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**GOLDEN PEAKS RESOURCES LTD.**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
APRIL 30, 2010 AND 2009

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## AUDITORS' REPORT

To the Shareholders of  
**Golden Peaks Resources Ltd.**

We have audited the consolidated balance sheets of **Golden Peaks Resources Ltd.** as at April 30, 2010 and 2009 and the consolidated statements of loss and comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada,  
July 15, 2010.

*Ernst & Young LLP*

Chartered Accountants

**GOLDEN PEAKS RESOURCES LTD.  
CONSOLIDATED BALANCE SHEETS  
AS AT APRIL 30**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,084,517	407,487
Amounts receivable	11,223	20,095
Prepays and deposits	<u>57,633</u>	<u>26,896</u>
	1,153,373	454,478
<b>CAPITAL ASSETS</b> (Note 3)	74,822	88,806
<b>RESOURCE INTERESTS</b> (Note 4)	<u>2,410,149</u>	<u>2,049,920</u>
	<u><u>3,638,344</u></u>	<u><u>2,593,204</u></u>

**L I A B I L I T I E S**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	<u>750,258</u>	<u>675,427</u>
<b>COMMITMENT</b> (Note 11)		

**S H A R E H O L D E R S ' E Q U I T Y**

<b>SHARE CAPITAL</b> (Note 6)	32,415,644	29,862,855
<b>CONTRIBUTED SURPLUS</b> (Note 8)	3,712,670	3,164,843
<b>DEFICIT</b>	<u>(33,240,228)</u>	<u>(31,109,921)</u>
	<u>2,888,086</u>	<u>1,917,777</u>
	<u><u>3,638,344</u></u>	<u><u>2,593,204</u></u>

**NATURE OF OPERATIONS AND GOING CONCERN** (Note 1)

**SUBSEQUENT EVENT** (Note 16)

APPROVED BY THE BOARD

"Kieran Downes" , Director

"Nick DeMare" , Director

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

**GOLDEN PEAKS RESOURCES LTD.  
CONSOLIDATED STATEMENTS OF LOSS AND  
COMPREHENSIVE LOSS AND DEFICIT  
FOR THE YEARS ENDED APRIL 30**

	2010 \$	2009 \$
<b>MINERAL EXPLORATION COSTS</b> (Notes 5 and 9)	<u>929,224</u>	<u>1,952,158</u>
<b>EXPENSES</b>		
Accounting and administration (Note 9)	46,700	44,950
Amortization	7,497	18,232
Audit	62,445	53,957
Capital tax	57,801	246,190
Consulting (Note 9)	16,500	12,882
Directors' fees (Note 9)	50,000	50,000
Filing and transfer agent fees	33,538	31,017
Interest expense	-	18,000
Legal	172,400	359,387
Management fees (Note 9)	171,900	166,463
Office and general	59,388	73,973
Office rent	44,929	38,755
Project evaluation and general exploration	375	1,078
Salaries and benefits	-	45,359
Shareholder communications and conferences	15,282	24,092
Stock-based compensation (Note 7)	495,229	-
Travel and related costs	<u>39,356</u>	<u>59,825</u>
	<u>1,273,340</u>	<u>1,244,160</u>
<b>LOSS BEFORE THE FOLLOWING</b>	(2,202,564)	(3,196,318)
<b>INTEREST INCOME</b>	616	29,295
<b>WRITE-OFF OF RESOURCE INTERESTS</b> (Note 4)	-	(612,747)
<b>FOREIGN EXCHANGE GAIN</b>	<u>71,641</u>	<u>171,462</u>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	(2,130,307)	(3,608,308)
<b>DEFICIT - BEGINNING OF YEAR</b>	<u>(31,109,921)</u>	<u>(27,501,613)</u>
<b>DEFICIT - END OF YEAR</b>	<u>(33,240,228)</u>	<u>(31,109,921)</u>
 <b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	 <u>\$(0.05)</u>	 <u>\$(0.11)</u>
 <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	 <u>39,577,183</u>	 <u>32,706,882</u>

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

**GOLDEN PEAKS RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED APRIL 30**

	2010 \$	2009 \$
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(2,130,307)	(3,608,308)
Items not involving cash		
Amortization	17,437	30,904
Stock-based compensation	495,229	-
Write-off of resource interests	<u>-</u>	<u>612,747</u>
	(1,617,641)	(2,964,657)
Decrease in amounts receivable	8,872	34,822
Increase in prepaids and deposits	(30,737)	(7,219)
(Decrease) increase in accounts payable and accrued liabilities	<u>74,831</u>	<u>(468,293)</u>
	<u>(1,564,675)</u>	<u>(3,405,347)</u>
<b>INVESTING ACTIVITIES</b>		
Expenditures on resource interests	(360,229)	(113,199)
Additions to capital assets	<u>(3,453)</u>	<u>(29,358)</u>
	<u>(363,682)</u>	<u>(142,557)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares	2,825,265	585,000
Share issue costs	<u>(219,878)</u>	<u>(22,258)</u>
	<u>2,605,387</u>	<u>562,742</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR</b>	677,030	(2,985,162)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>407,487</u>	<u>3,392,649</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>1,084,517</u></u>	<u><u>407,487</u></u>
<b>CASH AND CASH EQUIVALENTS IS COMPRISED OF:</b>		
Cash	1,084,517	132,506
Short term investments	<u>-</u>	<u>274,981</u>
	<u><u>1,084,517</u></u>	<u><u>407,487</u></u>

**SUPPLEMENTAL CASH FLOW INFORMATION** (Note 12)

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

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2010 AND 2009**

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Golden Peaks Resources Ltd. (the “Company”) is a junior mineral exploration company currently engaged in the acquisition and exploration of precious metals on mineral properties located in Argentina. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as resource interests represent net costs to date, less amounts recovered or written off, and do not necessarily represent present or future values.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At April 30, 2010 the Company had a working capital of \$403,115, had not yet achieved profitable operations, had accumulated losses of \$33,240,228 and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned Argentinean subsidiary, Golden Peaks Minera S.A. Intercompany balances and transactions are eliminated on consolidation.

*Use of Estimates*

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Examples of significant estimates made by management include amortization, the provision for income taxes, composition of future income tax assets, future income tax liabilities and asset retirement obligations and valuations of resource interests, capital assets and stock-based compensation. Actual results may differ from those estimates. The financial statements have, in management’s opinion, been properly prepared using careful judgement within the framework of the significant accounting policies summarized in this note.

*Cash and Cash Equivalents*

Cash and cash equivalents includes cash and short term investments maturing within 90 days of the original date of acquisition.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2010 AND 2009**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Resource Interests***

Resource interests include acquired mineral use rights for mineral property held by the Company. The amount of consideration paid (in cash or share value) for resource interests is capitalized. The amounts shown for resource interests represent costs of acquisition incurred to date, less recoveries or write-offs, and do not necessarily reflect present or future values. These costs will be amortized against revenue from future production or written off if the resource interest is abandoned or sold.

Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon estimated proven and probable reserves.

The carrying values of resource interests are reviewed by management at least annually to determine if they have become impaired. If impairment is determined to exist, the resource interest will be written down to its net recoverable value.

Ownership in resource interests involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control.

The ultimate recoverability of the amounts capitalized for the resource interests is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its resource interests have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of resource interest carrying values.

***Exploration and Development Costs***

Mineral exploration and development costs are expensed as incurred until such time as either mineral reserves are proven or permits to operate the mineral resource property are received and financing to complete development has been obtained. Following confirmation of mineral reserves or receipt of permits to commence mining operations and obtaining necessary financing, development expenditures are capitalized as deferred development expenditures included within resource interests.

***Property Option Agreements***

Property option payments are recorded as resource interest costs or recoveries when the payments are made or received, respectively.

***Capital Assets***

Capital assets are recorded at cost. Amortization is calculated using the straight-line method over the estimated useful life of the assets, at a rate of 33% for computer equipment, 20% for office equipment, 10% for field equipment and building and straight-line over the life of the lease for leasehold improvements.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2010 AND 2009**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Translation of Foreign Currency*

As the Company's foreign subsidiary has been dependent on funding from its parent, the operation is considered to be integrated. As a result, the temporal method of translating the accounts of the foreign subsidiary has been adopted. Under this method, the Company translates monetary items at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at average rates in effect during the period in which they were earned or incurred. Revenues and expenses are translated at average rates in effect during the period except for depreciation and amortization which are translated at historical rates. Gains and losses resulting from the fluctuation of foreign exchange rates have been included in the determination of income.

*Income Taxes*

Future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantially enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

*Long-lived Assets Impairment*

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value.

*Asset Retirement Obligations*

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. The Company has determined that it does not have any material asset retirement obligations at April 30, 2010.

*Stock-Based Compensation*

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense as awards vest, with offsetting amounts recognized as contributed surplus.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2010 AND 2009**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Loss Per Share***

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. Basic and diluted loss per share are the same as the effect of potential issuances of shares under warrants or share option arrangements would be anti-dilutive.

***Financial Instruments***

Under Section 3251, *Equity* and Section 3855, *Financial Instruments - Recognition and Measurement*, all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financing will be expensed in the period incurred.

The Company has designated its cash and cash equivalents as held-for-trading, which is measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

***Comprehensive Income***

Section 1530, *Comprehensive Income*, provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A statement of comprehensive income has not been presented as no components of comprehensive income have been identified and therefore have not affected the current or comparative period balances on the consolidated financial statements.

***Comparative Amounts***

Comparative amounts have been reclassified, where necessary, to conform to the presentation adopted in the current year.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2010 AND 2009**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Assessing Going Concern*

Section 1400, *General Standards of Financial Statement Presentation*, was amended to include requirements for management to make an assessment of a company's ability to continue as a going concern and to use the going concern basis in the preparation of the financial statements unless management either intends to liquidate the company or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon a company's ability to continue as a going concern, those uncertainties should be disclosed. The Company has performed such an assessment and has concluded that it is appropriate to present these consolidated financial statements using the going concern assumption.

*Financial Instruments - Disclosures and Presentation*

Section 3862, *Financial Instruments - Disclosures*, requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments - Recognition and Measurement*, Section 3863 and Section 3865, *Hedges*. The Company has included the required disclosures recommended by Section 3862 in Note 14.

Section 3863, *Financial Instruments - Presentation*, is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The Company has included the required disclosures recommended by Section 3863 in Note 14.

*Capital Disclosures*

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The Company has included the required disclosures recommended by Section 1535 in Note 15.

*Adoption of New Accounting Standards*

*Goodwill and Intangible Assets*

The Accounting Standards Board ("AcSB") issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. On May 1, 2009 the Company adopted these changes, with no impact on its consolidated financial statements.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2010 AND 2009**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Financial Instruments*

During 2009 the CICA amended Section 3862, *Financial Instruments – Disclosures*, to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs that are not based on observable market data.

Effective May 1, 2009 the Company adopted the new recommendations. The additional disclosures as a result of the amended Section 3862 are included in Note 14.

*Future Accounting Policies*

*Business Combinations, Consolidated Financial Statements and Non-Controlling Interests*

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards (“IFRS”) 3, *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, *Consolidated and Separate Financial Statements*, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

*International Financial Reporting Standards*

The AcSB has announced that Canadian publicly accountable enterprises will be required to adopt IFRS effective January 1, 2011. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The Company has undertaken a project to assess the potential impacts of the transition to IFRS and has developed a detailed project plan to ensure compliance with the new standards. The Company has completed the initial phase of the implementation project including the detailed diagnostic analysis which included a high-level impact assessment to identify key areas that may be impacted by the adoption of IFRS. This analysis resulted in the prioritization of areas to be evaluated in the next phase of the project plan, component evaluation. This phase, which is currently in progress, includes the analysis of accounting policy alternatives available under IFRS as well as the determination of changes required to existing information systems and business processes. The Company is currently assessing the impact of the adoption of IFRS on our results of operations, financial position and financial statement disclosures.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2010 AND 2009**

**3. CAPITAL ASSETS**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Computer equipment	15,573	51,716
Office equipment	9,627	22,956
Field equipment	5,472	5,472
Building	93,931	93,931
Leasehold improvements	<u>5,202</u>	<u>5,202</u>
	129,805	179,277
Less: accumulated amortization	<u>(54,983)</u>	<u>(90,471)</u>
	<u><u>74,822</u></u>	<u><u>88,806</u></u>

**4. RESOURCE INTERESTS**

(a) La Fortuna Property

In December 2003 the Company entered into an option agreement to earn a 100% interest in the La Fortuna Property located in the province of Chubut, Argentina, under which the Company paid a total of US \$350,000 in option payments. The Company was also required to pay US \$1 per ounce of all proven and economically recoverable gold or gold-silver equivalent to the optionor, to a maximum of US \$5 million, of which an initial payment of US \$1 million was paid on June 19, 2007. The Company was also required to pay for all additional proven and economically recoverable ounces of gold or gold-silver equivalent discovered in excess of 1 million ounces, if such ounces exist, to a maximum of 4 million ounces, at US \$1 per ounce. In December 2008 the Company delivered an independent report to the vendor and no additional payments were required of the Company.

On November 19, 2009 the Company concluded an amending agreement which establishes dates for further option payments and title to the La Fortuna Property. The agreed upon revised option payment schedule will be US \$300,000 (paid), US \$1,000,000 on the first anniversary, US \$1,000,000 on the second anniversary, US \$1,000,000 on the third anniversary, US \$1,350,000 on the fourth anniversary and US \$1,350,000 on the fifth anniversary, for a total of US \$6 million dollars. Title to the La Fortuna Property has now been transferred to the Company.

As at April 30, 2010 the La Fortuna Property represents the Company's sole significant mineral property interest.

During fiscal 2009 the Company determined to write-off \$76,320 for past options made on the Stella Maris claims in connection with a separate option agreement relating to the La Fortuna Property.

(b) During fiscal 2009 the Company wrote-off a total of \$536,427 on the termination of the option agreements on the Cerro Delta, Lonco and Oro projects.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2010 AND 2009**

**5. MINERAL EXPLORATION COSTS**

Mineral exploration costs incurred in the 2010 and 2009 fiscal years are detailed below:

	<u>2010</u>
	<u>La Fortuna</u>
	\$
Accounting	30,031
Amortization	9,940
Assays	23,228
Camp costs	12,963
Communications	4,101
Drilling	401,204
Excavation	22,373
Field personnel and supervision	94,408
Foreign value added tax	74,262
Geological	157,431
Imaging / mapping	14,369
Professional fees	11,007
Travel and transportation	<u>73,907</u>
Total	<u><u>929,224</u></u>

	<u>2009</u>				
	<u>La Fortuna</u>	<u>Cerro Delta</u>	<u>Lonco</u>	<u>Oro</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Accounting	36,638	-	-	-	36,638
Assaying	305,490	-	-	-	305,490
Camp costs	27,993	-	-	-	27,993
Communications	14,220	37	-	-	14,257
Drilling	158,896	-	-	-	158,896
Excavation	150,871	-	-	-	150,871
Field personnel and supervision	192,206	10,938	219	219	203,582
Field supplies	10,270	-	-	-	10,270
Geological	181,775	8,356	-	-	190,131
Satellite imagery	5,007	573	-	-	5,580
Technical report	69,881	-	-	-	69,881
Travel and transportation	<u>271,882</u>	<u>4,430</u>	<u>1,542</u>	<u>185</u>	<u>278,039</u>
	<u><u>1,425,129</u></u>	<u><u>24,334</u></u>	<u><u>1,761</u></u>	<u><u>404</u></u>	1,451,628
Amortization					12,672
Foreign value added tax					<u>487,858</u>
Total					<u><u>1,952,158</u></u>

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2010 AND 2009**

**6. SHARE CAPITAL**

Authorized - unlimited common shares without par value

Issued -	2010		2009	
	Shares	\$	Shares	\$
Balance, beginning of year	<u>35,463,594</u>	<u>29,862,855</u>	<u>31,563,594</u>	<u>29,300,113</u>
Issued during the year				
For cash				
Private placement	4,000,000	2,041,690	3,900,000	585,000
Exercise of warrants	3,905,500	783,575	-	-
For finder's fees	75,000	26,568	-	-
Reallocation from contributed surplus on exercise of warrants	<u>-</u>	<u>856</u>	<u>-</u>	<u>-</u>
	<u>7,980,500</u>	<u>2,852,689</u>	<u>3,900,000</u>	<u>585,000</u>
Less: Share issue costs	<u>-</u>	<u>(299,900)</u>	<u>-</u>	<u>(22,258)</u>
	<u>7,980,500</u>	<u>2,552,789</u>	<u>3,900,000</u>	<u>562,742</u>
Balance, end of year	<u><u>43,444,094</u></u>	<u><u>32,415,644</u></u>	<u><u>35,463,594</u></u>	<u><u>29,862,855</u></u>

- (a) During November 2009 the Company completed a brokered private placement of 4,000,000 units for gross proceeds of \$2,041,690. An aggregate of 3,831,000 units were sold to arm's length investors at a purchase price of \$0.51 per unit and an aggregate of 169,000 units were sold to non-arm's length investors at a purchase price of \$0.52 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share on or before May 19, 2011. Warrants issued to arm's length investors are exercisable at a purchase price of \$0.64 per share and warrants issued to non-arm's length investors are exercisable at a purchase price of \$0.65 per share.

The Company issued to the agent 75,000 corporate finance units, with a fair value of \$38,250. Each corporate finance unit consisted of one common share and one non-transferable common share purchase warrant exercisable at a price of \$0.65 per share until May 19, 2011. During fiscal 2010, 5,500 warrants were exercised for proceeds of \$3,575. The agent also received non-transferable warrants to purchase up to 268,170 common shares exercisable at a price of \$0.65 per share until May 19, 2011. The fair value of the underlying warrants to the corporate finance units and agent's warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 79.83%; a risk-free interest rate of 0.94%; and an expected life of eighteen months. The value assigned to the corporate finance units and agent's warrants was \$11,682 and \$41,772, respectively.

The Company also paid the agent a cash commission of \$136,767 and incurred legal and other costs totalling \$83,111.

- (b) During January 2009 the Company completed a non-brokered private placement financing of 3,900,000 units at \$0.15 per unit for gross proceeds of \$585,000. Each unit consisted of one common share and one share purchase warrant. Each warrant was exercisable at a price of \$0.20 per share expiring on January 14, 2010. During fiscal 2010 the warrants were exercised and the Company issued 3,900,000 common shares for proceeds of \$780,000.

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**6. SHARE CAPITAL (continued)**

The Company incurred \$22,258 for legal and filing costs related to this financing.

Directors and officers of the Company purchased 390,000 units of this private placement.

- (c) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at April 30, 2010 and 2009 and the changes for the years ending on those dates is as follows:

	<u>2010</u>		<u>2009</u>	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	3,900,000	0.20	-	-
Issued	4,343,170	0.64	3,900,000	0.20
Exercised	<u>(3,905,500)</u>	0.20	<u>-</u>	-
Balance, end of year	<u>4,337,670</u>	0.64	<u>3,900,000</u>	0.20

The following table summarizes information about the number of common shares reserved pursuant to warrants outstanding at April 30, 2010:

Number	Exercise Price \$	Expiry Date
3,831,000	0.64	May 19, 2011
<u>506,670</u>	0.65	May 19, 2011
<u>4,337,670</u>		

**7. STOCK OPTIONS AND STOCK-BASED COMPENSATION**

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The options have a maximum term of ten years.

During fiscal 2010 the Company granted 1,350,000 stock options to the Company's directors, employees and consultants, and recorded compensation expense of \$495,229. No stock options were granted during fiscal 2009.

The fair value of stock options granted to employees, directors and consultants is estimated on the dates of grants using the Black-Scholes option pricing model with the following assumptions used for the grants made during fiscal 2010:

	<u>2010</u>
Risk-free interest rate	1.32%
Estimated volatility	79.20%
Expected life	2 years
Expected dividend yield	0%

The weighted average fair value per share of all stock options granted during fiscal 2010 to the Company's employees, directors and consultants was \$0.37 per share.

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**7. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)**

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

A summary of the Company's outstanding stock options at April 30, 2010 and 2009 and the changes for the years ending on those dates is presented below:

	<u>2010</u>		<u>2009</u>	
	Options Outstanding	Weighted Average Exercise Price \$	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	1,705,000	1.55	2,733,000	1.76
Granted	1,350,000	0.73	-	-
Expired	<u>(1,405,000)</u>	1.45	<u>(1,028,000)</u>	2.09
Balance, end of year	<u>1,650,000</u>	0.97	<u>1,705,000</u>	1.55

The following table summarizes information about the stock options outstanding and exercisable at April 30, 2010:

Exercise Price \$	Number Outstanding	Expiry Date
2.05	300,000	May 10, 2010
0.73	<u>1,350,000</u>	January 14, 2012
	<u>1,650,000</u>	

See also Note 16.

**8. CONTRIBUTED SURPLUS**

The Company's contributed surplus at April 30, 2010 and 2009 and the changes for the years ending on those dates are comprised of the following:

	<u>2010</u> \$	<u>2009</u> \$
Balance, beginning of year	3,164,843	3,164,843
Stock-based compensation on stock options	495,229	-
Stock-based compensation on finder's fees	11,682	-
Stock-based compensation on agent's warrants	41,772	-
Reallocation to share capital on exercise of warrants	<u>(856)</u>	<u>-</u>
Balance, end of year	<u>3,712,670</u>	<u>3,164,843</u>

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**9. RELATED PARTY TRANSACTIONS**

During fiscal 2010 and 2009 the Company was charged for various services provided by companies controlled by directors and officers of the Company, as follows:

	2010 \$	2009 \$
Accounting and administration	46,700	44,950
Management fees	200,400	200,400
Consulting and professional	10,000	10,000
Directors fees	<u>50,000</u>	<u>50,000</u>
	<u>307,100</u>	<u>305,350</u>

As at April 30, 2010 accounts payable and accrued liabilities include \$36,900 (2009 - \$66,362) due to these related parties.

These transactions were measured at the exchange amount, which was the amount of consideration established and agreed to by related parties.

**10. INCOME TAXES**

Future income tax assets and liabilities of the Company as at April 30, 2010 and 2009, are as follows:

	2010 \$	2009 \$
Future income tax assets		
Losses carried forward	3,990,700	5,026,500
Mineral resource interests	1,417,700	989,300
Other	<u>428,900</u>	<u>61,200</u>
	5,837,300	6,077,000
Future income tax liabilities	<u>-</u>	<u>(204,400)</u>
	5,837,300	5,872,600
Valuation allowance	<u>(5,837,300)</u>	<u>(5,872,600)</u>
Net future income tax asset	<u>-</u>	<u>-</u>

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**10. INCOME TAXES** (continued)

The recovery of income taxes shown in the consolidated statements of loss and comprehensive loss and deficit differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2010 \$	2009 \$
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>29.5%</u>	<u>30.50%</u>
Expected income tax recovery	(628,400)	(1,100,500)
Effect of income tax rate changes	92,300	629,800
Foreign income tax rate differences	132,100	(108,200)
Permanent differences	555,100	512,000
Other	(115,900)	363,600
Change in valuation allowance	<u>35,200</u>	<u>(296,700)</u>
Actual income tax recovery	<u>-</u>	<u>-</u>

As at April 30, 2010 the Company has accumulated non-capital losses of approximately \$4,611,000 and accumulated resource and other pools of approximately \$4,342,000 carried forward for Canadian income tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2011 through 2030. The cumulative resource and other pools can be carried forward indefinitely. Through its subsidiary the Company also has cumulative losses of approximately \$8,110,000 and cumulative resource pools of approximately \$2,882,000 carried forward for Argentinean tax purposes, which are available to reduce taxable income of the subsidiary of future years. These losses expire commencing 2011 through 2015.

**11. COMMITMENT**

During fiscal 2009 the Company entered into an office premise lease expiring July 31, 2013 with minimum base rents of \$28,550 per annum to July 31, 2011 and \$29,692 per annum for the period August 1, 2011 to July 31, 2013.

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash activities were conducted by the Company during fiscal 2010 and 2009, as follows:

	2010 \$	2009 \$
Financing activities		
Issuance of common shares for finder's fees	27,424	-
Common share issue costs	(80,022)	-
Contributed surplus	<u>52,598</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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**12. SUPPLEMENTAL CASH FLOW INFORMATION (continued)**

Other supplemental cash flow information:

	2010 \$	2009 \$
Interest paid in cash	-	-
Income taxes paid in cash	-	-

**13. SEGMENTED INFORMATION**

Substantially all of the Company's operations are in one industry, the exploration for gold. Management reviews the financial results according to expenditures by property. The Company's current mineral properties are located in Argentina and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	2010		
	Canada \$	Argentina \$	Total \$
Identifiable assets			
Current assets	840,063	313,310	1,153,373
Capital assets	11,222	63,600	74,822
Resource interests	-	2,410,149	2,410,149
	<u>851,285</u>	<u>2,787,059</u>	<u>3,638,344</u>
	2009		
	Canada \$	Argentina \$	Total \$
Identifiable assets			
Current assets	379,235	75,243	454,478
Capital assets	15,265	73,541	88,806
Resource interests	-	2,049,920	2,049,920
	<u>394,500</u>	<u>2,198,704</u>	<u>2,593,204</u>

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

*Categories of Financial Assets and Financial Liabilities*

Under Canadian GAAP financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, which are the same as their fair values, are classified into the following categories:

Financial Instrument	Category	2010 \$	2009 \$
Cash and cash equivalents	Designated held for trading	1,084,517	407,487
Amounts receivable	Loans and receivables	11,223	20,095
Prepays and deposits	Loans and receivables	57,633	26,896
Accounts payable and accrued liabilities	Other liabilities	(750,258)	(675,427)

The recorded amounts for cash and cash equivalents, other receivables, accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's carrying value and fair value of cash and cash equivalents under the fair value hierarchy is measured using Level 1 inputs.

Investment income consists of interest earned on cash, cash equivalents and short-term investments of \$616 (2009 - \$29,295).

*Financial Risk Factors*

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is remote.

*Liquidity Risk*

All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from future financings.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents are maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and cash equivalents and on the Company's obligations are not considered significant.

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

(b) Foreign Currency Risk

The Company has operations in Canada and Argentina subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian dollars, United States dollars ("US dollars") and Argentinean pesos, and the fluctuation of the Canadian dollar in relation to these other currencies will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

At April 30, 2010, 1 Canadian dollar was equal to 0.989 U.S. dollar and 3.824 Argentinean pesos.

Balances are as follows:

	U.S. \$	Argentinean Pesos	CDN \$ Equivalent
Cash and cash equivalents	429,638	31,629	442,893
Amounts receivable	-	8,048	2,104
Accounts payable and accrued liabilities	<u>(90,317)</u>	<u>(1,864,192)</u>	<u>(578,837)</u>
	<u>339,321</u>	<u>(1,824,515)</u>	<u>(133,840)</u>

Based on the net exposures as of April 30, 2010 and assuming that all other variables remain constant, a 1% fluctuation on the Canadian dollar against the U.S. dollar and Argentinean peso would result in the Company's net loss to be \$1,338 (2009 - \$4,384) higher (or lower).

(c) Price Risk

None of the Company's future cash flows of financial instruments are subject to change from other price risks.

**15. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of resource interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, stock options, warrants and cash and cash equivalents. The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

**16. SUBSEQUENT EVENT**

Subsequent to April 30, 2010 stock options to purchase 300,000 common shares of the Company at \$2.05 per share expired without exercise.