
GOLDEN PEAKS RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
APRIL 30, 2009 AND 2008

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, 2009 and 2008 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, 2009 and 2008 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 20, 2009.

The image shows a handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Chartered Accountants

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

	2009	2008
	\$	\$
		<i>(Restated Note 2)</i>
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	407,487	3,392,649
Amounts receivable	20,095	54,917
Prepays	<u>26,896</u>	<u>19,677</u>
	454,478	3,467,243
PLANT AND EQUIPMENT (Note 4)	88,806	90,352
RESOURCE INTERESTS (Note 5)	<u>2,049,920</u>	<u>2,549,468</u>
	<u><u>2,593,204</u></u>	<u><u>6,107,063</u></u>

L I A B I L I T I E S

CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	<u>675,427</u>	<u>1,143,720</u>
COMMITMENT (Note 12)		

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

SHARE CAPITAL (Note 7)	29,862,855	29,300,113
CONTRIBUTED SURPLUS (Note 9)	3,164,843	3,164,843
DEFICIT	<u>(31,109,921)</u>	<u>(27,501,613)</u>
	<u>1,917,777</u>	<u>4,963,343</u>
	<u><u>2,593,204</u></u>	<u><u>6,107,063</u></u>

NATURE OF OPERATIONS (Note 1)

SUBSEQUENT EVENT (Note 17)

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

	2009 \$	2008 \$ <i>(Restated Note 2)</i>
MINERAL EXPLORATION COSTS (Note 6)	<u>1,952,158</u>	<u>4,930,114</u>
EXPENSES		
Accounting and administration	44,950	34,450
Advertising	-	3,289
Amortization	18,232	17,416
Audit	53,957	49,190
Capital tax	246,190	50,000
Consulting	12,882	37,381
Directors' fees	50,000	50,000
Filing and transfer agent fees	31,017	32,273
Interest expense	18,000	-
Legal	359,387	233,079
Management fees	112,463	98,988
Office and general	73,973	115,225
Office rent	38,755	20,914
Project evaluation and general exploration	1,078	16,555
Salaries and benefits	99,359	91,503
Shareholder communications and conferences	24,092	90,768
Stock-based compensation (Note 8)	-	1,220,405
Travel and related costs	<u>59,825</u>	<u>95,675</u>
	<u>1,244,160</u>	<u>2,257,111</u>
LOSS BEFORE THE FOLLOWING	(3,196,318)	(7,187,225)
INTEREST INCOME	29,295	251,521
WRITE-OFF OF RESOURCE INTERESTS (Note 5)	(612,747)	-
FOREIGN EXCHANGE GAIN (LOSS)	<u>171,462</u>	<u>(297,036)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(3,608,308)	(7,232,740)
DEFICIT - BEGINNING OF YEAR	<u>(27,501,613)</u>	<u>(20,268,873)</u>
DEFICIT - END OF YEAR	<u>(31,109,921)</u>	<u>(27,501,613)</u>
 BASIC AND DILUTED LOSS PER COMMON SHARE	 <u><u>\$(0.11)</u></u>	 <u><u>\$(0.23)</u></u>
 WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	 <u><u>32,706,882</u></u>	 <u><u>31,366,572</u></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

	2009 \$	2008 \$ <i>(Restated Note 2)</i>
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the year	(3,608,308)	(7,232,740)
Items not involving cash		
Amortization	30,904	27,346
Stock-based compensation	-	1,220,405
Write-off of resource interests	<u>612,747</u>	<u>-</u>
	(2,964,657)	(5,984,989)
Decrease in amounts receivable	34,822	29,016
Increase in prepaids	(7,219)	(6,976)
(Decrease) increase in accounts payable and accrued liabilities	<u>(468,293)</u>	<u>349,300</u>
	<u>(3,405,347)</u>	<u>(5,613,649)</u>
INVESTING ACTIVITIES		
Expenditures on resource interests	(113,199)	(1,626,104)
Additions to plant and equipment	<u>(29,358)</u>	<u>(20,175)</u>
	<u>(142,557)</u>	<u>(1,646,279)</u>
FINANCING ACTIVITIES		
Issuance of common shares	585,000	632,500
Share issue costs	<u>(22,258)</u>	<u>-</u>
	<u>562,742</u>	<u>632,500</u>
DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	(2,985,162)	(6,627,428)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,392,649</u>	<u>10,020,077</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>407,487</u></u>	<u><u>3,392,649</u></u>
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash	132,506	814,273
Short term investments	<u>274,981</u>	<u>2,578,376</u>
	<u><u>407,487</u></u>	<u><u>3,392,649</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION (Note 13)

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

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

1. NATURE OF OPERATIONS

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, 2009, the Company had a working capital deficiency of \$220,949, had not yet achieved profitable operations, had accumulated losses of \$31,109,921 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.

See also Note 17.

2. CHANGE IN ACCOUNTING POLICY

During the 2009 fiscal year, the Company commenced its review of the impact of International Financial Reporting Standards (“IFRS”) (see Note 3) on its current accounting policies. Part of this initial review included an examination of the Company’s current accounting policies. In light of this review, the Company determined that it was appropriate to change its accounting policy for resource interests whereby exploration and development costs are to be expensed until such time as either reserves are proven or permits to operate a mineral resource property are received and financing to complete development has been obtained. Previously, the Company capitalized its exploration and development expenditures as incurred, which is permitted under Canadian GAAP.

Management believes that this revised accounting policy will provide a more relevant and reliable basis of accounting. Among other benefits, the revised accounting policy aligns the accounting treatment of resource interest expenditures with standards used by producing mining companies in the resource sector and with global accounting standards. The change in accounting policy has been applied retrospectively, and the comparative statements for the 2008 fiscal year have been restated.

The effect of the change was to increase the accumulated deficit at April 30, 2007 by \$7,138,361. Further impacts of the restatement are noted in the table below:

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

2. CHANGE IN ACCOUNTING POLICY (continued)

	As Previously Reported \$	Adjustment \$	Restated \$
Balance Sheet as at April 30, 2008			
Resource interests	14,617,943	(12,068,475)	2,549,468
Deficit	(15,433,138)	(12,068,475)	(27,501,613)
Statement of Loss and Comprehensive Loss and Deficit for the Year Ended April 30, 2008			
Mineral exploration costs	-	(4,930,114)	(4,930,114)
Net loss and comprehensive loss for the year	(2,302,626)	(4,930,114)	(7,232,740)
Basic and diluted loss per share	(0.07)	(0.16)	(0.23)
Statement of Cash Flows for the Year Ended April 30, 2008			
Operating activities	(996,989)	(4,616,660)	(5,613,649)
Investing activities	(6,262,939)	4,616,660	(1,646,279)

3. 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. 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.

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.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Plant and Equipment

Plant and equipment 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 20% for leasehold improvements.

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.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. As at April 30, 2009, the Company does not have any asset retirement obligations.

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.

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.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Adoption of New Accounting Standards

Effective May 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under Section 1400, *General Standards of Financial Statement Presentation*, Section 3862, *Financial Instruments Disclosures*, Section 3863, *Financial Instrument - Presentation* and Section 1535, *Capital Disclosures*.

Assessing Going Concern

Section 1400 was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company has included the required disclosures recommended by Section 1400 in Note 1 of these financial statements.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Section 3862 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*.

Section 3863 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 Sections 3862 and 3863 in Note 15 of these consolidated financial statements.

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 16 of these consolidated financial statements.

New Accounting Pronouncements

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. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

The Company does not anticipate the above new accounting standards to have a material impact on the Company's financial position and results of operations under current operating conditions but could have an impact on the future accounting treatment of expenditures on mineral property development once mineral reserves have been proved or an operating permit received and financing for development obtained.

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.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Section 1582 replaces Section 1581, *Business Combinations*, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to 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

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

4. PLANT AND EQUIPMENT

	2009	2008
	\$	\$
Computer equipment	51,716	55,361
Office equipment	22,956	20,930
Field equipment	5,472	5,472
Building	93,931	74,447
Leasehold improvements	<u>5,202</u>	<u>-</u>
	179,277	156,210
Less: accumulated amortization	<u>(90,471)</u>	<u>(65,858)</u>
	<u><u>88,806</u></u>	<u><u>90,352</u></u>

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

5. RESOURCE INTERESTS

During the 2009 fiscal year the Company changed its accounting policy, with retrospective effect, for resource interests as described in Note 2 to these consolidated financial statements.

	<u>2009</u>	<u>2008</u>
	Acquisition Costs \$	Acquisition Costs \$
La Fortuna (a)	2,049,920	2,034,744
Cerro Delta (b)	-	318,445
Lonco (c)	-	103,588
Oro (d)	-	92,691
	<u>2,049,920</u>	<u>2,549,468</u>

(a) *La Fortuna Project*

The La Fortuna Project comprises two agreements:

- i) 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 is 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 is 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. The Company continues to have the obligation to pay US \$1 per ounce for all additional proven and economically recoverable ounces of gold or gold-silver equivalent discovered to a maximum of 4 million ounces.

The vendor is obligated by the terms of the agreement to transfer ownership of the La Fortuna Property to the Company. As of April 30, 2009, the ownership of the La Fortuna Property had not been transferred to the Company. The Company has requested that the title to the La Fortuna Property be transferred and is taking steps with the vendor to ensure that this transfer takes place.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. RESOURCE INTERESTS (continued)

- ii) In January 2007, the Company entered into an option agreement to acquire a 100% interest in the Stella Maris claims under which the Company has paid a total of US \$70,000 in option payments and is required to make further option payments totalling US \$380,000, as follows:

Date	Option Payments US \$
October 30, 2008	60,000
October 30, 2009	80,000
October 30, 2010	100,000
October 30, 2012	<u>140,000</u>
	<u><u>380,000</u></u>

Upon exercise of the option, the optionor will retain a 1.5% net smelter royalty (“NSR”) which can be purchased by the Company at any time prior for US \$450,000.

The US \$60,000 option payment which was due on October 30, 2008 has not been paid. Although the Company and the optionor are in the process of renegotiating the terms of the option agreement, the Company has determined to write-off \$76,320 (US \$70,000) for past option payments made.

(b) *Cerro Delta Project*

In August 2007, the Company entered into an option agreement to acquire a 100% interest in the Cerro Delta Project, covering 16,800 hectares, located in the Maricunga Belt, in La Rioja Province, Argentina. Under the agreement the Company was required to make option payments totalling US \$4,000,000 (US \$300,000 paid). During the 2009 fiscal year the Company determined to terminate the option agreement and wrote-off \$318,445.

(c) *Lonco Project*

In December 2004, the Company entered into an option agreement to acquire a 100% interest in the Lonco Project, covering approximately 66,000 hectares, located in the province of Neuquen, Argentina. Under the agreement the Company was required to make monthly payments of US \$2,000 and could purchase the Lonco Project at any time by payment of US \$400,000. During October 2008, the Company terminated the option agreement and wrote-off \$114,439.

(d) *Oro Project*

In December 2004, the Company entered into an option agreement to acquire a 100% interest in the Oro Project, covering approximately 72,000 hectares, located in the province of Neuquen, Argentina. Under the agreement the Company was required to make monthly payments of US \$2,000 and could purchase the Oro Project at any time by payment of US \$400,000. During October 2008, the Company terminated the option agreement and wrote-off \$103,543.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOR THE YEARS ENDED APRIL 30, 2009 AND 2008

6. MINERAL EXPLORATION COSTS

Mineral exploration costs incurred in the 2009 and 2008 fiscal years are detailed below:

	2009				Total
	La Fortuna	Cerro Delta	Lonco	Oro	
	\$	\$	\$	\$	\$
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	271,882	4,430	1,542	185	278,039
	<u>1,425,129</u>	<u>24,334</u>	<u>1,761</u>	<u>404</u>	1,451,628
Amortization					12,672
Foreign value added tax					<u>487,858</u>
Total					<u><u>1,952,158</u></u>

	2008				Total
	La Fortuna	Lonco	Oro	Cerro Delta	
	\$	\$	\$	\$	\$
Accounting	27,824	-	-	-	27,824
Assaying	187,663	5,316	-	50,646	243,625
Communications	13,702	1,258	-	171	15,131
Drilling	2,171,098	63,282	-	-	2,234,380
Equipment and supplies	1,331	-	-	-	1,331
Excavation	653,502	-	-	-	653,502
Field personnel and supervision	204,244	5,215	-	4,288	213,747
Geological	289,827	8,910	1,763	35,970	336,470
Satellite imagery	31,556	-	-	22,750	54,306
Travel and transportation	391,836	27,241	1,283	14,132	434,492
	<u>3,972,583</u>	<u>111,222</u>	<u>3,046</u>	<u>127,957</u>	4,214,808
Amortization					9,930
Foreign value added tax					<u>705,376</u>
Total					<u><u>4,930,114</u></u>

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7. SHARE CAPITAL

Authorized - unlimited common shares without par value

Issued -	2009		2008	
	Shares	\$	Shares	\$
Balance, beginning of year	<u>31,563,594</u>	<u>29,300,113</u>	<u>30,943,594</u>	<u>28,546,902</u>
Issued during the year				
For cash				
Private placement	3,900,000	585,000	-	-
Exercise of options	-	-	450,000	250,000
Exercise of warrants	-	-	170,000	382,500
Reallocation from contributed surplus on exercise of options	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,711</u>
	<u>3,900,000</u>	<u>585,000</u>	<u>620,000</u>	<u>753,211</u>
Less: Share issue costs	<u>-</u>	<u>(22,258)</u>	<u>-</u>	<u>-</u>
	<u>3,900,000</u>	<u>562,742</u>	<u>620,000</u>	<u>753,211</u>
Balance, end of year	<u><u>35,463,594</u></u>	<u><u>29,862,855</u></u>	<u><u>31,563,594</u></u>	<u><u>29,300,113</u></u>

- (a) 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 is exercisable at a price of \$0.20 per share expiring on January 14, 2010. 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.

- (b) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at April 30, 2009 and 2008, and the changes for the years ending on those dates is as follows:

	2009		2008	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	-	-	6,153,700	2.25
Issued	3,900,000	0.20	-	-
Exercised	-	-	(170,000)	2.25
Expired	<u>-</u>	<u>-</u>	<u>(5,983,700)</u>	<u>2.25</u>
Balance, end of year	<u><u>3,900,000</u></u>	<u>0.20</u>	<u><u>-</u></u>	

See also Note 17.

GOLDEN PEAKS RESOURCES LTD.
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8. 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 the 2009 fiscal year the Company did not grant any stock options. During the 2008 fiscal year the Company granted 1,860,000 stock options to the Company's directors, employees and consultants, and recorded compensation expense of \$1,220,405.

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 the 2008 fiscal year:

	<u>2008</u>
Risk-free interest rate	2.82% - 4.32%
Estimated volatility	69.98% - 71.79%
Expected life	2 years - 3 years
Expected dividend yield	0%
Estimated forfeiture rate	0%

The weighted average fair value per share of all stock options granted during the 2008 fiscal year to the Company's employees, directors and consultants was \$0.66 per share.

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, 2009 and 2008, and the changes for the years ending on those dates is presented below:

	<u>2009</u>		<u>2008</u>	
	Options Outstanding	Weighted Average Exercise Price \$	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of year	2,733,000	1.76	2,183,000	1.76
Granted	-	-	1,860,000	1.57
Exercised	-	-	(450,000)	0.56
Expired	<u>(1,028,000)</u>	2.09	<u>(860,000)</u>	2.02
Balance, end of year	<u><u>1,705,000</u></u>	1.55	<u><u>2,733,000</u></u>	1.76

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8. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

The following table summarizes information about the stock options outstanding and exercisable at April 30, 2009:

Exercise Price \$	Number Outstanding	Expiry Date
2.27	75,000	September 21, 2009
1.40	1,330,000	April 8, 2010
2.05	<u>300,000</u>	May 10, 2010
	<u><u>1,705,000</u></u>	

9. CONTRIBUTED SURPLUS

The Company's contributed surplus as April 30, 2009 and 2008, and the changes for the years ending on those dates are comprised of the following:

	2009 \$	2008 \$
Balance, beginning of year	3,164,843	2,065,149
Stock-based compensation	-	1,220,405
Stock options exercised	<u>-</u>	<u>(120,711)</u>
Balance, end of year	<u><u>3,164,843</u></u>	<u><u>3,164,843</u></u>

10. RELATED PARTY TRANSACTIONS

The Company was charged for various services provided by companies controlled by directors and officers of the Company, as follows:

	2009 \$	2008 \$
Accounting and administration	44,950	34,450
Management fees	200,400	185,000
Consulting and professional	10,000	10,000
Directors fees	<u>50,000</u>	<u>50,000</u>
	<u><u>305,350</u></u>	<u><u>279,450</u></u>

As at April 30, 2009, accounts payable and accrued liabilities include \$66,362 (2008 - \$10,366) 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.

See also Note7(a).

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11. INCOME TAXES

Future income tax assets and liabilities of the Company as at April 30, 2009 and 2008, are as follows:

	2009 \$	2008 \$
Future income tax assets		
Losses carried forward	5,026,500	4,541,700
Mineral resource interests	989,300	542,400
Other	<u>61,200</u>	<u>119,000</u>
	6,077,000	5,203,100
Future income tax liabilities	<u>(204,400)</u>	<u>-</u>
	5,872,600	5,203,100
Valuation allowance	<u>(5,872,600)</u>	<u>(5,203,100)</u>
Net future income tax asset	<u>-</u>	<u>-</u>

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:

	2009 \$	2008 \$
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>30.50%</u>	<u>33.25%</u>
Expected income tax recovery	(1,100,500)	(2,404,900)
Effect of income tax rate changes	629,800	-
Foreign income tax rate differences	(108,200)	65,500
Permanent differences	512,000	460,500
Other	363,600	-
Unrecognized benefit of income tax losses	<u>(296,700)</u>	<u>1,878,900</u>
Actual income tax recovery	<u>-</u>	<u>-</u>

As at April 30, 2009, the Company has accumulated non-capital losses of approximately \$4.0 million and accumulated resource and other pools of approximately \$4.2 million carried forward for Canadian income tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2010 through 2029. The cumulative resource and other pools can be carried forward indefinitely. Through its subsidiary the Company also has cumulative losses of approximately \$11.5 million carried forward for Argentinean tax purposes, which are available to reduce taxable income of the subsidiaries of future years. These losses expire commencing 2010 through 2014.

12. COMMITMENT

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.

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13. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities were conducted by the Company during the 2009 and 2008 fiscal years as follows:

	2009 \$	2008 \$
Financing activities		
Shares issued on exercise of options	-	120,711
Contributed surplus	-	(120,711)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other supplemental cash flow information:		
	2009 \$	2008 \$
Interest paid in cash	<u>-</u>	<u>-</u>
Income taxes paid in cash	<u>-</u>	<u>-</u>

14. 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:

	2009		
	Canada \$	Argentina \$	Total \$
Identifiable assets			
Current assets	379,235	75,243	454,478
Equipment	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>
	2008		
	Canada \$	Argentina \$	Total \$
Identifiable assets			
Current assets	2,970,862	496,381	3,467,243
Equipment	23,623	66,729	90,352
Resource interests	-	2,549,468	2,549,468
	<u>2,994,485</u>	<u>3,112,578</u>	<u>6,107,063</u>

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

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.

(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.

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

At April 30, 2009, 1 Canadian dollar was equal to 0.8375 U.S. dollar and 3.1125 Argentinean pesos.

Balances are as follows:

	U.S. Dollar	Argentinean Pesos	CDN \$ Equivalent
Cash and cash equivalents	87,638	79,810	130,284
Amounts receivable	-	15,790	5,073
Accounts payable and accrued liabilities	<u>-</u>	<u>(1,785,670)</u>	<u>(573,709)</u>
	<u>87,638</u>	<u>(1,690,070)</u>	<u>(438,352)</u>

Based on the net exposures as of April 30, 2009, 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 \$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.

16. 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 mineral properties. 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, 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.

17. SUBSEQUENT EVENT

Subsequent to April 30, 2009, the Company issued 1,306,666 common shares on the exercise of warrants for \$261,333 proceeds.