

July 23, 2010

B2Gold Corp. (BTO-T, \$1.55)

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Rating: *SECTOR OUTPERFORM*; **12-Month Target:** \$2.60; **Risk:** *SPECULATIVE*
Impact: *Positive - Neutral to our valuation*

Event: *B2Gold Sells Interest in Kupol Licenses in Russia to Kinross Gold Corp*

- B2Gold Corp announced yesterday the sale of the Company's interests in the Kupol East and West Licenses to joint venture partner Kinross Gold Corporation (K-T; Not Rated). B2Gold had the right to acquire half of Kinross' 75% interest in the licenses, resulting in a 37.5% interest for B2Gold, a 37% interest for Kinross and a 37% interest for the Government of Chulkotka. The transaction includes:
 - A payment of US\$33 million upon the closing of the transaction;
 - Contingent payments of US\$15 million for each incremental million ounces of gold that are defined in the NI 43-101 Proven and Probable category (up to a maximum of 9 million ounces);
 - A 1.5% Net Smelter Return (NSR) of which Kinross has the right to repurchase for US\$30 million.
- The Kupol East and West Licenses originated from the sale of the Kupol deposit to Kinross in February 2007 for \$3.5 billion. No NI 43-101 reserves or resources have been defined on the licenses.

Implications: *Positive* – Haywood views the monetisation of B2Gold's property interests in Russia as positive as we ascribe no value to the assets in our valuation for the Company. The funds will add to B2Gold's cash reserves (\$21.7 million as of 31 March, 2010) and combined with the cash flow generating ability from the mines in Nicaragua, will serve to strengthen the Company's balance sheet. A stronger balance sheet will enable the continued pursuit of aggressive exploration programs in Nicaragua and support potential value accretive corporate activity. We do note that as of the end of Q1/10, B2Gold had had drawn down \$19 million of a \$25 million revolving credit facility with Macquarie Bank Ltd.

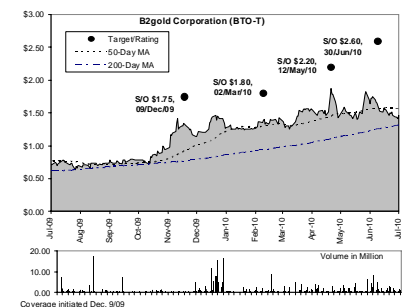
Valuation: We re-iterate our \$2.60 target price and SECTOR OUTPERFORM rating. Our \$2.60 target is based on a 12.0x multiple to 2011/2012 operating cash flow of US\$69.2 million or US\$0.21 per share. We note that the Company is currently trading at a 7x multiple to 2011/2012 cash flow, a discount to peers (which trade at a 12x multiple to 2011/2012 cash flow). Further, we view our valuation as conservative as we ascribe no direct value for the Company's 51% interest in the Gramalote project in Colombia (JV AngloGold Ashanti) and the 100%-owned Bellavista Mine in Costa Rica.

Catalysts: 1) Positive exploration results from Nicaragua confirming continued potential for sourcing high grade ore to the La Libertad and Limon mills. 2) Improvement in operating efficiencies at La Libertad and El Limón, in-line with production ramp ups 3) Colombia: renegotiating AngloGold Ashanti JV on Gramalote, anticipated before year-end 4) Positive developments in Costa Rica (Bellavista mine), relating to the potential start up of the operation.

Last Report: June 30, 2010

Target Price	\$2.60	52-Week High / Low	\$1.92 / \$0.63
Current Price	\$1.55	Shares O/S	308.5 million (basic) 382.1 million (F/D)
Return	68%	Market Capitalization	\$447 million
YTD Performance	28%	Cash	\$22 million
		Working Capital	\$17 million
Risk Profile:	SPECULATIVE	Enterprise Value	\$445 million
Forecast Risk	Low-Moderate	Daily Volume	1,572,750
Financial Risk	Low-Moderate	(3 mo avg)	C\$ unless noted
Valuation Risk	Moderate-High	Currency	www.b2gold.com
Political Risk	Moderate-High	Company Web Site	Clive Johnson
		President/CEO	

Price Performance



Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 3 - 6 of this report.



B2Gold Corporation **TSX:BTO** **Price \$1.55** **Rating: SECTOR OUTPERFORM**
Shares O/S (M) 308.5 **MCap (C\$) (M) \$478.2** **Target: \$2.60** **Return: 68%**

B2Gold is an emerging gold miner with two producing assets – the La Libertad and El Limón mines - in Nicaragua, a past producer – the Bellavista mine – in Costa Rica and exploration properties in Nicaragua and Columbia. Development enhancements are anticipated through exploration and resource growth in Nicaragua complimented by exploration activity in Columbia.

Investment Highlights

- Company founded in 2007 by the former management team of Bema Gold Corp. Proven track record and extensive financing, production, development & exploration experience.
- Un-hedged and debt free with 100% exposure to gold price - Fully funded aggressive production and exploration growth
- Acquired La Libertad (Oros) (100%) and El Limón (95%) gold mines in Nicaragua through acquisition of Central Sun Mining in March 09
- Announced the sale of their right to earn half of Kinross' interest in the Kupol East and West Licenses to Kinross Gold Corp (TSX:K) for US\$30M plus contingent payments of US\$15M for each incremental million ounces of Proven and Probable Reserves defined (max 9Moz) and a 1.5% NSR (repurchasable for US\$30M). Expected closing in Q3/10.

Operations:

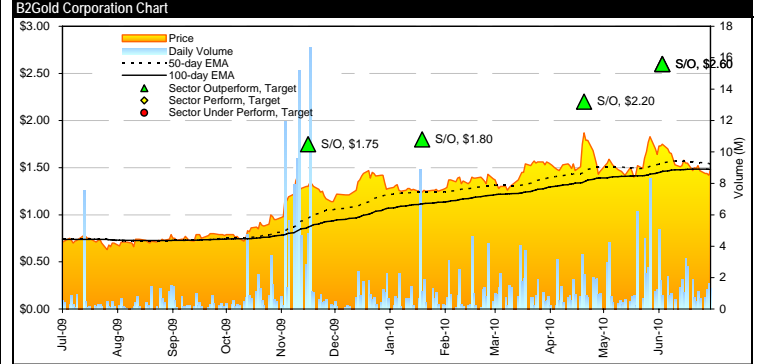
- El Limón Mine: in production since 1941, LOM avg head grade of 4.25 g/t Au and cash costs of US\$633/oz
- La Libertad Mine: Currently being upgraded to 5,500 tpd in Q2/10, LOM avg head grade of 1.9 g/t Au and cash costs of US\$500/oz

Exploration:

- Radius Gold JV (Nicaragua): option to acquire 60% in Trebol, Pavon by spending US\$4M within 4 years
- Calibre Mining JV (Nicaragua): option to acquire 51% in NEN Au-Cu project in Nicaragua by spending \$8M by July 2012
- Bellavista Mine (Costa Rica): acquired through Central Sun Mining transaction, host to P&P reserve of 314 koz (7yr mine life) and M&I resources of 421 koz, currently under care and maintenance as mine is being reclaimed.
- Gramalote & Quebradona (51% & 49%) (Columbia): JV with AngloGold Ashanti. Gramalote - Inferred resource 74.4Mt @ 1g/t Au (2.39 M oz Au)

Catalysts:

(1) Strong cash flow. (2) Resource growth through exploration in Nicaragua; (3) Positive exploration news from Nicaragua JV properties – definition of drill targets; Columbia – renegotiating AngloGold Ashanti JV on Gramalote.



Financials

	2009	2010E	2011E	2012E	2013E
Forecast Gold Price, US\$/oz		\$1,200	\$1,250	\$1,150	\$1,050
C\$/US\$ FX Rate		\$1.03	\$1.03	\$1.06	\$1.08
Spot C\$/US\$ FX Rate	\$1.04				

Income Statement (US\$)

	2009	2010E	2011E	2012E	2013E
Revenue, \$M	20.6	124.9	162.9	171.5	156.6
Cost of Revenue, \$M	19.5	67.7	62.3	65.9	65.7
Gross Profit, \$M	1.2	57.2	100.6	105.6	90.9
General & Admin, \$M	10.4	18.1	17.8	18.2	16.9
Depreciation, \$M	20.6	21.5	30.2	34.7	36.8
Other Expenses, \$M	2.0	6.6	3.0	0.8	0.7
Exploration/Drilling Costs, \$M	-	8.9	2.0	2.0	2.0
Tax, \$M	(0.8)	7.5	18.8	18.8	13.7
Net Income, \$M	(27.8)	(5.3)	28.8	31.0	20.7

Balance Sheet (US\$)

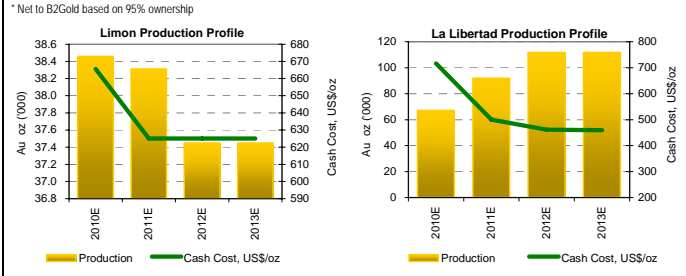
	2009	2010E	2011E	2012E	2013E
Cash \$M	2.9	43.3	66.0	145.5	211.9
Working Capital, \$M	11.6	27.6	33.6	37.0	35.5
Long-term Debt, \$M	9.7	19.0	-	-	-
Shareholder Equity, \$M	199.7	249.1	283.9	340.9	377.6

Cash Flow (US\$)

	2009	2010E	2011E	2012E	2013E
Op. CF (before W/C), \$M	(3.5)	22.8	65.8	72.5	62.8
Financing CF, \$M	38.7	54.6	(19.0)	19.9	11.5
Investing CF, \$M	(36.2)	(28.7)	(16.6)	(5.4)	(1.9)
Free CF, \$M	24.0	43.1	74.8	70.5	58.8
EPS	(0.12)	(0.02)	0.09	0.09	0.06
P/E	-	-	17.1x	15.7x	24.3x
Target Price/EPS	-	-	28.6x	26.3x	40.7x
CFFOPs	-\$0.02	\$0.07	\$0.20	\$0.22	\$0.18
P/CFFOPs	-	20.9x	7.5x	6.7x	8.0x
Target Price/CFFOPs	-	35.1x	12.5x	11.3x	13.4x

Production Profile

Gold Ounces ('000 oz)	2010E	2011E	2012E	2013E
Limon	38	38	37	37
Cash Cost, US\$/oz	\$666	\$625	\$625	\$625
La Libertad	67	92	112	112
Cash Cost, US\$/oz	\$716	\$500	\$461	\$460
Company Total - Au oz ('000)	106	130	149	149
Cash Cost, US\$/oz	\$697	\$538	\$504	\$503



Metal Inventory - Global Model Mineable, Reserve, and Resource

Reserve & Resource Inventory	Ownership	Tonnes (M)	Au (g/t)	Au ('000 oz)
La Libertad	100%	24.6	1.51	1154.8
Limon	95%	4.4	4.55	622.8
Total		29.0	1.97	1777.6
Modeled Reserves & Resources				
La Libertad	100%	10.1	1.72	539.5
Limon	95%	1.5	4.40	207.8
Total		11.6	2.07	747.3

Trading Statistics (C\$): Capital Structure

52 Week High/Low	\$1.92 / \$0.63	Average Daily Vol (M)	1.37
Ownership (M)	Shares O/S, M	% O/S	Major Shareholder (%)
Institutional	130.53	42%	Resolute Funds Ltd. 15%
Management & Insiders	45.48	15%	AngloGold Ashanti Ltd. 10%

Last Financing

18-Feb-10	\$32 million	Bought deal	25.6M shares at \$1.25
Shares O/S* - Basic, F.D.	308.5		382.1

(C\$) (M)

	Av Strike	Basic	ITM	Proceeds
Cash & Equiv				\$22
Options	\$1.09 - \$1.39	22.57	17.42	\$18
Warrants	\$0.98 - \$2.21	50.98	27.58	\$26
Total Cash & ITM		73.56	45.00	\$67
Market Cap				\$478

Corporate NAV Summary

Net Asset Value	NAV0%	8%	6%				
Per Shares F/D	Interest	C\$M	C\$/share	C\$M	C\$/share	C\$M	C\$/share
Project NAV							
La Libertad	100%	\$253	\$0.74	\$204	\$0.60	\$214	\$0.63
Limon	100%	\$20	\$0.06	\$17	\$0.05	\$18	\$0.06
Project NAV		\$273	\$0.80	\$221	\$0.64	\$232	\$0.68
Corporate Adjustments		-\$27	-\$0.08	-\$27	-\$0.08	-\$27	-\$0.08
Cash and equivalents		\$45	\$0.12	\$45	\$0.12	\$45	\$0.12
ITM Cash		\$44	\$0.12	\$44	\$0.12	\$44	\$0.12
Debt		\$19	\$0.05	\$19	\$0.05	\$19	\$0.05
Corporate NAV (excl ITM Cash)		\$37	\$0.09	\$37	\$0.09	\$37	\$0.09
Corp + Proj NAV		\$310	\$0.88	\$257	\$0.73	\$269	\$0.77

* Spot C\$/US\$ FX Rate 1.04

Peer Group Comparables (Haywood Securities estimates)

	Close	Project	Corp. Adj.	Total	P/PNAV	Discount	
Alamos Gold Inc.	C\$14.50	C\$10.96	C\$1.10	C\$12.06			
Brigus Gold Corp	C\$1.32	C\$2.32	(C\$0.43)	C\$1.88	0.6x	30% - 6%	
Red Back Mining Inc.	C\$25.52	C\$13.39	C\$0.88	C\$14.27	1.9x	3%	
Semalo, Inc.	C\$7.02	C\$2.25	C\$0.70	C\$2.95	3.1x	3% - 15%	
Group Average					1.7x		
B2Gold Corporation	TSX:BTO	C\$1.55	C\$0.64	C\$0.09	C\$0.73	2.4x	8%

Gold Price Sensitivity - Base Case: 2011 Au = US\$1,250 /oz, 2012 Au = US\$1,150

Au Price	Project NAV	Project NAV	Cash Flow	Cash Flow	Implied	Current	Lift to TP	Change in
	NAV 8% C\$/M	/ share	2010/11 Avg	/ share	Target	Price	%	TP
\$800	\$158	\$0.45	\$32.54	\$0.10	\$1.22	\$1.55	-22%	-53%
\$850	\$166	\$0.48	\$37.44	\$0.11	\$1.40	\$1.55	-10%	-46%
\$900	\$174	\$0.50	\$42.22	\$0.13	\$1.58	\$1.55	2%	-39%
\$950	\$181	\$0.53	\$46.78	\$0.14	\$1.75	\$1.55	13%	-33%
\$1,000	\$189	\$0.55	\$51.32	\$0.16	\$1.92	\$1.55	24%	-26%
\$1,050	\$197	\$0.57	\$55.86	\$0.17	\$2.09	\$1.55	35%	-20%
\$1,100	\$205	\$0.60	\$60.40	\$0.18	\$2.26	\$1.55	46%	-13%
\$1,150	\$213	\$0.62	\$64.95	\$0.20	\$2.43	\$1.55	57%	-7%
\$1,200	\$221	\$0.65	\$69.49	\$0.21	\$2.60	\$1.55	68%	0%
\$1,250	\$229	\$0.67	\$74.03	\$0.22	\$2.77	\$1.55	79%	6%
\$1,300	\$237	\$0.69	\$78.57	\$0.24	\$2.94	\$1.55	90%	13%

Corporate Contact

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Source: Haywood Securities





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Of the companies included in the report the following Important Disclosures apply:

	Ticker	Company	1	2	3	4	5	6	7	8
	TSX:AGI	Alamos Gold Inc.	X		X					
	TSX:BTO	B2Gold Corp.			X	X				
	TSX:BRD	Brigus Gold Corp.			X	X				
	TSX:RBI	Red Back Mining Inc.			X					
	TSX:SMF	SEMAFO Inc.			X	X				
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2	As of the end of the month immediately preceding this publication either Haywood Securities, Inc., its officers or directors beneficially owned 1% or more of this company.									
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7	Haywood Securities, Inc. is restricted on this company at the time of publication									
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- n/a

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Each company within analyst’s universe, or group of companies covered, is assigned a rating to represent how the analyst feels the stock will perform in comparison with the other companies, in that specific sector, over the upcoming 12 month period.

SECTOR OUTPERFORM – Haywood’s top rating category. The analyst believes that the security will outperform its sector. Furthermore, the shares are forecast to provide attractive returns measured against alternative investments when considering risk profiles. The rating carries a minimum total return threshold of 15% for equities and 12% for trusts. The rating applies to companies that have tangible underlying assets that give a measure of support to the market valuation. The rating category considers both the absolute and relative values in assigning the highest rating on the security.

SECTOR PERFORM – The analyst believes that the security will trade with tight correlation to its underlying sector. Furthermore, the target price (together with any anticipated distributions) is at or above the market price, and forecast risk-adjusted returns are attractive relative to alternative investments.





SECTOR UNDERPERFORM – Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to underperform relative to their sector. The category also represents stocks with unattractive forecast returns relative to alternative investments.

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Risk Profile Parameters

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Risk Profile Parameters – Mining and Minerals Sector

Forecast Risk: *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity leverage. Forecasts reflect higher commodity prices or production relative to guidance. *Moderate* – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging is in line with peers. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

Financial Risk: *High* – The business plan is not fully funded, but requires debt and/or equity financing. The exploration program is funded for two years or less. This categorization does not predict whether the additional funds will be raised. *Moderate* – The development plan is fully funded, with the exploration program funded for three years or more. The Company's debt is rated below investment grade. *Low* – The Company is fully funded. Its debt is rated investment grade and/or the Company has a history of profitability or dividend payments in each of the last three years.

Valuation Risk: *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. The valuation reflects considerable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF evaluation by more than 50%. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. The valuation reflects reasonable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by 15% to 50%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. The valuation reflects limited new exploration success and no commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by less than 15% or falls below the current market value.

Political Risk: *High* – Currently no industry activity or infrastructure exists. Government opposition is significant. Obtaining permits is challenging. *Moderate* – Industry activity or infrastructure is minimal. Government at national, regional, and local levels is indifferent. Obtaining permits is relatively straightforward. *Low* – Industry activity and infrastructure exist. Government is supportive. Obtaining permits is facilitated.



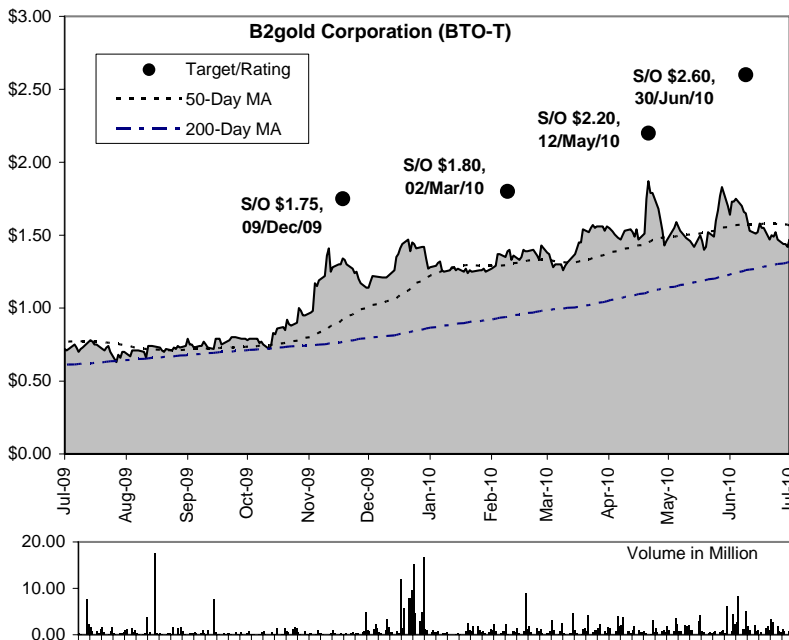


Distribution of Ratings (as of July 23, 2010)

Haywood’s current rating structure (outlined above) does not correlate to the 3-tiered BUY, HOLD, SELL structure required by the FINRA. Our ratings of Sector Outperform, Sector Perform and Sector Underperform most closely correspond to Buy, Hold/Neutral and Sell respectively however, as described above, our assigned ratings take into account the relevant sector.

	Distribution of Ratings		IB Clients (TTM)
	%	#	
S/O	52.8%	75	85.2%
S/P	3.5%	5	7.4%
S/U	1.4%	2	0.0%
T	0.7%	1	0.0%
UR (S/O)	6.3%	9	3.7%
UR (S/P)	3.5%	5	0.0%
UR (S/U)	0.7%	1	0.0%
dropped (TTM)	31.0%	44	3.7%

Rating and Price Target History (as of July 23, 2010)



Coverage initiated Dec. 9/09

S/O: Sector Outperform; S/P: Sector Perform; S/U: Sector Underperform; T: Tender; U/R: Under Review

Source: Haywood Securities Inc. and Capital IQ

