and administrative expenses on an ongoing basis and based on planned expenditures will be able to sustain costs into 2019. In order to develop its Bomboré property into an operating mine the Company must raise additional debt and / or equity capital.

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 2016 Annual Financial Statements.

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 Orezone Bomboré SA, which have a functional currency of the CFA.

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

As disclosed in Note 3(h) in the Company's 2016 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(k) in the Company's 2016 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.

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. 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

Management has determined that based on the specific agreements reached with Sandstorm the royalty-based obligation should be classified as a financial liability at fair value through profit or 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 have the necessary funds to repurchase the royalty from Sandstorm prior to the expiry of the irrevocable buyback option.

Sources of estimation uncertainty

Share-based compensation related to stock options

Management assesses the fair value of stock options as disclosed in Note 3(q) in the Company's 2016 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(j) in the Company's 2016 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 and six month periods ended June 30, 2017 was $29,806 and $68,357 respectively (2016 – $5,074 and $18,458 respectively). There were no write-downs or reversals of write-downs of inventories to net realizable value during the three and six month periods ended June 30, 2017 or 2016. As at June 30, 2017, no specific inventories were pledged as security for liabilities.

(Unaudited, expressed in United States dollars)

6. INTERESTS IN EXPLORATION PROPERTIES

Assets not subject to depreciation	Land	Mineral property rights	Construction in progress	Total
	$	$	$	$
Cost, being carrying amount				
Balance, January 1, 2016	148,931	832,207	6,921	988,059
Additions	-	-	484	484
Disposals	-	-	(493)	(493)
Transfer to depreciable property	-	-	(6,921)	(6,921)
Foreign currency translation	(4,139)	13,317	9	9,187
Balance, December 31, 2016	144,792	845,524	-	990,316
Foreign currency translation	11,789	38,878	-	50,667
Balance, June 30, 2017	**156,581**	**884,402**	**-**	**1,040,983**

Assets subject to depreciation	Building	Capital improve-ments	Field equipment	Vehicles	Office equipment and furniture	Total
	$	$	$	$	$	$
Cost						
Balance, January 1, 2016	2,061,266	1,242,690	1,925,307	480,766	204,037	5,914,066
Additions	-	2,447	12,089	-	3,572	18,108
Disposals	-	-	-	-	(5,295)	(5,295)
Transfer from construction in progress	-	6,921	-	-	-	6,921
Foreign currency translation	(57,295)	(34,825)	(10,000)	(13,363)	1,255	(114,228)
Balance, December 31, 2016	2,003,971	1,217,233	1,927,396	467,403	203,569	5,819,572
Additions	-	-	3,522	4,510	23,541	31,573
Foreign currency translation	163,157	99,103	120,822	38,347	12,709	434,138
Balance, June 30, 2017	**2,167,128**	**1,316,336**	**2,051,740**	**510,260**	**239,819**	**6,285,283**
Accumulated depreciation						
Balance, January 1, 2016	1,055,868	1,168,348	1,391,895	450,844	163,768	4,230,723
Depreciation for the year	210,642	17,305	187,853	28,593	17,543	461,936
Disposals	-	-	-	-	(5,295)	(5,295)
Foreign currency translation	(39,075)	(33,269)	(16,226)	(13,844)	192	(102,222)
Balance, December 31, 2016	1,227,435	1,152,384	1,563,522	465,593	176,208	4,585,142
Depreciation for the period	103,078	7,519	55,381	2,021	8,349	176,348
Foreign currency translation	105,490	94,228	102,700	38,044	9,976	350,438
Balance, June 30, 2017	**1,436,003**	**1,254,131**	**1,721,603**	**505,658**	**194,533**	**5,111,928**

Carrying amounts as at:	Building	Capital improve-ments	Field equipment	Vehicles	Office equipment and furniture	Total
December 31, 2016	776,536	64,849	363,874	1,810	27,361	1,234,430
June 30, 2017	**731,125**	**62,205**	**330,137**	**4,602**	**45,286**	**1,173,355**

(Unaudited, expressed in United States dollars)

Total interests in exploration properties	**Six months ended June 30, 2017**	Year ended December 31, 2016
	$	$
Cost, beginning of period	**6,809,888**	6,902,125
Additions	**31,573**	18,592
Disposals	**-**	(5,788)
Foreign currency translation	**484,805**	(105,041)
Cost, end of period	**7,326,266**	6,809,888
Accumulated depreciation, beginning of period	**4,585,142**	4,230,723
Depreciation	**176,348**	461,936
Disposals	**-**	(5,295)
Foreign currency translation	**350,438**	(102,222)
Accumulated depreciation, end of period	**5,111,928**	4,585,142
Carrying amounts, beginning of period	**2,224,746**	2,671,402
Carrying amounts, end of period	**2,214,338**	2,224,746

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

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

As at	**June 30, 2017**	December 31, 2016
	$	$
Burkina Faso		
Bomboré	**724,078**	697,270
Bondi	**160,324**	148,254
Total mineral property rights	**884,402**	845,524

Bomboré, Burkina Faso

The original Bomboré I exploration permit (104.5 km^2) expired on February 17, 2016 after the Company had applied for a mining permit in May 2015. Three exploration permits were received on January 10, 2017 that covers much of the previous exploration permit area that surrounds the mining permit. On January 25, 2017, the company received the Bomboré mining permit Decree dated December 30, 2016. The permit refers to the 2015 Mining Code; however the Company has not yet received the mining convention and all relevant details as to the fiscal policies of the 2015 mining code that would apply to the permit. The Bomboré project now consists of the mining permit (25 km^2) and four exploration permits; Toéyoko (63 km^2), Bomboré II (17.6 km^2), Bomboré III (42.7 km^2) and Bomboré IV (11.3 km^2). The second three-year term of the Toéyoko permit will expire in July 2017 and may be renewed for one additional three-year term. The Bomboré II, Bomboré III and Bomboré IV permits will expire in January 2020 and may be renewed for two additional three-year terms.

Bondi, Burkina Faso

On May 24, 2016, the Company agreed to a sale and transfer of the Bondi project to Sarama for the consideration of 9.6M Sarama shares valued at C$0.15 per share, plus 3M warrants priced at C$0.195 per share with an expiry of two years and 2M warrants priced at C$0.24 per share with an expiry of three years. The transaction also includes a US$20/oz royalty on the first 200,000 ounces sold out of production from the Bondi Permit area (Note 18).

The Bondi project consists of the Djarkadougou (168 km^2) permit, which relates to properties located in the Bougouriba province. The Company, as at June 30, 2017, owns a 100% interest in the permit. This permit was renewed in August 2012 for its final three-year term. However, the Company applied for and received the approval of an exceptional three-year extension of the permit which will expire on August 18, 2018.

7. ROYALTY-BASED OBLIGATION

(a) BACKGROUND

On January 27, 2015, the Company announced the completion of a royalty purchase agreement (the "Agreement") with Sandstorm that would provide up to $8.0M in financing to advance its Bomboré project. Sandstorm initially purchased a 0.45% net smelter returns ("NSR") royalty payable by the Company on future revenues from Bomboré (the "Upfront Royalty") for $3.0M. The Company had the option to buy back 100% of the Upfront Royalty prior to January 27, 2018 and the Company exercised this option in January 2017 for $3.6M.

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. This provision remains in force.

The Agreement with Sandstorm was executed with Orezone and, while any related royalty obligations are calculated based on production from the Bomboré permit, they remained the obligation of Orezone until the buyback option was exercised. As security for the original Agreement, Orezone pledged all of the issued and outstanding shares of its subsidiary Orezone Inc. as well as its intercompany account. These were returned with the exercise of the buyback option.

(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 calculated the fair value of the NSR by estimating the value a market participant would pay to purchase the creditor's interest in the liability.

8. SHARE CAPITAL

(a) CAPITAL STOCK

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

On March 30, 2016, the Company completed a non-brokered private placement that resulted in the issuance of the 10,000,000 common shares at a price of C$0.50 per share. As a result of the transaction, the Company recorded C$5,000,000 ($3,857,500) as an increase to share capital along with share issuance costs of $101,798 for net proceeds of $3,755,702.

On July 19, 2016, the Company completed a short form prospectus equity financing that resulted in the issuance of 26,450,000 common shares at a price of C$1.00 per share. As a result of the transaction, the Company recorded C$26,450,000 ($20,300,375) as an increase to share capital along with share issuance costs of $1,238,499 for net proceeds of $19,061,876.

(b) SHARE-BASED PAYMENTS

<u>Orezone Gold Corporation</u>

The equity compensation plans which the Company has in place are the 2009 Stock Option Plan ("2009 Plan") that was re-approved by the shareholders at the Annual and Special Meeting of Shareholders on June 11, 2015 and the 2016 Stock Option Plan ("2016 Plan") that was adopted by the Company in connection with the Company's voluntary move from the TSX to the TSXV in December 2015. As part of the transition, the Company adopted the 2016 Plan that is compliant with the TSXV Policy 4.4. As a result, no new stock options can be granted under the 2009 Plan and as of June 30, 2017, there were 5,881,000 options granted and outstanding under the 2009 Plan. The Company's 2016 Plan was adopted by the Board of Directors and conditionally approved by the TSXV on November 16, 2015, and was approved by the shareholders at the AGM held June 21, 2016. The Company's 2016 Plan is a 10% "rolling" plan and, under the policies of the TSXV, must be approved on an annual basis by the shareholders of the Company. The Company's 2016 Plan was reapproved by the shareholders at the AGM held on June 21, 2017. The number of shares reserved for issuance under the 2009 Plan and the 2016 Plan combined shall not exceed 10% of the Company's issued and outstanding common shares on a non-diluted basis. The 2016 Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The 2016 Plan is administered by the directors of the Company and allows for options to be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. All options expire on a date no later than ten years after the date of grant of such option.

(Unaudited, expressed in United States dollars)

As at June 30, 2017, based on the Company's total common shares outstanding, a total of 15,405,036 stock options may be issued and outstanding. Based on this, the Company could grant up to 2,444,036 additional stock options beyond what was issued and outstanding as at June 30, 2017. TSXV approval is required to reserve the related common shares for issuance.

Stock option activity between January 1, 2016 and June 30, 2017 was as follows:

				Activity during the period					
Grant date	**Expiry date**	**Exercise price**	**Opening balance**	**Granted**	**Exercised**	**Forfeited**	**Closing balance**	**Vested and exercisable**	**Unvested**
		C$	**#**	**#**	**#**	**#**	**#**	**#**	**#**
05/15/2009	03/25/2019	0.36	1,025,000	-	150,000	25,000	850,000	850,000	-
05/26/2009	05/26/2019	0.40	1,862,500	-	100,000	50,000	1,712,500	1,712,500	-
07/08/2010	07/08/2020	0.85	405,500	-	-	15,500	390,000	390,000	-
10/21/2010	10/21/2020	2.35	200,000	-	-	-	200,000	200,000	-
04/27/2012	04/27/2017	1.70	1,403,775	-	-	1,403,775	-	-	-
05/14/2012	05/14/2017	1.70	10,000	-	-	10,000	-	-	-
12/17/2012	12/17/2017	1.50	716,000	-	-	27,500	688,500	688,500	-
06/04/2013	06/04/2018	1.50	200,000	-	-	-	200,000	200,000	-
01/30/2014	01/30/2019	0.65	1,275,000	-	-	35,000	1,240,000	1,240,000	-
05/26/2014	05/26/2019	0.65	300,000	-	-	-	300,000	300,000	-
10/13/2014	10/13/2019	0.75	300,000	-	-	-	300,000	300,000	-
02/08/2016	02/08/2026	0.30	-	1,980,000	-	-	1,980,000	1,320,006	659,994
09/19/2016	09/19/2026	1.00	-	250,000	-	-	250,000	83,334	166,666
06/23/2017	06/23/2027	0.78	-	4,850,000	-	-	4,850,000	1,616,670	3,233,330
Totals			7,697,775	7,080,000	250,000	1,566,775	12,961,000	8,901,010	4,059,990
Weighted average exercise price			C$0.90	C$0.65	C$0.38	C$1.60	C$0.69	C$0.54	C$0.71

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 six month period ended June 30, 2017, the weighted average market share price at exercise was C$Nil as no options were exercised (2016 - C$1.14). The outstanding options as at June 30, 2017 have a weighted average remaining contractual life of 6.03 years (2016 – 3.92 years).

The Black-Scholes option valuation model input factors used for stock options granted between January 1, 2016 and June 30, 2017 were as follows:

(Unaudited, expressed in United States dollars)

				Weighted average value per stock option				
Grant date	Expiry date	Grant date market price	Exercise price	Risk-free interest rate	Expected life	Expected volatility	Dividend yield	Grant date fair value
		C$	C$	%	(in years)	%	%	C$
02/08/2016	02/08/2026	0.28	0.30	0.49	3.7	84.18	-	0.16
09/19/2016	09/19/2026	0.62	1.00	0.58	2.8	88.76	-	0.26
06/23/2017	06/23/2027	0.78	0.78	0.84	3.9	85.98	-	0.48
Weighted average for the period		0.63	0.65	0.73	3.8	85.57	-	0.34

As at June 30, 2017, there was $1,128,743 (2016 – $114,165) of total unrecognized share-based compensation costs related to unvested stock option awards granted under the 2016 Plan that are expected to be recognized over a weighted-average term of 1.31 years.

Dilutive Effect of Stock Options

For the three and six month periods ended June 30, 2017, 12,961,000 stock options (2016 – 9,392,900) 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.

9. NATURE OF EXPENSES

The components of exploration and evaluation costs and general and administrative costs for the three and six month periods ended June 30 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Drilling and assaying	**734,354**	27,294	**1,270,962**	123,777
Exploration and development studies	**286,263**	182,252	**619,792**	268,230
General, camp, infrastructure and other	**453,998**	212,141	**770,386**	430,573
Exploration surveys	**23,497**	51,498	**120,713**	93,519
Total exploration and evaluation costs	**1,498,112**	473,185	**2,781,853**	916,099
Salaries and employee costs	**707,967**	214,521	**971,610**	422,234
Public company costs	**96,096**	58,484	**167,170**	113,953
Professional fees	**44,241**	52,320	**127,987**	181,251
General and office costs	**205,406**	83,964	**379,988**	145,495
Investor relations and travel	**43,386**	33,689	**107,168**	57,891
Total general and administrative costs	**1,097,096**	442,978	**1,753,923**	920,824

Total short-term employee compensation and benefits expense excluding share-based compensation for the three and six month periods ended June 30, 2017 was $1,083,751 and $1,735,063 respectively (2016 – $495,716 and $1,005,299 respectively).

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 TSX and TSXV. Total G&A pertaining to the Company's head office for the three and six month period ended June 30, 2017 was $849,101 and $1,270,025 respectively (2016 – $250,429 and $475,841 respectively).

(Unaudited, expressed in United States dollars)

10. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental details of the changes in non-cash working capital for the six month periods ended June 30 were as follows:

	2017	2016
	$	$
Changes in non-cash working capital impacting cash flows from operating activities were as follows:		
Trade and other receivables	**43,008**	(1,627)
Inventories	**(25,015)**	1,114
Prepaid expenses and deposits	**(22,612)**	(120,244)
Accounts payable and accrued liabilities	**30,680**	252,125
	26,061	131,368
Changes in non-cash working capital impacting cash flows from investing activities were as follows:		
Trade and other receivables, related to interest received	**7,144**	1,756

11. 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	**June 30, 2017**	December 31, 2016
	$	$
Canada	**15,270**	17,226
Burkina Faso	**2,199,068**	2,207,520
	2,214,338	2,224,746

Total additions to the cost of interests in exploration properties segmented by geographic area for the six month periods ended June 30 were as follows:

	2017	2016
	$	$
Canada	**3,014**	-
Burkina Faso	**28,559**	5,414
	31,573	5,414

12. 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 a 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.

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	**June 30, 2017**	December 31, 2016
	$	$
Taxes receivable, included in trade and other receivables	**36,022**	78,783
Prepaid expenses, included in prepaid expenses and deposits	**111,330**	83,700
Taxes payable, included in accounts payable and accrued liabilities	**34,368**	41,454

(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 June 30, 2017	**USD**	**CAD**	**EUR & CFA**[1]	**Total**
	$	**$**	**$**	**$**
Financial assets				
Cash	483,911	13,132,695	995,751	14,612,357
Trade and other receivables	135	10,679	3,986	14,800
Deposits	-	-	27,540	27,540
	484,046	13,143,374	1,027,277	14,654,697
Financial liabilities				
Accounts payable and accrued liabilities	238,625	210,046	392,032	840,703
Net financial instruments, June 30, 2017	**245,421**	**12,933,328**	**635,245**	**13,813,994**

As at December 31, 2016	USD	CAD	EUR & CFA[1]	Total
	$	$	$	$
Financial assets				
Cash	3,828,059	17,591,676	680,033	22,099,768
Trade and other receivables	2,415	17,233	436	20,084
Deposits	-	-	24,598	24,598
	3,830,474	17,608,909	705,067	22,144,450

[1] *The financial instruments held in EUR and CFA have been presented together as the CFA is pegged to the EUR.*

(Unaudited, expressed in United States dollars)

Financial liabilities				
Accounts payable and accrued liabilities	145,133	210,244	408,658	764,035
Royalty based obligation	3,600,000	-	-	3,600,000
	3,745,133	210,244	408,658	4,364,035
Net financial instruments, December 31, 2016	85,341	17,398,665	296,409	17,780,415

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	**June 30, 2017**	December 31, 2016
	$	$
CAD	**(1,293,333)**	(1,739,867)
EUR & CFA	**(63,525)**	(29,641)

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) 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.

(c) 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.

(d) 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, although this has never occurred in the past.

(Unaudited, expressed in United States dollars)

13. FAIR VALUE MEASUREMENTS

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

As at June 30, 2017, the Company's assets and liabilities recorded at fair value were as follows:

Fair value	Level 1	Level 2	Level 3	June 30, 2017 Total	December 31, 2016 Total
	$	$	$	$	$
Assets					
Cash	**14,612,357**	-	-	**14,612,357**	22,099,768
Liabilities					
Royalty-based obligation	-	-	-	-	3,600,000

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.

Royalty-based obligation included in Level 3	Six months ended June 30, 2017
	$
Balance, beginning of period	3,600,000
Repurchase of the royalty-based obligation in the period	(3,600,000)
Balance, end of period	**-**

14. CAPITAL MANAGEMENT

As at June 30, 2017, the Company's capital consisted of $14,612,357 of cash and $161,396,693 of common shares (as at December 31, 2016 – $22,099,768 and $161,396,693). 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.

15. COMMITMENTS

As at June 30, 2017, the Company had contractual obligations for head office rent, professional fees, community relations, feasibility study update costs, communication services, IT services and equipment and inventory purchases and rentals in the amount of $261,374 (as at December 31, 2016 – $707,076). 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 2017 fiscal year.

Subsequent to June 30, 2017, the Company entered into further contractual obligations in the amount of $249,240 for security services, feasibility study update costs, professional fees, camp catering costs, drilling activities, communication services, and equipment and inventory purchases and rentals, of which the majority are expected to be payable throughout the 2017 fiscal year.

(Unaudited, expressed in United States dollars)

16. KEY MANAGEMENT COMPENSATION

Key Management, Personnel and Director compensation for the three and six month periods ended June 30 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Short-term key management personnel compensation and benefits and director fees	**281,698**	166,713	**602,418**	335,782
Key management personnel termination benefits	**451,260**	-	**451,260**	-
Share-based compensation	**600,657**	27,760	**617,869**	132,341
	1,333,615	194,473	**1,671,547**	468,123

17. RELATED PARTY

Related parties purchased 3,800,000 common shares in the March 30, 2016 private placement and on the same terms and conditions as other subscribers. In addition, a related party purchased 100,000 common shares in the July 19, 2016 prospectus financing on the same terms and conditions as other subscribers. The Company had no other transactions with related parties for the three or six month periods ended June 30, 2017 or the year ended December 31, 2016.

18. SUBSEQUENT EVENTS

On July 19, 2017, the Ministry of Mines and Quarries in Burkina Faso has issued and Sarama has paid the invoice for the transfer of the Bondi Gold Project (Djarkadougou exploration permit). This is the last step of the approval process before the Ministry of Mines will deliver the new Djarkadougou Order (“Arrêté”) in Sarama’s name, at which point the Sarama shares and warrants issued to Orezone as part of the transaction will be released from escrow.