
GOLDEN PEAKS RESOURCES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
JANUARY 31, 2010

(Unaudited - Prepared by Management)

**MANAGEMENT'S COMMENTS ON
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Golden Peaks Resources Ltd. for the nine months ended January 31, 2010, have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

GOLDEN PEAKS RESOURCES LTD.
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - Prepared by Management)

	January 31, 2010 \$	April 30, 2009 \$
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	1,639,400	407,487
Amounts receivable	16,742	20,095
Prepays	<u>22,578</u>	<u>26,896</u>
	1,678,720	454,478
PLANT AND EQUIPMENT	78,127	88,806
RESOURCE INTERESTS (Note 4)	<u>2,416,533</u>	<u>2,049,920</u>
	<u><u>4,173,380</u></u>	<u><u>2,593,204</u></u>

L I A B I L I T I E S

CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	<u>608,972</u>	<u>675,427</u>

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

SHARE CAPITAL (Note 6)	32,411,213	29,862,855
CONTRIBUTED SURPLUS (Note 8)	3,713,526	3,164,843
DEFICIT	<u>(32,560,331)</u>	<u>(31,109,921)</u>
	<u>3,564,408</u>	<u>1,917,777</u>
	<u><u>4,173,380</u></u>	<u><u>2,593,204</u></u>

NATURE OF OPERATIONS (Note 1)

APPROVED BY THE BOARD

"Kieran Downes" , Director

"Nick DeMare" , Director

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

GOLDEN PEAKS RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS AND DEFICIT
(Unaudited - Prepared by Management)

	<u>Three Months Ended</u> <u>January 31</u>		<u>Nine Months Ended</u> <u>January 31</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	\$	\$ <i>(Restated Note 2)</i>	\$	\$ <i>(Restated Note 2)</i>
MINERAL EXPLORATION COSTS (Note 5)	<u>144,195</u>	<u>248,339</u>	<u>381,718</u>	<u>1,585,091</u>
EXPENSES				
Accounting and administration	9,000	8,450	36,800	37,300
Amortization	2,158	3,586	5,660	13,340
Audit	-	-	48,810	49,000
Capital tax	-	-	-	200,690
Consulting	2,500	2,500	14,000	10,382
Directors' fees	12,500	12,500	37,500	37,500
Filing and transfer agent fees	3,530	2,763	17,069	15,625
General exploration	-	371	-	1,442
Investment conferences	-	-	-	8,071
Legal	131,970	141,545	176,663	249,454
Management fees	28,225	29,100	86,425	83,363
Office and general	15,694	14,137	46,861	58,113
Office rent	11,236	11,105	33,657	27,538
Salaries and benefits	18,847	23,189	46,873	74,174
Shareholder communications	2,837	2,268	10,748	13,037
Stock-based compensation (Note 7)	495,229	-	495,229	-
Travel and related costs	<u>15,982</u>	<u>7,621</u>	<u>31,318</u>	<u>58,306</u>
	<u>749,708</u>	<u>259,135</u>	<u>1,087,613</u>	<u>937,335</u>
LOSS BEFORE THE FOLLOWING	(893,903)	(507,474)	(1,469,331)	(2,522,426)
INTEREST INCOME	112	2,611	502	27,799
WRITE-OFF OF RESOURCE INTERESTS	-	(76,320)	-	(518,242)
FOREIGN EXCHANGE GAIN (LOSS)	<u>29,863</u>	<u>(35,028)</u>	<u>18,419</u>	<u>(41,882)</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(863,928)	(616,211)	(1,450,410)	(3,054,751)
DEFICIT - BEGINNING OF PERIOD	<u>(31,696,403)</u>	<u>(22,707,413)</u>	<u>(31,109,921)</u>	<u>(20,268,873)</u>
DEFICIT - END OF PERIOD	<u>(32,560,331)</u>	<u>(23,323,624)</u>	<u>(32,560,331)</u>	<u>(23,323,624)</u>
BASIC AND DILUTED				
LOSS PER COMMON SHARE	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.04)</u>	<u>\$ (0.10)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>41,875,659</u>	<u>32,326,637</u>	<u>38,331,838</u>	<u>31,817,942</u>

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

GOLDEN PEAKS RESOURCES LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)

	<u>Three Months Ended</u> <u>January 31</u>		<u>Nine Months Ended</u> <u>January 31</u>	
	2010	2009	2010	2009
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Loss for the period	(863,928)	(616,211)	(1,450,410)	(3,054,751)
Items not involving cash				
Amortization	4,643	6,328	13,115	22,238
Stock-based compensation	495,229	-	495,229	-
Write-off of resource interests	-	76,320	-	518,242
	<u>(364,056)</u>	<u>(533,563)</u>	<u>(942,066)</u>	<u>(2,514,271)</u>
Decrease in amounts receivable	2,267	524	3,353	22,640
Decrease (increase) in prepaids	(7,356)	6,305	4,318	179
Decrease in accounts payable and accrued liabilities	<u>(141,303)</u>	<u>(30,299)</u>	<u>(66,455)</u>	<u>(239,258)</u>
	<u>(510,448)</u>	<u>(557,033)</u>	<u>(1,000,850)</u>	<u>(2,730,710)</u>
INVESTING ACTIVITIES				
Expenditures on resource interests	(354,570)	(50,618)	(366,613)	(100,771)
Plant and equipment purchases	<u>(2,436)</u>	<u>(5,202)</u>	<u>(2,436)</u>	<u>(29,358)</u>
	<u>(357,006)</u>	<u>(55,820)</u>	<u>(369,049)</u>	<u>(130,129)</u>
FINANCING ACTIVITIES				
Issuance of common shares	2,293,690	585,000	2,821,690	585,000
Share issue costs	(219,878)	(14,098)	(219,878)	(14,098)
Deferred costs	<u>23,074</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,096,886</u>	<u>570,902</u>	<u>2,601,812</u>	<u>570,902</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD				
	1,229,432	(41,951)	1,231,913	(2,289,937)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD				
	<u>409,968</u>	<u>1,144,663</u>	<u>407,487</u>	<u>3,392,649</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD				
	<u><u>1,639,400</u></u>	<u><u>1,102,712</u></u>	<u><u>1,639,400</u></u>	<u><u>1,102,712</u></u>
CASH AND CASH EQUIVALENTS COMPRISED OF:				
Cash			1,574,352	1,081,404
Short term investments			<u>65,048</u>	<u>21,308</u>
			<u><u>1,639,400</u></u>	<u><u>1,102,712</u></u>

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

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JANUARY 31, 2010
(Unaudited - Prepared by Management)

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 interim 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 January 31, 2010 the Company had a working capital of \$1,069,748, had not yet achieved profitable operations, had accumulated losses of \$32,560,331 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. COMPARATIVE FIGURES

During the year ended April 30, 2009 (“fiscal 2009”) the Company commenced its review of the impact of International Financial Reporting Standards (“IFRS”) 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 at the end of fiscal 2009, 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 have been restated.

The effect of the change was to increase the accumulated deficit at April 30, 2008 by \$12,068,475. Further impacts of the restatement are noted in the table below:

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JANUARY 31, 2010
(Unaudited - Prepared by Management)

2. COMPARATIVE FIGURES (continued)

	As Previously Reported \$	Adjustment \$	Restated \$
Statement of Loss and Comprehensive Loss and Deficit for the nine months ended January 31, 2009			
Mineral exploration costs	-	1,585,091	1,585,091
Net loss and comprehensive loss for the period	(1,469,660)	(1,585,091)	(3,054,751)
Basic and diluted loss per share	(0.05)	(0.05)	(0.10)
Statement of Cash Flows for the nine months ended January 31, 2009			
Operating activities	(686,366)	(2,044,344)	(2,730,710)
Investing activities	(2,174,473)	2,044,344	(130,129)

3. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements, except as noted below.

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. Effective May 1, 2009, the Company adopted Section 3062, which did not have an 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.
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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. Companies will be required to provide comparative IFRS information for the previous fiscal year. 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. RESOURCE INTERESTS

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 \$4 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 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.

The La Fortuna Property represents the Company's sole significant mineral property interest.

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JANUARY 31, 2010
(Unaudited - Prepared by Management)

5. MINERAL EXPLORATION COSTS

Mineral exploration costs incurred during the nine months ended January 31, 2010 and 2009 are detailed below:

	<u>2010</u>
	<u>La Fortuna</u>
	<u>\$</u>
Accounting	22,568
Amortization	7,455
Assays	1,669
Camp costs	85,177
Communications	2,645
Drilling	25,796
Field personnel and supervision	64,274
Foreign value added tax	62,038
Geological	57,607
Professional fees	11,071
Satellite imagery	428
Travel and transportation	40,990
Total	<u>381,718</u>

	<u>2009</u>				
	<u>La Fortuna</u>	<u>Lonco</u>	<u>Oro</u>	<u>Cerro Delta</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Accounting	23,845	-	-	-	23,845
Assaying	315,958	-	-	-	315,958
Communications	12,440	-	-	41	12,481
Drilling	166,468	-	-	-	166,468
Excavation	157,003	-	-	-	157,003
Field personnel and supervision	166,673	219	219	13,125	180,236
Geological	142,666	-	-	6,156	148,822
Satellite imagery	5,007	-	-	573	5,580
Technical report	69,881	-	-	-	69,881
Travel and transportation	274,009	1,356	-	4,522	279,887
	<u>1,333,950</u>	<u>1,575</u>	<u>219</u>	<u>24,417</u>	1,360,161
Amortization					8,898
Foreign value added tax					<u>216,032</u>
Total					<u>1,585,091</u>

GOLDEN PEAKS RESOURCES LTD.
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FOR THE NINE MONTHS ENDED JANUARY 31, 2010
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6. SHARE CAPITAL

Authorized - unlimited common shares without par value

Issued -	Nine Months Ended January 31, 2010		Year Ended April 30, 2009	
	Shares	\$	Shares	\$
Balance, beginning of period	<u>35,463,594</u>	<u>29,862,855</u>	<u>31,563,594</u>	<u>29,300,113</u>
Issued during the period				
For cash				
Private placement	4,000,000	2,041,690	3,900,000	585,000
Exercise of warrants	3,900,000	780,000	-	-
For finder's fees	<u>75,000</u>	<u>26,568</u>	<u>-</u>	<u>-</u>
	7,975,000	2,848,258	3,900,000	585,000
Less: Share issue costs	<u>-</u>	<u>(299,900)</u>	<u>-</u>	<u>(22,258)</u>
	<u>7,975,000</u>	<u>2,548,358</u>	<u>3,900,000</u>	<u>562,742</u>
Balance, end of period	<u><u>43,438,594</u></u>	<u><u>32,411,213</u></u>	<u><u>35,463,594</u></u>	<u><u>29,862,855</u></u>

- (a) During the nine months ended January 31, 2010 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. 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.

GOLDEN PEAKS RESOURCES LTD.
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FOR THE NINE MONTHS ENDED JANUARY 31, 2010
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6. SHARE CAPITAL (continued)

- (b) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at January 31, 2010 and 2009 and the changes for the nine months 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 period	3,900,000	0.20	-	-
Issued	4,343,170	0.64	3,900,000	0.20
Exercised	<u>(3,900,000)</u>	0.20	<u>-</u>	-
Balance, end of period	<u>4,343,170</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 January 31, 2010:

Number	Exercise Price \$	Expiry Date
3,831,000	0.64	May 19, 2011
<u>512,170</u>	0.65	May 19, 2011
<u>4,343,170</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 the nine months ended January 31, 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 the nine months ended January 31, 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 the nine months ended January 31, 2010:

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

GOLDEN PEAKS RESOURCES LTD.
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7. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

The weighted average fair value per share of all stock options granted during the nine months ended January 31, 2010 to the Company's employees, directors and consultants was \$0.37 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 January 31, 2010 and 2009 and the changes for the nine months 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 period	1,705,000	1.55	2,733,000	1.76
Granted	1,350,000	0.73	-	-
Expired	<u>(145,000)</u>	1.85	<u>(1,016,000)</u>	2.09
Balance, end of period	<u>2,910,000</u>	1.16	<u>1,717,000</u>	1.56

The following table summarizes information about the stock options outstanding and exercisable at January 31, 2010:

Exercise Price \$	Number Outstanding	Expiry Date
1.40	1,260,000	April 8, 2010
2.05	300,000	May 10, 2010
0.73	<u>1,350,000</u>	January 14, 2012
	<u>2,910,000</u>	

8. CONTRIBUTED SURPLUS

The Company's contributed surplus as January 31, 2010 and 2009 and the changes for the nine months ending on those dates are comprised of the following:

	<u>2010</u> \$	<u>2009</u> \$
Balance, beginning of period	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	<u>41,772</u>	<u>-</u>
Balance, end of period	<u>3,713,526</u>	<u>3,164,843</u>

GOLDEN PEAKS RESOURCES LTD.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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9. RELATED PARTY TRANSACTIONS

During the nine months ended January 31, 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	36,800	37,300
Management fees	150,300	150,300
Consulting and professional	7,500	7,500
Directors fees	<u>37,500</u>	<u>37,500</u>
	<u>232,100</u>	<u>232,600</u>

As at January 31, 2010 accounts payable and accrued liabilities include \$45,200 (2009 - \$53,386) 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. 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.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(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.

At January 31, 2010, 1 Canadian dollar was equal to 0.939 U.S. dollar and 3.57 Argentinean pesos.

Balances are as follows:

	U.S. \$	Argentinean Pesos	CDN \$ Equivalent
Cash and cash equivalents	578,770	76,095	637,705
Amounts receivable	-	22,997	6,442
Accounts payable and accrued liabilities	<u>(357,749)</u>	<u>(1,382,038)</u>	<u>(837,481)</u>
	<u>221,021</u>	<u>(1,282,946)</u>	<u>(193,334)</u>

Based on the net exposures as of January 31, 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 \$1,933 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.

11. 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.

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12. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities were conducted by the Company during the nine months ended January 31, 2010 and 2009, as follows:

	2010	2009
	\$	\$
Financing activities		
Issuance of common shares for finder's fees	26,568	-
Common share issue costs	(80,022)	-
Contributed surplus	53,454	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	-